

Gridley City Council – Regular Meeting Agenda

Monday, April 15, 2024; 6:00 pm

Gridley City Hall, 685 Kentucky Street, Gridley, CA 95948

“Our purpose is to continuously enhance our community’s vitality and overall quality of life. We are committed to providing high quality, cost-effective municipal services and forming productive partnerships with our residents and regional organizations. We collectively develop, share, and are guided by a clear vision, values, and meaningful objectives.”

The Public is encouraged to attend and participate in person. Comments from the public on agenda items will be accepted until 4 pm on April 15, 2024, via email to csantana@gridley.ca.us or via the payment/document drop box at Gridley City Hall and will be conveyed to the Council for consideration.

You may view using the following link, ID, and passcode:

https://us06web.zoom.us/j/81844254523?pwd=-QcUa3BkflrK7y0nm9vzR_bxuEMVg.SYJk3jW91hsV8wi3

Or Telephone:

Dial(for higher quality, dial a number based on your current location):

+1 669 444 9171 US

+1 346 248 7799 US

+1 719 359 4580 US

Webinar ID: 818 4425 4523

Passcode: 442414

CALL TO ORDER - Mayor Farr

ROLL CALL

PLEDGE OF ALLEGIANCE – Councilmember Roberts

PROCLAMATION – None

INTRODUCTION OF NEW OR PROMOTED EMPLOYEES - None

COMMUNITY PARTICIPATION FORUM - *Members of the public may address the City Council on matters not listed on the agenda. The City Council may not discuss nor take action on any community participation item brought forward by a member of the community. Comments are requested to be limited to three (3) minutes.*

CONSENT AGENDA

1. City Council Minutes Dated March 4, 2024 (*amended*), March 18 (*special meeting*) and March 18 (*regular meeting*), 2024

2. Ordinance No. 849-2024: Second Reading and Adoption by Title Only of Ordinance 849-2024 to add the Agricultural Overlay District Zoning Designation Allowing Commercial Agricultural Production Until the Residentially Zoned Property is Developed. The Site Has a General Plan Land Use Designation of Residential and an Underlying Zoning Designation of Single-Family Residential District (R-1). The Property Is Located on the East Side of West Biggs Gridley Road, North and Contiguous to the Heron Landing Subdivision (APN 022-210-092)
3. Resolution No. 2024-R-009: A Resolution of the City of Gridley Authorizing the Purchase of 3-Phase Transformers and Appropriating Supplemental Funds (*Purchase Approved at the March 18, 2024, Regular Council Meeting*)
4. RSG Contract Amendment FY 23/24

ITEMS FOR CONSIDERATION

5. Butte Subbasin Groundwater Sustainability Agency Second Amendment to Cooperation Agreement
6. Amendment of Eide Bailly’s FY 23/24 Contract and Approval for FY 24/25 and FY 25/26 Contract
7. Code Enforcement and Abatement of Nuisance Property

CITY STAFF AND COUNCIL COMMITTEE REPORTS - *Brief updates from City staff and brief reports on conferences, seminars, and meetings attended by the Mayor and City Council members, if any.*

CITY ADMINISTRATOR REPORTS - *Brief updates and reports on conferences, seminars, and meetings attended by the City Administrator, if any.*

POTENTIAL FUTURE CITY COUNCIL ITEMS - (*Appearing on the Agenda within 30 days*):

Gridley Unified School District Land Dedication (Laurel Street)	5/6/2024
Utility Write Offs	5/6/2024
Procurement Policy	5/6/2024
Accounting Services RFP	5/6/2024
Utility Write Offs	5/6/2024
Caltrans SHOPP Presentation	5/6/2024

CLOSED SESSION

8. Closed Session Conference with Labor Negotiators Pursuant to Government Code 54957.6 Concerning Management MOU Contract and Benefits

ADJOURNMENT – adjourning to a Regular meeting on May 6th, 2024.

NOTE 1: POSTING OF AGENDA- This agenda was posted on the public bulletin board at City Hall at or before 6:00 p.m., April 12th, 2024. This agenda along with all attachments is available for public

viewing online at www.gridley.ca.us and at the Administration Counter in City Hall, 685 Kentucky Street, Gridley, CA.

NOTE 2: REGARDING UNSCHEDULED MATTERS – In accordance with state law, it shall be the policy of this Council that no action shall be taken on any item presented during the public forum or on unscheduled matters unless the Council, by majority vote, determines that an emergency situation exists, or, unless the Council by a two-thirds vote finds that the need to take action arose subsequent to the posting of this agenda.

Gridley City Council – Regular Meeting Minutes (Amended)

Monday, March 4, 2024; 6:00 pm
Gridley City Hall, 685 Kentucky Street, Gridley, CA 95948

“Our purpose is to continuously enhance our community’s vitality and overall quality of life. We are committed to providing high quality, cost-effective municipal services and forming productive partnerships with our residents and regional organizations. We collectively develop, share, and are guided by a clear vision, values, and meaningful objectives.”

CALL TO ORDER

Mayor Farr called the meeting to order at 6:00 pm.

ROLL CALL

Councilmembers

Present: Farr, Roberts, Sanchez, Calderon, Johnson
Absent: None
Arriving after roll call: None

Staff Present: Elisa Arteaga, City Administrator
Rodney Harr, Police Chief
Tony Galyean, City Attorney
Ross Pippitt, Utility Director
Martin Pineda, Finance Director

PLEDGE OF ALLEGIANCE

Councilmember Sanchez led the Pledge of Allegiance.

PROCLAMATION – None

INTRODUCTION OF NEW OR PROMOTED EMPLOYEES

Chief of Police Rodney Harr recognized Code Enforcement Officer Katie Hill for completing the necessary training and becoming a certified Code Enforcement Officer.

COMMUNITY PARTICIPATION FORUM

The forum was opened, and seeing no one was present to speak, was closed.

CONSENT AGENDA

1. City Council Minutes Dated February 20, 2024
2. Updated Cal-Card Policy

3. Escheatment Policy

Motion: to approve consent agenda as presented.

MOTION: Calderon

SECOND: Roberts

ROLL CALL VOTE: 5-0

Ayes: Calderon, Johnson, Roberts, Sanchez, Farr

ITEMS FOR CONSIDERATION

4. Conduct a Public Hearing Regarding Solid Waste Rate Adjustments

City Administrator Arteaga addressed Council regarding the proposed increase that was tentatively approved at the December 18th regular meeting pending that all Prop 218 noticing requirements be met without a majority vote against the rate adjustments. The City received zero written protests against the rate adjustments. City Administrator Arteaga respectfully requested that Resolution 2024-R-007 be adopted, approving the proposed rate change.

Vice Mayor Johnson had concerns about who will be responsible for the regular billing and collection of funds. City Administrator Arteaga confirmed that Waste Management will continue to do their own billing and collection of fees.

Motion: to approve resolution 2024-R-007, approving the solid waste rate adjustments with Waste Management.

MOTION: Calderon

SECOND: Sanchez

ROLL CALL VOTE: 5-0

Ayes: Calderon, Johnson, Roberts, Sanchez, Farr

5. Award of Contract to Commercial Pump and Mechanical (CPM) for Liberty Well Repairs

Utility Director Ross Pippitt presented the staff report explaining the breakdown that occurred in January at the Liberty Well. Pippitt explained that this well has historically been one of the more reliable wells and deemed it an emergency once it was compromised. Pippitt respectfully requested the proposal from CPM to complete the repair.

Mayor Farr shared his concerns about how young the well is.

Motion: to approve the CPM contract.

MOTION: Johnson

SECOND: Roberts

ROLL CALL VOTE: 5-0

Ayes: Calderon, Johnson, Roberts, Sanchez, Farr

- Concrete Removal on Electric Department Property at 57 E Gridley Rd.

Utility Director Ross Pippitt presented the three proposals to Council and recommended the award of contract be rewarded to the lowest bidder, Kegan Waite.

Motion: approve the award of contract to Kegan Waite.

MOTION: Roberts

SECOND: Calderon

ROLL CALL VOTE: 5-0

Ayes: Calderon, Johnson, Roberts, Sanchez, Farr

CITY STAFF AND COUNCIL COMMITTEE REPORTS

Councilmember Calderon reported on his attendance at the Behavioral Health Advisory Board meeting and Butte County Air Quality Management meeting.

CITY ADMINISTRATOR REPORTS

City Administrator Arteaga informed Council of her recent meetings with multiple local agencies.

POTENTIAL FUTURE CITY COUNCIL ITEMS - (Appearing on the Agenda within 30 days):

Gridley Unified School District Land Dedication (Laurel Street)	3/18/2024
Utility Write Offs	3/18/2024
Fire - Calendar Year End	3/18/2024
Second Amendment to Cooperation Agreement - Groundwater Sustainability Agencies in the Butte Subbasin	3/18/2024
Chandler Subdivision	3/18/2024
CalTrans Presentation of Highway 99 Project	3/18/2024

CLOSED SESSION

Council went into closed session at 7:00 pm.

- Closed session discussion with legal counsel pursuant to Government Code 54957.8: Case Review/Planning, 1 matter

No reportable action for item #7.

- Closed Session discussion with City Administrator Elisa Arteaga pursuant to Government Code 54957 – PUBLIC EMPLOYEE APPOINTMENT – Gridley Police Department, Sworn Peace Officer Position

Motion: approval of establishing an "Investigator-Retired Annuitant Reserve Officer" position and authorize staff to amend the GPOA Salary Schedule to add the position.

**Motion: Roberts
Second: Calderon**

ROLL CALL VOTE: 5-0

Ayes: Calderon, Sanchez, Roberts, Johnson, Farr

Council came out of closed session at 7:28 pm with no further reportable action.

ADJOURNMENT

With no other items left to discuss, Mayor Farr adjourned to the next regular meeting on March 18th, 2023.

Elisa Arteaga, City Administrator

Gridley City Council – Special Meeting Minutes

Monday, March 18, 2024; 5:00 pm
Gridley City Hall, 685 Kentucky Street, Gridley, CA 95948

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CALL TO ORDER

Mayor Farr called the meeting to order at 5:02 pm.

ROLL CALL

Councilmembers

Present: Farr, Roberts, Calderon, Johnson
Absent: Sanchez
Arriving after roll call: None

Staff Present: Elisa Arteaga, City Administrator
Rodney Harr, Police Chief
Tony Galyean, City Attorney
Ross Pippitt, Utility Director
Martin Pineda, Finance Director

ITEMS FOR COUNCIL CONSIDERATION

1. Study Session and Discussion Concerning City Consultant Services

City Administrator Elisa Arteaga presented a PowerPoint presentation that showed all of the consultant agreements that the City currently holds and quickly highlighted the scope of work for each.

Vice Mayor Johnson stated that he would like to explore the options for the City to hire an in-house, full time planner. Mayor Farr concurred.

Administrator Arteaga presented a comparison showing what the City has paid and is currently paying for planning services versus other neighboring Cities.

After Council discussion, it was the consensus of the Council to direct Administrator Arteaga to create a full-time City Planner position, job description and salary to bring back to Council for review and consideration.

COMMUNITY PARTICIPATION FORUM

The forum was opened and seeing no one was present to speak, was closed.

POTENTIAL FUTURE CITY COUNCIL ITEMS - (Appearing on the Agenda within 30-90 days):

Gridley Unified School District Land Dedication (Laurel Street)	4/1/2024
Utility Write Offs	4/1/2024
Fire - Calendar Year End	4/1/2024
Second Amendment to Cooperation Agreement - Groundwater Sustainability Agencies in the Butte Subbasin	4/1/2024
Enterprise Reserve Fund Policy	4/1/2024
TDA Audits	4/1/2024
Inventory Policy	4/1/2024
Cash Investment Policy	4/1/2024
Banking RFP	4/1/2024

CLOSED SESSION – None

ADJOURNMENT

Mayor Farr adjourned to the next regular meeting scheduled March 18, 2024.

Gridley City Council – Regular Meeting Minutes

Monday, March 18, 2024; 6:00 pm
Gridley City Hall, 685 Kentucky Street, Gridley, CA 95948

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CALL TO ORDER

Mayor Farr called the meeting to order at 6:00 pm.

ROLL CALL

Councilmembers

Present: Farr, Roberts, Sanchez, Calderon, Johnson
Absent: None
Arriving after roll call: None

Staff Present: Elisa Arteaga, City Administrator
Rodney Harr, Police Chief
Tony Galyean, City Attorney
Ross Pippitt, Utility Director
Martin Pineda, Finance Director
Donna Decker, City Planner

PLEDGE OF ALLEGIANCE

Councilmember Calderon led the Pledge of Allegiance.

PROCLAMATION – None

INTRODUCTION OF NEW OR PROMOTED EMPLOYEES

Police Chief Rodney Harr introduced the new Gridley Police Officer Natalie Barrera.

COMMUNITY PARTICIPATION FORUM

Christian Garcia of Waste Management thanked Council for the approval of the contract extension with Waste Management at the March 4th, 2024 regular meeting. He provided a brief overview as to WM customer noticing as feedback from prior inquiries.

CONSENT AGENDA

1. City Council Minutes Dated March 4, 2024

Motion: to approve consent agenda as presented.

MOTION: Roberts

SECOND: Johnson

ROLL CALL VOTE: 5-0

Ayes: Calderon, Johnson, Roberts, Sanchez, Farr

ITEMS FOR CONSIDERATION

2. Resolution No. 2024-R-008; A Resolution of the City Council of the City of Gridley Authorizing the Submission of the 2022/2023 Home Investment Partnerships Program Application to the California State Department of Housing and Community Development for Funding in the Amount Not to Exceed \$12,200,000; and if Awarded, the Execution of a Standard Agreement, any Amendments Thereto, and Other Related Documents Necessary to Participate and Comply with in the HOME Investment Partnerships Program

City Planner Donna Decker requested Council approve Resolution No. 2024-R-008 authorizing the City to submit an application for the Home Investment Partnerships Program for the Orchard View II project. Decker explained the application submission will further the partnership with affordable housing developers in the City providing much needed housing.

Motion: to approve Resolution 2024-R-008 and determine the project is Categorically Exempt per the California Environmental Quality Act, Section 15061(b)(3)

MOTION: Sanchez

SECOND: Johnson

ROLL CALL VOTE: 5-0

Ayes: Calderon, Johnson, Roberts, Sanchez, Farr

3. Ordinance No. 849-2024: Introduction and First Reading by Title Only of Ordinance 849-2024 to add the Agricultural Overlay District Zoning Designation Allowing Commercial Agricultural Production Until the Residentially Zoned Property is Developed. The Site Has a General Plan Land Use Designation of Residential and an Underlying Zoning Designation of Single-Family Residential District (R-1). The Property Is Located on the East Side of West Biggs Gridley Road, North and Contiguous to the Heron Landing Subdivision (APN 022-210-092)

City Planner Donna Decker introduced Ordinance No. 849-2024 that would create an agricultural overlay to the Chandler Park Subdivision site, which would allow for commercial agricultural production until the site is developed.

Councilmember Sanchez shared concerns that the subdivision map was approved in 2021 and had still not been developed.

Councilmember Calderon shared concerns over the loss of jobs once the land is developed.

Mr. Daryl Bernard submitted hand-written comments that have been filed with the meeting records.

Motion: to accept the first reading of Ordinance No. 849-2024

MOTION: Roberts

SECOND: Calderon

ROLL CALL VOTE: 4-1

Ayes: Johnson, Roberts, Farr, Calderon

Noes: Sanchez

4. Sewer/Storm Drain Closed Circuit TV System Upgrade

Utility Director Ross Pippitt informed Council that the 12-year-old current CCTV system has not been functioning properly and the parts for this model were no longer available. Pippitt presented the only proposal received from U-Rock Utility Equipment.

Motion: to approve the CCTV system upgrade and award contract to U-Rock Utility.

MOTION: Johnson

SECOND: Roberts

ROLL CALL VOTE: 5-0

Ayes: Johnson, Sanchez, Roberts, Farr, Calderon

5. 3-Phase Transformers

Utility Director Ross Pippitt requested the purchase of five 3-Phase transformers and explained that Gridley has commercial projects under construction that will require 3-phase transformers for their power supply. Pippitt recommends that the City enter into contract with OneSource Supply Solutions.

Motion: to award contract to OneSource for the purchase of 5, 3-phase transformers

MOTION: Roberts

SECOND: Sanchez

ROLL CALL VOTE: 5-0

Ayes: Johnson, Sanchez, Roberts, Farr, Calderon

6. GASB 75 Actuarial Valuation Services

Finance Director Martin Pineda explained that since 2013 the City has renewed the proposal with Jefferson Solutions every two-years to ensure compliance with the required GASB 75 statements. If approved, the costs associated will be included in the FY 24/25 operating budget.

Motion: to approve the proposal from Jefferson Solutions.

MOTION: Sanchez

SECOND: Roberts

ROLL CALL VOTE: 5-0

Ayes: Johnson, Sanchez, Roberts, Farr, Calderon

7. Authorization to Enter into a MOU Agreement with the Butte County District Attorney's Office for Digital Forensic Services

Police Chief Rodney Harr requested to enter into a MOU agreement with the Butte County District Attorney's Office to provide digital forensic services to the Gridley Police Department in exchange for monetary assistance to the BCDA digital forensic unit. By entering into this agreement, GPD will have access to capabilities they would normally not have and the BCDA will have greater financial resources to maintain current digital forensic capabilities.

Motion: to approve the MOU with the BCDA Office

MOTION: Roberts

SECOND: Calderon

ROLL CALL VOTE: 5-0

Ayes: Johnson, Sanchez, Roberts, Farr, Calderon

8. Authorization To Enter into a Three (3) Year MOU Agreement with the Butte County District Attorney's Office for Subpoena Services

Police Chief Rodney Harr presented the proposed MOU with the Butte County District Attorney's Office for the production, servicing and record keeping of subpoenas for the GPD. Chief Harr explained that historically this agreement was renewed yearly since 2019 and the proposed MOU would extend the services another three years.

Motion: to approve the three (3) year MOU agreement with the Butte County District Attorney's Office for subpoena services.

MOTION: Roberts

SECOND: Sanchez

ROLL CALL VOTE: 5-0

Ayes: Johnson, Sanchez, Roberts, Farr, Calderon

CITY STAFF AND COUNCIL COMMITTEE REPORTS

Councilmember Roberts attended the Red Suspenders Day meeting.

Mayor Farr announced that a Veteran’s Day Celebration will be held at the Veteran Hall, March 29th, open to all Veterans, from 8am – 11 am.

Vice Mayor informed Council that 3 vehicles were surplus and placed for a closed-bid auction at the Mosquito and Vector Control District meeting. He also reported on his attendance at the Sutter Butte Flood Control Agency meeting.

CITY ADMINISTRATOR REPORTS

City Administrator Arteaga reported on her attendance at the NCPA Utility Directors retreat in Healdsburg.

POTENTIAL FUTURE CITY COUNCIL ITEMS - (Appearing on the Agenda within 30 days):

Gridley Unified School District Land Dedication (Laurel Street)	4/1/2024
Utility Write Offs	4/1/2024
Fire - Calendar Year End	4/1/2024
Second Amendment to Cooperation Agreement - Groundwater Sustainability Agencies in the Butte Subbasin	4/1/2024
Enterprise Reserve Fund Policy	4/1/2024
TDA Audits	4/1/2024
Inventory Policy	4/1/2024
Cash Investment Policy	4/1/2024
Banking RFP	4/1/2024

CLOSED SESSION

Council went into closed session at 7:10 pm.

- 9. Closed Session Conference with Labor Negotiators Pursuant to Government Code 54957.6 to Meet and Confer with IBEW1245

Motion: Council approves a temporary pay incentive increase for the IBEW1245 Classification: Electrical Supervisor position in the amount not to exceed \$1,146.19.

**Motion: Farr
Second: Sanchez**

ROLL CALL VOTE: 4-1

**Ayes: Roberts, Johnson, Sanchez, Farr
Noes: Calderon**

- 10. Closed Session Conference with Labor Negotiators Pursuant to Government Code 54957.6 Concerning Management MOU Contract and Benefits

Council came out of closed session at 8:04 pm with no further reportable action.

ADJOURNMENT

With no items left to discuss, Mayor Farr adjourned to the next regular meeting on April 1, 2024.

Elisa Arteaga, City Administrator

DRAFT

Discussion

The applicant is proposing to continue to utilize the property for commercial agricultural uses. The Bernards propose to remove the remaining orchard, clear the land of debris, and prepare for the planting of a seed crop until the property will sell/develop the subdivision. The secondary zoning district of Agricultural Overlay was designed to allow land that has been approved for a residential or other use, to be farmed commercially until the land is developed.

Conclusion:

Provision to add the secondary zoning of Agricultural Overlay on this property utilizes a planning tool specifically designed to allow a commercial agricultural land use while waiting for the development to occur.

Public Notice

A notice was advertised 10 days prior to the regularly scheduled City Council meeting in the Gridley Herald, posted at City Hall, made available at the Administration public counter, and placed on the City website for review. Additionally, notices were mailed to property owners 300 feet from the subject site boundary. At the time this report was prepared no comments had been received.

Environmental Review

The proposed project is exempt from environmental review pursuant to the California Environmental Quality Act, Section 15061(b) (3), and Review for Exemption, General Rule. The subject site was used as agricultural prior to the adoption of a tentative subdivision map. Temporarily reverting to the existing use does not create unforeseen impacts.

Fiscal Impact

No additional fiscal impact is anticipated in the review of projects to comply with the ordinance.

Attachments –

1. Draft Ordinance No. 849-2024

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GRIDLEY TO REZONE AN APPROXIMATELY 40 ACRES FROM SINGLE FAMILY RESIDENTIAL (R-1) TO SINGLE FAMILY RESIDENTIAL/AGRICULTURE OVERLAY (R-1/AO) ADDING THE AGRICULTURAL OVERLAY DISTRICT ZONING DESIGNATION TO ALLOW COMMERCIAL AGRICULTURAL PRODUCTION UNTIL THE RESIDENTIALLY ZONED PROPERTY IS DEVELOPED. (TSM 2-20, APN 022-210-092)

WHEREAS, the applicant requests the City of Gridley approve the addition of the Agricultural Overlay District zoning designation of approximately 40 acres; and,

WHEREAS, the proposed project is categorically exempt from environmental review pursuant to the California Environmental Quality Act, Section 15061(b) (3), and Review for Exemption, General Rule. The proposed overlay zoning does not create a project or create impacts in that agricultural uses were established on the property prior to the application to develop and no new circumstances exist that would impact the site or the surrounding area for the continued use of the property prior to the approval of TSM 1-07; and,

WHEREAS, a duly noticed public hearing was held on January 17, 2024 by the Planning Commission recommending the proposed rezone be forwarded to the City Council for action; and,

WHEREAS, after considering the staff report, public testimony, and the recommendation from the Planning Commission, the City Council determined the proposed rezone was appropriate.

WHEREAS, the City Council reviewed and introduced the proposed amendment by reading of title only on March 18, 2024, passing to proceed to the second reading with a 4-1 vote.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GRIDLEY DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1: The City Council finds the rezone is consistent with the 2030 General Plan and CEQA.

SECTION 2: Approves the rezone adding the Agriculture Overlay District on approximately 40 acres from Single-Family Residential to Single-Family Residential/Agricultural Overlay District.

SECTION 3: Except as modified above, all present conditions of the approved TSM 2-20 development plans and designs remain in full force and effect.

SECTION 4: The Zoning Map of the City of Gridley on file with the City Clerk, designating and dividing the City into zoning districts, is hereby amended, in accordance with the herein description and Exhibit A.

SECTION 5: This ordinance shall be effective thirty (30) days after its passage and adoption.

I HEREBY CERTIFY that the foregoing ordinance for the property to have the Agriculture Overlay zoning designation added to APN 022-210-092, and as noted in Sections 1-5, and in accordance with Exhibit A, was duly introduced by reading of title only, at a regular meeting of the City Council of the City of Gridley, California, held on the 18th day of March, 2024, and the second reading and adoption by reading of title only at the regular City Council meeting of the City of Gridley held on the 15th day of April, 2024 by the following vote:

AYES: COUNCIL MEMBERS _____
NOES: COUNCIL MEMBERS _____
ABSENT: COUNCIL MEMBERS _____
ABSTAIN: COUNCIL MEMBERS _____

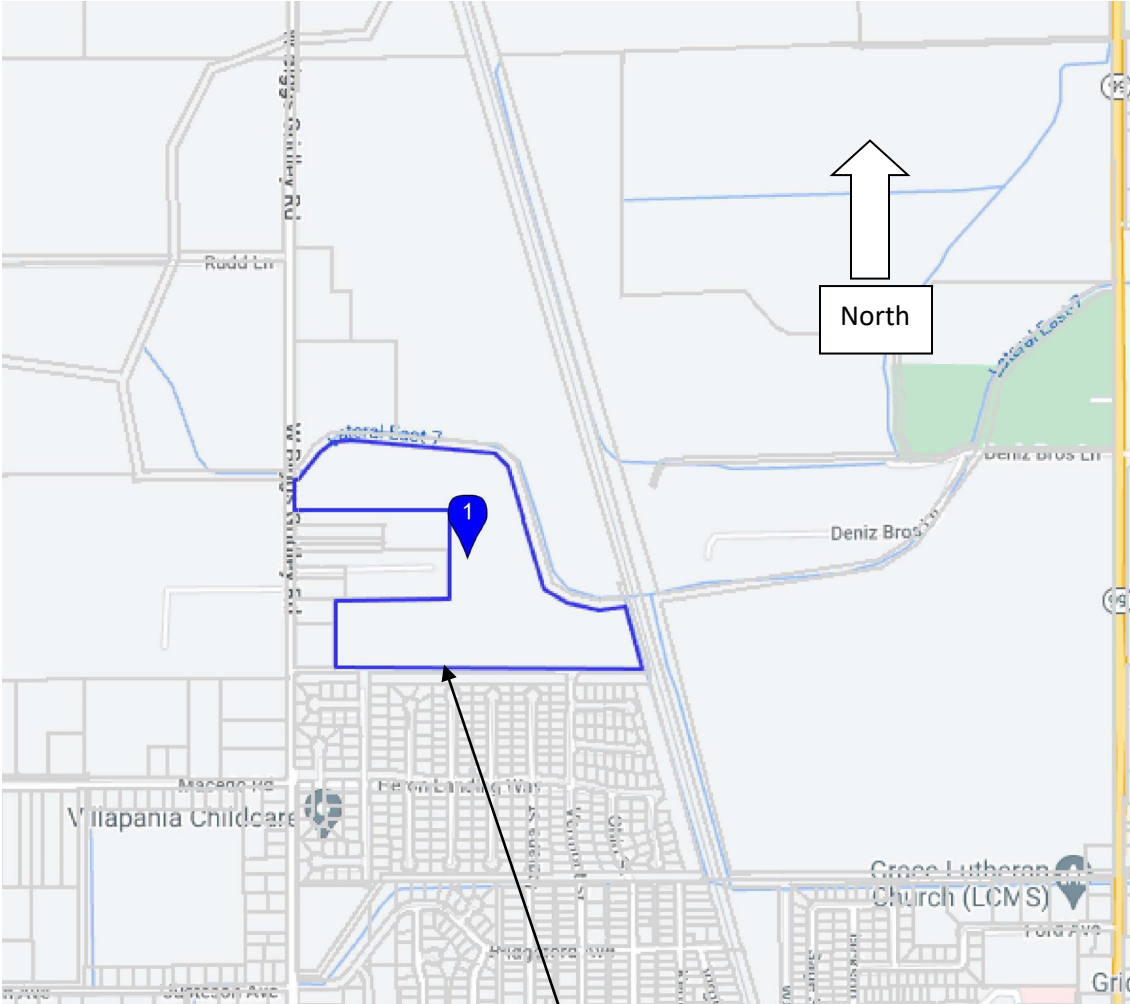
ATTEST: APPROVE:

Elisa Arteaga, City Clerk Mike Farr, Mayor

APPROVED AS TO FORM:

Anthony Galylean, City Attorney

EXHIBIT A



Subject Site
TSM 2-20, APN 022-210-092
General Plan: Residential
Zoning: R-1/AO

City Council Agenda Item #3
Staff Report

Date: 04/15/2024
To: Mayor and City Council
From: Ross Pippitt, Utility Director

<input checked="" type="checkbox"/>	Regular
<input type="checkbox"/>	Special
<input type="checkbox"/>	Closed
<input type="checkbox"/>	Emergency

Subject: 3-Phase Transformers Purchase – Supplemental Appropriation

Recommendation

Staff respectfully request the City Council to review the supplemental appropriate and approve.

Background

On 03/18/2024, the council approved the purchase of 3-phase transformers. With council approval this staff report is to provide the supplemental appropriation resolution.

Financial Impact

This was not a budgeted item and it will increase the budget by \$236,167.00. The expense to the City after reimbursement from the grant will be \$206,625.75. Council previous approved to use Electric Reserve funds to cover the expense of the purchase.

Attachments

2024-R-009 – Supplemental Appropriation – 3-phase transformers

**A RESOLUTION OF THE CITY OF GRIDLEY AUTHORIZING THE PURCHASE OF 3-PHASE
TRANSFORMERS AND APPROPRIATING SUPPLEMENTAL FUNDS**

WHEREAS, the City of Gridley has utilized 3-phase transformers for electric services for residential and commercial purposes; and

WHEREAS, the City of Gridley desires to purchase 3-phase transformers to have as back ups and inventory in the event of an emergency; and

WHEREAS, the Utility Director has identified how many and which transformers are needed to serve as back ups; and

WHEREAS, the City Council has approved the purchase of 3-phase transformers.

NOW, THEREFORE, BE IT RESOLVED BY THE GRIDLEY CITY COUNCIL to approve the supplemental appropriation from the Electric Reserve account 621-4600-56300 for a total not to exceed \$236,167.00.

I HEREBY CERTIFY that the foregoing resolution was duly introduced and passed at a regular meeting of the City Council of the City of Gridley held on the 15th of April, 2024, by the following vote:

AYES: COUNCILMEMBERS _____

NOES: COUNCILMEMBERS _____

ABSTAIN: COUNCILMEMBERS _____

ABSENT: COUNCILMEMBERS _____

ATTEST:

APPROVE:

Elisa Arteaga, City Clerk

Michael W. Farr, Mayor

City Council Agenda Item #4
Staff Report

x	Regular
	Special
	Closed
	Emergency

Date: April 15, 2024
To: Mayor and City Council
From: Martin Pineda, Finance Director
Subject: Amendment #2 of RSG’s contract for FY 2023/2024

Recommendation

Staff respectfully requests that the Mayor and City Council approve the contract amendment for FY 2023/2024 for consulting services with RSG, Inc in the amount not to exceed \$8,000 for assistance with the sale of parcels at the industrial park and guidance on the City’s Long Range Property Management Plan (“LRMPM”).

Background

On February 5, 2024, the City of Gridley Council approved the amended contract with RSG, Inc increasing the amount by \$7,000 for a total of \$37,000 for FY 2023-2024. The first amendment of the contract was due to RSG advising the City of the need to comply with the Surplus Land Act for the sale of former Redevelopment Agency properties. The city authorized RSG to assist with the Surplus Land disposition process and incurring costs not originally planned for. RSG assisted the City in preparing resolutions and staff reports and submitting all required documents to the California Department of Housing and Community Development (HCD) for review which were approved January 2024.

Finance Staff was recently made aware to be compliant with the California Code, Health and Safety Code 34180(f) and the Long-Range Property Management Plan (LRPMP) which outlines parcels to be retained by the city for future development and those to be sold, will require additional assistance from RSG staff. The revised scope of work will provide necessary guidance relating to requirements, steps, and appropriate measures the city should take to transfer parcels to be retained by the city for future development, taxation and sale of parcels as outlined in the LRPMP. Therefore, the RSG contract will require a second amendment due to the additional scope of work for a total not to exceed \$8,000, a revised overall total not to exceed \$45,000 for FY 2023-2024.

Fiscal Impact

An \$8,000 dollar increase for the amendment of the contract.

Attachments

RSG Contract



April 10, 2024

Via Electronic Mail

Martin Pineda, Finance Director
CITY OF GRIDLEY
685 Kentucky Street
Gridley, CA 95948

REQUEST FOR CONTRACT AMENDMENT #2 - SUCCESSOR AGENCY SERVICES 2023-24

Dear Mr. Pineda:

RSG, Inc. ("RSG") has a contract with the City of Gridley ("City") acting as Successor Agency to the Gridley Redevelopment Agency ("Successor Agency") to provide the consulting services necessary to comply with the Dissolution Act. The contract is dated August 7, 2023 with a term ending June 30, 2024 in the amount of \$30,000, which was amended earlier this year for additional successor agency and surplus land compliance services to bring the total contract amount of \$37,000.

This letter presents the scope of work and supplemental \$8,000 fee for additional services as described herein.

SCOPE OF WORK

Staff has asked RSG to assist the City and Successor Agency with the proper disposition of properties retained by the City for Future Development as reflected in the Successor Agency's adopted and approved Long Range Property Management Plan ("LRPMP"). The LRPMP designated the use and intended disposition of five properties, including Property No. 4 comprised of portions of two assessor parcel numbers which were both to be retained by the City for future development purposes.

Under the Health and Safety Code (Section 34180(f)), the City is permitted to sell these properties for future development purposes after it enters into compensation agreements with each of the affected taxing entities, without exception, including the City itself. These compensation agreements would stipulate the disposition of the sales proceeds that the City would remit itself to each taxing entity upon the sale of such property.

RSG would assist the City and Successor Agency in this process as required by law, including the preparation of documents needed to facilitate the proper disposition of the City properties. No public or taxing entity meetings are included in this scope of work, but can be provided on a time and materials basis outside of this budget.

FEE ESTIMATE

RSG will bill for the additional services described herein on a time-and-materials basis, for an additional budget increase to our contract of \$8,000, bringing the total to \$45,000 for the contract. All work will be billed in accordance with our billing rates and policies set forth in our contract with the City.

We appreciate the opportunity to submit our proposal to the City of Gridley and the Successor Agency. If this proposal is acceptable as written, please sign where indicated and return to our office at your earliest convenience. If you have any questions, please do not hesitate to contact Suzy Kim at 714-316-2116.

Sincerely,



Jim Simon, Principal



Suzy Kim, Director

APPROVED AND AUTHORIZED TO PROCEED:

Signature: _____
Printed Name: _____
Title: _____
Date: _____

City Council Agenda Item #5
Staff Report

Date: April 15, 2024
To: Mayor and City Council
From: Elisa Arteaga, City Administrator
Subject: Butte Subbasin Groundwater Sustainability Agency Second Amendment to Cooperation Agreement

X	Regular
	Special
	Closed
	Emergency

Recommendation

Staff respectfully requests the City Council approve the Second Amendment to the Cooperation Agreement and authorize the Mayor to sign the agreement.

Background

The Butte Subbasin Groundwater Sustainability Agencies (GSAs) signed a Cooperation Agreement in December 2019 agreeing to work together to sustainably manage the Butte subbasin, prepare a single Groundwater Sustainability Plan (GSP), cooperatively carry out the requirements of SGMA, and coordinate public involvement and outreach. Implementation of the Cooperation Agreement was initially funded through a GSP grant awarded by the Department of Water Resources (DWR) with in-kind contributions of the members. Beyond the initial grant funds, the GSAs agreed that funding for continued cooperation could be made by member contributions.

In October 2022, the GSAs approved the First Amendment (Amendment 1) to the Cooperation Agreement, agreeing to cover the initial costs of GSP implementation, including costs associated with technical and administrative support. As a result of Amendment 1, each GSA contributed \$8,000 during the 2022/2023 Fiscal Year to cover identified consultant services and activities. Activities included the preparation of a Sustainable Groundwater Management (SGM) Grant Program grant application (December 2022), preparation of an Annual Report for submittal to DWR (April 1, 2023), and professional consultant services for the evaluation of costs associated with GSP implementation and SGMA compliance activities and identification of cost-sharing options (June-December 2023).

In June 2023, the Butte Subbasin GSAs, through Butte County, retained Luhdorff & Scalmanini Consulting Engineers (LSCE) to conduct the following activities:

- 1) Assist in determining the costs associated with implementing the GSP and SGMA compliance activities, and
- 2) Identify cost-sharing options between the GSAs.

LSCE in collaboration with the GSAs' management committee identified anticipated costs over a five-year period, refer to Table 1, Butte Subbasin Operations Budget, Attachment A.

The budget includes, among other things, the anticipated revenue needs to prepare a five-year GSP Periodic Evaluation and possible GSP amendments in response to the DWR GSP approval determination letter and recommended corrective actions.

Once the operational budget for GSP implementation and SGMA compliance costs were identified, the management committee evaluated a variety of cost-sharing options for consideration by the Butte Advisory Board. These options included: equal split, equal split adjusted based on service area size, cost per acre, cost based on groundwater use, cost based on estimated net recharge, equal split combined with cost per acre, and equal split combined with estimated groundwater use, see Attachment B, Long-Term Funding Project Technical Memorandum

On November 6, 2023, the Butte Advisory Board met to discuss the various cost-sharing options, focusing on the two preferred options 1) equal split and 2) equal split combined with estimated groundwater use. The Butte Advisory Board appointed an ad-hoc committee to further discuss the preferred options. Ultimately, the Butte Advisory Board's ad hoc committee's direction for the cost-sharing agreement was equal split between the 11 GSAs.

The Second Amendment to the Cooperation Agreement (Amendment 2) confirms an equal split cost-share between the 11 GSAs. Based on Table 1, Butte Subbasin Operations Budget, each GSA will contribute \$12,337.55 for the 2023/2024 Fiscal Year; the County of Butte GSA will serve as the fund administrator. This method of sharing costs shall apply for each subsequent fiscal year until written notice is provided by any member expressing intent to renegotiate. In addition, the management committee will annually evaluate and monitor actual budget costs and forecasted expenditures and make reasonable adjustments as necessary.

Financial Impact

The cost-share will be an increase of \$4,337.55. FY 23-24 budget does not require a supplemental appropriation because account 010-4020-54000 has sufficient funds to meet the increase. Future budgets will factor in the additional expense.

Attachment:

1. Second Amendment Cooperation Agreement
2. Table 1 Butte Subbasin Operations Budget
3. Long-Term Funding Project Technical Memorandum

**SECOND AMENDMENT TO COOPERATION AGREEMENT AMONG THE
GROUNDWATER SUSTAINABILITY AGENCIES IN THE BUTTE SUBBASIN**

This SECOND AMENDMENT (Amendment) to for the allocation of implementation costs among the Butte Subbasin Groundwater Sustainability Agencies (Members) is made and entered into and effective upon the date when the last Member signs this Agreement (Effective Date) by and among the undersigned public agencies.

Recitals

WHEREAS, each Member is a Butte Subbasin GSA, as defined by the Sustainable Groundwater Management Act (SGMA); and

WHEREAS, in 2019, the Members entered into a Cooperation Agreement establishing cooperation in the development and implementation of the Butte Subbasin Groundwater Sustainability Plan (GSP); and

WHEREAS, under Article 12 of the Cooperation Agreement, the Cooperation Agreement may be amended by unanimous written agreement of the Members to provide for the allocation of cost-sharing for expenditures and contracts made pursuant to the Cooperation Agreement; and

WHEREAS, on October 12, 2022, the Members adopted the First Amendment to the Cooperation Agreement setting forth, among other terms, an initial Member financial contribution for the implementation of the GSP (“First Amendment”); and

WHEREAS, the Members have determined that additional cost-sharing is required to implement the Butte Subbasin GSP, consistent with Article 12 of the Cooperation Agreement; and

NOW THEREFORE, in consideration of the matters recited and the mutual promises, covenants, and conditions set forth in this Amendment, the Members hereby agree to amend the Butte Subbasin Cooperation Agreement as follows:

1. Section 2 (**Member Contributions**) of the First Amendment is superseded and replaced in its entirety by the following:

“Each Member shall contribute to the administration and implementation of the Butte Subbasin Groundwater Sustainability Plan by contributing equal 1/11th shares of the mutually agreed upon budget for each year (Member Contribution). Member Contribution shall be remitted within sixty (60) days, upon receipt of invoice from the Fund Administrator in January of each year.

This method of sharing costs by Member Contribution shall apply each fiscal year (July 1- June 30) until written notice is provided by any Member to all other Members expressing intent to renegotiate Member Contribution (Renegotiation Notice). A Renegotiation Notice is effective as of June 30 and must be delivered to all other Members prior to July 1. Upon timely delivery of a Renegotiation Notice, the Members agree to meet and confer as reasonably necessary to negotiate in good faith a new or modified cost sharing method to be effective at the start of the next fiscal year beginning July 1.”

2. Section 3 (**Fund Administrator**) of the First Amendment is superseded and replaced in its entirety by the following:

“**Fund Administrator.** County of Butte GSA-Butte Subbasin is designated as the Fund Administrator. Member Contributions shall be made to the Fund Administrator, who shall account for and administer the Member Contribution consistent with the Cooperation Agreement, as amended, and applicable law. Members may from time to time designate a different Fund Administrator by unanimous consent. The Fund Administrator will provide budget updates to Members not less than once per quarter. The Fund Administrator shall provide these services for a fee not to exceed \$1,500 annually.”

3. **Budget Development, Review and Monitoring.** Members will annually develop and thereafter monitor budgeted actual and forecasted expenditures and agree to meet and confer as reasonably necessary to consider adjustments to the budget as may be necessary to comply with SGMA and to implement the GSP. If amendments to increase the budget are necessary, such amendments must be unanimously approved by each Member and the new amended budget will be apportioned pursuant to the methodology in Section 1, above.
4. Except as specifically modified in this Second Amendment, the terms of the Cooperation Agreement and the First Amendment remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto, pursuant to actions regularly adopted by their respective governing boards, have caused their names to be affixed by their proper and respective officers as of the date of execution of this Amendment.

By: _____ Date: _____
Chair of the Board of Directors, Biggs West Gridley Water District

By: _____ Date: _____
Chair of the Board of Directors, Butte Water District

By: _____ Date: _____
Mayor, City of Biggs

By: _____ Date: _____
Mayor, City of Gridley

By: _____ Date: _____

Chair of the Board of Directors, Colusa Groundwater Authority

By: _____ Date: _____
Board of Supervisors Chair, County of Butte

By: _____ Date: _____
Board of Supervisors Chair, County of Glenn

By: _____ Date: _____
Chair of the Board of Trustees, Reclamation District No. 1004

By: _____ Date: _____
Chair of the Board of Trustees, Reclamation District No. 2106

By: _____ Date: _____
Chair of the Board of Directors, Richvale Irrigation District

By: _____ Date: _____
Chair of the Board of Directors, Western Canal Water District

Butte Subbasin Long Term Funding Project - Budget

BUTTE SUBBASIN GROUNDWATER ADVISORY BOARD - Long Term Funding Strategy					
Five-Year Final Subbasin Operations Budget - Administration and GSP Implementation/SGMA Compliance Costs					
Cost Category-Subbasin Administration (shared costs)	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28
<u>Personnel/Staffing Costs</u>					
Admin/Mgmt - Financial Mgmt Costs (County lead)	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Legal Services - Member agency costs (define: Agr/Policy/Compl)	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
<u>Professional Services</u>					
Grant Procurement	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
<u>Reserve and Contingency</u>					
GSA Admin. Contingency (5%)	\$1,075	\$1,075	\$1,075	\$1,075	\$1,075
GSA Administration Costs Sub-Total	\$22,575	\$22,575	\$22,575	\$22,575	\$22,575
Cost Category-Subbasin SGMA Compliance Costs (shared costs)	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28
Annual Reporting	\$39,000	\$39,000	\$39,000	\$39,000	\$39,000
Monitoring	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Five Year GSP Periodic Eval. w/Modeling Calibrations (due 2027)	\$46,250	\$46,250	\$46,250	\$46,250	\$37,000
Data Management System Upgrades and Maintenance	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Long Term Financial Planning/Fees	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
SGMA Compliance Contingency (5%)	\$5,388	\$5,388	\$5,388	\$5,388	\$4,925
SGMA Compliance Costs Sub-Total	\$113,138	\$113,138	\$113,138	\$113,138	\$103,425
TOTAL GSA Admin + SGMA Compliance Costs	\$135,713	\$135,713	\$135,713	\$135,713	\$126,000
TOTAL GSA OPERATIONAL BUDGET (With 3% Inflation)	\$135,713	\$139,784	\$143,855	\$147,927	\$141,120

Butte Subbasin regional cost share annual budget will be reviewed annually and updated accordingly by the GSAs.

Butte Subbasin GSA regional cost - GSA Admin. items: Legal services provides 20-25 hours of time to address SGMA compliance legal related issues.

Butte Subbasin GSA regional cost - GSA Admin. items: Grant Procurement provides funds to prepare/submit 1-2 grant applications over 5-year period.

Butte Subbasin GSA regional cost - Five Year GSP Periodic Evaluation (2027) assumed to cost \$185,000 including Report approval and updated modeling work.

FINAL | TECHNICAL MEMORANDUM

DATE: December 13, 2023 Project No. 23-1-071

TO: Chuck Sheppard, Biggs-West Gridley Water District
Kamie Loeser, Butte County
Pete Righero, Butte Water District
James “Bo” Sheppard, City of Biggs
Mike Farr, City of Gridley
Denise Carter, Colusa Groundwater Authority
Lisa Hunter, Glenn County
Hans Herkert, Reclamation District 1004
Charles Thieriot, Reclamation District 2106
Sean Earley, Richvale Irrigation District
Anjanette Shadley, Western Canal Water District

FROM: Eddy Teasdale, CHG, PG, Principal Hydrogeologist
Jacques DeBra, Principal, Supervising Water Resource Planner

**SUBJECT: Butte Subbasin – 2023 Long-Term Funding Project
Technical Memorandum (TM)**

INTRODUCTION

Luhdorff & Scalmanini, Consulting Engineers (LSCE) was hired by the Butte Subbasin GSAs through Butte County in 2023 to prepare a TM deliverable that updated GSP implementation and SGMA compliance revenue projections and evaluated long-term cost-sharing options to keep local costs as low as possible in the Butte Subbasin. The 2023 Long-Term Funding Project (Project) ensures that a long-term funding mechanism is in place by 2024 to support GSP implementation and SGMA compliance cost activities. The Project provides a segue from GSP planning and development to GSP implementation and SGMA compliance, which is more costly given the nature of GSP implementation and that the Butte Subbasin had DWR grant funds available for GSP development with no grant funds available for GSP implementation (other than FSS and TSS support from DWR). The LSCE Project TM deliverable includes updated revenue projections that differentiate between local GSA costs vs. regional (basin-wide) GSP implementation costs. The current Cooperation Agreement (included in **Attachment 1**) establishes a framework for the GSAs to work collaboratively, which is more cost-effective than working individually to implement the single GSP and achieve SGMA compliance. The Agreement may be updated as needed to reflect how the GSAs will work together over time to maintain local control over its groundwater resources while keeping SGMA compliance costs as low as possible. This TM summarizes the long-term revenue needs and options to facilitate regional cost-sharing that supports GSP implementation and SGMA

compliance over the next five-year planning horizon with annual budget reviews. This TM does not address individual GSA funding needs.

BACKGROUND

The Butte Subbasin GSAs worked together through a Cooperation Agreement (**Attachment 1**) to develop a single GSP for the Subbasin. The GSAs work together to implement the GSP, which provides the basis for establishing cost-sharing arrangements and project funding strategies to implement priority water management actions to achieve and maintain groundwater sustainability in the region. The GSAs may update the Agreement periodically as needed through a collaborative process for the benefit of landowners receiving the benefit of SGMA compliance. The GSAs decided to update their revenue projections and cost-sharing methodology as they transition from GSP development to GSP implementation to ensure that necessary GSP implementation and SGMA compliance activities can be funded and implemented in a timely manner. This TM identifies updated anticipated revenue requirements needed during the 2024-2028 period to maintain GSA operations while meeting regulatory SGMA compliance requirements. Financial sustainability will support the successful implementation of the Subbasin's single GSP while providing a SGMA compliance benefit to all landowners in the Subbasin.

The long-term regional funding needs for the Subbasin are outlined below which does not include individual local GSA and project implementation costs. Future revenue needs were updated to reflect actual or anticipated GSP implementation and SGMA compliance costs over the 2024-2028 planning horizon. Future SGMA compliance costs (2028-2033) for inter-basin coordination may be higher because the Butte Subbasin may need to complete additional analysis for modeling to properly characterize and calibrate the sustainability of the Subbasin. The Subbasin indirectly benefits from inter-basin activities of surrounding GSAs that are conducting similar analysis on a local and regional basis. DWR grant funds will indirectly benefit the regional revenue needs of the Butte Subbasin during the 2024-2028, as reflected in **Attachment 2**. Future DWR SGMA program grant funding (if/when available) is expected to focus on project planning and implementation actions versus GSA administration and/or SGMA compliance actions during the subsequent five-year planning period.

BUTTE SUBBASIN GSAS – PROJECT COLLABORATION FACTORS

There is a history of collaboration and coordination between and amongst the GSAs located within the Butte Subbasin boundary. This partnership, formalized through an existing Cooperation Agreement, has progressed through the SGMA compliance GSP development phase and is now entering the 20-year GSP implementation phase which will require a long-term funding strategy to achieve SGMA compliance. As the Butte Subbasin GSAs work to further its collaborative efforts the following factors have driven the long-term Subbasin funding strategy update process.

1. **It benefits everyone to stay together instead of going it alone;**
2. **Commitment to keeping the costs as low as possible and is realistic (with an annual review to assess any necessary adjustments);**
3. **Those GSAs with a small footprint would like the cost allocation to account for cost implications associated with their size; and**

4. **Those GSAs that are principally surface water districts would like the cost allocation model to account for a direct nexus with SGMA and include groundwater use as a component of the cost allocation methodology.**
5. **GSAs are independently funding their projects.**

As the GSAs continue to work together the factors driving the process can be updated and/or weighted differently as warranted to achieve and maintain consensus for how SGMA compliance is funded in the Butte Subbasin. Collaboration provides a sound basis for addressing State regulatory issues and identifying solutions related to groundwater sustainability.

2023 LONG TERM FUNDING PROJECT

LSCE was engaged to review the Butte Subbasin administration (legal and financial items in the budget), GSP implementation, SGMA compliance, and project management action costs contained in the adopted GSP. These updated revenue projections serve as the basis to evaluate alternative cost allocation options so that a cost-sharing mechanism can be in place by January 2024 to cover Subbasin GSP implementation costs. There is currently no other funding source available to cover these ongoing Subbasin GSA and GSP-related costs over the 2024-2028 planning horizon. LSCE evaluated the long-term costs of SGMA compliance over the planning horizon, and the recommended long-term funding option was based on the preferred cost allocation approach agreed to by the Subbasin GSAs. The long-term funding options addressed the following:

1. **GSA Costs:** Using the current GSA costs through a GSA survey, LSCE reviewed, categorized, and summarized Subbasin administration costs. Only regional GSA administration costs were included in the updated Subbasin costs necessary to maintain Subbasin operations for the 2024-2028 period. LSCE, in coordination with the GSAs, updated key cost assumptions and corresponding changes to future revenue projections, identifying regional GSA costs that could be shared by the GSAs. Each GSA covers their own local GSA costs.
2. **GSP Costs:** Using the Subbasin GSP, LSCE reviewed, categorized, and summarized costs to implement the GSP and meet SGMA requirements. LSCE, in coordination with the GSAs, updated key cost assumptions and corresponding changes to future revenue projections, identifying regional costs that could be shared by the GSAs.
3. **Project Management Actions (PMAs):** LSCE reviewed PMA costs included in the GSP, and the GSAs decided to pursue PMA implementation through the Cooperation Agreement provisions. Lead project agency(ies) and/or partners will develop the appropriate project funding strategy with no PMAs identified for inclusion in the Subbasin regional cost allocation that could be shared by the GSAs. Projects included in the GSP are summarized in **Attachment 3**.
4. **Cost Allocation Analysis:** In collaboration with Subbasin management, LSCE developed alternative cost allocation methods in evaluating funding options to analyze considerations such as ease of implementation and understanding, equitability, reliability, and implementation costs. The GSAs will decide which funding option is preferred as a basis for sharing regional SGMA compliance costs.

LSCE subsequently developed this Project Technical Memorandum to document updated revenue projections and long-term funding options evaluated by the GSAs. The TM will serve as a basis for updating future Subbasin GSP implementation and SGMA compliance costs, revenue projections, and funding options as needed to ensure financial sustainability and SGMA compliance for all GSAs. The GSAs can update the current Cooperation Agreement as necessary to meet long-term funding goals and objectives.

GSP Costs

The Butte Subbasin GSP split costs into three (3) aggregate cost categories:

- **Subbasin Administration Costs:** Costs incurred by Subbasin for administration related to GSP implementation.
- **Subbasin GSP Implementation and SGMA Compliance Costs:** Costs incurred by the Subbasin related to GSP implementation and SGMA compliance.
- **Project and Management Action (PMA) Costs:** Costs that are specific to individual GSA PMAs. Funding sources for PMA costs have not been definitively identified at this time. Grant funding and TSS support as well as other funding sources will be considered and evaluated by each GSA to fund these projects and programs on an as-needed basis.

Subbasin Administration Costs

Subbasin Administration costs include costs that the GSAs will incur for implementation of the GSP on behalf of its members and stakeholders. Subbasin Administration costs were based on the estimated costs as reported in the project development and implementation chapters of the GSP and updated to reflect the best available information. LSCE reviewed and inventoried these costs, then evaluated different business models to identify the lowest cost option for GSA operations.

Subbasin Administration costs include Administration personnel costs, legal services for agreed to regional expenses, financial services (provided by Butte County), funding services, and 5% contingency of the estimated budget to cover unexpected Subbasin costs. The Subbasin Administration budget covers day-to-day activities to implement the GSP, such as public outreach, legal services, financial reporting, and other tasks. An annual 3% inflation adjustment factor is recommended for inclusion in the Subbasin Administration budget. Local GSA administration costs will be borne by each GSA, with Subbasin Administration costs shown in **Table 1** below. The GSAs plan to continue with in-kind services to control Subbasin costs. The estimated total Subbasin Administration costs without the annual inflation adjustment are \$22,575 per year. This assumes Butte County continues to serve as the Administrator providing Subbasin financial and funding support services. Facilitation Support Services (FSS) funded by DWR will continue to support cost-effective Subbasin collaboration and coordination activities.

Table 1. Subbasin Administration Costs

Cost Category-Subbasin Administration (shared costs)	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28
<u>Personnel/Staffing Costs</u>					
Admin/Mgmt - Financial Mgmt Costs (County lead)	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Admin/Mgmt- Other Costs	\$0	\$0	\$0	\$0	\$0
<u>Legal Costs</u>					
Legal Services - Member agency costs (define: Agr/Policy/Compl)	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Legal Services - outside counsel costs (litigation) - excluded	\$0	\$0	\$0	\$0	\$0
<u>Direct Costs</u>					
Audits/Insurance/Supplies/materials/copies/postage/etc.					
<u>Professional Services</u>					
Grant Procurement	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
<u>Reserve and Contingency</u>					
GSA Admin. Contingency (5%)	\$1,075	\$1,075	\$1,075	\$1,075	\$1,075
GSA Administration Costs Sub-Total	\$22,575	\$22,575	\$22,575	\$22,575	\$22,575

Subbasin GSP Implementation and SGMA Compliance Costs

GSP implementation and SGMA compliance costs include Annual Reporting, GSP Five-Year Updates, GSA Coordination and Outreach, Surface-Groundwater interaction modeling, data management system (DMS) maintenance and updates, financial planning, and grant funding to implement priority projects. DWR has reviewed the Butte Subbasin GSP and has issued an assessment that the GSP is approved with noted comments for the Subbasin to address as part of the upcoming 2027 GSP update process. Monitoring and Implementation covers GSA-level monitoring of wells and water uses and updating the DMS as needed.

The Butte Subbasin GSAs will conduct intra- and inter-basin coordination amongst themselves and coordinate with surrounding Subbasins and GSAs in the region regarding GSP implementation and SGMA compliance activities. Currently, GSAs within the Subbasin will provide contributions based on the final Subbasin cost-sharing allocation approach agreed to by the GSAs serving as the preferred long-term funding strategy to share Subbasin GSA Administration and GSP implementation costs, including the activities for implementation of the GSP. The Butte Subbasin GSP implementation and SGMA compliance costs were based on the data reported in the GSP and updated to reflect the best available information on GSP implementation costs and refinements regarding projected SGMA compliance costs.

GSP Implementation and SGMA Compliance activities include:

- **Annual Reports:** Collect data, prepare and submit Annual Reports to DWR each April 1. These Reports serve as a report card on groundwater conditions in the Subbasin.
- **Five-Year Updates:** The GSA must periodically (at least every five years or with any amendment of the GSP) prepare and submit Five-Year GSP updates to DWR, which includes conducting updated groundwater modeling calibrations and preparing the updated GSP Report based on Annual Report data. The next update is expected in 2027.
- **Surface-Groundwater Interaction Modeling:** Collaborate with GSAs in the Northern Sacramento Valley to address surface-groundwater interactions, especially for boundary conditions in GSA service areas, to ensure that groundwater depletions will not impact surface water interactions or environmental uses.

- **GSA Coordination and Outreach:** The GSAs will need to continue with intra and inter-basin GSA coordination and outreach activities to facilitate GSP implementation in an efficient and collaborative manner using FSS through DWR.
- **DWR Review of GSP:** The GSAs will need to update issues included in the DWR Determination Letter approving the Subbasin GSP as part of the 2027 GSP update process which may include amending the GSP to respond to any DWR comments provided regarding submittal and review of the 2022 Butte Subbasin GSP. This may include items for inclusion in the 2027 GSP update process.
- **Data Monitoring and Data Management:** Well monitoring and maintenance and the implementation and maintenance of a data management system.
- **Subbasin Financial Planning:** Subbasin financial planning will continue to evaluate future Subbasin funding sources for GSA operations, GSP implementation and SGMA compliance, and project implementation.
- **Grant Procurement:** Identify and apply for federal, state, and private grants to supplement GSP implementation activities.
- **Contingency:** Five percent of the total Subbasin budget is included to cover unexpected costs.

The long-term GSP implementation and SGMA compliance costs in the GSP were updated to reflect actual or anticipated costs and refined assumptions that were incorporated into the updated Subbasin revenue projections, as shown in **Table 2** below. These costs are between \$103,425 and \$113,138 per year, or approximately \$555,975 over the 5-year period. Note that the SGMA compliance costs do not include the recommended annual inflation adjustment factor, which is recommended for inclusion in the final revenue projections. The Subbasin will continue to pursue additional grant funds for necessary GSP implementation and SGMA compliance total costs that help to keep long-term revenue needs as low as possible while meeting system SGMA compliance requirements. The County of Butte GSA will serve as the Fund Administrator as agreed upon in the First Amendment to the Cooperation Agreement working together with the GSAs and providing financial support services over the next five-year period to maintain lower long-term revenue needs for the Subbasin.

Table 2. Subbasin GSP Implementation and SGMA Compliance Costs

Cost Category-Subbasin SGMA Compliance Costs (shared costs)	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28
Annual Reporting	\$39,000	\$39,000	\$39,000	\$39,000	\$39,000
Monitoring	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Five Year GSP Update w/Modeling Calibrations (due 2027)	\$46,250	\$46,250	\$46,250	\$46,250	\$37,000
Surface-GW Interaction Modeling					
GSA Coordination & Outreach (w/in the Subbasin)					
GSA Coordination & Outreach (interbasin coordination)					
Data Management System Upgrades and Maintenance	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Long Term Financial Planning/Fees	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Grant Procurement					
SGMA Compliance Contingency (5%)	\$5,388	\$5,388	\$5,388	\$5,388	\$4,925
SGMA Compliance Costs Sub-Total	\$113,138	\$113,138	\$113,138	\$113,138	\$103,425

PMA implementation costs will be covered by individual GSAs through outside grant funding sources and other revenue sources as warranted for project implementation. Project funding efforts are the

responsibility of the lead project proponent (or partners) based on agreed-upon cost-sharing arrangements or project implementation agreements in place between the interested parties. A summary of the Butte Subbasin GSP projects and programs that may need future funding is included in **Attachment 3**. Project costs will be updated as warranted.

Butte Subbasin GSP Implementation Revenue Needs

The Butte Subbasin GSP implementation revenue needs are based on the estimated GSP implementation costs for Subbasin Operations and SGMA Compliance actions for all GSAs. As described earlier, LSCE coordinated with the GSAs and stakeholder process to present and receive feedback on the estimated Subbasin operational costs. Outcomes included:

- Subbasin administration and legal costs are updated to reflect the GSAs' best estimates of implementation costs, assuming that all GSAs continue with current Program Manager roles and that legal costs related to any legal challenges will be agreed to separately as needed.
- The Subbasin administration budget includes annual costs for staffing financial services, legal services, and grant procurement services to be cost shared between the GSAs. Each GSA would be responsible for their own local GSA administration costs.
- The Subbasin GSAs would cost share similar GSP implementation and SGMA compliance costs, each paying their proportional share of total Subbasin revenue needs projections.
- PMA costs will be excluded from the Subbasin revenue needs assessment because these costs may be developed and funded by individual project proponents under separate funding processes or through other funding sources (consistent with the current Cooperation Agreement).

Subbasin revenue needs would account for the agreed upon cost allocation approach over the five-year planning horizon with a 3% annual inflation rate adjustment recommended for inclusion in the final cost allocation solution during years 2 through 5. The Subbasin will periodically evaluate the Subbasin revenue needs at least every five (5) years or with any Amendment of the GSP.

Table 3 summarizes total Subbasin projected revenue needs for the five-year period from FY24-25 through FY28-29, showing additional detail for cost categories within the Subbasin Administration and Subbasin GSP implementation and SGMA compliance costs. While actual costs for the respective budget items may be projected, these items reflect the best current estimates available from known information. Initial revenue needs are approximately \$22,575 for Subbasin administration costs and \$113,138 for Subbasin GSP implementation and SGMA compliance costs, with total annual revenue projections ranging between \$135,713 and \$147,927.

Table 3. Butte Subbasin Shared GSP Implementation Revenue Needs

BUTTE SUBBASIN GROUNDWATER ADVISORY BOARD - Long Term Funding Strategy					
Five-Year Final Subbasin Operations Budget - Administration and GSP Implementation/SGMA Compliance Costs					
5-Year GSP Implementation Inflation Adjustment		3%	3%	3%	3%
Cost Category-Subbasin Administration (shared costs)	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28
<u>Personnel/Staffing Costs</u>					
Admin/Mgmt - Financial Mgmt Costs (County lead)	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Admin/Mgmt- Other Costs	\$0	\$0	\$0	\$0	\$0
<u>Legal Costs</u>					
Legal Services - Member agency costs (define: Agr/Policy/Compl)	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Legal Services - outside counsel costs (litigation) - excluded	\$0	\$0	\$0	\$0	\$0
<u>Direct Costs</u>					
Audits/Insurance/Supplies/materials/copies/postage/etc.					
<u>Professional Services</u>					
Grant Procurement	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
<u>Reserve and Contingency</u>					
GSA Admin. Contingency (5%)	\$1,075	\$1,075	\$1,075	\$1,075	\$1,075
GSA Administration Costs Sub-Total	\$22,575	\$22,575	\$22,575	\$22,575	\$22,575
Cost Category-Subbasin SGMA Compliance Costs (shared costs)	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28
Annual Reporting	\$39,000	\$39,000	\$39,000	\$39,000	\$39,000
Monitoring	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Five Year GSP Update w/Modeling Calibrations (due 2027)	\$46,250	\$46,250	\$46,250	\$46,250	\$37,000
Surface-GW Interaction Modeling					
GSA Coordination & Outreach (w/in the Subbasin)					
GSA Coordination & Outreach (interbasin coordination)					
Data Management System Upgrades and Maintenance	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Long Term Financial Planning/Fees	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Grant Procurement					
SGMA Compliance Contingency (5%)	\$5,388	\$5,388	\$5,388	\$5,388	\$4,925
SGMA Compliance Costs Sub-Total	\$113,138	\$113,138	\$113,138	\$113,138	\$103,425
TOTAL GSA Admin + SGMA Compliance Costs	\$135,713	\$135,713	\$135,713	\$135,713	\$126,000
Cost Category-Subbasin GSP Implementation/PMA (Shared Costs)	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28
Shallow Monitoring Wells (and Stream Gauges) - TSS covering					
Well Inventory (incorporate into 5-Year update)					
<u>Multi-benefit Recharge Projects</u>					
Lateral Heading and Turnout Measurement Modernization					
Parrott-Phalen/Comanche Creek Water Conveyance Impr Proj					
Dual Source Irrigation Systems Pilot Program					
Little Butte Creek Water Delivery Reliability Project (West.Canal)					
The Nature Conservancy Multi-benefit Recharge Project					
System Modernization Project					
PMA Project Contingency (10%)					
PMA Costs Sub-Total	\$0	\$0	\$0	\$0	\$0
TOTAL GSA OPERATIONAL BUDGET (GSA Adm./SGMA Compl./PMAs)	\$135,713	\$135,713	\$135,713	\$135,713	\$126,000
TOTAL GSA OPERATIONAL BUDGET (With Inflation)	\$135,713	\$139,784	\$143,855	\$147,927	\$141,120
<i>Butte Subbasin GSA regional cost share annual budget will be reviewed annually and updated accordingly by the GSAs.</i>					
<i>Butte Subbasin GSA regional cost - GSA Admin. items: Legal services provides 20-25 hours of time to address SGMA compliance legal related issues.</i>					
<i>Butte Subbasin GSA regional cost - GSA Admin. items: Grant Procurement provides funds to prepare/submit 1-2 grant applications over 5-year period that benefits the Subbasin.</i>					
<i>Butte Subbasin GSA regional cost - Five Year GSP Update (2027) assumed to cost \$185,000 including Report approval and updated modeling work.</i>					

FUNDING OPTIONS - COST ALLOCATION APPROACHES

The Butte Subbasin GSAs established updated revenue projections over the upcoming five-year period for use in evaluating long-term cost allocation options. The GSAs discussed a wide range of funding options and resulting cost allocation approaches. The goal of evaluating many cost allocation approaches was to provide the GSAs with the trade-offs (pros/cons) for different options to facilitate consensus in selecting a preferred cost allocation approach. The GSAs preferred a cost allocation option that was easy to understand and implement with low implementation costs. A summary of the cost allocation options evaluated by LSCE and discussed with the GSAs include:

Option 1: Equal Split. The equal split fee was calculated by dividing the total Subbasin regional GSP revenue needs by the total number of GSAs (11). For this option, each GSA would pay the same amount for their share of total Subbasin revenue needs. This fee approach is easy to understand and implement because it provides SGMA compliance benefits to all GSAs. The equal split fee does not account for GSA size or groundwater use patterns in the Subbasin.

Option 1A: Equal Split (Adjusted For SGMA Compliance Costs). This option would allocate a higher percentage of total Subbasin costs to larger GSA service areas that have lower per-acre SGMA compliance costs than the small GSA service areas. There is one equal split fee for the larger GSAs and one equal split fee (lower) for the smaller GSAs. This fee option considers the costs of SGMA compliance for larger versus smaller GSAs.

Option 2: Cost Per Acre (area). This option would calculate the fee allocating the total Subbasin revenue needs by acreage in each GSA service area. This fee option would charge the GSAs for the acreage within their service area independent of GSA water supplies when calculating proposed fees.

Option 3: Cost Based On Estimated GSA Groundwater Use. This option would allocate total Subbasin GSP implementation revenue needs as a function of how much groundwater each GSA uses based on the historical average data (2000-2018) from modeling conducted in the GSP development process. This method would be based on estimated groundwater use only without consideration of GSA surface water supplies.

Option 3A: Cost Based on Estimated GSA Net Recharge. This option would charge GSAs with a positive net recharge a lower percentage of total Subbasin costs than GSAs with negative net recharge values. This option would require accurate information including estimated groundwater use and known surface water diversions. For this evaluation the historical data set was referenced from the 2022 GSP. The option would need to verify that defensible net recharge data is available to establish a cost allocation approach if net recharge is determined to be the optimal cost allocation strategy. Data updates may be required for accuracy and implementation.

Option 4: Cost Based on Equal Split Fee and Cost Per Acre (area). This option would allocate Subbasin Administration costs using the equal split fee method (Option 1) and would allocate Subbasin SGMA compliance costs based on cost per acre method (Option 2). This option does not account for groundwater use patterns in the Subbasin.

Option 5: Cost Based on Equal Split Fee and Estimated Groundwater Use. This option would allocate Subbasin Administration costs using the equal split fee method (Option 1) and would allocate Subbasin SGMA compliance costs based on estimated groundwater use per GSA (Option 3). This option differs from Option 4, which allocates Subbasin costs primarily by area, by instead using the average estimated groundwater use component within each GSA attempting to provide a stronger nexus between Subbasin cost allocation and SGMA compliance costs. This option provides a wide range of sub-options by varying how total Subbasin costs are allocated between Option 1 vs. Option 3 components. If the GSAs decide this is the best option, then they would decide on the optimal sub-option that is most equitable. Allocating 50%/30%/10% of costs to SGMA compliance has been discussed to date as well as 20%/15%/10% scenarios.

Table 4 compares each cost-share option in terms of the cost borne by each GSA. Depending on the preferred cost allocation option selected, the GSAs may also need to select a sub-option, if applicable. The GSAs need to decide on the preferred cost allocation option and then select the best sub-option that has consensus support amongst the GSAs.

Table 4. Butte Subbasin GSA Cost Allocation Options Summary

Butte Subbasin GSA - MAs	Option 1: Equal Split	Option 1A: Equal Split (Adj.)	Option 2: Per Acre	Option 3: Est. GW Use	Option 3A: Net Recharge	Option 4: Options 1&2	Option 5: Options 1&3
Biggs-West Gridley Water District	\$12,338	\$14,238	\$17,824	\$3,962	\$8,840	\$16,911	\$5,355
Butte County	\$12,338	\$14,238	\$19,861	\$39,944	\$15,252	\$18,609	\$35,352
Butte Water District	\$12,338	\$14,238	\$9,655	\$11,042	\$8,840	\$10,101	\$11,258
City of Biggs	\$12,338	\$9,011	\$148	\$303	\$15,252	\$2,176	\$2,305
City of Gridley	\$12,338	\$9,011	\$258	\$1,394	\$15,252	\$2,267	\$3,214
Colusa Groundwater Authority	\$12,338	\$9,011	\$1,084	\$4,816	\$15,252	\$2,956	\$6,067
Glenn County	\$12,338	\$9,011	\$1,974	\$3,153	\$15,252	\$3,698	\$4,681
Reclamation District 1004	\$12,338	\$14,238	\$12,448	\$10,677	\$8,840	\$12,430	\$10,953
Reclamation District 2106	\$12,338	\$14,238	\$18,821	\$52,049	\$15,252	\$17,742	\$45,443
Richvale Irrigation District	\$12,338	\$14,238	\$19,635	\$1,546	\$8,840	\$18,421	\$3,341
Western Canal Water District	\$12,338	\$14,238	\$34,006	\$6,827	\$8,840	\$30,402	\$7,743
Total Butte Subbasin Costs	\$135,713	\$135,713	\$135,713	\$135,713	\$135,712	\$135,713	\$135,713

The Subbasin GSAs considered various sub-options of Option 5 by allocating different percentages of total Subbasin costs to Option 1 and 3 cost allocation components. The GSAs would need to determine if Option 5 is the preferred option. If so, the GSAs would have to agree on the preferred final cost allocation breakdown between the Option 1 and 3 cost components. A copy of the spreadsheet used to assess the Option 5 funding option scenarios is included in **Attachment 4**. The primary Option 5 scenarios recommended for consideration are summarized in **Table 5** below. The scenario percent represents the percentage of total Subbasin costs allocated to the estimated groundwater use component (Option 3) of the Option 5 cost allocation approach.

Table 5. Butte Subbasin Cost Allocation Option 5 Scenarios Summary

BUTTE SUBBASIN GSA	Option 5 Scenarios - Year 1		
	20.00%	15.00%	10.00%
Biggs-West Gridley Water District	\$10,662	\$11,081	\$11,500
Butte County	\$17,859	\$16,479	\$15,098
Butte Water District	\$12,078	\$12,143	\$12,208
City of Biggs	\$9,931	\$10,532	\$11,134
City of Gridley	\$10,149	\$10,696	\$11,243
Colusa Groundwater Authority	\$10,833	\$11,209	\$11,585
Glenn County	\$10,501	\$10,960	\$11,419
Reclamation District 1004	\$12,005	\$12,089	\$12,172
Reclamation District 2106	\$20,280	\$18,294	\$16,309
Richvale Irrigation District	\$10,179	\$10,719	\$11,258
Western Canal Water District	\$11,235	\$11,511	\$11,786
TOTAL	\$135,713	135,713	\$135,713

Attachment 5 represents the template for the final Butte Subbasin cost allocation option summary for the Option 1 and 5 scenarios recommended for consideration by the GSAs. The final annual cost for each GSA will be dependent on the final cost allocation option selected by the GSAs which will determine the annual cost sharing contributions to be attributed to each GSA during the 2024-2028 period.

It is recommended that the GSAs finalize the preferred long term cost allocation option during calendar year 2023 so that SGMA compliance activities identified in the updated revenue projections will be funded during the 2024-28 period for the benefit of the Subbasin.

Option 1 is the current cost allocation strategy that the Subbasin is familiar with and has utilized and supported to get this point. Moving into the GSP implementation phase of SGMA compliance it is recommended that the GSAs consider supporting Option 1 for the 2024-2028 period with annual budget and cost allocation strategy reviews to facilitate updates that better meet the needs of the GSAs. All GSAs in the State are learning more about their long-term SGMA compliance budget needs and should be open minded to update cost allocations in the future if better cost allocation approaches are available to better serve the goals and objectives of the GSAs.

ATTACHMENT 1

Butte Subbasin 2023 Long Term Funding Project - Cooperative Agreement



**COOPERATION AGREEMENT AMONG GROUNDWATER SUSTAINABILITY
AGENCIES IN THE BUTTE SUBBASIN**

This COOPERATION AGREEMENT (“Agreement”) establishing cooperation among the Butte Subbasin Groundwater Sustainability Agencies (GSAs) is made and entered into and effective upon the date when the last Member signs this Agreement (“Effective Date”) by and among the public agencies listed on the attached Exhibit A (“Members”).

Recitals

WHEREAS, in 2014, the California legislature adopted, and the Governor signed into law, three bills (SB 1168, AB 1739, and SB 1319) collectively referred to as the “Sustainable Groundwater Management Act” (“SGMA”), that initially became effective on January 1, 2015, and that has been amended from time-to-time thereafter; and

WHEREAS, the stated purpose of SGMA, as set forth in California Water Code Section 10720.1, is to provide for the sustainable management of groundwater basins at a local level by providing local groundwater agencies with the authority, and technical and financial assistance necessary, to sustainably manage groundwater; and

WHEREAS, SGMA requires the designation of Groundwater Sustainability Agencies (“GSAs”) for the purpose of achieving groundwater sustainability through the adoption and implementation of Groundwater Sustainability Plans (“GSPs”) or an alternative plan for all medium and high priority basins as designated by the California Department of Water Resources (“DWR”); and

WHEREAS, each Member is a GSA, as defined by SGMA, duly organized and existing under and by virtue of the laws of the State of California, and each Member has water supply, water management or land use responsibilities within the Butte Subbasin, which is designated subbasin number 5-021.70 in the most recent edition of DWR Bulletin Number 118; and

WHEREAS, Section 10720.7 of SGMA requires all basins designated as high or medium priority basins by the DWR in its Bulletin 118 be managed under a GSP or coordinated GSPs pursuant to SGMA; and

WHEREAS, the Members have determined that the sustainable management of the subbasin pursuant to SGMA may best be achieved through the cooperation of the Members operating through this Agreement; and

WHEREAS, the Members agree that this Agreement does not establish nor is it intended to establish a GSA; and

WHEREAS, the Members desire, through this Agreement, to enter into this Agreement for the purpose of organizing the various GSAs in the Butte Subbasin and cooperating in the development of a single GSP for the Butte Subbasin; and

WHEREAS, the governing board of each Member has determined it to be in the Member’s best interest and in the public interest that this Agreement be executed;

NOW THEREFORE, in consideration of the matters recited and the mutual promises, covenants, and conditions set forth in this Agreement, the Members hereby agree as follows:

TERMS OF AGREEMENT

ARTICLE 1. DEFINITIONS

As used in this Agreement, unless context requires otherwise, the meanings of the terms set forth below shall be as follows:

- 1.1. "Agreement" means this Cooperation Agreement.
- 1.2. "Basin" means the Butte Subbasin, to reflect the most recent Bulletin 118 boundaries and as currently shown on the map attached to this Agreement as Exhibit B, which is incorporated herein by this reference.
- 1.3. "Committee" means any committee established pursuant to Article 8 of this Agreement.
- 1.4. "Coordination Agreement" means a legal agreement adopted between two or more GSAs that provides the basis for coordinating multiple GSAs or GSPs within a basin. Coordination Agreements are required if multiple GSAs in a basin prepare multiple GSPs.
- 1.5. "Effective Date" means the date on which the last Member executes this Agreement.
- 1.6. "Fiscal Year" means July 1 through June 30.
- 1.7. "GSA" means a groundwater sustainability agency.
- 1.8. "GSP" means a groundwater sustainability plan.
- 1.9. "Management Area" refers to an area within a basin for which a GSP may identify different minimum thresholds, measurable objectives, monitoring, or projects and management actions unique to that area based on differences in water use sector, water source type, geology, aquifer characteristics, or other factors.
- 1.10. "Member" means each party to this Agreement that satisfies the requirements of Article 6 of this Agreement, including any new members pursuant to Article 6 of this Agreement.
- 1.11. "Member's Governing Body" means the board of directors, trustees or other voting body that controls the individual public agencies that are Members.
- 1.12. "Project Agreement" has the meaning assigned to it in Article 11.2 of this Agreement.
- 1.13. "SGMA" has the meaning assigned to it in the first Recital of the Agreement.
- 1.14. "Specific Project" means a project undertaken by some, but not all Members, pursuant to Article 11 of this Agreement.
- 1.15. "State" means the State of California.

ARTICLE 2. PURPOSE OF THE AGREEMENT

2.1. The purpose of this Agreement is to: (a) develop, adopt, and implement a single, legally sufficient GSP for the Basin in order to implement SGMA requirements and achieve the sustainability goals outlined in SGMA; (b) cooperatively carry out the purposes of SGMA; (c) coordinate Basin-wide public involvement and stakeholder outreach and engagement in developing and implementing the Basin GSP; and (d) to maintain mutual respect for the autonomy of individual Members and preservation of each Member's separate legal authorities, powers, duties and rights as separate public agencies and GSAs, except as set forth in this Agreement.

ARTICLE 3. TERM

3.1. This Agreement shall become effective on the Effective Date and shall continue in full force and effect until terminated pursuant to the provisions of Article 13.

ARTICLE 4. PRESERVATION OF POWERS

4.1 Preservation of Powers. Each Member retains its powers granted through SGMA. Each Member reserves its rights, in its sole and absolute discretion, and all Members confirm that nothing contained herein shall:

4.1.1. Alter any water right, contract right, or any similar right held by any Member or any Member's landowners or customers, or amend a Member's water delivery practice, course of dealing, or conduct.

4.1.2. Limit or interfere with any Member's rights and authorities over its own internal matters, including, but not limited to, an agency's legal rights to surface water supplies and assets, groundwater supplies and assets, facilities, operations, water management, and water supply matters.

4.1.3. Modify or limit any Member's police powers, land use authorities, well permitting or any other authority.

ARTICLE 5. BASIN COOPERATION

5.1. Within the Basin. Each Member recognizes the benefits of cooperation amongst the GSAs within the Basin and, to that end, will in good faith, and with the consent of each Member's governing body, take actions to help effect the timely adoption of a GSP for the entire Basin and satisfy its ongoing obligations under SGMA, including the implementation and enforcement, if necessary, of the GSP. Such cooperation shall include, but not be limited to, prompt delivery of all necessary data and information to prepare the GSP and taking of all necessary actions to review, adopt and implement the GSP, including filing of annual reports and documents required by SGMA. The Members shall, whenever and as often as reasonably requested to do so by any other Member, execute, acknowledge, and deliver or cause to be executed, acknowledged, and delivered, any and all documents and instruments as may be necessary, expedient or proper in the reasonable opinion of the requesting Member to carry out the purposes and intent of this Agreement. The Members intend to utilize the results of the Basin

Setting project for relevant components of the Basin GSP (Appendix A).

5.2. Coordination between Basins. If consistent with this Agreement, including Article 4 (Preservation of Powers) and if required to comply with SGMA, the Members shall strive to coordinate between and among the adjoining subbasins in complying with SGMA, which may include agreement to certain areas of coordination.

ARTICLE 6. MEMBERS

6.1. Initial Members. The initial Members of this Agreement shall be Biggs West-Gridley Water District, Butte Water District, City of Biggs, City of Gridley, County of Butte, Colusa Groundwater Authority, County of Glenn, Reclamation District No. 1004, Reclamation District No. 2106, Richvale Irrigation District, and Western Canal Water District.

6.2. New Members. Additional Parties may join the Agreement and become a Member provided that the prospective new member: (a) is an established GSA as provided by SGMA (Water Code §10723); (b) pays its share of all previously incurred costs, if any; (c) pays all applicable fees and charges, if any; and (d) receives unanimous consent of the existing Members, evidenced by the execution of a written amendment to this Agreement signed by all Members, including the new public agency.

6.3. Role of Members. Each Member agrees to cooperate in the development and implementation of a single GSP for the Basin pursuant to the terms of this Agreement and SGMA. This support will involve the following types of actions:

6.3.1. The Members will provide designated staff to facilitate the development of the GSP by making available staff time, information, services, and facilities within available resources.

6.3.2. Contributions of public funds and of personnel, services, equipment, or property for any of the purposes of this Agreement, provided that no repayment will be made for such contributions unless otherwise agreed upon.

ARTICLE 7. MEMBER AGENCY ADVISORY BOARD

7.1. Formation of the Butte Subbasin Advisory Board. This Agreement shall hereby establish an Advisory Board. The Advisory Board shall meet at least annually. Without amending this Agreement, the composition of the Advisory Board may be altered from time to time to reflect the withdrawal of any Member and/or the admission of any new Member. The board shall be known as the "Butte Subbasin Advisory Board." The Board shall consist of the following representatives, who shall be appointed in the manner set forth in Article 7:

7.1.1. One (1) representative appointed by the governing body of each Member, who shall be a member of the governing body of the Member (each, a "Member Director").

7.1.2. One (1) alternate representative appointed by the governing body of each Member, who may be a member of the governing body or designee of the Member (each, an "Alternate Member Director").

7.2. Purpose of the Butte Subbasin Advisory Board. The purpose of the Advisory

Board shall be to establish: 1) a GSA cooperation forum of Member Directors; 2) publicly noticed meetings and processes pursuant the Ralph M. Brown Act for public involvement in GSP development and implementation in the Basin; 3) a mechanism whereby Members raise, and attempt in good faith to resolve, disputes that may occur between and among Members pursuant Article 9.2 of this Agreement; and 4) a mechanism to make advisory recommendations to the Members concerning development and implementation of the GSP.

7.3. Alternate Member Directors. Alternate Member Directors shall not participate as a Member Director in any discussions or deliberations of the Advisory Board unless appearing as a substitute for a Member Director due to absence. If the Member Director is not present, the Alternate Member Director appointed to act in his/her place shall have the authority to act in his/her absence. Alternate Member Directors are encouraged to attend all Advisory Board meetings and stay informed on current issues before the Board.

7.4. Terms. The term for each member of the Advisory Board is four (4) years and these individuals may be reappointed. Each Member Director and Alternate Member Director shall serve at the pleasure of the appointing Member's governing body and may be removed from the Advisory Board by the appointing Member's governing body at any time. If, at any time, a vacancy occurs on the Advisory Board, a replacement shall be appointed by the appropriate Member to fill the unexpired term of the previous Member Director's seat pursuant to this Article 7 and within ninety (90) days of the date that such position becomes vacant.

7.5. Removal of Advisory Board Members. A Director who no longer meets the qualifications set forth in Article 7.1 is automatically removed from the Advisory Board. Upon removal of a Member Director, the Alternate Member Director shall serve as a Member Director until a new Member Director is appointed.

ARTICLE 8. OTHER COMMITTEE FORMATION

8.1. Other Committees. The Advisory Board may, upon majority vote, form additional committees to assist in the implementation of this Agreement and SGMA, including committees comprised of staff representatives from the Members. Committee meetings shall be noticed to and open to other Members.

ARTICLE 9. DECISION-MAKING AND DISPUTE RESOLUTION

9.1. Decision-making Authority. Topics where the Members desire coordinated decision-making will be considered by the Advisory Board, and the Member Directors will strive for unanimous recommendations that will be presented to each Member's governing body for consideration. Such topics include, but are not limited to, development and implementation of the GSP, and associated financial arrangements. When unable to reach unanimous recommendations, the Advisory Board will outline the areas in which it does not agree, providing some explanation to inform the respective GSAs' governing bodies. Despite the recommendations of the Advisory Board, ultimate decision-making authority for topics considered by the Advisory Board resides with each Member's governing body.

9.2. Dispute Resolution. It is the desire of Members to informally resolve all disputes

and controversies related to this Agreement, whenever possible, at the least possible level of formality and cost. If a dispute occurs, the disputing Members shall meet and confer in an attempt to resolve the matter. If informal resolution cannot be achieved, the matter will be referred to the Advisory Board for resolution. The Advisory Board may engage the services of a trained mediator or resort to all available legal and equitable remedies to resolve disputes.

ARTICLE 10. MANAGEMENT AREAS

10.1. Formation of Management Areas. The Member Agencies may form Management Areas within the Basin. A Member Agency could consist of one or more GSAs. If Management Areas are formed, the following shall apply:

10.1.1. Common and Management Areas Chapters. The GSP will be organized so that there are GSP chapters that address issues common to all Members followed by Management Area chapters that may include specific minimum thresholds, measurable objectives, monitoring protocols and projects. All chapters must be consistent with the Basin sustainability goals.

10.1.2. Management Area Lead Responsibilities and Coordination. Each of the Members will have the responsibility to cooperatively develop their relevant Management Area chapter(s) for inclusion into the GSP. The development of all Management Area chapters will be coordinated through the Advisory Board to ensure consistency and efficiency.

10.1.3. Retention of Powers Granted through SGMA. Each Member as a GSA has the sole right to: 1) approve the sections or chapters of the GSP related to Sustainable Criteria and Projects and Actions as applicable within the Member's boundaries or Management Area; 2) consider the interests of beneficial uses and users as required by Water code §10723.4 and GSP regulation §354.10; and 3) exercise the powers, without limitation, conferred upon a GSA by SGMA.

10.1.4. Failure to Submit Management Area Chapter. In the event of a failure by any Member to develop and submit a Management Area chapter within the deadline set by mutual agreement, failure to comply may lead to Involuntary Termination pursuant to Article 13.3 of this Agreement, or other legal remedies available to the Members.

ARTICLE 11. SPECIFIC PROJECTS

11.1. Member Specific Projects. In addition to the general activities undertaken by all Members, at least two Members may initiate a Specific Project to implement or comply with SGMA or the GSP, provided such Members enter into a Project Agreement.

11.2. Project Agreement. Prior to undertaking any Specific Project in Article 11.1, the Members electing to participate in the Specific Project shall enter into a Project Agreement. A Member may elect not to participate in a Specific Project by providing notice and not entering into the Project Agreement. Each Project Agreement shall provide the terms and conditions by which the Members that enter into the Project Agreement will participate in the Project. All assets, rights, benefits, and obligations attributable to the Specific Project shall be assets, rights, benefits, and obligations of those Members that have entered into the Project Agreement. Any

debts, liabilities, obligations, or indebtedness incurred in regard to a particular Specific Project shall be the debts, liabilities, obligations, and indebtedness of those Members that have executed the Project Agreement in accordance with the terms thereof and shall not be the debts, liabilities, obligations, and indebtedness of those Members that have not executed the Project Agreement.

ARTICLE 12. FINANCIAL PROVISIONS

12.1. Funding and Contributions. Implementation of this Agreement shall be initially funded through a GSP grant awarded by the DWR to Butte County and through in-kind contributions of Members. Butte County shall commit to jointly managing the grant with the other Member Agencies to assure the Butte Subbasin receives sufficient funds to complete the GSP by January 31, 2022. In subsequent years, and as needed, continuing cooperation may be funded by additional Member contributions. If the Members decide that cost-sharing is required for any contract or expenditure made pursuant to this Agreement, any cost-sharing allocations shall be agreed to in writing by the Members in advance of executing any contracts with consultants, vendors, or other contractors or incurring any expense. Any such contracts shall be drafted in a manner that reflects that consultants, vendors, or contractors hired to perform work under this Agreement are working on behalf of the Members and will be expected to work with the Members on a collective basis and with each Member on an individual basis, as needed. Such contracts shall be made enforceable by the Members. The contracts shall include appropriate indemnity and insurance provisions agreed upon by the Members. In the event a Member acts as the official contracting party and executes a contract on behalf of the Members (the "Contracting Party"), the Contracting Party shall:

12.1.1. comply with all applicable local, state, and federal laws including, without limitation, the California Public Contract Code and California Labor Code;

12.1.2. provide the other Members a reasonable opportunity to review any bids received and to review and provide input on any draft contract prior to its execution;

12.1.3. not approve any change orders that increase the cost of the original contract by more than 10% without prior consultation and written consent of the other Members;

12.1.4. provide diligent oversight of the work conducted by any contractor, vendor, or consultant under contract executed pursuant to this Agreement; and

12.1.5. maintain complete, accurate, and clearly identifiable records with respect to all contracts executed, and provide to the other Members, upon reasonable request, all records, documents, reports, conclusions, work product, and other information related in any way to any contract executed on behalf of the Members pursuant to this Agreement.

ARTICLE 13. WITHDRAWAL AND TERMINATION

13.1. Withdrawal. A Member may unilaterally withdraw from this Agreement without causing or requiring termination of this Agreement by providing notice of withdrawal, in writing, to the other Members.

13.2. Termination of Agreement. This Agreement may be rescinded by unanimous written consent of all Members.

13.3. Involuntary Termination. The Members acknowledge that SGMA requires that multiple GSPs within a given Basin must be coordinated by using the same data and methodologies for certain required technical assumptions and that the entire Subbasin must be covered by one or more GSPs for the Basin to be deemed in compliance with SGMA. As a result and in the event that there are more than two Members to this Agreement, upon unanimous recommendation by the Advisory Board and determination by the respective Members' governing bodies that the actions of any Member: 1) fail to comply with the terms of this Agreement; or 2) conflict with or undermines the preparation and implementation of the requirements of SGMA, upon resolution from the remaining Member agencies' governing bodies may terminate that Member's membership in this Agreement, provided that prior to any Advisory Board vote to remove a Member involuntarily, the Members have engaged in at least the informal dispute resolution process as set forth in Section 9.2.

13.4. Right of Member in Event of Withdrawal or Termination. Upon withdrawal or termination of a Member, the Member shall be entitled to use data or other information developed through this Agreement during its time as a Member.

13.5. Financial Obligations. Upon withdrawal or termination of a Member, the Member shall remain responsible for any outstanding financial obligation agreed to pursuant to Article 11 or 12.

ARTICLE 14. MISCELLANEOUS

14.1. No Predetermination or Irretrievable Commitment of Resources. Nothing in this Agreement shall constitute a determination by any of its Members that any action shall be undertaken or that any unconditional or irretrievable commitment of resources shall be made, until such time as the required compliance with all local, state, or federal laws, including without limitation the California Environmental Quality Act, National Environmental Policy Act, or permit requirements, as applicable, has been completed.

14.2. Notices. Notices hereunder shall be sufficient if delivered via electronic mail, First-Class mail or facsimile transmission to the addresses as specified in Exhibit A.

14.3. Amendment. This Agreement may be amended at any time, by unanimous agreement of the Members, provided that before any amendments shall be operative or valid, they shall be in writing and signed by all Members hereto.

14.4. Agreement Complete. This Agreement constitutes the full and complete agreement of the Members. This Agreement supersedes all prior agreements and understandings, whether in writing or oral, related to the subject matter of this Agreement that are not set forth in writing herein.

14.5. Severability. If any provision of this Agreement is determined to be invalid or unenforceable, the remaining provisions will remain in force and unaffected to the fullest extent permitted by law and regulation.

14.6. Execution in Counterparts. The Parties intend to execute this Agreement in

counterparts. It is the intent of the Parties to hold one (1) counterpart with single original signatures to evidence the Agreement and to thereafter forward four (4) other original counterparts on a rotating basis for all signatures. Thereafter, each Member shall be delivered an originally executed counterpart with all Member signatures.

14.7. **Withdrawal by Operation of Law.** Should the participation of any Member to this Agreement be decided by the courts to be illegal or in excess of that Member's authority or in conflict with any law, the validity of this Agreement as to the remaining Members shall not be affected thereby.

14.8. **Assignment.** The rights and duties of the Members may not be assigned or delegated without the written consent of all other Members. Any attempt to assign or delegate such rights or duties in contravention of this Agreement shall be null and void.

14.9. **Binding on Successors.** This Agreement shall inure to the benefit of, and be binding upon, the successors or assigns of the Members.

14.10. **Venue.** This Agreement shall be governed by and construed in accordance with the laws of the State of California, and any action related to the terms of this Agreement will be filed in Butte County Superior Court.

14.11. **GSA Status.** By execution hereof, each Member represents that it is a legal entity authorized to be a Groundwater Sustainability Agency pursuant to California Water Code § 10723.

IN WITNESS WHEREOF, the parties hereto, pursuant to resolutions duly and regularly adopted by their respective governing boards, have caused their names to be affixed by their proper and respective officers as of the date of execution of this Agreement.

By: [Signature] Date: 12/16/19
President of the Board of Directors, Biggs West Gridley Water District

By: _____ Date: _____
President of the Board of Directors, Butte Water District

By: _____ Date: _____
Mayor, City of Biggs

By: _____ Date: _____
Mayor, City of Gridley

By: _____ Date: _____
Chair of the Board of Directors, Colusa Groundwater Authority

By: _____ Date: _____
Board of Supervisors Chair, County of Butte

By: _____ Date: _____
Board of Supervisors Chair, County of Glenn

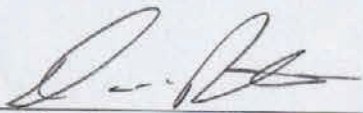
By: _____ Date: _____
Chair of the Board of Trustees, Reclamation District No. 1004

By: _____ Date: _____
Chair of the Board of Trustees, Reclamation District No. 2106

By: _____ Date: _____
President of the Board of Directors, Richvale Irrigation District

By: _____ Date: _____
President of the Board of Directors, Western Canal Water District

By: _____ Date: _____
Chair of the Board of Directors, Biggs West Gridley Water District

By:  Date: 9/12/19
Chair of the Board of Directors, Butte Water District

By: _____ Date: _____
Mayor, City of Biggs

By: _____ Date: _____
Mayor, City of Gridley

By: _____ Date: _____
Chair of the Board of Directors, Colusa Groundwater Authority

By: _____ Date: _____
Board of Supervisors Chair, County of Butte

By: _____ Date: _____
Board of Supervisors Chair, County of Glenn

By: _____ Date: _____
Chair of the Board of Trustees, Reclamation District 1004

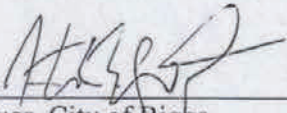
By: _____ Date: _____
Chair of the Board of Trustees, Reclamation District 2106

By: _____ Date: _____
Chair of the Board of Directors, Richvale Irrigation District

By: _____ Date: _____
Chair of the Board of Directors, Western Canal Water District

By: _____ Date: _____
Chair of the Board of Directors, Biggs West Gridley Water District

By: _____ Date: _____
Chair of the Board of Directors, Butte Water District

By:  _____ Date: 9.20.2019
Mayor, City of Biggs

By: _____ Date: _____
Mayor, City of Gridley

By: _____ Date: _____
Chair of the Board of Directors, Colusa Groundwater Authority

By: _____ Date: _____
Board of Supervisors Chair, County of Butte

By: _____ Date: _____
Board of Supervisors Chair, County of Glenn

By: _____ Date: _____
Chair of the Board of Trustees, Reclamation District 1004

By: _____ Date: _____
Chair of the Board of Trustees, Reclamation District 2106

By: _____ Date: _____
Chair of the Board of Directors, Richvale Irrigation District

By: _____ Date: _____
Chair of the Board of Directors, Western Canal Water District

By: _____ Date: _____
Chair of the Board of Directors, Biggs West Gridley Water District

By: _____ Date: _____
Chair of the Board of Directors, Butte Water District

By: _____ Date: _____
Mayor, City of Biggs

By:  _____ Date: 8-20-19
Mayor, City of Gridley

By: _____ Date: _____
Chair of the Board of Directors, Colusa Groundwater Authority

By: _____ Date: _____
Board of Supervisors Chair, County of Butte

By: _____ Date: _____
Board of Supervisors Chair, County of Glenn

By: _____ Date: _____
Chair of the Board of Trustees, Reclamation District 1004

By: _____ Date: _____
Chair of the Board of Trustees, Reclamation District 2106

By: _____ Date: _____
Chair of the Board of Directors, Richvale Irrigation District


By: _____ Date: _____
Chair of the Board of Directors, Western Canal Water District

By: _____ Date: _____
President of the Board of Directors, Biggs West Gridley Water District

By: _____ Date: _____
President of the Board of Directors, Butte Water District

By: _____ Date: _____
Mayor, City of Biggs

By: _____ Date: _____
Mayor, City of Gridley

By:  Date: 11/26/19
Chair of the Board of Directors, Colusa Groundwater Authority

By: _____ Date: _____
Board of Supervisors Chair, County of Butte

By: _____ Date: _____
Board of Supervisors Chair, County of Glenn

By: _____ Date: _____
Chair of the Board of Trustees, Reclamation District No. 1004

By: _____ Date: _____
Chair of the Board of Trustees, Reclamation District No. 2106

By: _____ Date: _____
President of the Board of Directors, Richvale Irrigation District

By: _____ Date: _____
President of the Board of Directors, Western Canal Water District

By: _____ Date: _____
President of the Board of Directors, Biggs West Gridley Water District

By: _____ Date: _____
President of the Board of Directors, Butte Water District

By: _____ Date: _____
Mayor, City of Biggs

By: _____ Date: _____
Mayor, City of Gridley

By: _____ Date: _____
Chair of the Board of Directors, Colusa Groundwater Authority

By: Steve Lambert Date: 11/5/19
Board of Supervisors Chair, County of Butte

S. Howerton
Reviewed For Contract
Policy Compliance
General Services
Contracts Division

By: _____ Date: _____
Board of Supervisors Chair, County of Glenn

By: _____ Date: _____
Chair of the Board of Trustees, Reclamation District No. 1004

APPROVED AS TO FORM
Butte County Counsel
[Signature]

By: _____ Date: _____
Chair of the Board of Trustees, Reclamation District No. 2106

By: _____ Date: _____
President of the Board of Directors, Richvale Irrigation District

By: _____ Date: _____
President of the Board of Directors, Western Canal Water District

By: _____ Date: _____
President of the Board of Directors, Biggs West Gridley Water District

By: _____ Date: _____
President of the Board of Directors, Butte Water District

By: _____ Date: _____
Mayor, City of Biggs

By: _____ Date: _____
Mayor, City of Gridley

By: _____ Date: _____
Chair of the Board of Directors, Colusa Groundwater Authority

By: _____ Date: _____
Board of Supervisors Chair, County of Butte

By: John H. Vieja Date: 11/19/19
Board of Supervisors Chair, County of Glenn

By: _____ Date: _____
Chair of the Board of Trustees, Reclamation District No. 1004

By: _____ Date: _____
Chair of the Board of Trustees, Reclamation District No. 2106

By: _____ Date: _____
President of the Board of Directors, Richvale Irrigation District

By: _____ Date: _____
President of the Board of Directors, Western Canal Water District

Approved as to Form by:

William J. Vanasek
WILLIAM J. VANASEK
County Council
County of Glenn, California

By: _____ Date: _____
Chair of the Board of Directors, Biggs West Gridley Water District

By: _____ Date: _____
Chair of the Board of Directors, Butte Water District

By: _____ Date: _____
Mayor, City of Biggs

By: _____ Date: _____
Mayor, City of Gridley

By: _____ Date: _____
Chair of the Board of Directors, Colusa Groundwater Authority

By: _____ Date: _____
Board of Supervisors Chair, County of Butte

By: _____ Date: _____
Board of Supervisors Chair, County of Glenn

By: Ed Hall Date: 9/11/19
Chair of the Board of Trustees, Reclamation District 1004

By: _____ Date: _____
Chair of the Board of Trustees, Reclamation District 2106

By: _____ Date: _____
Chair of the Board of Directors, Richvale Irrigation District

By: _____ Date: _____
Chair of the Board of Directors, Western Canal Water District

By: _____ Date: _____
President of the Board of Directors, Biggs West Gridley Water District

By: _____ Date: _____
President of the Board of Directors, Butte Water District

By: _____ Date: _____
Mayor, City of Biggs

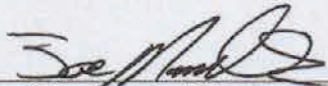
By: _____ Date: _____
Mayor, City of Gridley

By: _____ Date: _____
Chair of the Board of Directors, Colusa Groundwater Authority

By: _____ Date: _____
Board of Supervisors Chair, County of Butte

By: _____ Date: _____
Board of Supervisors Chair, County of Glenn

By: _____ Date: _____
Chair of the Board of Trustees, Reclamation District No. 1004

By:  Date: 11-5-2019
Chair of the Board of Trustees, Reclamation District No. 2106

By: _____ Date: _____
President of the Board of Directors, Richvale Irrigation District

By: _____ Date: _____
President of the Board of Directors, Western Canal Water District

By: _____ Date: _____
President of the Board of Directors, Biggs West Gridley Water District

By: _____ Date: _____
President of the Board of Directors, Butte Water District

By: _____ Date: _____
Mayor, City of Biggs

By: _____ Date: _____
Mayor, City of Gridley

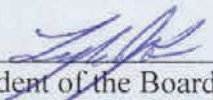
By: _____ Date: _____
Chair of the Board of Directors, Colusa Groundwater Authority

By: _____ Date: _____
Board of Supervisors Chair, County of Butte

By: _____ Date: _____
Board of Supervisors Chair, County of Glenn

By: _____ Date: _____
Chair of the Board of Trustees, Reclamation District No. 1004

By: _____ Date: _____
Chair of the Board of Trustees, Reclamation District No. 2106

By:  _____ Date: 10/17/19
President of the Board of Directors, Richvale Irrigation District


By:  _____ Date: 12-10-19
President of the Board of Directors, Western Canal Water District

Exhibit A: List of Member Agencies

Biggs-West Gridley Water District
1713 West Biggs Gridley Road
Gridley, CA 95948

Western Canal Water District
P.O. Box 190
Richvale, CA 95974

Butte Water District
735 Virginia Street
Gridley, CA 95948

City of Biggs
465 C Street
Biggs, CA 95917
P.O. Box 307
Biggs, CA 95917

City of Gridley
685 Kentucky Street
Gridley, CA 95948

Colusa Groundwater Authority
100 Sunrise Blvd., Suite A
Colusa, CA 95932

County of Butte
25 County Center Drive
Oroville, CA 95965

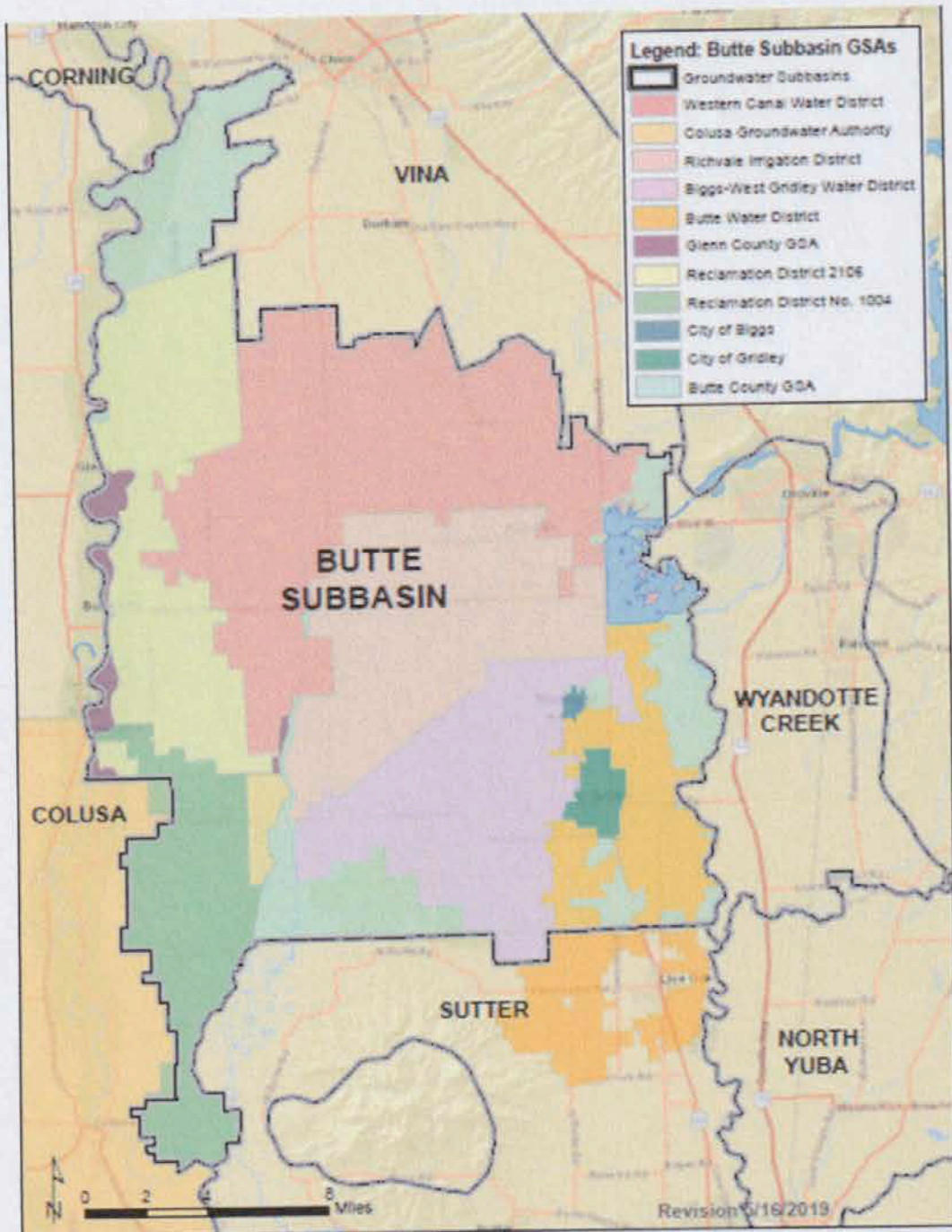
County of Glenn
525 West Sycamore Street
Willows, CA 95988

Reclamation District No. 1004
135 5th Street
Colusa, CA 95932

Reclamation District No. 2016
Baber Lane
Chico, CA 95928

Richvale Irrigation District
1193 Richvale Highway
Richvale, CA 95974
P.O. Box 147
Richvale, CA 95974

Exhibit B: Butte Subbasin Map and jurisdictional boundaries of Member GSAs



Appendix A: Basin Setting Description

APPENDIX A

BASIN SETTING DESCRIPTION

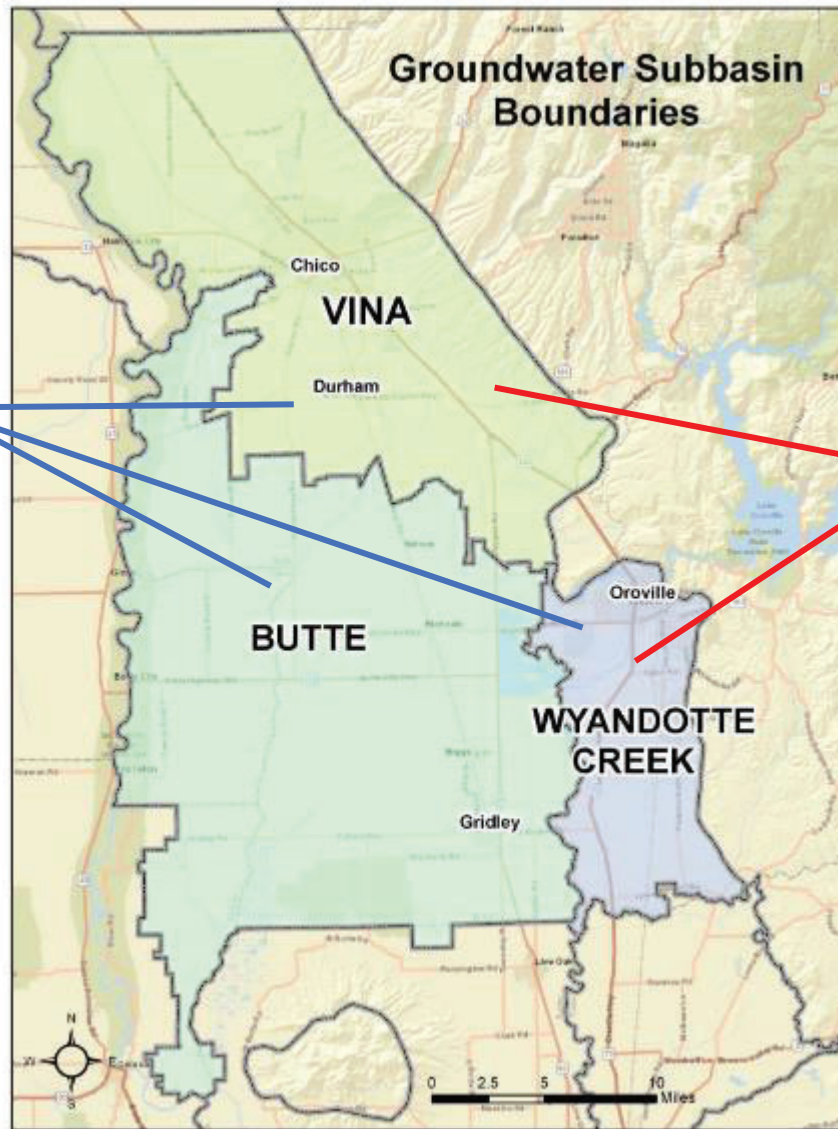
Basin Setting. The development of the Groundwater Sustainability Plan (GSP) began in 2018 through the development of the Basin Setting project. The Basin Setting project will develop required portions of the GSP to fulfill the requirements for the Hydrogeologic Conceptual Model, water budget, groundwater conditions, monitoring network and other technical aspects of all three GSPs being submitted from the Butte, Vina and Wyandotte Creek subbasins allowing for utilization of the same data, analyses and results from the Basin Setting Project. Content for the following chapters will be developed for the GSPs:

1. Hydrogeologic Conceptual Model (§354.14)
 - a) Map of Recharge Areas (§10727.2(d)(4))
2. Current and Historical Groundwater Conditions (§354.16)
3. Water Budget Information (§354.18)
 1. Surface Water Supplies (§10727.2(d)(5))
4. Data and Reporting Standards (§352.4)
5. Data Management System (§354.6)
6. Water Resource Monitoring and Management Programs (§354.8(c-e))
7. Monitoring Protocols (§352.2)
8. Monitoring Networks (§354.34)
9. Monitoring Network Assessment and Improvement (§354.38)

ATTACHMENT 2

Butte Subbasin 2023 Long Term Funding Project - Regional Subbasin Boundaries





Leveraging DWR grant funding for regional efforts (modeling and GSA coordination).

DWR SGMA R2 Implementation Grant Funding

ATTACHMENT 3

Butte Subbasin 2023 Long Term Funding Project - Butte Subbasin GSP Estimated PMA Costs



Recommended PMA Cost Allocation For 2023 Long Term Funding Project

Cost Category-GSP Implementation/PMA Costs	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28
Shallow Monitoring Wells (and Stream Gauges)	\$0	\$0	\$0	\$0	\$0
Well Inventory	\$0	\$0	\$0	\$0	\$0
<u>Multi-benefit Recharge Projects</u>					
Lateral Heading and Turnout Measurement Modernization	\$0	\$0	\$0	\$0	\$0
Parrott-Phalen/Comanche Creek Water Conveyance Impr Proj	\$0	\$0	\$0	\$0	\$0
Dual Source Irrigation Systems Pilot Program	\$0	\$0	\$0	\$0	\$0
Little Butte Creek Water Delivery Reliability Project	\$0	\$0	\$0	\$0	\$0
The Nature Conservancy Multi-benefit Recharge Project	\$0	\$0	\$0	\$0	\$0
System Modernization Project	\$0	\$0	\$0	\$0	\$0
PMA Project Contingency (10%)	\$0	\$0	\$0	\$0	\$0
PMA Costs Sub-Total	\$0	\$0	\$0	\$0	\$0

Scenario 1: Minimal PMAs

Cost Category-GSP Implementation/PMA Costs	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28
Shallow Monitoring Wells (and Stream Gauges)	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Well Inventory	\$40,000	\$20,000	\$20,000	\$20,000	\$0
<u>Multi-benefit Recharge Projects</u>					
Lateral Heading and Turnout Measurement Modernization	\$0	\$0	\$0	\$0	\$0
Parrott-Phalen/Comanche Creek Water Conveyance Impr Proj	\$87,400	\$87,400	\$87,400	\$87,400	\$87,400
Dual Source Irrigation Systems Pilot Program	\$0	\$0	\$0	\$0	\$0
Little Butte Creek Water Delivery Reliability Project	\$123,200	\$123,200	\$123,200	\$123,200	\$123,200
The Nature Conservancy Multi-benefit Recharge Project		\$65,667	\$65,667	\$65,667	
System Modernization Project	\$0	\$0	\$0	\$0	\$0
PMA Project Contingency (10%)	\$30,060	\$34,627	\$34,627	\$34,627	\$26,060
PMA Costs Sub-Total	\$330,660	\$380,893	\$380,893	\$380,893	\$286,660

Scenario 2: Moderate PMAs

Cost Category-GSP Implementation/PMA Costs	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28
Shallow Monitoring Wells (and Stream Gauges)	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Well Inventory	\$40,000	\$20,000	\$20,000	\$20,000	\$0
<u>Multi-benefit Recharge Projects</u>					
Lateral Heading and Turnout Measurement Modernization	\$127,000	\$127,000	\$127,000	\$127,000	\$127,000
Parrott-Phalen/Comanche Creek Water Conveyance Impr Proj	\$87,400	\$87,400	\$87,400	\$87,400	\$87,400
Dual Source Irrigation Systems Pilot Program	\$0	\$0	\$0	\$0	\$0
Little Butte Creek Water Delivery Reliability Project	\$123,200	\$123,200	\$123,200	\$123,200	\$123,200
The Nature Conservancy Multi-benefit Recharge Project		\$65,667	\$65,667	\$65,667	
System Modernization Project	\$194,000	\$194,000	\$194,000	\$194,000	\$194,000
PMA Project Contingency (10%)	\$62,160	\$66,727	\$66,727	\$66,727	\$58,160
PMA Costs Sub-Total	\$683,760	\$733,993	\$733,993	\$733,993	\$639,760

Scenario 3: Maximum PMAs

Cost Category-GSP Implementation/PMA Costs	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28
Shallow Monitoring Wells (and Stream Gauges)	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Well Inventory	\$40,000	\$20,000	\$20,000	\$20,000	\$0
<u>Multi-benefit Recharge Projects</u>					
Lateral Heading and Turnout Measurement Modernization	\$127,000	\$127,000	\$127,000	\$127,000	\$127,000
Parrott-Phalen/Comanche Creek Water Conveyance Impr Proj	\$87,400	\$87,400	\$87,400	\$87,400	\$87,400
Dual Source Irrigation Systems Pilot Program	\$480,000	\$720,000	\$1,200,000	\$1,920,000	\$480,000
Little Butte Creek Water Delivery Reliability Project	\$123,200	\$123,200	\$123,200	\$123,200	\$123,200
The Nature Conservancy Multi-benefit Recharge Project		\$65,667	\$65,667	\$65,667	
System Modernization Project	\$194,000	\$194,000	\$194,000	\$194,000	\$194,000
PMA Project Contingency (10%)	\$110,160	\$138,727	\$186,727	\$258,727	\$106,160
PMA Costs Sub-Total	\$1,211,760	\$1,525,993	\$2,053,993	\$2,845,993	\$1,167,760

ATTACHMENT 4

**Butte Subbasin 2023 Long Term Funding Project
- Regional GSA Cost Sharing Option 5 Scenarios (2024-28)**



Butte Subbasin - 2023 Long Term Funding Project TM - Attachment 4

Option 5 Scenario Spreadsheet

Option 5: Hybrid 2	85%		15%		\$135,713		Total %
	Option 1 Cost Allocation	Option 1 %	Option 3 GW Use-afy	Option 3 GW Use-afy %	Option 3 Cost Allocation	Option 3 Cost Allocation	
Butte Subbasin GSA - Mas	GSA Admin.	GW Use_afy					Butte Subbasin GSA
Western Canal Water District	\$ 10,486.91	7.73%	8,325.00	5.03%	0.75%	\$ 1,023.98	8.48% Western Canal Water District
Reclamation District No. 2106	\$ 10,486.91	7.73%	63,474.00	38.35%	5.75%	\$ 7,807.33	13.48% Reclamation District No. 2106
County of Butte	\$ 10,486.91	7.73%	48,712.00	29.43%	4.41%	\$ 5,991.60	12.14% County of Butte
County of Glenn	\$ 10,486.91	7.73%	3,845.00	2.32%	0.35%	\$ 472.94	8.08% County of Glenn
Reclamation District No. 1004	\$ 10,486.91	7.73%	13,021.00	7.87%	1.18%	\$ 1,601.59	8.91% Reclamation District No. 1004
Colusa Groundwater Authority	\$ 10,486.91	7.73%	5,873.00	3.55%	0.53%	\$ 722.38	8.26% Colusa Groundwater Authority
Richvale Irrigation District	\$ 10,486.91	7.73%	1,885.00	1.14%	0.17%	\$ 231.86	7.90% Richvale Irrigation District
Biggs-West Gridley Water District	\$ 10,486.91	7.73%	4,832.00	2.92%	0.44%	\$ 594.34	8.17% Biggs-West Gridley Water District
Butte Water District	\$ 10,486.91	7.73%	13,466.00	8.14%	1.22%	\$ 1,656.32	8.95% Butte Water District
City of Biggs	\$ 10,486.91	7.73%	370.00	0.22%	0.03%	\$ 45.51	7.76% City of Biggs
City of Gridley	\$ 10,486.91	7.73%	1,700.00	1.03%	0.15%	\$ 209.10	7.88% City of Gridley
Total Butte Subbasin	\$ 115,356.05	85.00%	165,503.00	100.00%	15.00%	\$ 20,356.95	\$ 135,713.00 100.00%

ALPHABETIZE	35.00%	20.00%	10.00%
Western Canal Water District	10,409	11,235	11,786
Reclamation District No. 2106	26,237	20,280	16,309
County of Butte	22,000	17,859	15,098
County of Glenn	9,123	10,501	11,419
Reclamation District No. 1004	11,756	12,005	12,172
Colusa Groundwater Authority	9,705	10,833	11,585
Richvale Irrigation District	8,560	10,179	11,258
Biggs-West Gridley Water District	9,406	10,662	11,500
Butte Water District	11,884	12,078	12,208
City of Biggs	8,126	9,931	11,134
City of Gridley	8,507	10,149	11,243
TOTAL	135,713	135,713	135,713

Butte Subbasin Long Term Funding Options - Option 5 Scenarios Recommended For GSA Consideration (For 2024-28 Period)

BUTTE SUBBSASIN GSA	Option 5 Scenarios - Year 1		
	20.00%	15.00%	10.00%
Biggs-West Gridley Water District	\$10,662	\$11,081	\$11,500
Butte County	\$17,859	\$16,479	\$15,098
Butte Water District	\$12,078	\$12,143	\$12,208
City of Biggs	\$9,931	\$10,532	\$11,134
City of Gridley	\$10,149	\$10,696	\$11,243
Colusa Groundwater Authority	\$10,833	\$11,209	\$11,585
Glenn County	\$10,501	\$10,960	\$11,419
Reclamation District 1004	\$12,005	\$12,089	\$12,172
Reclamation District 2106	\$20,280	\$18,294	\$16,309
Richvale Irrigation District	\$10,179	\$10,719	\$11,258
Western Canal Water District	\$11,235	\$11,511	\$11,786
TOTAL	\$135,713	135,713	\$135,713

ATTACHMENT 5

**Butte Subbasin 2023 Long Term Funding Project
- Regional GSA Cost Sharing Summary (2024-28) - For Options 1 and 5**



Butte Subbasin					
Recommended Regional Cost Sharing Summary - Option 1					
Butte Subbasin GSA	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28
Biggs-West Gridley Water District	\$12,338	\$12,708	\$13,078	\$13,448	\$12,829
Butte County	\$12,338	\$12,708	\$13,078	\$13,448	\$12,829
Butte Water District	\$12,338	\$12,708	\$13,078	\$13,448	\$12,829
City of Biggs	\$12,338	\$12,708	\$13,078	\$13,448	\$12,829
City of Gridley	\$12,338	\$12,708	\$13,078	\$13,448	\$12,829
Colusa Groundwater Authority	\$12,338	\$12,708	\$13,078	\$13,448	\$12,829
Glenn County	\$12,338	\$12,708	\$13,078	\$13,448	\$12,829
Reclamation District 1004	\$12,338	\$12,708	\$13,078	\$13,448	\$12,829
Reclamation District 2106	\$12,338	\$12,708	\$13,078	\$13,448	\$12,829
Richvale Irrigation District	\$12,338	\$12,708	\$13,078	\$13,448	\$12,829
Western Canal Water District	\$12,338	\$12,708	\$13,078	\$13,448	\$12,829
Butte Subbasin Regional Cost Sharing Total	\$135,713	\$139,784	\$143,855	\$147,927	\$141,120

Butte Subbasin					
Recommended Regional Cost Sharing Summary - Option 5 (10% Scenario)					
Butte Subbasin GSA	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28
Biggs-West Gridley Water District	\$11,500	\$11,845	\$12,190	\$12,535	\$11,958
Butte County	\$15,098	\$15,551	\$16,004	\$16,457	\$15,700
Butte Water District	\$12,208	\$12,574	\$12,940	\$13,307	\$12,694
City of Biggs	\$11,134	\$11,468	\$11,802	\$12,136	\$11,578
City of Gridley	\$11,243	\$11,580	\$11,918	\$12,255	\$11,691
Colusa Groundwater Authority	\$11,585	\$11,933	\$12,280	\$12,628	\$12,047
Glenn County	\$11,419	\$11,762	\$12,104	\$12,447	\$11,874
Reclamation District 1004	\$12,172	\$12,537	\$12,902	\$13,267	\$12,656
Reclamation District 2106	\$16,309	\$16,798	\$17,287	\$17,776	\$16,958
Richvale Irrigation District	\$11,258	\$11,596	\$11,934	\$12,272	\$11,707
Western Canal Water District	\$11,786	\$12,140	\$12,494	\$12,847	\$12,256
Butte Subbasin Regional Cost Sharing Total	\$135,713	\$139,784	\$143,855	\$147,927	\$141,120

Butte Subbasin					
Recommended Regional Cost Sharing Summary - Option 5 (15% Scenario)					
Butte Subbasin GSA	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28
Biggs-West Gridley Water District	\$11,081	\$11,414	\$11,746	\$12,078	\$11,523
Butte County	\$16,479	\$16,973	\$17,467	\$17,962	\$17,135
Butte Water District	\$12,143	\$12,507	\$12,872	\$13,236	\$12,627
City of Biggs	\$10,532	\$10,848	\$11,164	\$11,480	\$10,952
City of Gridley	\$10,696	\$11,017	\$11,338	\$11,659	\$11,122
Colusa Groundwater Authority	\$11,209	\$11,546	\$11,882	\$12,218	\$11,656
Glenn County	\$10,960	\$11,289	\$11,617	\$11,946	\$11,397
Reclamation District 1004	\$12,089	\$12,451	\$12,814	\$13,176	\$12,570
Reclamation District 2106	\$18,294	\$18,843	\$19,392	\$19,941	\$19,023
Richvale Irrigation District	\$10,719	\$11,040	\$11,362	\$11,683	\$11,146
Western Canal Water District	\$11,511	\$11,856	\$12,202	\$12,547	\$11,970
Butte Subbasin Regional Cost Sharing Total	\$135,713	\$139,784	\$143,855	\$147,927	\$141,120

Butte Subbasin					
Recommended Regional Cost Sharing Summary - Option 5 (20% Scenario)					
Butte Subbasin GSA	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28
Biggs-West Gridley Water District	\$10,662	\$10,982	\$11,302	\$11,622	\$11,087
Butte County	\$17,859	\$18,395	\$18,930	\$19,466	\$18,570
Butte Water District	\$12,078	\$12,441	\$12,803	\$13,165	\$12,560
City of Biggs	\$9,931	\$10,229	\$10,527	\$10,824	\$10,326
City of Gridley	\$10,149	\$10,453	\$10,758	\$11,062	\$10,553
Colusa Groundwater Authority	\$10,833	\$11,158	\$11,483	\$11,808	\$11,265
Glenn County	\$10,501	\$10,816	\$11,131	\$11,446	\$10,919
Reclamation District 1004	\$12,005	\$12,366	\$12,726	\$13,086	\$12,484
Reclamation District 2106	\$20,280	\$20,888	\$21,497	\$22,105	\$21,088
Richvale Irrigation District	\$10,179	\$10,485	\$10,790	\$11,095	\$10,585
Western Canal Water District	\$11,235	\$11,572	\$11,909	\$12,246	\$11,683
Butte Subbasin Regional Cost Sharing Total	\$135,713	\$139,784	\$143,855	\$147,927	\$141,120

City Council Agenda Item #6
Staff Report

Date: April 5, 2024

To: Mayor and City Council

From: Martin Pineda, Finance Director

Subject: Amendment of Eide Bailly’s Contract for FY 2023/2024 and Approve the Contract for FY 24/25 and FY 25/26 for Accounting Services

<input checked="" type="checkbox"/>	Regular
<input type="checkbox"/>	Special
<input type="checkbox"/>	Closed
<input type="checkbox"/>	Emergency

Recommendation

Staff respectfully requests that the Mayor and City Council approve the contract amendment for FY 2023/2024 and renew the contract for FY 2024/2025 & 2025/2026 for Eide Bailly for Accounting Services.

Background

The City of Gridley Council previously approved the consulting service contract with Eide Bailly (“EB”) in the amount not to exceed \$150,000 for FY 2023-2024. Finance Staff is requesting a contract amendment to add \$15,000 for a total of \$165,000. EB has assisted the city with the citywide audit of FY 21/22 and 22/23. They have also provided training and have been a resource for finance staff regarding best practices in accounting. The \$15,000 increase is due to the City wide audit, TDA audit, and training for finance staff. The \$15,000 being requested is in case we need further assistance with ongoing projects, not necessarily that the whole \$15,000 will be used by year end.

The Finance Staff is also requesting the City Council to approve the renewal of the contract with EB, for FY 24/25 & FY 25/26 in the amount not to exceed \$150,000, same contract amount as the current FY. EB will continue to assist Finance staff with general accounting, audits, and continue training finance staff.

Fiscal Impact

A \$15,000 dollar increase to the current budget for the amendment of the contract. FY 24/25 and 25/26 contracts will be budgeted for in the future budgets.

Attachments

City of Gridley 2023 Fee Change

City of Gridley FY 24/25 and 25/26 General Consulting Engagement Letter



April 8, 2024


City of Gridley, California
Martin Pineda, Finance Director
685 Kentucky Street
Gridley, California 959448

Thank you for giving Eide Bailly the opportunity to continue providing services to the City of Gridley (City). Pursuant to our engagement letter dated September 5, 2023, we are notifying you that in order to complete the ad hoc accounting services related to fiscal years ended June 30, 2022, and 2023 audits, we will need to increase the total fee by \$15,000 from \$150,000 to \$165,000.

Services are expected to be performed remotely. Where an on-site visit seems warranted, we will make every effort to accommodate it.

It is expected that the City accepts responsibility for the results of the services being provided and agrees to perform the following functions in connection with this engagement:

- Make all management decisions and perform all management functions,
- Designate a competent individual to oversee the services,
- Evaluate the adequacy and results of the services performed,
- Accept responsibility for the results of the services, and
- Establish and maintain internal controls, including monitoring ongoing activities.

 **We Want to Continue Working with You.** We've developed the following proposal with the City's needs in mind, and we'll provide timely, personalized services for you. We'll also get to know you and your staff and take the time to understand your specific challenges and opportunities. We pride ourselves on delivering honest and insightful advice beyond what is normally experienced in the public accounting industry. If you're still wondering "Why Eide Bailly," our tagline sums it up—what inspires you, inspires us. Your success is our success.

Know that you are a highly valued client. Our people would be proud to work with the City and build a trusting relationship with your team. Please contact me if you would like to discuss any aspect of this proposal.

Sincerely,

A handwritten signature in black ink that reads "James W. Ramsey".

James W Ramsey, CPA, CFE
Partner



April 8, 2024

City of Gridley, California
Martin Pineda, Finance Director
685 Kentucky Street
Gridley, California 959448

This letter outlines the understanding of the terms and objectives of the consulting engagement between Eide Bailly LLP (Eide Bailly) and the City of Gridley, California (you or City).

Scope of Engagement

We will work with you to provide consulting services in connection with providing ad hoc accounting services for fiscal years ended June 30, 2025, and 2026.

Our engagement will be performed under the *Statements on Standards for Consulting Services* issued by the American Institute of Certified Public Accountants (AICPA). We will not provide audit, review, compilation or financial statement preparation services to any historical or prospective financial information or provide attestation services under the AICPA *Statements on Standards for Attestation Engagements* and assume no responsibility for any such information.

You will provide us, as promptly as possible, all requested information and documentation reasonably deemed necessary or desirable by us in connection with the engagement. You represent and warrant that all information and documentation provided or to be provided to us is true, correct and complete, to the best of your knowledge and belief. We are authorized to rely upon such information and documentation without independent investigation or verification.

We may use third party service providers and/or affiliated entities (including Eide Bailly Shared Services Private Limited) (collectively, “service providers”) in order to facilitate delivering our services to you. Our use of service providers may require access to client information by the service provider. We will take reasonable precautions to determine that they have the appropriate procedures in place to prevent the unauthorized release of confidential information to others. We will remain responsible for the confidentiality of client information accessed by such service provider and any work performed by such service provider. You acknowledge that your information may be disclosed to such service providers, including those outside the United States.

We agree to retain our work papers for a period of at least eight years from the date of our report.

Timeline

We will begin our procedures upon acceptance of this engagement agreement. We would expect to have our work completed within the agreed upon timeline for the requested projects. This timetable assumes the timely receipt of requested information and the cooperation of the parties involved. If delays are experienced in receiving information, the delivery of our work will be delayed accordingly.

Fees

Our fees are based on the amount of time required at various levels of responsibility, plus actual out-of-pocket expenses, including administrative charges. Invoices are payable upon presentation. We estimate that our fee for the engagement will not exceed \$150,000 for each fiscal year. We will notify you immediately of any circumstances we encounter that could significantly affect this initial fee estimate.

Our hourly rates are based on the level of responsibility and are as follows:



Hourly Rate by Staff Level	FY 2025	FY 2026
Partner	\$ 371 / hr.	\$ 390 / hr.
Senior Manager	\$ 318 / hr.	\$ 334 / hr.
Manager	\$ 265 / hr.	\$ 278 / hr.
Senior Associate	\$ 217 / hr.	\$ 227 / hr.
Associate	\$ 171 / hr.	\$ 180 / hr.
Clerical	\$ 103 / hr.	\$ 108 / hr.

The ability to perform and complete our engagement consistent with the estimated fee included above depends upon the quality of your underlying accounting records and the timeliness of your personnel in providing information and responding to our requests. To assist with this process, we will provide you with a Prepared-by-Client (PBC) request that identifies the information we will require to perform our engagement, as well as a planned timeline for the engagement. A failure to provide this information in an accurate and timely manner may result in an increase in our fees and/or a delay in the completion of our engagement.

We may be requested to make certain engagement documentation available to outside parties, including regulators, pursuant to authority provided by law or regulation or applicable professional standards. If requested, access to such engagement documentation will be provided under the supervision of Eide Bailly LLP’s personnel. Furthermore, upon request, we may provide copies of selected engagement documentation to the outside party, who may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies. We will be compensated for any time and expenses, including time and expenses of legal counsel, we may incur in making such engagement documentation available or in conducting or responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings as a result of our Firm’s performance of these services. You and your attorney will receive, if lawful, a copy of every subpoena we are asked to respond to on your behalf and will have the ability to control the extent of the discovery process to control the costs you may incur.

Should our relationship terminate before our agreed upon procedures are completed and a report issued, you will be billed for services to the date of termination. All bills are payable upon receipt. A service charge of 1% per month, which is an annual rate of 12%, will be added to all accounts unpaid 30 days after billing date. If collection action is necessary, expenses and reasonable attorney's fees will be added to the amount due.

The City accepts responsibility for the results of the services being provided and agrees to perform the following functions in connection with this engagement:

- Make all management decisions and perform all management functions.
- Designate a competent individual to oversee the services.
- Evaluate the adequacy and results of the services performed.
- Accept responsibility for the results of the services.
- Establish and maintain internal controls, including monitoring ongoing activities.

Eide Bailly LLP has owners that are not licensed as certified public accountants as permitted under Section 5079 of the California Business Code. The nature of the services to be provided in conjunction with this engagement are such that non-licensee owners may be involved in performing our services for the City.

MEDIATION

Any disagreement, controversy or claim arising out of or related to any aspect of our services or relationship with you (hereafter a "Dispute") shall, as a precondition to litigation in court, first be submitted to mediation. In mediation, the parties attempt to reach an amicable resolution of the Dispute with the aid of an impartial mediator. Mediation shall begin by service of a written demand. The mediator will be selected by mutual agreement. If we cannot agree on a mediator, one shall be designated by the American Arbitration Association ("AAA"). Mediation shall be conducted with the parties in person in the Sacramento office. Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties. Neither party may commence a lawsuit until the mediator declares an impasse.

LIMITED INDEMNITY

Eide Bailly LLP and its partners, affiliates, officers and employees (collectively "Eide Bailly") shall not be responsible for any misstatements in the information provided to us to complete our engagement that we may fail to detect as a result of misrepresentations or concealment of information by any of your owners, directors, officers or employees. You shall indemnify and hold Eide Bailly harmless from any claims, losses, settlements, judgments, awards, damages and attorneys' fees arising from any such misstatement or concealment of information.

If through no fault of Eide Bailly we are named as a party to a dispute between you and a third party, you shall indemnify and hold Eide Bailly harmless against any losses, damages, settlements, judgments, awards, and the costs of litigation (including attorneys' fees) we incur in connection with the dispute.

Eide Bailly shall not be entitled to indemnification under this agreement unless the services were performed in accordance with professional standards in all material respects.

LIMITATION OF LIABILITY

The exclusive remedy available to you for any alleged loss or damages arising from or related to Eide Bailly’s services or relationship with you shall be the right to pursue claims for actual damages that are directly caused by Eide Bailly’s breach of this agreement or Eide Bailly’s violation of applicable professional standards. In no event shall Eide Bailly’s aggregate liability to you exceed two times fees paid under this agreement, nor shall Eide Bailly ever be liable to you for incidental, consequential, punitive or exemplary damages, or attorneys’ fees.

TIME LIMITATION

You may not bring any legal proceeding against Eide Bailly unless it is commenced within twenty-four (24) months (“Limitation Period”) after the date when we delivered our report, return, or other deliverable under this agreement to you, regardless of whether we do other services for you or that may relate to the engagement. The Limitation Period applies and begins to run even if you have not suffered any damage or loss, or have not become aware of a possible Dispute.

GOVERNING LAW AND VENUE

Any Dispute between us, including any Dispute related to the engagement contemplated by this agreement, shall be governed by California law. Any unresolved Dispute shall be submitted to a federal or state court located in Sacramento, California.

ASSIGNMENTS PROHIBITED

You shall not assign, sell, barter or transfer any legal rights, causes of actions, claims or disputes you may have against Eide Bailly to any person.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our engagement including our respective responsibilities.

We appreciate the opportunity to be of service to you and look forward to working with you and your staff.

Respectfully,



James W Ramsey, CPA, CFE
Partner

RESPONSE:

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of the City of Gridley, California by:

Name: _____

Title: _____

Date: _____

City Council Agenda Item #7
Staff Report

Date: April 15, 2024

To: Mayor and City Council

From: Elisa Arteaga, City Administrator

Subject: Code Enforcement and Abatement of Nuisance Properties

X	Regular
	Special
	Closed
	Emergency

Recommendation

Staff respectfully requests the City Council discuss and provide direction to the City Staff to pursue allowable abatement processes for nuisance properties.

Background

Previously in a city council meeting, the city’s code enforcement officer provided a verbal report and presentation of abatement status, properties of concern and described the abatement strategies. Two specific properties were noted as serious structural hazards to the health and safety code that are in the city.

On an annual basis the city addresses through the code enforcement process violations such as overgrown grass, illegal dumping, buildings with dry rot, deteriorated fencing and other nuisances which could negatively impact the public health, safety, and welfare. In some cases, some cities experience having properties that have been abandoned and generally result in code enforcement taking additional efforts to ensure municipal code violations to include dangerous building and fire code violations are abated. The matter is handled through an administrative process by where code enforcement issues property owner’s administrative citations directing owners to remediate or remove the code violations on their property and/or pay fines. The city may obtain an Inspection and Abatement Warrant to resolve the violation itself and some of those measures are quite effective.

However, when those efforts are not met with a resolution, the city must seek other alternatives to ensure the safety of nuisance properties that endanger neighborhoods, decrease property values, and cause the public to lose confidence in their city leadership. The alternatives may result in additional costs utilizing vital municipal resources. The California legislature has provided a way to address issues cities have with severe nuisance properties by means of the California Health and Safety “H&S” Code 17980.6 and 17980.7, known as Health and Safety Receiverships and this allows for the abatement of nuisance properties that have not responded to previous efforts. Staff would respectfully request the City Council allow for further discussion and direction to address those properties which normal code enforcement efforts have not resolve the issues.

Financial Impact

The item is presented to the Council for discussion and direction, there is no fiscal impact currently. City staff will address impact in a future session based on the direction received.