

DEPARTMENT OF WATER RESOURCES

1416 NINTH STREET, P.O. BOX 942836
SACRAMENTO, CA 94236-0001
(916) 653-5791



December 5, 2012

Subject: Accounting for Local Cost-Share when Using the Bulk Credit Program

The Delta Levees Program (Program) provides funding to the Delta's local levee maintaining agencies for levee work and associated mitigation requirements resulting from the work. The purpose of this letter is to explain the accounting for the local cost-share when using the Bulk Acquisition of Mitigation Credits, now referred to as the Bulk Credit Program.

The Department executed the Bulk Credit Program contract with Reclamation District 830 (RD 830), and the contract was approved by the Department of General Services on June 29, 2012. The intent of this contract is to expedite mitigation for habitat losses resulting from Delta levees maintenance, repairs, and rehabilitation work under the Delta Levees Program. Typically the local agencies address mitigation after the work is completed and once they receive written quantification of mitigation requirements from the Department of Fish and Game (DFG). For the most part, mitigation requirements are satisfied shortly after the levee work is finished. However, there are occasions when mitigation is fulfilled long after the levee work has been completed and after the local agencies have received full reimbursement for the State cost-share in accordance with the terms of their agreement with DWR.

The Bulk Credit Program contract allows the Delta's local agencies to work with RD 830 to obtain the habitat credits necessary to satisfy their mitigation requirements. It is important to note that the Program has advanced all necessary funding to RD 830 for purchase of these credits from the Cosumnes Floodplain Mitigation Bank on behalf of the Program, and that there will be no monetary exchange between RD 830 and those local agencies participating in the Bulk Credit Program.

The following steps should be taken by your agency if you wish to obtain Bulk Credit Program mitigation credits:

1. Obtain a letter from DFG authorizing the acquisition of mitigation credits from Westervelt Ecological Services (WES) to obtain credits through the Bulk Credit Program.
2. When informing RD 830 of the intention to obtain credits, provide them with a copy of the letter from DFG. Your agency should state the mitigation type and quantities needed and the project associated with the mitigation requirement.
3. Contact WES to acquire the credits and obtain the Bill of Sale. WES will require a copy of the DFG letter with the request for credits.
4. Contact Mr. Chuck Tyson, the Environmental Program Manager of the Delta Ecosystem Enhancement Section, at (916) 651-7019 to confirm your agency's cost-share amount for the value of credits acquired for the project the mitigation is associated with.
5. Satisfy the local agency's cost-share through a reduced final claim or deduction of the cost-share from future claims as described below.

DWR recovers the local agency's cost-share when your agency uses the Bulk Credits Program through one of the following scenarios:

A. The local agency owes mitigation under an active agreement with DWR.

To compensate for the acquisition of the mitigation credits, DWR will calculate the local agency's proportional share of the cost of the credits and will deduct an amount equal to the local cost-share from the reimbursements for eligible invoices submitted to DWR by the local agency for respective projects.

B. The local agency owes mitigation; however, there are no active and current project agreements in place, and/or the levee work was completed under an agreement which has since expired.

Again, to compensate for the acquisition of the mitigation credits, DWR will calculate the local agency's proportional share of the cost of the credits, and will deduct the local cost-share amount for mitigation from a future invoice submitted to DWR for reimbursement by the local agency participating in the Program. Once deducted, DWR will provide a notice to the local agency and to DFG stating that the local agency has satisfied their outstanding mitigation obligation.

Please note: In the event that there are no current or expected future claims, DWR will request reimbursement from the local agency for the cost-share value. The local agency will write a check payable to the California Department of Water Resources and remit the funds to the following address:

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California Department of Water Resources
Delta Levees Program
Attention: Mr. Dave Lawson
1416 Ninth Street, Room 1601
Sacramento, California 95814

Please contact me at (916) 651-7017, or Mike Mirmazaheri at (916) 651-7016, if there are any questions or concerns. As always, I thank you for your dedication to flood management and completing your projects cost-effectively.

Sincerely,

A handwritten signature in black ink, appearing to read "Dave Mraz". The signature is fluid and cursive, with a large loop at the end.

Dave Mraz, Chief, Delta Levees & Environmental Engineering
FloodSAFE Environmental Stewardship and Statewide Resources Office