

**GRANT AGREEMENT between  
YUBA COUNTY WATER AGENCY and THREE RIVERS LEVEE IMPROVEMENT AUTHORITY**

This agreement is made this 18<sup>th</sup> day of June 2024 by and between the Yuba County Water Agency, a public agency ("Agency"), and the Three Rivers Levee Improvement Authority ("Grantee"), who agree as follows:

1. **Grant.** The Agency agrees to provide grant funds to the Grantee in a sum not to exceed \$541,286, subject to the terms of this Agreement. The grant shall be used by the Grantee to cover the shortfall created from \$1,008,400 in routine annual expenses, offset by only \$467,114 in expected revenue. By approving this Agreement, the Agency determines that the grant will directly further and support Agency purposes and objectives consistent with the Yuba County Water Agency Act and that the grant is an authorized and appropriate expenditure of Agency funds.
2. **Work to Be Performed.** Grantee shall fully perform the work described on **Exhibit A**, a grant form submitted by the Grantee on June 4, 2024, hereafter referred to as the "Work". Grantee acknowledges that the grant proceeds are restricted funds and that the proceeds will be used solely for the purposes described in Exhibit A and for no other purpose.
3. **Method of Payment.** The **Grantee** shall pay all invoices, bills, statements, and other expenses for the Work, and the Agency shall reimburse Grantee upon request. Reimbursement requests shall be submitted to the Agency by the Grantee by way of an email to **accountspayable@yubawater.org** and shall include satisfactory copies of subject invoice(s), bill(s), statement (s), and/or other proof of the cost of the item(s).

Upon verification by the Agency that invoices, bills, statements, and other expenses for the Work are eligible for reimbursement to the Grantee and are otherwise in compliance with this Agreement, the Agency will process reimbursement within 30 days of receipt thereof. The total reimbursement shall not exceed the grant amount.

4. **Term & Termination.**

- 4.1. This Agreement shall take effect at the date entered above. Grantee must complete the Work, and all grant fund reimbursement requests must be submitted to the Agency by July 31<sup>st</sup>, 2025, unless extended by mutual agreement of the parties. Any grant funds not expended by this date shall be forfeited by the Grantee and retained by the Agency.
- 4.2. Agency may terminate this Agreement at any time for cause by giving 14 days prior written notice to Grantee. Cause shall mean (a) Grantee violates this Agreement, and such violation continues for a period of 30 days after notice of violation from Agency which notice shall specify the violation; (b) Grantee files or there is filed against Grantee a bankruptcy petition (unless, in the case of a petition filed against Grantee, the same is dismissed or stayed within 60 days); (c) Grantee makes an assignment for the benefit of creditors; (d) Grantee becomes insolvent or there shall occur a material

adverse change in the financial conditions of Grantee; (e) Grantee applies for or consents to the appointment of a receiver, trustee, or conservator, or such appointment is made without Grantee's consent and is not vacated within 60 days; (f) Grantee files a petition or resolution of application for reorganization; or (g) Agency suffers a significant loss of revenue and/or deposits/reserves, resulting in a loss of sufficient funds for this grant.

5. **Reports.** Grantee shall submit quarterly reports to Agency outlining progress made during the quarter for the tasks shown in Exhibit A. Each quarterly report shall give a summary of expenses during the quarter and the grant in total. Quarterly reports are due within 45 days after the end of each quarter. Grantee shall submit a final report to the Agency within 60 days after completion of a project or program, or at the point in time when Yuba Water grant or loan funds have been exhausted. The final report shall demonstrate the use of agency funds and overall success of the project or program. All reports shall be emailed to: [grants@yubawater.org](mailto:grants@yubawater.org).
6. **Compliance.** Grantee shall perform the Work in compliance with all applicable federal, state and local laws, regulations and codes, including acquisition of and compliance with all required permits, licenses, entitlements and authorizations.
7. **Public Works Requirement.** If the Work consists of public works, as defined in Labor Code sections 1720 to 1720.4, then Grantee and its contractors and subcontractors shall comply with California statutes and regulations applicable to public works projects, including, but not limited to, the following requirements: payment of prevailing wage rates; employment of apprentices; hours of labor limitations and overtime; payroll records; workers' compensation insurance; payment/labor and materials bond (if grant amount exceeds \$25,000); non-discrimination laws; contractors' state license requirements; contractor registration with the State Department of Industrial Relations; and California Environmental Quality Act environmental review.
8. **Inspections.** Agency reserves the right to inspect any Work to determine whether it is being performed in accordance with this Agreement. Agency may withhold grant payments if it finds Work nonconforming, until Grantee remedies the nonconformity.
9. **Record Keeping.**
  - 9.1 Grantee shall keep and maintain accurate bookkeeping records, accounts, and documentation pertaining to the receipt, disbursement, and use of the grant proceeds to pay vendors, contractors, suppliers, and others who perform the Work for Grantee, including all invoices, receipts, canceled checks, contracts, purchase orders, and other source documents.
  - 9.2 These records shall be retained for a period of not less than three years from the final grant payment.

9.3 These records shall be accessible and available for inspection or audit by Agency, or by its employees, accountants, attorneys or agents, at reasonable times and upon reasonable notice.

9.4 If the grant exceeds \$10,000, then (as required by Government Code section 8546.7) this Agreement and performance and payments under it are subject to examination and audit by the State Auditor General for three years following final payment.

10. **Indemnification.** Grantee shall indemnify, defend, protect, and hold harmless Agency, and its officers, employees, volunteers and agents from and against any and all liability, losses, claims, damages, expenses, demands, and costs (including but not limited to, attorney, expert witness and consultant fees and litigation costs) of every nature arising out of Grantee's performance of the Work and caused by the negligent or willful act or omission of Grantee and its contractors or subcontractors or their employees, agents, and subcontractors, except where caused by the active negligence, sole negligence or willful misconduct of Agency or as otherwise provided or limited by law. Grantee's obligations under this indemnification provision shall survive the termination of, or completion of Work under, this Agreement.

11. **General Provisions.**

11.1 Integration. This Agreement constitutes the sole, final, complete, exclusive and integrated expression and statement of terms of this contract among the parties concerning the subject matter addressed in this Agreement, and supersedes all prior negotiations, representations or agreements, either oral or written, that may be related to the subject matter of this Agreement, except those other documents that are expressly referenced in this Agreement.

11.2 Waiver. The waiver at any time by any party of its rights with respect to a default or other matter arising in connection with this Agreement shall not be deemed a waiver with respect to and subsequent default or matter.

11.3. Successors and Assignment. This Agreement shall bind and inure to the benefit of the respective successors, assigns, heirs, devisees, and personal representatives of the parties.

11.4 Governing Law and Venue. Except as otherwise required by law, this Agreement shall be interpreted, governed by, and construed under the laws of the State of California.

11.5 Attorney's Fees. In the events any legal action is brought to enforce or construe this Agreement, the prevailing party shall be entitled to an award of reasonable attorney's fees, expert witness and consultant fees, litigation costs, and costs of suit.

11.6 Amendment. This Agreement may be modified or amended only by a subsequent written agreement approved and signed by both parties. Amendment by Agency requires the approval of its Board of Directors.

11.7 Notices. Any notice, demand, invoice or other communication required or permitted to be given under this Agreement shall be in writing and either served personally or sent by prepaid, first class U.S. mail addressed as follows:

**Yuba County Water Agency:**

General Manager  
Nicholas Whittlesey Jr.  
1220 F. Street  
Marysville, CA 95901

**Three Rivers Levee Improvement Authority:**

Executive Director  
Kevin Mallen  
915 8th Street, Suite 115  
Marysville, CA 95901

Any party may change its address by notifying the other party of the change in the manner provided above.

YUBA COUNTY WATER AGENCY

THREE RIVERS LEVEE IMPROVEMENT AUTHORITY

By:



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Nicholas Whittlesey Jr., General Manager

By:

Kevin Mallen

Kevin Mallen (Aug 20, 2024 14:20 PDT)

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Kevin Mallen, Executive Director

*Attachment*  
*Exhibit A – Grant Request*



## Agenda Item Details

Meeting	Jun 18, 2024 - Board of Director's Regular Meeting 9:00 A.M.
Category	DISCUSSION ITEMS
Subject	5. Consider approval of grant in the amount of \$541,286 and amend cash flow loan to increase line of credit from \$550,000 to \$6,025,696 to Three Rivers Levee Improvement Authority to cover ongoing flood risk reduction project activity and cash flow Hallwood North Training Wall project activity, respectively. (Est. Time: 5 Min.)
Type	

### **Staff Summary** Background

The retirement of the Three Rivers Levee Improvement Authority's (TRLIA) Executive Director in early 2022 created an opportunity to transition management of TRLIA back to Yuba County with the County Administrative Officer (CAO) fulfilling the role of Executive Director.

However, because the complexity of TRLIA still requires full time attention, and there is a clear overlap in mission areas consistent with the Yuba Water Agency, TRLIA and Yuba Water have executed a series of temporary agreements for Agency staff to assist in the oversight and management of TRLIA's mission, including management of various capital improvement projects as well as routine operations.

As part of this arrangement, staff expected that TRLIA would also need financial support for both its annual operating expenses and local share contributions of ongoing and planned flood risk reduction projects. To help mitigate an onslaught of individual grant and loan requests every few months, the team has developed a strategy to better anticipate loans to cover ongoing project costs and grants to offset operating expenses and eventually local share obligations.

### Discussion

TRLIA's projects and objectives are completely aligned with the Agency's priorities and mission objectives which is why we have embraced assisting their efforts to protect the people of Yuba County from additional flood risk. However, and as expected, TRLIA's revenues are generally eclipsed by their expenses.

Although TRLIA expects approximately \$2 million in revenue over the next fiscal year, their obligations and expenses and obligations for the FY 2024/2025 budget exceed \$8 million, which includes \$1.5 million in loans to Yuba Water:

**TRLIA Revenue**

Revenue Source (Recurring)	Amount
Operating Revenue - Interest	\$64,114
Operating Revenue - Agricultural Leases	\$35,000
Operating Revenue - RD 784 Assessment Transfer	\$255,000
Operating Revenue - RD 784 Pump Station Reimbursements	\$25,000
Operating Revenue - Fee Programs	\$15,000
Operating Revenue - CFD Revenues	\$73,000
<b>Operating Revenues</b>	<b>\$467,114</b>

Revenue Source (Non-Recurring)	Amount
Grant Revenue – Prop 1E Goldfields Retention	\$245,433
Grant Revenue – Prop 1E FESSRO Retention	\$130,000
Grant Revenue – Prop 1E Mitigation Advance	\$130,648
Grant Revenue – Yuba Water Climate Resiliency Project	\$610,000
Grant Revenue – Hallwood Phase 2	\$400,000
<b>Grant Revenues</b>	<b>\$1,516,081</b>

**Total TRLIA Revenue      \$1,983,195**

**TRLIA Expenses**

Estimated Operating Expenses (Non-Reimbursable)	Amount
Insurance	\$4,800
Legal and Financial Services	\$200,000
Code Enforcement and Abatement	\$250,000
Professional Services	\$360,000
District Administration	\$42,000
Office Expenses	\$100
Cost Share Plan	\$121,500
Legal and Financial Services <i>(non-reimbursable services associated with capital improvement projects below)</i>	\$200,000
<b>Operating Expenses</b>	<b>\$1,008,400</b>

Capital Improvement Project Expenses (Reimbursable)	Amount
Upper Yuba Project	\$20,000
Feather River Conservation Bank (FESSRO)	\$250,000
Goldfields 200-year UFFR Project	\$261,828
Climate Resiliency Project	\$600,000
Climate Resiliency Design (UFFR Grant)	\$10,000
North Training Wall Phase 2 Construction	\$3,360,000
North Training Wall Project Management	\$318,868
North Training Wall Phase 2 Mitigation	\$402,500
North Training Wall Phase 2 Easement	\$252,500
<b>Capital Improvement Project Expenses</b>	<b>\$5,475,696</b>

Loan Obligations	Amount
Yuba Water Agency – Cash Flow Loan	\$1,000,000
Yuba Water Agency – North Training Wall Loan	\$475,000
Yuba Water Agency – North Training Wall Loan Prop 218	\$75,000
<b>Loan Obligations</b>	<b>\$1,550,000</b>

**Total TRLIA Expenses      \$8,034,096**

As a result, staff recommends assisting TRLIA with an approach that keeps their projects moving forward, as well as helping better manage additional expected shortfalls:

1. A grant in the amount of \$541,286 to TRLIA to cover the shortfall created from \$1,008,400 in routine annual expenses, offset by only \$467,114 in expected revenue.
2. An extension of the three outstanding zero-interest cash flow loans totaling \$1,550,000 to be re-evaluated upon project closeout and final reimbursement from the Department of Water Resources (DWR).

3. Additional zero-interest "lines of credit" totaling \$5,475,696 to cash flow TRLIA's \$5,475,696 in capital improvement projects; each "line of credit" will correspond to a specific project for better accountability as DWR grant reimbursements are eventually realized.
4. Any overages or cost overruns that are not covered by the grant will be reviewed and potentially be brought forward for review and/or reconciliation.

#### Fiscal Impact

This action will result in a \$541,286 grant to subsidize TRLIA's deficit in their annual operating budget. It will also result in an additional \$5,475,696 in zero-interest loans in support of their flood risk reduction infrastructure projects.

Staff also understands that DWR's grant reimbursement timeline may be prolonged, which might result in some potential lost interest revenues to the Agency.

Furthermore, as the Agency has committed to the local share of the State and Federal grant programs, staff also expects to reconcile any potential cost overruns associated with TRLIA's levee projects later when those figures are known, including those associated with the North Training Wall project, to which the Agency has committed to supporting the local cost share.

#### Attachment

A- TRLIA Grant Loan 2021 Amendment 1

#### Prior Board Action

[March 16, 2021](#)

[A- TRLIA Grant Loan 2021 Amendment 1.pdf \(750 KB\)](#)










# TRLIA Grant\_541K Shortfall\_6-18-24

Final Audit Report

2024-08-20

Created:	2024-08-20
By:	Fallon Cox (fcox@yubawater.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAAUevtbh-n11XekoJG63TJ1xFoYeaSPOeh

## "TRLIA Grant\_541K Shortfall\_6-18-24" History

-  Document created by Fallon Cox (fcox@yubawater.org)  
2024-08-20 - 8:52:44 PM GMT
-  Document emailed to kmallen@co.yuba.ca.us for signature  
2024-08-20 - 8:53:47 PM GMT
-  Email viewed by kmallen@co.yuba.ca.us  
2024-08-20 - 9:15:47 PM GMT
-  Signer kmallen@co.yuba.ca.us entered name at signing as Kevin Mallen  
2024-08-20 - 9:20:28 PM GMT
-  Document e-signed by Kevin Mallen (kmallen@co.yuba.ca.us)  
Signature Date: 2024-08-20 - 9:20:30 PM GMT - Time Source: server
-  Document emailed to Willie Whittlesey (wwhittlesey@yubawater.org) for signature  
2024-08-20 - 9:20:32 PM GMT
-  Email viewed by Willie Whittlesey (wwhittlesey@yubawater.org)  
2024-08-20 - 9:21:10 PM GMT
-  Document e-signed by Willie Whittlesey (wwhittlesey@yubawater.org)  
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