

## ITEM 16

Agenda of June 19, 2008

**TO: Board of Directors  
Sacramento Area Flood Control Agency**

**FROM: Stein M. Buer, Executive Director  
(916) 874-7606**

**SUBJECT: EXECUTIVE DIRECTOR'S REPORT FOR JUNE 2008**

### **1. Washington Update**

The federal budget process is currently underway, with the budget bill process currently underway in the House Energy and Water Development Subcommittee of the House Appropriations Committee. It is anticipated that the Subcommittee will complete markup on June 17, with full Committee and House floor action completed in July. The Senate Energy and Water Subcommittee is scheduled to conduct markup on its version of the bill on July 10. Both houses are expected to complete their respective bills before the August recess.

Although committee staffs are working on draft legislation to support a new Water Resources Development Act, no formal action on this bill is anticipated in 2008.

Congresswoman Doris Matsui was recently appointed to the House Energy & Commerce Committee. Since this is considered an "exclusive" committee under House rules, she had to give up her seat on the Transportation & Infrastructure Committee which, as the Board knows, has jurisdiction for authorizing Corps water projects (WRDA). While we wish she could have retained her position on T&I, she will continue to be a strong leader and advocate for our flood control initiatives.

### **2. 2008 Capital Improvement Bond Sale**

SAFCA staff and consultants have decided to delay the issuance of new bonds to late summer, in order to allow time for a full accounting of revenue collections for the first year of operation for the Consolidated Capital Assessment District, which took effect July 1, 2007. A full accounting of revenues serves as an important indicator of SAFCA's financial health, and will be documented in the Official Statement which will accompany the sale of the new bonds. The combination of delays in the sale of the new bonds and State reimbursements under its Proposition 1E Early Implementation Program is anticipated to create a tight cash flow situation over the next several months, given ongoing expenditures for project planning, design, and right-of-way acquisition.

### **3. Construction Activities**

#### **South Sacramento Streams**

The contractor has been working steadily since the end of the flood season and has essentially completed all flood wall work along Elder Creek and Florin Creek downstream of Franklin Blvd. The contractor has now turned its attention to the reach of Unionhouse Creek from the Union Pacific Railroad to Franklin Blvd. Work along this stretch of Unionhouse Creek is expected to be completed before the start of flood season.

#### **Sacramento River Bank Protection Program**

The Corps expects to begin work late this summer on two bank protection sites along the Sacramento River in the Pocket area and two sites along the American River. The Corps, the Central Valley Flood Protection Board, and SAFCA conducted a public meeting on May 29 to inform the community about the project. In addition, SAFCA included a briefing on the Project at the June 10 meeting of the Lower American River Task Force to inform Task Force members and the public about the upcoming activity. The work is expected to be completed prior to flood season.

#### **Mayhew Levee Work**

Progress continues to be made on improving the Mayhew Levee. The contractor has been working for about a month now on the slurry wall. Inquiries from the residents regarding construction have been addressed, and are now minimal. The contractor is currently working eastward between the Mayhew Drain and the Kansas Way access. The levee improvements are scheduled to be completed by November.

As part of this project, a ramp will be constructed on the west side of the drain in the College Greens East community. As reported last month, SAFCA staff is working with the Corps, the State, and community interests to evaluate alternative ramp locations with the goal of minimizing impacts and achieving a solution that interested parties can agree on. Staff will soon meet with the local Park District staff to evaluate the feasibility of locating the ramp at the west end of Larchmont Community Park.

#### **Folsom Bridge**

The contractor has started building outward from the two bridge piers and abutments to construct the bridge deck. The rough earthwork needed for the approach roadways on the north and south approaches to the bridge is substantially complete. It is anticipated that the new bridge will open to traffic by June 2009.

#### **Folsom Joint Federal Program**

The Bureau of Reclamation's contractor is ahead of schedule and expects to complete the first phase of excavation on the Auxiliary Spillway by early fall. Phase 2 work by Reclamation is expected to go out to bid by the end of the June, with contract award by the end of September.

#### **4. Agricultural Land Conservation in the Elkhorn Basin**

In January your Board adopted Resolution No. 08-011 establishing a policy framework for SAFCA to work with Yolo County, the Yolo Land Trust (YLT), the Sacramento Valley Conservancy (SVC), and the State Department of Water Resources (DWR) to secure agricultural land conservation easements and improve flood protection in the Elkhorn Basin and the region. Following is summary of the status of the various components of this project, which were authorized in the adopted resolution.

##### **Project Timing**

Phase I of the project, consisting of the purchase of 847 acres and conveyance of agricultural conservation easements, is scheduled to close escrow on June 30, 2008. Phase II of the project, consisting of the purchase of 835 acres and protection of it with agricultural easements, is scheduled to close escrow on July 1, 2008.

**Purchase Costs** – SAFCA has contributed \$93,500 to the project to date; \$1,075,000 more remains to be paid for Phase I. SAFCA will contribute the remaining \$1.7 million into the escrow for Phase II; as of the writing of this report the precise dollar figure has not been determined but the total for Phases 1 and 2 will remain within the original \$3.0 million authority granted by your Board in Resolution No. 08-011.

**Conservation Easements** – Agricultural conservation easements will be adopted over the entirety of the property, with specific envelopes for buildings and agricultural structures. The easement over Phase I is based on standard easement language developed by DWR, which will be contributing \$5.0 million in grant funds toward this phase. The Phase I easement will be adopted in substantially the form shown in Attachment 1. The Phase II easement is based on standard easement language by YLT, which will be the easement holder. The Phase II easement will be adopted in substantially the form shown in Attachment 2. Both easements achieve the objective, consistent with SAFCA's White Paper, of precluding development which could increase flood risks for the region.

**Yolo County-SAFCA Memorandum of Understanding (MOU)** – Staff has worked with Yolo County to draft a MOU that will identify areas of mutual cooperation for SAFCA and Yolo County as we work together to preserve and protect the basin. The MOU will be adopted in substantially the form shown in Attachment 3 if it is approved by the Yolo Board of Supervisors at their June 24 meeting. Substantive points expressed in the MOU include:

- Agreement to SAFCA's participation in the project, which entails:
  - Our \$3.0 million contribution to the purchase; and
  - Payment of the difference, if any, between what the County receives in taxes and Williamson Act subventions on the property with the

project versus what the County would otherwise receive as a "market rate" based on the sale of the property today.

- Agreement that the levees surrounding the Elkhorn Basin (Reclamation District 1600) should be improved by the State or by the Corps to meet minimum design standards for agricultural basins, and a commitment by SAFCA to work with the County to pursue State and federal funding for this purpose.
- SAFCA's cooperation with the County in seeking flood insurance relief within the basin.

**SVC-SAFCA Agreement** – SAFCA staff has worked with SVC to prepare a separate agreement (to be executed in substantially the form shown in Attachment 4 that commits to SAFCA's \$3.0 million contribution to the project because of the creation of the conservation easements and further provides:

- SAFCA will pay annual Reclamation District fees on the subject property, up to an amount equal to DWR's costs for maintaining rural levees. DWR's costs include State wages, benefits, and overhead; so this cap will allow for some growth in current RD 1600 fees to improve its capacity to maintain the levees.
- For existing residences and structures on the property, SAFCA will pay the difference between actual flood insurance costs and those that would be due if it were in a well protected urban area (in National Flood Insurance Program Flood Zone X).

**Ongoing Costs** – SAFCA will incur ongoing costs as a result of the Yolo MOU and SVC Agreement. These are expected to be at or below the \$144,000 level identified in the January staff report. These costs may rise over time due to growth in property tax valuations, increasing insurance costs, and/or increasing RD 1600 fees, but the spending caps should keep these increases at or below the rate of inflation.

## **5. Natomas Levee Improvement Program Activities**

### **Settlement Agreement with the Garden Highway Community Association**

The Request for Dismissal of the CEQA lawsuit filed by the Garden Highway Community Association (GHCA) was filed on June 6, 2008. In accordance with the Settlement Agreement approved by the SAFCA Board on April 17, 2008 (Resolution No. 08-31), the Settlement Agreement takes effect as of the date of filing, or June 6, 2008.

SAFCA has already taken several actions in anticipation of the dismissal, including payment of attorney's fees incurred by GHCA, posting of the current NLIP schedule on our website, designating Jay Davis of Gualco Consulting as the Ombudsperson for the project, and working to address the design and construction impact concerns expressed by the GHCA. SAFCA also committed to sending three letters

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regarding these issues to certain regulatory agencies and utilities. The letters will be sent as project details are identified in sufficient detail to facilitate coordination regarding the placement of utilities and drainage facilities. The letters will be substantially in the form shown in Attachments 5, 6, and 7.

**6. SAFCA Legal Action on North Area Local Project**

As directed by the SAFCA Board on May 15, 2008, SAFCA has recorded a lis pendens with the Sacramento County Recorder and filed a lawsuit in Sacramento County Superior Court on June 2, 2008 to protect SAFCA's and Sacramento County's flood control easements and financial interests associated with a drainage ditch west of Dry Creek Road near "C" Street in Rio Linda.

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Attachments

**EXHIBIT B**  
**FORM-OF LETTER TO CVFPB and DWR**

[SAFCA LETTERHEAD]

[Date]

Jay Punia, Executive Officer  
Central Valley Flood Protection Board  
P. O. Box 942836  
Sacramento, CA 94236

Lester Snow, Director  
California Department of Water Resources  
P.O. Box 942836  
Sacramento, CA 94236

RE: Encroachment Permit for SAFCA Natomas Levee Improvement Program  
Landside Improvements Project

Dear Sirs:

On March 21, 2008, the Central Valley Flood Protection Board (Board) issued Permit 18159-3 BD to SAFCA to improve portions of the Sacramento River east levee as part of the Agency's Natomas Levee Improvement Program (NLIP) Landside Improvements Project (Project). Permit condition Fourteen states that no work authorized by this permit shall be performed until the Board and the Department of Water Resources (Department) have received, reviewed and approved a complete set of final plans and specifications for the Project. In order to satisfy this condition, under separate cover SAFCA has submitted the required final plans and specifications for review and approval by the Board and the Department.

The purpose of this letter is to highlight several key features of the Project and underscore the SAFCA's commitment to ensuring that these features are incorporated into the final design. First, the final design calls for construction of a new levee adjacent to the existing Sacramento River east levee along Garden Highway. A key objective of this design is to preserve the existing Garden Highway and minimize the removal of levee encroachments located on private lands along the water side of this roadway. SAFCA intends to work closely with the Board and the Department to achieve this objective in a manner that is consistent with the Board's Supplemental Standards for Control of Residential Encroachments in Reclamation District 1000, which are found in Section 133 of Title 23 of the California Code of Regulations.

Second, in order to accommodate the Project footprint and minimize the effects of the Project on residences along the Garden Highway, the final design calls for relocation of portions of the existing main electrical transmission system, including poles and powerlines that provide electricity to these residences, into a new utility operation and maintenance corridor for which

right-of-way has been acquired east of the new adjacent levee. In addition, SAFCA has sought to avoid relocating existing secondary poles and individual service lines that link the main transmission line to the residences. To the extent that such relocations are necessary, wherever possible the new secondary poles have been located along the landside of the Garden Highway between the roadway pavement and the new adjacent levee.

Third, SAFCA has incorporated new storm water drainage facilities into the final design to offset the potential increase in storm water that would otherwise be discharged from the Garden Highway onto the private parcels occupying the water side of the levee. These drainage facilities consist of a collection swale located between the new adjacent levee and the Garden Highway, and new pipes and drainage outfall lines to drain collected storm water to the river. Where these outfalls cross private property, they are located along existing parcel boundaries in buried pipes that drain to the river [or in an alternative location selected in consultation with the property owner].

SAFCA requests that the Board and the Department approve these Project features as shown in the final design package. However, if for any reason the Board or the Department determines that the proposed location of electrical or drainage facilities is unacceptable, SAFCA requests that the Board and/or the Department identify alternative locations that would be acceptable so that affected property owners may have an opportunity to work with SAFCA in selecting from among these alternatives. Please contact us if you have any questions in this regard. We look forward to working with you to continue to improve flood protection for the Natomas Basin.

Very truly yours,

Stein M. Buer  
Executive Director

cc: United States Army Corps of Engineers  
Reclamation District 1000

**EXHIBIT C**  
**FORM-OF LETTER TO UTILITY COMPANY**

[SAFCA LETTERHEAD]

[Date]

[Name]

[Name of Utility Company]

[Address]

[City, State ZIP]

RE: Relocation of Electrical and Telephone Utility Poles and Lines  
SAFCA Natomas Levee Improvement Program Landside Improvements Project,  
[Year] Construction Projects

Dear [Name]:

SAFCA has undertaken the Natomas Levee Improvement Program ("NLIP") Landside Improvements Project ("Project") in order to provide increased flood protection to the Natomas Basin. The Project will require relocation of utility poles and lines along the levee system in order to accommodate the widened levee and related infrastructure.

Enclosed with this letter please find plans which identify SAFCA's proposed locations for installation of new poles and lines and relocation of existing facilities to accommodate the footprint of the Project. In order to minimize the effects of the Project on Garden Highway residences, these locations have been selected so as to ensure that no new main transmission lines and poles are installed on the water side of the Garden Highway. In addition, SAFCA has sought to avoid relocating poles that support individual service lines. To the extent such relocations are necessary, wherever possible the new poles have been located on the land side of the Garden Highway.

SAFCA believes the proposed utility relocation plan is consistent with sound engineering practices and we look forward to your approval. However, if for any reason [utility provider] determines that any proposed utility pole location is unacceptable, we request that [utility provider] identify alternative locations that would be acceptable so that the affected property owners may have an opportunity to work with SAFCA in selecting from among these alternatives.

Please contact us if you have any questions or concerns. We appreciate your cooperation on this important Project to improve flood protection for the Natomas Basin.

Very truly yours,

Stein M. Buer  
Executive Director

cc: United States Army Corps of Engineers  
[Reclamation District 1000]  
[Central Valley Flood Protection Board]

**EXHIBIT D**  
**FORM-OF LETTER TO CVRWQCB**

[SAFCA LETTERHEAD]

[Date]

[Name]

Central Valley Regional Water Quality Control Board  
Sacramento Main Office  
11020 Sun Center Drive #200  
Rancho Cordova, CA 95670-6114

RE: Request for Waste Discharge Requirements for Drainage Pipes and Outfalls  
Natomas Levee Improvement Program  
Landside Improvements Project, [Year] Construction Projects

Dear [Name]:

SAFCA has undertaken the Natomas Levee Improvement Program ("NLIP") Landside Improvements Project ("Project") in order to provide increased flood protection to the Natomas Basin. The Project will involve the construction of a new adjacent levee on the land side of the existing Sacramento River east levee along the Garden Highway. The section of the adjacent levee between the Natomas cross Canal and Powerline Road will be raised above the elevation of the existing levee. This grade difference results in a change in the drainage pattern associated with the eastern side of the roadway.

Enclosed with this letter please find SAFCA's application for waste discharge requirements associated with the new storm water drainage facilities which are proposed to offset the potential increase in storm water that would otherwise be redirected from eastern side of the Garden Highway onto the private parcels occupying the water side of the levee. These drainage facilities consist of a collection swale located between the new adjacent levee and the Garden Highway, and new pipes and drainage outfall lines to drain collected storm water to the river. In order to minimize the effects of the Project on Garden Highway residences, where these outfalls cross private property, SAFCA has sought to locate the new drainage pipes and outfalls along existing parcel boundaries in buried pipes that drain to the river [or in an alternative location approved by the property owner].

SAFCA believes that the Project and the enclosed application for waste discharge requirements are consistent with sound engineering practices, the Settlement Agreement between the Garden Highway Community Association and SAFCA, and the Porter-Cologne Water Quality Control Act. Accordingly, we request that the Regional Board approve this application. However, if for any reason the Regional Board determines that the location of any proposed new pipe or outfall line is unacceptable, we request that the Regional Board identify alternative

locations that would be acceptable so that the affected property owners may have an opportunity to work with SAFCA in selecting from among these alternatives.

Please contact us if you have any questions or concerns. We look forward to your cooperation on this important Project to improve flood protection for the Natomas Basin.

Very truly yours,

Stein M. Buer  
Executive Director

cc: United States Army Corps of Engineers  
Central Valley Flood Protection Board