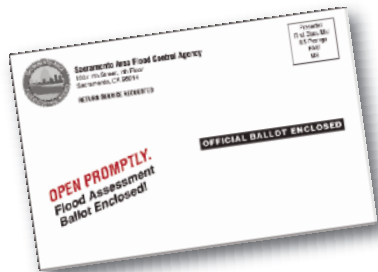


FLOOD WATCH

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Mail Ballot Process Announcement: Natomas Basin Local Assessment District SAFCA Board Calls for Vote

The Board of Directors of the Sacramento Area Flood Control Agency (SAFCA) decided on March 2 to ask property owners in the Natomas Basin to consider a new assessment in order to maintain the pace of its work and complete the Natomas Levee Improvement Project.

This decision was made after two months of extensive community outreach activities and two SAFCA Board meetings where an engineer's report and an independent review of the cost estimate for the Natomas project were considered.

In mid-March, SAFCA will mail ballots to owners of approximately 30,000 parcels located in the Natomas Basin. These parcels would form the new Natomas Basin Local Assessment District. The new assessment district is within the boundaries of the 2007 Consolidated Capital Assessment District in Natomas.

Under the assessment balloting process, each ballot is weighted in proportion to the amount each property would be assessed. Property owners will have 45 days to return their marked and signed ballots to SAFCA.

Please get informed and return ballots to SAFCA no later than Thursday, April 28, or in person at a public hearing on the new assessment scheduled that day at 6:00 p.m. at 700 H Street, Board of Supervisors' Chambers. At the close of this hearing, the ballots will be tabulated and the Board will convene the next day to learn of the results.

If more than 50 percent of the weighted ballots cast are in favor of the new assessment, the SAFCA Board will have the authority to pass a resolution establishing the Natomas Basin Local Assessment District.

A MESSAGE FROM THE EXECUTIVE DIRECTOR



**RICK
JOHNSON**

**Executive
Director**

We always hope that when people receive an issue of Flood Watch, they read it. This issue is particularly important for those who own property in the Natomas Basin.

The SAFCA Board of Directors recently voted to give this group of property owners 45 days (between mid-March and the end of April) to consider a proposed assessment that will determine how quickly SAFCA and the U.S. Army Corps of Engineers can complete the remaining flood improvement projects along the Sacramento River and east side of the Natomas Basin.

Even though SAFCA probably won't begin collecting the new assessment until 2013 or 2014 (whenever bond funds would be needed), Natomas property owners would be put on a construction schedule sufficient to achieve an increased level of flood protection, lift the current building moratorium and reduce the high costs of flood insurance as expeditiously as possible.

On the other hand, if the assessment fails, Natomas property owners will face an uncertain fate when it comes to the risk of flooding, the speed of recovery from the economic recession and the cost of flood insurance.

SAFCA has scheduled seven community open houses in neighborhoods throughout

Natomas to provide detailed information about this proposed assessment and the balloting process. A schedule of those times and locations appears below.

It is critical that the property owners in Natomas make an informed decision about the underlying set of issues in this mail balloting process. In addition to reading this newsletter, I urge you to attend one of the community open houses to get your questions answered. Or you can go to www.safca.org, where you can find a link that takes you to a special section that provides detailed information on SAFCA's plan. You can also find in this section a "Send Us an Email" feature to ask me questions.

Please get informed and return ballots to SAFCA no later than Thursday, April 28, or in person at a public hearing on the new assessment scheduled that day at 6:00 p.m.

Thank you for your patience in working through this challenging planning process with us.

We encourage you to attend one of these community open houses to get information about the Natomas Levee Improvement Project or get answers to questions you may have about SAFCA's flood assessment vote.

NATOMAS COMMUNITY OPEN HOUSES

(All times 6:00 p.m. - 8:00 p.m.)

DATE	LOCATION	ADDRESS
March 16, 2011	American Lakes Elementary	2800 Stonecreek Drive
March 22, 2011	Witter Ranch Elementary	3790 Poppy Hill Way
March 23, 2011	Natomas Park Elementary	4700 Crest Drive
March 24, 2011	Two Rivers Elementary	3201 West River Drive
March 29, 2011	Natomas Pacific Pathways Prep	3700 Del Paso Road
March 30, 2011	H. Allen Hight Elementary	3200 North Park Drive
March 31, 2011	Pleasant Grove School	3075 Howsley Road, Pleasant Grove

WHAT'S AT STAKE AS PROPERTY OWNERS DECIDE WHETHER TO FORM A NEW ASSESSMENT DISTRICT IN NATOMAS

From mid-March through April, 2011, property owners in the Natomas Basin will have an opportunity to decide on whether or not to approve the proposed new Natomas Basin Local Assessment District (new assessment district). Their decision will affect the quality of life in Natomas for years to come.

At issue are the following:

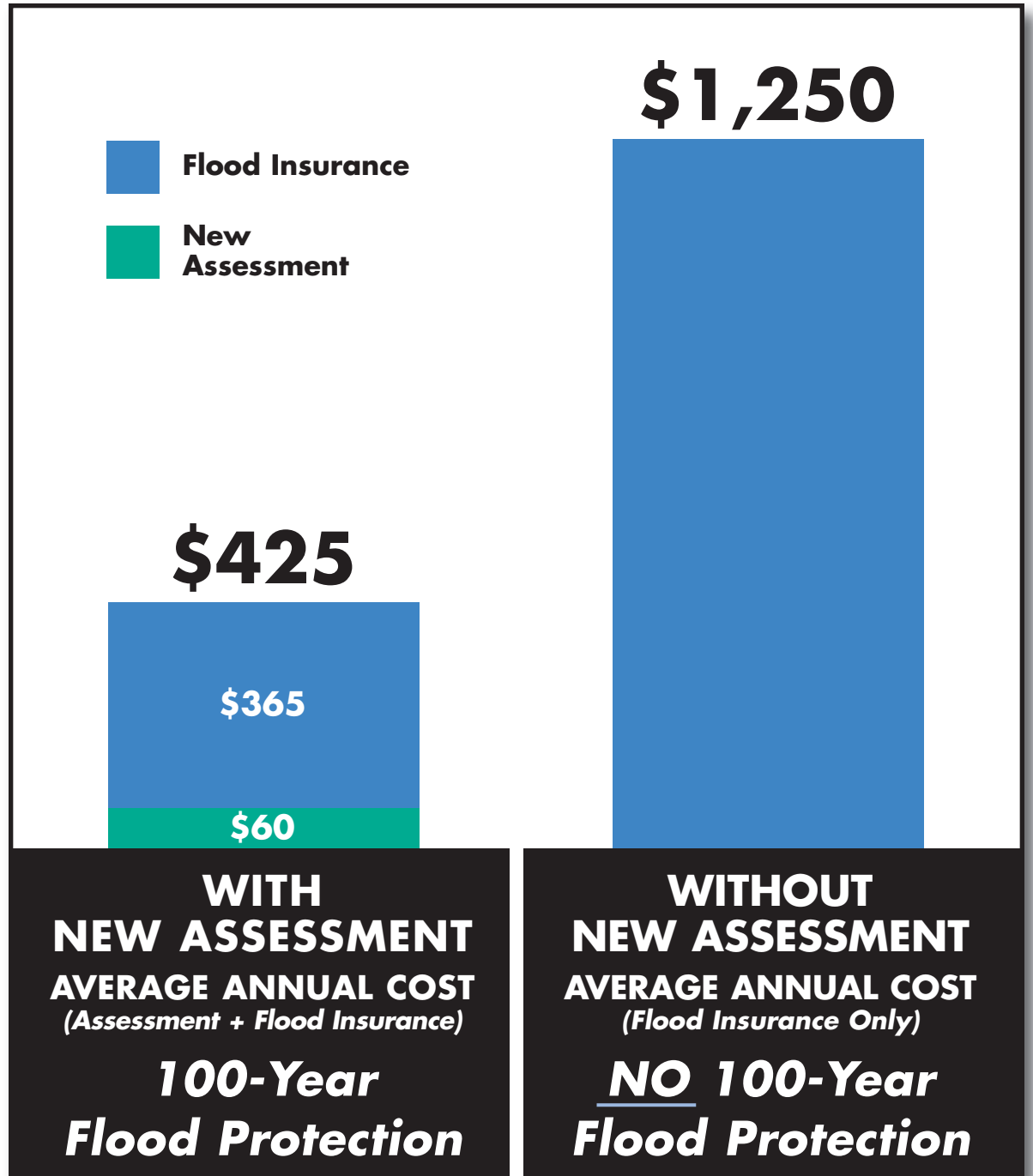
- Will the most vulnerable segments of the Basin levee system be improved quickly to meet current Federal and State design standards, or will these segments be left unimproved?
- Will the existing moratorium on all public and private projects in Natomas be removed as an obstacle to economic recovery, or will this obstacle be left in place?
- Will homeowners in Natomas obtain insurance rate relief over time as the risk of flooding in the Basin is reduced, or will they be denied relief?

Here is what could occur if the New Assessment District is not formed:

- Natomas residents, businesses and public schools will be exposed to an unacceptably high risk of flooding every year.
- Natomas homeowners will be required to purchase high cost flood insurance for an indefinite period of time.
- The Natomas community will not benefit from new economic activity as the region recovers from the current economic downturn.

Four years ago it appeared that these issues were resolved when property owners approved the 2007 Consolidated Capital Assessment District (existing assessment district). But subsequent changes in Federal and State levee design standards – largely in response to Hurricane Katrina – have greatly increased the scope and estimated cost of the Natomas project. The existing assessment district was set up to cover improvements along 26 miles of the perimeter at an estimated cost of \$414 million. Now, in order to meet the new Federal and State standards, a total of 42 miles must be improved at an estimated cost of \$780 million.

SAFCA's share of this increased cost is approximately \$54.4 million, of which approximately \$37.3 million would be funded through the new assessment district. SAFCA's total contribution to the Natomas project will



As of 2018 or 2019 (best case)

be approximately 12 percent of the total estimated project cost, and the State and Federal governments would provide 27 percent and 61 percent, respectively.

Under the best of circumstances, securing these State and Federal funds would be a major challenge. But as other flood prone urban areas in the Central Valley begin to assert their own demands for State and Federal aid, this challenge will be even greater. This is why SAFCA's strategy since 2007 has been to move ahead with the Natomas project as quickly as possible.

The project was the first to secure voter-approved State bond funds for early implementation of urban levee improvements. These funds will be adequate to cover 90 percent of the State's contribution. The project was also the first in the nation to achieve compliance with the U.S. Army Corps of Engineers' (Corps) new levee vegetation requirements and the first in California to make it through the Corps'

national project review process for recommendation to Congress.

The stage is now set for Congressional authorization of the project. Congresswoman Doris O. Matsui has introduced a bill seeking congressional authorization to make it possible to obtain funding for the Federal share of the cost of the project. If the bill is enacted, the Corps could complete the project by 2018 or 2019 under the best case funding scenario.

Without the new assessment district, this momentum will not be sustained. On the other hand, Sacramento's flood protection projects have always been successful when the local match is secure.

As Rep. Matsui noted recently: "In these challenging times, when people and their elected officials work together in securing funding, they are the ones most likely to get help when they need it from the Federal Government. Nobody has a better record in this regard than SAFCA."

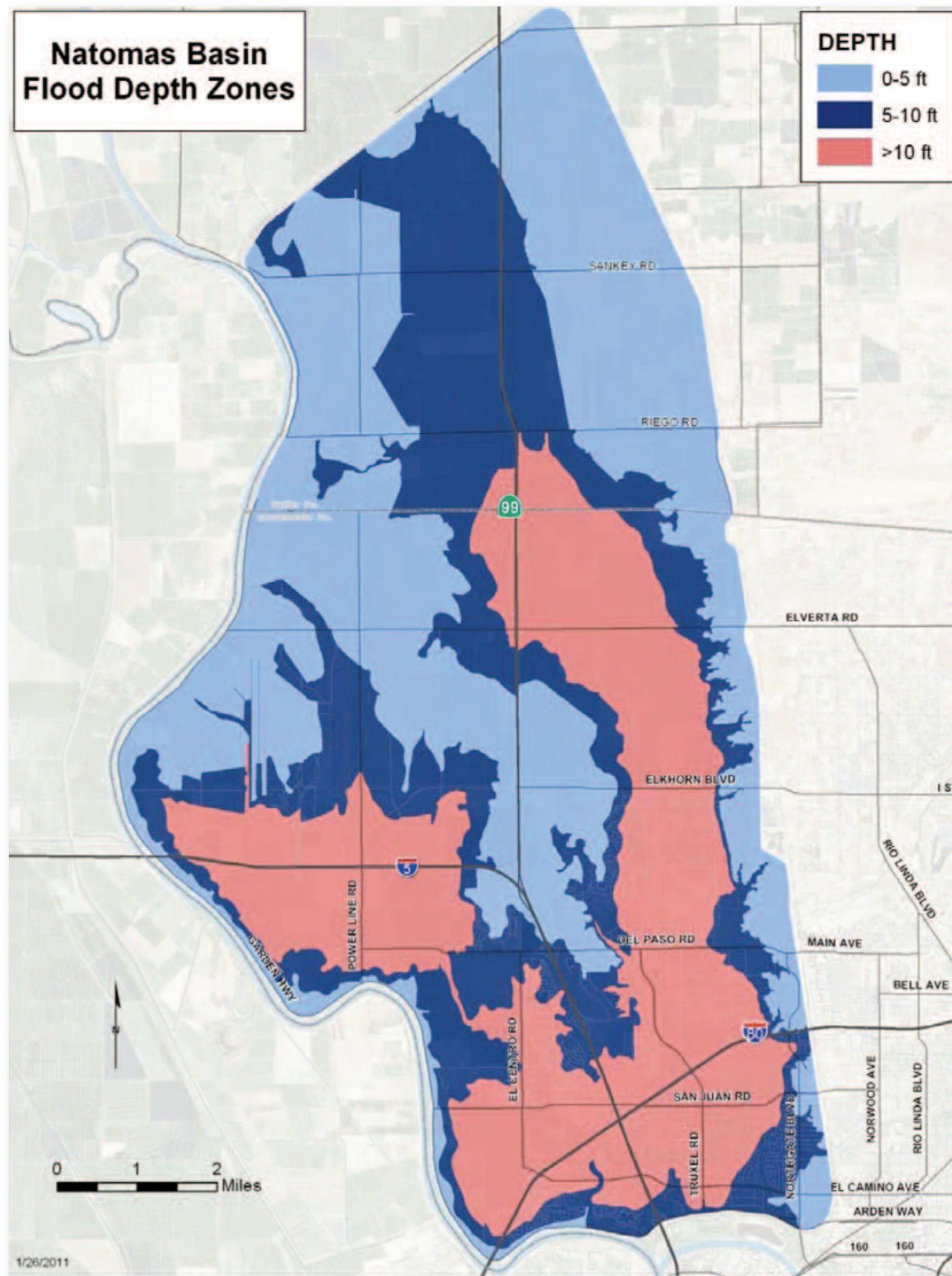
WHAT IS THE ESTIMATED COST OF THE NEW ASSESSMENT?

Changes in State and Federal levee design standards have increased the cost of the Natomas Levee Improvement Project. To cover the local share of the increase, SAFCA must raise an additional \$37.3 million (and \$3.3 million in financing costs) by forming a new assessment district covering all of the properties in the Natomas Basin. The new assessments would augment the assessments already being paid by these properties as part of the 2007 Consolidated Capital Assessment District.

The new assessments would be distributed among the properties in Natomas based on:

- Parcel size
- Land use (residential, commercial, industrial, etc.)
- Building square footage
- Depth of flooding that would occur on the property in the event of a catastrophic failure of the levee system

This information is used to calculate the damages that each property could experience in the event of such a flood. Avoidance of these damages is the benefit provided by the new assessment district.



AVERAGE ASSESSMENTS

SINGLE FAMILY (1 STORY)

Average New Assessment: \$56
Average Existing Assessment: \$77

SINGLE FAMILY (2 STORIES)

Average New Assessment: \$60
Average Existing Assessment: \$92

COMMERCIAL

Average New Assessment: \$41*
Average Existing Assessment: \$118*

INDUSTRIAL

Average New Assessment: \$26*
Average Existing Assessment: \$69*

* cost per 1,000 square feet,

SAMPLE NEW ASSESSMENT CALCULATION

The assessment rate for **residential land** in all depth zones is \$8.11 x parcel size (acres)

Example: parcel size =
 $1/8 \text{ acre} \times 8.11 = \1.01

The assessment rate for **residential structures** varies by depth zone.

SINGLE FAMILY RES. 1 STORY

0-5 ft zone: \$0.019/sq ft.
5-10 ft zone: \$0.035/sq ft.
>10 ft zone: \$0.041/sq ft.

Example: Building square footage (excl. garage) = 1,500 sq. ft.
Depth zone: 5-10 ft. = \$0.035
 $1,500 \times 0.035 = \$52.50/\text{year}$
 $\$52.50 + \$1.01 = \$53.51 \text{ total}$

SINGLE FAMILY RES. 2 STORY

0-5 ft zone: \$0.013/sq ft.
5-10 ft zone: \$0.026/sq ft.
>10 ft zone: \$0.034/sq ft.

Example: Building square footage (excl. garage) = 2,000 sq. ft.
Depth zone: >10 ft. = \$0.034
 $2,000 \times 0.034 = \$68/\text{year}$
 $\$68.00 + \$1.01 = \$69.01 \text{ total}$

To look up you own assessments go to www.safcanlip.org/assessmentcalculator

SAFCA's Track Record of Expediting Flood Protection Projects

SAFCA has earned a national reputation for expediting flood control improvements by leveraging local funds and then prevailing on the Federal Government to share costs (by reimbursement, credit or direct contribution). This approach helped Sacramento avoid potentially catastrophic flood damages during the flood of 1997, and it has significantly limited flood insurance costs paid by Sacramento property owners during the past 20 years.

The Natomas Levee Improvement Project is the latest example of SAFCA's early implementation approach. Here is a quick look at previous projects.



(Left) Improved levees on east side of Natomas Basin. (Right) Excavation of auxiliary spillway at Folsom Dam.

RAISING LEVEES ON EAST SIDE OF NATOMAS BASIN

PROBLEM: Levees on the east side of the Natomas Basin came close to overtopping during the 1986 flood. Adjacent areas were mapped into the 100-year floodplain and the City of Sacramento imposed a moratorium on residential construction in Natomas.

SOLUTION: SAFCA worked with Sacramento's congressional delegation to get Congress to authorize raising the levees. Without waiting for a cost-sharing agreement with the Army Corps of Engineers (Corps), the SAFCA Board launched the North Area Local Project. Construction began in 1995 and was substantially completed in 1998. Properties in Natomas and North Sacramento were mapped out of the 100-year floodplain, ending costly flood insurance requirements and the City of Sacramento was able to lift its building moratorium.

In 1999, the Corps reimbursed SAFCA for some of the Federal share of the cost of the project. Eight years later the Corps increased the Federal contribution by giving SAFCA credits which were used in 2010 to provide SAFCA's contribution to improving Folsom Dam.

PROTECTING AMERICAN RIVER LEVEES FROM EROSION

PROBLEM: The 1986 flood caused major erosion damage that threatened portions of the levee system along the lower American River. Some areas required emergency, short-term fixes. These events highlighted the

need for an environmentally acceptable plan to minimize erosion at critical locations in the American River Parkway.

SOLUTION: In 1994, SAFCA convened a multi-party task force to identify critical erosion sites and develop environmentally acceptable erosion treatments. The task force made great progress during its initial two years.

In February 1996, relatively modest flood releases from Folsom Dam triggered significant erosion at a critical site near the River Park neighborhood. Emergency repairs were performed and SAFCA's task force appealed to the Corps to stabilize the site using the measures developed during the prior two years of analysis and discussion.

Sacramento's congressional delegation endorsed this appeal and over the next six months the Corps completed the necessary design work. A contract for constructing the work at the River Park site was awarded in September 1996 and the work on the weakest sections was completed in December 1996. Three weeks later, the monster flood of 1997 hit the American River Basin. A potential disaster was averted.

IMPROVING FOLSOM DAM

PROBLEM: In 1999, Congress approved a plan to improve the flood control operation at Folsom Dam by enlarging the dam's low level outlets. The plan was put out to bid in 2005, but the only bids received were considerably above the government's cost

estimate. Contractors were very concerned about drilling through the dam. The project came to a halt.

SOLUTION: SAFCA hired a world-class dam expert to develop a more workable approach. The consultant coordinated with the Corps and Reclamation and came up with a new design involving construction of a gated auxiliary spillway. What became known as the "Joint Federal Project" got back on track and under construction within three years.

SUMMARY

SAFCA's efforts in expediting flood protection projects have reaped important benefits for the people of Sacramento. A potentially catastrophic failure of the levee system was avoided in 1997. These projects also contributed significantly to reducing the flood insurance burdens on Sacramento property owners.

NOW WE FACE A NEW CHALLENGE.

Largely in reaction to Hurricane Katrina, Federal and State urban levee design standards have changed. New weaknesses in the Natomas levee system have been identified. As in the past, SAFCA has responded by moving out ahead of the Federal Government with a non-Federally funded project in the Natomas Basin. Once again, this early implementation effort has reduced the most critical flood risks confronting property owners and accelerated Federal involvement in completing the work necessary to meet the new standards.

For more information, please contact SAFCA at (916) 874-7606 or visit www.safca.org.

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