

June 24, 2026

Mr. David Loya
Community Development Director
City of Arcata
736 F Street
Arcata, CA 95521

Happy Valley CEQA Compliance

Dear Mr. Loya,

GHD is pleased to submit this proposal to complete biological review and CEQA compliance for the City of Arcata's (City) Happy Valley project ~~under the existing on-call agreement, which will presumably be extended beyond its current expiration date.~~

[This proposal exceeds the dollar limit set by the on-call agreement; a separate agreement is needed.]

Project Understanding and Approach

The City is proposing to develop the 16.6-acre Happy Valley site (APN 507-081-038) as an industrial business park. The project includes grading and recontouring of an existing central bluff to create multiple developable parcels, circulation improvements, and supporting infrastructure for future industrial uses. The first phase includes development of an approximately 8.2-acre parcel for a warehouse/distribution facility, along with extension of a new roadway connection from West End Road, installation of utilities, and incorporation of stormwater features within a new right-of-way. The City will provide 30% roadway designs to support CEQA analysis, trip information related to off-site disposal, and technical studies completed by others that the City would like incorporated into impact analysis, such as a Phase 1 evaluation or similar documentation. Parcel configurations are expected to evolve as the design progresses; however, the City will provide sufficient parcel and development information to support a stable project description and CEQA analysis.

GHD understands that site development will involve substantial cut-and-fill balancing, with excavated material reused on-site to the extent practicable and exported to City-controlled reuse locations, including the 4633 Valley West site and/or the Little Lake Industries property. The two off-site disposal locations will be included in the CEQA environmental impact analysis and biological review. GHD assumes the Industrial Limiting zoning will not change and acknowledges the Wetland Creek Protection Zone at the western edge of the parcel.

The project site includes creek and wetland resources associated with the South Fork Janes Creek watershed, as well as designated wetland/creek protection zones and areas already identified for wetland mitigation tied to other City projects. GHD has previously conducted biological review of portions of the Happy Valley parcel in support of the Happy Valley mitigation development for the Annie and Mary Trail Project, during which wetland features, riparian areas, and vegetation communities were identified within the surveyed portion of the parcel, noting the entire parcel has not been surveyed by GHD. This prior field reconnaissance effort provides a strong technical foundation for the current biological resource mapping and reduces uncertainty regarding the presence and character of sensitive biological resources on the site.

Based on this understanding, GHD will prepare an Initial Study/Mitigated Negative Declaration supported by focused technical studies, including an aquatic resource delineation and biological review. The biological evaluation will leverage existing data and species information developed for the Annie and Mary Trail Project to

the extent applicable, supplemented by site reconnaissance of those portions of the parcel not previously surveyed and parcel-specific mapping to confirm current site-specific conditions.

Scope of Work

Task 1 – Project Management and Coordination

GHD will provide overall project management, coordination with City staff, schedule tracking, and budget management. This task includes regular communication to support development of the project description, coordination of technical studies, and advancement of the CEQA document.

GHD will conduct a kick-off meeting with the City to confirm scope, schedule, available data, and assumptions regarding the project description. GHD will review available design materials, figures, and prior studies to identify key data gaps and confirm CEQA strategy.

GHD will also attend up to seven virtual coordination meetings with City staff over the course of the project, including the kickoff meeting. Additional coordination will occur via email and phone. GHD assumes the project will be active for up to eight months, including the 30-day public review period.

Task 1 Deliverables

- Kick-off meeting plus six additional virtual one-hour meetings with the City team
- Project schedule, with periodic updates
- Monthly invoices

Task 2 – Technical Studies and Reports

Based on the City's direction, GHD will prepare a biological resources review and aquatic resource delineation. Work will be informed by existing data, including prior studies completed by GHD for the Annie and Mary Trail project, and supplemented with targeted field verification. The study area for both investigations will include the Happy Valley parcel and the two off-site disposal locations.

Wetland Delineation (Two-Parameter and Three-Parameter)

GHD will first review all available existing delineations for the Little Lake Industries parcel to avoid unnecessary field review and reporting. Additional field work at the Little Lake Industries parcel is not included.

Utilizing Global Positioning System (GPS) capability on a high accuracy Trimble handheld Global Navigation Satellite System (GNSS) device, the GHD wetlands team will investigate the study area (Happy Valley and West Valley sites) to map aquatic resource boundaries that meet the definition of the U.S. Army Corp of Engineers (USACE). The aquatic resources delineation will follow the three-parameter approach from the most current USACE Wetlands Delineation Manual, including the most current Regional Supplement to the USACE Wetland Delineation Manual: Western Mountains, Valleys and Coast Region, throughout the study area. Two-parameter wetlands will also be mapped, consistent with the City's General Plan.

Vegetation and soil data will be collected at transects across the presumed wetland boundary with two plots (upland/wetland) per transect (intermediate plots may be placed without collection of data as appropriate). Soil pits will be dug to approximately 18 inches. Data on soil color, texture and redoximorphic features will be collected. Data on hydrologic conditions will be collected if observed.

Vegetation data collection will consist of listing the five dominant species at each plot. The species will then be classified as to whether or not they are wetlands indicators, using the most current standard reference for plant wetlands indicators: National Wetland Plant List: Western Mountains, Valleys, and Coast 2022 Final Regional Wetland Plant List (Lichvar 2022).

A determination of the aquatic resource boundary will be made based on soil, hydrology (if present), and vegetative parameters (two-parameter and three-parameter approach). Once wetland and upland characteristics are determined for each transect, data points will be collected to map the aquatic resource boundary. Findings will be summarized in a draft and final aquatic resources delineation report.

Biological Resources Report

GHD will prepare a biological resources report to document existing habitat conditions, vegetation communities, and special-status species with potential to occur on the Happy Valley parcel and the two off-site disposal locations. The assessment will include a desktop review of available data sources and prior project documentation, including work completed for the Annie and Mary Trail project. Existing data will be used to inform baseline conditions, reduce redundancy, and streamline analysis. The report will focus on special status fish and wildlife species and their habitat. These investigations will compile data found during a record search of the California Natural Diversity Database/Biogeographic Information and Observation System (CNDDB/BIOS) and a list of federal endangered and threatened species obtained from the U.S. Fish and Wildlife Service. Additionally, any available maps, databases, and literature specific to local ecology shall be queried for biological resource data about the site. Targeted field reconnaissance will be conducted to confirm current site conditions and assess habitat suitability at Happy Valley and the two off-site disposal sites. Special-status species potentially addressed will include those listed under the federal Endangered Species Act (ESA), California Endangered Species Act (CESA), and other species of concern typically evaluated under CEQA. Findings will be documented in a draft and final biological resources report. Findings from the late season protocol special status plant survey and vegetation mapping will be incorporated into the biological resources report.

Task 2 Deliverables

- Draft and final wetland aquatic resources delineation report and mapping
- Draft and final biological resources report including vegetation community mapping

Task 3 – CEQA IS/MND

GHD will prepare an Initial Study/Mitigated Negative Declaration (IS/MND) in compliance with the California Environmental Quality Act (CEQA). The IS/MND will evaluate potential environmental impacts associated with development of the Happy Valley industrial business park, including grading, infrastructure needs, roadway extension, initial site development, soil disposal, and operation.

Project Description

GHD will prepare a clear and concise project description based on available conceptual plans, 30% roadway design, and information provided by the City. The description will account for design uncertainty by describing project elements at an appropriate level of specificity to support CEQA analysis while allowing flexibility as design progresses. The project description will address site grading and recontouring, parcel development, roadway extension from West End Road, utility installation, stormwater features, and soil export to off-site reuse locations. GHD assumes the City will provide graphics to attach to the project description and IS/MND to convey the location of project elements and the development plan at Happy Valley. GHD will create general project location figures that show the Happy Valley parcel and the location of both off-site disposal areas.

Administrative Draft IS/MND

GHD will prepare an administrative draft IS/MND for City review. The document will include an Initial Study, Appendix G checklist and impact analysis across all resource topics. Technical analysis will focus on key issue areas, including biological resources, wetlands and waters, hydrology, construction-related emissions, transportation associated with haul and operations, and land use consistency. Air quality modelling will be

completed using the most current version of CalEEMod with model input information provided by the City. The analysis will incorporate findings from the technical studies prepared under Task 2.

Screen Check Draft IS/MND

Following receipt of consolidated City comments, GHD will revise the document and submit a screen check draft IS/MND for the City's review.

Public Review IS/MND and Noticing Support

GHD will prepare the public review draft IS/MND for circulation, addressing any final City comments on the screen check draft, which are expected to be minimal and not require significant rework. The City will be responsible for CEQA noticing, AB 52 consultation, and circulation of the document.

Response to Comments and MMRP

Following the public review period, GHD will review comments received and prepare responses for up to 30 individual comments, for the City to include with their Staff Report when the Planning Commission considers the Project. If required, GHD will prepare an errata to the IS/MND, if needed. GHD will prepare a Mitigation Monitoring and Reporting Program (MMRP) for City use with approval of the Project.

Task 3 Deliverables

- Draft and final project description
- Administrative draft IS/MND
- Screen check draft IS/MND
- Public review draft IS/MND
- Response to comments and IS/MND errata (as needed)
- Draft and final MMRP

Assumptions and Exclusions

The following assumptions and exclusions are incorporated into this scope:

- GHD's costs are based on our current understanding of the project at this phase and are based on the level of effort expected considering the nature, complexity, and anticipated level of controversy associated with the project.
- The costs presented are for the completion of tasks according to the schedule provided.
- GHD assumes this project will remain active for a period of eight months and includes up to four one-hour client-only meetings. Extension of the project duration or additional internal meetings may require a modification.
- The City will prepare all noticing, AB 52, circulate the CEQA IS/MND, complete filing with the County Clerk and CEQASubmit, and directly pay all CEQA-related fees.
- GHD attendance at public hearings is not currently included.
- A cultural resources investigation is not included. The IS/MND will include inadvertent discovery protocol and reference the findings of the Annie and Mary Trail project Archaeological Survey Report, which included a portion of the Happy Valley parcel with negative findings.
- Project design will remain at a conceptual level sufficient to support development of a project description; substantial design changes after preparation of the draft IS/MND may require scope adjustments.
- Biological review will primarily leverage existing data from prior GHD work on the Annie and Mary Trail project, supplemented by limited field reconnaissance and updated database searches.

- One late season plant survey is included, assuming a Notice to Proceed is received within two weeks. Otherwise, protocol wildlife and plant surveys are not included.
- Geotechnical, traffic impact analysis, and other stand-alone specialized technical studies beyond biological and wetlands are not included and will rely on existing data or screening-level analysis. GHD will incorporate information from other studies provided by the City (e.g., soils or geotechnical review completed by others).
- The IS/MND will not be updated as part of the response to comment. Instead, and any as-needed errata will be prepared, if needed.
- Access to the project site will be provided by the City.
- One round of consolidated comments will be provided by the City at each deliverable stage.
- The total number of public and agency comments on the IS/MND will be limited and will not require preparation of new technical studies.
- All deliverables will be provided electronically.
- A 15% on-call contingency will be available for additional services as directed by the City, including additional field work or expanded analysis, if needed.

Schedule

GHD will commence within ten business days of an issued task order and will complete all services within a six-month period assuming City review time for submitted deliverables is kept to ten business days or less.

Fee

Our cost estimate is based on the above scope of work and assumptions, not to exceed \$161,965 including the requested 15% contingency. Billing rates will align with those established in the existing on-call agreement that included rates for the 2025/2026 fiscal year, which have been escalated by 5% for the 2026/2027 fiscal year, as summarized in Table 1 and consistent with prior years of escalation. GHD may balance billing across tasks but will not exceed with project total without prior written agreement. Mileage will be charged at the current federal rate.

Table 1 *Escalated On-Call Rates*

Employee Classification	23/24 Rate	24/25 Rate	25/26 Rate	26/27 Rate
A002	\$ 270.00	\$ 283.50	\$ 297.68	\$ 312.56
A003	\$ 250.00	\$ 262.50	\$ 275.63	\$ 289.41
A004	\$ 240.00	\$ 252.00	\$ 264.60	\$ 277.83
A005	\$ 235.00	\$ 246.75	\$ 259.09	\$ 272.04
A006	\$ 225.00	\$ 236.25	\$ 248.06	\$ 260.46
A007	\$ 210.00	\$ 220.50	\$ 231.53	\$ 243.09
A008	\$ 200.00	\$ 210.00	\$ 220.50	\$ 231.53
A009	\$ 175.00	\$ 183.75	\$ 192.94	\$ 220.59
A010	\$ 150.00	\$ 157.50	\$ 165.38	\$ 173.65
Admin D008	--	--	\$ 165.38	\$173.65

Regards,

A handwritten signature in blue ink, appearing to read "Andrea Hilton", is positioned below the "Regards," text.

Andrea Hilton
Sr. Environmental Planner

707-267-2262
andrea.hilton@ghd.com



City of Arcata
Happy Valley Biological Review and CEQA

Description		Project Management	QA/QC Sr. Planner	Biologist	GIS	Env. Planner	Planner	Air Quality	Admin / Tech Edit	Total Hours	Labor Total	Local Mileage	Estimated Project Total
		Wolf/ Hilton	Gaspar	Harnett	Lopez	McNamara	Hernandez / Morris	Meier	Chocholek				
		\$289	\$278	\$243	\$243	\$243	\$232	\$260	\$174				
Task1	Project Management and Meetings	15	4	0	0	7	0	0	8	34	\$8,543	\$0	\$8,543
Task2	Technical Studies	4	24	130	32	10	72	0	8	280	\$67,695	\$80	\$67,775
Subtask 2.1	Biological Resources Report	2	12	40	14	4	40	0	4	116	\$27,967	\$0	\$27,967
Subtask 2.2	Aquatic Resources Delineation	2	12	90	14	4	0	0	4	126	\$30,861	\$40	\$30,901
Subtask 2.3	Late Season Protocol Plant Survey and Veg Mapping	0	0	0	4	2	32	0	0	38	\$8,867	\$40	\$8,907
Task3	CEQA	8	32	0	20	60	84	36	24	264	\$63,646	\$0	\$63,646
Subtask 3.1	Project Description	2	6	0	6	20	0	0	4	38	\$9,261	\$0	\$9,261
Subtask 3.2	Administrative Draft ISMND	4	12	0	10	20	70	30	8	154	\$37,194	\$0	\$37,194
Subtask 3.3	Screen Check Draft	2	4	0	2	8	8	4	4	32	\$7,710	\$0	\$7,710
Subtask 3.4	Public Circulation Draft	0	2	0	2	4	0	0	4	12	\$2,709	\$0	\$2,709
Subtask 3.5	Response to Comments	0	8	0	0	8	6	2	4	28	\$6,772	\$0	\$6,772
Task4	Contingency at 15%	4	10	34	8	11	13	5	5	90	\$22,000	\$0	\$22,000
Total Labor Hours		31	70	164	60	88	169	41	45				
Estimated Project Total		\$8,972	\$19,448	\$39,866	\$14,585	\$21,393	\$39,128	\$10,679	\$7,814	668	\$161,885	\$80	\$161,965