

**DRAFT MINUTES OF THE BOARD OF DIRECTORS OF THE
SUTTER BUTTE FLOOD CONTROL AGENCY
REGULAR MEETING OF
July 11, 2012**

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

MEMBERS PRESENT

County of Sutter:	James Gallagher, Larry Montna
County of Butte:	Steve Lambert, Bill Connelly
City of Yuba City:	John Dukes, John Miller
City of Gridley:	Owen Stiles
City of Live Oak:	Gary Baland
City of Biggs:	Mike Bottorff
Levee District 1:	Francis Silva, Al Montna
Levee District 9:	David Lamon

MEMBERS ABSENT: Director Chris Schmidl

STAFF PRESENT: Mike Inamine, Executive Director & Director of Engineering; Scott Shapiro, Agency Counsel; and Sarah Modeste, Staff Analyst.

REGULAR SESSION

Chair John Miller opened the meeting at 1:05 p.m. and Director James Gallagher led the Board and audience in the pledge of allegiance.

CONSENT CALENDAR

On motion of Director Owen Stiles, seconded by Director John Dukes and carried by those present with the exception of Director Gary Baland who abstained, the Board approved the Consent Calendar as follows:

1) Approval of the minutes for the Regular Board Meeting of June 13, 2012

PRESENTATION, DISCUSSION AND ACTION ITEMS

2) Receive and file monthly financial report

Executive Director Mike Inamine provided an overview of the Board meeting agenda.

Seth Wurzel provided an update of the Agency's cash flow. As of June, the Agency has repaid half of the loans to the City of Yuba City, Sutter County, and Levee District 1.

Mr. Wurzel stated that the Agency was currently working with the auditor for the FY 2011-12 audit. He stated that Mike Inamine, Seth Wurzel and Sarah Modeste participated in interviews with the auditor, and the auditors are working through the Agency's books at Yuba City. Mr. Wurzel stated that the audit would likely be complete in October 2012 once the Agency's FY 2011-12 books are complete.

The design team is revisiting geotechnical issues at the Gridley Bridge and Reach 13 as well as the 408 permit delays.

No public comment.

No action taken on this item.

3) Regional Planning Resolution

Agency Counsel Scott Shapiro stated that the Central Valley Flood Protection Board (CVFPB) unanimously approved the Central Valley Flood Protection Plan (Plan) with its modifications. The CVFPB actions were very much in line with SBFCA's request outlined in the SBFCA Board's letter.

The next phase of the Plan is the development of regional plans. DWR is funding the regional process which looks to a local agency to manage the regional plan. The CVFPB calls for the creation of a regional

working group representing the Feather River region, which includes the Counties of Sutter, Butte, and Yuba, to collaborate and develop flood management priorities for the region. The region is bounded on the west by the Sutter Bypass and on the south by the Bear River. Various representatives of flood management agencies within Sutter and Butte Counties have been meeting to discuss how these interests may be properly represented in the regional working group. The regional plans will be incorporated into DWR's basin funding and will drive what funding will be allocated for future projects. Currently, DWR has allocated approximately \$60 million for the first phase of SBFCA construction.

DWR has budgeted approximately \$500,000 per region for the planning process. This is a good opportunity for SBFCA to cement the remainder of the Feather River project in future State budgets, as well as outline the path for the southern portion of the Sutter Basin.

Mr. Shapiro stated that it is proposed that three SBFCA Board members participate in the regional planning subcommittee. The subcommittee will meet with the Yuba County members. Staff recommends that the following SBFCA Board members participate:

- Steve Lambert primary, Bill Connelly alternate
- James Gallagher primary, John Miller alternate
- Dave Lamon primary, Al Montna alternate

Director James Gallagher asked for clarifications on how regional planning would proceed and whether it will be used to determine future project funding. Mr. Shapiro responded that the Department of Water Resources (DWR) plans to use regional planning as a blueprint for future DWR expenditures. Mr. Shapiro also explained that the draft guidelines for regional planning make explicit that DWR intends to continue to fund existing Early Implementation Projects during the regional planning process.

Director Gallagher then asked how system-wide planning would be integrated with regional planning and basin-wide planning. Mr. Shapiro responded that the system-wide plan is different than the basin-wide plan. DWR is developing two basin-wide plans (one for the Sacramento area and one for the San Joaquin area). These plans are the big picture plans for the entire Valley. In developing these plans, DWR will incorporate elements into those plans from both the system-wide plans and the regional plans. DWR is developing the system-wide plans to look at changes which can be made to system-wide elements (such as bypasses) to provide increased benefits to all beneficiaries. Mr. Inamine stated that it is in SBFCA's interests to be involved in both the regional and system-wide plans and that we will be working to ensure that the two processes are properly integrated. Mr. Shapiro explained that DWR will provide funding to SBFCA to allow it to participate in the regional planning.

No public comment.

A motion was made by Director John Dukes to approve the resolution forming a committee of SBFCA Board members to participate in the regional planning process with Yuba County. The motion was seconded by Director Larry Montna and was carried by those present.

INFORMATIONAL AND POSSIBLE APPROVAL ITEMS

4) CVFPP Update

The CVFPP update was included in Item 3.

5) Grand Jury Report

Mr. Inamine stated that the Agency received a report from the Sutter County Grand Jury on June 26, 2012. SBFCA staff reviewed the report and prepared a response to the Grand Jury report. The response was submitted on July 9, 2012. Mr. Inamine stated that while the comments in the report were valid at one time, all had already been addressed by Board decisions.

Mr. Inamine stated that a timely response was necessary for several reasons, including that the Agency must share the Grand Jury's report with the Agency's lender Rabobank, as well as the Agency's independent auditor. The Agency is currently completing its FY 2011-12 audit. Additionally, the report was addressed in the Appeal Democrat and staff felt it necessary to correct inaccuracies quickly.

Mr. Inamine then reviewed the Grand Jury Report findings and recommendations. He proposed that the Board can ratify the response to the Sutter County Grand Jury report at its August meeting.

Director James Gallagher requested that the Board approve the Agency's response to the Grand Jury Report today. Mr. Shapiro responded that it would not be a Brown Act violation as the response was

made public on Monday. Director Gallagher requested the Board wait until the August meeting to formally approve the response. The other Board members agreed.

No public comment.

6) Engineering Update

Mr. Inamine provided updates on the Director of Engineering hiring process, the 408 permit, non-408 permit work, and a Reach 13/Shanghai Bend.

The Agency tentatively selected a Director of Engineering candidate and has started the negotiation process while working through an ad hoc committee. The goal is to have a final decision by the August 8, 2012 Board meeting.

The USACE 408 permit is on the critical path for construction in summer 2013. Currently, the process is comprised of the EIR/S document review. The Agency has been meeting with the USACE since December 2011 to highlight the importance of the 408 permit. The Agency has received some verbal agreement, but the USACE's review process has not gone as expediently as the Agency's schedule dictated. The Agency wrote a formal letter to USACE staff asking to incorporate expediting measures in order to process the permit in time for construction.

In order for construction to begin in 2013, Agency staff has identified some work that can be completed without a 408 permit. That work could include land-side berms, utility relocation, and other work that totals approximately \$10 million.

One design issue at Reach 13/Shanghai Bend has been resolved, but may result in increased construction costs. This location has been a place of levee failure several times. A number of repairs have already been completed at this site over the last 55 years. Recently, Levee District 1 conducted relief well testing. The testing is now complete, and the design team has reviewed findings. The proposed solution is to install deeper cut-off wall and the rehabilitation of the existing relief wells which will cost more than originally anticipated. The Agency does not anticipate this additional effort impacting the schedule.

Director Francis Silva stated that Levee District 1 has paid for a large portion of the well testing. Mr. Inamine agreed stating that LD1 has been very helpful in testing the wells.

Director John Dukes asked if other area costs would be reduced to help pay for the deeper slurry walls. Mr. Inamine stated, that yes, the design team is currently reviewing that information. There is a very conservative vegetation removal budget, as well as other remedial measures that may not be needed and that could compensate for the increased cost.

No public comment.

7) Other reports from Agency staff and consultants regarding current Sutter Butte Flood Control Agency activities

a. Update to Board on conflict of interest waivers granted

Mr. Shapiro stated that there were no conflict of interest waivers requested this month.

No public comment.

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

Sarah Modeste stated that the next CADAC is on August 15, 2012 at the City of Yuba City Hall.

No public comment.

9) Report (if necessary) by member and partner agencies.

Scott Rice stated that Mr. Shapiro gave a good review of the Draft Regional Planning Guidelines. He added that comments are due on August 17. The Draft Proposal Solicitation Package for the Conservation Strategy Funding is also available for review; comments are due on July 22.

The Flood System Repair Project is another funding opportunity that focuses on levee repairs in primarily rural areas by local agencies. The draft guidelines are going through internal review, and will be available for public review and commenting later this summer.

Mr. Shapiro added that staff will be providing responses to draft guidelines on behalf of the Agency.

Director Gallagher asked if the Rural Levee Program was included. Mr. Shapiro stated that this is not the Rural Levee Program where local agencies request funds. That program is still being developed. Rather, this is the program where DWR identifies the rural levees which it believes are most in need of urgent repairs. In other words, it is not a program where DWR issues a solicitation package.

No public comment.

CORRESPONDENCE

10) Report on correspondence sent by and received by the Board.

Nothing to report at this time.

PUBLIC COMMENT

No public comment.

CLOSED SESSION

11) Conference with real property negotiators pursuant to Govt. Code section 54956.8

Board Members Francis Silva and Larry Montna did not participate in the closed session due to property affiliations, either personal or professional, with the property under discussion.

ADJOURNMENT

With no further business coming before the Board, the meeting was adjourned at 2:35 p.m.

ATTEST BY: _____

SARAH MODESTE, STAFF ANALYST

JOHN MILLER, CHAIR