

**MINUTES OF THE BOARD OF DIRECTORS OF THE
SUTTER BUTTE FLOOD CONTROL AGENCY
REGULAR MEETING OF
DECEMBER 10, 2014**

The Sutter Butte Flood Control Agency (Agency) Board of Directors (Board), State of California, met on the above date at 1 p.m. in the City of Yuba City Council Chambers, Yuba City, California.

MEMBERS PRESENT

County of Sutter:	Jim Whitaker
County of Butte:	Bill Connelly, Steve Lambert
City of Yuba City:	John Dukes, John Buckland
City of Gridley:	
City of Live Oak:	Gary Baland
City of Biggs:	Bo Sheppard
Levee District 1:	David Lamon
Levee District 9:	Francis Silva, Barbara LeVake

MEMBERS ABSENT: Chris Schmidl, Jeff Draper

STAFF PRESENT: Mike Inamine, Executive Director; Michael Bessette, Director of Engineering; Scott Shapiro, Agency Counsel; Seth Wurzel, Budget Manager

MEETING/CALL TO ORDER

Board Chair Steve Lambert opened the meeting at 1 p.m. and led the group in the pledge.

CONSENT CALENDAR

- 1) Approval of the minutes for the October 8, 2014 Board meeting and the November 12, 2014 Board meeting
- 2) Approval of the resolution establishing the regular SBFCA meetings for the 2015 calendar year
- 3) Receive minutes for the 2014 Finance Committee meetings
- 4) Approval of Amendment 1 to Task Order 14 with ICF International for transplanting elderberry shrubs and installing mitigation plantings
- 5) Approval of Agency representation travel to Washington, D.C. for USACE project support and Cap-to-Cap

On motion of Director Barbara LeVake, and seconded by Director John Dukes, the consent calendar was approved as follows:

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| <ul style="list-style-type: none">• Bo Sheppard – Yes• John Dukes – Yes• John Buckland – Yes• David Lamon - Yes• Francis Silva - Yes | <ul style="list-style-type: none">• Barbara LeVake – Yes• Jim Whitaker – Yes• Bill Connelly – Yes• Steve Lambert – Yes• Gary Baland – Yes |
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PRESENTATION, DISCUSSION & ACTION ITEMS

6) Rotation of SBFCA Board Leadership for 2015

Executive Director Mike Inamine stated that this item is an update of past procedures, which includes the rotation of the SBFCA Board Chair and Vice Chair. In January, Vice Chair Kash Gill will move to the Chair position, and a representative from Sutter County will be appointed as Vice Chair. Mr. Inamine added that Sutter County has two vacancies on the SBFCA Board as Director James Gallagher was recently elected to the State Assembly and Director Stan Cleveland was recently elected to the City of Yuba City Council. The two Sutter County seats on the SBFCA Board will be appointed at the January 2015 Sutter County meeting.

7) Presentation of Agency audited financial statements and related reports for Fiscal Year 2013-2014

Budget Manager Seth Wurzel outlined several highlights from the annual financial report, including:

- Awarded construction contract for Areas B&D
- Executed construction agreement with DWR for Project Area C, amended in September for Areas B&D with reimbursements in FY13-14
- Expended more than \$48 million to advance the EIP project
- Substantial year over year increase in financial activity, including:

- Expenditures increased by more than 300%
- Revenues increased by more than 380%
- Made significant progress on 19 miles of levee improvements

Mr. Wurzel stated that SBFCA received an unqualified opinion on the audit of financial statements, which is considered a "clean audit." Mr. Wurzel stated that the operating fund actual revenue was greater than budgeted by \$18,240, which is directly related to interest earned. Actual expenditures were less than budgeted by \$237,000. He added that the capital fund actual revenues were lower than budgeted by \$18.8 million and actual expenditures were lower than budgeted by \$39.8 million.

Also included in the audit was a management report, which is a report on SBFCA's internal controls. Following are the review findings:

- No management recommendations
- Found no deficiencies related to processes and procedures related to financial activities
- All prior year recommendations were implemented
- SBFCA immediately resolved recommendations at the end of last year and maintained those processes

Mr. Wurzel introduced independent auditor Derek Rampone from Moss, Levy & Hartzheim. Mr. Rampone stated that Mr. Wurzel gave a very good summary of the findings. He added that on page two of the audited financial statements, SBFCA was given an unmodified report, which is the best finding possible. The management report also included no findings, which is somewhat rare and another positive outcome for the Agency.

Director Bo Sheppard thanked Mr. Wurzel for his work. Mr. Wurzel stated that SBFCA would not be able to complete any of its financial work without the work of the City of Yuba City finance staff. Mr. Wurzel thanked Robin Bertagna and her staff.

No action taken.

8) **Receive and file monthly financial report**

Mr. Wurzel stated that as of October 31, 2014, SBFCA's working capital was \$7.9 million. The estimated working capital to date is \$24.1 million as SBFCA is rebuilding its cash balances with DWR reimbursements. The operating revenue to date is \$23,944, which represents direct assessment bill payments. The capital revenue to date is \$35.3 million, which represents DWR funding.

Expenditures to date are approximately \$58.2 million, of which \$57.8 million is related to FRWLP1 work. All bond proceeds have been drawn down as of October to advance construction activities. The Rabobank loan is unchanged.

Director John Dukes asked if the Rabobank loan was currently being repaid. Mr. Wurzel stated that SBFCA makes interest only payments during the draw down period, which closes in October 2016.

Mr. Inamine reported on two State funding issues; reimbursement authority and funding for the remainder of the FRWLP.

Regarding reimbursement, Mr. Inamine stated if SBFCA spends money beyond its local cost share, DWR will only offer credit thus cost cannot be recovered. SBFCA proposes that DWR retroactively reimburse SBFCA. One option is to in future grants, which DWR has agreed to do. The other option is to legislate this change. SBFCA is pursuing both options.

Regarding funding, Mr. Inamine stated that in order to finish the Feather River West Levee Project, SBFCA will need an additional \$82 million in grant funding. The existing grant process DWR is using is not working, and funding will not arrive on time. SBFCA has proposed three fixes for this problem, including:

- DWR amends SBFCA's existing agreement for \$82 million
- DWR amends SBFCA's EIP to provide \$44 million that was underfunded in the current EIP scope in January 2015
- DWR direct fund SBFCA \$82 million under UFRR by April 1, 2015

Mr. Inamine stated that DWR must make a decision by the end of December in order for SBFCA to advance 2015 construction activities. SBFCA staff has been working with DWR staff to identify a fix.

No action taken.

INFORMATIONAL AND POSSIBLE APPROVAL ITEMS

9) Program/Project Update

Director of Engineering Michael Bessette provided an update on construction activities. Mr. Bessette stated that the 2014 construction activities are not complete because of the recent rain events, but the work slated for completion by the end of the calendar year is nearly complete. Mr. Bessette stated that he is in the process of meeting with the maintaining agencies, including Levee District 1 and Levee District 9, to provide an update on construction status.

Mr. Bessette stated that pipe relocation work, gate and fence installation, verification drilling in Project Area D and elderberry bush relocation work are all underway. Mr. Bessette stated that the team is monitoring current and projected river level conditions and even with anticipated rains, there is sufficient capacity.

Mr. Inamine stated that the California Native American Heritage Commission (NAHC) determines the handling of Native American artifacts and remains. On January 16, 2015, there will likely be a NAHC public hearing regarding FRWLP because there is concern about how artifacts will be handled. SBFCA will be attending this hearing.

On December 18, 2014, there is a hearing by the US Fish & Wildlife Service to designate critical habitat for the Yellow-Billed Cuckoo. This bird is in the Sutter Bypass and we believe this decision could have adverse consequences on flood control. SBFCA will testify at this hearing.

Additional details are provided in the December Board Packet, which can be downloaded [here](#).

10) Other reports from Agency staff and consultants

Nothing to report.

11) Report (if necessary) by the Citizens' Assessment District Advisory Committee (CADAC)

Sandi Fredrickson, CADAC Chair, reported that the CADAC did not have a quorum at their December meeting, so the election of officers will take place at its January meeting. Ms. Fredrickson requested that those SBFCA Board members that have not appointed someone to the CADAC do so.

Director LeVake asked if a Levee District 1 committee was still needed and when the CADAC met. Ms. Fredrickson responded that yes, Levee District 1 does need an appointee. The CADAC meets on the first Wednesday of each month at 12:30 p.m.

Director Gary Baland asked if it would be appropriate to change the by-laws as it is difficult for those representing Butte County to attend the meetings in person in Yuba City. Director John Dukes asked if phone conferencing could be available to those unable to attend in person. Agency Counsel Scott Shapiro stated that because the CADAC is a committee of the SBFCA Board, it must follow Brown Act requirements. A CADAC member could participate via conference call, but that information must be properly listed on the CADAC agenda and that wherever the person is participating by conference call that location must be available for members of the public to also participate from that location. Mr. Shapiro stated that he is happy to work through that option and SBFCA is happy to help CADAC work through that.

Ms. Fredrickson stated that she understands that CADAC members must live within the assessment district, but do not necessarily need to live in the area they represent on the CADAC. Director Baland stated that Ray Rogers may be interested in serving on the CADAC again.

12) Report (if necessary) by member and partner agencies

Nothing to report.

CORRESPONDENCE

13) Report on correspondence sent by and received by the Board

Nothing to report.

PUBLIC COMMENT

No public comment.

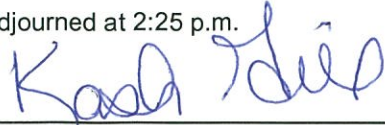
ADJOURNMENT

With no further business coming before the Board, the meeting was adjourned at 2:25 p.m.

ATTEST BY:



LISA MURPHY FOR
SARAH MODESTE, BOARD CLERK



KASH GILL, CHAIR