



AGENDA
MARCH 15, 2016
REGULAR MEETING
CITY COUNCIL
CITY OF YUBA CITY

5:00 P.M. – CLOSED SESSION: BUTTE ROOM
6:00 P.M. – REGULAR MEETING: COUNCIL CHAMBERS

MAYOR	• John Buckland
VICE MAYOR	• Stanley Cleveland, Jr
COUNCILMEMBER	• Preet Didbal
COUNCILMEMBER	• John Dukes
COUNCILMEMBER	• Kash Gill
CITY MANAGER	• Steven Kroeger
CITY ATTORNEY	• Timothy Hayes

1201 Civic Center Blvd
Yuba City CA 95993

Wheelchair Accessible



*If you need assistance in order to attend the City Council meeting, or if you require auxiliary aids or services, e.g., hearing aids or signing services to make a presentation to the City Council, the City is happy to assist you. Please contact City offices at 530/822-4817 at least 72 hours in advance so such aids or services can be arranged. **City Hall TTY: 530-822-4732***

**AGENDA
REGULAR MEETING OF THE CITY COUNCIL
CITY OF YUBA CITY
COUNCIL CHAMBERS
MARCH 15, 2016
5:00 P.M. – CLOSED SESSION
6:00 P.M. – REGULAR MEETING**

Materials related to an item on this Agenda submitted to the Council after distribution of the agenda packet are available for public inspection in the City Clerk's office at 1201 Civic Center Blvd., Yuba City, during normal business hours. Such documents are also available on the City of Yuba City's website at www.yubacity.net, subject to staff's availability to post the documents before the meeting.

Public Comment:

Any member of the public wishing to address the City Council on any item listed on the closed session agenda will have an opportunity to present testimony to the City Council prior to the City Council convening into closed session. Comments from the public will be limited to three minutes. No member of the public will be allowed to be present once the City Council convenes into closed session. Contact the City Clerk in advance of the closed session either in person at City Hall, by phone, 822-4817, or email, tlocke@yubacity.net, to allow for time for testimony.

Closed Session—Butte Room

- A) Confer with labor negotiators Steve Kroeger and Pete Daley regarding negotiations with the following association: Yuba City Firefighters Local 3793 pursuant to Section 54957.6 of the Government Code.
- B) Confer with real property negotiators Steve Kroeger and Diana Langley pursuant to Government Code Section 54956.8 regarding negotiations regarding possible purchase of the following properties or portions thereof: APN 52-480-001, 640 Sutter Street, Copeland Trust.

Regular Meeting—Council Chambers

Call to Order

Roll Call: ___ Mayor Buckland
 ___ Vice Mayor Cleveland
 ___ Councilmember Didbal
 ___ Councilmember Dukes
 ___ Councilmember Gill

Invocation

Pledge of Allegiance to the Flag

Presentations & Proclamations

1. **National Agriculture Day – Farm Bureau**

Public Communication

You are welcome and encouraged to participate in this meeting. Public comment is taken on items listed on the agenda when they are called. Public comment on items not listed on the agenda will be heard at this time. Comments on controversial items may be limited and large groups are encouraged to select representatives to express the opinions of the group.

2. Written Requests

Members of the public submitting written requests, at least 24 hours prior to the meeting, will be normally allotted five minutes to speak

3. Appearance of Interested Citizens

Members of the public may address the City Council on items of interest that are within the City's jurisdiction. Individuals addressing general comments are encouraged to limit their statements to three minutes

Consent Calendar

All matters listed under Consent Calendar are considered to be routine and can be enacted in one motion. There will be no separate discussion of these items prior to the time that Council votes on the motion unless members of the City Council, staff or public request specific items to be discussed or removed from the Consent Calendar for individual action

4. Minutes of March 1, 2016

Recommendation: Approve the City Council Meeting Minutes of March 1, 2016

5. Proposition 1 Grant Stormwater Resource Plan Development Support Letter

Recommendation: Authorize the Mayor to sign a letter of support for the submittal of a Proposition 1 grant application to develop a Stormwater Resources Plan

6. City of Yuba City representation on the Sutter County Planning Commission

Recommendation: Forward the Planning Commission's recommendation that Chairperson Jana Shannon represent the City of Yuba City on the Sutter County Planning Commission to the Board of Supervisors

General Items

7. Extend and Revise the Existing Lease of the Madden House for the Yuba-Sutter Chamber of Commerce Offices

Recommendation: Adopt the amended lease with purchase option agreement with the Yuba-Sutter Chamber; authorize the City Manager to sign the agreement

8. Amendment to the 2011 Recology Yuba-Sutter Collection Service Agreement for the Green Waste Diversion Program

Recommendation: Adopt a Resolution Amending the 2011 Collection Service Agreement with Recology Yuba-Sutter relating to the Green Waste Diversion Program

9. Land and Water Conservation Fund Grant Opportunity (LWCF)

Recommendation: Adopt a Resolution authorizing application for a grant from California Department of Parks and Recreation, Land and Water Conservation Fund in the amount of \$1,100,000, for the development of a park located within the Harter Specific Plan

10. Energy Related Improvements to City Facilities – Final Report

Recommendation: Note and file presentation

11. Garden Highway Improvements – Winship to Lincoln (Plans and Specifications)

Recommendation: Adopt a Resolution approving the plans and specifications for the Garden Highway Improvements – Winship Road to Lincoln Road Project and authorizing advertisement for bids on the project

Business from the City Council

12. City Council Reports

- Councilmember Didbal
- Councilmember Dukes
- Councilmember Gill
- Vice Mayor Cleveland
- Mayor Buckland

Adjournment



Proclamation

of the City Council

National Agricultural Day March 15, 2016

WHEREAS, National Agricultural Day is a day when food producers, agricultural associations, corporations, universities, government agencies and countless others across America gather to recognize and celebrate the abundance provided by American agriculture; and

WHEREAS, Sutter County is probably best known for the development of the world famous Thompson Seedless Grape and, consequently, for the birth of the raisin industry, and also for being the Peach Capital and home of the former Prune festival; and

WHEREAS, Yuba City is known as Northern California's Agricultural Hub and is home to major agricultural based businesses such as, Sunsweet, the World Famous Shockwave Shakers by Orchard Machinery Corporation, Nelson Manufacturing, Wilbur Ellis, Taylor Bro Farms, Sierra Gold Nursery, and SWECO; and

WHEREAS, According to the Sutter and Yuba County Agricultural Crop Reports the regional combined gross value is over \$660,000,000 and our products are marketed all over the world; and

WHEREAS, Agriculture provides jobs throughout the farm and food industry, including employment for farmers, ranchers, scientists, processors, shippers and retailers. The foundation of our Regional Economy has been, currently is and will continue to be based in agriculture and agricultural businesses; and

WHEREAS, The Stewardship of America's farmers and ranchers ensures a sustainable resource base for future generations. Yuba Sutter Farmers and Ranchers uphold the rural character of the Nation as they provide the most abundant and most affordable food and fiber supply in the world.

NOW, THEREFORE, BE IT RESOLVED, in recognition of the preeminent role that agriculture plays in the daily life of every American, in acknowledgement of the future progress and prosperity of the Yuba Sutter Economy, and in appreciation of farmers and ranchers across the Nation, that I, John Buckland, Mayor of the City of Yuba City and on behalf of the entire City Council do hereby proclaim **March 15th, 2016 to be National Agricultural Day.**

John Buckland, Mayor

CITY OF YUBA CITY

Written Requests

Members of the public submitting written requests at least 24 hours prior to the meeting will normally be allotted 5 minutes to speak.

Procedure

When requesting to speak, please indicate your name and the topic and mail to:

City of Yuba City
Attn: City Clerk
1201 Civic Center Blvd
Yuba City CA 95993

Or email to:

Terrel Locke, City Clerk

tlocke@yubacity.net

The Mayor will call you to the podium when it is time for you to speak.

CITY OF YUBA CITY

Appearance of Interested Citizens

Members of the public may address the City Council on items of interest that are within the City's jurisdiction. Individuals addressing general comments are encouraged to limit their statements.

Procedure

Complete a Speaker Card located in the lobby and give to the City Clerk. When a matter is announced, wait to be recognized by the Mayor. Comment should begin by providing your name and place of residence. A three-minute limit is requested when addressing Council.

- For Items on the Agenda

Public comments on items on the agenda are taken during Council's consideration of each agenda item. If you wish to speak on any item appearing on the agenda, please note the number of the agenda item about which you wish to speak. If you wish to speak on more than one item, please fill out a separate card for each item.

- Items not listed on the Agenda

Public comments on items not listed on the agenda will be heard during the Public Communication portion of the meeting.

**MINUTES (DRAFT)
REGULAR MEETING OF THE CITY COUNCIL
CITY OF YUBA CITY
COUNCIL CHAMBERS
MARCH 01, 2016
5:00 P.M. – CLOSED SESSION
6:00 P.M. – REGULAR MEETING**

Closed Session—Butte Room

- A) Conferred with real property negotiators Steven Kroeger and Diana Langley pursuant to Government Code Section 54956.8 regarding possible purchase of the following properties or portions thereof: APN 52-073-009, 977 Bridge Street
- B) Conferred with real property negotiators Steven Kroeger and Diana Langley pursuant to Government Code Section 54956.8 regarding possible purchase of the following properties or portions thereof: APN 59-530-028, 2035 Butte House Road

Regular Meeting—Council Chambers

The City of Yuba City City Council meeting was called to order by Mayor Buckland at 6:00 p.m.

Roll Call

Present: Councilmembers Cleveland, Didbal, Dukes, and Mayor Buckland

Absent: Councilmember Gill

Invocation

Councilmember Dukes gave the invocation.

Pledge of Allegiance to the Flag

Girl Scouts Brooke, Olivia and Madelyn led the Pledge of Allegiance.

Presentations & Proclamations

1. Public Safety Report - Fire Department

Fire Chief Pete Daley and members of the Fire Department Management Team presented the Public safety report to the City Council.

Public Communication

2. Written Requests – None.

3. Appearance of Interested Citizens

The following person spoke:

Elaine Miles, Yuba City, Re: Parking at City Hall when large attendance is anticipated.

Bid Openings

4. Patrol Vehicles Equipment Installation (FB16-07)

Councilmember Dukes moved to award the installation of patrol vehicle equipment to the low bidder, Cop Shop Installation, of Yuba City, CA in the amount of \$69,770.60 by finding that it is in the best interest of the City to do so. Councilmember Didbal seconded the motion that passed with a unanimous vote.

Public Hearing

5. Water and Wastewater Rate Study

Mayor Buckland opened the Public Hearing, and the following person spoke:

Pat Miller, Sutter County Tax Payers Association

Dale McDowell, Yuba City

Elaine Miles, Yuba City

Councilmember Didbal moved to direct staff to finalize the Rate Study with the five-year Option 1, with an 11 percent base in place of the 10 percent base proposed, and include an annual evaluation of rates over the five-year period. Councilmember Cleveland seconded the motion. Councilmember Dukes moved to direct staff to finalize the five-year Option 2. No second was received.

The motion to direct staff to finalize the Rate Study with the five-year Option 1, with an 11% water meter baseline allocation and an annual rate evaluation passed with a vote of three to one, with Councilmember Dukes dissenting. The Rate Study will be brought back to Council at their meeting of April 5, 2016.

Consent Calendar

Councilmember Dukes moved to adopt the Consent Calendar as presented. Councilmember Didbal seconded the motion that passed with a unanimous vote.

6. Minutes of February 9, 2016 and February 16, 2016

Approved the City Council Meeting Minutes of February 9, 2016 and February 16, 2016.

7. Purchase of 833 Bridge Street for the future widening of Bridge Street

Authorized the City Manager to execute a Purchase and Sale Agreement, on behalf of the City and as the Housing Successor, and execute and accept a Grant Deed for the purchase and sale of Real Property located at 833 Bridge Street (APN 52-413-013) for \$165,000.

General Items

8. Amendment to the 2011 Recology Yuba-Sutter Collection Service Agreement for the Green Waste Diversion Program

The following persons spoke:

Pat Miller, Sutter County Tax Payers Association

David Kuhnen, Recycling Industries

Mike Leggins, Recology Yuba-Sutter

Councilmember Dukes moved to adopt a Resolution Amending the 2011 Collection Service Agreement with Recology Yuba-Sutter relating to the Green Waste Diversion Program. Mayor Buckland seconded the motion and asked for a roll call vote:

Ayes: Councilmember Dukes and Mayor Buckland

Noes: Councilmember Cleveland and Didbal

Absent: Councilmember Gill

In light of the split vote, Mayor Buckland directed Staff to bring the Item back to Council at the next meeting on March 15, 2016 when the full Council will be seated.

9. Extend and Revise the existing Lease of the Madden House for the Yuba-Sutter Chamber of Commerce Offices

The following persons spoke:

John Tuscano, East Hillcrest Yuba City

Elaine Miles, Yuba City

The Mayor and Council provided staff with direction to revise the amended lease to incorporate a mandate to maintain the property in the style in which it is currently maintained, to add an annual inspection process from an appointed three-person committee to include John Tuscano, and bring the matter back to Council.

Business from the City Council

10. City Council Reports

- Councilmember Didbal
- Councilmember Dukes
- Vice Mayor Cleveland
- Mayor Buckland

Adjournment

Mayor Buckland adjourned the Regular Meeting of the City Council of the City of Yuba City at 9:09 p.m.

John Buckland, Mayor

Attest:

Terrel Locke, City Clerk

CITY OF YUBA CITY
STAFF REPORT

Date: March 15, 2016
To: Honorable Mayor & Members of the City Council
From: Public Works Department
Presentation by: Benjamin Moody, Deputy Public Works Director - Engineering

Summary

Subject: Proposition 1 Grant Stormwater Resource Plan Development Support Letter

Recommendation: Authorize the Mayor to sign a letter of support for the submittal of a Proposition 1 grant application to develop a Stormwater Resources Plan

Fiscal Impact: \$20,000 – Stormwater Management Program (901188-65502) and associated staff time

Purpose:

Apply for grant funding for the development of a Stormwater Resources Plan (SWRP).

Background:

On September 25, 2014 Senate Bill 985 was approved requiring local agencies to develop a SWRP in order to qualify for Proposition 1 grant funding for stormwater-related projects. The current cycle of Proposition 1 grant funding is offering planning grants for the development of a SWRP. A SWRP document is a stormwater planning document that would be utilized as guidance for future stormwater projects. A SWRP, per State water board guidance, must contain the following:

- Watershed description
- Organization and collaboration info
- Methods for the prioritization of stormwater projects
- Identification of multiple benefit projects
- Plan implementation strategy and project scheduling
- Education and outreach

Analysis:

Based on existing legislation, the City will be required to develop a SWRP in order to receive future grant funding from Proposition 1 grant funds and other stormwater-related grants. A potential project that could use such funding in the near future is the installation of trash screens at stormwater outfalls to meet the State Water Board Trash Amendment requirements adopted on April 7, 2015.

The development of a SWRP for the Yuba City Basin is a joint endeavor between the City of Yuba City, Sutter County, and the Gilsizer Drainage District. West Yost Associates is contracted with the City to assist in the grant application process.

To qualify for the grant, the City must either have a Memorandum of Understanding with the participating agencies or have letters of support for the grant application and the development of a MOU. Due to time constraints, the City has chosen to submit signed letters of support for the development of a SWRP.

Fiscal Impact:

Funding for the application is using programmed Stormwater Management Program (CIP # 901188-65502) funds, approximately \$20,000 plus staff time. Should the City obtain grant funding for the development of a SWRP, staff will return to Council for the designation of funds.

Alternatives:

Do not sign the letter of support; seek alternatives to funding SWRP development.

Recommendation:

Authorize the Mayor to sign a letter of support for the submittal of a Proposition 1 grant application to develop a Stormwater Resources Plan.

Prepared by:

Submitted by:

/s/ Manu Dhaliwal

/s/ Steven C. Kroeger

Manu Dhaliwal
Assistant Engineer

Steven C. Kroeger
City Manager

Reviewed by:
Department Head

DL

Finance

RB

City Attorney

TH (via email)



March 15, 2016

Sean Maguire, Program Manager
Division of Financial Assistance
Storm Water Grant Program
State Water Resources Control Board
P.O. Box 944212
Sacramento, CA 94244-2120

SUBJECT: Support Letter for the Preparation of the Yuba City Basin Storm Water Resource Plan and Memorandum of Understanding (MOU)

Dean Sean:

The City of Yuba City is submitting an application for a Proposition 1 Storm Water Grant to prepare a Storm Water Resource Plan (SWRP). To protect and improve the storm water quality, Yuba City, Sutter County (County), and the Gilsizer Drainage District (GDD) intend to work cooperatively on the preparation and implementation of the SWRP. The successful acquisition of a SWRP grant is essential for this important work to proceed. The City is in the process of preparing a Draft MOU for the Yuba City Basin SWRP that determines responsibilities for the City, County, and GDD as we coordinate to implement the SWRP in the future.

The City strongly supports the cooperative preparation and implementation of a SWRP should grant funding be available.

Sincerely,

John Buckland
Mayor
City of Yuba City

CITY OF YUBA CITY
STAFF REPORT

Date: March 15, 2016
To: Honorable Mayor & Members of the City Council
From: Arnaldo Rodriguez, Development Services Director

Summary

Subject: City of Yuba City representation on the Sutter County Planning Commission

Recommendation: Forward the Planning Commission's recommendation that Chairperson Jana Shannon represent the City of Yuba City on the Sutter County Planning Commission to the Board of Supervisors

Fiscal Impact: None

Purpose:

Confirm Appointment of Chairperson Jana Shannon to the Sutter County Planning Commission.

Background:

In the spirit of regional cooperation, Yuba City partners with Sutter County on various issues that impact both jurisdictions. In an effort to address these types of items, which include, environmental impacts, traffic, growth patterns, conversion of agricultural land to urban uses, and resource availability, a member of the Yuba City Planning Commission serves as a City representative on the Sutter County Planning Commission. Similarly, a member of the Sutter County Planning Commission serves on the Yuba City Planning Commission. This relationship is reflected in the Planning Commission bylaws, specifically Policy E-2, which states that Planning Commission shall elect a Commission member to represent the City on the Sutter County Planning Commission. The bylaws continue by stating that the Commission Chairperson shall be recommended by the Planning Commission for appointment. In the event that the Chairperson, for any reason, does not wish to serve on the Sutter County Planning Commission, the City Planning Commission shall elect a member of its body to represent the City.

At its February 24, 2016 meeting, the Planning Commission elected Chairperson Jana Shannon to represent Yuba City on the County's Planning Commission. Furthermore, the bylaws state that the Commission's recommendation shall be transmitted to the City Council which in turn shall forward said recommendation to the Board of Supervisors.



March 15, 2016

Chairman Larry Munger
Sutter County Board of Supervisors
1160 Civic Center Blvd
Yuba City CA 95993

Re: Nomination of Yuba City Representative to the Sutter County Planning Commission

Dear Chairman Munger and Members of the Board of Supervisors:

At the regular meeting of March 15, 2016, the City Council of the City of Yuba City approved the nomination of Jana Shannon to serve as the City's representative to the Sutter County Planning Commission.

Staff will forward Ms. Shannon's contact information to Sutter County. If you need additional information, please contact Development Services Director Arnoldo Rodriguez at (530) 822-3231.

Sincerely,

John Buckland
Mayor

cc: Arnoldo Rodriguez, Development Services Director



CITY OF YUBA CITY
STAFF REPORT

Date: March 16, 2016
To: Honorable Mayor & Members of the City Council
From: Administration
Presentation By: Darin E. Gale, Economic Growth & Public Affairs Manager

Summary

Subject: Extend and Revise the existing Lease of the Madden House for the Yuba-Sutter Chamber of Commerce Offices

Recommendation: Adopt the amended lease with purchase option agreement with the Yuba-Sutter Chamber; authorize the City Manager to sign the agreement

Fiscal Impact: Currently the City receives \$9,000 in rent from the Chamber and our average expenditures to maintain the facility; not including staff time is approximately \$9,000 annually

Purpose:

Lease of the Madden House to the Yuba-Sutter Chamber of Commerce.

Background:

At the March 2, 2016 Council Meeting the Council considered an updated lease to own agreement with the Yuba-Sutter Chamber of Commerce. During the meeting the Council directed staff to update the proposed lease to include the following:

- Annual Inspections of the property
- Establish a three person inspection team to include John Tuscano (or licensed State Contractor), City and Chamber representative for annual inspection
- Ensure the property is property maintained after transfer of ownership
- Insurance coverage once the property is owned by the Chamber to ensure replacement cost if property is destroyed by fire

The attached red-line lease includes these recommendations.

Fiscal Impact:

Currently the City receives \$9,000 in rent from the Chamber and our average expenditures to maintain the facility; not including staff time is approximately \$9,000 annually. Currently the City pays for all or a portion of the facility's related expenses including: exterior, roof, landscaping, windows, doors, elevator, HVAC, electrical, plumbing and alarm system. All these expenses will be the responsibility of the Chamber once a new lease-to-own agreement is approved and executed.

Alternatives:

1. Extend the existing lease for five years at the current rate and do not enter into a lease to own agreement with the chamber.

2. Enter into a lease-to-own agreement and set a monthly rent at a rate other than \$1 a year

Recommendation:

Adopt the amended lease-to-own agreement with the Yuba-Sutter Chamber; authorize the City Manager to sign the agreement

Attachments

- a. 3/1/16 – Chamber Lease Staff Report
- b. Current Chamber Lease
- c. Proposed Chamber Lease

Prepared By:

/s/ Darin E. Gale

Darin E. Gale
Economic Development Manager

Submitted By:

/s/ Steven C. Kroeger

Steven C. Kroeger
City Manager

Reviewed By:

City Attorney
Finance

TH (via email)

RB

LEASE WITH PURCHASE OPTION

Madden House, 1300 Franklin Road, Yuba City, California

THIS LEASE WITH PURCHASE OPTION ("Lease") is made and entered into on _____ by and between THE CITY OF YUBA CITY ("City"), and the Yuba-Sutter CHAMBER OF COMMERCE ("Chamber").

RECITALS

A. The City owns the property consisting of land and a building (which is known as the "Madden House"), located at 1300 Franklin Road in the City of Yuba City, California (the "Property"), which is described in Exhibit A, attached hereto and incorporated herein by reference.

B. The Madden House was built in 1879 and is linked to local history and contains unique Victorian architecture. The Madden House was gifted to the City in 1997 as part of the Waremart Foods Development and, pursuant to the Declaration of Easements and Conditions recorded on the Property on July 28, 1997 by Waremart, was to be used for civic, government and/or community purposes.

C. Following acceptance of the Madden House from Waremart, the City used the Property primarily as offices for government agencies up until April 1, 2011 when the City leased the Madden House to the Chamber.

D. The Chamber is a nonprofit corporation of voluntary membership, established to market the Yuba-Sutter area as the area of choice in which to live and do business by attracting, assisting, retaining and promoting its members. The Chamber promotes its members in a variety of ways, including referrals, ribbon-cutting ceremonies, its website, advertising, direct mail and sponsorship opportunities, various events throughout the year, and more.

E. Pursuant to the April 1, 2011 Lease, the City leased the Property to the Chamber for a period of 5 years expiring on March 31, 2016 for Chamber's business activities, including ancillary office and administrative uses ("Prior Lease").

F. City has determined that the Chamber performs a valuable civic/community service to the Yuba-Sutter area and its citizens.

G. The City and the Chamber desire to amend the Prior Lease to among other things, extend the Lease to 2031 and to provide the Chamber with an option to purchase the Property.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. The Prior Lease is hereby terminated, is no longer in effect and is replaced by this Lease.
2. Leasing of Property. City hereby leases to the Chamber and the Chamber hereby leases from the City the Property.

3. Term.

(a) Term. The term of this Lease shall commence on April 1, 2016, and expire on March 31, 2031 (the "Term").

4. Termination.

(a) Chamber's Right to Terminate. Notwithstanding the provisions of Section 3, the Chamber may terminate this Lease in the event of unforeseen circumstances.

(b) Termination in the Event of Default. In the event that Chamber defaults under the provisions of this Lease, and Chamber shall not have cured such default within sixty (60) days following delivery by the City of written notice of such default to the Chamber, City shall have the right to terminate this Lease.

5. Rent Chamber shall pay rent in advance, on an annual basis commencing on April 1, 2016, in the amount of \$1 per year ("Rent") and continuing to the expiration of the Lease on March 31, 2031.

6. Capital Fund. In addition to the Rent in Section 5, Chamber shall also pay monthly payments in the amount of \$500 to be placed into a "Capital Fund" commencing on April 1, 2016. The Capital Fund shall be used to pay for any major capital improvements to the Property. These monthly payments will be capped at \$30,000.

As a result of payments made by Chamber during the Prior Lease, there is approximately \$16,000 in the Capital Fund. Further payments shall be paid by Chamber as required to replenish the Capital Fund to \$30,000 as a result of the Capital Fund having been used by the City to pay for major capital improvements. All major improvements utilizing the "Capital Fund" will be done in consultation with and as authorized by City. All Madden House Capital Funds will remain with the City and be used solely for the purpose of capital improvements to the Madden House upon termination of the Lease.

7. Use. The Property shall be used for Chamber's business activities, including ancillary office and administrative uses, and for no other purposes without City prior written consent, which consent shall not be unreasonably withheld or delayed. No use shall be made or permitted to be made of the Property, nor acts done, which will increase the existing rate of insurance upon Property or cause a cancellation of any insurance policy covering said Property, or any part thereof, nor shall Chamber sell, or permit to be kept, used, or sold, in or about said Property, any articles which may be prohibited by a standard form of fire insurance policy.

8. Security Deposit. City will not require payment of a Security Deposit by the Chamber.

9. Signs. Any exterior sign shall comply with the City's sign ordinance. Chamber will be responsible for the design, fabrication, lighting, transport and placement of any sign. City will be responsible for any necessary infrastructure, electrical and foundation support for the installation of the Chamber sign.

10. Maintenance. Chamber shall, at Chamber's own cost and expense, keep, maintain and

repair all the components and improvements of the Property in good order and repair and in as good, safe and sanitary condition as they are as of the date of this Lease. Chamber will be responsible for maintain the existing landscaping in a good and attractive condition. A three person inspection committee comprised of John Tuscano or qualified contractor as designated by the City Manager, a Chamber representative and a City representative will annually inspect the Property to determine whether Chamber is complying with the Chamber's maintenance obligations under this Lease. All major improvements utilizing the Capital Fund as provided in Section 6 will be done in consultation with and as authorized by City.

11. Historical Maintenance. City shall have no obligation to construct any tenant improvements or make any changes to the Property. Any future changes to the Property requested by the Chamber will require City Council approval and compliance with the State Architect's Office requirements for historic preservation. Chamber will allow for orderly public tours of the Madden House during normal business hours.

12. Insurance.

(a) Chamber agrees to take out and keep in full force during the Term of this Lease, at Chamber's expense, commercial liability insurance to protect against any liability to the public, incident to the use of or resulting from any accident occurring in or about the Property, the liability under each such insurance to be no less than One Million Dollars (\$1,000,000.00) per occurrence, for bodily injury, personal injury and property damage.

(b) Chamber will obtain a written obligation on the part of the insurance carriers to notify City in writing prior to any cancellation thereof, and Chamber agrees, if Chamber does not keep such insurance in full force and effect, the City may take out the necessary insurance and pay the premium, and the repayments thereof shall be deemed to be part of the Rent and shall be payable immediately upon receipt of written notification from the City of the amount due. All insurance to be carried by Chamber shall be primary to and not contributory with, any similar insurance carried by City. City's insurance shall be considered excess insurance only.

(c) Chamber shall deliver to the City certificates of coverage or copies of the policies of insurance that the Chamber is required to carry pursuant to this section within ten (10) days after execution of this Lease. The City shall be named as additional insured on all of Chamber's policies of insurance.

13. Telephones and Furniture. Pursuant to the Prior Lease, the City left and transferred the telephones and office furniture in the Madden House for use by the Chamber. Chamber accepts both the telephone and furniture in an "as is" condition and assumes ownership of the same with no warranty of any kind from City. Chamber agrees to indemnify and hold harmless City for any liabilities or claims resulting from Chamber's ownership and use of the telephones and furniture.

14. Property Taxes; Assessments. City shall pay before delinquency all real and personal property taxes, including any possessory interest taxes, if any, assessed against the Property.

15. Utilities. Chamber shall, in addition to all other sums agreed to be paid by Chamber under this Lease, pay for all utility costs including gas, electrical, telephone, pest control, water, sewer, cable and alarm monitoring. City shall provide trash service provided it is included as a

component of the trash service provided at no cost to the City by the trash company.

16. No Encumbrance. Chamber shall not place, or cause to be placed or recorded, on the Property or any portion thereof any lien or encumbrance of any kind.

17. Successors and Assigns. The covenants and conditions herein contained shall, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators and assigns of all the parties hereto.

18. Holding Over. Any holding over after the expiration of this Lease, if consented to by the City, shall be construed to be a tenancy from month-to-month. Either party may terminate a month-to-month tenancy upon sixty (60) days prior written notice to the other party.

19. Purchase Option. City grants to Chamber the option to purchase the Property (“Purchase Option”). This Purchase Option shall be on the terms and conditions set forth in this paragraph. The terms of the Purchase Option are as follows:

(a) The term of the Purchase Option shall commence on September 30, 2030 which is six months prior to the expiration of the Term of this Lease. Said Purchase Option shall remain in effect during the remaining term of the Lease which may be extended from time to time as the parties agree;

(b) Provided Chamber is not in default under the Lease, this Purchase Option may be exercised by Lessee delivering to City before the expiration of the option term written notice that the option is exercised;

(c) The purchase price for the Property shall be One Dollar;

(d) In the event Chamber exercises the Purchase Option, City, at City’s expense, shall retain a licensed contractor to provide an inspection of the Property, to determine the condition and working order of all the components of the Property, including, but not limited to, the roof, elevator, electrical, plumbing, HVAC, etc. Said inspection by the licensed contractor will be provided to the Chamber at which time Chamber will decide whether it wants to proceed with the purchase of the Property;

(e) In the event that Chamber exercises the Purchase Option and becomes the owner of Property, any funds in the Capital Fund will remain with the City and will be used by the Chamber for major capital improvements as identified through Property inspection process.

(f) In the event that Chamber exercises the Purchase Option, Chamber covenants and agrees for itself and any and all of its successors and assigns, to the following:

(1) The Property is to be forever held and used for public, civic or community purposes;

(2) Chamber shall, at Chamber’s own cost and expense, keep, maintain and repair all the components and improvements of the Property in good order and repair and in as good, safe and sanitary condition as they are as of the date the Property is transferred to the

Chamber, and as described in the inspection conducted by the licensed contractor in subsection 19(d) above;

(3) Chamber shall, at its expense, at all times, maintain on the Property a policy of standard fire and extended coverage insurance, with vandalism and malicious mischief endorsements, to the extent of the then existing full replacement cost.

Each of the provisions of subsections 19(f)(1), 19(f)(2), and 19(f)(3) above shall be included in the deed transferring the Property to Chamber and are expressly declared to be a condition subsequent for the benefit of the City and a power of termination enforceable by the City pursuant to California Civil Code Section 885.010.

(g) A three person inspection committee comprised of a qualified licensed contractor designated by the City Manager, a Chamber representative and a City representative will annually inspect the Property to determine whether the Chamber is complying with the Chamber's maintenance obligations of subsection 19(f)(2) above.

(h) In the event that Chamber exercises the Purchase Option and becomes the owner of the Property, should Chamber elect to sell all or any portion of the Property, City shall have the "right of first refusal" to meet a bona fide offer of purchase on the same terms and conditions of such offer. City shall have 30 days after notice from Chamber to meet such bona fide offer;

(i) Chamber may not assign or transfer this Purchase Option and the rights under it without City's prior written consent.

This paragraph 19 shall bind and inure to the benefit of the respective heirs, representatives, successors and assigns of the parties to the Lease.

20. Waiver. The waiver by either party of any breach or any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or any subsequent breach of the same or any other term, covenant or condition therein contained. The subsequent payment of Rent by Chamber, or acceptance of Rent hereunder by City, shall not be deemed to be a waiver of any preceding breach by the other party of any term, covenant or condition of this Lease, other than the failure of Chamber to pay the particular Rent so accepted, regardless of City's knowledge of such preceding breach at the time of acceptance of such Rent.

21. Arbitration. Any dispute between City and Chamber arising out of this Lease which is not resolved by good-faith settlement discussions shall be decided by binding arbitration and not by court action. Said arbitration shall be conducted in accordance with the rules of the Judicial Arbitration and Mediation Services, Inc.

22. Notices. All notices to be given hereunder shall be in writing and mailed postage prepaid by certified or registered mail, return receipt requested, or delivered by personal or courier delivery, or sent by facsimile (immediately followed by one of the preceding methods), to the addresses indicated below, or to such other place as City or Chamber may designate in a written notice given to the other party. Notices shall be deemed served upon the earlier of receipt or three (3) days after the date of mailing.

To City: City Manager, Steve Kroeger
1201 Civic Center Blvd.
Yuba City, California 95993

To Chamber: Executive Director/CEO Rikki Shaffer
1300 Franklin Road
Yuba City CA 95993

23. Assignment or Subletting. Chamber shall not assign this Lease, or any interest herein. Chamber may sublease a portion of the Madden House for complimentary purposes upon the prior approval of the City Council. Chamber shall remain the majority user of the Madden House during this Lease.
24. Condemnation. If any part of the Property shall be taken or condemned for a public or quasi-public use, Chamber shall have the option to terminate this Lease. If any part of the Property shall be taken or condemned, all compensation awarded on such condemnation or taking shall go to the City and the Chamber shall have no claim thereto, and the Chamber hereby irrevocably assigns and transfers to the City any right to compensation for damages to which the Chamber may become entitled during the Term of this Lease by reason of condemnation of all, or part of, the Property. If any part of the Property shall be taken or condemned, the full balance of the Capital Fund at time of condemnation will be returned without encumbrance to the Chamber.
25. Entry by City. Chamber shall permit City and its agents to enter into and upon the Property at all reasonable times, upon forty-eight (48) hours prior written notice and without interrupting Chamber's business in the Madden House for the purpose of inspecting the same or for the purpose of maintaining the Madden House or the Property, or for the purpose of making repairs, alterations or additions to the Madden House.
26. Compliance with Laws. Chamber shall, at Chamber's sole cost and expense, comply with all of the requirements of all Municipal, State and Federal laws and regulations now in force, or which may hereafter be in force, pertaining to Chamber's use and occupancy of the Property.
27. Free from Liens. Chamber shall keep the Property free from any liens arising out of any work performed, materials or obligations incurred by Chamber.
28. Remedies of City upon Default. If any Rent or other charges due under this Lease are due and remain unpaid for ten (10) days after receipt of notice from City, or if Chamber breaches any of the other covenants of this Lease and if such other breach continues for sixty (60) days after receipt of notice from City, City will then, but not until then, have the right to sue for Rent, and/or to terminate this Lease and re-enter the Property pursuant to California laws and statutes and pursuant to an order of a court of competent jurisdiction.
29. Time. Time is of the essence for each and every provision of this Lease.
30. Indemnification. Chamber agrees to protect, defend, indemnify, and hold harmless City

and its officer, employees, agents and representatives, harmless from and against any and all liabilities, claims, expenses, losses and damages (including but not limited to reasonable attorneys fees and costs) that may at any time be asserted against City arising out of or in connection with this Lease, except to the extent caused by City's sole or active negligence or willful misconduct.

31. Non-Discrimination. The Chamber herein covenants by and for itself, and its executors, administrators, and assigns, and all persons claiming under or through it, that this Lease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (I) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the Property herein leased nor shall the Chamber, itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, subtenant, or vendees in the Property herein leased.

32. Integration. This Lease represents the entire agreement between the parties hereto and there are no collateral oral agreements or understandings.

33. Lease Provisions. If any section, term, or clause hereof is unenforceable, the remaining provisions of this Lease shall nevertheless remain fully effective.

34. Authority. City represents and warrants that:

(a) it has full power and authority to enter this Lease and to perform fully all its obligations hereunder;

(b) there are no judicial, quasi-judicial, administrative or other orders, injunctions, moratoria or pending proceedings against City, the Building or the Property which preclude or interfere with the occupancy and use of the Property for the purposes set forth in this Lease;

(c) the person executing and delivering this Lease on behalf of City has full authority to execute and deliver this Lease on behalf of City.

35. Governing Law. This Lease will be construed in accordance with, and be governed by, the laws of the State of California.

36. No Brokers. Neither party has had any contact or dealings regarding this Lease or the Property, or any communication in connection therewith, through any real estate broker or other person who is entitled to a commission or finder's fee in connection with this transaction. In the event that any broker or finder perfects a claim for a commission or finder's fee based upon any contact, dealings or communication with either party, then the party upon whose contact,

dealings or communication the claim is based shall indemnify and hold the other party harmless from all costs and expenses (including attorneys' fees) incurred by such other party in connection with such claim.

IN WITNESS WHEREOF, City and Chamber have executed this Lease as of the day and year first above written.

City of Yuba City

Chamber:

Yuba-Sutter Chamber of Commerce

By _____
Steven C. Kroeger
City Manager

By _____
Its _____

LEASE WITH PURCHASE OPTION

Madden House, 1300 Franklin Road, Yuba City, California

THIS LEASE WITH PURCHASE OPTION ("Lease") is made and entered into on _____ by and between THE CITY OF YUBA CITY ("City"), and the Yuba-Sutter CHAMBER OF COMMERCE (" Chamber").

RECITALS

A. The City owns the property consisting of land and a building (which is known as the "Madden House"), located at 1300 Franklin Road in the City of Yuba City, California (the "Property"), which is described in Exhibit A, attached hereto and incorporated herein by reference.

B. The Madden House was built in 1879 and is linked to local history and contains unique Victorian architecture. The Madden House was gifted to the City in 1997 as part of the Waremart Foods Development and, pursuant to the Declaration of Easements and Conditions recorded on the Property on July 28, 1997 by Waremart, was to be used for civic, government and/or community purposes.

C. Following acceptance of the Madden House from Waremart, the City used the Property primarily as offices for government agencies up until April 1, 2011 when the City leased the Madden House to the Chamber.

D. The Chamber is a nonprofit corporation of voluntary membership, established to market the Yuba-Sutter area as the area of choice in which to live and do business by attracting, assisting, retaining and promoting its members. The Chamber promotes its members in a variety of ways, including referrals, ribbon-cutting ceremonies, its website, advertising, direct mail and sponsorship opportunities, various events throughout the year, and more.

E. Pursuant to the April 1, 2011 Lease, the City leased the Property to the Chamber for a period of 5 years expiring on March 31, 2016 for Chamber's business activities, including ancillary office and administrative uses ("Prior Lease").

F. City has determined that the Chamber performs a valuable civic/community service to the Yuba-Sutter area and its citizens.

G. The City and the Chamber desire to amend the Prior Lease to among other things, extend the Lease to 2031 and to provide the Chamber with an option to purchase the Property.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. The Prior Lease is hereby terminated, is no longer in effect and is replaced by this Lease.
2. Leasing of Property. City hereby leases to the Chamber and the Chamber hereby leases from the City the Property.

3. Term.

(a) Term. The term of this Lease shall commence on April 1, 2016, and expire on March 31, 2031 (the "Term").

4. Termination.

(a) Chamber's Right to Terminate. Notwithstanding the provisions of Section 3, the Chamber may terminate this Lease in the event of unforeseen circumstances.

(b) Termination in the Event of Default. In the event that Chamber defaults under the provisions of this Lease, and Chamber shall not have cured such default within sixty (60) days following delivery by the City of written notice of such default to the Chamber, City shall have the right to terminate this Lease.

5. Rent Chamber shall pay rent in advance, on an annual basis commencing on April 1, 2016, in the amount of \$1 per year ("Rent") and continuing to the expiration of the Lease on March 31, 2031.

6. Capital Fund. In addition to the Rent in Section 5, Chamber shall also pay monthly payments in the amount of \$500 to be placed into a "Capital Fund" commencing on April 1, 2016. The Capital Fund shall be used to pay for any major capital improvements to the Property. These monthly payments will be capped at \$30,000.

As a result of payments made by Chamber during the Prior Lease, there is approximately \$16,000 in the Capital Fund. Further payments shall be paid by Chamber as required to replenish the Capital Fund to \$30,000 as a result of the Capital Fund having been used by the City to pay for major capital improvements. All major improvements utilizing the "Capital Fund" will be done in consultation with and as authorized by City. All Madden House Capital Funds will remain with the City and be used solely for the purpose of capital improvements to the Madden House -upon termination of the Lease.

7. Use. The Property shall be used for Chamber's business activities, including ancillary office and administrative uses, and for no other purposes without City prior written consent, which consent shall not be unreasonably withheld or delayed. No use shall be made or permitted to be made of the Property, nor acts done, which will increase the existing rate of insurance upon Property or cause a cancellation of any insurance policy covering said Property, or any part thereof, nor shall Chamber sell, or permit to be kept, used, or sold, in or about said Property, any articles which may be prohibited by a standard form of fire insurance policy.

8. Security Deposit. City will not require payment of a Security Deposit by the Chamber.

9. Signs. Any exterior sign shall comply with the City's sign ordinance. Chamber will be responsible for the design, fabrication, lighting, transport and placement of any sign. City will be responsible for any necessary infrastructure, electrical and foundation support for the installation of the Chamber sign.

10. Maintenance. Chamber shall, at Chamber's own cost and expense, keep, maintain and

repair all the components and improvements of the Property in good order and repair and in as good, safe and sanitary condition- as they are as of the date of this Lease. Chamber will be responsible for maintain the existing landscaping in a good and attractive condition. A three person inspection committee comprised of John Tuscano or qualified contractor as designated by the City Manager, a Chamber representative and a City representative will annually inspect the Property to determine whether Chamber is complying with the Chamber's maintenance obligations under this Lease. All major improvements utilizing the Capital Fund as provided in Section 6 will be done in consultation with and as authorized by City.

11. Historical Maintenance. City shall have no obligation to construct any tenant improvements or make any changes to the Property. Any future changes to the Property requested by the Chamber will require City Council approval and compliance with the State Architect's Office requirements for historic preservation. Chamber will allow for orderly public tours of the Madden House during normal business hours.

12. Insurance.

(a) Chamber agrees to take out and keep in full force during the Term of this Lease, at Chamber's expense, commercial liability insurance to protect against any liability to the public, incident to the use of or resulting from any accident occurring in or about the Property, the liability under each such insurance to be no less than One Million Dollars (\$1,000,000.00) per occurrence, for bodily injury, personal injury and property damage.

(b) Chamber will obtain a written obligation on the part of the insurance carriers to notify City in writing prior to any cancellation thereof, and Chamber agrees, if Chamber does not keep such insurance in full force and effect, the City may take out the necessary insurance and pay the premium, and the repayments thereof shall be deemed to be part of the Rent and shall be payable immediately upon receipt of written notification from the City of the amount due. All insurance to be carried by Chamber shall be primary to and not contributory with, any similar insurance carried by City. City's insurance shall be considered excess insurance only.

(c) Chamber shall deliver to the City certificates of coverage or copies of the policies of insurance that the Chamber is required to carry pursuant to this section within ten (10) days after execution of this Lease. The City shall be named as additional insured on all of Chamber's policies of insurance.

13. Telephones and Furniture. Pursuant to the Prior Lease, the City left and transferred the telephones and office furniture in the Madden House for use by the Chamber. Chamber accepts both the telephone and furniture in an "as is" condition and assumes ownership of the same with no warranty of any kind from City. Chamber agrees to indemnify and hold harmless City for any liabilities or claims resulting from Chamber's ownership and use of the telephones and furniture.

14. Property Taxes; Assessments. City shall pay before delinquency all real and personal property taxes, including any possessory interest taxes, if any, assessed against the Property.

15. Utilities. Chamber shall, in addition to all other sums agreed to be paid by Chamber under this Lease, pay for all utility costs including gas, electrical, telephone, pest control, water, sewer, cable and alarm monitoring. City shall provide trash service provided it is included as a

component of the trash service provided at no cost to the City by the trash company.

16. No Encumbrance. Chamber shall not place, or cause to be placed or recorded, on the Property or any portion thereof any lien or encumbrance of any kind.

17. Successors and Assigns. The covenants and conditions herein contained shall, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators and assigns of all the parties hereto.

18. Holding Over. Any holding over after the expiration of this Lease, if consented to by the City, shall be construed to be a tenancy from month-to-month. Either party may terminate a month-to-month tenancy upon sixty (60) days prior written notice to the other party.

19. Purchase Option. City grants to Chamber the option to purchase the Property: (~~“Purchase Option”~~). This ~~option to purchase the Property~~Purchase Option shall be on the terms and conditions set forth in this paragraph. The terms of the Purchase ~~e~~Option are as follows:

(a) The term of the ~~option~~Purchase Option shall commence on September 30, 2030 which is six months prior to the expiration of the Term of this Lease. Said ~~option~~Purchase Option shall remain in effect during the remaining term of the Lease which may be extended from time to time as the parties agree;

(b) Provided Chamber is not in default under the Lease, this ~~option~~Purchase Option may be exercised by Lessee delivering to City before the expiration of the option term written notice that the option is exercised;

(c) The purchase price for the Property shall be One Dollar;

(d) In the event Chamber exercises the ~~purchase option~~Purchase Option, City, at City’s expense, shall retain a licensed contractor to provide an inspection of the Property, to determine the condition and working order of all the components of the Property, including, but not limited to, the roof, elevator, electrical, plumbing, HVAC, etc. Said inspection by the licensed contractor will be provided to the Chamber at which time Chamber will decide whether it wants to proceed with the purchase of the Property;

(e) In the event that Chamber exercises the ~~purchase option~~Purchase Option and becomes the owner of Property, any funds in the Capital Fund will remain with the City and will be used by the Chamber for major capital improvements as identified through Property inspection process. ~~(f) In the event that Chamber exercises the purchase option, restrictions shall be included in the deed transferring the Property to Chamber providing that the conveyance is made on the condition that the Property is to be forever held and used for public, civic or community purposes and, if the Property is not used for such purposes, it shall revert to the City;~~

~~(g) — Right of First Refusal~~

~~(f) In the event that Chamber exercises the purchase option Purchase Option, Chamber covenants and agrees for itself and any and all of its successors and assigns, to the following:~~

(1) The Property is to be forever held and used for public, civic or community purposes;

(2) Chamber shall, at Chamber's own cost and expense, keep, maintain and repair all the components and improvements of the Property in good order and repair and in as good, safe and sanitary condition as they are as of the date the Property is transferred to the Chamber, and as described in the inspection conducted by the licensed contractor in subsection 19(d) above;

(3) Chamber shall, at its expense, at all times, maintain on the Property a policy of standard fire and extended coverage insurance, with vandalism and malicious mischief endorsements, to the extent of the then existing full replacement cost.

Each of the provisions of subsections 19(f)(1), 19(f)(2), and 19(f)(3) above shall be included in the deed transferring the Property to Chamber and are expressly declared to be a condition subsequent for the benefit of the City and a power of termination enforceable by the City pursuant to California Civil Code Section 885.010.

(g) A three person inspection committee comprised of a qualified licensed contractor designated by the City Manager, a Chamber representative and a City representative will annually inspect the Property to determine whether the Chamber is complying with the Chamber's maintenance obligations of subsection 19(f)(2) above.

(h) In the event that Chamber exercises the Purchase Option and becomes the owner of the Property, should Chamber elect to sell all or any portion of the Property, City shall have the "right of first refusal" to meet a bona fide offer of purchase on the same terms and conditions of such offer. City shall have 30 days after notice from Chamber to meet such bona fide offer;

(hi) Chamber may not assign or transfer this ~~option to own~~Purchase Option and the rights under it without City's prior written consent.

This paragraph 19 shall bind and inure to the benefit of the respective heirs, representatives, successors and assigns of the parties to the Lease.

20. Waiver. The waiver by either party of any breach or any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or any subsequent breach of the same or any other term, covenant or condition therein contained. The subsequent payment of Rent by Chamber, or acceptance of Rent hereunder by City, shall not be deemed to be a waiver of any preceding breach by the other party of any term, covenant or condition of this Lease, other than the failure of Chamber to pay the particular Rent so accepted, regardless of City's knowledge of such preceding breach at the time of acceptance of such Rent.

21. Arbitration. Any dispute between City and Chamber arising out of this Lease which is not resolved by good-faith settlement discussions shall be decided by binding arbitration and not by court action. Said arbitration shall be conducted in accordance with the rules of the Judicial Arbitration and Mediation Services, Inc.

22. Notices. All notices to be given hereunder shall be in writing and mailed postage prepaid

by certified or registered mail, return receipt requested, or delivered by personal or courier delivery, or sent by facsimile (immediately followed by one of the preceding methods), to the addresses indicated below, or to such other place as City or Chamber may designate in a written notice given to the other party. Notices shall be deemed served upon the earlier of receipt or three (3) days after the date of mailing.

To City: City Manager, Steve Kroeger
1201 Civic Center Blvd.
Yuba City, California 95993

To Chamber: Executive Director/CEO Rikki Shaffer
1300 Franklin Road
Yuba City CA 95993

23. Assignment or Subletting. Chamber shall not assign this Lease, or any interest herein. Chamber may sublease a portion of the Madden House for complimentary purposes upon the prior approval of the City Council. Chamber shall remain the majority user of the Madden House during this Lease.

24. Condemnation. If any part of the Property shall be taken or condemned for a public or quasi-public use, Chamber shall have the option to terminate this Lease. If any part of the Property shall be taken or condemned, all compensation awarded on such condemnation or taking shall go to the City and the Chamber shall have no claim thereto, and the Chamber hereby irrevocably assigns and transfers to the City any right to compensation for damages to which the Chamber may become entitled during the Term of this Lease by reason of condemnation of all, or part of, the Property. If any part of the Property shall be taken or condemned, the full balance of the Capital Fund at time of condemnation will be returned without encumbrance to the Chamber.

25. Entry by City. Chamber shall permit City and its agents to enter into and upon the Property at all reasonable times, upon forty-eight (48) hours prior written notice and without interrupting Chamber's business in the Madden House for the purpose of inspecting the same or for the purpose of maintaining the Madden House or the Property, or for the purpose of making repairs, alterations or additions to the Madden House.

26. Compliance with Laws. Chamber shall, at Chamber's sole cost and expense, comply with all of the requirements of all Municipal, State and Federal laws and regulations now in force, or which may hereafter be in force, pertaining to Chamber's use and occupancy of the Property.

27. Free from Liens. Chamber shall keep the Property free from any liens arising out of any work performed, materials or obligations incurred by Chamber.

28. Remedies of City upon Default. If any Rent or other charges due under this Lease are due and remain unpaid for ten (10) days after receipt of notice from City, or if Chamber breaches any of the other covenants of this Lease and if such other breach continues for sixty (60) days after receipt of notice from City, City will then, but not until then, have the right to sue for Rent, and/or to terminate this Lease and re-enter the Property pursuant to California laws and statutes

and pursuant to an order of a court of competent jurisdiction.

29. Time. Time is of the essence for each and every provision of this Lease.

30. Indemnification. Chamber agrees to protect, defend, indemnify, and hold harmless City and its officer, employees, agents and representatives, harmless from and against any and all liabilities, claims, expenses, losses and damages (including but not limited to reasonable attorneys fees and costs) that may at any time be asserted against City arising out of or in connection with this Lease, except to the extent caused by City's sole or active negligence or willful misconduct.

31. Non-Discrimination. The Chamber herein covenants by and for itself, and its executors, administrators, and assigns, and all persons claiming under or through it, that this Lease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (I) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the Property herein leased nor shall the Chamber, itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, subtenant, or vendees in the Property herein leased.

32. Integration. This Lease represents the entire agreement between the parties hereto and there are no collateral oral agreements or understandings.

33. Lease Provisions. If any section, term, or clause hereof is unenforceable, the remaining provisions of this Lease shall nevertheless remain fully effective.

34. Authority. City represents and warrants that:

(a) it has full power and authority to enter this Lease and to perform fully all its obligations hereunder;

(b) there are no judicial, quasi-judicial, administrative or other orders, injunctions, moratoria or pending proceedings against City, the Building or the Property which preclude or interfere with the occupancy and use of the Property for the purposes set forth in this Lease;

(c) the person executing and delivering this Lease on behalf of City has full authority to execute and deliver this Lease on behalf of City.

35. Governing Law. This Lease will be construed in accordance with, and be governed by, the laws of the State of California.

36. No Brokers. Neither party has had any contact or dealings regarding this Lease or the

Property, or any communication in connection therewith, through any real estate broker or other person who is entitled to a commission or finder's fee in connection with this transaction. In the event that any broker or finder perfects a claim for a commission or finder's fee based upon any contact, dealings or communication with either party, then the party upon whose contact, dealings or communication the claim is based shall indemnify and hold the other party harmless from all costs and expenses (including attorneys' fees) incurred by such other party in connection with such claim.

IN WITNESS WHEREOF, City and Chamber have executed this Lease as of the day and year first above written.

City of Yuba City

Chamber:

Yuba-Sutter Chamber of Commerce

By _____
Steven C. Kroeger
City Manager

By _____
Its _____



MEMO

Date: March 15, 2016
To: Honorable Mayor and City Council
CC: Tim Hayes, City Attorney
Steve Kroeger, City Manager
From: Terrel Locke, City Clerk
Re: **Continued Item** – Amendment to the 2011 Recology Yuba-Sutter Collection Service Agreement for the Green Waste Diversion Program

At your meeting of March 1, 2016, the Council voted 2 in favor and 2 opposed to the Amendment to the 2011 Recology Yuba-Sutter Collection Service Agreement for the Green Waste Diversion Program.

At the request of the Mayor and City Council, this item is being brought forward for discussion and action at the March 15, 2016 meeting, when the full City Council will be in attendance. The original staff report is attached.

Summary

Subject: Amendment to the 2011 Recology Yuba-Sutter Collection Service Agreement for the Green Waste Diversion Program

Recommendation: Adopt a Resolution Amending the 2011 Collection Service Agreement with Recology Yuba-Sutter relating to the Green Waste Diversion Program

Fiscal Impact: \$2,227,500 maximum cost to be shared by the Yuba-Sutter Regional Agencies. Funding will be considered through the Rate Stabilization and Capitalization Fund and/or Refuse Collection Rates over a three year period, beginning in the 2016-2017 Rate Year (October 2016)

CITY OF YUBA CITY
STAFF REPORT

Date: March 1, 2016
To: Honorable Mayor & Members of the City Council
From: Administration
Presentation By: Steven C. Kroeger, City Manager

Summary

Subject: Amendment to the 2011 Recology Yuba-Sutter Collection Service Agreement for the Green Waste Diversion Program

Recommendation: Adopt a Resolution Amending the 2011 Collection Service Agreement with Recology Yuba-Sutter relating to the Green Waste Diversion Program

Fiscal Impact: \$2,227,500 maximum cost to be shared by the Yuba-Sutter Regional Agencies. Funding will be considered through the Rate Stabilization and Capitalization Fund and/or Refuse Collection Rates over a three year period, beginning in the 2016-2017 Rate Year (October 2016)

Purpose:

To provide for changes to the Collection Service Agreement to continue composting operations and to remain in compliance with state regulatory requirements.

Background:

The Recology Green Waste Diversion Program (Feather River Organics) facility is located on top of the closed Yuba-Sutter Landfill. The site has been producing compost since 1998. The Program currently processes approximately 30,000 tons of municipal and commercial organics per year. This material includes yard trimmings and food scraps collected from Yuba, Sutter, and surrounding counties.

Starting in 2012, the Central Valley Water Board conducted an inspection and requested more information on the Feather River Organics Composting Facility and the closed landfill. A Clean-up and Abatement Order was issued in 2013 regarding landfill post closure maintenance deficiencies that led to storm water benchmark exceedances, landfill gas generation and impacts on groundwater. In response, Recology Yuba-Sutter determined that a new compost facility should be developed at a different location.

After consultation with the RWMA Administrators regarding interim options for the green waste diversion program, Recology submitted a proposal to the RWMA with a funding option to limit the financial risk to the RWMA jurisdictions regarding the increased requirements of the green waste facility and the closed landfill. Because of the ongoing challenges and expenses related to new permit requirements, and maintaining and improving the current facility, Recology Yuba-Sutter determined that it will be more cost efficient to relocate the green waste program from the current site. A new facility will take up to four years to permit and develop.

In the meantime, Recology would continue composting operations at the Marysville site with installation of an above ground stormwater collection tank.

The proposal to continue interim green waste processing operations at the Marysville site for a four-year term (for years ending in 2016, 2017, 2018 and 2019), includes:

- Total maximum additional cost for all member agencies will be \$2,227,500 (which is the amount over the base amount already included in the Recology Rate Structure).
- Recology takes all financial responsibility for any and all additional regulatory requirements pertaining to the compost/green waste operation
- The effectiveness of the Agreement Amendment is expressly conditioned on the mutual written commitment of all the Member Agencies to adopt the same terms regarding this Project
- Recology will include in its rate application due May 1, 2016, its best estimate of total additional costs, including all project costs incurred to date

At a Special Meeting on November 12, 2015, the RWMA Board of Directors authorized a contract with Sloan Vazquez, LLC to perform a review and write a report regarding green waste processing options (Attachment E).

Analysis:

Sloan Vazquez, LLC was retained to review and report on the following:

- Legal obligations of the Collection Service Agreement relative to changes in the law effecting the green waste diversion program and landfill post closure maintenance requirements
- Availability of other green waste processing facilities that could receive and process green waste materials
- The proposal and information provided by Green Solutions & More and the viability of the proposal including the associated risks and related issues. The details of the Green Solutions & More proposal is outlines in the Sloan Vazquez, LLC Report Section 4.1.
- Provisions of the Collection Service Agreements and industry standards related to directing materials to non-contractor owned and operated facilities.

Three alternate facilities, along with Recology’s Feather River Organics Facility, were reviewed by Sloan Vasquez, LLC:

Facility	Location	4-Year Cost Estimate
Jepson Prairie Organics Composting Facility	Vacaville CA	\$8,496,364
Northern Recycling Compost	Zamora CA	\$7,287,120
Green Solutions & More *	Olivehurst CA	\$6,141,420
Feather River Organics Facility (Recology)	Marysville CA	\$6,358,263

** After review of the information provided by Green Solutions & More, Sloan Vazquez LLC states that there are several concerns that need to be addressed before the facility is ready to meet the current needs of the RWMA jurisdictions, including the need to obtain a full Solid Waste Facility Permit for Compostable Materials Handling. While the permitting requirements are being addressed (which could take as long as one year), the costs associated with ongoing operations at the Recology Feather River Organics Facility will continue to accrue.*

Based on their review, Sloan Vazquez, LLC recommends that the RWMA member jurisdictions proceed with Recology's proposal to continue the green waste diversion program while capping expenses for the jurisdictions for meeting the regulatory requirements for the Feather River Organics facility, as well as removing any new financial obligation associated with landfill post closure maintenance requirements related to the continued operation of that facility on top of a portion of the closed landfill. The consultant's recommendation has been endorsed by the RWMA member jurisdiction administrators.

Fiscal Impact:

A maximum of \$2,227,500 in additional costs to be shared RWMA member jurisdictions. This amount equals \$2,500,000 plus a 10% contingency, for a sub-total of \$2,750,000, which is then reduced by 19% for non-RWMA activities. Yuba City's share of this cost is approximately 42% or \$935,550.

- **Funding Option 1:** The Rate Stabilization and Capitalization Fund

Yuba City's current share of the Rate Stabilization and Capitalization Fund is approximately \$1,000,000, which could cover the City's additional costs of the project without having to raise collection rates. As part of the City's rate structure, an additional \$300,000 is deposited annually to the Rate Stabilization and Capitalization Fund and will be available for additional projects as needed.

- **Funding Option 2:** Rate Adjustments

If funded entirely through Refuse Collection rates, the resulting rate increase is estimated to be 3.25% to go into effect in Rate Year 2017 and continue on for RY2018 and RY2019 (based on the current (RY2016) structure).

Which funding option is preferred will be implemented when the City Council considers the Annual Recology Yuba-Sutter Rate Adjustment for Rate Year 2017 (October 1, 2016 – September 30, 2017) in August 2016.

Recology Yuba-Sutter agrees to fund 50% of the cost of any consulting services that the Regional Waste Management Authority may incur to review the technical and financial documentation associated with the Additional Costs for Rate Years 2016-2019.

Alternatives:

Do not amend the Collection Service Agreement and direct staff to continue to look at other options.

Recommendation:

Adopt a Resolution Amending the 2011 Collection Service Agreement with Recology Yuba-Sutter relating to the Green Waste Diversion Program.

Attachments:

- A. Resolution Amending Collection Service Agreement
- B. Proposed Amendment to Collection Service Agreement
- C. September 10, 2015 Proposal Letter from Recology-Yuba Sutter
- D. January 21, 2016 RWMA Staff Report
- E. Consultant Report – Sloan Vazquez, LLC

Prepared By:

/s/ Terrel Locke

Terrel Locke
Assistant to the City Manager

Submitted By:

/s/ Steven C. Kroeger

Steven C. Kroeger
City Manager

Reviewed By:

Finance

City Attorney

RB

TH (via email)

ATTACHMENT A

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YUBA CITY
APPROVING AN AMENDMENT TO THE 2011 COLLECTION SERVICE
AGREEMENT WITH RECOLOGY YUBA-SUTTER REGARDING FUNDING
PROVISIONS FOR THE GREEN WASTE DIVERSION PROGRAM**

WHEREAS, on December 20, 2011, the City Council approved a Collection Service Agreement with Recology Yuba-Sutter; and,

WHEREAS, the Green Waste Diversion Program has been operating on the closed Recology Yuba-Sutter Landfill since 1998; and,

WHEREAS, in 2012 the Central Valley Water Board inspected the facility and in 2013 issued a Clean-up and Abatement Order for numerous deficiencies relating to post closure maintenance and impacts of stormwater drainage; and,

WHEREAS, Recology Yuba-Sutter has determined that it is in the best interest to relocate the Green Waste Diversion Program which will take four years to build and permit; and,

WHEREAS, the Regional Waste Management Authority (RWMA), of which the City of Yuba City is a member, received a proposal letter dated September 10, 2015 regarding funding options to continue to operate the Green Waste Diversion Program on an interim basis; and

WHEREAS, the Regional Waste Management Authority (RWMA), retained the services of Sloan Vazquez to review and write a report on the available options for green waste materials processing; and

WHEREAS, after the review of available options, Sloan Vazquez recommends that RWMA Board of Directors proceed with the proposed actions included in the Recology Yuba-Sutter Proposal Letter dated September 10, 2015; and,

WHEREAS, the effectiveness of this Amendment to the Agreement is expressly conditioned on the mutual written commitment of all the Member Agencies to adopt the same terms regarding this Project.

NOW, THEREFORE, the City Council of the City of Yuba City does hereby resolve as follows:

That the Amendment to 2011 Collection Service Agreement with Recology Yuba-Sutter regarding Funding Options for Green Waste Diversion Program, attached hereto, is hereby approved by the City of Yuba City effective March 1, 2016.

The foregoing Resolution of the City Council of the City of Yuba City was duly introduced, PASSED AND ADOPTED at a special meeting thereof held on the 1st day of March 2016, by the following vote:

Ayes:

Noes:

Absent:

Attest:

John Buckland, Mayor

Terrel Locke, City Clerk

ATTACHMENT B

AMENDMENT TO COLLECTION SERVICE AGREEMENT

March 1, 2016

This Amendment to the Collection Service Agreement for solid waste collection, disposal, and recycling services is made this 1st day of March 2016, by and between the City of Yuba City, California (CITY) and Recology Yuba-Sutter.

RECITALS

A. On December 20, 2011, CITY entered into a Collection Service Agreement (“Agreement”) with Recology Yuba-Sutter for solid waste collection, disposal, and recycling services within the corporate limits of CITY. The Agreement expires on September 30, 2019.

B. Due to new State regulatory requirements pertaining to the Green Waste diversion programs at Recology Yuba-Sutter’s facility in Marysville, specifically to the Feather River Organics Processing Facility (the “Feather River Facility”), significant additional infrastructure and operating costs have been and will continue to be incurred to continue the existing Green Waste diversion programs under the Agreement. These additional costs are to upgrade the facility’s storm water management system to comply with the new State Water Board requirements, and include installation of new storm water tanks and related equipment (pumps, grinder), related infrastructure improvements (pad upgrade, pad grading, plumbing, vaults), associated engineering and permitting costs, temporary rental of tanks and pumps until the new tanks are operational, and increased fuel, electricity and storm water disposal costs associated with operation of the storm water management system (such activities collectively, the “Project,” and the costs thereof, the “Project Costs”). The Contract Administrators of the member agencies (the “Member Agencies”) of the Regional Waste Management Authority (the “Authority”) met and conferred with Recology Yuba-Sutter representatives regarding the estimated costs and other Green Waste processing options, including temporarily suspending the Green Waste diversion programs as an alternative to upgrading the facility’s storm water management system.

C. CITY and Recology Yuba-Sutter mutually desire to amend the Agreement by executing this amendment (Amendment) to reflect a proposal by Recology Yuba-Sutter to implement the Project, thereby allowing the existing Green Waste diversion programs at the Feather River Facility to continue composting operations and to remain in compliance with the new State regulatory requirements, while also minimizing the additional financial risk to the Member Agencies of the Authority arising from the Project and the continued operation of the Feather River Facility for Rate Years 2016-2019 (the years ending September 30 of 2016, 2017, 2018 and 2019). For this purpose only, CITY and Recology Yuba-Sutter mutually desire to establish certain exceptions to the Agreement and Exhibit 2 Maximum Service Rate Adjustment Guidelines as documented below.

NOW, THEREFORE THE PARTIES TO THE COLLECTION SERVICE AGREEMENT AND THIS AMENDMENT AGREE AS FOLLOWS

1. IMPLEMENTATION OF PROJECT AND FINANCIAL RISK LIMITATION PROVISIONS

CITY and Recology Yuba-Sutter agree that, in exchange for the funding obligations undertaken by CITY herein, and pursuant to a proposal made by Recology Yuba-Sutter, Recology Yuba-Sutter will implement the Project, thereby enabling the existing Green Waste diversion programs

at the Feather River Organics Processing Facility located at the Marysville Transfer Station to continue composting operations and to remain in compliance with the new State regulatory requirements. The following outlines the provisions of the financial risk limitations to the Member Agencies:

- a. As used herein, "Additional Costs" means (i) all costs of the Project regardless of when incurred, including without limitation those referred to in recital B above and those incurred in Rate Year 2015, plus (ii) all additional costs of operating the Feather River Facility for Rate Years 2016-2019 over and above the Base Costs, and then reducing the sum of (i) and (ii) by the nineteen percent (19%) non-RWMA Activity portion. "Base Costs" means the total costs of operating the Feather River Facility for Rate Year 2016 (\$1,086,015) multiplied by four (4) for Rate Years 2016-2019, for a total of \$4,344,060. Additional information regarding Project Costs and Base Costs is provided on Exhibits 1 and 2 to this Amendment.
- b. The maximum total Additional Costs, including capital, lease and operating costs, to the Member Agencies over the period from Rate Year 2016 through Rate Year 2019 will be \$2,227,500. This amount equals \$2,500,000, plus a ten percent (10%) contingency, for a subtotal of \$2,750,000, which is then reduced by the nineteen percent (19%) non-RWMA Activity portion.
- c. The non-RWMA Activity portion referred to above is the current percentage of the total Green Waste tonnage handled by the Feather River Facility that is not attributable to the Member Agencies. Notwithstanding Section 17.03 of the Agreement, the parties agree that no more than eighty-one percent (81%) of the costs of operating the Feather River Facility and implementing the Project will be allocated to the Member Agencies for Rate Years 2016-2019 even if there is a material change in the volume of Green Waste materials from Beale Air Force Base or the City of Oroville processed through the Feather River Facility at the Marysville Transfer Station.
- d. The Additional Costs shall not include an Operating Margin on any Project Costs.
- e. Recology Yuba-Sutter accepts the financial responsibility for any and all additional costs of continuing to operate the Feather River Facility (above the Base Costs and the maximum Additional Costs set forth in Section 1(b)) that may be incurred in Rate Years 2016-2019 (but, if the Agreement is extended, not any later Rate Years) as a result of any change after the date hereof in any state or federal regulatory requirements including, but not limited to, those regulatory requirements that may originate from the Central Valley Flood Control Board, U.S. Army Corps of Engineers, State Water Board, CalRecycle or other agencies and including any change in landfill closure or post closure maintenance requirements related to the continuing operation of the Feather River Facility on top of a portion of the closed landfill.

For the avoidance of doubt, if after the date hereof there is a change in landfill closure or post-closure requirements, the costs of complying with such change that Recology Yuba-Sutter is assuming under this Section 1(e) are only those attributable to the operation of the Feather River Facility (and not any other aspect of the Marysville Transfer Station or any other Recology Yuba-Sutter operation) and only those attributable to the period from the effective date of the change to the end of Rate Year 2019 (and not any earlier or later periods).

- f. Notwithstanding any other provision of this Amendment, "Additional Costs" do not include, and the maximum total Additional Costs set forth in Section 1(b) above and the

undertaking made by Recology Yuba-Sutter in Section 1(e) above do not apply to, (i) any interest on Additional Costs, (ii) any costs associated with CITY-Directed Changes (if any) after the date hereof, (iii) any costs arising from any new or increased Member Agency or Authority fees, charges, surcharges or assessments after the date hereof (such as, but not limited to, a new fee imposed on Green Waste tons accepted at the Feather River Facility), or (iv) any costs of complying with Order R5-2015-0106 dated July 31, 2015 issued by the California Regional Water Quality Control Board – Central Valley Region (except for compliance with Sections C.2 - C.22 (pp. 40-42) and C.24 - C.26 (pp. 45-48) of such order, which is addressed by the Project). Maximum Rate Adjustments in connection with any such CITY-Directed Changes, any such new or increased fees, charges, surcharges or assessments, or compliance with the remaining provisions of such order, shall be handled under the applicable provisions of the Agreement.

2. FUNDING

- a. Recology Yuba-Sutter will include in its rate application due May 1, 2016 its best estimate of total Additional Costs, including but not limited to all Project Costs incurred to date.
- b. CITY agrees to be responsible for its proportionate share of the Additional Costs (plus any interest, as provided below). Funding of such amounts will be made through adjustments to CITY's Maximum Service Rates for Rate Year 2017 and (if necessary) Rate Years 2018 and 2019, and/or through one or more payments on CITY's behalf from the Rate Stabilization and Capitalization Funds before the end of Rate Year 2019. The portion to be funded through Maximum Service Rates and the portion to be funded through the Rate Stabilization and Capitalization Funds shall be as determined by the Member Agencies and the Regional Waste Management Authority Board of Directors and Yuba City City Council. Interest at a rate of 4.25% per annum shall accrue and be paid on any amounts received by Recology Yuba-Sutter after October 1, 2017.
- c. CITY agrees to increase its Maximum Service Rates at such times and in such amounts as is necessary to timely compensate Recology Yuba-Sutter for CITY'S share of the portion of the Additional Costs (plus any interest on Additional Costs) to be funded through the Maximum Service Rates. Such Maximum Service Rate increase(s) shall be over and above any other Maximum Service Rate adjustments to which Recology Yuba-Sutter may be entitled. CITY also agrees to continue to include its share of the Base Costs as part of Recology Yuba-Sutter's Revenue Requirements for Rate Years 2017-2019.
- d. Interest on any leased and capital items included within the Additional Costs will be amortized over a three year period extending from Rate Year 2017 through Rate Year 2019 using an interest rate of 4.25%, which is the Wall Street Journal Prime Rate of 3.25% on September 10, 2015, plus one (1) percentage point. CITY and Recology Yuba-Sutter agree that this particular application of interest rates is a singular exception to the Agreement for the purposes of this Amendment and shall not apply to other leased and capital items.
- e. Recology Yuba-Sutter shall update its best estimate of Additional Costs and include such update in its rate applications due May 1, 2017 and May 1, 2018 for Rate Years 2018 and 2019. If such revision results in a net increase in Additional Costs (subject to the maximum in Section 1(b)), then all parties shall cooperate in good faith to effect further Maximum Service Rate adjustments and/or payments from the Rate Stabilization and Capitalization Funds to compensate Recology Yuba-Sutter for the increase before

the end of the 2019 Rate Year. Interest on any such increased Additional Costs shall not begin to accrue until October 1 of the year after Recology Yuba-Sutter has provided the aforementioned update.

- f. It is understood and agreed that such updates may include revisions (upward or downward) in previously estimated Additional Costs, as well as new Additional Costs that have arisen after the previous estimate was submitted. If actual costs turn out to be greater than or less than estimated costs for any item included within Additional Costs, the updates will reflect the actual amount (but in all events subject to the maximum in Section 1(b)). The amounts included in Additional Costs will not be subject to any automatic or minimum increases (i.e. no floor) but rather will be based on best estimates and actual costs.
- g. One hundred and fifty (150) days after the end of Rate Year 2019, if the total funding actually received by Recology Yuba-Sutter as compensation for Additional Costs plus interest exceeds actual Additional Costs (subject to the maximum in Section 1(b)) plus interest, then Recology Yuba-Sutter will pay the excess to the Authority. One hundred and fifty (150) days after the end of Rate Year 2019, if the total funding actually received by Recology Yuba-Sutter as compensation for Additional Costs plus interest is less than actual Additional Costs (subject to the maximum in Section 1(b)) plus interest, then Recology Yuba-Sutter will receive the remainder of its compensation from the Member Agencies or the Authority.

3. GREEN WASTE DIVERSION PROGRAM CHANGES

Notwithstanding any provision of the Agreement or this Amendment to the contrary, if after the date hereof there is a significant change in circumstances, including but not limited to a Change in Law or an inability to obtain permits for the Project, and as a result thereof Recology Yuba-Sutter determines in its reasonable business judgment that it is no longer feasible or economical to continue to operate the Feather River Facility, then Recology Yuba-Sutter may modify the Green Waste program in its sole discretion. Such modifications may include, but are not limited to, closure of the Feather River Facility, landfill disposal (rather than diversion) of collected Green Waste, use of Green Waste as alternative daily cover, and/or cessation of collection of Food Waste from customers. Such modifications shall be at Recology Yuba-Sutter's sole cost and expense, provided that Maximum Service Rates, and the amounts to which Recology Yuba-Sutter is entitled under this Amendment, shall not be reduced as a result of any such modification unless such modification results in a net reduction in cost in which case Maximum Service Rates would be reduced accordingly. Such modifications shall be deemed amendments to the Agreement, which means, among other things, that liquidated damages may not be assessed under Sections 20.04 N, O or P with respect to such modifications. Recology Yuba-Sutter will provide the Authority and the Member Agencies with prior written notice of any such modification and will make itself available to meet and confer with them. If the Authority and the Member Agencies collectively wish Recology Yuba-Sutter to implement an alternative approach (such as maintaining the Green Waste diversion program in its then-current form, or modifying it in a different manner from that specified by Recology Yuba-Sutter), then Recology Yuba-Sutter shall be entitled to a Maximum Service Rate adjustment in an amount to be mutually agreed, so that it is fully compensated for the costs of implementing that approach.

4. SHARED REVIEW COST

CITY and Recology Yuba-Sutter agree that Recology Yuba-Sutter will fund 50% of the cost of any consulting services that the Regional Waste Management Authority may procure to review

the technical and financial documentation associated with the Additional Costs for Rate Years 2016-2019.

5. MISCELLANEOUS

Except as expressly set forth herein, the Agreement shall remain in full force and effect. In the event of a conflict between the provisions of this Amendment and the Agreement, the provisions of this Amendment shall govern. Capitalized terms used but not defined herein shall have the meanings given to them in the Agreement. Exhibits 1 and 2 are integral parts of this Amendment and are incorporated herein by this reference.

6. CONDITIONS FOR EFFECTIVENESS OF THIS AGREEMENT AMENDMENT

The effectiveness of this Agreement Amendment is expressly conditioned on the mutual written commitment of all the Member Agencies to adopt the same terms regarding this Project.

The parties have caused this Agreement to be executed on the date first written above.

CITY OF YUBA CITY

John Buckland, Mayor

Attest:

Terrel Locke, City Clerk

RECOLOGY YUBA-SUTTER DISPOSAL, INC.

By: _____

Exhibit 1

Estimate of Additional Cost for the Project

Above Ground Tank		\$696,425
Pumps		219,500
Grinder		100,000
Vaults		92,230
Plumbing		319,183
Pad Grading (south area)		83,925
Pad Upgrade		140,000
Tank Rental (10 months)		435,000
Disposal of Compost Storm Water		35,000
Pumping Fuel/Electricity		8,000
Engineering/Permitting		250,000
Total Additional Cost FY 2016		<u>\$2,379,263</u>
Disposal of Compost Storm Water		\$35,000
Pumping Fuel/Electricity		8,000
Total Additional Cost FY 2017		<u>\$43,000</u>
Disposal of Compost Storm Water		\$35,000
Pumping Fuel/Electricity		8,000
Total Additional Cost FY 2018		<u>\$43,000</u>
Disposal of Compost Storm Water		\$35,000
Pumping Fuel/Electricity		8,000
Total Additional Cost FY 2019		<u>\$43,000</u>
Total Additional Cost for the Project		\$2,508,263
Additional Cost Rounded		\$2,500,000
Contingency	10%	250,000
Maximum Total Additional Cost for the Project		<u><u>\$2,750,000</u></u>

Exhibit 2

Base Costs from 2015 Rate Application

Operating Expense (RWMA Share)	
Labor and Related Expense	\$488,047
Truck and Container Expense	9,706
Truck and Container Dept. Allocation	109,950
Depreciation	2,586
Recycling Material Purchases	60,508
Other Operating Expense	38,771
General & Administrative	63,284
Total Operating Expense	<u>\$772,852</u>
Operating Margin @ 90%	85,872
Pass-through Expense (RWMA Share)	
Green Waste Processing - Ostrom Road LF	<u>20,948</u>
Total Pass-through Expense	<u>\$20,948</u>
RWMA Share of Base Cost	\$879,672
Gross up RWMA Share of Base Cost	<u>81.0%</u>
Total of Base Cost	<u><u>\$1,086,015</u></u>

ATTACHMENT C



Keith E. Martin
Regional Waste Management Authority
2100 B Street
Marysville, CA 95901

September 10, 2015

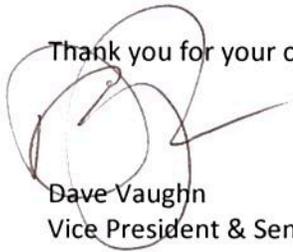
Re: Green Waste Diversion Program

Dear Keith,

Thank you for meeting with the Recology team on such short notice. Based on the discussion, Recology would like to purpose the option to continue the current compost/ green waste diversion program, as well as minimize the financial risk to the RWMA and its member agencies. Our proposal includes the following:

- Limit risk to the member agencies to the current estimate \$2.5M, plus a 10% contingency (\$2.75M).
- Funding will be made through the rates over a three year period beginning in the 2016-17 rate year. Interest will accrue at 4.25%.
- The RWMA will have the option to use the Rate Stabilization and Capitalization Fund to reduce the amount funded.
- Reimbursement will be based on the actual costs incurred by Recology (no cost floor).
- Recology reserves the right to change direction if there is a significant change in circumstance, e.g., should permits become unattainable or regulation significantly affects our ability to perform composting as planned.

Thank you for your consideration.



Dave Vaughn
Vice President & Senior Director of Operations

CC: Steve Kroeger
Robert Bendorf
Alyson Burleigh

Tom Norris
Ed Farewell
Mike Leggins

ATTACHMENT D

**REGIONAL WASTE MANAGEMENT AUTHORITY (RWMA)
BOARD OF DIRECTORS MEETING
JANUARY 21, 2016**

**AGENDA ITEM V – A
STAFF REPORT**

**SLOAN VAZQUEZ, LLC REPORT REGARDING CONTRACT PROVISIONS AND
GREEN WASTE PROCESSING OPERATIONS**

At a Special Meeting on November 12, 2015, the RWMA Board of Directors authorized staff to engage Sloan Vazquez, LLC for a short term project to review and report to the Board regarding additional green waste diversion program alternatives and certain provisions of the Collection Service Agreements. As recommended by the RWMA member jurisdiction administrators and authorized by the RWMA Board, the consultant was to review and write a report regarding the following scope of work.

1. Legal obligations of the Collection Service Agreements relative to Changes in Law effecting Recology Yuba-Sutter's green waste diversion program and the landfill post closure maintenance requirements;
2. Availability of other green waste processing facilities that could receive and process the green waste materials, including review of Recology Yuba-Sutter's cost estimate for use of the nearest alternative green waste processing option that is currently viable (e.g. Jepson Prairie Organics Composting Facility);
3. The proposal and information provided by Green Solutions & More and the viability of the proposal including the associated risks and related issues; and,
4. Provisions of the Collection Service Agreements and industry standards related to directing materials to non-contractor owned and operated facilities for specific contract provisions.

A copy of the resulting report is attached for Board review and Sloan Vazquez, LLC representatives will be at the meeting to present their findings. Based on their review, Sloan Vazquez, LLC is recommending that the RWMA jurisdictions proceed with the Recology Yuba-Sutter proposal to continue the green waste diversion program while capping expenses for the RWMA jurisdictions for meeting the regulatory requirements for the Feather River Organics facility, as well as removing any new financial obligation associated with landfill post closure maintenance requirements related to the continued operation of that facility on top of a portion of

the closed landfill. The consultant's recommendation has since been endorsed by the RWMA member jurisdiction administrators.

Recology Yuba-Sutter's proposal to continue the green waste diversion program includes specific changes to the funding provisions of each jurisdiction's Collection Service Agreement with Recology Yuba-Sutter including:

- Maximum total additional cost of \$2,500,000, plus a ten percent (10%) contingency, bringing the total maximum additional cost to \$2,750,000. The maximum additional amount is the rounded difference between the four year total cost of \$6,358,263 minus the existing four year \$3,600,000 net annual operating costs (\$900,000 x 4 years) for the Feather River Organics facility that is already in the collection rates. This maximum total additional cost includes installation of new storm water tanks and related equipment (pumps and grinder), related infrastructure improvements (pad upgrade, pad grading, plumbing, modification of vaults, associated engineering and permitting costs, temporary tank rental, and increased fuel, electricity and storm water disposal costs associated with operation of the new system) over the four-year term, Rate Year 2016 through Rate Year 2019, and then reduced by the nineteen percent (19%) non-RWMA Activity;
- That no more than eighty-one percent (81%) of the expenses will be allocated to the Member Agencies even if there is a material change in the volume of Green Waste materials from Beale Air Force Base or the City of Oroville processed through the Marysville Transfer Station;
- Reimbursements for the maximum additional costs, including capital, lease and operation costs will be based on actual costs incurred by Recology Yuba-Sutter and will not include an Operating Margin and no cost floor. The portions to be funded through the Rate Stabilization and Capitalization Funds and through Maximum Service Rates shall be as determined by the Member Agencies and the Regional Waste Management Authority Board of Directors and Yuba City City Council. Interest on any leased and capital items included in the Additional Costs will be amortized over a three year period extending from Rate Year 2017 through Rate Year 2019 using an interest rate of 4.25%;
- Recology Yuba-Sutter accepts the financial responsibility for any and all additional regulatory requirements pertaining to the green waste operation including, but not limited to, those that may originate from the Central Valley Flood Control Board, U.S. Army Corps of Engineers, State Water Board, CalRecycle or other agencies and including any change in landfill closure or post closure maintenance requirements

related to the continuing operation of the Feather River Organics facility on top of a portion of the closed landfill; and,

- If Recology Yuba-Sutter determines in its reasonable business judgment that it is no longer feasible or economical to continue to operate the Feather River Organics facility, then Recology Yuba-Sutter may modify the Green Waste program in its sole discretion. Such modifications may include, but are not limited to, closure of the Feather River Organics facility; landfill disposal (rather than diversion) of collected Green Waste; use of Green Waste as alternative daily cover; and/or, cessation of collection of Food Waste from customers. Such modifications shall be at Recology Yuba-Sutter's sole cost and expense provided that Maximum Service Rates, and the amounts to which Recology Yuba-Sutter is entitled under this Amendment, shall not be reduced as a result of any such modification unless such modification results in a net reduction in cost in which case Maximum Service Rates would be reduced accordingly.

Additionally, attached is a copy of a letter from RWMA Counsel Brant Bordsen concerning the Changes in Law provisions of the Collection Service Agreement and the California Regional Waste Quality Control Board waste discharge requirements as issued July 31, 2015. The letter concludes that it is appropriate to open discussions with Recology with regard to the effect of this order from the California Regional Water Quality Control Board on Recology's operations under the Collection Service Agreement. This opinion is consistent with the conclusion of Sloan Vazquez, LLC in their report.

The Board is now being asked to concur with the Administrators' recommendation that the Recology proposal offers the best value to the member jurisdictions and forward that recommendation to the member jurisdictions for action consideration as proposed. RWMA, Sloan Vazquez, LLC and Recology Yuba-Sutter staff will be prepared at the meeting to discuss these issues in detail.

RECOMMENDATION: Concur with the recommendation of the RWMA Administrators and forward that recommendation to the member jurisdictions for action consideration as proposed.

Attachment: Sloan Vazquez, LLC Report Dated January 15, 2016

RF
LB
&

**RICH FUIDGE
LANE & BORDSEN
ATTORNEYS**

DAVID R. LANE *
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W.P. RICH(1880-1965)
RICHARD H. FUIDGE(1906-1976)
THOMAS MARSH (1923-2005)
ROLAND K. IVERSON, JR. (1942-2015)

RETIRED
ROGER E. GROVE
JOHN SANBROOK
CHESTER MORRIS

LANDON T. LITTLE
ELIZABETH T. McCAULLEY

* CERTIFIED SPECIALIST IN FAMILY LAW,
THE STATE BAR OF CALIFORNIA BOARD OF
LEGAL SPECIALIZATION

7362

January 11, 2016

Keith Martin
Administrator
Regional Waste Management Authority
2100 B Street
Marysville, CA 95901

Re: Recology Yuba-Sutter Collection Service Agreement

Dear Mr. Martin:

I have reviewed the specimen Collection Service Agreement concerning Recology Yuba-Sutter in reference to Order R5-2015-0106 issued by the California Regional Water Quality Control Board concerning waste discharge requirements for the composting facility at Recology's landfill. This order was issued by Pamela C. Creedon, Executive Officer, on July 31, 2015. Needless to say, failure to comply with waste discharge requirements of the California Regional Water Quality Control Board is, without doubt, a violation of the law. The Water Quality Control Board has the ability to modify waste discharge requirements from time to time, thus changes in the permit are tantamount to changes in the legal requirements for operations of the composting facility. Among the provisions of the Collection Service Agreement is Section 24.01.8 which provides that the Contractor (Recology) shall not be in default of its obligations so long as it is impossible or extremely impracticable for it to perform. Section 34.01 provides the contractor shall comply "...with all applicable laws, regulations, ordinances and codes of the Federal, State and local governments..." (*emphasis added*).

Notably, Section 25.01 deals with agreement modifications and changes in law. That section provides in pertinent part changes in the law "... may require changes or modifications to some of the terms, conditions or obligations under this Agreement." This section further provides "In the event any future change in law...alters the obligations of the Contractor so as to increase or decrease Contractor's cost of or revenue from performing its obligations under this Agreement, then the maximum service rates as established under this Agreement shall be adjusted. Nothing contained in this Agreement shall require any party to perform any act or function contrary to law. In addition, City and Contractor agree to enter into good faith negotiations regarding modifications to the Operation and Service provisions of this Agreement which may be required in order to implement changes in the interest of the public welfare, or otherwise, due to change in law. When such adjustments or modifications are required to be made to this Agreement, City and Contractor shall negotiate in good faith a reasonable and appropriate adjustment of maximum service rates for any increase or decrease

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in the services or other obligations required of the Contractor, or in revenues to the Contractor, due to the change in law. The City and the Contractor shall not unreasonably withhold agreement to such adjustment of maximum service rates. If a change in law increases or decreases Contractor's costs or increases or decreases its revenues, then such amendment will be sufficient to enable Contractor or rate payors, as appropriate, to recover all reasonable and necessary increased or decreased costs and increased or decreased revenues incurred by Contractor with respect to such change in law... even if incurred before the date of the adjustment. Adjustments in maximum service rates due to a change in law will be made no later than the next annual adjustment of maximum service rates." We also note with interest the Sloan Vasquez report also concludes there has been a change in the law.

In light of the foregoing it is appropriate to open discussions with Recology with regard to the effect of the recently issued order from the California Regional Water Quality Control Board on Recology's operations under the Collection Service Agreement. Please let me know if you have any questions.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Brant J. Bordsen".

Brant J. Bordsen

BJB/smb

ATTCHMENT E

FINAL REPORT

Prepared for the
Regional Waste Management Authority

Prepared by:

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January 15, 2016

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1.0 INTRODUCTION

Sloan Vazquez, LLC (SV or SV Team) is a consulting firm focusing exclusively on municipal solid waste planning and management services, specializing in waste composition and characterization studies, feasibility studies, municipal contract analysis, residential and commercial collection operations, and management of MRF project development. Together, the firm's principals have over 60 years of wide ranging expertise and experience in municipal waste management and recycling.

SV was retained by the Regional Waste Management Authority (RWMA) to review and report to the RWMA Board regarding the following:

- Legal obligations of the Collection Service Agreements relative to Changes in Law effecting Recology Yuba-Sutter's **green waste diversion** program and the **landfill post closure** maintenance requirements;
- Availability of **other green waste processing facilities** that could receive and process the green waste materials. This task will also include review of Recology Yuba-Sutter's cost estimate for use of the nearest alternative green waste processing option that is currently viable (e.g. Jepson Prairie Organics Composting Facility);
- The proposal and information provided by **Green Solutions & More** and the viability of the proposal including the associated risks and related issues; and,
- Provisions of the Collection Service Agreements and industry standards related to **directing materials to non-contractor owned and operated facilities** for specific contract provisions.

The SV Team reviewed and analyzed all available documents, researched data, conducted phone and on-site interviews and identified applicable industry standards and best practices in order to generate this report.

2.0 GREEN WASTE DIVERSION AND LANDFILL POST CLOSURE MAINTENANCE REQUIREMENTS

The following is a review of the legal obligations of the Collection Service Agreements (CSAs) between each of the six jurisdictions and Recology Yuba-Sutter relative to Changes in Law affecting Recology Yuba-Sutter's green waste diversion program and the landfill post-closure maintenance requirements.

Because Sloan Vazquez, LLC is not a law firm, our review and interpretation of the agreement language reflects our decades of experience in the development, drafting and negotiation of collection services agreements as well as numerous collection service agreement compliance reviews and audits. The following review represents the reasonable application of industry standards in the interpretation of the obligations as represented in the CSAs.

2.1 CHANGES IN LAW

The CSAs definition of “Change in Law” is a typical definition within industry agreements. While the definition is clear, the heading is often misunderstood. On the surface it can appear to refer only to the amendments of existing applicable laws or the addition of new laws by a governing body. However, the language within the CSAs goes beyond the amendment of existing or addition of new laws. “Change in Law” is defined in the CSAs as:

“Any enactment, adoption, promulgation, issuance, modification or change in applicable law (including without limitation federal, state and local laws, statutes, rules, regulations, ordinances, judgments, decrees, permits, licenses, approvals, fees, charges, assessments or other governmental requirements, or the interpretation or application thereof by any court or governmental authority) occurring after the date hereof, which could not reasonably have been foreseen by a prudent operator, that is not the result of CONTRACTOR’S willful or negligent action or omission or violation of law. Reduction or cessation of funding by the California Department of Conservation or like funding by any other governmental body shall be deemed a Change in Law.”

“Change in Law” includes the “interpretation or application” of existing law. A change in the “interpretation or application” of a permit requirement, which had not previously been interpreted as applicable by an enforcement agency, or had not been previously enforced, could be interpreted as a change in the “interpretation or application” which “could not have reasonably been foreseen by a prudent operator.”

For the purposes of interpreting the language of the CSAs “Change in Law” language effecting Recology Yuba-Sutter’s green waste diversion program and the landfill post-closure maintenance requirements, it would be reasonable to interpret the changes in “interpretation and application” of the permit requirements as a “Change in Law.”

A CSA article entitled, “Agreement Modifications and Changes in Law” also references “Changes in Law,” which should be interpreted according to the established definition. The referenced article states that in the event of “Changes in Law,” the “...changes in Solid Waste, Recyclable Materials, or Green Waste management legislation and ... other Changes in Law in the future which mandate certain actions or programs for counties or municipalities may require changes or modifications to some of the terms, conditions or obligations under this Agreement. ... CITY/COUNTY and CONTRACTOR agree to enter into good faith negotiations regarding modifications to the operational and service provisions of this Agreement which may be required in order to implement changes in the interest of the public welfare, or otherwise, due to Change in Law. When such adjustments or modifications are required to be made to this Agreement, CITY/COUNTY and CONTRACTOR shall negotiate in good faith a reasonable and appropriate adjustment of Maximum Service Rates for any increase or decrease in the services or other obligations required of the CONTRACTOR, or in revenues to the CONTRACTOR, due to the Change in Law. The CITY/COUNTY and the CONTRACTOR shall not unreasonably withhold agreement to such adjustment of Maximum Service Rates...”

A reasonable interpretation of this language would require the jurisdictions and Recology Yuba-Sutter to enter into good-faith negotiations to address the change in “interpretation or application” of permitting requirements through the identification of “modifications to the operational and service provisions” and “the Maximum Service Rates as established under this Agreement shall be adjusted.”

3.0 REGIONAL COMPOSTING INFRASTRUCTURE AVAILABILITY

The following section addresses the availability of other green waste processing facilities that could receive and process the green waste materials, including a review of Recology Yuba-Sutter’s cost estimate for use of the nearest alternative green waste processing option that is currently viable (e.g. Jepson Prairie Organics Composting Facility).

It is important to note that should the RWMA jurisdictions elect to direct organic materials to a non-contractor facility, Recology Yuba-Sutter would complete a clean closure of the Feather River Organics (FRO) facility and would not be able to accept any green waste or food waste. All materials not accepted by a non-contractor facility would be landfilled.

Additionally, any option requiring the transportation of green waste materials to a site other than FRO, whether a contractor or non-contractor site, would include either the costs associated with diverting green waste collection vehicles to the selected site or transporting large volumes of green waste from the transfer station. The diverting of collection vehicles away from FRO, which is the parking site for the vehicles, will reasonably result in the addition of a collection route and all associated costs, as the windshield time associated with leaving routes earlier to accommodate the end-of-day tipping of loads and drive-time to the parking site would impact the amount of time and corresponding number of customers serviced on each route, each day. For the transport of green waste materials from the transfer station, additional costs associated with the transport trucks, trailers, drivers, fuel and other associated costs would be factored into the total cost.

Any non-contractor site would be reasonably required to provide the same level of insurance and indemnification as is currently required of Recology Yuba-Sutter, as the levels were set to protect the jurisdictions. In other words, the protection requirements of the jurisdictions is not reflective of the size of the company providing the services, but the impact of the potential risks associated with ownership of the materials. Upon placement for collection of all green waste and food waste, Recology Yuba-Sutter contractually takes ownership of the material and all associated risks. If Recology Yuba-Sutter was directed by the RWMA to take the materials to a non-contractor facility, the transfer of ownership and all associated risks would occur upon the delivery of the materials to that facility.

Another factor for consideration is the facility’s ability to accept food waste. Currently, Recology Yuba-Sutter is conducting a food waste pilot program and collected approximately 400 tons of food waste for composting in the 2015 rate year. As this pilot program expands to assist the commercial sector with compliance with AB 1826, the need for food waste composting will also increase. AB 1826, the California commercial organics recycling legislation, requires that businesses (including public agencies, non-profit and other organizations) that generate eight cubic yards or more of organic waste (i.e., food waste,

green waste, landscape and pruning waste, nonhazardous wood waste and food soiled paper that is mixed with food waste) on a weekly basis arrange for organic waste recycling services. This requirement comes into effect on April 1, 2016, and escalates on January 1, 2017, when customers that generate four or more cubic yards of organic waste on a weekly basis must arrange for organic waste recycling services. While the jurisdictions could potentially identify a separate contractor for the recycling of food waste, the loss of the economies of scale associated with sending food waste and green waste to the same facility would likely make the costs of transportation untenable.

These factors apply to the facilities reviewed in Section 3 as well as the Green Solutions & More facility reviewed in Section 4.

3.1 OVERVIEW

A consideration of the RWMA is the availability of other green waste processing facilities and the costs, benefits and challenges associated with those options. Variables considered when identifying viable options included factors such as capacity, proximity, regulatory requirements and estimated costs. In addition to the Green Solutions & More facility, which is reviewed in Section 4, two facilities were identified within a reasonable radius of the RWMA service area and reviewed for the purposes of this report, including the Jepson Prairie Organics Composting Facility in Vacaville and Northern Recycling Compost located in Zamora. While brief summaries of estimated costs are provided for each of the options, detailed financial assumptions are provided as Attachment A.

3.2 JEPSON PRAIRIE ORGANICS COMPOSTING FACILITY

Jepson Prairie Organics Composting Facility (Jepson Prairie) is located at 6426 Hay Road in Vacaville, California. The facility has a full Solid Waste Facility Permit for Compostable Materials Handling and is permitted for composting mixed materials including agricultural, food wastes and green materials.

AVAILABLE CAPACITY

This 54 acre composting facility has a permitted throughput of 750 tons per day and permitted capacity of 225,000 cubic yards, however because of the recent addition of 120 tons per day from Sonoma County, as well as some air permit issues associated with the facility being located in a non-attainment zone for emissions, Jepson Prairie does not anticipate having the necessary capacity available to accommodate the RWMA tonnage.

PROXIMITY

The Jepson Prairie facility is located approximately 70 miles from the Recology Yuba-Sutter site in Marysville. Transporting green waste to the Jepson Prairie facility would require an estimated 4.73 hours per round-trip, including loading and unloading time. The Sloan Vazquez team estimates that the annual cost of transporting RWMA green waste to the Jepson Prairie facility, not including the tipping fee, would be approximately \$550,000 per year.

REGULATORY REQUIREMENTS

While the facility has the necessary permits in place to manage the type of green waste and food waste materials collected by Recology Yuba-Sutter, there have been some recent issues that could potentially

be of concern, including recently posted violations of California Code of Regulations 17863, 17863.4, and 17867(a)(12).

As a contractor-facility, Recology would continue to maintain ownership of the materials, and the current indemnification, insurance and other requirements would continue to be in effect.

ESTIMATED COSTS

The costs per ton associated with the Jepson Prairie option is an estimated \$33.46 per ton. When the capital and ongoing costs associated with transport to Jepson Prairie, as well as the estimated cost per ton are factored in, the estimated annual costs of this option are as follows:

Table 1: Estimated Costs – Jepson Prairie

Year One	\$4,222,291
Year Two	1,424,691
Year Three	1,424,691
Year Four	1,424,691
Total Four Year Cost Estimate	8,496,364

Additional detail is provided in Attachment A: Compiled Financial Assumptions.

3.3 NORTHERN RECYCLING COMPOST

Northern Recycling Compost - Zamora is located at 11220 County Road 94 in Zamora, California. The facility has a full Solid Waste Facility Permit for Compostable Materials Handling and is permitted for composting yard waste. This facility is also permitted to compost a limited amount of food waste through a research permit.

AVAILABLE CAPACITY

The 56 acre facility has a permitted throughput of up to 300 tons per day, or 109,000 tons per year and a permitted capacity of 13,440 cubic yards. Until this year, the facility was operating at capacity with contracts from Marin County and Yolo County, among others. However, Marin County has diverted their materials to newly available infrastructure located significantly closer than Zamora. As a result, Northern Recycling Compost (Zamora) now has available capacity of 40,000 tons or more annually that could potentially be made available to the RWMA jurisdictions.

PROXIMITY

The Northern Recycling Compost facility is located approximately 42 miles from the Recology Yuba-Sutter site in Marysville. Transporting green waste to the Zamora facility would require an estimated 2.84 hours per round-trip, including loading and unloading time. The Sloan Vazquez team estimates that the annual cost of transporting RWMA green waste to the Zamora facility, not including the tipping fee, would be approximately \$350,000 per year.

REGULATORY REQUIREMENTS

The initial review of regulatory requirements indicate that the Zamora facility has the ability to accept the RWMA organic material immediately. As the facility has held contracts with major municipalities, including Marin County, the Zamora facility is familiar with and capable of meeting the contractual obligations associated with a contract of this size.

The facility is also capable of composting the majority of the RWMA organic material delivered to the facility, as they were required under the Marin County contract to compost all materials after screening for contaminants and wood.

Additionally, because the Zamora facility is able to accept 30 tons of food waste per day, and currently has up to 24 tons of food waste capacity available each day, the site could reasonably accommodate the food waste currently composted at the Recology Yuba-Sutter FRO facility. It is possible to transport the food waste along with green waste loads, as it is composted with green waste at the Zamora site in a 70% green waste/30% food waste mix.

ESTIMATED COSTS

As this facility was evaluated as a potential option, and a price proposal was not submitted, the costs associated with this option are estimates. The estimated rates provided by the Zamora facility was a range of \$30 – 35 per ton. These are “ballpark” rates, and would be dependent on their measurement of contamination as well as other factors. For the purposes of this report, a rate of \$33 per ton was used, as it fell within the ballpark figure of up to \$35 per ton. This rate is comparable with the \$33.46 per ton rate provided by Jepson Prairie and the \$32 per ton rate offered by Green Solutions & More.

When the capital and ongoing costs associated with transport to Zamora, as well as the estimated cost per ton are factored in, the estimated annual costs of this option are as follows:

Table 2: Estimated Costs - Zamora

Year One	\$3,685,980
Year Two	1,200,380
Year Three	1,200,380
Year Four	1,200,380
Total Four Year Cost Estimate	\$7,287,120

Additional detail is provided in Attachment A: Compiled Financial Assumptions.

4.0 GREEN SOLUTIONS & MORE PROPOSAL EVALUATION

The following section reviews the proposal and information provided by Green Solutions & More and the viability of the proposal including the associated risks and related issues. The review of the proposal included phone, site and email interviews and requests for information.

4.1 OVERVIEW

On October 1, 2015, Recycling Industries, Inc. (RI) presented an alternative green waste processing option for consideration by the RWMA. The proposal featured the following components:

- Direct all of the RWMA member agency green waste to be delivered to Green Solutions & More (GSM) facility located at 3712 Feather River Boulevard in Olivehurst, California;
- GSM would increase Enforcement Agency Notification (EA Notification) peak capacity from the current authorized volume of 75 tons per day to 99 tons per day (note: this tonnage amount was subsequently increased to 200 tons per day in December 2015);
- GSM would process all green waste collected within the RWMA jurisdictions, estimated at 25,000 tons annually, at a cost of \$32.00 per ton; and,
- Delivery of the collected RWMA green waste would continue through the end of the existing contract with Recology Yuba-Sutter in September 2019.

AVAILABLE CAPACITY

The 26 acre GSM facility has an EA Notification for the handling of green waste and soils. The facility is currently able to accept up to 200 tons per day of green materials, with an annual authorized loading volume of 20,000 tons, and a maximum volume of 12,500 cubic yards of on-site material at any given time. GSM reports that they are currently in the process of increasing the annual authorized loading volume under the EA Notification to 30,000-40,000 tons per year.

PROXIMITY

The GSM facility is located within the RWMA service area and would accommodate the tipping of collection vehicles. This option would not require the use of transfer trailers. The Sloan Vazquez team estimates that the annual additional operating cost of delivering RWMA green waste by collection route vehicles to the GSM facility, not including the tipping fee, would be approximately \$156,705 per year.

REGULATORY REQUIREMENTS

GSM currently maintains an active air quality permit with the Feather River Air Quality Management District (Permit #37033). The company also maintains a storm water permit with the State of California Water Board and has three detention ponds which are rated as Class II surface impoundments. GSM also operates in the M-1 General Industrial zoning designation. As described above, GSM currently has an EA Notification allowing the facility to accept up to 200 tons per day of green materials, with an annual authorized loading volume of 20,000 tons and a maximum volume of 12,500 cubic yards of material on site. The EA Notification allows for the handling of green materials, which by California Code of Regulations (CCR) definition may contain “no greater than 1.0 percent” contamination.

An EA Notification tier facility that exceeds 12,500 cubic yards of on-site material, including feedstock, compost, or chipped or ground material at any one time and receives green material with greater than 1.0 percent contamination, is required to obtain a full Solid Waste Facility Permit for Compostable Materials Handling.

In Table 3, the actual tonnage of yard waste, Christmas trees and food waste collected from RWMA jurisdictions during Rate Year 2015 (October 1, 2014 – September 30, 2015) is provided as a reference, although an estimated 24,000-26,000 tons of annual capacity is projected to be necessary to ensure adequate space for the RWMA green materials. This projection is based on historical data, the anticipated impact of weather conditions, and the escalating impact of AB 1826 implementation.

Table 3: Total RWMA Yard Waste and Food Waste

Yard Waste (Including Christmas Trees) & Food Waste to Feather River Organics	Tonnage
Yard Waste and Christmas Trees Collected	22,184.01
Food Waste Collected (pilot program amount)	442.23

*Does not include the 1,419 tons of public dumping yard waste material received at the Marysville Transfer Station.

Additionally, the actual residual tonnage disposed from the collected yard waste, Christmas trees and food waste tonnage for Rate Year 2015 was 4,931 tons. The highest volume collection day during the peak green waste season was 284 tons.

In light of the RWMA jurisdictions’ organics service information described above, the following considerations were identified:

- The contamination levels associated with the current RWMA jurisdictions’ green waste stream exceeds GSM’s EA Notification requirement for contamination to not exceed 1.0 percent. In order to exceed this 1.0 percent contamination limit, a full Solid Waste Facility Permit for Compostable Materials Handling would be required.
- The current EA Notification, which allows for a maximum of 200 tons per day of feedstock volume, would not allow for any volume in excess of 200 tons to be legally accepted. The green tonnage collected in RWMA jurisdictions has at times exceeded 200 tons.
- The yard waste, Christmas trees and food waste tonnage shown above for Rate Year 2015 is 10% over GSM’s current annual capacity of 20,000 tons, without including the tonnage currently received at the GSM facility. Factoring in the anticipated increase in additional tonnage to 24,000-26000 tons, the current maximum annual capacity at GSM is 16-23% less than what is required.
- The current EA Notification does not allow for food waste, including food waste mixed with green waste. For GSM to accept food waste in any form, a full Solid Waste Facility Permit for Compostable Materials Handling would be required. Because the facility is not currently permitted to accept food waste, any food waste collected in RWMA jurisdictions would have to be composted elsewhere, or landfilled, which would impact the commercial sector’s ability and/or cost to comply with AB 1826 as described in Section 3. In Rate Year 2015, 442 tons of food waste was composted at FRO, and this volume is expected to increase over time as the requirements associated with AB 1826 escalate.
- RWMA jurisdictions would need a guarantee in any potential contract to ensure that RWMA jurisdictions’ materials are given priority over that of other GSM customers, as the RWMA

jurisdictions’ material alone could exceed the allowed volume of tons per day and allowed maximum of 12,500 cubic yards of material on site.

- While there is not a directive for green waste to be composted instead of used as biomass fuel, if GSM intended to divert a larger percentage of the total RWMA green waste tonnage for use as biomass fuel instead of composting, further confirmation of the consistent demand for the combined tonnage that is currently diverted by both GSM and FRO as biomass fuel should be obtained to ensure that the necessary outlets are available for any tonnage GSM does not intend to compost. The 31,137 tons of organics managed by Recology Yuba-Sutter in Rate Year 2015 includes the 22,626 incoming tons of yard waste and food waste processed at FRO, which is detailed on Table 3, as well as the material used as alternative daily cover (ADC) at Ostrom Road Landfill, the wood waste shipped for biomass and the self-hauled yard waste. A portion of wood waste currently shipped for biomass and ADC that originates from the processing of Construction and Demolition (C&D) materials on Recology Yuba-Sutter’s C&D sortline would continue to be shipped directly from the processing facility. The remaining organics tonnage was more than 22,000 tons in Rate Year 2015 and is projected to reach an estimated 24,000-26,000 tons per year. Confirmation and/or guarantees from biomass plants should be obtained to ensure that a market for up to 24,000 additional tons is consistently available.

ESTIMATED COSTS

As the GSM price proposal did not include the potential financial impact of typical contractual obligations such as indemnification and insurance it is possible that the \$32 per ton proposed could increase. However, for the purposes of this report, the proposed rate was used for all calculations. When the estimated capital and ongoing costs, as well as the costs associated with the projected addition of one green waste route necessary due to the rerouting of existing green waste collection vehicles to GSM, and the proposed cost per ton are factored in, the estimated annual costs of this option are as follows:

Table 4: Estimated Costs – Green Solutions & More

Year One	\$3,175,305
Year Two	988,705
Year Three	988,705
Year Four	988,705
Total Four Year Cost Estimate	6,141,420

Additional detail is provided in Attachment A: Compiled Financial Assumptions.

SUMMARY

During the interview and site visit, and upon review of the documentation provided by GSM, the Sloan Vazquez team found the company to be capable operators. The operational footprint, traffic flow, scales, site plans, and ability to procure the necessary equipment and hire the additional employees necessary to accommodate the RWMA green waste tonnage are in order.

While the company could potentially enter into a future contract with each of the RWMA jurisdictions as a permitted organics processing facility, there are a number of factors that should be considered and/or addressed. These factors are in addition to the requirements of the current CSAs with Recology Yuba-Sutter regarding the directing of materials to a non-contractor facility as outlined in Section 5. These considerations include:

- The amount of time necessary to obtain a full Solid Waste Facility Permit for Compostable Materials Handling, which would be required due to contamination levels in excess of 1.0 percent, could take as long as one year, and involves the timing, expense and outcome uncertainties associated with any permitting process.
- The current allowed throughput as posted on the CalRecycle website for GSM's EA Notification includes 200 tons per day and 20,000 tons per year, with a limit of 12,500 cubic yards of total material on site. This annual capacity is not sufficient to manage the volume of green waste, which is projected to be 24,000-26,000 tons per year.
- The current EA Notification does not allow the acceptance of food waste, food waste mixed with green waste, nor the composting of food waste. To accept food waste, a full Solid Waste Facility Permit for Compostable Materials Handling would be required.
- The proposed rate of \$32 per ton could increase, depending on the financial impact of the insurance levels and other contractual requirements that are determined to be necessary to protect the RWMA jurisdictions.
- While the permitting requirements are being addressed, the costs associated with ongoing operations at the Recology Yuba-Sutter FRO facility continue to accrue.

While some of these concerns could be addressed over time, they could reasonably impede GSM's ability to meet the current needs of the RWMA jurisdictions.

5.0 DIRECTING MATERIALS TO NON-CONTRACTOR FACILITIES

The following is a summary of considerations as identified in the CSAs as well as typical industry standards related to directing materials to non-contractor owned and operated facilities for specific contract provisions.

5.1 SUMMARY

There are a number of considerations associated with directing materials to non-contractor facilities. As it pertains to the RWMA jurisdictions, these considerations fall under two overarching categories. First, there are a number of contractual concerns associated with the provisions of the existing CSAs regarding directing Recology Yuba-Sutter to deliver the material to a non-contractor facility. Second, should the RWMA jurisdictions elect to move forward with directing materials to a non-contractor facility, there are numerous considerations that should be taken into account prior to entering a contract with an additional service provider.

IMPACTS OF EXISTING CONTRACT LANGUAGE

An article in the CSAs entitled, “City/County-Directed Changes,” provides that for City/County-directed changes such as the direction of waste to an Organic Waste Processing Facility other than that originally designated by the CONTRACTOR and approved by the CITY/COUNTY, CONTRACTOR shall be entitled to a positive or negative adjustment in the Maximum Service Rates for providing such additional or modified services, but not for the preparation of its proposal to perform such services. A related article in the CSAs entitled, “City/County-Directed Changes – Service Proposal,” specifies that within thirty (30) calendar days of receipt of a request by CITY/COUNTY for the additional or modified service, CONTRACTOR shall submit a proposal to provide such service. If the service change involves a new program, new service or modified service at a minimum the proposal shall contain a complete description of the following:

1. Program objectives and goals to be used in measuring the success of the program;
2. Collection methodology to be employed (equipment, manpower, etc.);
3. Equipment to be utilized (vehicle number, types, capacity, age, etc.);
4. Labor requirements (number of employees by classification);
5. Type of Carts or Bins to be utilized;
6. Provision for program publicity, education, and marketing; and
7. Five (5) year projection of the financial results of the program's operations in an operating statement format including documentation of the key assumptions underlying the projections and the support for those assumptions, giving full effect to the savings or costs to existing services.

Additionally, the CSAs article entitled, “Diversion Requirements” includes language regarding the overall regional minimum diversion requirement of 30% of the materials collected annually. Although the methods of achieving the minimum diversion requirements are not specified and are the responsibility of Recology Yuba-Sutter, green waste diversion is a substantial component of the overall diversion achieved on an annual basis. In fact, in the 2015 rate year, over 40% of the total 51,384 tons diverted, which resulted in an overall 35% diversion rate, were green and food waste materials collected by Recology Yuba-Sutter. The enforcement of the minimum 30% diversion requirement is regulated as part of the liquidated damages pursuant to an article of the CSAs entitled, “Failure to Meet Minimum Diversion Requirements,” which states that “CONTRACTOR’S failure to meet the minimum diversion requirements... may result in the imposition of liquidated damages...” Should the CITY/COUNTY direct Recology Yuba-Sutter to deliver the green waste collected to a non-contractor facility, it is reasonable to expect that the minimum 30% diversion requirement specified in the CSAs be modified as Recology Yuba-Sutter would no longer have control of what is done with the materials after they are delivered to the designated facility. While any level of green waste diversion achieved by a non-contractor facility would ultimately accrue to the RWMA jurisdictions, the contractual responsibility for achieving that green waste diversion would no longer be included as a contractual obligation of Recology Yuba-Sutter.

CONSIDERATIONS FOR NEW CONTRACT LANGUAGE

Should the RWMA jurisdictions choose to direct the green waste to a non-contractor facility, it is reasonable to expect that the RWMA jurisdictions would be responsible for all of the resulting

associated operational costs incurred by Recology Yuba-Sutter. Many of these costs were factored into the yearly cost estimates provided in Sections 3 and 4, and include such items as clean closure of the FRO facility.

Additionally, any new contractor would reasonably be required to meet the contractual performance, indemnification, insurance and other requirements of the current CSAs. In particular, those requirements described in the CSAs as applicable to any subcontractor of Recology Yuba-Sutter would reasonably apply. Contractual language that would typically be addressed in an agreement with any non-contractor facility would include the following:

- Insurance, as fully described in the CSAs article entitled, “Insurance,” including but not limited to:
 - Commercial general liability insurance
 - Workers’ Compensation Coverage
 - Employers liability insurance
 - Pollution and Remediation Legal Liability
 - Any other insurance required by law
 - Waiver of any rights of subrogation or recovery against the City(s)/County(s)
- Indemnification, as fully described the RWMA CSAs Article 23, including but not limited to:
 - Hazardous substances indemnification
- Permits and Licenses language
- Ownership of materials language
 - Title of any self-hauled materials
 - Sole responsibility for accepted waste
- Requirements for accepting loads delivered by Recology Yuba-Sutter, including prioritization of jurisdiction tonnage and provisions for rejecting loads due to contamination.
- Minimum diversion requirements
- Regulations and record keeping including emergency notification procedures
- Quarterly reporting requirements

6.0 SUMMARY

The Sloan Vazquez team reviewed the RWMA considerations. The following findings are not a legal interpretation, but instead, they reflect our interpretation of service agreement language gained through extensive industry experience in the development, drafting, negotiation, and auditing of similar agreements:

- The language included in the CSAs, which is within industry standards, obligates the jurisdictions to enter into good-faith negotiations with Recology Yuba-Sutter to address the impacts of the changes in the “interpretation and application” of the permitting requirements associated with Recology Yuba-Sutter’s green waste diversion program. Recology Yuba-Sutter’s proposal for continuing the green waste diversion program includes minimizing the risk exposure and

capping expenses for the RWMA jurisdictions for meeting the regulatory requirements for the FRO facility, as well as removing any new financial obligation associated with landfill post closure maintenance requirements related to continuing operation of the FRO facility on top of a portion of the closed landfill.

- The only green waste processing facility identified as an immediately viable option, should the RWMA elect to direct green waste to a non-contractor facility is the Zamora facility. The Zamora facility is also permitted to accept food waste. The total four-year cost for this option is estimated to be \$7.2M. While the cost estimate assumptions provided by Recology Yuba-Sutter regarding the Jepson Prairie option were determined to be reasonable, ultimately it was determined that Jepson Prairie is not a viable option for the RWMA.
- GSM is a local facility with the operational capabilities necessary to effectively manage green waste. However, due to their current lack of a full Solid Waste Facility Permit for Compostable Materials Handling to accept material with more than 1.0 percent contamination, the annual capacity restrictions associated with the current EA Notification, and their inability to accept food waste, there are challenges associated with diverting all RWMA green and food waste tonnage to GSM. Additionally, it should be noted that while GSM has indicated a willingness to obtain the necessary insurance, the actual costs associated with the insurance requirements are not confirmed at this time and are reasonably expected to increase the currently proposed per-ton rate.
- The considerations associated with the jurisdictions' current contractual obligations as described in the CSAs, particularly as they pertain to directing materials currently managed by Recology Yuba-Sutter to a non-contractor owned and operated facility, include the reasonable expectation for the modification of the CSAs. Should the jurisdictions opt to direct green waste to a non-contractor facility, the associated impact on operational costs could be passed through by Recology Yuba-Sutter. Additionally, the jurisdictions would assume the risks associated with the management of the material upon delivery to the designated non-contractor facility, unless those risks, as well as a number of other requirements, were addressed in a new agreement.
- Based upon the language included in the CSAs regarding the obligation for the RWMA jurisdictions to negotiate in good faith with Recology Yuba-Sutter to address the impacts of the changes in the "interpretation and application" of the permitting requirements associated with Recology Yuba-Sutter's green waste diversion program, Sloan Vazquez recommends that RWMA jurisdictions proceed with the FRO option that has been negotiated with Recology Yuba-Sutter.

ATTACHMENT A: COMPILED FINANCIAL ASSUMPTIONS

The Compiled Financial Assumptions represent the anticipated total costs associated with the selection of each option from October 1, 2016 through September 30, 2019. The following assumptions were made:

- Estimates are based on the information available to Sloan Vazquez at this time. Where possible, actual costs are used. When actual costs were not available, or projections had to be made based on expected operational impacts, reasonable, industry-standard assumptions were used to calculate estimated costs.
- All capital estimates regarding trucks and trailers are based on reasonable, industry-standard operating assumptions.

Jepson Prairie Organics Composting Facility (Jepson Prairie)

Jepson Prairie is located approximately 70 miles from the Recology Yuba-Sutter site in Marysville. While the facility has all of the necessary permits in place, the site does not currently have the capacity available to accommodate the RWMA jurisdictions' estimated 24,000 – 26,000 annual tons.

Northern Recycling Compost (Zamora)

Zamora is located approximately 42 miles from the Recology Yuba-Sutter site in Marysville. The facility has all of the necessary permits in place and has the available capacity (40,000 tons or more annually) to accommodate the RWMA jurisdictions' estimated 24,000 – 26,000 annual tons. In order to utilize the Zamora facility, contracts would have to be negotiated with Zamora and modifications to the CSAs would have to be negotiated with Recology Yuba-Sutter to direct materials to this facility. During this time, the costs of operations at Feather River Organics (FRO) would continue to accrue.

Green Solutions & More (GSM)

The GSM facility is located within the RWMA service area. The facility does not currently have the necessary full Solid Waste Facility Permit for Compostable Materials Handling in place to accept material with greater than 1.0 percent contamination, and the current capacity (200 tons per day, 20,000 tons annually, 12,500 cubic yard limit) is not enough to accommodate the RWMA jurisdictions' estimated 24,000 – 26,000 annual tons. In order to utilize the GSM facility, GSM would have to obtain a full Solid Waste Facility Permit for Compostable Materials Handling, which, if successful, could take as long as one year. Additionally, contracts would have to be negotiated with GSM and modifications to the CSAs would have to be negotiated with Recology Yuba-Sutter to direct materials to this facility. During this time, the costs of operations at FRO would continue to accrue.

	Jepson Prairie	Zamora	GSM	FRO Delayed Above-Ground Tank
Capital				
Truck	456,000	304,000	325,000	
Trailers	480,000	320,000		
Piping for Holding Tanks	335,000	335,000	335,000	
Pad Upgrade	402,000	402,000	402,000	
Total Capital	1,673,000	1,361,000	1,062,000	1,901,263*
Clean Closure**	295,000	295,000	295,000	
Total Tank Rental	529,600	529,600	529,600	435,000
Total Engineering/Permitting	300,000	300,000	300,000	250,000
Driver, Fuel, Other Expenses	554,731	342,380	156,705	
Processing cost (26,000 tons)***	869,960	858,000	832,000	
Total Recurring Expenses	1,424,691	1,200,380	988,705	943,000*
Year 1 Total	4,222,291	3,685,980	3,175,305	3,529,263
Year 2 Total	1,424,691	1,200,380	988,705	943,000
Year 3 Total	1,424,691	1,200,380	988,705	943,000
Year 4 Total	1,424,691	1,200,380	988,705	943,000
4 YEAR TOTAL	\$8,496,364	\$7,287,120	\$6,141,420	\$6,358,263

*Capital assumptions and recurring expenses estimates for the Delayed Above-Ground Tank option fit different categories which are included in the original cost estimate provided by Recology Yuba-Sutter. This amount includes the \$250,000 contingency agreed to for the expense cap.

** Cost difference between an expedited closure process if materials are to be diverted elsewhere and an extended closure process when the FRO operations are relocated to a new Recology compost facility.

***Based on \$33.46/ton for Jepson Prairie facility; \$33.00/ton for Zamora facility; and, \$32.00/ton for GSM. Actual cost proposals would be solicited based on the expected contract provisions. 26,000 tons was used for estimating purposes based on historical data and anticipated increases in year-over-year tonnage due to weather conditions and the escalating impact of AB 1826. Actual tonnage will vary.

NOTE: Preliminary draft figures to be further reviewed relative to inclusion of expended FRO costs added to the non-FRO alternatives.

CITY OF YUBA CITY
STAFF REPORT

Date: March 15, 2016
To: Honorable Mayor & Members of the City Council
From: Community Services Department
Presentation By: Brad McIntire, Community Services Director

Subject: Land and Water Conservation Fund Grant Opportunity (LWCF)

Recommendation: Adopt a Resolution authorizing application for a grant from California Department of Parks and Recreation, Land and Water Conservation Fund in the amount of \$1,100,000, for the development of a park located within the Harter Specific Plan

Fiscal Impact: The total cost for the proposed park is estimated to be \$2,200,000. The LWCF grant would reimburse 50 percent of the project cost. The City's financial share and obligation would be \$1,100,000, which is proposed to be allocated from:

\$600,000 from the sale of city property, earmarked for the future development of a park in an underserved area of the City

\$500,000 Parks Development Impact Fees, City of Yuba City

In addition to the cost of development, monthly park maintenance fees are estimated to be approximately \$3,500

Purpose:

To apply for funding through the Land and Water Conservation Fund Grant for the development of a future park in an underserved area.

Background:

In September 2014, City Council authorized the sale of 10 acres to Axel Karlshoej Properties for \$600,000 and earmarked proceeds from the sale for the development of a future park in underserved areas within the City.

In March 2015, City Council Priorities & Goals Workshop directed staff to identify underserved areas within the City. Parks & Recreation Commission identified Tierra Buena as an underserved area to focus the process of building a park and requested staff to identify potential properties. *(Note: In May 2004, Tierra Buena was annexed into the City of Yuba City. Prior to the annexation there was no requirement from the Sutter County that a park be developed when the residential housing was built.)*

Between March and November 2015, three potential park locations were evaluated (see Attachment B):

1. Monticello-Talavera Site:
 - a. Privately owned property.
 - b. Located at the north end of Western Parkway.

- c. Identified as a future park through a residential development plan submitted to the City by the owner/developer in 2006.
 - d. The residential development plan includes development of a park.
2. Stonegate and Monroe Drive:
 - a. City-owned property located between Stonegate and Monroe Drive.
 - b. Approximately three acres in size.
 - c. Previously used as a wastewater treatment plant.
 - d. City will need to address eventual disposition of the property.
3. Harter Parkway:
 - a. City-owned property located on Harter Parkway.
 - b. Approximately five acres in size.
 - c. Identified as a future park through the Harter Specific Plan adopted by Council in 2003.

All three locations are viable alternatives for future park development, what varies among them is the control of the property and the timeframe for development.

City staff held a public community meeting on November 18, 2015 at Tierra Buena Elementary School. The general purpose of the meeting was to engage community members and gather their input regarding the three sites for the future development of a park in the Tierra Buena Area. Secondly, the meeting sought to gauge general preferences about park amenities. There were between 50 and 55 community members who attended the meeting and engaged in the presentation and input. Among the 49 attendees who marked their preferred park location on a map, there was a preference for a future park to be located at the Monticello-Talavera site (31), the Harter site was the second most preferred (11) and the Monroe site was the least preferred (5). Additionally, two people commented on the map that their preference was for no park. Residents expressed interest in a variety of amenities and had mixed opinions on the pros and cons of having restrooms in parks.

Staff proceeded with further evaluations of the Monticello-Talvera site. The timing of the development of a park at this location is dependent upon the landowner's desire to proceed with his development plan. Staff approached the landowner to inquire as to whether he would be interested in selling a portion of property so that the City could advance construction of a park prior to the residential development occurring. Unfortunately, his desired price was high above fair market value. Given this information, the Monticello-Talvera site was determined not to be a viable candidate for the grant.

In December 2015, Parks & Recreation Commission held a regular meeting. The results of the November community input meeting were discussed and the Commission invited members of the public to make comments. Of the five community members who spoke, four spoke in favor of the Harter site and one spoke in favor of the City pursuing properties other than the three potential locations.

In February 2016, the Parks & Recreation Commission held a regular meeting at Tierra Buena School. The Commission was asked to consider remaining options for a Land and Water Conservation Grant submittal for a potential future park located on city-owned property (Harter Parkway). Potential amenities associated with each option were also discussed. The Commission invited members of the public in attendance to make comments regarding the proposed options. Among the approximately 18 members of the public who attended the meeting, half were in favor of applying for a grant that would create a connection to the bike path and a five acre park with a variety of amenities (Option 1). The other half of the group was in favor of applying for a grant that would create a connection to the bike path and a park with

limited amenities (Option 2). The Parks & Recreation Commission voted to forward their recommendation of connecting the bike path and creating a five acre park to City Council.

Analysis:

To develop the proposed park, application would be made for a Land and Water Conservation Fund (LWCF) grant from the National Park Service (NPS). The State of California receives an annual apportionment that is administered by California Department of Recreation. Approximately \$3-\$4 million has been allocated to California by the National Parks Service. The LWCF program provides matching grants to cities and counties to acquire, develop, operate and maintain park and recreation areas and facilities that provide or support public outdoor recreation. A priority of the program is creating new parks within a half mile of underserved communities. The LWCF grant is a reimbursement program which requires a 50 percent local match to fund the development. The LWCF grant application is due April 1, 2016. National Park Service will announce awardees in October 2016.

OPTION 1 RECOMMENDATION FROM PARKS AND RECREATION COMMISSION		OPTION 2 LIMITED AMENITIES	
<ul style="list-style-type: none"> • Create a connection from Harter Parkway to the current bike path leading to Sutter. • Build a five acre park with typical Yuba City Park amenities. • If awarded the grant, specific amenity options would be considered by the public and City Council and Commissions at a later date. 		<ul style="list-style-type: none"> • Create a connection from Harter Parkway to the current bike path leading to Sutter. • Build a park with limited amenities. • If awarded the grant, specific amenity options would be considered by the public and City Council and Commissions at a later date. 	
TOTAL:		TOTAL:	
	\$2,200,000		\$1,500,000
FUNDING		FUNDING	
Funds from the sale of city property 2 years ago, earmarked for the future development of a park in an underserved area of the City.	\$600,000	Funds from the sale of city property 2 years ago, earmarked for the future development of a park in an underserved area of the City.	\$300,000
Future Parks Development Impact Fees (City of Yuba City)	\$500,000	Future Parks Development Impact Fees (City of Yuba City)	\$450,000
City Funding:	\$1,100,000	City Funding:	\$750,000
Potential Matching Grant:	\$1,100,000	Potential Matching Grant:	\$750,000
TOTAL POTENTIAL FUNDING:	\$2,200,000	TOTAL POTENTIAL FUNDING:	\$1,500,000
Park maintenance fees are estimated to be approximately \$3,500 per month.		Park maintenance fees are estimated to be approximately \$1,800 per month.	

Fiscal Impact:

The total cost for the proposed park is estimated to be \$2,200,000. The LWCF grant will reimburse 50 percent of the project cost. The City's financial share and obligation is \$1,100,000, which is proposed to be allocated from:

\$600,000 from the sale of city property, earmarked for the future development of a park in an underserved area of the City.

\$500,000 Parks Development Impact Fees, City of Yuba City

In addition to the cost of development, monthly park maintenance fees are estimated to be approximately \$3,500.

Alternatives:

1. Adopt a Resolution authorizing application for Grant Funds from California Department of Parks and Recreation, Land and Water Conservation Fund in the amount of \$750,000 (**Option 2**) for the development of a park located within the Harter Specific Plan.
2. Do not apply for additional funds through the Land and Water Conservation Fund Grant.

Recommendation:

Adopt a Resolution authorizing application for grant funds from California Department of Parks and Recreation, Land and Water Conservation Fund in the amount of \$1,100,000, for the development of a park located within the Harter Specific Plan.

Attachments:

- A. Current Park Locations within City Limits (Map)
- B. Potential Park Sites (Map)
- C. Harter Specific Plan (Map)
- D. Park Master Plan Design
- E. Connection of Bike Trail (Map)
- F. Community/Public Meeting Summary
- G. Resolution

Prepared By:

/s/ Brad McIntire
Brad McIntire
Community Services Director

Submitted By:

/s/ Steven C. Kroeger
Steven C. Kroeger
City Manager

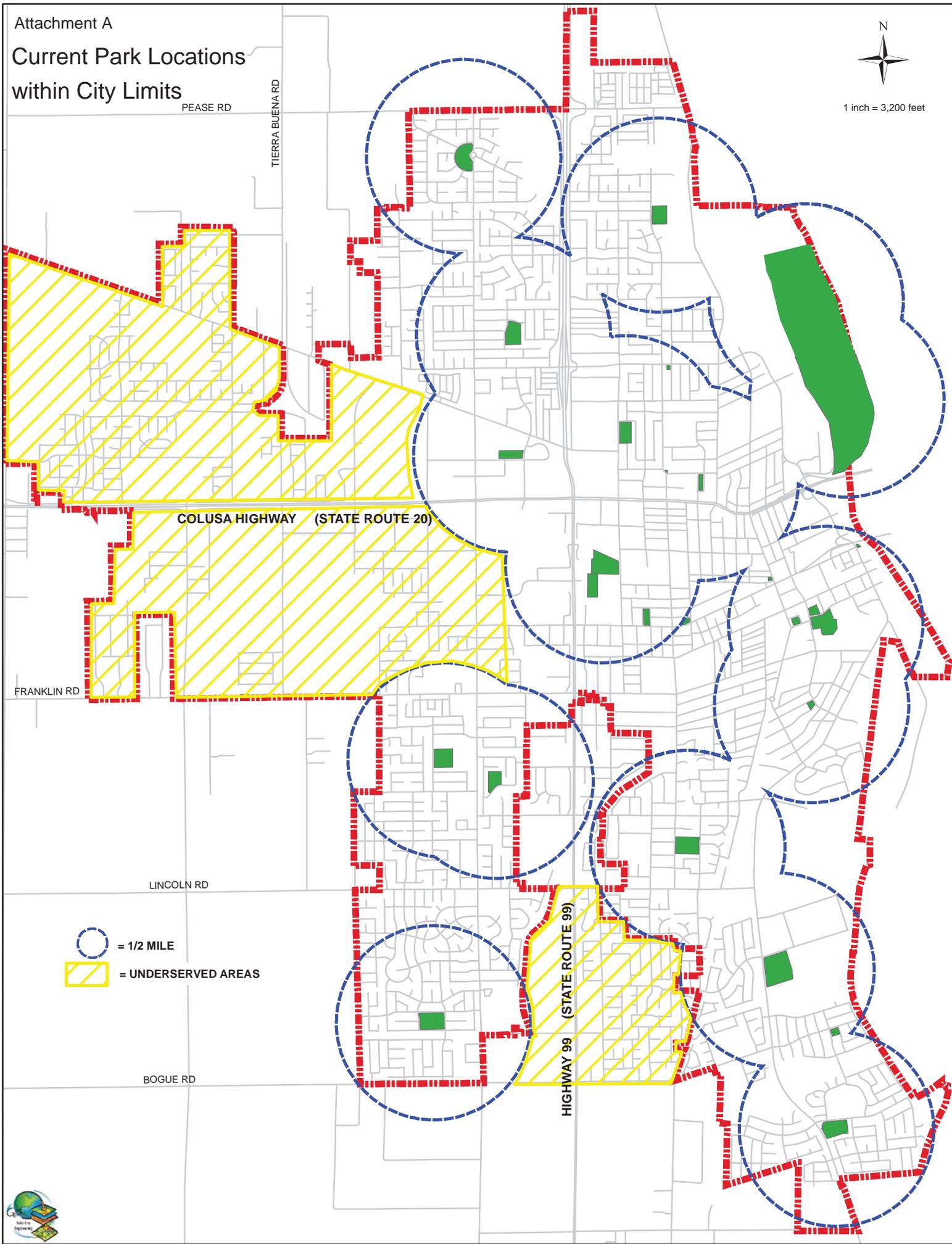
Reviewed By:

Finance RB
City Attorney TH (via email)

Current Park Locations within City Limits



1 inch = 3,200 feet

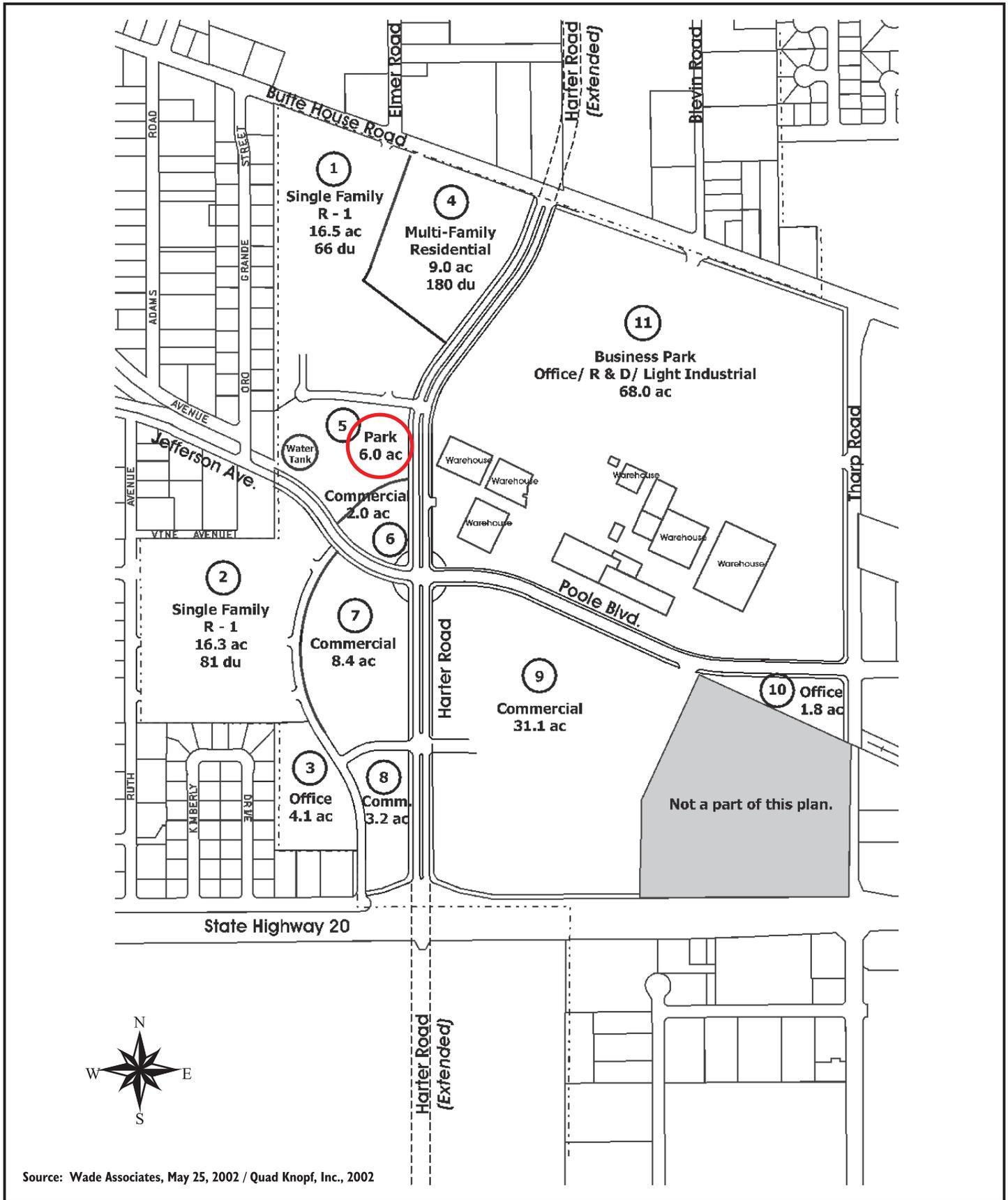


-  = 1/2 MILE
-  = UNDERSERVED AREAS



Attachment B Potential Park Sites

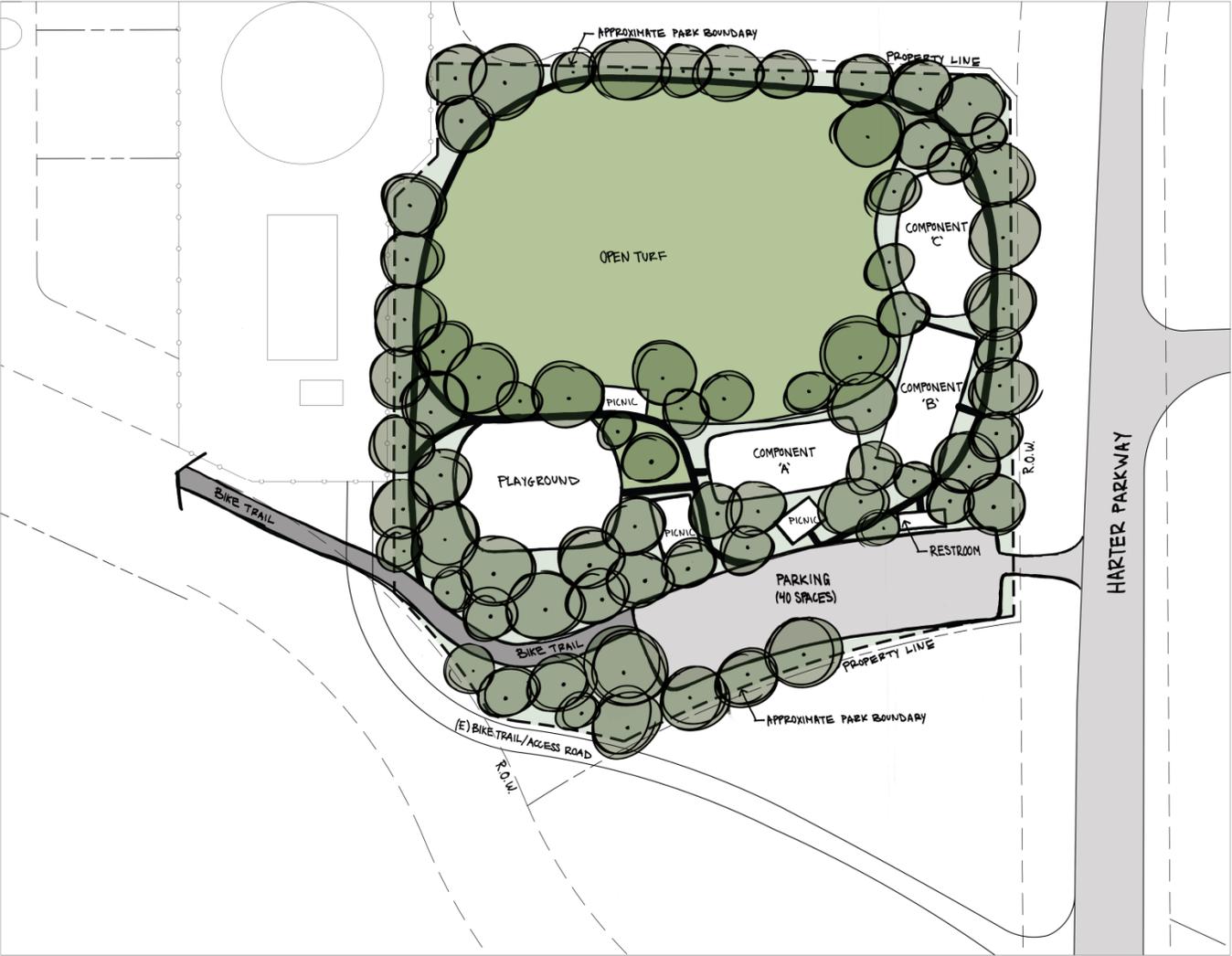




Source: Wade Associates, May 25, 2002 / Quad Knopf, Inc., 2002



Attachment D Park Master Plan Design



Attachment E Bike Trail Connection



Attachment F Community/Public Meeting Summary

	Date/Time	Meeting	Meeting Details/Items Discussed <i>(As related to Tierra Buena Park Project)</i>
1.	July 9, 2014 5:30pm	Parks & Recreation Commission Meeting	<ul style="list-style-type: none"> - Discuss process of identifying the lack of park space in Yuba City.
2.	October 22, 2014 5:30pm	Parks & Recreation Commission Meeting	<ul style="list-style-type: none"> - Review General Plan: Discuss location of current and proposed future parks. - Discuss the process of building future parks.
3.	February 18, 2015 7:00pm	Youth Commission Meeting	<ul style="list-style-type: none"> - Discuss ways of promoting youth sports, including features that could go in parks.
4.	March 10, 2015 8:30am	City Council of Yuba City Priorities & Goals Workshop	<ul style="list-style-type: none"> - Park planning for underserved areas, including the Tierra Buena area and proposed park, discussed by Community Services Director, Brad McIntire.
5.	March 18, 2015 5:30pm	Parks & Recreation Commission Meeting	<ul style="list-style-type: none"> - Begin to identify an underserved area to focus the process of building a park.
6.	September 9, 2015 5:30pm	Parks & Recreation Commission Meeting	<ul style="list-style-type: none"> - Update on identified potential park areas in the Tierra Buena area.
7.	October 6, 2015	City Council of Yuba City Regular Meeting	<ul style="list-style-type: none"> - Overview of the proposed Tierra Buena Park given by Community Services Director, Brad McIntire.
8.	November 4, 2015 9:00am	Senior Commission Meeting	<ul style="list-style-type: none"> - Potential Future Development of Tierra Buena Park Discussion: Discussed different properties for the future park and the upcoming neighborhood meeting. - Desired Park Amenities for Seniors Discussion: After location is decided we will begin to look at amenities for the park.
9.	November 18, 2015 5:30pm	Parks & Recreation Commission Special Meeting - Tierra Buena Community Input Meeting	<ul style="list-style-type: none"> - Engage 45-50 community members and gather their input regarding the selection of one of three sites for the future development of a park in the Tierra Buena Area. - Gauge general preferences from community members about park amenities for the future park. - Allow community members to voice comments and ask questions to Parks & Recreation Commission members, city staff, and city leadership.
10.	December 16, 2015 7:15pm	Parks & Recreation Commission Meeting	<ul style="list-style-type: none"> - Review Summary of Results for 11/18/15 Community Input Meeting Tierra Buena
11.	January 20, 2016 6:00pm	Youth Commission Meeting	<ul style="list-style-type: none"> - Discuss potential future development of Tierra Buena Park, including desired park amenities for youth
12.	February 11, 2016 5:30pm	Parks & Recreation Commission Meeting	<ul style="list-style-type: none"> - Request to apply for a grant for a park located on City-owned property (Harter Parkway). - Recap of LWCF application for Tierra Buena Park.

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YUBA CITY
APPROVING THE APPLICATION FOR LAND AND WATER CONSERVATION
FUND TIERRA BUENA PARK PROJECT**

WHEREAS, the Congress under Public Law 88-578 has authorized the establishment of a federal Land and Water Conservation Fund Grant-In-Aid program, providing Matching funds to the State of California and its political subdivisions for acquiring lands and developing Facilities for public outdoor recreation purposes; and

WHEREAS, the California Department of Parks and Recreation is responsible for administration of the program in the State, setting up necessary rules and procedures governing Applications by local agencies under the program; and

WHEREAS, the Applicant certifies by resolution the approval of the Application and the availability of eligible Matching funds prior to submission of the Application to the State.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Yuba City hereby:

1. Approves the filing of an Application for Land and Water Conservation Fund assistance for the proposed Tierra Buena Park Project.
2. Agrees to abide by Section 6(f)(3) of Public Law 88-578 which states "No property acquired or developed with assistance under this section shall, without the approval of the National Secretary of the Interior, be converted to other than public outdoor recreation uses. The Secretary shall approve such conversion only if he finds it to be in accord with the then existing comprehensive Statewide outdoor recreation plan and only upon such conditions as he deems necessary to assure the substitution of other recreation properties of at least equal fair market value and of reasonably equivalent usefulness and location."
3. Certifies that the City of Yuba City has matching funds from eligible source(s) and can finance 100 percent of the Project, which up to half may be reimbursed; and
4. Appoints the City Manager as agent of the City of Yuba City to conduct all negotiations and execute and submit all documents, including, but not limited to, Applications, Contracts, amendments, payment requests, and compliance with all applicable current state and federal laws which may be necessary for the completion of the aforementioned Project.

###

The foregoing Resolution of the City Council of the City of Yuba City was duly introduced, passed and adopted at a regular meeting thereof held on the 15th day of March, 2016.

AYES;

NOES:

ABSENT:

John Buckland, Mayor

ATTEST:

Terrel Locke, City Clerk

CITY OF YUBA CITY
STAFF REPORT

Date: March 15, 2016
To: Honorable Mayor & Members of the City Council
From: Public Works Department
Presentation by: Diana Langley, Public Works Director

Summary

Subject: Energy Related Improvements to City Facilities – Final Report
Recommendation: Note and file presentation
Fiscal Impact: Project will result in approximately \$6 Million in savings to the City over 30 years

Purpose:

To provide a final report on energy conservation measures implemented at various City facilities to reduce energy costs.

Background:

On November 4, 2014, the City Council authorized the execution of an Energy Service Contract with OpTerra Energy Services for energy related improvements to City facilities. The scope of work included:

- solar hot water heating at Gauche Aquatic Park
- installation of solar photovoltaic panels at Gauche Aquatic Park and the Water Treatment Plant
- indoor/outdoor lighting modifications at most of the City buildings
- air handler upgrades and compressor replacement at City Hall
- energy management system replacements at City Hall and the Police Department
- retrofit one pump at Gauche Aquatic Park

Financing was provided through a tax-exempt lease purchase, and OpTerra guarantees the savings for 16 years. The project was completed in January.

Analysis:

OpTerra representatives will provide a final report on the project.

Fiscal Impact:

The construction cost was just under \$5 Million, excluding interest or closing costs associated with financing the project. The projected net savings over 30 years is approximately \$6 Million.

Alternatives:

None.

Recommendation:

Note and file presentation.

Prepared by:

/s/ Diana Langley _____

Diana Langley
Public Works Director

Submitted by:

/s/ Steven C. Kroeger _____

Steven C. Kroeger
City Manager

Reviewed by:

Finance

RB

City Attorney

TH (via email)

CITY OF YUBA CITY
STAFF REPORT

Date: March 15, 2016
To: Honorable Mayor & Members of the City Council
From: Department of Public Works
Presented by: Benjamin Moody, Deputy P.W. Director - Engineering

Summary

Subject: Garden Highway Improvements – Winship to Lincoln (Plans and Specifications)

Recommendation: Adopt a Resolution approving the plans and specifications for the Garden Highway Improvements – Winship Road to Lincoln Road Project and authorizing advertisement for bids on the project

Fiscal Impact: \$2,150,000 CIP Account 1153-65501 (Garden Hwy. Improvements)

Purpose:

Approve the project plans and specifications, and allow staff to solicit bids for the proposed Garden Highway Improvement Project between Winship Road and Lincoln Road.

Background:

At the November 12, 2013 City Council meeting, staff was directed to proceed with the road widening option of Alternative 2, for Garden Highway between Winship and Lincoln Road. This chosen alternative called for road reconstruction within the existing right of way that provided sidewalks, bike lanes, one travel lane in each direction, and a continuous left turn lane. To facilitate this design option Public Works has been working to coordinate with the State, SACOG, design consultants, and property owners to facilitate the plans and specifications for the construction of the project. Additionally, the proposed project will fill in the gap between existing bike lanes and sidewalks, improve the safety and security of bicyclists and pedestrians, and improve drainage within the area.

The City previously obtained federal Congestion Mitigation and Air Quality (CMAQ) funds in the amount of \$680,000 from the Sacramento Area Council of Governments (SACOG) through the Bicycle and Pedestrian Funding Program for the widening of Garden Highway between Winship Road and Lincoln Road. These CMAQ funds awarded to the City are specifically designated for the construction of bike lanes and sidewalks in the project area.

Analysis:

Public Works has prepared the plans, specifications, and estimate for the Garden Highway Improvements Project in accordance with Council's design alternative preference. Additionally, staff is coordinating with the property owner at the south-east corner of Winship Road and Garden Highway for potential construction activities for a future development project adjacent to the City's proposed project. Staff desires to obtain approval to bid the project to stay on schedule, with the understanding that staff is working to coordinate a development agreement with terms of construction for the adjacent property owner in accordance with Council direction. Should the

development agreement be approved by Council, staff will incorporate the modifications in the plans and specifications as necessary to meet federal and state contract requirements.

With Council approval of the plans and specifications and authorization to bid, staff anticipates the following schedule to complete the project:

Advertise for bid:	April-May 2016
Award Contract:	July 2016
Start of construction:	August 2016
Completion:	Winter 2016

The plans and specifications for the project are on file in the Public Works office for review.

Construction management and inspection will be administered by the City's Public Works Department.

Fiscal Impact:

The estimated total cost for the project is approximately \$2,150,000 (including 10% contingency). Funding will be provided through CIP Account 1153-65501 (Garden Highway Improvements), which includes contributions from – CMAQ, Road (TDA and Gas Tax), DIF, CDBG, Water, and Wastewater. Current funding in CIP Account 1153 is estimated to be \$1,300,000. Staff anticipates requesting additional funding through either a supplemental appropriation or the 2016-17 CIP budget process to fund the total cost of the project. A cost breakdown that staff anticipates will be in the budget at award of contract is as follows:

- Federal Grant (CMAQ) – \$680,000
- Road (TDA and Gas Tax) – \$630,000
- DIF – \$600,000
- CDBG – \$100,000
- Water – \$100,000
- Wastewater – \$40,000

The City will be required to temporarily fund the entire project cost until federal reimbursements have been made.

Alternatives:

Delay or modify recommended action.

Recommendation:

Adopt a Resolution approving the plans and specifications for the Garden Highway Improvements – Winship Road to Lincoln Road Project and authorizing advertisement for bids on the project.

Prepared by:

/s/ Gurtej Bhattal

Gurtej Bhattal
Assistant Engineer

Submitted by:

/s/ Steven C. Kroeger

Steven C. Kroeger
City Manager

Reviewed by:

Department Head

DL

Finance

RB

City Attorney

TH (via email)

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YUBA CITY
APPROVING THE PLANS AND SPECIFICATIONS FOR THE GARDEN
HIGHWAY IMPROVEMENTS – WINSHIP TO LINCOLN PROJECT AND
AUTHORIZING ADVERTISEMENT FOR BIDS ON THE PROJECT.**

BE IT RESOLVED AND ORDERED by the City Council of the City of Yuba City that the plans and specifications for the Garden Highway Improvements – Winship to Lincoln Project be approved.

BE IT FURTHER RESOLVED AND ORDERED by the City Council of the City of Yuba City that the Department of Public Works is hereby authorized and directed to advertise for bids for the Garden Highway Improvements – Winship to Lincoln Project.

The foregoing resolution was duly and regularly introduced, passed, and adopted by the City Council of the City of Yuba City at a regular meeting thereof held on the 15th day of March 2016.

AYES:

NOES:

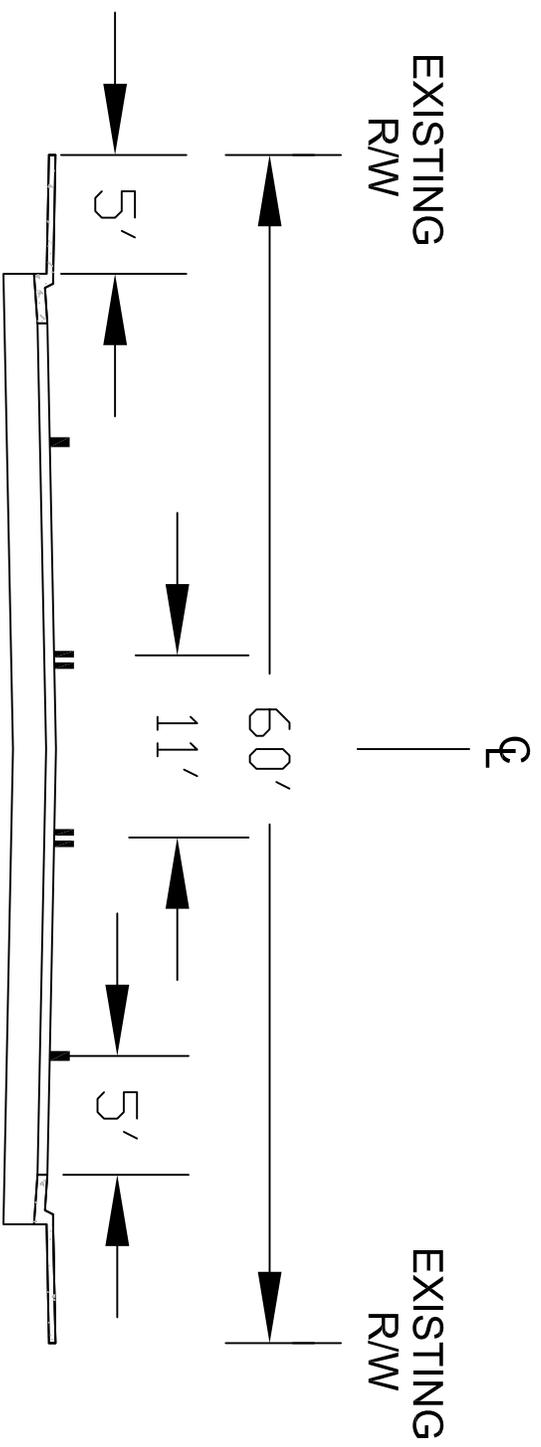
ABSENT:

MAYOR

ATTEST:

CITY CLERK

GARDEN HIGHWAY CONFIGURATION - ALTERNATIVE 2



CITY OF YUBA CITY

City Council Reports

- Councilmember Didbal
- Councilmember Dukes
- Councilmember Gill
- Vice Mayor Cleveland
- Mayor Buckland

Adjournment