



EDMUND G. BROWN JR., Governor
JOHN LAIRD, Secretary for Natural Resources

August 30, 2011

Melinda Terry, Executive Director
California Central Valley Flood Control
Association
910 K Street, Suite 310
Sacramento, CA 95814

Thomas Zuckerman
Delta Levees and Habitat Advisory Committee
146 W. Weber Ave.
Stockton, CA 95202

Dear Tom and Melinda:

Thank you for your time and energy spent supporting and advocating for our shared interests within the Delta. Your concerns about the availability of Delta land that can serve the mitigation requirements for participants in the Delta Levees Program were discussed at our July 20, 2011 meeting. In that meeting we focused our discussion on the different programmatic mitigation options being pursued by DWR's Delta Ecosystem Enhancement section. These options are intended to provide sufficient mitigation for levee work conducted through Delta Levee Subventions and Special Projects for the foreseeable future.

The intent of the programmatic approach is to provide maximally cost-effective mitigation credits for Local Agencies participating in the Delta Levees Program, as well as the creation of habitat that is biologically superior to smaller mitigation efforts. Smaller mitigation sites often lack the perpetual assurances of habitat maintenance that are a fundamental component of mitigation banks. By pursuing several options for satisfying mitigation obligations by Program participants, we anticipate cost stability and price certainty for both new and existing mitigation banks.

As was discussed at the meeting, the mitigation options include a bulk mitigation credit purchase, the draft Solicitation package of which is currently being circulated for public comment. This option is referenced as Item #3 in the June 28, 2011 letter I sent to you on this subject. An additional option includes designing advanced habitat mitigation projects in cooperation with Local Agencies, where mitigation banks may be built on private or DWR-owned land, referenced as Item #4 in the same June 28, 2011 letter. The Department will explore this option in greater detail and in cooperation with Local Agencies, but has no specific projects targeted at this time. Efforts are also being made to identify lands in the Delta that may be used for mitigation and enhancement purposes specifically for the Delta Levees Program. Of the approximately 12,000 acres of DWR property mentioned in Item 1 of my June 28, 2011 letter, significant portions are not appropriate for the creation of mitigation banks, because of the land's deeply subsided nature. Many of these lands, however, are appropriate areas to pursue

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expanded subsidence reversal efforts through creation of managed wetlands. These opportunities, as noted in Item 2 of my June 28, 2011 letter, are particularly noteworthy on Sherman and Twitchell Islands, where the Department is a majority landowner. The Department is currently assessing its entire portfolio of Delta lands, per Item 1 of my June 28, 2011 letter, to determine the most promising areas for future mitigation banks and habitat enhancement projects to serve the participants of the Delta Levees Program.

We believe the combination of efforts summarized at our July 20, 2011 meeting will satisfy the necessary mitigation obligations specifically arising from work conducted under the Delta Levees Program, both now and well into the future. The Natural Resources Agency will guarantee that a combination of one or more of these options will provide sufficient opportunities to provide mitigation for participants in the Delta Levee Program.

Melinda asked for a briefing on options 1, 2, and 4, and we will arrange that briefing in September. If you have any further questions, please feel free to contact me.

Sincerely,



Gerald H. Meral
Deputy Secretary, California Natural Resources Agency