

Gridley City Council – Regular Meeting Agenda

Monday, November 15, 2021; 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 November 15, 2021, via email to jmolinari@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/87167207195?pwd=Ykk5NG1yHBEajNzWTdCRTlhMTg2Zz09>

Webinar ID: 871 6720 7195

Passcode: 240509

OR

Call-in using one of the following numbers, and the above ID and passcode:

1-(253) 215-8782

1-(720) 707-2699

To make a public comment during the Community Participation Forum or during the public portion of any agenda item, use the ‘raise hand’ feature and you will be called on when it’s your turn to speak.

CALL TO ORDER - Mayor Johnson

ROLL CALL

PLEDGE OF ALLEGIANCE – Vice Mayor Farr

INVOCATION - None

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 November 1, 2021

ITEMS FOR COUNCIL CONSIDERATION

2. Approval of Resolution No. 2021-R-038: Resolution of the Gridley City Council Adopting the Revised Renewable Energy Resource Procurement Plan and Enforcement Program
3. Reinvestment of City Funds
4. Proposal for upgrading City of Gridley HVAC systems for City Hall, Public Works, Electric Department, and Animal Control

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.*

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

Edler Estates	12/6/2021
235 Virginia Property Purchase Review	12/6/2021
Electric Department Drone Policy	12/6/2021
CJIS Radio Compliance Program for Police Dept	12/20/2021
Award Contract for Municipal Services Review	12/20/2021

CLOSED SESSION

5. Government Code 54957 - Public Employee Performance Evaluation: City Administrator

ADJOURNMENT – adjourning to a Regular meeting on December 6, 2021.

NOTE 1: POSTING OF AGENDA- This agenda was posted on the public bulletin board at City Hall at or before 6:00 p.m., November 12, 2021. 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

Monday, November 1, 2021; 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 Johnson called the meeting to order at 6 pm.

ROLL CALL

Council Members

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

Staff Present:

Cliff Wagner, City Administrator
Tony Galyean, City Attorney
Ross Pippitt, Public Works Director
Rodney Harr, Chief of Police
Elisa Arteaga, Finance Director
Sean Norman, Fire Chief
Donna Decker, City Planner
Dave Harden, City Engineer

PLEDGE OF ALLEGIANCE

Councilmember Torres led the Pledge of Allegiance

INVOCATION - None

PROCLAMATION

Mayor Johnson read the Homeless and Runaway Youth Awareness Month proclamation and it was accepted by Bogette Covarrubias who spoke briefly thanking Council.

INTRODUCTION OF NEW OR PROMOTED EMPLOYEES - None

COMMUNITY PARTICIPATION FORUM

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

CONSENT AGENDA

1. City Council minutes dated October 18, 2021
2. City Vehicle Surplus

Motion to approve the consent agenda by Vice Mayor Farr, seconded by Council Member Calderon.

ROLL CALL VOTE

**Ayes: Calderon, Johnson, Torres, Farr
Motion passed, 4-0**

ITEMS FOR COUNCIL CONSIDERATION

3. Discussion and possible action to sponsor the Gridley Invitational Basketball Tournament (GIBT)

Motion to approve a \$500 sponsorship to the GIBT by Mayor Johnson, seconded by Council Member Calderon.

ROLL CALL VOTE

**Ayes: Johnson, Torres, Calderon, Farr
Motion passed, 4-0**

4. Approval of Resolution No. 2021-R-037: A Resolution of the City Council of the City of Gridley Authorizing the Gridley Fire Department to receive a Rural Fire Capacity Grant

Chief Norman spoke briefly stating the grant amount and how the funds are used. There was no discussion.

Motion to approve Resolution No. 2021-R-037 by Council Member Torres, seconded by Vice Mayor Farr.

ROLL CALL VOTE

**Ayes: Johnson, Farr, Torres, Calderon
Motion passed, 4-0**

5. Verbal update on current and future projects – Ross Pippitt, Director of Public Works and Dave Harden, City Engineer

Public Works Director Ross Pippitt and City Engineer Dave Harden presented a power point that reviewed current and future projects as well as grant applications in process. They also reviewed how the City storm drain system and the various detention basins performed during the most recent storm. This was an informational item; no action was taken.

6. Second Reading and Adoption of Ordinance 835-2021: An Ordinance of the Gridley City Council to pre-zone approximately 36.38 acres Single-Family Residential District (R-1) and

3.62 acres Open Space located on the east side of West Biggs Gridley Road
(APN 022-210-092)

Planner Donna Decker stated this is the second reading and briefly reviewed the process to follow approval. The Ordinance will become effective 30 days after approval.

Second reading by title only and adoption of Ordinance 835-2021 by Council Member Calderon, seconded by Council Member Torres.

ROLL CALL VOTE

Ayes: Farr, Calderon, Torres, Johnson

Motion passed, 4-0

7. Consideration and approval of proposed revision to the City's Position Classification Plan

Administrator Wagner reviewed the staff report noting the changes made by request of Council at the first presentation of this item to the title and salary. He reviewed the need and the benefits to the City of having such a position.

Patrick Coghlan addressed Council stating his idea that a Human Resources Coordinator would be more appropriate.

Motion to approve adding a Human Resources Manager by Council Member Calderon, seconded by Vice Mayor Farr.

ROLL CALL VOTE

Ayes: Calderon, Farr, Torres

Nays: Johnson

Motion passed, 3-1

CITY STAFF AND COUNCIL COMMITTEE REPORTS

Council Member Calderon reported on his attendance at the Butte County Air Quality meeting. He reminded and invited all to attend the Day of the Dead event.

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

CJIS Radio Compliance Program for Police Dept	11/15/2021
Review and adoption of Gridley Electric Utility Renewable Energy Resources Procurement and Enforcement Plan	11/15/2021
Edler Estates	12/6/2021
Award Contract for Municipal Services Review	12/20/2021

CLOSED SESSION

8. Conference with legal counsel and key administrative staff pursuant to Government Code 54956.9 concerning anticipated litigation: 1 case
9. Government Code 54957 - Public Employee Performance Evaluation: City Administrator

Council went into closed session at 7:03 pm and came out at 7:48 pm with no reportable action.

ADJOURNMENT

With no items for further discussion, Council adjourned to the next regular meeting on November 15, 2021.

Cliff Wagner, City Clerk

DRAFT

City Council Agenda Item #2
Staff Report

Date: November 15, 2021

To: Mayor and City Council

From: Cliff Wagner, Administrator

Subject: Approval of Resolution No. 2021-R-038: Resolution of the Gridley City Council Adopting the Revised Renewable Energy Resource Procurement Plan and Enforcement Program

X	Regular
	Special
	Closed
	Emergency

Recommendation

The City Council will consider adopting a Resolution approving the Revised City of Gridley Electric Utility Renewable Energy Resources Procurement Plan and Enforcement Program.

Background

On April 12, 2011, Governor Brown signed into law SB 1X 2, establishing a new Renewable Portfolio Standard (RPS) for all load-serving entities in California. On October 7, 2015, Senate Bill (SB) 350 was signed into law which mandated a 33% RPS target by 2020 and a 50% RPS target by 2030. On September 10, 2018, SB 100 was signed into law which accelerates the RPS target to 50% by 2026 and 60% by 2030.

Discussion

Pursuant to Public Utilities Code, Section 399.30, City of Gridley Electric Utility (EUD) must adopt and implement a renewable energy resources procurement plan (RPS Procurement Plan) and a program for the enforcement of the RPS Procurement Plan (PRS Enforcement Program) and update these documents as appropriate.

The updated City of Gridley Electric Utility Renewables Portfolio Standard Procurement Plan and Enforcement Program (Attachment 1) replaces the prior RPS Procurement Plan and Enforcement Program approved by the City Council on December 19, 2011 (Resolution 2011-R-048), and reflects changes as a result of the most currently revised regulations.

The Revised RPS Plan outlines a strategy for fulfilling unmet long-term generation resource needs that requires City of Gridley Electric Utility Department (EUD) to procure a minimum quantity of electricity products from eligible renewable energy resources, including renewable energy credits and use of excess procurement credits, as a specified percentage of the total kilowatt-hours sold to EUD retail customers for each compliance period to achieve specified procurement targets. The Revised RPS Plan requires EUD to annually review the City's progress toward meeting RPS goals and determine whether reasonable progress is being made to sufficiently meet compliance year targets. To minimize customer rate impact, excess procurement from prior compliance periods are used to meet compliance requirements. In addition to the accelerated post-2020 RPS requirements and cost limitation provision, the Revised Plan includes a required long-term procurement provision whereby starting in 2021, EUD must procure at least 65% of its RPS resources from contracts of 10 or more years in duration.

Combined with historic carryover and excess surplus, EUD anticipates its existing RPS resources (geothermal, small hydro, solar) will meet RPS requirements through 2031. Additional potential resources are currently under negotiation and if secured, could extend EUD's projected compliance through 2040. EUD staff will continue to evaluate the feasibility of all renewable energy resources and opportunities to meet

existing and future RPS requirements.

Fiscal Impact

There is no direct financial impact associated with the development and approval of the Revised Plan. Any future purchases of RPS eligible resources will be considered for approval on a case-by-case basis.

Staff recommendation is to adopt the Resolution (Attachment 2) approving revised City of Gridley Electric Utility Renewable Energy Resources Procurement Plan and Enforcement Program.

Compliance with City Council Strategic Plan or Budget Goals

The City Council and City staff are committed to engage the best possible financial practices and the highest possible transparency regarding all financial transactions. This proposal is consistent with our ongoing effort to promote financially responsible policies, be responsive and transparent regarding all financial matters, as well as be congruent with best practices.

Attachments

- (1) City of Gridley Electric Utility Renewable Energy Resources Procurement Plan and Enforcement Program
- (2) Resolution No. 2021-R-038

Gridley Electric Utility
Renewable Energy Resources Procurement and Enforcement Plan
Adopted November 15, 2021

This document presents the updated Renewable Energy Resources Procurement and Enforcement Plan of the City of Gridley (Gridley), as required for compliance with the California Renewables Portfolio Standard Program, Public Utilities Code Sections 399.11 - 399.33. Since first enacted, the state’s renewable portfolio standard (RPS) program has been amended to attain a target of generating 20 percent of total retail sales of electricity in California from eligible renewable energy resources by December 31, 2013, 33 percent by December 31, 2020, 50 percent by December 31, 2026, and 60 percent by December 31, 2030. Pursuant to Public Utilities Code PUC section 399.30(a), each POU must adopt and implement a renewable energy resources procurement plan (referred to herein as the “RPS Procurement Plan”) and a separate program for the enforcement of the RPS Procurement Plan.¹ Gridley’s enforcement program is not addressed in this document, but rather, in a separate report.

Gridley’s RPS Procurement Plan, as reflected in Paragraphs 1-16 below consists of: (1) plan elements that are directly mandated by the legislation; (2) measures that address each of the optional provisions set forth in Public Utilities Code (PUC) sections 399.30(d) and 399.30(c)(3) and section 3206 of the POU RPS Enforcement Regulation; and (3) RPS reporting provisions. Where appropriate, this RPS Procurement Plan includes section citations to the Public Utilities Code sections 399.11, et seq. References to PUC section 399.30 reflect the most recent amendments, effective January 1, 2020 (Amended by Stats. 2019, Ch. 401, Sec. 3. (SB 155) Effective January 1, 2020).

1. Purpose (§ 399.30(a))

In order to fulfill unmet long-term generation resource needs, Gridley adopts and implements this RPS Procurement Plan that requires the utility to procure a minimum quantity of electricity products from eligible renewable energy resources, including renewable energy credits, as a specified percentage of Gridley’s total kilowatt hours sold to its retail end-use customers, each compliance period, to achieve the targets specified in PUC Section 399.30(c).

2. Compliance Periods (§ 399.30(b))

- Compliance Period 1: January 1, 2011, to December 31, 2013, inclusive.
- Compliance Period 2: January 1, 2014, to December 31, 2016, inclusive.
- Compliance Period 3: January 1, 2017, to December 31, 2020, inclusive.
- Compliance Period 4: January 1, 2021, to December 31, 2024, inclusive.
- Compliance Period 5: January 1, 2025, to December 31, 2027, inclusive.

¹ Pursuant to PUC section 399.30(e), POUs must adopt a “program for enforcement” of the RPS Procurement Plan on or before January 1, 2012, at a publicly noticed meeting with not less than 30 days prior notice given to the public.

- Compliance Period 6: January 1, 2028, to December 31, 2030, inclusive.
- Beginning January 1, 2030, each compliance period shall run for three years, from January 1 to December 31).

3. Procurement Targets of Renewable Energy Resources for Each Compliance Period (§§ 399.30(c)(1) and (2))

- A. During Compliance Period 1, January 1, 2011 to December 31, 2013, Gridley shall procure renewable energy resources equivalent to an average of at least twenty percent (20%) of retail sales, applying the following formula:

$$\frac{EP_{2011} + EP_{2012} + EP_{2013}}{RS_{2011} + RS_{2012} + RS_{2013}} > .20$$

Where:

RS_x = total retail sales made by POU for the specified year x

EP_x = electricity products retired for the specified year x; this may include excess procurement and historic carryover that the POU has chosen to apply to the compliance period containing year x

- B. By the end of Compliance Period 2, December 31, 2016, Gridley shall procure renewable energy resources equivalent to at least twenty-five percent (25%) of retail sales, applying the following formula:

$$EP_{2014} + EP_{2015} + EP_{2016} > 0.20(RS_{2014}) + 0.20 (RS_{2015}) + 0.25 (RS_{2016})$$

- C. By the end of Compliance Period 3, December 31, 2020, Gridley shall procure renewable energy resources equivalent to at least thirty-three percent (33%) of retail sales. During the intervening years of Compliance Period 3, Gridley shall increase procurement annually to reflect an imputed 2020 compliance obligation expressed as:

$$\begin{aligned} & (EP_{2017} + EP_{2018} + EP_{2019} + EP_{2020}) \\ & > 0.27 (RS_{2017}) + 0.29 (RS_{2018}) + 0.31 (RS_{2019}) + 0.33 (RS_{2020}) \end{aligned}$$

- EP_x = Electricity products applied to the specified year X toward the RPS procurement target for the compliance period containing year X. This may include electricity products retired for and applied to year X, subject to the Portfolio Content Category 3 limit calculated in paragraph 6 (**Portfolio Balancing Requirements**), and excess procurement pursuant to paragraph 8 (Excess Procurement) and historic carryover pursuant to paragraph 12 (Historic Carryover) that [POU] has applied to year X.
- RS_x = Total retail sales made by the POU for the specified year X

- D. By the end of Compliance Period 4, December 31, 2024, Gridley shall procure renewable energy resources equivalent to at least forty-four percent (44%) of

retail sales. During the intervening years of Compliance Period 4, Gridley shall increase procurement annually to reflect a compliance obligation expressed as:

$$\frac{(EP_{2021} + EP_{2022} + EP_{2023} + EP_{2024})}{4} \geq 0.3575 (RS_{2021}) + 0.3850 (RS_{2022}) + 0.4125 (RS_{2023}) + 0.4400 (RS_{2024})$$

- E. By the end of Compliance Period 5, December 31, 2027, Gridley shall procure renewable energy resources equivalent to at least fifty-two percent (52%) of retail sales. During the intervening years of Compliance Period 5, Gridley shall increase procurement annually to reflect a compliance obligation expressed as:

$$EP_{2025} + EP_{2026} + EP_{2027} \geq 0.4600(RS_{2025}) + 0.5000(RS_{2026}) + 0.5200(RS_{2027})$$

- F. By the end of Compliance Period 6, December 31, 2030, Gridley shall procure renewable energy resources equivalent to at least sixty percent (60%) of retail sales. During the intervening years of Compliance Period 6, Gridley shall increase procurement annually to reflect a compliance obligation expressed as:

$$EP_{2028} + EP_{2029} + EP_{2030} \geq 0.5467(RS_{2028}) + 0.5733(RS_{2029}) + 0.6000(RS_{2030})$$

- G. For all compliance periods commencing after January 1, 2030, Gridley shall procure electricity products sufficient to meet or exceed an average of 60% of Gridley's retail sales over the three calendar years of the compliance period, expressed as.

$$EP_{x1} + EP_{x2} + EP_{x3} \geq 0.6000 (RS_{x1}) + 0.6000 (RS_{x2}) + 0.6000 (RS_{x3})$$

The procurement targets listed above are minimum requirements. The City Council may determine that a higher percentage of renewable energy resources is appropriate in any given compliance period.

The method used to determine the actual renewable energy resource percentage achieved for a given calendar year shall be to: (i) sum the total metered generation from each of Gridley's eligible renewable resources and qualifying purchases in Megawatt hours (MWh) during the preceding calendar year, (ii) subtract sales, if any, of eligible renewable resources during the same time period, and (iii) divide the result by the total energy sold to Gridley's retail end-use customers (in MWh) in the same time period.

4. Reasonable Progress Towards Meeting Compliance Period Targets During Intervening Years (§§ 399.30(c)(1) and (2))

Gridley shall demonstrate reasonable progress towards meeting compliance period targets during intervening years by meet ensuring that renewable energy contracts are place or under solicitation to meet the projected increase in RPS procurement for each compliance period. This demonstration shall be set forth in Gridley's annual report.

**5. Procurement Requirements – Definitions for Content Categories
(PUC Section §399.30(c)(3))**

In order to achieve a balanced portfolio, Gridley’s RPS Procurement Plan shall consist of Portfolio Content Categories that meet the criteria for the following eligible renewable energy resource electricity products, as defined in PUC Section 399.16(b):

A. Content Category 1 (consistent with PUC Section 399.16(b)(1)): Resources in this category shall either:

(1) Have a first point of interconnection with a California balancing authority, have a first point of interconnection with distribution facilities used to serve end users within a California balancing authority area, or are scheduled from the eligible renewable energy resource into a California balancing authority without substituting electricity from another source. The use of another source to provide real-time ancillary services required to maintain an hourly or sub hourly import schedule into a California balancing authority shall be permitted, but only the fraction of the schedule actually generated by the eligible renewable energy resource shall count toward this portfolio content category.

(2) Have an agreement to dynamically transfer electricity to a California balancing authority.

B. Content Category 2 (consistent with PUC Section 399.16(b)(2)): Resources in this category shall include firmed and shaped eligible renewable energy resource electricity products providing incremental electricity and scheduled into a California balancing authority.

C. Content Category 3 (consistent with PUC Section 399.16(b)(3)): Resources in this category shall include eligible renewable energy resource electricity products, or any fraction of the electricity generated, including unbundled renewable energy credits, that do not qualify under the criteria of Content Category 1 or Content Category 2.

D. Grandfathered Resources (PUC Section 399.16(d)):

(1) Any contract or ownership agreement originally executed prior to June 1, 2010, shall count in full towards the procurement requirements, if all of the following conditions are met:

(1) The renewable energy resource was eligible under the rules in place as of the date when the contract was executed.

(2) Any contract amendments or modifications occurring after June 1, 2010, do not increase the nameplate capacity or expected quantities of annual generation, or substitute a different renewable energy resource.

(3) The duration of the contract may be extended if the original contract specified a procurement commitment of fifteen (15) or more years.

(2) “Eligible renewable energy resource” means an electrical generating facility that meets the definition of a “renewable electrical generation facility” in Section 25741 of the Public Resources Code, subject to the following: . . . (C) A facility approved by the governing board of a local publicly owned electric utility prior to June 1, 2010, for procurement to satisfy renewable energy procurement obligations adopted pursuant to former Section 387, shall be certified as an eligible renewable energy resource by the Energy Commission pursuant to this article, if the facility is a “renewable electrical generation facility” as defined in Section 25741 of the Public Resources Code. (PUC Section 399.12(e)(1)(C).

(3) Resources procured prior to June 1, 2010 shall be counted for RPS compliance without regard to the limitations on the use of each portfolio Content Category as described in Section 6.

6. Portfolio Balancing Requirements – Quantity for Content Categories (PUC Section 399.30(c)(3), 399.16(c)(1) and (2))

- A. Compliance Period 1 Procurement Requirements: For Compliance Period 1, Gridley shall procure not less than fifty percent (50%) of the eligible renewable energy resource electricity products associated with contracts executed after June 1, 2010 from Content Category 1, and not more than twenty-five percent (25%) from Content Category 3.
- B. Compliance Period 2 Procurement Requirements: For Compliance Period 2, Gridley shall procure not less than sixty-five percent (65%) of the eligible renewable energy resource electricity products associated with contracts executed after June 1, 2010 from Content Category 1, and not more than fifteen percent (15%) from Content Category 3.
- C. For Compliance Period 3, and each compliance period thereafter, [POU] shall procure not less than seventy-five percent (75%) of the eligible renewable energy resource electricity products associated with contracts executed after June 1, 2010 from Content Category 1, and not more than ten percent (10%) from Content Category 3.

7. Long-term Contract Requirement (PUC sections 399.13(b) and 399.30(d)):

Beginning January 1, 2021, with Compliance Period 4, at least sixty-five percent (65%) of Gridley’s renewables portfolio standard procurement for each compliance period shall be from contracts of 10 years or more in duration or ownership or ownership agreements for eligible renewable energy resources.

8. Excess Procurement (PUC Section 399.30(d)(1), and 399.13(a)(4)(B))

Gridley shall be allowed to apply excess procurement (Excess Procurement) from one compliance period to subsequent compliance periods.

- A. For Compliance Periods 1-3, the following conditions must be met:
 - i. Gridley may accumulate, beginning on January 1, 2011, Excess Procurement from one Compliance Period to be applied in any subsequent Compliance Period.
 - ii. In calculating the quantity of Excess Procurement, Gridley shall deduct from actual procurement quantities, the total amount of procurement associated with contracts of less than ten (10) years in duration.
 - iii. Eligible resources must be from Content Category 1 or Content Category 2 or Grandfathered Resources to be Excess Procurement.
 - iv. Resources from Content Category 3 shall not be counted as excess procurement.
- B. Beginning with Compliance Periods 4 and for all subsequent Compliance Periods, the following conditions apply:
 - i. For electricity products from Portfolio Content Category 1, contracts of any duration may count as excess procurement.
 - ii. Electricity products from Portfolio Content Category 2 and 3 shall not be counted as excess procurement.
 - iii. Contracts of any duration for electricity products meeting the Portfolio Content Categories 2 or 3 that are credited towards a compliance period shall not be deducted from Gridley's procurement for purposes of calculating excess procurement, except for electricity products that exceed the maximum limit for Portfolio Content Category 3.
- C. If sixty-five percent (65%) of Gridley procurement for Compliance Period 3, ending December 31, 2020, is from contracts of 10 years or more in duration or from its ownership or ownership agreements for eligible renewable energy resources, Gridley may apply the excess procurement provisions of subsection B of this Paragraph 7 (Excess Procurement) for that Compliance Period.

9. Timely Compliance (PUC Section 399.30(d)(2), § 399.15(b)(5))

- A. Waiver of Timely Compliance: Enforcement of timely compliance shall be waived if Gridley demonstrates that any of the following conditions are beyond Gridley's control, and will prevent timely compliance:
 - 1. *Inadequate Transmission* (§ 399.15(b)(5)(A)): There is inadequate transmission capacity to allow for sufficient electricity to be delivered from Gridley's proposed eligible renewable energy resource projects using the current operational protocols of Gridley's Balancing Authority, the California Independent System Operator (CAISO). In making its findings

relative to the existence of this condition, Gridley's deliberations shall include, but not be limited to the following:

- (i) Whether Gridley has undertaken, in a timely fashion, reasonable measures under its control and consistent with its obligations under local, state, and federal laws and regulations, to develop and construct new transmission lines or upgrades to existing lines intended to transmit electricity generated by eligible renewable energy resources. In determining the reasonableness of Gridley's actions, Gridley shall consider its expectations for full-cost recovery for these transmission lines and upgrades, and
- (ii) Whether Gridley has taken all reasonable operational measures to maximize cost-effective deliveries of electricity from eligible renewable energy resources in advance of transmission availability.

2. *Permitting, interconnection, or other factors that delayed procurement or insufficient supply (399.15(b)(5)(B)).* In making its findings relative to the existence of this condition, Gridley's deliberations shall include, but not be limited to the following:

- (i) Whether Gridley prudently managed portfolio risks, including relying on a sufficient number of viable projects;
- (ii) Whether Gridley sought to develop one of the following: its own eligible renewable energy resources, transmission to interconnect to eligible renewable energy resources, or energy storage used to integrate eligible renewable energy resources.
- (iii) Whether Gridley procured an appropriate minimum margin of procurement above the minimum procurement level necessary to comply with the renewables portfolio standard to compensate for foreseeable delays or insufficient supply;
- (iv) Whether Gridley has taken reasonable measures, under its control to procure cost-effective distributed generation and allowable unbundled renewable energy credits;
- (v) Whether actions or events beyond the control of Gridley have adversely impacted timely deliveries of renewable energy resources including, but not limited to, acts of nature, terrorism, war, labor difficulty, civil disturbance, or market manipulation.

3. Unanticipated curtailment of eligible renewable energy resources if the waiver would not result in an increase in greenhouse gas emissions. (PUC section 399.15(b)(5)(C)).
 4. Unanticipated increase in retail sales due to transportation electrification. In making a finding that this condition prevents timely compliance, the Gridley City Council shall consider both of the following:
 - (i) Whether transportation electrification significantly exceeded forecasts in Gridley’s service territory based on the best and most recently available information filed with the State Air Resources Board, the Energy Commission, or another state agency.
 - (ii) Whether Gridley took reasonable measures to procure sufficient resources to account for unanticipated increases in retail sales due to transportation electrification.
- B. Portfolio Balance Requirement Reduction (Section 3206(a)(4)) (PUC sections 399.16(e), 399.30(c)(3))
1. [Governing body] may determine that a reduction of the portfolio balancing requirement is warranted for any compliance period to the extent that [POU] demonstrates that it cannot comply with the balancing requirement because of conditions beyond [POU’s] control as provided in PUC section 399.15(b)(5) and subsection A of this paragraph 9 (Timely Compliance).
 2. [POU] shall not, under any circumstances, reduce the obligation to procure Content Category 1 resources below 65% for any compliance period obligation after December 31, 2016.
- C. Procedures Upon Approving Waiver: In the event of a Waiver of Timely Compliance due to any of the factors set forth above, Gridley shall implement the following procedures:
1. Establish additional reporting for intervening years to demonstrate that reasonable actions under the Gridley’s control are being taken (PUC Section 399.15(b)(6)).
 2. Require a demonstration that all reasonable actions within Gridley’s control have been taken to ensure compliance in order to grant the waiver (PUC Section 399.15(b)(7)).
- C. Prior Deficits: In no event shall deficits from prior compliance periods be added to future compliance periods (PUC Section 399.15(b)(9)).

10. Greater than 40% large hydro (PUC section 399.30(k))

- A. If, during any Compliance Period, Gridley receives more than 40 percent of its retail sales from large hydroelectric generation under an ownership agreement or contract in effect as of January 1, 2018, Gridley is not required to procure eligible renewable energy resources that exceed the lesser of subpart (i) or (ii) for that year, and Gridley's compliance obligation during that compliance period shall be adjusted such that the total quantities of eligible renewable energy resources to be procured shall reflect such reductions:
 - (i) The portion of Gridley's utility's retail sales unsatisfied by Gridley's large hydroelectric generation.
 - (ii) The soft target adopted by the Energy Commission for the intervening years of the relevant compliance period, or for those years where soft targets are not adopted, a showing of progress as defined in paragraph 4 herein.
- B. An extension or renewal of a procurement agreement shall not be eligible to count towards the determination that the local publicly owned electric utility receives more than 40 percent of its retail sales from large hydroelectric generation in any year, except for any agreement in effect on January 1, 2015, between a local publicly owned electric utility and the Western Area Power Administration or federal government as part of the federal Central Valley Project.
- C. This adjustment does not modify Gridley's compliance obligation to satisfy the Portfolio Balancing Requirements of Paragraph 6 (Portfolio Balancing Requirements).

11. Cost Limitations for Expenditures (PUC Section 399.30(d)(3), § 399.15(c))

- A. Gridley, at its sole discretion, may elect to establish cost limitations for all eligible renewable energy resources used to comply with the renewables portfolio standard that is set at a level that prevents disproportionate rate impacts. In ensuring that customers do not face a disproportionate burden, the Gridley City Council has the authority to implement a cost limitation which may result in a temporary suspension of RPS compliance activities.
- B. Pursuant to the previous paragraph, the Gridley City Council established the following Cost Limitation Provision in November 2016: Gridley will initiate a cost limitation claim during a given RPS compliance period if the average per customer procurement cost of power exceeds \$1,261.83. This is calculated by summing the total power costs associated with deliveries from the Lodi Energy Center and the Gridley solar array in 2013 plus the total cost of generation in 2011, then dividing by the total number of customers.

- C. To the extent the cost limitation claim is invoked, the City Council shall reduce Gridley's RPS procurement obligation for that compliance period by a level deemed to be appropriate by the City Council, accounting for local and regional economic conditions and the ability of Gridley's customers to afford produced or procured energy products. These economic conditions may include but are not limited to unemployment, wages, cost of living expenses, the housing market, and cost burden of other utility rates on the same customers. Gridley may also consider cost disparities between customers classes within Gridley, and between Gridley customers and other POU and IOU customers in the region.
- D. Gridley shall review the need for cost limitations as part of the review process described in paragraph 15 (Program Review).

12. Historic Carryover

- A. Gridley, at its sole discretion, may elect to adopt rules that allow for procurement generated before January 1, 2011 that meets the criteria of Section 3202 (a)(2), that is in excess of the sum of the 2004-2010 annual procurement targets defined in Section 3206(a)(5)(D) and that was not applied to the RPS of another state or to a voluntary claim, to be applied to the POU's RPS procurement target for the compliance period ending December 31, 2013, or for any subsequent compliance period.
- B. Both the historic carryover and the procurement applied to the POU's annual procurement target must be from eligible renewable resources that were RPS-eligible under the rules in place at the time of execution of ownership agreement.
 - a. Historic carryover must be procured pursuant to a contract or ownership agreement executed before June 1, 2010.
- C. Historic carryover will be calculated based on the following:
 - a. A baseline of an amount equal to 2001 procurement divided by 2001 retail sales, multiplied by 2003 total retail sales, plus one percent of 2001 retail sales.
 - b. Annual procurement targets for 2004-2010 that are equal to the lesser of 20 percent of the previous year's retail sales or 1 percent of the previous year's retail sales greater than the annual procurement target for the previous year.
- D. All applicable historic procurement claims for January 1, 2004 – December 31, 2010, baseline calculations, annual procurement target calculations, and any other pertinent data must be submitted to the California Energy Commission by January 1, 2014.

13. Exclusive Control (PUC Section 399.30(k))

In all matters regarding compliance with the RPS Procurement Plan, Gridley shall retain exclusive control and discretion over the following:

- A. The mix of eligible renewable energy resources procured by Gridley and those additional generation resources procured by Gridley for purposes of ensuring resource adequacy and reliability.
- B. The reasonable costs incurred by Gridley for eligible renewable energy resources owned by it.

14. Reporting (PUC Section 399.30(f), 399.30(g) and 399.30(l))

- A. Deliberations on Procurement Plan (§399.30(f)):
 - 1. *Public Notice:* Annually, Gridley shall post notice of meetings if the Council will deliberate in public regarding this RPS Procurement Plan.
 - 2. *Documents and Materials Related to Procurement Status and Plans:* When Gridley provides information to the Council related to its renewable energy resources procurement status and future plans, for the Board’s consideration at a noticed public meeting, Gridley shall make that information available to the public.
- B. Compliance Reporting

Gridley shall submit annual and compliance period reports to the California Energy Commission in accordance with Section 3207 of the POU RPS Enforcement Regulation.

15. Program Review

Gridley’s RPS Procurement Plan shall be reviewed by the Council in accordance with Gridley’s “Renewable Portfolio Standard Enforcement Program.”

16. Plan Modifications/Amendments

This RPS Procurement Plan may be modified or amended by an affirmative vote of the Council during a public meeting. Any Board action to modify or amend the plan must be publicly noticed in accordance with Paragraph 14.

17. Enforcement Program of the RPS Procurement Plan

- A. The City Council shall have a program for the enforcement of the RPS Procurement Plan, which shall include all of the provisions, set forth herein and shall be included in the Gridley RPS Procurement Plan.
- B. Annual review by the City Council of the RPS Procurement Plan for each year from 2011 through 2030 shall ensure that Gridley is making reasonable progress as defined in Paragraph 4 of the RPS Procurement Plan.

- C. Compliance Period review of the RPS Procurement Plan shall include consideration of each of the following elements:
- i. By December 31 of each year following the end of a Compliance Period:
 1. Verify that Gridley has met the procurement targets of renewable energy procurement for each compliance period defined in Section 3 of the RPS Procurement Plan.
 2. If targets are not met, Gridley must:
 - (1) Review the applicability of applying Excess Procurement from previous Compliance Periods consistent with the provisions of the RPS Procurement Plan.
 - (2) Ensure that any Waiver of Timely Compliance was compliant with the provisions in the RPS Procurement Plan.
 - (3) Review the applicability and appropriateness of excusing performance based on the Cost Limitations for Expenditures provisions of the RPS Procurement Plan.
 - (4) Ensure that any Portfolio Balance Requirement Reduction was compliant with the provisions of the RPS Procurement Plan.
- D. If it is determined that Gridley has failed to comply with the provisions of its RPS Procurement Plan, the City Council take steps to correct any untimely compliance, including:
- i. Reviewing Gridley's RPS Procurement Plan to determine what changes, if any, are necessary to ensure compliance in the next Compliance Period.
 - ii. Report quarterly to the City Council regarding the progress being made toward meeting the compliance obligation for the next Compliance Period.
 - iii. Report to the City Council regarding the status of meeting subsequent compliance period targets, and all steps being taken to ensure that the obligation is timely met.

RESOLUTION OF THE GRIDLEY CITY COUNCIL ADOPTING THE REVISED RENEWABLE ENERGY RESOURCE PROCUREMENT PLAN AND ENFORCEMENT PROGRAM

WHEREAS, the Revised City of Gridley Electric Utility Renewable Portfolio Standard Procurement Plan and Enforcement Program (Revised Plan) replaces the prior RPS Procurement Plan and Enforcement Program approved by City Council on December 19, 2011 (Resolution 2011-R-048), and reflects changes as a result of most currently revised regulations; and

WHEREAS, pursuant to Public Utilities Code Section 399.30, each publicly owned utility, including City of Gridley Electric Utility (Gridley), must adopt and implement a renewable energy resources procurement plan (RPS Procurement Plan) and a program for the enforcement of the RPS Procurement Plan (RPS Enforcement Program) that requires the utility to procure minimum quantities of electricity products sourced from eligible renewable resources, expressed as a percentage of total kilowatt-hours sold to the utility's retail end-use customers during each of three compliance periods; and

WHEREAS, the RPS Procurement Plan, among other things: defines compliance periods, includes minimum renewable procurement targets for each compliance period, defines renewable procurement content categories, establishes certain exemptions from timely compliance due to qualifying mitigating circumstances consistent with SB 1X 2, and requires annual review for purposes of assessing compliance; and

WHEREAS, Gridley has the ability to apply historic carryover from renewable energy procured through 2010 and/or review the applicability of applying excess procurement from prior compliance periods. Gridley may review the applicability and appropriateness of excusing performance based on cost limitation provisions included in the Revised Plan; and

WHEREAS, the Revised Plan includes a required long-term procurement provision whereby starting in 2021, Gridley must procure at least 65% of its RPS resources from contracts of 10 or more years in duration. Combined with historic carryover and excess surplus, Gridley anticipates its existing RPS resources will meet RPS requirements through 2031.

WHEREAS, the Gridley City Council recognizes the need to update the Electric Department's Renewable Energy Resources Procurement Plan to reflect changes since adopted.

BE IT RESOLVED that the Gridley City Council hereby adopts the Revised City of Gridley Electric Utility Renewable Energy Resource Procurement Plan and Enforcement Program.

I HEREBY CERTIFY that the foregoing resolution was duly passed and adopted by the City Council of the City of Gridley at a regular meeting thereof, held on the 15th day of November 2021, by the following vote:

AYES: COUNCIL MEMBERS

NOES: COUNCIL MEMBERS

ABSENT: COUNCIL MEMBERS

ABSTAIN: COUNCIL MEMBERS

ATTEST:

APPROVE:

Cliff Wagner, City Clerk

Bruce Johnson, Mayor

City Council Agenda Item #3
Staff Report

Date: November 15, 2021
To: Mayor and City Council
From: Cliff Wagner, City Administrator
Subject: Reinvestment of City Funds

X	Regular
	Special
	Closed
	Emergency

Recommendation

Staff respectfully requests the City Council consider and approve the continued practice of re-investing one (1) million dollars in federally insured CDs as they reach maturity.

Background

The purpose of this report is to ensure city staff continues to receive approval of the historical investment practice and as well as meet the necessary obligation to provide an overview of the City's treasury activities.

The City along with other 2,392 local agencies currently participate in the Local Agency Investment Fund (LAIF), a major portfolio which invests hundreds of millions of dollars, using the investment expertise of the State Treasurer's Office investment staff with no additional cost. At this time the City has approximately \$6.6 million invested at the rate of .20%.

In 2016, it was determined and approved by City Council at that time to allow the Finance Director engage Time Value Investments (TVI) to increase the interest in revenue for the city through investments for an amount not to exceed one (1) million dollars in FDIC insured CDs. At no additional costs to the City except for banking fees, the firm Time Value Investments, Inc. has been historically assisting the City of Gridley with those investments of City funds to increase earnings. TVI has assisted with the set-up of the securities custody account with US Bank and placed the one million into four different CDs to ensure all funds remained fully FDIC insured. The CDs have maturities of 1,2,3 and 4 years. Since that time, the City has been reviewing reinvesting as the CDs mature.

TVI is recommending City consider the approval of the 3-year option, yielding .75% for the current expired CD because the yield is similar and it's shorter and fills an open year of 2024. There is a possibility that if a specific CDs sell out, it would be recommended staff receive approval to proceed and participate in the "the best available CD" in whatever maturity range is desired as they mature. Due to unforeseen circumstances that could arise, Staff is recommending the 2-year option yielding .40 (which is double of LAIF current rate). We hope the rates increase over t

Below are the current CDs in the City's portfolio. The one that recently matured has been highlighted below:

CUSIP	DESCRIPTION	RATE	AMOUNT	MATURITY
254673TH9	DISCOVER BANK	3.000	246,000	9/7/2021
02007GLN1	ALLY BANK	1.800	247,000	9/6/2022
05580AWA8	BMW BK NORTH AMER SALT LAKE	1.450	247,000	3/31/2023
88241TKC3	TEXAS EXCHANGE BANK SSB	0.450	249,000	4/30/2025

AVAILABLE REINVESTMENT RATES:

CUSIP Asset	Mdy/S&P Underlying	Issue Description	Coupon ^	Maturity Next Call
38149MG64 <i>CD Px Hist</i>	FedFIS 2.56	Goldman Sachs Bk Usa <i>Death Put GS Semi-Annual Pay</i>	0.400%	11/03/2023
CUSIP Asset	Mdy/S&P Underlying	Issue Description	Coupon	Maturity ^ Next Call
38149MG72 <i>CD Px Hist</i>	FedFIS 2.56	Goldman Sachs Bk Usa <i>Death Put GS Semi-Annual Pay</i>	0.750%	11/04/2024

Due to the California Local Agency Investment Fund (LAIF) earning at an all-time low rate of .20%, TVI has provided the following options: 18 mo. @ .25%, 2 yr. @ .40% or a 3 yr. @ .75%.

Staff recommends the conservative approach of reinvesting the recently matured CD (highlighted expired) for the 2-year @.40% (double LAIF), into another investment to maintain the portfolio and generate returns above LAIF.

Financial Impact

Financial reporting requirements being met by approval, there are no direct costs associated with approval of the report only reinvestment of current funds historically earmarked for investment activity which results in higher return of city funds.

Attachment: None

City Council Agenda Item #4
Staff Report

Date: November 15, 2021

To: Mayor and City Council

From: Cliff Wagner, Administrator

Subject: Proposal for upgrading City of Gridley HVAC systems for City Hall, Public Works, Electric Department, and Animal Control

X	Regular
	Special
	Closed
	Emergency

Recommendation

City staff respectfully recommends that the City Council approve the proposal to upgrade City of Gridley HVAC systems for City Hall, Public Works, Electric Department, and Animal Control, utilizing the CARB Cap-and-Trade Allocated Allowance funding consistent with the provisions and goals of Assembly Bill (AB) 32 "The Global Warming Solutions Act of 2006."

Background

The City of Gridley operates multiple facilities which function to advance the day-to-day operations of the City. Gridley City Hall houses City Administration, Finance, and Police Department functions. In June 2021, the HVAC units servicing the Police Department and Administration sections became inoperative. These units underwent repair. However, they continued to break down over the summer. It was determined that repairs to the Police Department HVAC units could no longer efficiently or effectively maintain operational status, so the non-operational units were replaced by way of an emergency condition that existed at that time. HVAC units servicing the Administration continued to need repair, but it was determined that their condition, in addition to an uncustomary cool August, did not constitute an emergency condition necessitating immediate replacement.

Because City Department Managers had expressed a need to upgrade HVAC units servicing multiple City buildings, it was determined to assess the City's HVAC units. This assessment identified needed upgrades in City Hall, Public Works, Electric Department, and Animal Control.

City Hall underwent refurbishment in 1997, with some HVAC units upgraded and others subsequently upgraded in 2001. The HVAC units proposed for replacement are over 20 years old, inefficient, and subject to repeat breakdown.

Units proposed for replacement in the Electrical Department service the substation and have been marginally operational on this critical system that operates Gridley's electrical grid controls. Units at Public Works and Animal Control are proposed to be replaced due to age and inefficiency.

Competitive bids were sought from area companies providing HVAC installation services at prevailing wage as required under state law. Five companies were solicited for proposals, and three were received. Duncan's Heating & Air was the lowest bid. This is also the company selected to replace the Police Department's failed HVAC units earlier in the summer on an emergency basis.

Under State law, the California Air Resources Board (CARB) has published regulations to implement AB 32 and SB 32, including the Cap-and-Trade Program Regulations (CA Cap-and-Trade Program).

One of the goals of this program is to promote investments in increased energy efficiency, including City facilities and systems. This purchase can be funded through CA Cap-and-Trade Program funds and thereby shielding the City's General Fund, upgrading essential assets, while also advancing the goals of AB 32.

Therefore, staff recommends the Gridley City Council approve the proposal to upgrade the City of Gridley HVAC systems for City Hall, Public Works, Electric Department and Animal Control as outlined in the bid submitted by Duncan's Heating & Air and award the contract to same.

Fiscal Impact

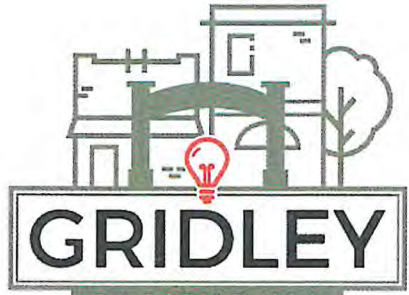
Total costs of \$63,400 from Cap-and-Trade Funding. Auction proceeds are not General Fund dollars and must be applied to specific program purposes in accordance with AB 32.

Compliance with City Council Strategic Plan or Budget Goals

This course of action is consistent with the City of Gridley's commitment to comply with state requirements, exercise best fiscal practices, and ensure that our policy actions are consistent with the goals and objectives of the California Cap-and-Trade Program.

Attachments

1. Bid analysis spreadsheet



**CITY OF GRIDLEY
HVAC & Maintenance Contract**

**Bids
Bidder's List & Project Totals**

November 15, 2021

	Bidding Company / Firm	Bid Price
1	Duncan's Heating and Air	\$63,400.00
2	De Air Company Inc.	\$72,866.00
3	R.B. Spencer	\$78,359.00
4		
5		
6		
7		

Opened By:

Cliff Wagner

Jodi Molinari