

# **Gridley City Council – Regular City Council Meeting Agenda**

Monday, December 5<sup>th</sup>, 2016; 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.”*

1. **CALL TO ORDER** - Mayor Hall
2. **ROLL CALL** – Recording Secretary
3. **PLEDGE OF ALLEGIANCE** – Vice Mayor Johnson
4. **INVOCATION** - TBA
5. **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.*
6. **CONSENT AGENDA** - *All items listed under the Consent Agenda are considered routine and acted upon by one motion. Any Council member may request that an item be removed for separate consideration. The City Council may only make minor comments; otherwise the item should be removed from the Consent Agenda and placed as the first item(s) under “Items for Council Consideration”.*
  - A. Council minutes dated November 21, 2016
  - B. Second Reading and Adoption of Ordinance No. 822-2016: An Ordinance of the City Council of the City of Gridley amending various chapters of Title 17, Zoning. (Citywide)
  - C. City Services Update
  - D. Appointment to the Butte County Abandoned Vehicle Abatement Board
7. **OTHER ITEMS FOR COUNCIL CONSIDERATION**
  - A. FY 15-16 Preliminary Audit Results – Preliminary Concerns
  - B. Introduction and first reading of Ordinance No. 823-2016: An Ordinance Amending Various Chapters of Title 17 of the Gridley Municipal Code
  - C. Update to Gridley Resolution 2011-R-048, RPS Enforcement Program
8. **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.*

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

1. First Reading of 2 <sup>nd</sup> Half of Title 17 Amendments	12/19/16
2. Second Reading of 1 <sup>st</sup> Half of Title 17 Amendments	12/19/16
3. Adopt Portion of Title 16	12/19/16
4. Adopt Portion of Revised Development Standards	12/19/16
5. Seating of New City Councilmembers	12/19/16
6. Council Selection of Mayor and Vice Mayor	12/19/16
7. Council Committee Appointments	01/16/17
8. Annual Audit	01/16/17
9. Cost Allocation/Fee Study Results	01/16/17
10. Swimming Pool Discussion update	01/16/17
11. Study Session – Building Code Resp, City vs. State	02/21/17

10. **CLOSED SESSION**

**ADJOURNMENT** – adjourning to the next regularly scheduled meeting on December 19<sup>th</sup>, 2016

**NOTE 1: POSTING OF AGENDA-** This agenda was posted on the public bulletin board at City Hall at or before 4:00 p.m., December 2<sup>nd</sup>, 2016, in accordance with Government Code Section 54954.2. This agenda along with all attachments is available for public viewing online at [www.gridley.ca.us](http://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 – DRAFT City Council Meeting Minutes**

Monday, November 21<sup>st</sup>, 2016; 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.”*

## 1. **CALL TO ORDER**

**Mayor Hall called the meeting to order at 6:00 p.m.**

## 2. **ROLL CALL**

### **Councilmembers**

Present: Draper, Stiles, Borges, Johnson, Hall  
Absent: None  
Arriving post roll call: None

### **Staff present:**

Paul Eckert, City Administrator  
Tony Galyean, City Attorney  
Chris Haile, Fire Chief  
Daryl Dye, Electric Superintendent  
Dean Price, Chief of Police  
Donna Decker, Planning Consultant

## 3. **PLEDGE OF ALLEGIANCE**

**Councilmember Borges led the Pledge of Allegiance**

## 4. **INVOCATION**

**Reverend Dan Boeger of St. Timothy’s Episcopal Church provided the invocation.**

## 5. **COMMUNITY PARTICIPATION FORUM**

**There was no community participation.**

## 6. **CONSENT AGENDA**

- A. Council minutes dated November 7, 2016
- B. Second Reading and Adoption of Ordinance No. 820-2016: An Ordinance of the City Council of the City of Gridley amending Title 17, Chapter 17.40, “Accessory Buildings”, of the Municipal Code related to the location and type of accessory buildings. (Citywide)
- C. City Services Update

**Motion to approve the consent agenda by Vice Mayor Johnson, seconded by Councilmember Stiles**

**ROLL CALL VOTE**

**Ayes: Stiles, Hall, Draper, Borges, Johnson**

**Motion passed, 5-0**

**7. OTHER ITEMS FOR COUNCIL CONSIDERATION**

- A. Introduction and first reading of Ordinance No. 822-2016: An Ordinance of the City Council of the City of Gridley amending various chapters of Title 17, Zoning. (Citywide)

**Donna Decker reviewed the staff report and highlighted the changes being made to the code. The amendments will implement the 2030 General Plan.**

**With very little comment being made, motion to approve first reading of Ordinance No. 822-2016 made by Councilmember Stiles, seconded by Councilmember Draper**

**ROLL CALL VOTE**

**Ayes: Borges, Stiles, Hall, Johnson, Draper**

**Motion passed, 5-1**

- B. Approval of Resolution No. 2016-R-034: A Resolution of the City Council of the City of Gridley adopting the Infill Design Guidelines

**Mayor Hall announced that the resolution number was changing from 2016-R-034 to 2016-R-036.**

**Donna Decker gave an overview of the Guidelines. She defined what infill is and explained how the Infill Design Guidelines relate to the General Plan.**

**With no questions from Council, motion by Vice Mayor Johnson to approve Resolution No. 2016-R-036, seconded by Councilmember Draper.**

**ROLL CALL VOTE**

**Ayes: Hall, Draper, Stiles, Johnson, Borges**

**Motion passed, 5-0**

- C. Approval of Resolution No. 2016-R-035: A Resolution of the City Council of the City of Gridley adopting the Climate Action Plan/Greenhouse Gas Reduction Plan

**Donna Decker addressed Council briefly. The Climate Action Plan discusses ways the City can reduce its greenhouse gas emissions. The Plan also implements the 2030 General Plan "Safety" element.**

**There were no comments or questions from Council.**

**Motion to approve Resolution No. 2016-R-035 by Councilmember Stiles, seconded by Councilmember Draper**

**ROLL CALL VOTE**

**Ayes: Stiles, Draper, Borges, Hall, Johnson**

**Motion passed, 5-1**

**8. CITY STAFF AND COUNCIL COMMITTEE REPORTS**

**There were no committee reports.**

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

1. Adopt Climate Action Plan / GHG Reduction Plan	12/05/16
2. Adopt Infill Design Guidelines	12/05/16
3. First Reading of 1 <sup>st</sup> Half of Title 17 Amendments	12/05/16
4. Review Development Revised Street Standards	12/05/16
5. Electric Utility Compliance Update	12/05/16
6. Appoint City Administrator to AVA Board	12/05/16
7. First Reading of 2 <sup>nd</sup> Half of Title 17 Amendments	12/19/16
8. Second Reading of 1 <sup>st</sup> Half of Title 17 Amendments	12/19/16
9. Adopt Portion of Title 16	12/19/16
10. Adopt Portion of Revised Development Standards	12/19/16
11. Seating of New City Councilmembers	12/19/16
12. Council Selection of Mayor and Vice Mayor	12/19/16
13. Annual Audit	01/16/17
14. Study Session – Building Code Resp, City vs. State	01/16/17
15. Cost Allocation/Fee Study Results	01/16/17
16. Swimming Pool Discussion update	01/16/17

**10. CLOSED SESSION**

**No closed session.**

**ADJOURNMENT**

**With no further items for discussion, Council adjourned to the next regularly scheduled meeting on December 5, 2016**

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**Paul Eckert, City Clerk**

**City Council Agenda Item #6B**  
**Staff Report**

**Date:** December 5, 2016

**To:** Mayor and City Council

**From:** Donna Decker, Planning

**Subject:** Second reading and adoption of Ordinance 822-2016: An ordinance amending various chapters of Title 17 of the Gridley Municipal Code.

<b>X</b>	Regular
	Special
	Closed
	Emergency

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**Recommendation**

City staff respectfully recommends the Planning Commission:

1. Determine the project is Categorically Exempt per the California Environmental Quality Act, Section 15061(b)(3), Review for Exemption, General Rule; and,
2. Recommend the City Council adopt Ordinance 822-2016 and by reading of title only.

**Summary**

On November 21, 2015, the City Council, after having been provided a recommendation by the Planning Commission to adopt the proposed amendments on its November 15, 2016 meeting date, approved the text amendments with a first reading of the ordinance, by title only.

The amendments will go into effect 30 days after the second reading of the ordinance. Adopting this ordinance amending portions of Title 17 will implement the 2030 General Plan.

**Discussion**

The proposed amendments implement the 2030 General Plan plus ensure consistency within the Title itself. The following amendments to the Zoning Ordinance are summarized as follows:

- **Title 17 Zoning Index Page**
  - The index to the zoning code is revised to group zoning topics together and to add new zoning designations to the code
- **I. General Information**
  - The purpose of the Zoning Ordinance is described within this section as an introduction to the code.
- **Chapter 17.00 Administration and Enforcement**
  - Chapters 17.62, "Administration" and Chapter 17.64 "Enforcement" have been moved to the beginning of the code and retitled 17.00
  - 17.00.020 Duties of City Council has been amended to "Act on appeals of decisions by the planning commission" and deleting two entitlements which do not encompass all decisions
  - Added "D" Act on appeals or decisions by staff.
    - The City's code allows all decisions from a staff level and/or management

level to be appealed to the Planning Commission.

- **Chapter 17.02 General Provisions**
  - 17.02.020 (C)-this amendment clarifies the implementation of the code;
  - 17.02.030- this amendment removes entitlement provisions as it is a duplicate in the code and is unnecessary at this location.
  - 17.02.070(A)(B)- this amendment replaces planning director with City Administrator/designee consistent with other code amendments that have been adopted for the reasons: a) There is a mixture of the title Planning Director and Community Development Director within the code creating inconsistency, and, b) It is unclear which title is appropriate and in the future, the City Administrator/City Council will determine the functional organization of the city staff. The amendments in 17.02.070(B) are minor typographical revisions.
- **Chapter 17.03 Nonconformities**
  - Change Chapter numbering due to reorganization
  - Miscellaneous grammatical revisions, capitalization, etc.
  - Revision of Chapter references
- **Chapter 17.04 Definitions**
  - Revise minor spelling errors
    - 17.04.032
    - 17.04.034
    - 17.04.036
    - 17.04.042
    - 17.04.062
    - 17.04.143
- **Chapter 17.05 Planning Entitlement Processes**
  - This chapter provides instruction for the application for a permit
- **Chapter 17.06 Amendments or Rezoning**
  - Change Chapter numbering and references
  - Clarification of application process for this entitlement
  - Clarification of Action by the Planning Commission
  - Clarification of Action by the City Council
  - Miscellaneous grammatical revisions, capitalization, etc.
- **Chapter 17.09 RE Residential Estates District**
  - This amendment formally deletes this zoning district. It is unused, there are no lands so designated on the zoning map and it is not listed in Chapter 17.06 Zoning Map and Districts. Therefore it is recommended to be deleted.
- **II Zoning Map and Districts**
  - Restructure organization
  - Added the following zoning designations:
    - Urban Reserve
    - R-4 HDR, High Density Residential
    - M-3, Agriculture Industrial
    - Downtown Mixed Use
    - Neighborhood Mixed Use
  - Amended zoning map adoption from 1984 to 2016 due to zoning changes that have taken place

- Clarification of appeal process related to zoning interpretation
- Miscellaneous grammatical revisions, capitalization, etc.
- **Chapter 17.12 AR-5 Agricultural Residential District**
  - Change Chapter numbering due to reorganization
  - Miscellaneous grammatical revisions, capitalization, etc.
  - Revision of Chapter references
  - Amended the permitted uses to include small commercial agriculture uses
  - Removed “mobile” home and provided types of structures that can be used
  - Revised accessory uses
  - Revised conditional uses
  - Revised maximum building height to conform to the General Plan. In this case a restriction has been added for a residential structure to thirty feet
  - Revised lot coverage from sixty percent to forty percent. The size of parcel is 5 acres therefore if 40 percent of the site were covered with paving and structures that would equal 87,120 square feet, or 2 acres if a 5 acre site covered.
- **Chapter 17.33 Conditional Overlay Zone**
  - This zoning designation was applied to two properties; 125 Spruce Street and 1820 Highway 99. This was effected by Ordinances 660-1997 and 683-1998, respectively. The ordinances rezoned the properties from C-1 to C-2 and from C-2 to M-1, respectively. The notation of the use of the Conditional Overlay zone is inappropriately used in that no special conditions exist. The ordinances note that they may not be in compliance and other uses would have to be reviewed and approved by Planning or other.
  - Any request to develop the parcels would continue to be required to meet the existing districts or request an entitlement if it is not allowed “by right” which means per the existing zoning the properties have.
  - The district does not really provide for conditional uses; therefore it is recommended it be deleted from the code.

### **Public Notice**

A notice was posted at City Hall, made available at the Administration public counter, and placed on the City website for review. At the time this report was prepared no comments had been received.

### **Environmental Review**

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.

### **Attachments:**

1. Ordinance 822-2016
2. Amended Chapters of Title 17

**ORDINANCE AMENDING VARIOUS CHAPTERS IN  
TITLE 17, ZONING, OF THE GRIDLEY MUNICIPAL CODE (Citywide)**

**WHEREAS,** the City of Gridley received a California Sustainable Communities Planning Grant from the State of California, Department of Conservation/Division of Land Resource Protection to help the City bring its Municipal Code into compliance with the 2030 General Plan; and,

**WHEREAS,** the 2030 General Plan emphasizes opportunity to support the communities vision for a safe, clean, healthy and well-maintained community; and,

**WHEREAS,** Title 17, Zoning, was found to need text amendments reflecting the 2030 General Plan; and,

**WHEREAS,** the Planning Commission reviewed the amendments on November 15, 2016 and forwarded a recommendation to the City Council to adopt the amendments to Title 17; and,

**WHEREAS,** the City Council considered the proposed amendments and unanimously approved to adopt the amendments to Title 17 on November 21, by reading of title only; and,

**WHEREAS,** the City Council of the City of Gridley ordains as follows:

**SECTION 1:** Rescind existing page one of Title 17 and replace with the following to provide the code restructuring:

**TITLE 17  
ZONING**

**I. General Information**

**Chapter 17.00 Administration and Enforcement**

- Chapter 17.02 General Provisions
- Chapter 17.03 Nonconformities
- Chapter 17.04 Definitions
- Chapter 17.05 Planning Entitlement Processes
- Chapter 17.06 Amendments or Rezoning
- Chapter 17.07 Site Development Plan (SDP)
- Chapter 17.08 Conditional Use Permits
- Chapter 17.09 Variances

**II. Zoning Map and Districts**

**Chapter 17.10 Agriculture District**

- Chapter 17.12 AR-5 Agricultural Residential District
- Chapter 17.14 O-S Open Space District
- Chapter 17.16 UR Urban Reserve

**Chapter 17.20 Residential District**

- Chapter 17.21 R-S Residential Suburban District
- Chapter 17.22 R-1 Single-Family Residential District
- Chapter 17.25 R-2 MDR, Medium Density Residential District
- Chapter 17.26 R-3 MFR, Multiple-Family Residential District
- Chapter 17.27 R-4 HDR, High Density Residential District
- Chapter 17.28 Residential Density Bonus

**Chapter 17.30 Commercial District**

- Chapter 17.32 C-1 Restricted Commercial
- Chapter 17.34 C-2 General Commercial
- Chapter 17.36 Commercial Land Use by Zoning District

**Chapter 17.40 Industrial, Manufacturing, Research and Development**

- Chapter 17.42 M-1 Limited Industrial
- Chapter 17.44 M-2 Heavy Industrial
- Chapter 17.46 M-3 Agriculture Industrial

**Chapter 17.50 Combining District**

- Chapter 17.52 MUCZ Mixed Use Combining
- Chapter 17.53 DMU Downtown Mixed Use
- Chapter 17.54 NMU Neighborhood Mixed Use
- Chapter 17.55 PD Planned Development District
- Chapter 17.56 AO Agricultural Overlay District
- Chapter 17.58 SP Special Parking Combining Zones

**Chapter 17.60 Public Use District**

- Chapter 17.62 PQP Public and Quasi-Public District

**Chapter 17.70 Development Standards**

- Chapter 17.72 General Use Regulations
- Chapter 17.74 Performance Standards
- Chapter 17.76 Off-Street Parking
- Chapter 17.78 Yards

**Chapter 17.80 Miscellaneous and Special Situations**

- Chapter 17.81 Accessory Buildings
- Chapter 17.82 Second Dwelling Units
- Chapter 17.83 Temporary Occupancy of Mobile Homes and Recreational Vehicles
- Chapter 17.84 Home Occupations
- Chapter 17.85 At-Home Commercial Services in Residential Zones
- Chapter 17.86 Satellite Antennas and Equipment
- Chapter 17.87 Recycling Facilities
- Chapter 17.88 Prohibiting Medical Marijuana Dispensary
- Chapter 17.89 Special Situations

**SECTION 2:** Add "I. General Information" to the code as follows:

**I. GENERAL INFORMATION**

The purpose of Title 17 of the Gridley Municipal Code is to implement the City's General Plan through the adoption and administration of zoning laws, ordinances, rules, and regulations, this title:

1. Divides the city into zones of such shape, size, and number best suited to carry out these regulations, and to provide for their enforcement;
2. Regulates the use of land, buildings, or other structures for residences, commerce, industry, and other uses required by the community;
3. Regulates the physical characteristics of buildings, structures, and site development, including the location, height, and size of buildings and structures; yards, courts, and other open spaces; lot coverage; land use intensity through regulation of residential density and floor area ratios; and architectural and site design;
4. Ensures the provision of adequate open space for recreational, aesthetic, and environmental amenities; and,
5. Establishes requirements for off-street parking.

**SECTION 3:** Rescind portions of Ordinance 491(part) 1986 and Ordinance 791-2010(part) 2010 related to the Title 17, Chapters 17.62 and 17.64 by revising the enumeration of the chapter and various text changes and replace it with the following:

**Chapter 17.00 ADMINISTRATION AND ENFORCEMENT**

- 17.00.010 Administrative standards.
- 17.00.020 Duties of City Council.
- 17.00.030 Duties of Planning Commission.
- 17.00.040 Zoning administrator.
- 17.00.050 Certificate of zoning compliance.
- 17.00.060 Certificate of occupancy.
- 17.00.070 Enforcement, investigations, penalties, and violations.
- 17.00.080 Nuisance designated abatement.

**17.00.010 Administrative standards.**

Whenever, in the course of administration and enforcement of this title, it is necessary or desirable to make any administrative decision, then, unless other standards are provided in this title, the decision shall be made so that the result will not be contrary to the spirit and purpose of this title or injurious to the surrounding neighborhood.

**17.00.020 Duties of City Council.**

The City Council shall:

- A. Render decisions on amendments to this chapter upon receipt of the recommendation of the Planning Commission;
- B. Act on appeals of decisions by the Planning Commission.

**17.00.030 Duties of Planning Commission.**

A. The City Planning Commission shall:

1. Interpret and administer the provisions of this title in such a way as to carry out the intent and purpose of the general plan as interpreted on the zoning map for the City;

2. Act on minor exceptions to and/or variances from the provisions of this title regarding the development of land and construction, enlarging, or alteration of any building or structure and to grant and revoke conditional use permits.

B. It is the purpose of this section to observe that activities and affairs of the people and the government of the City shall not be restricted by law in any manner such that the effect of the law would not serve the intent of this title. It is, therefore, provided in this title that certain forms of relief from the regulations of this title may be applied by the Planning Commission.

C. The Planning Commission shall, on the basis of all relevant information and under the standards of this title, make a finding in any matter of zoning relief. The Planning Commission may make any rules of procedure, consistent with law which may be necessary or convenient for carrying out its functions.

D. Act on appeals of the decision of the City Administrator or designee.

**17.00.040 Zoning administrator.**

The office of zoning administrator is established. The zoning administrator shall administer the provisions of this title and shall have all administrative powers connected herewith which are not specifically assigned to some other officer or body. He shall have no power to vary or waive the requirements of this title.

**17.00.050 Certificate of zoning compliance.**

Hereafter, no land use shall be commenced or changed and no structure shall be erected or enlarged until such use or enlarging has been reviewed for zoning compliance by the zoning administrator. The zoning administrator shall sign all building plans certifying zoning compliance for each building permit issued by the City. No certification of zoning compliance shall be issued where it appears that a proposed use or improvement is not a principal permitted use or accessory or is not in compliance with the letter of intent of the regulations of this title, unless some form of zoning relief has been obtained as provided by Chapters , 17.08 and 17. 09. No building permit may be issued by the City without a certification of zoning compliance. Any certification of zoning compliance based on any materially false statement in application or supporting documents is absolutely void ab initio and shall be revoked. No certification of zoning compliance shall remain valid if the use or structure it authorized became nonconforming in the district in which it is located.

**17.00.060 Certificate of occupancy.**

Upon completion of any authorized use, building, structure or improvement, the zoning administrator shall affix to the pending building permit a seal certifying that such use, building, structure, or improvement complies with the applicable ordinances of the City and is suitable for occupancy. A temporary certificate of occupancy may be issued under circumstances where expressly permitted in Section 17.54.020.

**17.00.070 Enforcement, investigations, penalties and violations.**

A. Investigations, penalties, abatement and enforcement of the provisions of this title shall be conducted or applied as specified and regulated in this code.

B. All departments, officials, and public employees of the City vested with the duty and authority to issue permits or licenses shall conform to the provisions of this chapter, and shall issue no permit or license for uses, buildings, or purposes in conflict with the provisions of this chapter. Any such permit or license issued in conflict with the provisions of this chapter shall be null and void.

C. The administration of this chapter 17.00.070 and 17.00.080 shall be the responsibility of the City Administrator/designee.

**17.00.080 Nuisance--designated--abatement.**

Any building or structure set up, erected, constructed, altered, enlarged, converted, moved or maintained contrary to the provisions of this title and any use of any land, building or premises established, conducted, operated or maintained contrary to the provisions of this title shall be and is declared to be unlawful and a public nuisance.

**SECTION 4:** Rescind portions of Ordinance 458 §1(part), 1984 and Ordinance 529, 1988 related to the Title 17, 17.02, "General Provisions" and replace it with the following:

**Chapter 17.02 GENERAL PROVISIONS**

- 17.02.010 Title.
- 17.02.020 Purpose.
- 17.02.030 Applicability.
- 17.02.040 Relationship to other laws.
- 17.02.050 Relationship to private restrictions.
- 17.02.060 Minimum requirements.
- 17.02.070 Appeal of discretionary interpretation.

**17.02.010 Title.**

The ordinance codified in this Title shall be known and may be cited as the zoning ordinance of the City of Gridley.

**17.02.020 Purpose.**

This Title is adopted:

- A. To provide reasonable protective regulations designed to promote and protect the public health, safety, peace, morals, comfort, convenience and general welfare; and,
- B. To protect the established character and the social and economic stability of existing residential, commercial, industrial and other types of improved areas: and
- C. To assist and guide development consistent with the General Plan and the objectives and standards set forth therein.

**17.02.030 Applicability.**

No structure and/or uses shall be constructed, erected, placed or maintained and no land use commenced or continued within the City except as specifically, or by necessary implication, authorized by this Title.

**17.02.040 Relationship to other laws.**

Whenever regulations or restrictions imposed by this Title are either more or less restrictive than regulations or restrictions imposed by any governmental authority through legislation, rule or regulation, the regulations, rules or restrictions which are more restrictive or which impose higher standards or requirements shall govern.

**17.02.050 Relationship to private restrictions.**

It is not intended that this Title shall interfere with or abrogate or annul any easement, covenant or other agreement now in effect: provided, however, that where this Title imposes greater restrictions than are imposed or required by a private restriction, provisions of this Title shall apply.

**17.02.060 Minimum requirements.**

In interpreting and applying the provisions of this Title, unless otherwise stated, they shall be held to be the minimum requirements for the promotion and protection of the public safety, health and general welfare.

**17.02.070 Appeal of discretionary interpretation.**

A. Whenever this Title vests discretionary-authority in the City Administrator or designee, a committee, or staff person to interpret any of the provisions of this Title, any applicant or other person affected by the interpretation thereof may appeal said discretionary decision directly to the planning commission provided that written notice of appeal is filed with the planning director not later than ten (10) days following the discretionary decision or other action taken.

Whenever this Title vests discretionary authority in the planning commission to interpret any provisions of this Title, any applicant or other person affected by the interpretation thereof may appeal said discretionary decision directly to the City council provided that written notice of appeal is filed with the City clerk not later than ten days following the discretionary decision or other action taken by the planning commission.

**SECTION 5:** Rescind portions of Ordinance 571 §2(part), 1991 and Ordinance 813-2015 related to the Title 17, 17.52, “Nonconformities” by revising the enumeration of the chapter and various text changes and replace it with the following:

**Chapter 17.03 NONCONFORMITIES**

- 17.03.010 Purpose.
- 17.03.020 Definition.
- 17.03.030 Unlawful buildings, structures and uses distinguished.
- 17.03.040 Types of nonconformities.
- 17.03.050 Construction approved prior to regulation.
- 17.03.060 Continuance of nonconformities.
- 17.03.070 Enlargement of nonconformities.
- 17. 03.080 Change from nonconforming use to another nonconforming use.
- 17.03.090 Repairs and alterations.
- 17.03.100 Change to nonconforming use.
- 17.03.110 Termination by discontinuance of use.
- 17.03.120 Termination by destruction.
- 17.03.130 Nonconforming uses--nuisance.

**17.03.010 Purpose.**

Existing uses, buildings and structures which do not conform to the regulations of the zoning district where located shall be subject to the regulations in this chapter, in addition to general regulations contained in other chapters of this Title, in order to permit the continued operation of such uses, buildings and structures, while providing for their eventual elimination. This chapter is intended to be administered in such a manner as to encourage the abatement of a nonconforming use or building, and the conformance of nonconforming lots.

**17.03.020 Definition.**

A nonconformity is a building, structure, use or lot which, when erected, established, developed or created complied with all the applicable provisions of this Title or prior planning and zoning regulations, but which presently fails to conform to one or more of the provisions of this Title. Nonconformity shall include a building, structure, lot or use legally existing and located in the unincorporated territory which, upon annexation to the City, does not comply with the provisions of this Title. Refer to definitions in Sections 17.04.152 and 17.04.154.

**17.03.030 Unlawful buildings, structures and uses distinguished.**

Buildings, structures and uses which did not conform to the applicable provisions of this Title or prior planning and zoning regulations when established are violations of this Title and subject to the provisions of Chapter 17.00.070. No right to continue occupancy of property containing such a building, structure, or use is granted by this chapter, is allowed unless, such activity, use, or site development is lawfully permitted to continue and all permits and entitlements required by this Title are obtained.

**17.03.040 Types of nonconformities.**

Nonconformities include, but are not limited to, the following:

- A. Nonconforming buildings or structures.
- B. Nonconforming use or activity within a nonconforming building or structure.
- C. Nonconforming use or activity within a conforming building or structure.
- D. Nonconforming use or activity upon land containing no buildings or only structures incidental to the use of the land.
- E. Nonconformance with development standards as defined in Section 17.04.051.
- F. Uses which require a use permit which were not established in accordance with Chapter 17. 08.

**17.03.050 Construction approved prior to regulation.**

A. A building, structure or part thereof which does not conform to the regulations for the zone in which it is situated, but for which a building permit, use permit, or variance was issued and exercised prior to the applicability of such regulations to the property, may be completed, provided that work is pursued continuously and without delay. Such building structure or part thereof shall be deemed to be a nonconformity and shall thereafter be subject to the restrictions set forth in this chapter.

B. A right granted by a variance or use permit requiring a building permit shall be deemed exercised when the permit has been secured, continuous onsite construction activity such as the pouring of a foundation, installation of utilities or other similar substantial improvements have commenced, and the construction is being diligently pursued to completion. Grading of a site shall not constitute construction activity. For purposes of this section, a right "requiring a building permit" shall mean a right by which specific construction activity requiring a building permit is authorized, which construction activity could not be legally performed in the absence of the variance or conditional use permit granting the right.

C. A right not requiring a building permit shall be deemed exercised when the activity permitted has commenced to the extent authorized by the variance or conditional use permit.

**17.03.060 Continuance of nonconformities.**

Nonconformities may be continued subject to the provisions of this chapter.

**17.03.070 Enlargement of nonconformities.**

Except as permitted in Section 17.03.110, a nonconformity shall not be enlarged, expanded, or intensified:

- A. To occupy a greater area, either on the same or on any adjoining parcel of land.
- B. To other parts of a building when the nonconformity occupies a part of such building.
- C. To displace a conforming use.
- D. By use of non-adjoining land for parking, storage or other accessory or incidental uses.
- E. By any other change in the nonconformity which has a significant impact upon the use and enjoyment of any other property in the area.

**17.03.080 Change from nonconforming use to another nonconforming use.**

A Planning Commission conditional use permit is required to change from one nonconforming use to another nonconforming use. A conditional use permit must be granted prior to the change in nonconforming use or shall be subject to the provisions of Chapter 17. 00.070.

**17.03.090 Repairs and alterations.**

- A. Structural alterations shall be permitted in nonconforming buildings or structures with the granting of a conditional use permit. Only such repairs as are a part of normal, necessary maintenance shall be permitted in nonconforming buildings or structures without an entitlement.
- B. Such repairs shall not exceed fifteen percent (15%) of the replacement value of the building or structure in any one (1) year.
- C. Structural alterations shall not be permitted in buildings or structures in which a nonconforming use exists.
- D. Notwithstanding subsections A, B, and C of this section, all repairs or alterations otherwise required by law shall be permitted.

**17.03.100 Change to nonconforming use.**

- A. Notwithstanding any other provision of this chapter, the Planning Commission may issue a use permit to authorize an addition, enlargement or relocation of a nonconforming building, structure, or use, or to authorize a change of a nonconforming use to a similar or less intensive nonconforming use, upon a determination that the benefit to the public health, safety or welfare exceeds any detriment inherent in such change.
- B. The procedural and substantive requirements for any hearing to consider changes to a nonconformity as provided in this section shall be the same as those for a use permit provided in Chapter 17. 08. Both the standards in this section and the standards in Chapter 17. 08 must be satisfied before an application for a change to a nonconformity may be approved.

**17.03.110 Termination by discontinuance of use.**

A. The discontinuance of a legal, nonconforming use for a continuous period of one (1) year shall terminate all rights in such conformity.

B. The discontinuance of a legal nonconforming use on a parcel of land containing no buildings and containing only structures incidental to the use of such land for a continuous period of three (3) months shall terminate all rights in such nonconformity.

C. The non-renewal of a business license establishes a presumption that the activity for which it was granted has been discontinued.

D. The abandonment of any nonconformity shall terminate all rights herein.

**17.03.120 Termination by destruction.**

If a nonconforming building or structure, or a conforming building or structure used for a nonconforming use, is damaged, destroyed, or demolished, the right to continue occupancy of the nonconforming building or structure, or to continue the nonconforming use shall cease; provided, however, that such building or structure may be repaired or rebuilt and reoccupied as follows:

A. If the cost of repairing or replacing the damaged portion of the building or structure does not exceed seventy-five percent (75%) of the total replacement value of the building or structure prior to damage or destruction, the building or structure may be restored and the use continued if such restoration is started within one (1) year of the date of damage or destruction and is diligently pursued to completion.

B. If the cost of repairing or replacing the damaged portion of the building exceeds seventy-five percent (75%) of the total replacement value of the building or structure prior to damage or destruction, a use permit shall be required to authorize the restoration of such building or structure and continue the use, upon a determination that the benefit to the public health, safety or welfare exceeds any detriment inherent in the restoration. The procedural and substantive requirements for any hearing to consider restoration of a nonconforming building or structure as provided in this section shall be the same as those for a use permit provided in Chapter 17.08. The standards in Chapters 17.03 and Chapter 17.08 must be satisfied before an application allowing restoration of nonconformity may be approved.

**17.03.130 Nonconforming uses--nuisance.**

In the event that a legal nonconforming use or building is found to constitute a public nuisance, nothing in this chapter shall be construed to permit the retention of such nonconforming use or building. The City Attorney may, with the consent of the City Council, commence an action or proceeding for the abatement and removal of such nonconforming use or building.

**SECTION 6:** Rescind portions of Ordinance 458 §1(part), 1984 and Ordinance 671, 1997 related to the Title 17, 17.04, "Definitions" amending Sections 17.04.032, 17.04.034, 17.04.036, 17.04.042, 17.04.062, and 17.04.143 and replace it with the following:

**17.04.032 Building, main.**

"Main building" means a building in which is conducted the principal use of the lot upon which it is situated.

**17.04.034 Structures, accessory.**

"Accessory structure" means a subordinate building the use of which is incidental and accessory to-a principal use on the same lot.

**17.04.036 Building, complex.**

"Building complex" means any group of two or more detached buildings under one ownership on the same or adjoining lots.

**17.04.042 Combining district.**

"Combining district" means a district within which certain regulations and requirements may apply in addition to, or in lieu of, regulations and requirements of another zoning district to which the combining district has been attached.

**17.04.062 Dwellings, multiple-family.**

"Multiple-family dwelling" means a dwelling designed or used for residential occupancy by more than two families, with or without common or separate kitchen or dining facilities, including apartment houses, dormitories, rooming houses, boarding houses, row houses, townhouses and similar housing types, but not including hotels, motels, hospitals, or institutional residences.

**17.04.143 Manufactured home.**

"Manufactured home" means prefabricated, kit, or modular or other manufactured homes certified under the National Manufactured Housing Construction and Safety Standards Act of 1974 (42 U.S.C. Secs. 5401 et seq). Manufactured home does not include a recreational vehicle or commercial coach.

**SECTION 7:** Add Chapter 17.05 "Planning Entitlement Process" with the following:

**Chapter 17.05 PLANNING ENTITLEMENT PROCESS**

17.05.010 Intent.

17.05.020 Responsibility of applicant.

17.05.030 Applicability.

**17.05.010 Intent.**

The intent of this chapter is to identify the types of entitlements that are applied for in order to continue a use, develop property, develop property not in conformance with the development standards, or request confirmation of, deferment of, variance or conditional use, or any other review process prior to such development commencing.

**17.05.020 Responsibility of an applicant.**

The owner of real property, or the authorized agent of the owner, may submit an application for a permit, discretionary review, or legislative change request under this title relating to development on property. The application shall be in writing and shall be filed with the City.

- A. The application shall be accompanied by an application fee as established by City Council under "Master Fee Schedule" and by the plans, specifications, and other information required.
- B. The applicant shall attest by signature on the application that the information stated in the application is true to the best of the applicant's knowledge and belief.

**17.05.030 Applicability.**

No structure and/or uses shall be constructed, erected, placed or maintained and no land use commenced or continued within the City except as specifically, or by necessary implication, without the appropriate review by the City to allow such structures/uses.

**SECTION 8:** Rescind portions of Ordinance 491 (part), 1986 and Ordinance 695, 2000 related to the Title 17, 17.58, "Amendments or Rezoning" by revising the enumeration of the chapter and various text changes and replace it with the following:

**Chapter 17.06 AMENDMENTS OR REZONING**

- 17.06.010 Generally.
- 17.06.020 Initiation.
- 17.06.030 Public hearings.
- 17.06.040 Action by Planning Commission.
- 17.06.050 Action by City Council.

**17.06.010 Generally.**

This title may be amended by changing the boundaries of districts or by changing any other provisions thereof whenever the public health, safety and general welfare warrants such action.

**17.06.020 Initiation.**

- A. An application for a zoning amendment to property shall be accompanied by a fee established by resolution of the City Council and may be initiated by a property owner or the City.
- B. Only the City may initiate a text amendment to the Gridley Municipal Code and no other party has authority thereof.

**17.06.030 Public hearings.**

The Planning Commission shall hold public hearings as required by law on any proposed amendments, and shall give notice thereof in the following manner:

- A. Hearings on the amendment of the text of this title require at least one (1) publication in a newspaper of general circulation not less than ten (10) calendar days prior to the date of hearing.
- B. Hearings on a proposed rezoning of property require at least one (1) publication in a newspaper of general circulation not less than ten (10) calendar days prior to the date of the hearing. The City may post public notice of the rezoning not less than ten (10) calendar days prior to the date of the hearing along the streets and roads upon which the property proposed to be reclassified abuts and the vicinity thereof.

**17.06.040 Action by Planning Commission.**

The Planning Commission, shall forward its recommendations to the City Council relaying its findings, a summary of its hearings, and recommendations to the City Council for final action.

**17.06.050 Action by City Council.**

- A. The City Council shall consider the matter at a public hearing subsequent to the action of the Planning Commission and shall give notice thereof by one (1) publication in a newspaper of general circulation at least ten (10) calendar days prior to such review.
- B. The City Council may approve, modify or disapprove the recommendations from the Planning Commission.

**SECTION 9:** Rescind portions of Ordinance 491 (part), 1986 related to the Title 17, 17.56, "Variances" by revising the enumeration of the chapter and various text changes and replace it with the following:

**Chapter 17.09 VARIANCES**

- 17.09.010 Granting requirements.
- 17.09.020 Application procedure.
- 17.09.030 Action by Planning Commission.
- 17.09.040 Appeal.
- 17.09.050 Revocation.
- 17.09.060 Permit signing.

**17.09.010 Granting requirements.**

A. Where practical difficulties, unnecessary hardships or results inconsistent with the purpose and intent of this Title would result from the literal application of certain area, height, setback, or coverage regulations in this Title, variances may be granted as provided in this section.

B. The Planning Commission may grant a variance when it finds that the grant of a requested variance will cause no significant hazard, annoyance or inconvenience to the owners or occupants of nearby property; will not significantly change the character of the neighborhood or reduce the value of nearby property; will not impose any significant obstacle to implementation of this Title or of the General Plan. The Planning Commission may attach any conditions to the grant of a variance under this section which it may find necessary to insure that the intent and purpose of this Title are in all respects observed.

**17.09.020 Application procedure.**

- A. Application shall be made on appropriate forms provided by the Planning Department.
- B. Such applications shall be accompanied by a fee set by resolution of the City Council, no part of which shall be returned to any applicant.

**17.09.030 Action by Planning Commission.**

The Planning Commission shall not grant a variance unless findings can be made:

- A. That special conditions and circumstances exist which are peculiar to the land, structure, or building involved and which are not applicable to lands, structures or buildings in the same district;
- B. That literal application of the provisions of this Title would deprive the applicant of rights commonly enjoyed by other properties in the same district under the terms of this Title;
- C. That the granting of such application will not, under the circumstances of the particular case materially affect adversely the health or safety of persons residing or working in the neighborhood of the property of the applicant, and will not under the circumstances of the particular case, be materially detrimental to the public welfare or injurious to property or improvements in said neighborhood.

**17.09.040 Appeal.**

Appeal from any finding of the Planning Commission in the matter of a variance may be made in writing within ten calendar days from the granting or denial of a variance. Such appeal shall be made to the City Council, which may overrule the findings of the Planning Commission, but may not grant a variance which differs from that specified in the written application to the Planning Commission.

**17.09.050 Revocation.**

A. In any case where conditions attached to the granting of a variance have not been or are not complied with the zoning administrator shall give notice to the permittee of intention to revoke such variance at least ten calendar days prior to the public hearing before the Planning Commission thereon. After the conclusion of the hearing, the Planning Commission may revoke such variance.

B. In any case where a variance has not been used within one year after the date of granting thereof, then without further action by the Planning Commission, the variance permit granted shall be null and void. The Planning Commission may approve a one-year extension upon written request by the permittee one month prior to the expiration date.

**17.09.060 Permit signing.**

The variance permit shall be deemed granted when the appeal period has lapsed and the permit has been signed by the applicant and City Administrator/designee. The applicant must sign the variance permit within thirty days of receipt of the permit by certified letter. Any variance permits approved that are not signed within the thirty-day period shall expire.

**SECTION 10:** Rescind portions of Ordinance 458 §1(part),1984, Ordinance 459 §1(part), (part) 1984, related to Title 17, 17.06, “Zoning Map and Districts” by revising the enumeration of the chapter and various text changes, adding five zoning designations, and replace it with the following:

**II. ZONING MAP AND DISTRICTS**

- II.1 Establishment of districts.
- II.2 Zoning map--Adopted.
- II.3 Zoning map--Interpretation.
- II.4 Prezoning.

**II.1 Establishment of districts.**

The city is divided into the following zoning districts:

**Agriculture District**

- A. AR-5 Agricultural Residential District
- B. O-S Open Space District
- C. UR Urban Reserve

**Residential District**

- D. R-S Residential Suburban District
- E. R-1 Single-Family Residential District
- F. R-2 MDR, Medium Density Residential District
- G. R-3 MFR, Multiple-Family Residential District
- H. R-4 HDR, High Density Residential District

**Commercial District**

- I. C-1 Restricted Commercial
- J. C-2 General Commercial

**Industrial, Manufacturing, Research and Development**

- K. M-1 Limited Industrial
- L. M-2 Heavy Industrial
- M. M-3 Agriculture Industrial

**Combining District**

- N. MUCZ Mixed Use Combining

- O. DMU Downtown Mixed Use
- P. NMU Neighborhood Mixed Use
- Q. PD Planned Development District
- R. AO Agricultural Overlay District
- S. SP Special Parking Combining Zones

**Public Use District**

- T. PQP Public and Quasi-Public District

**II.2 Zoning map--Adopted.**

The particular zoning map entitled "City of Gridley Zoning Map - 2016" together with its attachments, all being attached to the ordinance codified in this title is adopted as the official zoning map of the city.

**II.3 Zoning map--Interpretation.**

Where, due to the scale, lack of detail or illegibility of the official zoning map there is any uncertainty, contradiction or conflict as to the intended location of any zoning district boundary as shown thereon, the planning director shall make an interpretation of the map upon request of any person. Any person aggrieved by any such interpretation may appeal to the Planning Commission. The interpretation of the zoning map or deciding any appeal, shall apply the following standards:

- A. Zoning district boundary lines are intended to follow lot lines, or be parallel or perpendicular thereto, or along the centerlines of alleys, streets, rights-of-way or watercourses, unless such boundary lines are fixed by dimensions shown on the zoning map.
- B. Where zoning district boundary lines are so indicated that they approximately follow lot lines, such lot lines shall be construed to be such boundary lines.
- C. Where a zoning district boundary line divides a lot, the location of any such zoning district boundary line, unless indicated by dimensions shown on the zoning map, shall be determined by the use of the map scale shown thereon.
- D. If, after the application of the provisions of this section, uncertainty still exists as to the exact location of a zoning district boundary line, the boundary shall be determined in a reasonable manner by appeal to the City Council, considering the history of uses of property and history of zoning ordinances and amendments in the City as well as all other relevant facts.

**II.4 Prezoning.**

When initiated by lawful petition, by recommendation of the Planning Commission or by action of the City Council, an area outside the city boundary but within the planning area may be prezoned under the provisions and regulations of this Title. The prezoned area will not be subject to the legal force or effect of this Title until such time as the prezoned area is annexed to the City as provided by law. Any and all prezoned areas shall be recorded on the zoning map of the city. The procedures for initiation, hearings and action shall be as provided for rezoning in Chapter 17.06.

**SECTION 11:** Delete Chapter 17.09 "R-E Residential Estates District" due to disuse and no properties are zoned this land use designation and reuse the chapter number for the code reorganization to be "17.09 Variances".

**SECTION 12:** Delete Chapter 17.33 "Conditional Overlay Zone" due to disuse and other entitlement processes are provided making this overlay zone obsolete.

I HEREBY CERTIFY that the foregoing text amendments to Title 17 were approved, and an ordinance was duly introduced at a regular meeting of the City Council of the City of Gridley, California, held on the 5<sup>th</sup> day of December, 2016, by the following vote:

AYES: COUNCIL MEMBERS \_\_\_\_\_

NOES: COUNCIL MEMBERS \_\_\_\_\_

ABSENT: COUNCIL MEMBERS \_\_\_\_\_

ABSTAIN: COUNCIL MEMBERS \_\_\_\_\_

ATTEST: APPROVE:

\_\_\_\_\_  
Paul Eckert, City Clerk

\_\_\_\_\_  
Frank Hall, Mayor

APPROVED AS TO FORM:

\_\_\_\_\_  
Anthony Galyean, City Attorney

**City Council Agenda Item #6C**  
Staff Report

**Date:** December 5, 2016  
**To:** Mayor and City Council  
**From:** Paul Eckert, City Administrator  
**Subject:** City Services Update

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

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**Recommendation**

Staff respectfully requests the City Council review and accept the attached City Services Update.

**Background and Compliance with City Council Strategic Plan or Budget Goals**

The attached Update is provided to the Mayor and City Council in keeping with the Council's commitment to ensure that all members of our community are fully informed of all City activities and initiatives. The Update will soon be shared online at <http://www.gridley.ca.us/>. The Update is also shared timely with all City of Gridley coworkers.

**Financial Impact**

There are no financial impacts associated with this Agenda item. Council review and acceptance of the City Services Update is consistent with our ongoing efforts to transparently share all City financial and budgetary information.

**Attachments:**

City Services Update

# City of Gridley

To: Mayor Hall and City Councilmembers  
From: Paul Eckert, City Administrator  
Subject: City Services Weekly Update  
Date: November 21, 2016

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This Weekly Update is intended to provide useful and timely updates to the Mayor and City Council, Community Members, and City staff. This Update will soon be available online at <http://www.gridley.ca.us> We regret if we have inadvertently omitted useful items from this report. As always, your input and guidance are appreciated. Please send any response to me directly and do not "copy all."

## **City Administrator/City Council/Information Technology**

- Inter-Governmental Collaborations – Staff continues to meet with the County Administrator and other County staff to discuss potential collaborations. Our next meeting will be the week of December 12<sup>th</sup>.
- New City Councilmember Orientation – Staff provided the detailed Orientation Manual to Councilmembers Elect Davidson and Williams. The next step will include meetings with most of the Departments. We hope to have each new Councilmember's orientation prior to the new City Council seating tentatively planned for December 19<sup>th</sup>. The Orientation Process will include tours of all City facilities.
- Staff continues to progress efforts for a state-of-the-art new 30-unit senior housing project.
- City Council Strategic Visioning Process – Staff will begin the development of the Strategic Plan in November and hope to conduct City Council Strategic Planning Sessions in January and February. The new 2017-2020 City Council Strategic Plan will be adopted before April 17<sup>th</sup>.

## **Economic Development**

- City staff are conducting a series of meetings with Nevada Smith of Sutter Buttes Manufacturing to assist him with a possible expansion.
- The City Administrator met again with Butte County Economic Development staff and continues to meet weekly with local retailers and business leaders.
- City Industrial Park - The City recently contracted with TNT Real Estate to market and sell Parcel 2 located in the Industrial Park. We will keep the City Council informed of our progress.
- Business Retention, Expansion, and Attraction (BREA) Program – Staff is developing the BREA Program for Council consideration in December. In the meantime, City staff continue to meet with 3-5 businesses weekly.

## **Finance and City Bus Service**

- The Finance Department is very busy with: financial year end closing; preparation for the annual audit and onsite work of the independent auditors; organization of all work areas and file systems; and employee payroll and benefit changes.
- Expanded Online Payment Options – The enhanced Online Payment System will be implemented in soon. We will run a marketing and outreach effort regarding for the new System. We will use our utility bills, website site, use the Chamber, use PD and Rec Facebooks and the local media to promote participation. We have set aggressive participation level objectives. We anticipate efficiencies through reduced customer counter time, late notice postage savings, and reduced costs for meter shut-offs.

**Engineering/Planning/Building/Code Enforcement**

- Planning Activities - Planning will be very busy during November and December and will bring forward the following items for Council consideration including the Green House Gases Reduction Plan and Adoption of a portion of Title 17 Code Amendments.
- Code Enforcement - Enhancements to our information tracking systems are currently underway. Evaluation of approaches and processes are also underway.
- Building staff are monitoring the roof replacement projects at City Hall, the Police Department, and the Gridley Museum.

**Police**

- The Department continues in its goal to provide quality service in all aspects of public safety to the citizens we serve.
- The October statistics are provided below:

<b>Police Activity</b>	<b>October</b>	<b>Year Total</b>
Adult Arrests	65	658
Juvenile Arrests	3	31
Misdemeanor Arrests	59	599
Felony Arrests	9	90
Felony Crimes Reported	12	154
Misdemeanor Crimes	68	722
<b>Total Police Incidents*</b>	<b>1,117</b>	<b>11,319</b>
Battery	10	72
Burglary	2	47
Deceased Person	0	6
Vandalism	9	78
Stolen Vehicle	2	20
Robbery	0	1
Public Intoxication	2	55
Patrol Request	20	137
Medical Aid	5	53
Area Checks	101	898
Pedestrian Checks	50	499
Disturbing the Peace	28	208
Total 911 Calls	206	2,917
Total Accidents	6	82
Name Exchanges	2	8
Total Traffic Citations	95	768
DUI Arrests	2	22
Traffic Stops	247	1918
Extra Help Hours	188	2,971
RSVP Hours	13	115

*"Police Incidents" are those Police responses originating from telephone calls to the Dispatch Center, walk-ins at the Police lobby, Police Officer self-initiated activity and email or social media communications.*

**Electric**

- Electric Utility Crews completed tree trimming around the 12 Kv line in Gridley and have begun to trim the tree around the 12 Kv lines in Biggs.
- Crews replaced the secondary pull box in Biggs that was damaged by a contractor.
- Crews continued installation of Christmas decoration downtown.
- Crews installed a new service drop at 558 Maine Street.
- Crews responded to an afterhours power outage on Grey Lodge and Butte Lodge Courts. The cause a faulty pad mount transformer. All Crew Members responded in a timely manner. The transformer was replaced and power was restored in approximately 2 hours. Pictures follow below:



Electrical Department Activity	Gridley	Biggs
Street light Repairs	7	3
Nonpayment shut off/turn on	32	
Underground Service Alerts (USA's)	28	2
Sets and outs	13	
Electrical related service calls	0	0
Trim/Remove tree	0	
Discrepancy Report Items	0	0
After Hours Call out's	2	0
Solar Sets	1	0
Other		

**Public Works**

The Public Works Department Leadership and Crewmembers are responsible for a broad array of important duties including: Water Distribution; Water Production; Sanitary Sewer Collection; the Wastewater Treatment Plant; Street and Sidewalk Maintenance; our Maintenance Districts; Parks Maintenance; City Building and Facility Maintenance. Recent work activity is as follows:

- Public Works Crews completed tree trimming in one alley. Alleys run north and south, the full length of the City. Tree trimming will continue through the end of November.
- Work continues in the main restroom at Vierra Park. Crews are replacing damaged rafters in preparation for new roof.
- Crews are in process of setting forms for new concrete curb and sidewalk in front of Gridley Herald.
- Weekly street sweeping was completed enhancing our storm drainage systems
- Public Works Crews filled pot holes in streets.
- Crews have been delivering brick tiles to the contractor at Daddow Park. For security purposes, Crews pickup remaining tiles at the end of the day for overnight storage.
- Work continues at the Waste Water Treatment Plant (WWTP) office remodel; this project includes; repainting the interior, replacement of ceiling panels, installation of floor tiles and upgraded LED lighting. LED lighting and interior painting have been completed, and floor tiling is in progress.

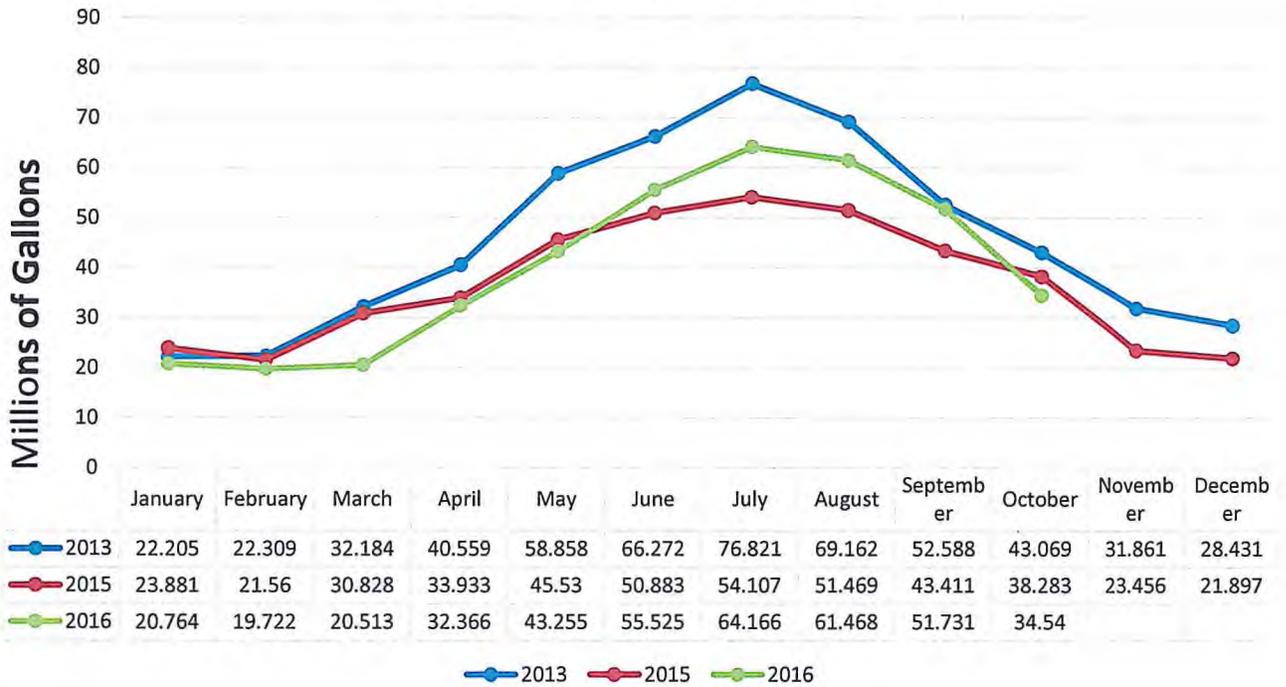
Department of Public Works Activity	Reporting Period Nov 11-17 2016
Water Leaks Repaired	0
Water Encoder Receiver Transmitter installed/Replaced (ERT's)	0
Sewer Plugs	0
Tree Removal/Trimmed	0
Water Related Service Calls	0
Sewer Related Service Calls	0
Under Ground Service Alerts (USA's)	0
Park Related Service Calls	0
Other Service Calls	2

Production Well	Volume Pumped	Calc. Fl	Calc. Chl
Eagle Meadows	00.000 M.G.	.00 mg/l	.0000 mg/l
Spruce	14.742 M.G.	.85 mg/l	.2713 mg/l
Wilson	00.000 M.G.	.00 mg/l	.0000 mg/l
Little Ave.	0.000 M.G.	.00mg/l	.0000 mg/l
Liberty	10.021 M.G.	.74 mg/l	.2368 mg/l
Parkside	9.777 M.G.	.75 mg/l	.2603 mg/l

### Water Production

October Monthly Production	
Total water pumped to system:	34.540 M.G.
Ave. chlorine residual in the system:	.18 mg/l
Ave. tested fluoride in the system:	.76 mg/l
Lab tested fluoride in the system:	.8 mg/l

## Comparative Water Usages for 2013,2015,2016

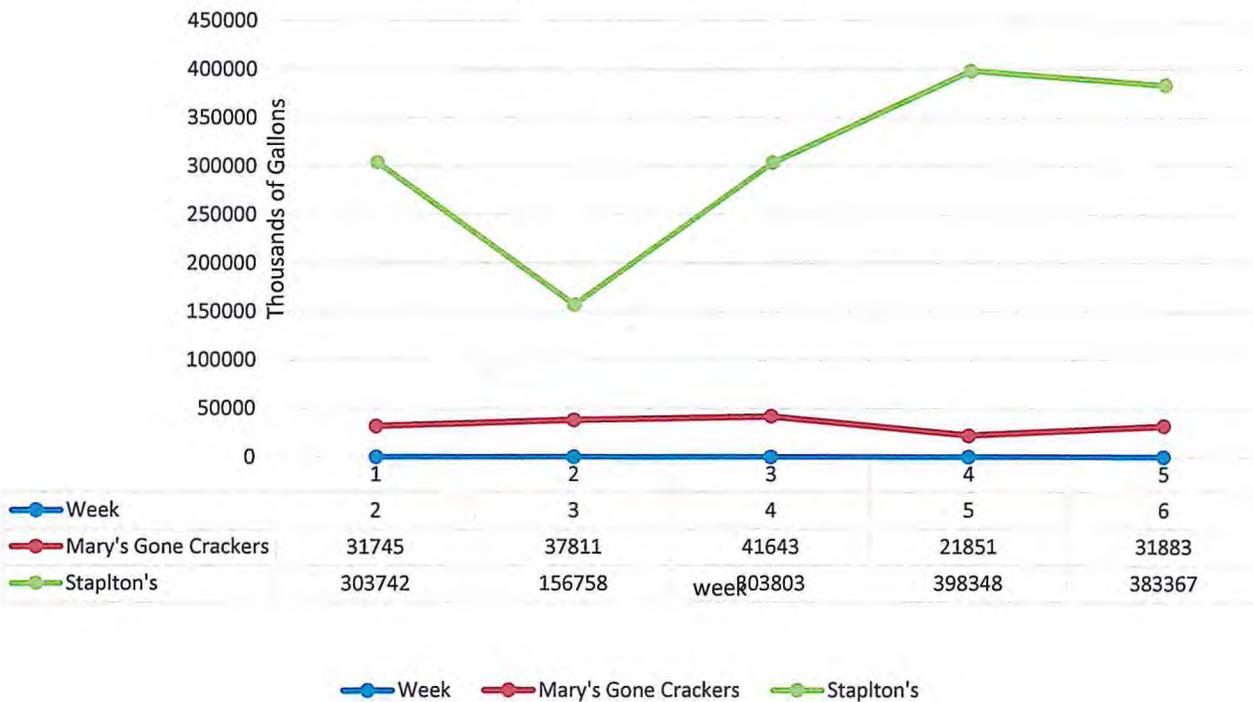


### Waste Water Treatment Plant

Total flow to the Plant was 39.233

Flow from Butte County Housing Authority was .782

### Commercial Sewer Discharge



**Recreation**

- The Division will be entering two floats into the Light Parade. We currently have both trailers and are now in process of prepping them for the upcoming event parade.
- The Division has redone our community board at Round Table Pizza to reflect our winter sports and events.
- The Division has concluded basketball signups. The teams have been generated and coaches are being called to pick up their equipment for the upcoming season, which starts December 10. All games will be played at Manzanita Gym on Saturdays starting at 8am and will go through the 18<sup>th</sup> of February.
- Due to the young ages of this year’s Gladiator Wrestling team we have decided to wrestle the spring league this season. We will start wrestling in February instead of December with practices to start in January.
- The Division will be celebrating Thanksgiving with our Seniors this year on Tues, Nov. 22<sup>nd</sup>. We will also be celebrating the 99<sup>th</sup> birthday of Alma Glaze.
- This year we have added several contests to our Breakfast with Santa event in an effort to make it a more family orientated instead of being aimed basically at children. The additions are a Decorated Tree Contest, Decorated Cake Contest and Ugly Sweater Contest.
- The Division is currently offering our Letter to Santa program in which children are invited to write Santa via the Rec Center and get back a “Letter from Santa” with a North Pole postmark. (Flyer attached.)
- The Division offers its community center meeting rooms as rentals on evenings and weekends. The rental fee is \$100.00 per room, with an additional refundable \$50.00 cleaning deposit.

**Fire**

- Our Gridley Station assisted Sutter County with calls for service and backup coverage.
- Our personnel helped with training of City Hall Workers on Fire Extinguisher Training.
- The Butte County building inspector came by the Station. They did a report on the station’s condition. We anticipate follow-up maintenance.
- Personnel underwent safety and tactical training conducted Physical Training.

<b>Gridley Fire Station 74 - Weekly Emergency Responses</b>	<b>City</b>	<b>County</b>
Medical Aids	7	5
Traffic Collisions	0	2
Structure Fires	0	0
Vegetation Fires	0	0
Vehicle Fires	0	1
Public Assist	2	1
Cover Assignments	0	2
Other (smoke checks, hazardous conditions, control burns, etc.)	0	0
Technical Rescues	0	0

**City Council Formal Calendar**

- The City Council will hold its next City Council meeting on November 21<sup>th</sup> at 6:00 pm at City Hall.

- The Butte County Board of Supervisors Agenda for the 9:00 am meeting on Tuesday, December 6<sup>th</sup> in Oroville can be accessed at the following link:  
<http://www.buttecounty.net/boardofsupervisors/BoardMeetings.aspx>

Thank you for your ongoing support and guidance.

Respectfully,

Paul

**City Council Agenda Item #6D**  
Staff Report

**Date:** December 5, 2016  
**To:** Mayor and City Council  
**From:** Paul Eckert, City Administrator  
**Subject:** Appointment to the Butte County Abandoned Vehicle Abatement Board

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

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**Recommendation**

Staff respectfully requests the City Council appoint the City Administrator as the City Representative to the Butte County Abandoned Vehicle Abatement Board (AVA)

**Background**

The Butte County AVA Board requests an official appointment to the Board by the City Council. The participation of the City Administrator will be consistent with other agencies.

**Financial Impact**

There are no financial impacts associated with this agenda item.

**Attachments:**

None

**City Council Agenda Item #7A**  
Staff Report: Verbal Update

**Date:** December 5, 2016  
**To:** Mayor and City Council  
**From:** Matt Michaelis, Finance Director  
**Subject:** FY 15-16 Preliminary Audit Results – Preliminary Concerns

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

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**Recommendation**

Staff will provide a preliminary update on the status of the FY 15-16 Audit and the larger areas of concern that accompany it during the City Council Meeting. City staff is strongly committed to providing the City Council information and recommendations as quickly as possible to ensure the best possible financial condition.

**Background**

The FY 15-16 Audit is nearing completion. A detailed audit report with an auditor presentation will be undertaken in January 2017. Preliminary indications are that our financial processes and reporting are considered favorably by the third party independent auditor. The primary purpose of this brief presentation is to update and advise the Council as to important financial issues confronting the City. There are three primary areas of concern as it pertains to the FY 15-16 Audit and the City's fiscal solvency. Areas of concern include: the status of the General Fund balance; the projected low Water Enterprise fund balance; and the critically low Electric Enterprise fund balance.

**General Fund**

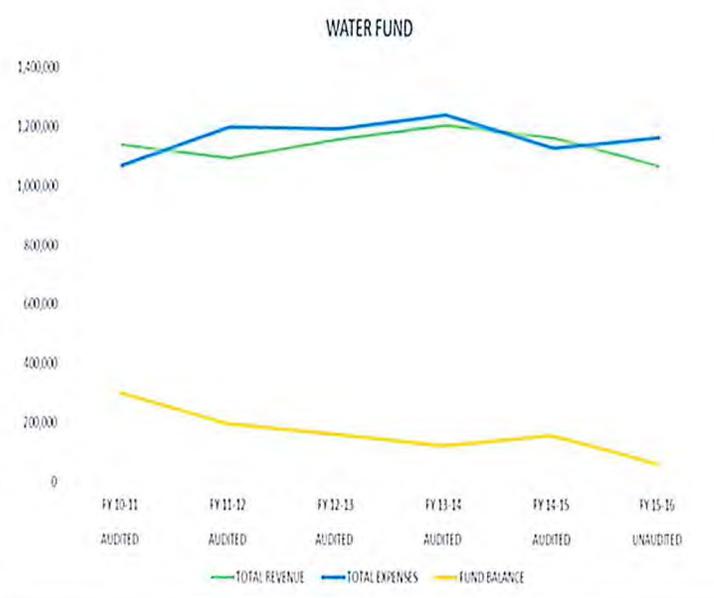
As the City Council is aware, the General Fund deficit has been the number one financial issue in the last three budget cycles. Accordingly, the Council and staff have undertaken significant measures in recent years to mitigate this deficit; including furloughs, layoffs, reduction of operating costs, deferment of projects, an implementation of an early retirement program, and an overall effort to relieve the burden on the City's General Fund. For the first time since FY 11-12, as a result of the aforementioned efforts of Council and staff to cut costs, it is anticipated that the City will report a positive fund balance at June 30, 2016. The preliminary outcome s of the Audit project the General Fund balance at June 30, 2016 at approximately \$300,000. While still not as high as we will want it, this audit outcome is very good news as last year we had estimated the amount at only \$39,000. Staff strongly continued cost containment and eventual implementation of an updated fee system and cost allocation model.

## Water Fund

The Water Fund has not approached a deficit, but it is dangerously close. The data below represents preliminary Water Fund figures.

<b>WATER FUND</b>	<b>AUDITED FY 10-11</b>	<b>AUDITED FY 11-12</b>	<b>AUDITED FY 12-13</b>	<b>AUDITED FY 13-14</b>	<b>AUDITED FY 14-15</b>	<b>UNAUDITED FY 15-16</b>	<b>ADOPTED FY 16-17</b>
<b>REVENUE</b>							
UTILITY BILLING FEES	1,093,194	1,062,556	1,142,479	1,191,274	1,173,499	1,041,962	1,137,303
MISC. REVENUE	45,593	31,815	14,964	13,280	-10,690	26,695	12,612
<b>TOTAL REVENUE</b>	<b>1,138,787</b>	<b>1,094,371</b>	<b>1,157,443</b>	<b>1,204,554</b>	<b>1,162,809</b>	<b>1,068,657</b>	<b>1,149,915</b>
<b>EXPENSES</b>							
<b>PERSONNEL COSTS</b>							
SALARIES	285,789	259,007	278,116	294,412	312,006	318,324	0
BENEFITS	91,720	167,490	177,352	124,297	98,659	204,742	357,388
<b>TOTAL PERSONNEL COSTS</b>	<b>377,509</b>	<b>426,497</b>	<b>455,468</b>	<b>418,709</b>	<b>410,665</b>	<b>523,066</b>	<b>357,388</b>
<b>OPERATING COSTS</b>							
INSURANCE	23,928	18,774	21,373	15,124	16,177	10,320	10,642
MATERIALS & SUPPLIES	3,198	14,794	20,295	29,176	26,166	18,495	28,000
OFFICE	52,784	74,381	73,711	35,963	88,299	86,261	19,473
UTILITIES	88,704	65,630	81,888	87,216	95,221	85,101	87,357
PROFESSIONAL	71,296	124,779	62,973	68,900	68,286	47,281	86,000
<b>TOTAL OPERATING COSTS</b>	<b>239,910</b>	<b>298,358</b>	<b>260,240</b>	<b>236,379</b>	<b>294,149</b>	<b>247,458</b>	<b>231,471</b>
<b>DEBT SERVICE</b>	<b>25,428</b>	<b>22,967</b>	<b>21,156</b>	<b>18,508</b>	<b>15,743</b>	<b>12,858</b>	<b>76,892</b>
<b>CAPITAL</b>	<b>11,702</b>	<b>27,810</b>	<b>-8,551</b>	<b>3,853</b>	<b>103</b>	<b>-57,722</b>	<b>12,500</b>
<b>COST ALLOCATION</b>							
INDIRECT COSTS	170,852	156,930	169,866	179,531	139,777	170,872	140,105
INFRASTRUCTURE PROTECTION	0	30,363	60,670	143,316	67,207	63,071	44,456
<b>TOTAL COST ALLOCATION</b>	<b>170,852</b>	<b>187,293</b>	<b>230,536</b>	<b>322,847</b>	<b>206,984</b>	<b>233,943</b>	<b>184,561</b>
<b>RESERVES</b>	<b>243,046</b>	<b>236,832</b>	<b>234,830</b>	<b>240,637</b>	<b>201,139</b>	<b>204,403</b>	<b>203,752</b>
<b>TOTAL EXPENSES</b>	<b>1,068,447</b>	<b>1,199,757</b>	<b>1,193,679</b>	<b>1,240,933</b>	<b>1,128,783</b>	<b>1,164,007</b>	<b>1,066,565</b>
<b>SURPLUS/OVERAGE</b>	<b>70,340</b>	<b>-105,386</b>	<b>-36,236</b>	<b>-36,379</b>	<b>34,026</b>	<b>-95,350</b>	<b>83,350</b>
<b>FUND BALANCE</b>	<b>302,709</b>	<b>197,323</b>	<b>161,087</b>	<b>124,708</b>	<b>158,734</b>	<b>63,384</b>	<b>146,734</b>

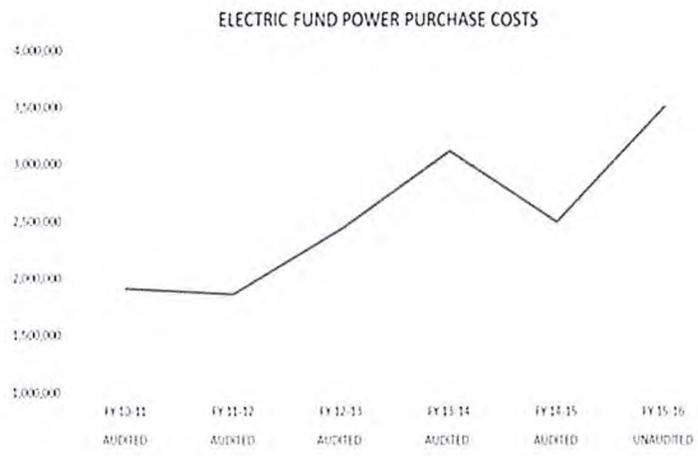
As illustrated, the FY 16-17 Budget recognizes this growing decrease of fund balance and accordingly accounts for the lowest total fund expense in five years. This will delay but not correct the problem that has been growing in recent years. The problem of not having adequate reserves in the Water Fund is a critical threat to the water operation as an enterprise.



The Water rate schedule has not been updated in many years. In the coming weeks, staff will undertake an RFP to find a firm capable of conducting a rate study to determine if the current rates are adequate for a utility operation of our size. Early next year, staff will present and discuss the results of the study with options to the City Council and public. Any deficit condition is unacceptable. Action will be required.

**Electric Fund**

Like the Water Fund, the Electric Fund has not approached a deficit, but it is dangerously close. The difference is that the Electric Fund balance has rapidly declined as a result of the significant increases in power purchase costs. The Electric Fund Balance at June 30, 2016 is estimated at \$25,000. Looking at the below graph, since utility billing revenue is up and operating costs are down, the ultimate reason for this scenario is because of the escalating power purchase costs, which have increased by over a million dollars since FY 10-11.



This growing deficit also represents a significant threat to the Electric Enterprise as well as the City as a whole. This issue will be discussed in detail, along with recommended courses of action that will remedy the problem, in the coming months. Any deficit condition is unacceptable. Action will be required. In the meantime, City staff is working on a wide variety of initiatives to overcome the Electric Utility challenges. The City Council will be presented a change to limit

the RPS requirements on December 5<sup>th</sup>. Among many other activities, staff is also working on increasing the RECs we receive by getting the Solar Array at the WWTP fully registered, working

with local development to receive RECs, sell off unused capacity, reduce electric use through efficiencies such as LED lighting, and reduce operations costs and transfers out.

**Compliance with the City Council Strategic Plan or Budget Goals**

This presentation is consistent with our ongoing effort to be responsive and transparent regarding all financial matters, as well as be congruent with best budgeting practices.

**Financial Impact**

There are no direct financial impacts associated with this report. Staff is committed to providing timely quality financial information with the City Council and public.

**Attachments:**

None

**City Council Agenda Item #7B**  
**Staff Report**

**Date:** December 5, 2016

**To:** Mayor and City Council

**From:** Donna Decker, Planning

**Subject:** Introduction and first reading of Ordinance 823-2016: An ordinance amending various chapters of Title 17 of the Gridley Municipal Code.

<b>X</b>	Regular
	Special
	Closed
	Emergency

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**Recommendation**

City staff respectfully recommends the Planning Commission:

1. Determine the project is Categorical Exempt per the California Environmental Quality Act, Section 15061(b)(3), Review for Exemption, General Rule; and,
2. Recommend the City Council introduce Ordinance 823-2016 and adopt by reading of title only.

**Summary**

The City of Gridley received a grant from the California Department of Conservation, Sustainable Growth Council, 2011 Sustainable Communities Planning Grant. The amendments to Title 17 will implement the 2030 General Plan and is one of the deliverables of the grant funding.

**Discussion**

The Planning Commission reviewed the following code amendments and additional revisions have been made.

- **Chapter 17.07 Site Development Plan (SDP)**
  - §17.07.020
    - (A)(1) Change “plot plan” to “site plan”;
    - (A)(2) Change “shall approve” to “may exercise its discretion at the approval, disapproval, or modification of”
  - §17.07.040
    - Amended text to “horizontal and vertical” replacing “air space”.
  - Change Chapter numbering due to reorganization
  - Miscellaneous grammatical revisions, capitalization, etc.
  - Revision of Chapter references
  - Clarification of submittal requirements
  - Reference “City Administrator/designee”
  - Amend the expansion to 25% and clarify project expansion and parking addition requirements;

- **Chapter 17.08 Conditional Use Permits**
  - §17.08.060
    - (A) Change “Planning Commission” to “City”
  - Change Chapter numbering due to reorganization
  - Miscellaneous grammatical revisions, capitalization, etc.
  - Revision of Chapter references
  - Reference “City Administrator/designee”
  
- **Chapter 17.12 AR-5 Agricultural Residential District**
  - §17.12.020 (B)(3) Deleted
  - Delete 17.12.120 Livestock requirements: This is covered under §17.12.020 permitted uses.
  - Change Chapter numbering due to reorganization
  - Miscellaneous grammatical revisions, capitalization, etc.
  - Revision of Chapter references
  - Amended the permitted uses to include small commercial agriculture uses
  - Removed “mobile” home and provided types of structures that can be used
  - Revised accessory uses
  - Revised conditional uses
  - Revised maximum building height to conform to the General Plan. In this case a restriction has been added for a residential structure to thirty feet
  - Revised lot coverage from sixty percent to forty percent. The size of parcel is 5 acres therefore if 40 percent of the site were covered with paving and structures that would equal 87,120 square feet, or 2 acres if a 5 acre site covered.
  
- **Chapter 17.14 O-S Open Space District**
  - Revision of Chapter references
  - Amended the “Intent” to conform to the General Plan;
  - Minor language amendment
  
- **Chapter 17.16 Urban Reserve**
  - New code to reflect General Plan
  
- **Chapter 17.21 R-S Residential Suburban District**
  - Revision of Chapter references
  - Amended the “Intent” to conform to the General Plan;
  - Added permitted use for commercial agricultural use;
  - Clarified permitted uses, accessory uses, and conditional uses;
  - Revised minimum lot area in conformance to the General Plan;
  - Amended maximum lot coverage;
  - Added 17.10.120 “Deemed Variance Approval”

- **Chapter 17.22 R-1 Single Family Residential**
  - Change Chapter numbering due to reorganization
  - Amend the density per the General Plan
  - Created subzones R1-A and R1-B to remove non-conformity of smaller lots in the City.
  - Miscellaneous grammatical revisions, capitalization, etc.
  - Revision of Chapter references
  - Add live work units under permitted uses
  - Modified minimum lot area for added subzones
  - Amended lot width to include subzone and flag lots
  - Revised lot coverage consistent to the General Plan
  
- **Chapter 17.25 R-2 MDR Medium Density Residential**
  - Change Chapter numbering due to reorganization
  - Amend the density and lot size per the General Plan
  - Added Accessory uses and removed some conditional uses
  - Miscellaneous grammatical revisions, capitalization, etc.
  - Revision of Chapter references
  - Revised lot coverage consistent to the General Plan
  
- **Chapter 17.26 R-3 MFR Multiple Family Residential**
  - Amend the density and lot area and lot width per the General Plan
  - Change Chapter numbering due to reorganization
  - Miscellaneous grammatical revisions, capitalization, etc.
  - Revision of Chapter references
  - Revised permitted and accessory uses
  - Revised conditional uses
  - Amended lot coverage
  
- **Chapter 17.27 R-4 HDR High Density Residential**
  - Added new chapter per the General Plan
  
- **Chapter 17.28 Residential Density Bonus**
  - Revision of Chapter references
  - Minor language amendment
  
- **Chapter 17.32 C-1 Restricted Commercial District**
  - Revision of Chapter references
  - Revised permitted and accessory uses
  - Revised conditional uses
  - Amended lot coverage
  - Amend the density and lot area and lot width per the General Plan
  - Added language re: Landscaping

- **Chapter 17.34 C-2 General Commercial**
  - Revision of Chapter references
  - Revised permitted and accessory uses
  - Revised conditional uses
  - Amended lot coverage
  - Amend the density and lot area and lot width per the General Plan
  - Added language re: Landscaping
  
- **Chapter 17.36 C-2 Commercial Use by Zoning Designation**
  - Revision of Chapter references
  - Revised permitted and conditionally permitted uses
  - Combined uses
  - Added live work
  
- **Chapter 17.42 M-1 Limited Industrial**
  - Revision of Chapter references
  - Revised permitted and accessory uses
  - Revised conditional uses
  - Amended development standards
  
- **Chapter 17.46 M-3 Agricultural Industrial**
  - Added new chapter per General Plan
  
- **Chapter 17.52 MUCZ Mixed Use Combining**
  - Provided clarification
  - Revision of Chapter references
  - Revised permitted and accessory uses
  - Amended development standards
  - Modified and updated tables
  
- **Chapter 17.53 DMU Downtown Mixed Use Zone**
  - Added new chapter per General Plan
  
- **Chapter 17.54 NMU Neighborhood Mixed Use Zone**
  - Added new chapter per General Plan
  
- **Chapter 17.55 PD Planned Development**
  - Provided clarification
  - Revision of Chapter references
  - Amended development standards
  
- **Chapter 17.56 AO Agriculture Overlay District**
  - Provided clarification
  - Revision of Chapter references
  - Revised permitted and accessory uses

- **Chapter 17.56 AO Agriculture Overlay District**
  - Provided clarification
  - Revision of Chapter references
  - Revised permitted and accessory uses
  
- **Chapter 17.58 Special Parking Combining Zone**
  - Provided clarification
  - Revision of Chapter references
  - Revised permitted and accessory uses
  
- **Chapter 17.62 PQP Public Quasi Public**
  - Provided clarification
  - Revision of Chapter references
  - Revised permitted and accessory uses
  - Amended development standards
  
- **Chapter 17.72 General Use Regulations**
  - Provided clarification also re: process
  - Revision of Chapter references
  - Revised permitted and accessory uses
  
- **Chapter 17.74 Performance Standards**
  - Provided clarification
  - Revision of Chapter references
  
- **Chapter 17.76 Off Street Parking**
  - Provided clarification
  - Revision of Chapter references
  - Provided tandem parking as allowed, no use permit required
  - Amended design standards
  
- **Chapter 17.78 Yards**
  - Provided clarification
  - Revision of Chapter references
  - Revised yards for R-1 subzones
  
- **Chapter 17.81 Accessory Structures**
  - Revision of Chapter references
  
- **Chapter 17.82 Second Units**
  - Revision of Chapter references
  
- **Chapter 17.83 Mobile home and rv use**
  - Revision of Chapter references

- **Chapter 17.84 Home Occupations**
  - Revision of Chapter references
  - Disallowed signage in the R-3 and R-4 residential districts
- **Chapter 17.85 At Home Commercial Services**
  - Revision of Chapter references
- **Chapter 17.86 Satellite Antennas**
  - Revision of Chapter references
  - Amended allowable placement and heights
- **Chapter 17.87 Recycling Facilities**
  - Revision of Chapter references
  - Added M-3 zone
- **Chapter 17.88 Prohibiting Marijuana Dispensary**
  - Revision of Chapter references
- **Chapter 17.89 Special Situations**
  - Revision of Chapter references

**Public Notice**

A notice was advertised 10 days in advance, posted at City Hall, made available at the Administration public counter, and placed on the City website for review. At the time this report was prepared no comments had been received. The document is available at the public counter for review.

**Environmental Review**

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.

**Attachments:**

1. Ordinance 823-2016
2. Ch 17.07 to Ch 17.89 Redline copy

**City Council Agenda Item #7C**  
Staff Report

**Date:** December 5, 2016  
**To:** Mayor and City Council  
**From:** Paul Eckert, City Administrator  
**Subject:** Update to Gridley Resolution 2011-R-048, RPS Enforcement Program

<b>X</b>	Regular
	Special
	Closed
	Emergency

**Recommendation**

Staff respectfully requests the City Council review and accept the attached Resolution, an update to the City’s Renewable Portfolio Standard (RPS) Procurement Plan most recently adopted on October 21, 2013, formally establishing a cost limitation provision.

**Background**

California Senate Bill 1x2 (Statutes of 2011) established the State’s current RPS program, requiring each electric investor-owned and publicly-owned utility in the State to satisfy a portion of its retail sales with electricity produced with eligible renewables resources. The City of Gridley’s electric utility is one of the more than 45 utilities in the State that are subject to these rules.

In general, the program requires that that an increasingly higher level of retail sales be satisfied with renewable resources during each compliance period, as shown in Table 1 below. In the first compliance period that ended in 2013, 20% of retail sales were required to come from renewable resources. By 2020, that level is supposed to increase to 33%. It should be noted that Senate Bill 350 (Statutes of 2015) increases that percentage to 50% by the year 2030.

Table 1 RPS Procurement Requirements (2013-2020)	
Compliance Period	Renewable Requirements
2011-13	20%
2014-16	20% in 2014, 20% in 2015, 25% in 2016
2017-20	33%

Rules governing the City of Gridley’s RPS program were established by the City Council in late 2011 with the approval of Resolution No. 2011-R-048. Corresponding to that action was the adoption of the RPS Procurement Plan, adopted October 21, 2013. Each of these documents was approved, consistent with regulations established by the California Energy Commission

(CEC).<sup>1</sup> Within these regulations is the ability for a utility to remain in compliance with State procurement targets in the event a utility does not reach its percentage procurement requirement. In the 2011-13 compliance period, the City did not reach the 20% target, but applied a cost limitation provision that allows the City to forgo additional renewable procurement to the extent the added cost would impose undue burden on its citizens.

Section 10 of the current Gridley Renewable Resources Procurement Plan contains the relevant text associated with the cost limitation provision. The Section reads as follows:

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*Section 10: Cost Limitations for Expenditures (Sections 399.30(d)(3), 399.15(c))*

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. Any such cost limitations will be developed consistent with Section 399.15(c).

- A. In adopting these rules, Gridley shall rely on this procurement plan, as well as: 1) procurement expenditures that approximate the expected cost of building, owning, and operating eligible renewable energy resources, and 2) the potential that some planned resource additions may be delayed or cancelled
- B. In addition to section 399.15(c), Gridley may take into account 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 not be 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 disparities between customer classes within Gridley, and between Gridley customers and other POU and IOU customers in the region.
- C. Gridley shall review the need for cost limitations as part of the annual review process described in Section 12.

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Gridley's cost limitation provision is tied to two long-term financial generation commitments the City made prior to the approval of the State's RPS program. The first was a long-term commitment to the Northern California Power Agency's (NCPA) Lodi Energy Center in 2007, in which the City procured 6 megawatts of load from a state-of-the art natural gas facility considered among the most efficient and functionally flexible facilities in the nation. The second, a 2010 investment in a 1 megawatt solar array, located directly in the city limits. The

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<sup>1</sup> CEC Regulations governing the enforcement of publicly-owned utility RPS programs can be found at the following location on the CEC website <http://www.energy.ca.gov/2016publications/CEC-300-2016-002/CEC-300-2016-002-CMF.pdf>.

City finalized arrangements to purchase power from these projects to serve a new specific load, in addition to hundreds of new homes that were expected to be built in the community. The 2009 recession dramatically changed the load expectations, but the City was firmly and lawfully committed to the projects. As a result, total electricity procurement costs increased more than 100% during the first three years of the RPS program, rising from \$1.6 million in 2011 to \$3.6 million in 2013. This action led to significant increases in utility rates, a difficult outcome for a community among the most disadvantaged in Northern California.

Gridley’s Cost Limitation Provision (2011-13 Compliance Period)

Gridley applied the following cost limitation approach for the first compliance period: any increase in generation expenditures above and beyond the total cost of generation procurement in 2011 plus the additional costs of the Lodi Energy Center and the Gridley PV solar array in 2013 on a per customer basis would trigger a cost limitation claim. It was known at the time that the Lodi Energy Center would be operational sometime during 2012, with the PV solar array coming on line either in late 2011 or early 2012. To that end, it would be straight forward to isolate the dollar impact of the two projects on Gridley customers. However, the cost limitation provision could not be calculated until final 2013 financial data was available.

Based on data provided by NCPA to the City which documented Gridley generation procurement expenditures in 2011-2013, the cost limitation provision would be invoked if the total costs in 2013 exceeded \$1,261.83 per customer. Gridley’s total generation cost per customer in 2013 equaled \$1,293.97 per customer, in excess of the cost limitation (see Table 2).

	2011	2013	Cost Limitation
Generation Expenditures			
Lodi Energy Center	\$0	\$1,649,191	\$1,649,191
Gridley PV Array	0	253,723	253,723
Other	\$1,616,326	1,783,593	1,616,326
<b>Total Generation Expenditures</b>	<b>\$1,616,326</b>	<b>\$3,686,507</b>	<b>\$3,519,240</b>
Number of Customers	2,789	2,849	2,789
<b>Total Cost/Customer</b>	<b>\$579.54</b>	<b>\$1,293.97</b>	<b>\$1,261.83</b>

Source: NCPA e-mail from Mike Whitney (NCPA) to Scott Tomashefsky (NCPA), 8/25/16

The cost limitation provision under the RPS program assumed that Gridley electric customers on a per customer basis would not be subject to any additional power generation cost increases above and beyond the added costs of receiving power from the Lodi Energy Center and the Gridley solar array realized during the first RPS compliance period.

## Need for the Creation of a Formal Cost Limitation Provision

While the City applied a cost limitation provision for the 2011-13 compliance period, the City Council did not formally adopt a cost limitation provision. Rather, the City and staff were working under the assumption that the City had a cost limitation provision in place based on adoption of Resolution No. 2011-R-048, dated December 19, 2011. Specific action is needed by the City Council to formalize the use of this provision.

Staff respectfully requests that the City Council formally adopt a cost limitation provision that would apply to the City's RPS program going forward, consistent with the provisions effectively applied in the 2011-13 compliance period. In this regard, it is requested that the City Council amend Section 10 of the current RPS Procurement Plan in the following manner:

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*Amended Section 10: Cost Limitations for Expenditures (Sections 399.30(d)(3), 399.15(c))*

Gridley, in this procurement plan, establishes the following Cost Limitation Provision: The City will apply a cost limitation claim during a given RPS compliance period if the average per customer procurement cost exceeds \$1,261.83. This is calculated by summing the total cost of receiving power 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.

This cost limitation is consistent with Section 399.15(c).

- A. In adopting these rules, Gridley shall rely on this procurement plan, as well as: 1) procurement expenditures that approximate the expected cost of building, owning, and operating eligible renewable energy resources, and 2) the potential that some planned resource additions may be delayed or cancelled
  - B. In addition to section 399.15(c), Gridley may take into account 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 not be 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 disparities between customer classes within Gridley, and between Gridley customers and other POU and IOU customers in the region.
  - C. Gridley shall review the need for cost limitations as part of the annual review process described in Section 12.
-

**Financial Impact**

There are no direct financial impacts associated with this Agenda item. Council review and approval of these recommendations will limit financial exposures created by the State of California through the Renewable Portfolio Standard (RPS) Procurement Plan.

**Compliance with City Council Strategic Plan or Budget Goals**

This recommendation is consistent with our ongoing efforts to ensure quality facilities and services and maintain a healthy and safe work place.

**Attachments:**

- 1.) Renewable Energy Resources Procurement Plan, dated 10/21/13
- 2.) Renewable Energy Resources Enforcement Program, per Resolution No. 2011-R-048



## Council Staff Report

**Date:** October 21, 2013  
**To:** Mayor and Council Members  
**Subject:** Council consideration and adoption of the Gridley Electric Utility Renewable Energy Resources Procurement Plan Per Senate Bill IX 2

### Background

This document presents the Renewable Energy Resources Procurement Plan of the City of Gridley (Gridley), as required for compliance with Senate Bill (SB) IX 2. This legislation, which was enacted in the 2011-2012 First Extraordinary Session of the Legislature, modifies the state's renewable portfolio standard (RPS) program and sets forth new RPS requirements applicable to publicly owned utilities (POUs). Gridley, as a POU, is covered under the new legislation. Pursuant to Public Utilities Code § 399.30(a), each POU must adopt and implement a renewable energy resources procurement plan (referred to herein as the "RPS Procurement Plan"). In addition to the development of an RPS Procurement Plan, SB IX 2 requires POUs to adopt and implement a separate program for the enforcement of the RPS Procurement Plan by January 1, 2012.

In order to fulfill unmet long-term generation resource needs, Gridley needs to adopt a RPS Procurement Plan that would require 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 SB IX 2. A draft plan is attached.

### The compliance periods (§ 399.30(b)):

- A. Compliance Period 1: January 1, 2011, to December 31, 2013, inclusive.
- B. Compliance Period 2: January 1, 2014, to December 31, 2016, inclusive.
- C. Compliance Period 3: January 1, 2017, to December 31, 2020, inclusive.
- D. Annual Compliance Periods: Annually after 2020.

### 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:

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

- D. Commencing on December 31, 2021, and annually thereafter, Gridley shall procure renewable energy resources equivalent to at least thirty-three percent (33%) of retail sales.

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.

Gridley's RPS Procurement Plan shall consist of procurement Content Categories that meet the criteria for the following eligible renewable energy resource electricity products:

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

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

- B. Content Category 2 (consistent with § 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 § 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 (§ 399.16(d)): 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.

(4) "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. (§ 399.12(e)(1)(C)).

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 of Exhibit "A".

**Gridley Electric Utility**  
**Renewable Energy Resources Procurement Plan**  
**Per Senate Bill 1x 2**  
**Adopted October 21, 2013**

INTRODUCTION

This document presents the Renewable Energy Resources Procurement Plan of the City of Gridley (Gridley), as required for compliance with Senate Bill (SB) 1X 2. This legislation, which was enacted in the 2011-2012 First Extraordinary Session of the Legislature, modifies the state's renewable portfolio standard (RPS) program and sets forth new RPS requirements applicable to publicly owned utilities (POUs). Gridley, as a POU, is covered under the new legislation. Pursuant to Public Utilities Code § 399.30(a), each POU must adopt and implement a renewable energy resources procurement plan (referred to herein as the "RPS Procurement Plan"). In addition to the development of an RPS Procurement Plan, SB 1X 2 requires POUs to adopt and implement a separate program for the enforcement of the RPS Procurement Plan by January 1, 2012.<sup>1</sup> Gridley's enforcement program is not addressed in this document, but rather, in a separate report.

Gridley's RPS Procurement Plan, as reflected in Sections 1-13 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 §399.30(d) and section 3206 of the RPS Regulation; and (3) RPS reporting provisions. Where appropriate, this RPS Procurement Plan includes section citations to the Public Utilities Code (PUC) sections 399.11, et seq, as last revised in 2012.

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 SB 1X 2.

2. **Compliance Periods** (§ 399.30(b))

- A. Compliance Period 1: January 1, 2011, to December 31, 2013, inclusive.
- B. Compliance Period 2: January 1, 2014, to December 31, 2016, inclusive.
- C. Compliance Period 3: January 1, 2017, to December 31, 2020, inclusive.
- D. Annual Compliance Periods: Annually after 2020.

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<sup>1</sup> Pursuant to § 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.

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<sub>x</sub> = total retail sales made by POU for the specified year x

EP<sub>x</sub> = 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:

$$\frac{(EP_{2017} + EP_{2018} + EP_{2019} + EP_{2020})}{> (0.27(RS_{2017}) + (0.29(RS_{2018}) + 0.31(RS_{2019}) + 0.33(RS_{2020}))$$

- D. Commencing on December 31, 2021, and annually thereafter, Gridley shall procure renewable energy resources equivalent to at least thirty-three percent (33%) of retail sales.

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))**

- A. By December 31, 2014, Gridley shall demonstrate that it is making reasonable progress towards ensuring that it shall meet the twenty-five percent (25%) RPS target by 2016.
- B. By December 31, 2015, Gridley shall demonstrate that it is making reasonable progress towards ensuring that it shall meet the twenty-five percent (25%) RPS target by 2016.
- C. By December 31, 2017, Gridley shall demonstrate that it is making reasonable progress towards ensuring that it shall meet the thirty-three percent (33%) RPS target by 2020.
- D. By December 31, 2018, Gridley shall demonstrate that it is making reasonable progress towards ensuring that it shall meet the thirty-three percent (33%) RPS target by 2020.
- E. By December 31, 2019, Gridley shall demonstrate that it is making reasonable progress towards ensuring that it shall meet the thirty-three percent (33%) RPS target by 2020.

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

Gridley's RPS Procurement Plan shall consist of procurement Content Categories that meet the criteria for the following eligible renewable energy resource electricity products:

- A. **Content Category 1 (consistent with § 399.16(b)(1)):** Resources in this category shall either:
  - (A) 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.
  - (B) Have an agreement to dynamically transfer electricity to a California balancing authority.

- B. Content Category 2 (consistent with § 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 § 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 (§ 399.16(d)): 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.

(4) “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. (§ 399.12(e)(1)(C)).

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 (§ 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. Compliance Period 3 Procurement Requirements: For Compliance Period 3, Gridley 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.
- D. Annual Procurement Requirements After 2020: Beginning in calendar year 2021 and annually thereafter, Gridley 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. **Excess Procurement** (§ 399.30(d)(1), §399.13(a)(4)(B))

Gridley shall be allowed to apply excess procurement (Excess Procurement) from one compliance period to subsequent compliance periods as long as the following conditions are met:

- A. Gridley may accumulate, beginning on January 1, 2011, Excess Procurement from one Compliance Period to be applied in any subsequent Compliance Period.
- B. 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.
- C. Eligible resources must be from Content Category 1 or Content Category 2 or Grandfathered Resources to be Excess Procurement.
- D. Resources from Content Category 3 shall not be counted as excess procurement.

8. **Waiver of Timely Compliance** (§ 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 to address needs of the balancing authority* (§ 399.15(b)(5)(C)).

B. 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 (§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 (§ 399.15(b)(7)).

C. Prior Deficits: In no event shall deficits from prior compliance periods be added to future compliance periods (§ 399.15(b)(9)).

9. **Portfolio Balance Requirement Reduction Section 3206(a)(4)**

Gridley may reduce the portfolio balance requirement for PCC1 for a specific compliance period, consistent with PUC §399.16 (e) and the following:

- a. The need to reduce the portfolio balance requirements for PCC 1 must have resulted because of conditions beyond Gridley's control, as provided in the CEC's RPS Regulations.
- b. Gridley may not reduce its portfolio balance requirement for PCC 1 below 65 percent for any compliance period after December 31, 2016.
- c. Gridley must comply with the requirements of section 3206 (a)(4) of the CEC's RPS Regulations should it proceed with this option.
- d. Gridley must receive Council approval at a publicly noticed meeting to reduce its portfolio balance requirement.

10. **Cost Limitations for Expenditures** (§ 399.30(d)(3), § 399.15(c))

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. Any such cost limitations will be developed consistent with §399.15(c).

- A. In adopting these rules, Gridley shall rely on this procurement plan, as well as: 1) procurement expenditures that approximate the expected cost of building, owning, and operating eligible renewable energy resources, and 2) the potential that some planned resource additions may be delayed or canceled.
- B. In addition to section §399.15(c), Gridley may take into account 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.
- C. Gridley shall review the need for cost limitations as part of the annual review process described in Section 12.

**11. 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.

**10. Exclusive Control (§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.

11. **Reporting (§ 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. *Notice to the California Energy Commission (CEC):* Contemporaneous with the posting of a notice for such a meeting, Gridley shall notify the CEC of the date, time and location of the meeting in order to enable the CEC to post the information on its Internet website.
- 3. *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 and shall provide the CEC with an electronic copy of the documents for posting on the CEC's Internet website.

B. **Compliance Reporting (per Section 3207 of the CEC RPS Regulations):**

- 1. **Annual Reports** – by October 31, 2013 for 2011 and 2012 data and by July 1 for each year thereafter.

Gridley shall submit an annual report to the CEC that includes the information in paragraphs (1) - (4) below for the prior calendar year. The report submitted in 2013 shall include information required by paragraphs (1)-(4) below for both the 2011 and 2012 calendar years. The format for the annual report shall be specified by the CEC, but the information contained in the annual report may be combined with other existing reports that contain the same information and are also supplied to the CEC. If the annual report refers to information provided to the CEC through existing reports, the annual report shall reference the information by identifying the name, submittal date, and page number of the existing report. Included in the report will be the following:

(1) Identifying information, including:

- (A) POU name, contact name, mailing address, phone number, and e-mail address.
  - (B) Year Gridley's electric utility was established.
  - (C) Number of end-use retail customer accounts in California.
- (2) RPS annual progress information for the prior calendar year, including:
- (A) Amount of total retail sales to end-use customers, in MWh, and projected retail sales for the current compliance period.
  - (B) Amount of procured electricity products retired, in MWh.
  - (C) WREGIS compliance report for procurement claims in the prior calendar year. For any procurement claims not tracked through WREGIS as permitted by the RPS Guidelines, Gridley shall report procurement claims using the interim tracking system established by the Commission prior to the implementation of WREGIS.
  - (D) An initial, nonbinding classification of retired electricity products qualifying for each portfolio content category or qualifying to count in full in accordance with section 3202 (a)(2).
  - (E) A description of each of the eligible renewable energy resources with which Gridley has executed contracts or ownership agreements during the prior year, including but not limited to the contracted amount of MWh, the contracted amount of MWh as a percentage of retail sales, resource fuel type, the execution date of the procurement contract or ownership agreement, the duration of the procurement contract or ownership agreement, a summary of the procurement contract or ownership agreement, the operational status of the resource, the date the resource came on-line, the date the resource came on-line using a renewable fuel or technology, if different, the date on which procurement of electricity products begins, if different, RPS certification status, the county, state, and country in which the resource is located, and a summary of the resource names and identification numbers.
  - (F) Documentation demonstrating the portfolio content category classification claimed for procured electricity products. This documentation may include interconnection agreements, NERC e-Tag data, scheduling agreements, firming and shaping agreements, and electricity product contract information.
  - (G) An explanation of any public goods funds collected for eligible renewable energy resource development, including a description of programs, expenditures, and expected or actual results.
  - (H) A description of any identified issues that occurred that have the potential to delay timely compliance with the RPS procurement requirements defined in section 3204, and planned actions to minimize the delay of timely compliance. Such issues may include, but are not limited to, inadequate transmission to allow for procurement to be delivered from eligible renewable energy resources,

permitting, interconnection, or other circumstances that have delayed the procurement from eligible renewable energy resources, unanticipated curtailment of a contracted or owned eligible renewable energy resource, and higher-than-expected costs for the procurement or development of eligible renewable energy resources.

(I) An attestation, signed by an authorized agent, affirming that the information provided in the report is true and correct.

(3) Actions taken by Gridley demonstrating reasonable progress toward meeting its RPS procurement requirements. The information reported shall include, but not be limited to, a discussion of the following actions taken by Gridley during the prior calendar year:

(A) Solicitations released to solicit bid for contracts to procure electricity products from eligible renewable energy resources to satisfy Gridley's RPS procurement requirements.

(B) Solicitations released to solicit bid for ownership agreements for eligible renewable energy resources to satisfy the Gridley's RPS procurement requirements.

(C) Actions taken to develop eligible renewable energy resources to satisfy Gridley's RPS procurement requirements, including initiating environmental studies, completing environmental studies, acquiring interests in land for facility siting or transmission, filing applications for facility or transmission siting permits, and receiving approval for facility or transmission siting permits.

(D) Interconnection requests filed for eligible renewable energy resources to satisfy Gridley's RPS procurement requirements.

(E) Interconnection agreements negotiated and executed for eligible renewable energy resources to satisfy Gridley's RPS procurement requirements.

(F) Transmission-related agreements negotiated and executed to transmit electricity products procured from eligible renewable energy resources to satisfy Gridley's RPS procurement requirements.

(G) Other planning activities to procure electricity products from eligible renewable energy resources.

(4) Gridley shall include a description of all actions planned in the current calendar year to demonstrate progress towards achieving its RPS procurement requirements.

2. Compliance Period Reports – by July 1 of 2014, 2017, 2021, and annually thereafter. (Section 3207(d) of the CEC RPS Regulations)

By July 1, 2014; July 1, 2017; July 1, 2021; and by July 1 of each year thereafter, Gridley shall submit to the CEC a compliance report that addresses the reporting requirements

of the previous section and the following information for the preceding compliance period

- (1) Classification per RPS-certified facility of the amount of procurement qualifying for each portfolio content category and procurement that shall count in full.
- (2) Gridley's RPS procurement target for the compliance period, in MWh.
- (3) The amount of excess procurement, in MWh, from previous compliance periods, if any, and historic carryover, if any, that Gridley is applying to the compliance period.
- (4) The amount of procurement retired, in MWh, that Gridley wishes to claim toward the RPS procurement target for calculating the portfolio balance requirements.
- (5) The amount of excess procurement, in MWh, for the compliance period, if any, that may be applied toward future compliance periods.
- (6) If the compliance report indicates that Gridley's RPS procurement requirements were not met, Gridley's shall provide documentation to justify the application of any optional compliance measures adopted in accordance with this plan. The documentation shall include all reports, analyses, proposed findings, and any other information upon which Gridley's relied in applying the measure. Gridley shall also submit an updated enforcement program and/or procurement plan that includes a schedule identifying potential sources of electricity products currently available or anticipated to be available in the future for meeting the shortfall.

(A) If Gridley applies adopted cost limitation measures, it shall report that cost limitation to the CEC in dollars spent during the compliance period. Gridley shall also provide the CEC with an estimate of the total cost to procure sufficient electricity products to meet its RPS procurement requirements for the preceding compliance period. A report on actions taken in response to RPS procurement expenditures meeting or exceeding the cost limitation shall also be provided.

## **12. Program Review**

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

## **13. 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 Section 12.



## Staff Report

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To: Honorable Mayor and City Council  
 From: Rob Hickey, City Administrator  
 Date: December 19, 2011  
 Subject: Adoption of Resolution No. 2011-R-048: A Resolution of the City Council of the City of Gridley Approving a Program for Enforcement of the Renewable Portfolio Standards Program

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### Background

The Legislature passed Senate Bill ("SB") X1-2 in April 2011. These bills require electric utilities to increase their renewable generation to 33% by 2020.

In addition to increasing the amount to attain the RPS, SBX1-2 also for the first time extends publicly owned utilities ("POUs") in California.

SBX1-2 requires electric utilities to reach the 33% RPS in three compliance periods:

- By December 31, 2013, the utilities must procure renewable energy products equal to 20% of retail sales.
- By December 31, 2016, utilities must procure renewable energy products equal to 25% of retail sales, and
- By December 31, 2020, utilities must procure renewable energy products equal to 33% of retail sales and then maintain that percentage in following years.

An area of significant disagreement concerning the 33% RPS was the extent to which it would require projects used for energy compliance to be located in California, or to deliver power to California. SBX1-2 addresses this issue:

- All energy from eligible renewable resources supplied under power purchase agreements executed prior to June 1, 2010 shall count toward a utility's RPS compliance obligation.
- Any procurement after June 1, 2010 is categorized into three groups:
  - Products from eligible renewable energy resources that have a first point of interconnection with a California balancing authority or distribution facilities used to serve California end users, or energy that is scheduled from the eligible renewable energy resource into a California balancing authority without substituting electricity from another source Any energy from an eligible renewable energy resource delivered to a California balancing authority under a dynamic transfer arrangement is included in this first group as well.
  - Firmed and shaped eligible renewable energy resource electricity products providing incremental electricity and scheduled into a California balancing authority. (Firming and shaping consist of providing energy from another source to augment generation from variable resources to smooth out over and under generation from those resources.)

- The third group consists of any products that do not fit within the first or second group, including unbundled renewable energy credits ("RECs"). Unlike under the 20% RPS, no energy need be associated with the unbundled RECs in order for them to count toward 33% RPS compliance.

For the compliance period ending December 31, 2013, not less than 50% of the energy procured through contracts executed after June 1, 2010 has to meet the requirements of the first group. That percentage increases to 65% for the compliance period ending December 31, 2016, and to 75% thereafter.

For energy that meets the requirements of group two, a utility may procure not more than 50% of those products for the first compliance period, not more than 35% for the second compliance period, and not more than 25% thereafter.

For energy that falls into the third group, a utility may procure not more than 25% of those products for the first compliance period, not more than 15% for the second compliance period, and not more than 10% thereafter. Furthermore, any procurement that falls into this group correspondingly reduces the amount of energy a utility may procure in the second group. (For example, if during the first compliance period a utility procures 25% of its compliance obligation from energy in the third group, it may only procure an additional 25% in second group, as the first group must comprise at least 50% of a utility's procurement during the first compliance period.)

SBX1-2 charges the CPUC with establishing, for each utility under its jurisdiction, a limitation on procurement expenditures for all eligible renewable energy resources used to comply with the 33% RPS. The utility will not be required to engage in any procurement that causes its procurement costs to exceed the limitation established by the CPUC.

The CPUC can also waive enforcement of the 33% RPS if it finds that a retail seller has demonstrated that any of the following conditions are beyond the control of the retail seller and will prevent compliance: (1) inadequate transmission capacity; (2) permitting, interconnection, or other circumstances that delay renewable projects already procured, or an insufficient supply of renewable projects; or (3) unanticipated curtailment of eligible renewable energy resources necessary to address the needs of a balancing authority.

Respectfully submitted,

Rob Hickey  
City Administrator/Utility Director

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GRIDLEY  
APPROVING OF A PROGRAM FOR ENFORCEMENT OF THE RENEWABLE  
PORTFOLIO STANDARDS PROGRAM**

**WHEREAS**, the State of California has an existing California Renewables Portfolio Standard Program (RPS program) that is intended to increase the amount of electricity generated each year from eligible renewable energy resources;

**WHEREAS**, on April 12, 2011, the Governor of the State of California signed California Senate Bill 2 of the First Extraordinary Session (SBX1-2, Chapter 1, Statutes of 2011, First Extraordinary Session), known as the *California Renewable Energy Resources Act*;

**WHEREAS**, on September 9, 2011, the California Legislature ended the First Extraordinary Session;

**WHEREAS**, SBX1-2 becomes effective on December 10, 2011, ninety-one days after the end of the First Extraordinary Session;

**WHEREAS**, SBX1-2 states the intent of the Legislature that the amount of electricity generated per year from eligible renewable energy resources be increased to an amount that equals at least 20% of the total electricity sold to retail customers in California per year by December 31, 2013, and 33% by December 31, 2020;

**WHEREAS**, pursuant to the provisions of Public Utilities Code section 399.30(a), the City of Gridley must adopt and implement a renewable energy resources procurement plan (hereinafter referred to as the "RPS Procurement Plan") to fulfill unmet long-term generation resource needs, that requires the City of Gridley to procure a minimum quantity of electricity products from eligible renewable energy resources, including renewable energy credits, as a specified percentage of the total kilowatt-hours sold to the City of Gridley's retail end-use customers each compliance period, to achieve specified procurement targets;

**WHEREAS**, the City has adopted and implemented, or will adopt and implement, an RPS Procurement Plan that includes compliance periods (Compliance Periods) pursuant to Public Utilities Code section 399.30(b). Such Compliance Periods shall be January 1, 2011 to December 31, 2013, inclusive (Compliance Period 1), January 1, 2014 to December 31, 2016, inclusive (Compliance Period 2), January 1, 2017 to December 31, 2020, inclusive (Compliance Period 3), and each calendar year after 2020;

**WHEREAS**, the City of Gridley has adopted and implemented, or will adopt and implement, an RPS Procurement Plan that includes specified procurement targets (Procurement Targets) of renewable energy resources for each Compliance Period pursuant to Public Utilities Code section 399.30(c)(1) and (2). Procurement Targets must average twenty percent (20%) of retail sales for the period January 1, 2011 to December 31, 2013, must meet twenty-five percent

(25%) of retail sales by December 31, 2016, must meet thirty-three percent (33%) of retail sales by December 31, 2020, and must meet thirty-three percent (33%) of retail sales for all years thereafter;

**WHEREAS**, the City of Gridley has adopted and implemented, or will adopt and implement, an RPS Procurement Plan that includes provisions that address a demonstration of reasonable progress in 2014 and 2015 to ensure the twenty five percent (25%) RPS procurement requirement by 2016, and reasonable progress in each of 2017, 2018, and 2019 to ensure the thirty three percent (33%) RPS procurement requirement by 2020, pursuant to Public Utilities Code section 399.30(c)(2);

**WHEREAS**, the City of Gridley has adopted and implemented, or will adopt and implement an RPS Procurement Plan that includes definitions for three renewable product content categories (Content Categories) pursuant to Public Utilities Code section 399.30(c)(3) and consistent with Public Utilities Code section 399.16;

**WHEREAS**, the City of Gridley's RPS Procurement Plan shall include "Content Category 1"; consistent with Public Utilities Code section § 399.16(b)(1) (A) and (B), Content Category 1, shall include renewable energy resource electricity products that either (a) 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, and which may include the use of another source to provide real-time ancillary services required to maintain an hourly or subhourly import schedule into a California balancing authority, but only the fraction of the schedule actually generated by the eligible renewable energy resource shall count toward this portfolio content category, or (B) have an agreement to dynamically transfer electricity to a California balancing authority;

**WHEREAS**, the City of Gridley's RPS Procurement Plan shall include "Content Category 2"; consistent with Public Utilities Code section 399.16(b)(2), Content Category 2 shall include firm and shaped eligible renewable energy resource electricity products providing incremental electricity and scheduled into a California balancing authority;

**WHEREAS**, the City of Gridley's RPS Procurement Plan shall include "Content Category 3"; consistent with Public Utilities Code § 399.16(b)(3), Content Category 3 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 for Content Category 1 or Content Category 2;

**WHEREAS**, the City of Gridley has adopted and implemented, or will adopt and implement, an RPS Procurement Plan that includes the minimum procurement requirements (Procurement Requirements) of eligible renewable energy resource electricity products associated with contracts executed after June 1, 2010 for each Compliance Period, consistent with Public Utilities Code section 399.30(c)(3) and section 399.16;

**WHEREAS**, the City of Gridley's RPS Procurement Plan shall include Content Category 1 Procurement Requirements of not less than fifty percent (50%) of the eligible renewable energy resource electricity for Compliance Period 1, not less than sixty-five percent (65%) of the eligible renewable energy resource electricity for Compliance Period 2, and not less than seventy-five percent (75%) of the eligible renewable energy resource electricity for Compliance Period 3 and every year thereafter, consistent with Public Utilities Code section 399.16(c)(1);

**WHEREAS**, the City of Gridley's RPS Procurement Plan shall include Content Category 3 Procurement Requirements of not more than twenty-five percent (25%) of the eligible renewable energy resource electricity for Compliance Period 1, not more than fifteen percent (15%) of the eligible renewable energy resource electricity for Compliance Period 2, and not more than ten percent (10%) of the eligible renewable energy resource electricity for Compliance Period 3, consistent with Public Utilities Code section 399.16(c)(2);

**WHEREAS**, the City of Gridley's RPS Procurement Plan shall include Content Category 2 resources to meet the remaining RSP obligation for any given Compliance Period;

**WHEREAS**, the City of Gridley has adopted and implemented, or will adopt and implement, an RPS Procurement Plan that provides a definition for contract or ownership agreements originally executed prior to June 1, 2010 (Grandfathered Resources) consistent with Public Utilities Code section 399.16(d). Grandfathered Resources shall include any contract or ownership agreement originally executed prior to June 1, 2010 for resources that were RPS eligible under the rules in place when the contract was executed, and for which any subsequent contract amendments or modifications occurring after June 1, 2010 do not increase the nameplate capacity for the facility or expected quantities of annual generation, or substitute a different renewable energy resource; the duration of the contract may be extended if the original contract specified a procurement commitment of fifteen (15) or more years;

**WHEREAS**, the City of Gridley has adopted and implemented, or will adopt and implement, an RPS Procurement Plan that includes rules for application of excess procurement (Excess Procurement) of eligible renewable energy resource electricity from one Compliance Period to a subsequent Compliance Period consistent with Public Utilities Code section 399.30(d)(1) and in the same manner as section 399.13(a)(4)(B). Beginning January 1, 2011, Excess Procurement from one Compliance Period may be applied to a subsequent Compliance Period; to determine the quantity of Excess Procurement for the applicable Compliance Period, the City of Gridley shall deduct from actual procurement quantities, the total amount of procurement associated with contracts of less than ten (10) years in duration, and shall not include any resources designated as Content Category 3;

**WHEREAS**, the City of Gridley has adopted and implemented, or will adopt and implement, an RPS Procurement Plan that includes conditions for delaying timely compliance consistent with Public Utilities Code section 399.30(d)(2) and section 399.15(b). The City of Gridley may approve a waiver of timely compliance (Waiver of Timely Compliance) in the event that there is inadequate transmission capacity (§ 399.15(b)(5)(A)), permitting, interconnection, or other factors that delay procurement, or insufficient supply (§ 399.15(b)(5)(B)), unanticipated

curtailment are mandated to address needs of the balancing authority (§ 399.15(b)(5)(C)), or related factors existed;

**WHEREAS**, the City of Gridley has adopted and implemented, or will adopt and implement, an RPS Procurement Plan that establishes procedures to employ in the event of an approval of a Waiver of Timely Compliance, which provisions require the City of Gridley to establish additional reporting for intervening years to demonstrate that reasonable actions under the City of Gridley's control are being taken (§ 399.15(b)(6)) and to demonstrate that all reasonable actions within the City of Gridley's control have been taken to ensure compliance in the future (§ 399.15(b)(7)); in no event shall the deficit from prior compliance periods be added to subsequent compliance periods in the event of a Waiver of Timely Compliance (§ 399.15(b)(9));

**WHEREAS**, the City of Gridley has adopted and implemented, or will adopt and implement, an RPS Procurement Plan that establishes procedures that address cost limitations for expenditures on renewable resources (Cost Limitations for Expenditures) consistent with Public Utilities Code section 399.30(d)(3) and section 399.15(c). Cost Limitations for Expenditures shall be applicable to procurement expenditures for all eligible renewable energy resources used to comply with the renewables portfolio standard, and shall be based on factors that include, but are not limited to, the most recent renewable energy procurement plan, procurement expenditures that approximate the expected cost of building, owning, and operating eligible renewable energy resources, and the potential that some planned resource additions may be delayed or canceled;

**WHEREAS**, pursuant to the provisions of Public Utilities Code section 399.30(m), the City of Gridley shall retain discretion over the mix of eligible renewable energy resources procured by the City of Gridley and those additional generation resources procured by the City of Gridley for purposes of ensuring resource adequacy and reliability, and the reasonable costs incurred by the City of Gridley for eligible renewable energy resources owned by it;

**WHEREAS**, pursuant to the provisions of Public Utilities Code section 399.30(e), the City is required to adopt a program for the enforcement of the RPS program;

**WHEREAS**, pursuant to the provisions of Public Utilities Code section 399.30(e), the City must adopt a program for enforcement of the RPS program on or before January 1, 2012;

**WHEREAS**, the City Council, in compliance with Public Utilities Code section 399.30(e), desires to adopt a program for the enforcement of RPS program (RPS Enforcement Program); and,

**WHEREAS**, the City Council, in compliance with Public Utilities Code section 399.30(e), has provided not less than thirty days' notice of the proposed adoption of the RPS Enforcement Program.

**NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF GRIDLEY,  
CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:**

1. The City of Gridley shall have a program for the enforcement of RPS program, which shall include all of the provisions set forth herein and shall be known as the City's "RPS Enforcement Program";
2. The RPS Enforcement Program shall be effective January 1, 2012;
3. Not less than ten (10) days' advance notice shall be given to the public before any meeting is held to make a substantive change to the RPS Enforcement Program;
4. Annually, the Director of the City of Gridley's Electric Utility shall cause to be reviewed, the City of Gridley's RPS Procurement Plan to determine compliance with the RPS program;
5. Annual review of the RPS Procurement Plan shall include consideration of each of the following elements:
  - A. By December 31, 2013 (end of Compliance Period 1):
    - Verify that City of Gridley has met an average of twenty percent (20%) of retail sales with eligible renewable resources from the specified Content Categories for the period January 1, 2011 to December 31, 2013.
    - If targets are not met, the City of Gridley must:
      - Ensure that any Waiver of Timely Compliance was compliant with the provisions in the RPS Procurement Plan,
      - Review the applicability and appropriateness of excusing performance based on the Cost Limitations on Expenditures provisions of the RPS Procurement Plan.
  - B. By December 31, 2014:
    - Ensure that the City of Gridley is making reasonable progress toward meeting the December 31, 2016 compliance obligation of twenty-five percent (25%) of retail sales with eligible renewable resources, consistent with the RPS Procurement Plan.
  - C. By December 31, 2015:
    - Ensure that the City of Gridley is making reasonable progress toward meeting the December 31, 2016 compliance obligation of twenty-five percent (25%) of retail sales with eligible renewable resources, consistent with the RPS Procurement Plan.
  - D. December 31, 2016 (end of Compliance Period 2):

- Verify that the City of Gridley has met twenty-five percent (25%) of retail sales with eligible renewable resources from the specified Content Categories for the period ending December 31, 2016;
  - If targets are not met, the City of Gridley must:
    - Review the applicability of applying Excess Procurement from Compliance Period 1 consistent with the provisions of the RPS Procurement Plan,
    - Ensure that any Waiver of Timely Compliance was compliant with the provisions in the RPS Procurement Plan,
    - Review applicability and appropriateness of excusing performance based on the Cost Limitations on Expenditures provisions of the RPS Procurement Plan.
- E. By December 31, 2017:
- Ensure that the City of Gridley is making reasonable progress toward meeting the December 31, 2020 compliance obligation of thirty-three percent (33%) renewable resources electricity, consistent with the RPS Procurement Plan.
- F. By December 31, 2018:
- Ensure that the City of Gridley is making reasonable progress toward meeting the December 31, 2020 compliance obligation of thirty-three percent (33%) renewable resources electricity, consistent with the RPS Procurement Plan.
- G. By December 31, 2019:
- Ensure that the City of Gridley is making reasonable progress toward meeting the December 31, 2020 compliance obligation of thirty three percent (33%) renewable resources electricity, consistent with the RPS Procurement Plan.
- H. December 31, 2020 (end of Compliance Period 3), and annually thereafter,
- Verify that that the City of Gridley met thirty-three percent (33%) of retail sales with eligible renewable resources from the specified Content Categories, consistent with the RPS Procurement Plan;
  - If targets are not met, the City of Gridley must:
    - Review the applicability of applying Excess Procurement from a previous Compliance Period consistent with the provisions of the RPS Procurement Plan,
    - Ensure that any Waiver of Timely Compliance was compliant with the provisions in the RPS Procurement Plan,
    - Review applicability and appropriateness of excusing performance based on the Cost Limitations on Expenditures provisions of the RPS Procurement Plan.

6. If it is determined that the City of Gridley has failed to comply with the provisions of its RPS Procurement Plan, the City Council shall take steps to correct any untimely compliance, including:
- a. review the City of Gridley's RPS Procurement Plan to determine what changes, if any, are necessary to ensure compliance in the next Compliance Period;
  - b. report quarterly to the City Council regarding the progress being made toward meeting the compliance obligation for the next Compliance Period;
  - c. report to the City Council regarding the status of meeting subsequent compliance targets, and all steps being taken to ensure that the obligation is timely met.
7. Effective Date: This Resolution shall be effective on January 1, 2012.

**I HEREBY CERTIFY** that the foregoing resolution was introduced, passed and adopted by the City Council of the City of Gridley at a regular meeting held on the 19<sup>th</sup> day of December, 2011, by the following vote:

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

ATTEST:

APPROVE:

\_\_\_\_\_  
Rob Hickey, City Clerk

\_\_\_\_\_  
Jerry Ann Fichter, Mayor