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PRESS RELEASE

Contact: Thomas P. Friery, Sacramento City Treasurer, 916 808-5168

Date: For Immediate Release
February 12, 2007

Sacramento City Treasurer Thomas P. Friery reported that the City received a letter from U.S. Department of Homeland Security – Federal Emergency Management Agency, dated December 29, 2006, regarding FEMA's decision to revise its flood risk maps and assign new flood designations for the Natomas Basin. This action was necessitated by the Army Corps of Engineers determination that they can no longer support their original position certifying the levee system surrounding the Natomas Basin as protecting against the 100-year flood.

The City of Sacramento will be submitting its application for flood plain designations in April 2007 to FEMA with an expected May decision on the proposed flood plain designation and map revisions to be effective November 2007. Based on FEMA's letter, it is expected that the Natomas Basin will be placed in a regulatory Special Flood Hazard Area; the actual designation is not currently known, however it could range from suspending all development to permitting development to continue. A copy of the letter from FEMA is available from the Treasurer's Office on request.

Because FEMA has decided to revise its flood-risk maps and flood designations for the Natomas Basin, Friery announced "that the sale of bonds secured by land in the basin (e.g., Mello-Roos bonds) will be suspended pending FEMA's final determination." The Treasurer's Office will be meeting with affected North Natomas developers on February 14, 2007, to discuss this matter.

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