

As a matter of proper business decorum, the Board of Commissioners respectfully request that all cell phones be turned off or placed on vibrate. To prevent any potential distraction of the proceeding, we request that side conversations be taken outside the meeting room.

SPECIAL BOARD MEETING
VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
VICTORVILLE CITY HALL, CONFERENCE ROOM D
14343 CIVIC DRIVE, VICTORVILLE CA 92392
Thursday, September 28, 2023
Closed Session 7:30 a.m. Open Session 8:00 a.m.

VVWRA is committed to protecting public health and the environment in the Victor Valley by providing effective and fiscally responsible wastewater collection, treatment, and recycling.

Call to Order

Nassif

Roll Call

Casteel

Public Comments- Closed Session Agenda Items

Nassif

CLOSED SESSION: During the course of conducting the business set forth on this agenda as a regular meeting of the Board, the Chair may convene the Board in closed session to consider matters of pending real estate negotiations, pending or potential litigation, or personnel matters, pursuant to Government Code Sections 54956.8, 54956.9, 54957 or 54957.6, as noted. Reports relating to (a) purchase and sale of real property; (b) matters of pending or potential litigation; or (c) employment actions, or which are exempt from public disclosure under the California Public Records Act, may be reviewed by the Board during a permitted closed session and are not available for public inspection. At such time the Board takes final action on any of these subjects, the minutes will reflect all required disclosures of information. Closed Session is scheduled to commence at 7:30 a.m.. If the matters discussed in closed session require additional time beyond 8:00 a.m., in deference to the public, the Board may continue the Closed Session discussion after Open Session is concluded. In that case, Closed Session will resume after the Commissioners Comments section and any reportable action will be reported after the continued Closed Session has concluded and before adjournment.

Closed Session

Item 1. (Gov. Code Sec. 54956.9) Conference with Legal existing litigation

- Cloutier v. VVWRA, State Case No. 36632
-
- Wilson v. VVWRA, Case No. CIVSB2214882, San Bernardino Superior Court.

Call to Order & Pledge of Allegiance

Nassif

Report from Closed Session

Legal

Public Comment (Government Code Section 54954.3)

Nassif

Opportunity for members of the public to directly address the Board on items of public interest within its jurisdiction. The public may also address the Board on items being considered on this agenda. VVWRA requests that all public speakers complete a speaker's card and provide it to the Secretary. Persons desiring to submit paperwork to the Board of Commissioners shall provide a copy of any paperwork to the Board Secretary for the official record. We request that remarks be limited to five minutes or less. Pursuant to Government Code Section 54954.3, if speaker is utilizing a translator, the total allotted time will be doubled.

Possible Conflicts of Interest

Nassif

Consent Calendar

Nassif

All matters placed on the Consent Calendar are considered as not requiring discussion or further explanation and unless any particular item is requested to be removed from the Consent Calendar by a Commissioner, staff member or member of the public in attendance, there will be no separate discussion of these items. All items on the Consent Calendar will be enacted by one action approving all motions and casting a unanimous ballot for resolutions included on the consent calendar. All items removed from the Consent Calendar shall be considered in the regular order of business.

Item 2. Receive, Approve and File Minutes

Poulsen

- Regular Board Meeting 08/17/2023

Item 3. Receive, Approve and File August 2023 Disbursement

- Warrant Summary Disbursements

Board Action Required

Staff Recommendation: Approve as presented

Action Items

The Executive Leadership Team will provide brief updates on existing matters under their purview and will be available to respond to any questions thereof.

Item 4. Recommendation to Authorize the General Manager to Approve the Amended and Restated Gas Collection Agreement with SoCal Biomethane to Give them the Ability to Optimize Operations of the Food Waste Receiving for the RNG Project Upon Final Legal Review and Approval of the Contract

Adams

It is recommended that the Board of Commissioners authorize the General Manager to approve the amended and restated gas collection agreement with SoCal Biomethane to them the ability to optimize operations of the food waste receiving for the RNG project upon final legal review and approval of the contract

Board Action Required

Staff Recommendation: Approve as presented

Item 5. Recommendation to Authorize the General Manager Authorize to Approve a 3-Year HVAC Maintenance Agreement with FHA Services Inc. for an Amount Not to Exceed \$401,194.00 for the Next Three Years Upon Final Legal Review and Approval of the Contract

Adams

It is recommended that the Board of Commissioners authorize the General Manager to approve a 3-year HVAC maintenance agreement with FHA Services Inc. for an amount not to exceed \$401,194.00 for the next 3 years upon final legal review and approval of the contract

Board Action Required

Staff Recommendation: Approve as Presented

Staff Reports

<u>Item 6.</u>	General Managers Report	Poulsen
<u>Item 7.</u> Report– 2nd Quarter 2023	Financial and Investment Report	Wang
<u>Item 8.</u> Report – 2nd Quarter 2023	Operations and Maintenance	Adams
<u>Item 9.</u> Report – 2nd Quarter 2023	Environmental Compliance	Laari
<u>Item 10.</u> Report – 2nd Quarter 2023	Septage Receiving Facility	Laari
<u>Item 11.</u> Report – 2nd Quarter 2023	Safety and Communication	Wylie

American Disabilities Act Compliance Statement

Government Code Section 54954.2(a)



Any request for disability-related modifications or accommodations (including auxiliary aids or services) sought to participate in the above public meeting should be directed to the VVWRA's Secretary at (760) 246-8638 at least 72 hours prior to the scheduled meeting. Requests must specify the nature of the disability and the type of accommodation requested.

Agenda posting

Government Code Section 54954.2

This agenda has been posted in the main lobby of the Authority's Administrative offices not less than 72 hours prior to the meeting date and time above. All written materials relating to each agenda item are available for public inspection in the office of the Board Secretary.

Agenda items received after posting

Government Code Section 54957.5

Materials related to an item on this agenda submitted after distribution of the agenda packet are available for public review at the VVWRA office located at, 20111 Shay Road, Victorville CA 92394. The materials will also be posted on the VVWRA website at www.vvwra.com.

Items Not Posted

Government Code Section 54954.2(b)

In the event any matter not listed on this agenda is proposed to be submitted to the Board for discussion and/or action, it will be done as an emergency item or because there is a need to take immediate action, which came to the attention of the Board subsequent to the posting of the agenda, or as set forth on a supplemental agenda posted in the manner as above, not less than 72 hours prior to the meeting date.

Items Continued

Government Section 54954.2(b)(3)

Items may be continued from this meeting without further notice to a Committee or Board meeting held within five (5) days of this meeting

Meeting Adjournment

This meeting may be adjourned to a later time and items of business from this agenda may be considered at the later meeting by Order of Adjournment and Notice

VVWRA's Board Meeting packets and agendas are available for review on its website at www.vvwra.com. The website is updated on Friday preceding any regularly scheduled board meeting.

**MINUTES OF A REGULAR MEETING
REGULAR MEETING OF THE BOARD OF COMMISSIONERS
VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY (VWVRA)
August 17, 2023**

CALL TO ORDER: Chair Scott Nassif called the meeting to order at 7:43 AM; in Conference Room D at Victorville City Hall, located at 14343 Civic Drive, Victorville California, with the following members present:

TOWN OF APPLE VALLEY **Scott Nassif, Chair**
CITY OF VICTORVILLE **Debra Jones, Vice-Chair**
CITY OF HESPERIA **Larry Bird, Secretary**
ORO GRANDE (CSA 42) AND **Dakota Higgins , Treasurer**
SPRING VALLEY LAKE (CSA 64)

VWVRA Staff and Legal Counsel:

Darron Poulsen, General Manager
Kristi Casteel, Executive Assistant
Piero Dallarda, Legal Counsel (BB&K)
David Wylie, Safety & Communications Officer
Brad Adams, Director of O&M
Robert Coromina, Director of Administration

Guests

Brian Gengler, City of Victorville
Keith Metzler, City of Victorville
Jenele Davidson, City of Victorville

CLOSED SESSION

PUBLIC COMMENTS- CLOSED SESSION AGENDA

NONE

Moved: Commissioner Higgins Second: Commissioner Jones
Motion to enter into Closed Session
Motion passed by a 4-0 roll call vote

REGULAR SESSION

CALL TO ORDER & PLEDGE OF ALLEGIANCE

Chair Nassif called the meeting to order at 8:00 AM.

VVWRA Regular Meeting Minutes**Thursday, August 17, 2023****Page 2****REPORT FROM CLOSED SESSION**

NONE

PUBLIC COMMENTS- REGULAR SESSION AGENDA

NONE

POSSIBLE CONFLICT OF INTEREST

Chair Nassif abstaining from any disbursements to Napa Auto Parts on item 3

CONSENT CALENDAR:

2. **Receive, Approve and File Minutes, July 20, 2023 Regular Meeting**
3. **Receive, Approve and File July 2023 Disbursement**

Moved: Commissioner Higgins**Second: Commissioner Jones**

Approval of the Consent Calendar Items 2 and 3 with Chair Nassif abstaining from any disbursements to Napa Auto Parts on item 3.

Chair Nassif- Yes**Commissioner Jones - Yes****Commissioner Bird - Yes****Commissioner Higgins- Yes**

Motion passed by a 4-0 roll call vote

ACTION ITEM:

4. **Recommendation to Award a Contract to Parada Painting for the Regional UV Channels Coating**

The Board will consider approval to authorize the General Manager to award a contract, pending legal review, to coat the Regional Plant UV Channels to Parada Painting for \$120,240.00 plus a 10% contingency, to cover unforeseen costs, totaling \$142,164.00

Moved: Commissioner Jones

Second: Commissioner Bird

Approval to authorize the General Manager to award a contract, pending legal review, to coat the Regional Plant UV Channels to Parada Painting for \$120,240.00 plus a 10% contingency, to cover unforeseen costs, totaling \$142,164.00

Chair Nassif- Yes

Commissioner Jones - Yes

Commissioner Bird - Yes

Commissioner Higgins- Yes

Motion passed by a 4-0 roll call vote

5. **Recommendation to Authorize the General Manager to Award A Contract for the Regional Plant Ultraviolet Engineering Feasibility Study in the Amount of \$76,540.00 to Hoch Consulting Inc**

The Board will consider approval the General Manager to award a contract for the regional plant ultraviolet engineering feasibility study project in the amount of \$76,540.00 to Hoch Consulting inc., pending legal review and approval of the agreement

Moved: Commissioner Higgins

Second: Commissioner Jones

Approval to authorize the General Manager to award a contract for the regional plant ultraviolet engineering feasibility study project in the amount of \$76,540.00 to Hoch Consulting inc., pending legal review and approval of the agreement

Chair Nassif- Yes

Commissioner Jones - Yes

Commissioner Bird - Yes

Commissioner Higgins- Yes

Motion passed by a 4-0 roll call vote

6. **Recommendation to Purchase Composite Water-Resistant Manhole Covers and Frames from TITUS® WASTEWATER SOLUTIONS, INC for the Amount of \$132,087.58**

The Board will consider approval to authorize the general manager to purchase composite on a sole source basis 75 water-resistant manhole covers, frames and related tools from TITUS® WASTEWATER SOLUTIONS, INC for the amount of \$132,087.58

VVWRA Regular Meeting Minutes

Thursday, August 17, 2023

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Moved: Commissioner Jones

Second: Chair Bird

Approval to authorize the general manager to purchase composite on a sole source basis 75 water-resistant manhole covers, frames and related tools from TITUS® WASTEWATER SOLUTIONS, INC for the amount of \$132,087.58

Chair Nassif- Yes

Commissioner Jones - Yes

Commissioner Bird - Yes

Commissioner Higgins- Yes

Motion passed by a 4-0 roll call vote

7. **Recommendation to Award a Contract to Christensen Brothers Engineering to award a contract, pending legal review, to repair the Regional Plant paved roads to Christensen Brothers Engineering for \$451,516.45 plus a 5% contingency, to cover unforeseen costs, totaling \$474,092.27**

It is recommended that the Board of Commissioners authorize the General Manager to award a contract, pending legal review, to repair the Regional Plant paved roads to Christensen Brothers Engineering for \$451,516.45 plus a 5% contingency, to cover unforeseen costs, totaling \$474,092.27

Moved: Commissioner Higgins

Second: Commissioner Jones

Approval to authorize the General Manager to award a contract, pending legal review, to repair the Regional Plant paved roads to Christensen Brothers Engineering for \$451,516.45 plus a 5% contingency, to cover unforeseen costs, totaling \$474,092.27

Chair Nassif- Yes

Commissioner Jones - Yes

Commissioner Bird - Yes

Commissioner Higgins- Yes

Motion passed by a 4-0 roll call vote

8. **Recommendation to Purchase Arcserve Total Backup Solution Via Their Distribution BlueAlly Inc for the Amount of \$136,850.26**

It is recommended that the Board of Commissioners authorize the General Manager to purchase Arcserve total backup solution and related services via their distributor BlueAlly Inc for the amount of \$136,850.26

VWRA Regular Meeting Minutes**Thursday, August 17, 2023****Page 5****Moved: Commissioner Jones****Second: Commissioner Higgins****Approval to authorize the General Manager to purchase Arcserve total backup solution and related services via their distributor BlueAlly Inc for the amount of \$136,850.26****Chair Nassif- Yes****Commissioner Jones - Yes****Commissioner Bird - Yes****Commissioner Higgins- Yes****Motion passed by a 4-0 roll call vote****CLOSED SESSION (If Closed Session is continued)****Closed session****ADJOURNMENT****The board will adjourn to a regular board meeting on September 21, 2023 at 7:30 a.m.****APPROVAL:****DATE: _____ BY:****Approved by Larry Bird, Secretary
VWRA Board of Commissioners**



Victor Valley Wastewater Reclamation Authority

A Joint Powers Authority and Public Agency of the State of California

Administrative Offices

20111 Shay Road, Victorville, CA 92394

Telephone: (760) 246-8638

Fax: (760) 948-9897

e-mail: mail@vwwra.com

DATE: September 21, 2023

TO: Darron Poulsen
General Manager

FROM: Xiwei Wang
Accounting Supervisor

SUBJECT: Cash Disbursements Register

RECOMMENDED ACTION

It is recommended that the Board of Commissioners approve the cash disbursements and payroll register for the Victor Valley Wastewater Reclamation Authority.

BACKGROUND

The Cash Disbursements Register totals represented below are for the month of AUGUST 2023, check numbers 125264-125304 and ACH's.

<i>Accounts Payable</i>			
<i>Checks</i>	<i>ACH's and EFT's</i>	<i>Payroll</i>	<i>Total</i>
<i>\$174,727.61</i>	<i>\$2,085,672.54</i>	<i>\$579,606.76</i>	<i>\$2,840,006.91</i>

Victor Valley Wastewater Reclamation Authority
Cash Disbursement Register
From 8/1/2023 through 8/31/2023

Vendor Name	Payment #	Date	Total
Applied Industrial Technologies	125264	08/03/2023	\$ 974.29
Aquatic Bioassay / Consult Inc.	125265	08/03/2023	\$ 275.00
Atmospheric Analysis And Consulting	125266	08/03/2023	\$ 895.00
Brown Bear Corp	125267	08/03/2023	\$ 785.53
Burrtec Waste Ind., Inc.	125268	08/03/2023	\$ 449.67
City Of Victorville / Sanitation	125269	08/03/2023	\$ 18,569.49
Doane And Hartwig Water Systems, Inc	125270	08/03/2023	\$ 21,326.09
Hi Desert Fire Protection Inc	125271	08/03/2023	\$ 2,816.01
Hi-Desert Communications	125272	08/03/2023	\$ 150.00
Southern Counties Lubricants	125273	08/03/2023	\$ 650.44
Verizon Wireless	125274	08/03/2023	\$ 3,089.65
World Oil Environmental Services	125275	08/03/2023	\$ 120.00
Answering 365	125276	08/10/2023	\$ 154.65
Bnsf Railway Company	125277	08/10/2023	\$ 26,602.00
County Of San Bernardino	125278	08/10/2023	\$ 1,379.00
Dell Inc.	125279	08/10/2023	\$ 5,564.92
Uline, Inc.	125280	08/10/2023	\$ 18,837.91
Guardian	125281	08/18/2023	\$ 677.10
Johnson Controls Fire Protection Lp	125282	08/18/2023	\$ 2,039.36
Quill Corporation	125283	08/18/2023	\$ 1,292.80
San Bernardino County Fire Protection Dist	125284	08/18/2023	\$ 910.00
Bird, Larry	125285	08/24/2023	\$ 100.00
Gfoa	125286	08/24/2023	\$ 345.00
Institute For Environmental Health Inc	125287	08/24/2023	\$ 1,420.00
Jones, Debra	125288	08/24/2023	\$ 100.00
Konica Minolta Business Solutions	125289	08/24/2023	\$ 593.09
Nassif, Scott	125290	08/24/2023	\$ 100.00
Roto-Rooter Plumbers	125291	08/24/2023	\$ 198.00
Shredyourdocs.Com	125292	08/24/2023	\$ 114.00
Vasquez & Company, Llp	125293	08/24/2023	\$ 20,000.00
Verizon Wireless	125294	08/24/2023	\$ 2,455.24
Yucca Crane	125295	08/24/2023	\$ 750.00
City Of Victorville / Sanitation	125296	08/31/2023	\$ 13,373.75
Dell Inc.	125297	08/31/2023	\$ 82.86
Guardian	125298	08/31/2023	\$ 677.10
High Desert Backflow - Aaa Action Backflow, Llc	125299	08/31/2023	\$ 250.00
Johnson Controls Fire Protection Lp	125300	08/31/2023	\$ 1,263.00
Quill Corporation	125301	08/31/2023	\$ 287.03
Southern Counties Lubricants	125302	08/31/2023	\$ 2,457.52
Swains Electric Motor Service	125303	08/31/2023	\$ 21,615.78
Town & Country Tire	125304	08/31/2023	\$ 986.33
Total Checks			\$ 174,727.61

Victor Valley Wastewater Reclamation Authority
Cash Disbursement Register
From 8/1/2023 through 8/31/2023

Vendor Name	Payment #	Date	Total
2G Energy Inc.	21007	08/03/2023	\$ 2,381.05
Anaergia Technologies, Llc	21008	08/03/2023	\$ 362,250.00
Applied Maintenance Supplies & Solution	21009	08/03/2023	\$ 868.53
Beck Oil, Inc.	21010	08/03/2023	\$ 59.38
Biogas Power Systems- Mojave, Llc	21011	08/03/2023	\$ 64,119.27
Blackline Safety Corp	21012	08/03/2023	\$ 210.00
Blue Siren, Inc.	21013	08/03/2023	\$ 6,822.00
Brenntag Pacific, Inc	21014	08/03/2023	\$ 16,477.10
Carollo Engineers, A Professional Corporation	21015	08/03/2023	\$ 68,363.77
Consumers Pipe & Supply, Co.	21016	08/03/2023	\$ 700.35
Desert Pumps & Parts, Inc.	21017	08/03/2023	\$ 2,117.67
Dudek	21018	08/03/2023	\$ 1,025.00
Ehs International Inc.	21019	08/03/2023	\$ 1,470.00
Fha Services, Inc.	21020	08/03/2023	\$ 21,461.06
Grainger	21021	08/03/2023	\$ 1,446.40
Hach Company	21022	08/03/2023	\$ 1,732.89
Labor Finders	21023	08/03/2023	\$ 4,113.92
Mcgrath Rentcorp	21024	08/03/2023	\$ 6,012.82
Mcmaster-Carr Supply Co.	21025	08/03/2023	\$ 94.50
Reliant Water Technologies	21026	08/03/2023	\$ 3,221.92
Siemens Industry Inc.	21027	08/03/2023	\$ 1,716.08
Smartcover Systems	21028	08/03/2023	\$ 7,299.30
Tesco Controls (Prev. Trimax Systems)	21029	08/03/2023	\$ 102,085.00
T-Mobile	21030	08/03/2023	\$ 784.62
Tyler Technologies, Inc	21031	08/03/2023	\$ 30,966.18
U.S.A. Bluebook	21032	08/03/2023	\$ 1,603.88
2G Energy Inc.	21033	08/10/2023	\$ 4,988.94
Adt Commercial	21034	08/10/2023	\$ 516.06
American Express	21035	08/10/2023	\$ 67,276.85
Avila, Marcos	21036	08/10/2023	\$ 70.00
Beck Oil, Inc.	21037	08/10/2023	\$ 4,032.40
Blackline Safety Corp	21038	08/10/2023	\$ 210.00
Cintas Corporation	21039	08/10/2023	\$ 3,894.42
Consumers Pipe & Supply, Co.	21040	08/10/2023	\$ 4,840.13
Csrma	21041	08/10/2023	\$ 408,418.18
Culligan Water Conditioning	21042	08/10/2023	\$ 1,993.26
D.K.F. Solutions Group, Llc	21043	08/10/2023	\$ 350.00
Daily Express	21044	08/10/2023	\$ 1,540.00
Dudek	21045	08/10/2023	\$ 17,416.93
E&M Electric And Machinery, Inc	21046	08/10/2023	\$ 6,095.00
Evoqua Water Technologies Llc	21047	08/10/2023	\$ 12,118.49
Fha Services, Inc.	21048	08/10/2023	\$ 178.00
Grainger	21049	08/10/2023	\$ 1,289.06
High Desert Affordable Landscaping	21050	08/10/2023	\$ 5,034.00
Labor Finders	21051	08/10/2023	\$ 4,210.34

Victor Valley Wastewater Reclamation Authority
Cash Disbursement Register
From 8/1/2023 through 8/31/2023

Vendor Name	Payment #	Date	Total
Larry Walker Associates	21052	08/10/2023	\$ 1,812.00
Ndk Chem, Inc.	21053	08/10/2023	\$ 2,000.00
Netgain Networks, Inc	21054	08/10/2023	\$ 12,311.44
Orlin	21055	08/10/2023	\$ 188.99
Ovivo Usa, L.L.C.	21056	08/10/2023	\$ 3,171.51
Prudential Overall Supply	21057	08/10/2023	\$ 2,837.97
U.S.A. Bluebook	21058	08/10/2023	\$ 673.17
Underground Service Alert Of Southern California	21059	08/10/2023	\$ 39.75
Veteran Janitorial, Llc	21060	08/10/2023	\$ 2,730.00
Victor Valley Wastewater Employees Assoc	21061	08/10/2023	\$ 737.50
Wageworks, Inc	21062	08/10/2023	\$ 20.00
Waukesha-Pearce Industries, Llc	21063	08/10/2023	\$ 4,233.78
Applied Maintenance Supplies & Solution	21064	08/18/2023	\$ 89.09
B&K Electric Wholesale	21065	08/18/2023	\$ 1,204.99
Babcock Laboratories, Inc.	21066	08/18/2023	\$ 16,357.26
Best, Best & Krieger, L.L.P.	21067	08/18/2023	\$ 32,610.81
C.S. Amsco	21068	08/18/2023	\$ 9,717.19
California School Veba	21069	08/18/2023	\$ 674.93
Cdw Government, Inc	21070	08/18/2023	\$ 935.36
Consumers Pipe & Supply, Co.	21071	08/18/2023	\$ 261.63
Dudek	21072	08/18/2023	\$ 4,248.75
Grainger	21073	08/18/2023	\$ 4,504.56
Labor Finders	21074	08/18/2023	\$ 2,442.64
Quinn Company	21075	08/18/2023	\$ 96.00
U.S. Bank	21076	08/18/2023	\$ 14,374.55
2G Energy Inc.	21077	08/24/2023	\$ 584.01
Anthony, Donna	21078	08/24/2023	\$ 185.29
Billings, Richard	21079	08/24/2023	\$ 420.00
Brenntag Pacific, Inc	21080	08/24/2023	\$ 6,137.44
Casteel, Kristi	21081	08/24/2023	\$ 100.00
Cintas Corporation	21082	08/24/2023	\$ 355.58
Correia, Linda	21083	08/24/2023	\$ 420.00
Dagnino, Roy	21084	08/24/2023	\$ 420.00
Davis, Tim	21085	08/24/2023	\$ 420.00
Flint, Terrie Gossard	21086	08/24/2023	\$ 269.02
G.A. Osborne Pipe & Supply	21087	08/24/2023	\$ 2,039.66
Gyurcsik, Darline	21088	08/24/2023	\$ 269.02
Hach Company	21089	08/24/2023	\$ 4,538.90
Higgins, Dakota	21090	08/24/2023	\$ 100.00
Hinojosa, Thomas	21091	08/24/2023	\$ 420.00
Hug Engineering, Inc.	21092	08/24/2023	\$ 19,839.80
Innerline Engineering	21093	08/24/2023	\$ 1,100.00
Keagy, Chieko	21094	08/24/2023	\$ 415.50
Keniston, Olin	21095	08/24/2023	\$ 269.02
Main, Randy	21096	08/24/2023	\$ 420.00

Victor Valley Wastewater Reclamation Authority
Cash Disbursement Register
From 8/1/2023 through 8/31/2023

Vendor Name	Payment #	Date	Total
Mcgee, Mark	21097	08/24/2023	\$ 420.00
Montgomery, Lillie	21098	08/24/2023	\$ 148.68
Nalian, L. Christina	21099	08/24/2023	\$ 148.68
Nave, Patrick	21100	08/24/2023	\$ 420.00
Netgain Networks, Inc	21101	08/24/2023	\$ 60,884.33
Procurement Consulting Services, Llc.	21102	08/24/2023	\$ 2,550.00
Prudential Overall Supply	21103	08/24/2023	\$ 933.77
Qed Environmental Systems, Inc.	21104	08/24/2023	\$ 4,547.08
Rockwell Engineering	21105	08/24/2023	\$ 3,673.96
Siemens Industry Inc.	21106	08/24/2023	\$ 912.41
Solenis Llc	21107	08/24/2023	\$ 24,087.88
Wageworks, Inc	21108	08/24/2023	\$ 134.00
Applied Maintenance Supplies & Solution	21109	08/31/2023	\$ 2,097.35
Beck Oil, Inc.	21110	08/31/2023	\$ 76.34
Biogas Power Systems- Mojave, Llc	21111	08/31/2023	\$ 64,119.27
Cintas Corporation	21112	08/31/2023	\$ 414.25
Culligan Water Conditioning	21113	08/31/2023	\$ 158.82
Evoqua Water Technologies Llc	21114	08/31/2023	\$ 4,999.45
Grainger	21115	08/31/2023	\$ 1,339.74
Mcgrath Rentcorp	21116	08/31/2023	\$ 6,012.82
Orkin	21117	08/31/2023	\$ 981.98
Rockwell Engineering	21118	08/31/2023	\$ 15,535.88
Xylem Dewatering Solutions	21119	08/31/2023	\$ 1,361.58
Sparkletts Drinking Water	DFT04087	08/01/2023	\$ 1,755.09
Konica Minolta Business Solutions	DFT04088	08/01/2023	\$ 391.50
Flyers Energy, Llc	DFT04089	08/01/2023	\$ 1,394.73
Southwest Gas Company	DFT04090	08/01/2023	\$ 56.72
Southwest Gas Company	DFT04091	08/01/2023	\$ 23,762.21
Southwest Gas Company	DFT04092	08/01/2023	\$ 41,768.46
Hesperia Water District	DFT04093	08/01/2023	\$ 702.26
Ups	DFT04094	08/01/2023	\$ 285.01
Spectrum (Prev. Charter Communications)	DFT04095	08/01/2023	\$ 4,923.82
Town Of Apple Valley	DFT04103	08/15/2023	\$ 197.49
Liberty Utilities	DFT04104	08/15/2023	\$ 130.89
Flyers Energy, Llc	DFT04105	08/15/2023	\$ 2,265.78
Southern California Edison	DFT04106	08/15/2023	\$ 86,070.70
Southern California Edison	DFT04107	08/15/2023	\$ 866.42
Tforce Freight (Aka Ups Freight)	DFT04108	08/15/2023	\$ 329.27
Ups	DFT04109	08/15/2023	\$ 571.28
Lincoln Financial Group	DFT04110	08/21/2023	\$ 5,521.56
Lincoln Financial Group	DFT04111	08/21/2023	\$ 5,545.39
Lincoln Financial Group	DFT04112	08/21/2023	\$ 74.66
Southern California Edison	DFT04113	08/21/2023	\$ 2,866.97
Southern California Edison	DFT04114	08/21/2023	\$ 32,102.83
Southern California Edison	DFT04115	08/21/2023	\$ 70,631.33

**Victor Valley Wastewater Reclamation Authority
Cash Disbursement Register
From 8/1/2023 through 8/31/2023**

Vendor Name	Payment #	Date	Total
Southwest Gas Company	DFT04116	08/21/2023	\$ 30.62
Southwest Gas Company	DFT04117	08/21/2023	\$ 62.93
Ups	DFT04118	08/21/2023	\$ 354.22
Lincoln Financial Group	DFT04119	08/21/2023	\$ 74.66
Southern California Edison	DFT04120	08/21/2023	\$ 70,631.33
Flyers Energy, Llc	DFT04126	08/29/2023	\$ 1,474.45
Principal Life Ins. Co.	DFT04127	08/29/2023	\$ 3,339.77
Southern California Edison	DFT04128	08/29/2023	\$ 20,950.50
Southwest Gas Company	DFT04129	08/29/2023	\$ 38,643.31
Southwest Gas Company	DFT04130	08/29/2023	\$ 46,468.24
Southwest Gas Company	DFT04131	08/29/2023	\$ 127.62
Sparkletts Drinking Water	DFT04132	08/29/2023	\$ 1,559.12
Ups	DFT04133	08/29/2023	\$ 517.51
Enterprise Fm Trust	DFT04151	08/21/2023	\$ 12,393.76
Total EFT's and ACH			\$ 2,085,672.54

Approved



Total Checks	\$ 174,727.61
Total EFT's and ACH	\$ 2,085,672.54
Total Payroll - August 2023	\$ 579,606.76
Total	\$ 2,840,006.91



**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
BOARD OF COMMISSIONERS STAFF REPORT**

TO: VVWRA Board of Commissioners

FROM: Darron Poulsen, General Manager

SUBMITTED BY: Brad Adams, Director of Operations and Maintenance

DATE: September 28, 2023

SUBJECT: **RECOMMENDATION THAT THE BOARD OF COMMISSIONERS AUTHORIZE THE GENERAL MANAGER TO APPROVE THE AMENDED AND RESTATED GAS COLLECTION AGREEMENT WITH SOCAL BIOMETHANE TO GIVE THEM THE ABILITY TO OPTIMIZE OPERATIONS OF THE FOOD WASTE RECEIVING FOR THE RNG PROJECT UPON FINAL LEGAL REVIEW AND APPROVAL OF THE CONTRACT**

<input checked="" type="checkbox"/> For Action	<input type="checkbox"/> Fiscal Impact:	N/A
<input type="checkbox"/> Information Only	<input type="checkbox"/> Account Codes:	N/A
	<input type="checkbox"/> Funds Budgeted/Approved	

STAFF RECOMMENDATION

Recommendation that the board of commissioners authorize the General Manager to approve the amended and restated gas collection agreement with SoCal Biomethane to them the ability to optimize operations of the food waste receiving for the RNG project upon final legal review and approval of the contract.

PREVIOUS ACTION(S)

- On April 18, 2018, the Board of Commissioners gave authority to the VVWRA General Manger to enter into a Public Private Partnership with SoCal Biomethane to start the RNG project.
- On July 27, 2020, an amendment was made to scale up the project, providing more upgrades to the digesters and ADM receiving area.
- On July 15, 2021, a second amendment was made clarifying and adding operational details between VVWRA and SoCal Biomethane.
- On September 16, 2022, a third amendment was made to add an additional receiving attendant with cost shared between VVWRA and SoCal Biomethane.
- On February 2, 2023, an amendment was made to add the additional assets purchased by SoCal Biomethane’s CEC grant.
- On June 15, 2023, the Board of Commissioners authorized VVWRA staff and the legal team to begin negotiations with SoCal Biomethane for a new RNG contract agreement to

give SoCal Biomethane the ability to optimize operations of the food waste receiving for the RNG project.

BACKGROUND INFORMATION

Over the last five years SoCal Biomethane and VVWRA have worked together to continuously improve and expand operations of the RNG facility to achieve the maximum benefit of the project for both organizations. Since the first deliveries of food waste were delivered to the project over three years ago VVWRA staff have been operating and maintaining the ADM receiving area as part of the original agreement. During this time the volume of material has steadily been ramping up to increase gas production and the overall revenues generated by the project. The increase in materials delivered has had a positive impact on tipping fee revenues but has also caused a strain on VVWRA resources to sustain the consistent operations necessary for the success of the project. Last year, the overtime needed to maintain operations at the receiving station cost over \$250,000. The tipping fee revenues were sufficient to cover these overtime costs, and all the other operational labor and material expenses, but these efforts are a strain on resources that pull staff away from our core business of treating wastewater.

In addition to the strain on staffing resources, staff have also struggled with the contractual terms with SoCal Biomethane to coordinate haulers and deliveries. Today SoCal Biomethane is responsible for locating haulers and assuring the quality of the food material being delivered is acceptable for our operations. Haulers work with SoCal Biomethane staff to coordinate delivery times. Because normal operations do not always go as planned, many times the delivery schedule gets skewed which causes haulers to call and complain about wait times. Very often VVWRA gets caught in the middle of these difficult discussions and because of VVWRA's position as a public agency we have little recourse to offer haulers considerations for the delays or rescheduling.

All these concerns have caused us to consider another option to the current contract obligations. With the Board's permission staff engaged in conversations with SoCal Biomethane on a significant change in operations that could yield benefits for both organizations. Proposed changes would lower VVWRA revenues but also eliminate some significant operational expenses. Some of the proposed changes would include:

- SoCal Biomethane taking over receiving operations including receiving staff and the collection of tipping fees.
- SoCal Biomethane taking over the maintenance and repairs to the receiving area equipment.
- VVWRA would no longer be responsible for paying back the cost of the capital equipment installed for the project.
- SoCal Biomethane would increase its lease payment to VVWRA, and we would re-negotiate the sell of gas revenues based on actual production.
- New revenues would be based on gas production not gas sales to assure VVWRA has a more steady and reliable revenue stream.

Benefits of this change to VVWRA would be no labor and overtime costs for the project, regained staff time for other maintenance activities, no more obligation to pay back the capital expenses, and a more stable revenue source. With SoCal Biomethane taking over the food waste receiving and management of haulers, they would be responsible for seeking out new feedstock, permitting and scheduling haulers, and be responsible for relaying information to them when issues arise.

This would eliminate VVWRA management staff being the middleman between haulers and SoCal Biomethane, where they were receiving unnecessary blame for the diversion of trucks.

A key point for SoCal Biomethane to consider this change will be the ability to change the tipping fee, per hauler, as needed to motivate haulers to VVWRA, allowing more flexibility to manage feedstock quantities. Under the current contract arrangement VVWRA is not able to provide this incentive due to our position as a public agency. This is key to providing a steady stream of feedstock, especially in this ever-changing economy.

Staff believe this is the best option moving forward to ensure success of this project. At this time staff is seeking approval from the Board to authorize the General Manager to approve the amended and restated gas collection agreement (Exhibit 1) with SoCal Biomethane to them the ability to optimize operations of the food waste receiving for the RNG project upon final legal review and approval of the contract.

Attachment(s):

Exhibit 1: Amended and Restated Gas Collection Agreement with SoCal Biomethane

EXHIBIT 1

**AMENDED AND RESTATED
GAS COLLECTION FACILITIES LEASE AND ENERGY SERVICES AGREEMENT**

THIS AMENDED AND RESTATED GAS COLLECTION FACILITY LEASE AND ENERGY SERVICES AGREEMENT (“*Lease*”), dated as of September __, 2023 (“*Execution Date*”), is entered between VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY, hereinafter referred to as “*Landlord*,” and SoCal Biomethane, LLC, a Delaware limited liability company, hereinafter referred to as “*Tenant*”. Landlord and Tenant are hereinafter sometimes referred to individually as a “*Party*” and together as “*Parties*”.

RECITALS

A. Landlord owns and operates a regional wastewater treatment plant (“*WWTP*”) and related percolation ponds and other facilities in the City of Victorville, County of San Bernardino, State of California. The WWTP generates biogas from the treatment of wastewater and the recycling of anaerobically digestible material (“*ADM*”).

B. Landlord and Tenant have engaged in a public private partnership to enhance the ability of the WWTP to generate biogas through technological improvements and increasing the capacity of the WWTP to recycle ADM that is primarily composed of food. Tenant has further installed, owns and operates a gas conditioning facility at the WWTP which is used to upgrade the biogas produced by the WWTP into biomethane which can be sold to unrelated third parties as renewable natural gas, using a natural gas pipeline owned by Southwest Gas, the local natural gas utility (“*Southwest*”). This facility and the related infrastructure necessary for the collection of biogas from the WWTP and injection of biomethane at the interconnection with Southwest are collectively referred to herein as the “*SoCal Biomethane Facilities*”.

C. The partnership described in Recital B has been carried out pursuant to the terms of that certain Gas Collection Facilities Lease and Energy Services Agreed dated May 9, 2019 (“*Original Lease*”), as amended by that certain First Amendment dated July 27, 2020, as amended by that certain Second Amendment dated July 15, 2021, that certain Third Amendment dated September 19, 2022 and that certain Fourth Amendment dated February 27, 2023 (collectively, the “*Amendments*”). Landlord and Tenant desire to amend and restate the terms of their partnership as set forth in the Original Lease and Amendments into a single agreement that further augments and creates efficiencies for the manner in which ADM is managed, collected and processed at the WWTP.

D. Pursuant to the Original Lease, there were five anaerobic digesters located at the WWTP, two active digesters that were in active use in operations and three legacy digesters that were in the process of being put back into active use. The three legacy digesters are known as digesters 1, 2 and 3 (“*Legacy Digesters*”) and the active digesters are known as digesters 4 and 5 (“*Active Digesters*”). For the purposes of this Lease, the Legacy Digesters and the Active Digesters are referred to collectively as the “*Digesters*”.

E. Pursuant to the Original Lease, Landlord and Tenant completed certain improvements and upgrades to the Legacy Digesters to (i) restore the Legacy Digesters to active use; (ii) enhance the energy efficiency and operating capacity of the Legacy Digesters for VVWRA operations at the WWTP; (ii) to promote the recycling of ADM primarily composed of food waste; and (iii) to significantly enhance the generation of biogas from the treatment process carried out in the Legacy Digesters (such improvements referred to in the Original Lease as the “*Landlord Improvements*” and the “*Digester Coating*”). Furthermore, pursuant to the amendments to the Original Lease, Landlord and Tenant completed additional improvements to the WWTP to facilitate the generation of biogas and the ability to process food waste referred to as the “*WWTP Upgrades*” and the “*Pipeline Improvements*”.

F. Pursuant to the Fourth Amendment to the Original Lease, Tenant agreed to finance and construct additional improvements to the WWTP to enhance the production of biogas, including upgraded food waste recovery areas, increased food waste storage capabilities, modifications to the digesters and food waste quality control systems (collectively, the “*Feedstock Improvements*”). The Feedstock Improvements will not include a microgrid. The Feedstock Improvements are in the process of design and construction and are expected to be completed by February, 2024.

G. Landlord desires Tenant to assume the management and operation of the ADM collection and handling facilities at the WWTP that are described on *Exhibit “C”* (“*ADM Handling Facilities*”), including the management of procurement of ADM from third party haulers and the collection of tipping fees from such haulers, and Tenant is willing to take on such obligations in accordance with the terms and conditions set forth in the “*ADM Addendum*” attached hereto as *Exhibit “D”* to this Lease.

H. Landlord and Tenant hereby agree to amend and restate the Original Lease and Amendments and the rights and obligations of Landlord and Tenant thereunder.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Parties agree as follows:

1. Confirmations and Acknowledgements. Landlord and Tenant confirm and acknowledge the following:

- (i) All conditions precedent to the Original Lease were satisfied;
- (ii) the “*Effective Date*” of the Lease is July 30, 2020, and the “*Commercial Operation Date*” is [_____];
- (iii) All capital improvements to the WWTP that were contemplated in the Original Lease and Amendments, other than the Feedstock Improvements, have been completed and accepted by Landlord (subject to any ongoing construction and equipment warranty) and are solely owned by Landlord as assets of the WWTP;
- (iv) The SoCal Biomethane Facilities have been completed and are operational and are solely owned by Tenant and conditioned biogas is being delivered to Southwest;
- (v) All Landlord contributions to the cost of the capital improvements to the WWTP have been paid and no amount is due or payable to Tenant in connection therewith;
- (vi) Tenant has delivered to Landlord a final schedule showing a list of all equipment and improvements included in the capital improvement to the WWTP, other than the Feedstock Improvements, the final costs of all such improvements, and the amounts paid by each of Landlord and Tenant in connection therewith; and
- (vii) Upon the execution of this Agreement, the Original Lease and Amendments will be terminated and of no further force or effect except as follows: (a) the obligations of Tenant to complete the Feedstock Improvements pursuant to the Fourth Amendment will remain in full force and effect until such Feedstock Improvements have been accepted by Landlord; and (b) Landlord and Tenant will remain responsible for any insurance and indemnity obligations under the Original Lease that relate to acts or claims that arose prior to the Execution Date.

2. Leased Premises.

(a) Premises. The area that will be used by Tenant on an ongoing basis for operation and maintenance of the SoCal Biomethane Facilities is described in the map and legal description of the Premises attached hereto as ***Exhibit "A"*** ("***Premises***"). Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Premises, conditioned upon the terms of this Lease.

(b) Gas Pipeline Easement. Landlord has granted an easement for the pipeline between the Premises and the interconnection point with Southwest which is attached hereto as ***Exhibit "B"*** ("***Pipeline Easement***").

(c) Access Easement. Landlord grants to Tenant for the benefit of Tenant and its agents, contractors and assignees, at no additional cost or expense to Tenant, a non-exclusive easement, for ingress and egress along Shay Road to and from the Premises and as necessary to carry out its obligations under the ADM Addendum, subject to any reasonable security measures that Landlord may put in place along the perimeter of the Landlord Property and specifically including any security gate that may be installed to regulate access to the Landlord Property along Shay Road. Landlord will cooperate with Tenant to ensure that such security measures do not materially interfere with Tenant's ingress and egress along Shay Road to access the Premises.

(d) Retained Rights. Landlord will continue to have the right to operate the Digesters and operate, repair and replace all existing infrastructure which is located on or below the Premises and further retains the right to locate infrastructure, pipelines or other utility installation across or under the Premises in the future, provided, however, that such infrastructure will be situated so as to cause minimal disruption and interference to Tenant's use of the Premises. Landlord will notify Tenant of any such intended use and provide plans and drawings for the same for Tenant's review and comment at least sixty (60) days prior to the commencement of any construction or other installation. The area utilized by Landlord will not include any areas of the Premises upon which Tenant has erected any permanent structures or improvements.

3. Term. The "***Term***" of this Lease will be that period of time commencing upon the Effective Date of this Lease and continuing until the tenth anniversary of the Commercial Operation Date. The first day of the Term is referred to herein as the "***Commencement Date***". The last day of the Term is referred to herein as the "***Expiration Date***". Tenant will have the option, in its sole discretion, to extend the Term for two additional five (5) year periods provided that there is no default in its obligations under this Lease. Tenant will give notice of its intent to exercise such options no less than one hundred eighty (180) days prior to the expiration of the then current Term. If Tenant does not give such notice, then this Lease will expire at the end of the then current Term.

4. Rent.

(a) Rent. The "***Rent***" payable by Tenant to Landlord for the use of the Premises shall include the Basic Rent and the Production Royalty as defined in this Section 4.

(b) Base Monthly Rent. During the Term, commencing with the Execution Date, Tenant will pay to Landlord as basic monthly rent for the Premises the sum of Fifteen Thousand Dollars (\$15,000.00) per month ("***Basic Rent***").

(c) **Additional Rent.** During the Term, commencing with the Execution Date, as additional rent for the use of the Premises (“**Additional Rent**”), Tenant will pay a production royalty to Landlord calculated by taking the sum of Thirty-One Thousand Eighty Hundred Seventy Five and 00/100 Dollars (\$31,875) per month (“**Maximum Royalty**”) multiplied by the “**Production Capacity Sharing Percentage**” of the SoCal Biomethane Facilities in such month, subject to a minimum monthly royalty of Five Thousand Dollars (\$5,000) per month (“**Minimum Royalty**”). The Production Capacity Sharing Percentage will be calculated from a base of Twelve Thousand (12,000) MMBTU per month and a maximum of Twenty-Six Thousand Six Hundred Sixty Seven (26,667) MMBTU per month, with 12,000 MMBTU representing a Production Capacity Percentage of 0% and 26,667 MMBTU representing a Production Capacity Percentage of 100%. An example of the calculation of the Additional Rent is as follows:

MMBTU/Mo.	Production Capacity Share Percentage	Royalty Payment Based on Capacity Share Percentage	Royalty Payment with Minimum Royalty
12,000	0.0000%	\$ -	\$ 5,000.00
13,000	6.8180%	\$ 2,173.25	\$ 5,000.00
14,000	13.6361%	\$ 4,346.49	\$ 5,000.00
14,300	15.6815%	\$ 4,998.47	\$ 5,000.00
14,301	15.6883%	\$ 5,000.64	\$ 5,000.64
15,000	20.4541%	\$ 6,519.74	\$ 6,519.74
16,000	27.2735%	\$ 8,693.42	\$ 8,693.42
17,000	34.0901%	\$ 10,866.23	\$ 10,866.23
18,000	40.9082%	\$ 13,039.48	\$ 13,039.48
19,000	47.7262%	\$ 15,212.72	\$ 15,212.72
20,000	54.5442%	\$ 17,385.97	\$ 17,385.97
21,000	61.3622%	\$ 19,559.21	\$ 19,559.21
22,000	68.1803%	\$ 21,732.46	\$ 21,732.46
23,000	74.9983%	\$ 23,905.71	\$ 23,905.71
24,000	81.8163%	\$ 26,078.95	\$ 26,078.95
25,000	88.6343%	\$ 28,252.20	\$ 28,252.20
26,000	95.4524%	\$ 30,425.44	\$ 30,425.44
26,667	100.0000%	\$ 31,875.00	\$ 31,875.00

The Minimum Royalty will not apply if the production of biogas falls below 12,000 MMBTU as a result of any failure of Landlord to comply with its obligations under this Agreement.

Landlord and Tenant agree that the foregoing calculation replaces the Additional Rent based on Net Revenue pursuant to the Original Lease and Amendments in its entirety and that other than the completion of the Feedstock Improvements, neither Landlord nor Tenant will have any obligation of payment or reimbursement to the other in connection with the cost of any improvements that were completed prior to the Execution Date.

(d) **Rent Adjustment; Renewals.** The Basic Rent will be subject to annual adjustment at the beginning of each fiscal year of Landlord commencing with Landlord’s fiscal year commencing July

1, 2025, by any increase in the Consumer Price Index (All Items) – Riverside/San Bernardino/Ontario as determined for the preceding calendar year (for July 1, 2025, it will be measured by the CPI as of December 31, 2024). The Rent payable by Tenant during each of the five (5) year extensions of the Term will be subject to mutual agreement in good faith by Landlord and Tenant. If Landlord and Tenant have not reached mutual agreement as of the commencement date of the extension of the Term, then either party will have the right to terminate this Lease without cause on ninety (90) days written notice to the other party.

(e) Payment to Landlord. All Basic Rent due under this Lease shall be payable in advance on the first day of each month. In the event the Term of this Lease commences on a day other than the first day of the month, then the Basic Rent for the first month will be prorated based upon the number of days in such month and paid within ten (10) working days following the Commencement Date. If the term of this Lease expires on a day other than the end of a month, the payment of Basic Rent for the last partial month of the Term hereof will be prorated on such basis. All Additional Rent will be payable within thirty (30) days of the end of each calendar quarter during the Term and will be accompanied by a written statement showing the source and calculation of the Additional Rent for such quarter. Landlord will have the right to audit the amount of the Additional Rent once during each calendar year by giving written notice to Tenant and Tenant will make its applicable books and records available to Landlord and its agents during normal business hours. Landlord will bear the cost of such audit unless Tenant is found to have underpaid the Additional Rent by an amount in excess of three percent (3%) of the Additional Rent due, in which case Tenant will reimburse Landlord for all costs of the audit. Tenant must pay all Rent to Landlord in lawful money of the United States of America at the address indicated in Section 26, or to such other person or at such other place as Landlord may from time to time designate in writing.

5. Use of the Premises.

(a) Right to Biogas. Tenant will have the right to take all biogas collected from the Digesters for conditioning at the SoCal Biomethane Facilities. Landlord has agreed to use natural gas delivered by Southwest to power its two turbine generators that create electricity for Landlord's operational needs at the WWTP in lieu of biogas at Landlord's expense.

(b) Utilities. Tenant obtains electrical service for the SoCal Biomethane Facilities directly from a metered connection with Southern California Edison ("*SCE*"). Landlord has granted an easement to SCE to allow for the facilities necessary to provide such direct connection. At the request of Tenant, Landlord will supply water through its facilities at the WWTP for the SoCal Biomethane Facilities at no additional cost. Landlord will further provide natural gas for the operation of the SoCal Biomethane Facilities and the pilot lights on the flares and Tenant will provide a calculation of the amount of natural gas used on a monthly basis for such purposes and will pay the actual cost to Landlord to provide such natural gas no later than fifteen (15) days after receiving an invoice from Landlord.

(c) Cooperation. Landlord and Tenant will cooperate in good faith to manage the mix of waste in the Digesters to (i) maximize the production of biogas; (ii) produce biogas that is capable of being certified as compliant with EPA D3 qualification; and (iii) maximize the quality of biogas that is produced for efficient conditioning to biomethane. The foregoing cooperation may include modifying the volume of ADM in the Digesters. Tenant will provide data to Landlord from time to time on the target levels for constituents in the biogas and how such constituents are impacted by ADM. Notwithstanding the foregoing, Tenant acknowledges that the first priority of Landlord is the safe and efficient operation of the Digesters to fulfill Landlord's public purpose, which is the proper treatment of wastewater in compliance with Landlord's permits and legal obligations, and that Landlord may not be able to optimize the use of ADM if it could result in disrupting a healthy biological ecosystem in the Digesters.

(d) Gas Monitoring and Management. Tenant will be responsible for monitoring and managing the flow of gas within the gas collection system at the Site. If Tenant determines that storage facilities for the biogas are necessary to optimize production or operation, then Tenant may submit a plan to Landlord to build such storage on or around the Premises. The storage plan will be subject to review and approval by Landlord, which approval will not be unreasonably withheld provided that such storage does not create a risk to health or safety at the WWTP and that space for storage is reasonably available without disrupting Landlord operations. Tenant will be responsible for all costs and permitting required to build and operate biogas storage facilities.

(e) ADM Handling and Processing. Pursuant to the Original Lease and Amendments, Landlord commenced supplementing wastewater treatment in the Digesters with the processing of ADM provided by third parties ("***Third Party ADM***") to maximize the volume of biogas production and provide a location for the recycling of organic food waste, with a priority on the handling and processing of Third Party ADM from local sources within Landlord's service area ("***ADM Recycling Operations***"). The ADM Recycling Operations have three primary components: (i) contracting and permitting of third party haulers, including preliminary testing and approval of proposed Third Party ADM from each hauler; (ii) scheduling and handling the collection of Third Party ADM at the ADM Handling Facilities; and (iii) the processing of ADM in the Digesters at the WWTP. Tenant has agreed to take on the management and operation of the first two components of ADM Recycling Operations in accordance with the terms and conditions set forth in the ADM Addendum ("***ADM Handling Operations***") and Landlord will continue to process ADM in the Digesters ("***ADM Processing Operations***"). ADM Processing Operations commence when Third Party ADM has been delivered to the Digesters from the storage tanks and pumps that are part of the ADM Handling Facilities. All ADM Recycling Operations are subject to all of Landlord's existing and future federal, state and local permitting and other legal requirements applicable to the operation of the Digesters by Landlord and the recycling of organic food waste.

(f) Permitted Use. Tenant is authorized to use the Premises to (i) install, own, operate, maintain and repair the SoCal Biomethane Facilities for the purpose of collecting, conditioning and upgrading biogas for the production of biomethane and to deliver such biomethane for sale to Southwest and/or other third parties as appropriate to maximize the revenue from the project; and (ii) to undertake all of its obligations under the ADM Addendum.

(g) Environmental Credits. Tenant will apply for and obtain all environmental credits that are available in connection with the production of biogas. Tenant will own all such credits and will have the right to retain all revenue generated from the sale of credits.

(h) Maintenance of Digesters. Landlord will be responsible for all operating repairs and maintenance of the WWTP and the Digesters during the Term, subject to any warranties in connection with the improvements and equipment provided by Tenant or third parties in connection with the Original Lease and Amendments.

6. Tenant Operations and Improvements.

(a) Covenants of Tenant. Tenant will comply with the following covenants and obligations in connection with its operations on the Premises:

(i) Legal Compliance. Tenant will comply with all permits issued in connection with the construction and operation of the SoCal Biomethane Facilities and all federal, state and local laws, rules and regulations applicable to the permitted activities of Tenant pursuant to Section 5.

(ii) Environmental Testing. Tenant agrees to allow Landlord to conduct safety and environmental testing at the Premises no less than once every calendar year. Such testing may include, but shall not be limited to, testing the integrity of the SoCal Biomethane Facilities for containment of biogas and biomethane, air sampling, soil samples and water quality samples. Landlord shall bear the costs of such testing. Tenant agrees to provide Landlord immediate access to conduct any such testing, subject to reasonable notice given to Tenant. Landlord also agrees to share with Tenant the results of any testing conducted at the Premises, including any testing required under Tenant's current permits.

(b) Tenant Improvements. All improvements by Tenant to the WWTP or within the Premises during the Term, including improvements pursuant to Section 16 of the Lease, will be constructed by licensed contractors in accordance with the requirements of *Exhibit "E"*. Notwithstanding the foregoing, any prevailing wage requirements set forth in Exhibit "E" will not apply to the SoCal Biomethane Facilities unless required by law. Tenant shall be responsible for obtaining all permits and approvals necessary for construction and operation of the improvements, including without limitation, compliance with all building codes of the City of Victorville. All permitted improvements must be inspected and approved by the City of Victorville prior to use. Landlord will reasonably cooperate with Tenant as necessary for the application process for any permits and approvals. All of Tenant's contractors shall carry the insurance required by this Lease while working on the Landlord Property and shall name Landlord as an additional insured.

6. Reserved

7. Delivery of Premises; Condition "AS-IS".

Landlord shall deliver possession of the Premises to Tenant upon the Commencement Date free of any known defective, dangerous or unsafe conditions. Tenant acknowledges that Tenant has had an adequate opportunity to fully inspect the Premises and determine its suitability for Tenant's purposes. Except as set forth herein, Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the availability of utilities or other services to the Premises, permits or other governmental approvals, the condition of the Premises or the suitability of the Premises for Tenant's business. Tenant additionally acknowledges that Landlord shall not have any obligation for securing or protecting the Premises during the Term of this Lease, and that neither Landlord nor any agent of Landlord has made any representation with respect to the safety or security of the Premises for Tenant's business. Tenant shall be solely responsible for providing adequate security and protection of the Premises during the Term of this Lease. Subject to (and without limiting in any respect) the representations, warranties, covenants and obligations of Landlord set forth herein, Tenant is accepting and leasing the Premises in its current condition, "as-is".

8. Liens.

(a) Subject to the provisions of Section 9(b) below, Tenant will keep the Premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by Tenant. Landlord has the right to post and keep posted on the Premises any notices that may be provided by law or which Landlord may deem to be proper for the protection of Landlord from such liens.

(b) Tenant has the right to contest the validity or amount of any lien or claimed lien, if Tenant takes all steps necessary to prevent any sale, foreclosure or forfeiture of the Premises or any portion thereof by reason of such nonpayment. On final determination of the lien or claimed lien, Tenant must immediately pay any judgment rendered with all proper costs and charges and have the lien or claimed lien released or judgment satisfied at Tenant's expense.

9. Landlord Mortgages and Other Encumbrances.

(a) As of the date of execution of this Lease, in the event the Premises or Landlord's interest or estate therein, or any portion thereof, is subject to any existing mortgages or deeds of trust, Landlord must obtain and deliver to Tenant, within ten (10) days after the date this Lease is executed, written agreements from each holder of such mortgages or deeds of trust providing that, any such existing mortgage or deed of trust is, and will at all times remain, subordinate to this Lease. Tenant will attorn to the person who acquires Landlord's interest hereunder through any such mortgages or deeds of trust delivered to Tenant. Landlord agrees to cause to be executed, acknowledged and delivered such further instruments evidencing such subordination of the lien of all such mortgages and deeds of trust to this Lease as may reasonably be required by Tenant.

(b) This Lease will be prior to any Encumbrance (as defined below) entered into and/or recorded after the date of this Lease affecting all or part of the Premises. The word "**Encumbrance**" as used in this Section 10(b) is an all-inclusive term referring to: (a) a deed of trust, mortgage, and/or other security device, including the note and/or obligation that is secured thereby; (b) easements of any kind or nature, including, without limitation, grants of rights of way; (c) leases, tenancy and rental agreements, including, without limitation, ground leases; (d) reservations of rights; and/or, (e) declarations of covenants, conditions and restrictions.

(c) If, however, Landlord and/or any third party to an Encumbrance requires this Lease be subordinate to such Encumbrance, this Lease will be subordinate to that Encumbrance as long as the Encumbrance does not adversely affect Tenant's rights under or in this Lease in any manner whatsoever. Such subordination will be conditioned on Landlord obtaining a written agreement from the other party(ies) to, and furnishing to Tenant a copy of such duly executed written agreement detailing, the subordinating Encumbrance to the effect that no foreclosure (including, without limitation, a deed in lieu of foreclosure), and/or termination of any such Encumbrance will affect Tenant's rights under this Lease. Tenant will attorn to any purchaser at a foreclosure sale, to any grantee or transferee of any deed given in lieu of foreclosure, or any successor of Landlord.

(d) Landlord may at any time, and from time to time, as it may see fit, mortgage, grant a deed of trust on, or otherwise hypothecate its fee estate in the Premises and/or its interest or rights hereunder, or any part thereof, subject always to Tenant's rights under this Lease. No such alienation or encumbrance shall relieve Landlord of any of its covenants, liabilities and obligations under this Lease. Tenant will cooperate reasonably with Landlord in the event Landlord at any time during the term of this Lease desires to mortgage, grant a deed of trust on, or otherwise hypothecate its fee estate in the Premises and/or its interest or rights hereunder, or any part thereof.

(e) Upon any default on the part of Landlord, as set forth in Section 24, Tenant will give notice to any beneficiary of a deed of trust or mortgagee covering the Premises who has provided Tenant with written notice of their interest together with an address for receiving notice.

(f) At least twenty (20) days before termination of this Lease by reason of Landlord's default or breach under this Section 10, Tenant shall provide written notice to each such beneficiary or mortgagee of Tenant's intention to terminate this Lease, which notice shall describe Landlord's default or breach. Tenant may not terminate this Lease because of Landlord's default or breach if, within twenty (20) days after such written notice, any such beneficiary or mortgagee shall have: (i) cured all defaults or breaches described in said notice that can be cured by the payment of money; or (ii) if defaults or breaches

are not curable by the payment of money, commenced to cure such defaults or breaches and continue diligently to prosecute the same towards completion.

(g) Tenant agrees that each lender to whom this Lease has been assigned by Landlord is an express third party beneficiary hereof. Tenant shall not make any prepayment of rent more than one (1) month in advance without the prior written consent of each such lender.

10. Insurance.

(a) Tenant shall procure and maintain insurance of the types and in the amounts described below in this Section (“**Required Insurance**”). If any of the Required Insurance contains a general aggregate limit, such insurance shall apply separately to this Lease or be no less than two times the specified occurrence limit.

(i) General Liability Insurance. Tenant shall procure and maintain occurrence version general liability insurance, or equivalent form, with a combined single limit of not less than Two Million Dollars (\$2,000,000) per occurrence and Five Million Dollars (\$5,000,000) in the aggregate for bodily injury, personal injury and property damage.

(ii) “All Risk” Property Insurance. Tenant shall procure and maintain a policy of property insurance for perils usual to a standard “all risk” insurance policy on all its improvements or alterations in, on or about the Premises (collectively, the “**Improvements**”), with limits equal to one hundred percent (100%) of the full replacement value of all such improvements or alterations.

(iii) Business Vehicle and Automobile Liability Insurance. Tenant shall procure and maintain business automobile liability insurance, or equivalent form, with a combined single limit of not less than Two Million Dollars (\$2,000,000) per occurrence. Such insurance shall include coverage for the ownership, operation, maintenance, use, loading or unloading of any auto owned, leased, hired or borrowed by the Tenant or for which the Tenant is responsible, and shall include specific coverage for all vehicles owned, contracted or used by Tenant in the removal, transportation and disposal of biosolids.

(iv) Workers’ Compensation Insurance. Tenant shall maintain workers’ compensation insurance with limits as required by the Labor Code of the State of California and employers’ liability insurance with limits of not less than One Million Dollars (\$1,000,000) per occurrence and in the aggregate as applicable, at all times during which Tenant retains employees.

(v) Renewal Terms. During any renewal term, Tenant will update the insurance coverage set forth in this Section 11(a) to reflect any changes in the policy coverage and limits that are generally required by Landlord for work or activities on site at the WWTP.

(b) Any deductibles or self-insured retentions must be declared to and approved by Landlord, which approval will not be unreasonably withheld. At the option of Landlord, either: (a) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects Landlord, its elected officials, officers, employees, agents and volunteers or (b) Tenant shall provide a financial guarantee satisfactory to Landlord guaranteeing payment of losses and related investigation costs, claims and administrative and defense expenses, provided, however, that the foregoing shall not cover actions or claims arising out of or related to the negligence or willful misconduct of Landlord or its employees or agents.

(c) The Required Insurance shall name Landlord, its elected officials, officers, employees, agents, and volunteers as additional insureds. The Required Insurance shall contain standard

separation of insureds provisions, and shall contain no special limitations on the scope of its protection to Landlord, its elected officials, officers, employees, agents, and volunteers.

(d) The Required Insurance shall be primary with respect to any insurance or self-insurance programs covering Landlord, its elected officials, officers, employees, agents, and volunteers. All policies for the Required Insurance shall provide that the insurance company waives all right of recovery by way of subrogation against Landlord in connection with any damage or harm covered by such policy.

(e) Tenant shall furnish Landlord with certificates of insurance and endorsements effecting coverage for the Required Insurance on the Commencement Date. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf. Landlord reserves the right to require complete, certified copies of all required insurance policies, at any time.

(f) Landlord shall maintain the Required Insurance for the term of this Lease and any extension thereof, and shall replace any certificate, policy or endorsement which will expire prior to that date. All policies shall be endorsed to provide that the Required Insurance shall not be canceled without providing Landlord with thirty (30) days' prior written notice.

(g) Unless approved in writing by Landlord, all Required Insurance shall be placed with insurers licensed to do business in the State of California and with a current A.M. Best rating of at least A:VIII.

11. Indemnification.

(a) Tenant shall defend, indemnify and hold harmless Landlord, its elected officials, officers, employees, agents and volunteers, from any and all actual or alleged claims, demands, causes of action, liability, loss, damage or injury, to property or persons, including wrongful death, whether imposed by a court of law or by administrative action of any federal, state or local governmental body or agency ("*Claims*"), arising out of any acts, omissions, negligence or willful misconduct of Tenant, its personnel, employees, agents or subcontractors in connection with this Lease, Tenant's possession of the Premises, Tenant's activities on the Premises and the performance of Tenant's obligations under the ADM Addendum. This indemnification includes, without limitation, the payment of all penalties, fines, judgments, awards, decrees, reasonable attorney's fees and related costs or expenses, and the reimbursement of Landlord, its elected officials, officers, employees, agents, and/or volunteers for all reasonable legal expenses and costs incurred by each of them. This indemnification will not apply to the extent that a Claim is caused by the negligence or willful misconduct of Landlord or its employees or agents. Tenant's obligation to indemnify shall survive the expiration or termination of this Lease, and shall not be restricted to insurance proceeds, if any, received by Landlord, its elected officials, officers, employees, agents, or volunteers.

(b) Landlord shall indemnify, defend and hold harmless Tenant and its directors, officers, employees and agents for, from and against any Claims arising out of any acts, omissions, negligence or willful misconduct of Landlord in connection with this Lease, Landlord's possession of the Premises or Landlord Property, or Landlord's activities on the Premises or Landlord Property. This indemnification includes, without limitation, the payment of all penalties, fines, judgments, awards, decrees, reasonable attorney's fees and related costs or expenses, and the reimbursement of Tenant and its directors, officers, employees and agents for all legal expenses and costs incurred by each of them. This indemnification will not apply to the extent that a Claim is caused by the negligence or willful misconduct of Tenant or its employees or agents as determined by a court or administrative body of competent

jurisdiction. Landlord's obligation to indemnify shall survive the expiration or termination of this Lease, and shall not be restricted to insurance proceeds, if any, received by Tenant, its employees and agents.

(c) The provisions of this Section 12 shall not apply to any Claims related to or arising out of Hazardous Materials on the Premises, all of which shall be governed by the provisions of Section 42.

12. Inspection. Upon at least forty-eight (48) hours prior written notice to Tenant, Tenant shall permit Landlord and its agents to enter into and upon the Premises at all reasonable times for the purpose of inspecting the same.

13. Landlord Cooperation. Landlord and Tenant agree that if and when any governmental entity or any public utility company requires the dedication, execution and delivery of any rights-of-way or easements over, under or through the Premises for the purpose of providing water, gas, steam, electricity, telephone, storm and sanitary sewer or any other necessary public utility service or facility for the benefit of the Premises in accordance with the intended use, subject to Landlord's reasonable approval, Landlord and Tenant will execute, acknowledge and deliver, such instruments or documents as may be reasonably required for such purpose. Landlord's cooperation, as provided for herein, includes, among other things, granting other necessary approvals, joining in any offers of dedication, and executing, acknowledging and delivering, subject to Landlord's approval, any necessary instruments or documents; provided, however, that Landlord is not obligated to expend any sums of money in connection with its obligation to cooperate as provided in this Section 14.

14. Utility Services. Except as set forth in Section 5(b), at Tenant's sole cost and expense, Tenant will obtain and pay for, all utilities which Tenant requires with respect to the Premises.

15. Maintenance and Repair.

(a) At all times during the term hereof, Tenant, at its sole cost and expense, shall operate its business on the Premises in a manner that will keep the Premises, every part thereof and all of the SoCal Biomethane Facilities, in good condition and repair, ordinary wear and tear and damage thereto by fire, earthquake, act of God or the elements excepted.

(b) If the SoCal Biomethane Facilities are damaged or destroyed by a risk that is covered by the insurance required by Section 11, then Tenant shall restore the SoCal Biomethane Facilities to substantially the same condition as they were immediately before the destruction or to the extent covered by insurance and relevant pursuant to codes and requirements at the time.

(c) If the SoCal Biomethane Facilities are materially damaged or destroyed by a risk that is not covered by the insurance, Tenant may terminate this Lease at its sole discretion. Alternatively, Tenant may repair the facility at its sole cost and expense. The cost of such repairs shall be added to the capital cost of the SoCal Biomethane Facility and amortized on a monthly basis over the remaining useful life of the facility. Tenant will be required to give written notice to Landlord of its intent to terminate or rebuild within sixty (60) days after the date on which the damage or destruction occurred. If Tenant does not elect to terminate the Lease or fails to give timely notice of termination, Tenant must restore the SoCal Biomethane Facilities. If Tenant terminates this Lease pursuant to this Section 16(c), termination shall be accomplished in accordance with Section 23.

(d) The provisions of Civil Code Sections 1932(2) and 1933(4), and any successor statutes, are inapplicable with respect to any destruction of the SoCal Biomethane Facilities (such sections

providing that a lease terminates upon the destruction of a Premises unless otherwise agreed between the parties to the contrary).

16. Alterations and Expansion.

(a) Tenant shall not make any material alterations, additions or improvements to or of the Premises, or any part thereof without the prior approval of Landlord, which approval will be in Landlord's sole discretion unless the proposed alterations, additions or improvements are necessary to comply with applicable laws and safety requirements, in which case the Landlord will not unreasonably withhold approval. In exercising Landlord's approval rights in its sole discretion, Landlord agrees that it will evaluate proposed alterations, additions or improvements that would improve the efficiency or productivity of the SoCal Biomethane Facilities in good faith, but reserves that right at all times to make decisions consistent with the best interests of Landlord's primary purpose as a public utility. All material alterations, additions and improvements to the Premises will be made by Tenant at Tenant's sole cost and expense and shall comply with the requirements of Section 6(b). If an alteration, addition or improvement, following installation, is determined by Landlord to materially diminish or otherwise interfere with the proper operation of the Digesters, then Landlord may require Tenant to remove such alteration, addition or improvement.

(b) During the Term, Tenant may propose one or more expansions of its facilities within the boundaries of the WWTP for the diversion and treatment of ADM in response to market forces created by the requirements of SB1383. Such new facilities may only be located within areas of the WWTP that are not reasonably expected to be used by Landlord and which do not interfere with the operation of the WWTP. All costs associated with the design, construction and operation of any new facilities will be the responsibility of Tenant. Landlord agrees to consider any proposal from Tenant in good faith, but reserves that right at all times, in its sole discretion, to make decisions consistent with the best interests of Landlord's primary purpose as a public utility. Landlord will notify Tenant within ninety (90) days of the formal submission of a written plan for expansion whether Landlord desires to proceed with the negotiation of a new agreement to cover the operation of such facilities or an addendum to this Agreement.

17. Taxes.

(a) Real Property Taxes and Assessments. Tenant shall be responsible for the timely payment of all property taxes and assessments, including without limitation, any and all utility, city or county assessments which are assessed, levied, confirmed or imposed on the SoCal Biomethane Facilities during the term of this Lease. Although Landlord is exempt from property tax, the County of San Bernardino may impose possessory interest tax to the leasehold interest of Tenant as a private party.

(b) Other Taxes. Tenant shall be responsible for the payment of all personal property taxes and any local, state or federal taxes or fees resulting from the operation of Tenant's business. Furthermore, Tenant shall be responsible for all costs associated with any utility improvements upon the Premises which are required for the business of Tenant.

(c) Tenant's Right to Contest. Before any delinquency occurs, Tenant has the right to contest or object to the amount or validity of any taxes by appropriate legal proceedings. Landlord is not required to join in any such proceeding unless Landlord's participation is necessary to prosecute the proceeding properly and Tenant has fully indemnified Landlord to its reasonable satisfaction against all costs and expenses in connection with such proceeding.

18. Assignment and Subletting.

(a) Assignment. Except as otherwise permitted in Section 24, Tenant shall not assign, hypothecate or transfer, either directly or by operation of law, this Lease or any interest herein without prior written consent of Landlord. Any attempt to do so shall be null and void, and any assignee, hypothecate or transferee shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer. Landlord covenants and agrees that upon an assignment, or transfer of the Lease, Tenant is relieved of any and all covenants and obligations under this Lease accruing after such assignment or transfer.

(b) Subletting. Without the prior written consent of Landlord, Tenant may not sublet the Premises, or any part thereof, or permit the use or occupancy of the Premises by any person other than Tenant. Tenant covenants and agrees that no sublease relieves Tenant from any of its covenants and obligations accruing after such sublease, and Tenant will remain liable under this Lease for the full term hereof.

(c) Transactions with Affiliates. Notwithstanding Sections 19(a) and (b), Tenant has the right, without Landlord's consent, to assign or sublet this Lease to an Affiliate of Tenant. Any entity in which Tenant owns at least fifty percent (50%) of the outstanding voting stock (or similar evidence of management or voting control) hereinafter will be referred to as an "**Affiliate**". Tenant covenants and agrees that no such transaction with an Affiliate relieves Tenant from any of its covenants and obligations accruing after such transaction, and Tenant will remain liable under this Lease for the full term hereof.

(d) Consent Not to be Unreasonably Withheld. Notwithstanding Sections 19(a) and (b), Tenant may assign, hypothecate, transfer or sublet this Lease or any interest herein with the prior written consent of Landlord. Such consent of Landlord shall not be unreasonably withheld or delayed, provided, however, that in determining whether to consent to any such assignment, hypothecation, transfer or subletting, Landlord may consider any relevant factors or issues in connection therewith, including without limitation: (i) whether the proposed transferee has sufficient financial capability to perform all of Tenant's obligations under the Lease; (ii) whether the proposed transferee or the use or business to be carried on by the proposed transferee will cause a diminution in the reputation or value of the Premises or any adjacent property owned by Landlord, or otherwise increase the risk of contamination of the Premises; (iii) the terms of any assignment or subletting of the Premises; and (iv) whether the proposed transfer might expose Landlord to any material additional risk, liability or cost. Landlord's determination as to whether the proposed transferee has sufficient financial capability to perform all of Tenant's obligations under the Lease shall not be influenced by the financial statements previously delivered to Landlord by the proposed transferor.

(e) No Waiver. Consent by Landlord to any assignment or subletting of this Lease shall not operate to exhaust Landlord's rights under this Section 19. Any such additional assignment or subletting shall be subject in each instance to the provisions of this Section 19.

19. Memorandum of Lease. Promptly following the Execution Date, the Parties will amend any memorandum of this Lease that has been recorded to reflect the termination of the Original Lease and Amendments and the execution of this Lease. Promptly upon termination of this Lease, upon Landlord's written request, Tenant shall execute, acknowledge and deliver to Landlord a quitclaim deed relinquishing all interest in the Premises.

20. Title to Improvements. Throughout the term of this Lease, title to the SoCal Biomethane Facilities, and all changes, additions and alterations therein, and all renewals and replacements thereof, when made, erected, constructed, installed or placed upon the Premises are and shall remain vested in

Tenant. During the term of this Lease, Tenant alone is entitled to claim depreciation on the Tenant's Improvements and all personalty and fixtures in or appurtenant thereto, and all changes, additions and alterations therein, for all taxation purposes. All improvements to the WWTP, including the Landlord Improvements, Digester Coating, WWTP Upgrades, Pipeline Improvements and Feedstock Improvements, are the property of Landlord.

21. Events of Tenant's Default and Landlord's Remedies.

(a) Events of Default. If one or more of the following events ("*Event of Default*") occurs, such occurrence constitutes a breach of this Lease by Tenant:

(i) Tenant fails to pay any Rent as and when the same becomes due and payable, and such failure continues for more than sixty (60) days after Landlord gives written notice thereof to Tenant;

(ii) Tenant fails to pay any other sum or charge payable by Tenant hereunder as and when the same becomes due and payable, and such failure continues for more than sixty (60) days after Landlord gives written notice thereof to Tenant;

(iii) Tenant fails to comply in all material respects with any legal or regulatory requirement, permit obligation or operating covenant of Tenant pursuant to Section 6 and such failure is not remedied within thirty (30) days after Landlord gives written notice thereof to Tenant;

(iv) Tenant fails to perform its obligations under the ADM Addendum and such failure continues for more than five (5) days after Landlord gives written notice thereof to Tenant, provided, however, that such cure period will not apply to the failure of Tenant to immediately cease acceptance of any Third Party ADM as directed by Landlord under the ADM Addendum; or

(v) Tenant fails to perform or observe any other agreement, covenant, condition or provision of this Lease hereof to be performed or observed by Tenant as and when performance or observance is due, and such failure continues for more than thirty (30) days after Landlord gives written notice thereof to Tenant or, if such default cannot be cured within said thirty (30) day period and Tenant fails within such period to commence with due diligence and dispatch the curing of such default or, having so commenced, thereafter fails to prosecute or complete with due diligence and dispatch the curing of such default.

(b) Landlord's Right to Terminate. If an Event of Default occurs, subject to Section 45(d) below, Landlord at any time thereafter has the right to terminate this Lease, provided, however, that in connection with an Event of Default under the ADM Addendum, Landlord may elect to terminate the ADM Addendum only.

(c) Right to Enter. In the event of any termination of this Lease by reason of Tenant's default, Landlord has the immediate right to enter upon and repossess the Premises, and any personal property of Tenant may be removed from the Premises and stored in any public warehouse at the risk and expense of Tenant.

(d) Cumulative Remedies. The remedies given to Landlord or Tenant under this Lease shall be cumulative and in addition and supplemental to all other rights or remedies which Landlord or Tenant may have in equity, by statute or otherwise.

22. Tenant's Obligations Upon Expiration or Termination. Whenever this Lease expires or is terminated, Tenant shall, in accordance with all applicable local, state and federal laws and standards, remove all of the SoCal Biomethane Facilities placed on the Premises by Tenant, under Tenant's direction, or while Tenant was in possession of the Premises. Such removal will be at Tenant's sole cost and expense unless there is a termination for default by Landlord. Notwithstanding the foregoing, at Landlord's option, upon any Lease expiration or termination that is not a termination for default by Landlord, Landlord may elect to take possession of the SoCal Biomethane Facilities placed on the Premises by Tenant, under Tenant's direction, or while Tenant was in possession of the Premises, and Landlord will thereafter own the same, provided, however, that this option will be subject to the right of any financing party of Tenant pursuant to Section 24 to take possession of and operate the SoCal Biomethane Facilities for the remainder of the Term (including any renewal options).

23. Events of Landlord's Default and Tenant's Remedies.

(a) If one or more of the following events (each a "***Landlord Event of Default***") occurs, such occurrence constitutes a breach of this Lease by Landlord:

(i) If Landlord fails to perform or observe any other agreement, covenant, condition or provision of this Lease to be performed or observed by Landlord as and when performance or observance is due, and such failure continues for more than sixty (60) days after Tenant gives written notice thereof to Landlord or, if the default cannot be cured within said sixty (60) day period, Landlord fails within said period to commence with due diligence and dispatch the curing of such default or, having so commenced, thereafter fails to prosecute or complete with due diligence and dispatch the curing of such default.

(b) Tenant's Remedies. Upon the occurrence of a Landlord Event of Default, Tenant will have all the rights and remedies available to it at law, in equity, by statute or otherwise.

24. Mortgaging of Leasehold Estate. Notwithstanding any other provision of this Lease, it is agreed that Tenant shall have the right to mortgage or otherwise encumber its leasehold interest. If Tenant mortgages its leasehold estate and the mortgagee or holders of the indebtedness secured by the leasehold mortgage or trust deed shall notify Landlord, in the manner provided for the giving of notice, of the execution of such mortgage or trust deed and name the place for service of notice upon such mortgagee or holder of indebtedness, then, in such event, Landlord agrees for the benefit of such mortgagees or holders of indebtedness from time to time:

(a) That Landlord will give to any such mortgagee or holder of indebtedness simultaneously with service on Tenant, a duplicate of any and all notices or demands given by Landlord to Tenant. Such notices shall be given in the manner and be subject to the terms of the notice provisions of this Lease.

(b) That such mortgagee or holder of indebtedness shall have the privilege of performing any of Tenant's covenants under this Lease, of curing any default of Tenant or of exercising any election, option or privilege conferred upon Tenant by the terms of this Lease.

(c) That no liability for the payment of rental or the performance of any of Tenant's covenants and agreements shall attach to or be imposed upon any mortgagee, trustee under any trust deed or holder of any indebtedness secured by any mortgage or trust deed upon the leasehold estate, unless such mortgagee, trustee or holder of indebtedness forecloses its interest and becomes the Tenant under this Lease.

25. Notices. All notices, demands, consents, approvals and other communications which may or are required to be given by either Landlord or Tenant to the other under this Lease will be deemed to have been fully given when made in writing and personally delivered or sent via commercial overnight courier, and addressed to Landlord or Tenant at the address set forth below, or at such other addresses as Landlord or Tenant may from time to time designate in writing in accordance with this Section 26:

Landlord: Victor Valley Wastewater Reclamation Authority
Attn: Darron Poulsen
20111 Shay Road
Victorville, CA 92394
Phone No.: (760) 246-8638
Email Address: dpoulsen@vvraca.gov

with a copy to: Best & Krieger LLP
Attn: Piero Dallarda
3390 University Avenue
Riverside, CA 92501
Phone No.: (951) 686-1450
Email Address: piero.dallarda@bbklaw.com

Tenant: SoCal Biomethane Services, LLC
a Delaware limited liability company
Attn: Arun Sharma
5780 Fleet St., Ste. 310
Carlsbad, CA 92009
Phone No.: (760) 436-8870
Email Address: Arun.Sharma@SoCal Biomethane.com

with a copy to: Thor Erickson, General Counsel
Anaergia, Inc.
5780 Fleet St., Suite 310
Carlsbad, CA 92009
Phone No.: (760) 436-8870
Email Address: Thor.Erickson@anaergia.com

26. Quiet Enjoyment; Waiver. Landlord agrees that so long as Tenant is not in default hereunder, Tenant has the right to quiet enjoyment of the Premises without molestation or hindrance on the part of Landlord. Notwithstanding the preceding sentence, Tenant hereby acknowledges that the Premises are located adjacent to the WWTP which is operated by Landlord. Tenant hereby waives the right to assert any claim, demand or other legal action against Landlord arising out of Landlord's operation of the WWTP, so long as Landlord operates the WWTP in compliance with all local, state and federal laws and standards. Landlord hereby acknowledges that the Premises will contain an organic recycling facility. Landlord hereby waives the right to assert any claim, demand or other legal action against Tenant, arising out of Tenant's operation of the organic recycling facility, so long as Tenant operates the organic recycling facility in compliance with this Lease and all local, state and federal laws and standards.

27. Authority. Each person executing this Lease on behalf of Landlord and Tenant hereby covenants and warrants that (a) the entity on whose behalf such person is signing is duly organized and validly existing under the laws of its state of organization; (b) such entity has and is qualified to do business in California; (c) such entity has full right and authority to enter into this Lease and to perform all Landlord's

and Tenant's obligations hereunder; and (d) each person, or both of the persons if more than one signs, signing this Lease on behalf of Landlord or Tenant is duly and validly authorized to do so. The individuals signing on behalf of Landlord further warrant that Landlord is the fee owner of the Premises.

28. No Waiver. The waiver by Landlord of any breach of 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 herein contained. The subsequent acceptance of rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular rental so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent.

29. Holding Over. If Tenant holds possession of the Premises after the term of this Lease or any extension thereof, Tenant shall, at the option of Landlord, to be exercised by Landlord giving written notice to Tenant and not otherwise, become a tenant from month-to-month upon the terms and conditions herein specified, so far as applicable, and shall continue to be such tenant until ninety (90) days after Tenant shall have given to Landlord, or Landlord shall have given to Tenant, a written notice of intention to terminate such monthly tenancy.

30. Eminent Domain.

(a) Termination Rights. If all or any part of the Premises are taken as a result of the exercise of the power of eminent domain or any agreement in lieu thereof, this Lease will terminate as to the part so taken as of the date of taking. In the case of a partial taking, Tenant has the right to terminate this Lease as to the balance of the Premises not taken by giving written notice to Landlord within sixty (60) days after such date; provided, however, that a condition to the exercise by Tenant of such right to terminate is that the portion of the Premises taken is of such extent and nature as substantially to handicap, impede or impair Tenant's use of the remaining portion.

(b) Condemnation Award. The proceeds of any condemnation award or any private sale in lieu thereof shall be allocated as follows:

(i) First, to Tenant, an amount equal to the sum of the following:

(A) A sum of that portion of the award attributable to the SoCal Biomethane Facilities; and

(B) A sum attributable to that portion of the award constituting severance damages for the restoration of the Premises, business interruption, trade fixtures or relocation and moving expenses incurred by Tenant.

(ii) Second, to Landlord, the balance of the award.

(c) Further Acts. Each Party agrees to deliver to the other all instructions that may be necessary to effectuate the provisions of this Section 31.

(d) Apportionment of Rent. In the case of a total taking or a partial taking which results in the termination of this Lease, the Basic Rent and any and all other additional rent theretofore paid or then payable must be apportioned and paid up to the date of termination and any unearned Basic Rent or other additional rent must be immediately refunded to Tenant. In the case of a partial taking which does

not result in a termination of this Lease, Basic Rent and any additional rent thereafter to be paid by Tenant under this Lease must be equitably reduced in a pro-rata manner in proportion to the part of the Premises which has been taken.

31. Signage. Other than for compliance with the law or safety, Tenant will not place any signage on the Premises without prior approval of Landlord in Landlord's sole discretion other than ground level signage to direct third parties to the SoCal Biomethane Facilities.

32. Limitation of Liability. Neither Party shall be liable to the other for lost revenues or foreseeable and unforeseeable consequential, special or punitive damages. Landlord specifically acknowledges that Tenant has made no assurances regarding the actual production of biogas in connection with the Additional Rent. The foregoing limitation on liability shall not apply to the any liability imposed by a governmental or regulatory agency as a result of any violation of federal, state or local laws or regulations, including without limitation, any fines or penalties imposed in accordance with applicable law.

33. Force Majeure. Neither Party shall not be deemed in default of this Lease, nor shall such Party be responsible for, any cessation, interruption or delay in the performance of its obligations (excluding payment obligations) due to earthquake, flood, fire, storm, natural disaster, act of God (inclusive without limitation of extreme weather events, drought, earthquake, fire, flood, lightening, hurricane, high winds or other natural disasters), war, terrorism, armed conflict, labor strike, lockout, boycott or other similar events beyond the reasonable control of Tenant, provided that the Party asking to be excused from performance as a result of such occurrence gives the other Party prompt written notice thereof and takes all steps reasonably necessary to mitigate the effects of the event. The Party claiming the occurrence of force majeure shall use its best efforts to mitigate such event and resume performance as soon as reasonably practicable. If an event of force majeure continues for a period in excess of one hundred eighty (180) days, then the Parties will meet and confer in good faith to determine whether it is economically and operationally feasible to mitigate the effects of the event or to rebuild the facilities of either Party as necessary to restore performance of the terms of this Lease no later than one (1) year from the commencement of the event of force majeure or such longer period which the Parties shall mutually agree upon. If the Parties are not able to identify a mutually acceptable plan to restore performance of this Lease within such time period, then either Party may terminate this Lease.

34. 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 parties hereto, and all of the parties hereto shall be jointly and severally liable hereunder.

35. Complete Agreement. There are no written or oral agreements between Landlord and Tenant affecting this Lease, and this Lease supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements and understandings, oral or written, if any, between Landlord and Tenant or displayed by Landlord to Tenant with respect to the subject matter of this Lease or the Premises. There are no representations between Landlord and Tenant or between any real estate broker and Tenant other than those expressly set forth in this Lease, and all reliance with respect to any representations is solely upon representations expressly set forth in this Lease.

36. Amendment and Modification. This Lease may not be amended or modified in any respect whatsoever except by an instrument in writing signed by Landlord and Tenant. This Lease and any instrument, agreement or document attached hereto or referred to herein, is intended by Landlord and Tenant as the final expression of the agreement with respect to the terms and conditions set forth in this Lease and any such instrument, agreement or document and as the complete and exclusive statement of the terms agreed to by Landlord and Tenant.

37. Cooperation of Parties. Landlord and Tenant each will cooperate with the other in performing the agreements, covenants, conditions and provisions of this Lease so as to allow the other to achieve its reasonable expectations with respect to the same. Neither Party will take any action which would frustrate the other's ability to achieve the benefits to be enjoyed under this Lease. Landlord will provide all reasonably necessary assistance to Tenant in obtaining all permits, authorizations and approvals of all governing public agencies required for Tenant's construction of the Tenant's Improvements, installation of any and all signage and subsequent operation of its business at the Premises.

38. Estoppel Certificates. At any time and from time to time but on not less than ten (10) days prior written request by Landlord or Tenant, the other Party will execute, acknowledge and deliver to the requesting Party, a certificate certifying, if accurate:

- (a) that this Lease is unmodified and in full force and effect or, if there have been modifications, that this Lease is in full force and effect as modified, and stating the date and nature of each modification;
- (b) the date, if any, to which all rent and other sums payable hereunder have been paid;
- (c) that no notice has been received by such Party of any default by such Party hereunder which has not been cured, except as to defaults specified in the certificate;
- (d) that the other Party is not in default hereunder, except as to defaults specified in the certificate;
- (e) the existence of any options or other rights to purchase the Premises; and
- (f) such other factual matters as may be reasonably requested.

The certificate may be relied upon by any actual or prospective purchaser, mortgagee or beneficiary under any deed of trust of the Premises or any part thereof.

39. Hazardous Materials.

(a) At all times and in all respects each Party will comply with all federal, state and local laws, ordinances and regulations ("**Hazardous Materials Laws**") relating to industrial hygiene, environmental protection or the use, analysis, generation, manufacture, storage, disposal or transportation of any oil, flammable explosives, asbestos, area formaldehyde, radioactive materials or waste, or other hazardous, toxic, contaminated or polluting materials, substances or wastes, including, without limitation, any "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" under any such laws, ordinances or regulations, which hereinafter are referred to collectively as "**Hazardous Materials**".

(b) Landlord represents and warrants to Tenant that as of the date hereof, to the best of Landlord's knowledge:

(i) No Hazardous Substances are now present, or have been used or stored, on or within any portion of the Premises, except those substances which are or have been used or stored on the Premises by Tenant or its predecessor in interest under the Original Lease Documents, or by Landlord

in the normal course of use and operation of the Premises and in compliance with all applicable Environmental Laws;

(ii) Since the date of Landlord's acquisition of the Premises, Landlord is aware and Tenant acknowledges that the United States Air Force and/or the Department of Defense has initiated a clean-up of groundwater contaminated by activities conducted on the former George Air Force Base, and that said cleanup includes monitoring wells, recovery wells and appurtenances, some of which are located on the Parcel; each Party shall hold the other harmless relating to any and all issues, disputes and activities associated with this pre-existing condition on the Premises; and

(iii) No claims have been made by any third party against Landlord relating to any Hazardous Substances on or within the Premises.

(c) At its own expense, Tenant will procure, maintain in effect and comply with all conditions of any and all permits, licenses and other governmental and regulatory approvals required for Tenant's use of the Premises. Tenant will cause any and all Hazardous Materials removed from the Premises to be removed and transported solely by duly licensed haulers to duly licensed facilities for final disposal of such materials and wastes. Tenant will in all respects handle, treat, deal with and manage any and all Hazardous Materials in, on, under or about the Premises in conformity with all applicable Hazardous Materials Laws and prudent industry practices regarding management of such Hazardous Materials. Tenant will not take any remedial action in response to the presence of any Hazardous Materials in or about the Premises, or enter into any settlement agreement, consent decree or other compromise in respect to any claims relating to any Hazardous Materials in any way connected with the Premises, without first notifying Landlord of Tenant's intention to do so and affording Landlord ample opportunity to appear, intervene or otherwise appropriately assert and protect Landlord's interest with respect thereto.

(d) Each Party immediately will notify the other in writing of:

(i) Any enforcement, cleanup, removal or other governmental or regulatory action instituted, completed or threatened pursuant to any Hazardous Materials Laws with respect to the Premises

(ii) Any claim made or threatened by any person against Tenant, Landlord or the Premises relating to damage, contribution, cost recovery compensation, loss or injury resulting from or claimed to result from any Hazardous Materials; and

(iii) Any reports made to any environmental agency arising out of or in connection with any Hazardous Materials in or removed from the Premises, including any complaints, notices, warnings or asserted violations in connection therewith.

Each Party also will supply to the other as promptly as possible, and in any event within fifteen (15) business days after the first Party receives or sends the same, with copies of all claims, reports, complaints, notices, warnings or asserted violations, relating in any way to the Premises or Tenant's use thereof or Landlord's use thereof. Each Party will deliver promptly to the other copies of hazardous waste manifests reflecting the legal and proper disposal of Hazardous Materials removed from the Premises, as applicable.

(e) Tenant will indemnify, defend, by counsel chosen by Tenant and reasonably acceptable to Landlord, protect, and hold Landlord and each of Landlord's employees, agents, attorneys, successors and assigns, free and harmless from and against any and all claims, liabilities penalties,

forfeitures, losses or expenses, including attorney's fees, for death of or injury to any person or damage to any property whatsoever, arising from or caused in whole or in part, directly or indirectly, by:

(i) The presence in, on, under or about the Premises or discharge in or from the Premises of any Hazardous Materials placed in, under or about, the Premises by Tenant or at Tenant's direction; or

(ii) Tenant's use, analysis, storage, transportation, disposal, release, threatened release, discharge or generation of Hazardous Materials to, in, on, under, about or from the Premises; or

(iii) Tenant's failure to comply with any valid and applicable Hazardous Materials Law.

(f) Landlord will indemnify, defend, by counsel reasonably acceptable to Tenant, protect, and hold Tenant and each of Tenant's employees, agents, attorneys, successors and assigns, free and harmless from and against any and all claims, liabilities penalties, forfeitures, losses or expenses, including attorney's fees, for death of or injury to any person or damage to any property whatsoever, arising from or caused in whole or in part, directly or indirectly, by:

(i) The presence in, on, under or about the Premises, or discharge, in or from the Landlord Property of any Hazardous Materials placed in, on, under or about the Premises by Landlord or at Landlord's direction, or

(ii) Landlord's use, analysis, storage, transportation, disposal, release, threatened release, discharge or generation of Hazardous Materials to, in, on, under, about or from the Premises; or

(iii) Landlord's failure to comply with any valid and applicable Hazardous Materials Law.

(g) The obligations of each Party ("**Indemnifying Party**") pursuant to Sections 40(e) and 40(f) includes, without limitation, all costs of any required or necessary repair, cleanup or detoxification or decontamination of the affected real property, and the preparation and implementation of any closure, remedial action or other required plans in connection therewith. The obligations of each Indemnifying Party under Sections 40(e) and 40(f) above shall survive the expiration or earlier termination of the term of the Lease.

(h) For purposes of the release and indemnity provisions hereof, any acts or omissions of a Party, or by employees, agents, assignees, contractors or subcontractors of such Party or others acting for or on behalf of such Party, whether or not they are negligent, intentional, willful or unlawful, will be strictly attributable to the Party.

40. Incorporation of Exhibits and Documents. Each and every exhibit or document referenced in this Lease, whether or not attached to this Lease, shall be incorporated into the body of this Lease and each point of reference.

41. Miscellaneous.

(a) The words “**Landlord**” and “**Tenant**” as used herein include the plural as well as the singular. If there is more than one Tenant or Landlord, the obligations hereunder imposed upon Tenant or Landlord are joint and several. Time is of the essence of this Lease and each and all of its provisions. Subject to the provisions applicable to assignment, the agreements, covenants, conditions and provisions herein contained apply to and bind the personal representatives, heirs, successors and assigns of Landlord and Tenant.

(b) This Lease is construed to effectuate the normal and reasonable expectations of a sophisticated Landlord and a sophisticated Tenant.

(c) This Lease has been submitted by Landlord and reviewed by Tenant, Landlord, and their respective professional advisors. Tenant, Landlord, and their respective advisors believe that this Lease is the product of all of their efforts, that it expresses their agreement and that it should not be interpreted in favor of or against either Tenant or Landlord.

(d) Should any dispute or claim arise between the Parties concerning the terms, interpretation, effect, or operation of this Agreement, the Parties agree to make good faith efforts to informally resolve such dispute or claim through discussions between the General Manager of VVWRA and the President/Chief Executive Officer of Tenant. If the Parties fail to resolve such disputes or claims, then either Party shall have the right to submit the dispute or claim to nonbinding mediation with Judicial Arbitration and Mediation Services in the County of San Bernardino, State of California, which mediation will be carried out within thirty (30) days of the submission date. The Parties will share equally in the cost of mediation. If mediation does not arrive at a mutually acceptable resolution of the dispute, then either Party may pursue any remedy available to it in law or in equity.

(e) This Lease is to be governed by and construed in accordance with the laws of the State of California. All disputes will be brought in the County of San Bernardino.

[signature page follows]

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first herein above written.

LANDLORD:

VICTOR VALLEY WASTEWATER
RECLAMATION AUTHORITY,
a California joint powers authority

By: _____
Name: Darron Poulsen
Title: General Manager

Approved as to form:

Best & Krieger LLP

TENANT:

SOCAL BIOMETHANE SERVICES, LLC
a Delaware limited liability company

By: _____
Name: _____
Title: _____

EXHIBIT "A"
PREMISES

EXHIBIT "B"
PIPELINE EASEMENT

EXHIBIT “D”

ADM ADDENDUM

This “*ADM Addendum*” will set forth all of the terms and conditions with respect to ADM Recycling Operations at the WWTP and the respective responsibilities of the Victor Valley Wastewater Reclamation Authority (“*VVWRA*”) and SoCal Biomethane, LLC (“*SCB*”). All defined terms not defined in this ADM Addendum have the meaning set forth in the Lease.

1. Quality of Third Party ADM

(a) Quality Standards. VVWRA will have sole and absolute authority to determine the quality and constituents of Third Party ADM that will be accepted for ADM Recycling Operations. The specifications and permitted constituents of Third Party ADM (“*ADM Quality Standards*”) will be provided to SCB within thirty (30) days of the Execution Date and will be updated on an annual basis, subject to Section 1(b). In making such determination, VVWRA will take into account (i) compliance with VVWRA’s federal and state permits, (ii) the operating life and efficiency of the Digesters, (iii) the operating life and efficiency of the ADM Handling Facilities and (iv) the impact of ADM on the quality of biogas and gas conditioning process at the SoCal Biomethane Facilities. SCB will provide recommendations to VVWRA with respect to clauses (iii) and (iv) and VVWRA will not permit Third Party ADM that would have an adverse impact on the ADM Handling Facilities or the SoCal Biomethane Facilities. In the event that VVWRA is required to process Third Party ADM that does not meet the foregoing requirements as a result of a change in applicable law, then VVWRA and SCB will meet and confer on upgrades to the facilities that may be necessary to allow for recycling of organic waste as may be required by applicable law.

(b) Evaluation of Third Party ADM. Each hauler which desires to deliver Third Party ADM to the ADM Handling Facilities will be required to submit samples of such Third Party ADM and go through a testing and evaluation process managed by SCB to ensure that the samples conform to the ADM Quality Standards. If the hauler intends to deliver Third Party ADM from multiple sources, then it must go through this process for each source. SCB will make an initial determination of conformity for each hauler and source with the ADM Quality Standards. With respect to sources that comply with the ADM Quality Standards, SCB may make a recommendation to VVWRA to accept the source as permitted Third Party ADM. All Third Party ADM sources will be subject to final review and approval of VVWRA, which approval will not be unreasonably withheld. If a source does not comply with the ADM Quality Standards, but SCB believes it would otherwise be safe for processing pursuant to the criteria set forth in Section 1(a), then it may recommend a variance in the ADM Quality Standards for such source to VVWRA. Any such variance will be subject to VVWRA review and approval in its sole and absolute discretion.

(c) Responsibility to Monitor Quality. SCB will be responsible for the monitoring of all Third Party ADM that is delivered to the ADM Handling Facilities, including visual inspection of Third Party ADM and periodic testing of samples of Third Party ADM for compliance with the ADM Quality Standards as required by VVWRA. Such monitoring will include samples for TS, VS, alkalinity and VFA. VVWRA will provide laboratory space and equipment to conduct such sampling at the WWTP. VVWRA and SCB will further coordinate on sampling and testing within the Digesters to determine the impact of Third Party ADM on the operation and performance of the Digesters, as well as any impact on the generation of biogas. SCB will reject any Third Party ADM that is not in compliance with the ADM Quality Standards and any future delivery of Third Party ADM from the non-compliant source will be subject to evaluation and testing before deliveries can resume. SCB will indemnify and hold harmless VVWRA for any damage caused to the ADM Handling Facilities and the Digesters as a result of accepting Third Party ADM for processing

that SCB knew or should have known based on visual inspection or sampling did not comply with the ADM Quality Standards.

2. Management of Haulers

(a) Permitting of Haulers. Each hauler will be permitted by SCB for delivery of Third Party ADM to the ADM Handling Facilities based on a list of qualifications that will be mutually agreed upon by SCB and VVWRA, including without limitation, the testing and evaluation of each source of Third Party ADM to be carried by the hauler pursuant to Section 1(b). SCB will be responsible for the permitting process and making the final recommendation to VVWRA for the issuance of a hauler permit based on its source review. SCB will prepare a standard list of permit terms and conditions to be met by haulers in connection with the issuance of each hauler permit. Permit conditions may also include specialized conditions based on the volume and nature of Third Party ADM. All permits will be subject to annual renewal concurrent with the master schedule set forth in Section 2(b), as well as termination if a source of Third Party ADM becomes non-compliant with VVWRA permitting requirements due to a change in applicable laws or regulations. VVWRA will have final authority to approve all sources of Third Party ADM prior to the issuance of a hauler permit by SCB, which approval will not be unreasonably withheld if the source complies with the requirements set forth in this ADM Addendum.

(b) Third Party ADM Volumes. SCB and VVWRA will agree on the volume of Third Party ADM that can be processed by the Digesters from time to time pursuant to a master annual schedule that takes into account seasonal variations in Digester load and scheduled outages for maintenance and repair. The master annual schedule will go from July 1 through June 30 of each year. SCB will schedule deliveries from permitted haulers on the basis of the master schedule and will take into account the intensity of the Third Party ADM that is being processed with respect to whether the Digesters can operate at full capacity. SCB will be solely responsible for any claims by permitted haulers if it over schedules the volume of Third Party ADM that can be handled by the Digesters in accordance with the master schedule. With respect to scheduling, priority will be given at all times to haulers who are delivering from sources of Third Party ADM within the service area of VVWRA ("**Local Third Party ADM**"), including VVWRA member agencies who institute organic waste recycling programs that meet the requirements for Third Party ADM. In the event that adding a new source of Local Third Party ADM would significantly disrupt the master schedule for the current year, then such sources may be permitted and added at the commencement of the next year.

(c) Monitoring of Haulers. In addition to monitoring the quality of Third Party ADM, SCB will be responsible for monitoring the compliance of permitted haulers with the terms and conditions of their permits and recommending the suspension or termination of permits for haulers that are non-compliant. SCB and VVWRA will agree on a procedure for notification and cure of permit violations and any applicable fines or penalties that may be assessed for non-compliance.

(d) Billing and Collection. SCB will be responsible for the billing and collection of tipping fees for the delivery of Third Party ADM and all other fees or penalties which are applicable to a hauler in connection with a hauler permit.

3. ADM Handling Operations

(a) ADM Handling Facilities. SCB, at its sole cost and expense, will be responsible for the operation, maintenance and repair of the ADM Handling Facilities. The ADM Handling Facilities will be kept in good operating condition throughout the Term and SCB will notify VVWRA in advance of any capital repairs or replacements that are required for such purpose. VVWRA will provide all spare parts inventory to Tenant for the ADM Handling Facilities that are in its possession as of the Execution Date.

Any capital repairs and replacements will be subject to review and approval by VVWRA, which approval will not be unreasonably withheld. Notwithstanding the foregoing, VVWRA will pay for all electrical power required for the operation of the ADM Handling Facilities and will maintain site infrastructure that does not include ADM handling equipment, such as lighting, electrical and other general facility infrastructure as specified on Exhibit "C".

(b) ADM Handling Operations Staff. SCB, at its sole cost and expense, will provide all staff necessary for the operation of the ADM Handling Facilities and all other obligations and responsibilities of SCB pursuant to this ADM Addendum. All such staff will be employees or independent contractors of SCB in accordance with the requirements of California law and SCB will be responsible for the payment of such employees and contractors, the withholding of all taxes and other amounts required by federal and state law and for all employee benefits. In no event will any SCB employee or contractor be entitled to employment or any benefit, including pension benefits, from VVWRA and SCB will execute and will cause its staff and contractors to execute any acknowledgments that may be required by VVWRA from time to time do confirm the requirements of this Section 3(b). If any employee or contractor of SCB commits an act with respect to employees of VVWRA that would constitute harassment or any other violation of federal and state law, then VVWRA will have the right to demand that SCB take appropriate measures, including termination of such employee or contractor if warranted.

(c) Suspension of ADM Processing. VVWRA reserves the right to suspend the processing of Third Party ADM in the Digesters at any time in response to an operating issue (including any issue that would result in a violation of VVWRA permits or applicable law), unscheduled repair and maintenance or an emergency with the operation of the Digesters and/or the WWTP. VVWRA will endeavor in good faith to provide SCB with as much prior notice as possible of any such suspension other than in emergency situations. SCB acknowledges that the processing of wastewater by the WWTP is the primary priority of VVWRA and VVWRA will have the right to suspend the acceptance and processing of Third Party ADM at any time that it requires the capacity in the Digesters for such purpose or as a result of a disruption or failure in the primary digesters that VVWRA uses for this purpose.

(d) Hours of Operation. SCB and VVWRA will agree on the hours of operation for the ADM Handling Facilities, which may be longer than the normal operating hours of the WWTP. SCB will appropriately staff the ADM Handling Facilities during all hours of operation.

(e) After Hours Response and Emergencies. Each of SCB and VVWRA will have qualified staff who are available to respond to an alarm or operational issue within the ADM Handling Facilities and the Digesters.

(f) Security at the ADM Handling Facilities. SCB staff, contractors and haulers will be subject to VVWRA security rules and regulations when accessing the ADM Handling Facilities and the WWTP. VVWRA will issue gate access cards to permitted haulers and SCB staff and contractors as requested by SCB.

(g) ADM Spills. SCB, in coordination with the hauler, will be responsible for promptly responding to and resolving any spill of Third Party ADM that occurs on Shay Road or within the WWTP and the ADM Handling Facilities. Any such resolution will be handled in accordance with applicable local, state or federal law.

4. ADM Processing Operations. VVWRA will remain responsible, at its sole cost and expense, for ADM Processing Operations. VVWRA and SCB agree that it is not anticipated that the current scope of operations of the Digesters as of the Execution Date will change as a result of the changes set forth in this ADM Addendum. Any future change or upgrade in the Digesters and other processing infrastructure

necessary for the handling of Third Party ADM will be subject to future discussion and agreement by VVWRA and SCB.

5. ADM Revenue and Fees.

(a) Tipping Fees. In consideration of its obligations under this ADM Addendum, SCB will be entitled to retain all tipping fees that are collected in connection with the ADM Handling Operations. SCB will negotiate tipping fees with permitted haulers for the delivery of Third Party ADM. Such fees will be competitively set and may be variable based on the quantity, quality and intensity of the Third Party ADM from each source. Tipping fees will include the costs of SCB to manage and carry out the ADM Handling Operations, maintain and repair the ADM Handling Facilities, recoup capital expenditures in connection with the ADM Handling Facilities and other improvements made by SCB to facilitate the ability of the Digesters to recycle Third Party ADM and reasonable administrative and overhead costs. Each year, VVWRA and SCB will agree on a maximum tipping fee that can be charged to haulers of Local Third Party ADM.

(b) Permit Processing Fees. VVWRA and SCB will agree on any other fees payable by haulers in connection with the permitting process, including application fees and fees for the evaluation and testing of Third Party ADM. Such fees will be allocated on a cost basis between VVWRA and SCB.

6. Grant Funding. VVWRA and SCB will coordinate with respect to any grant funding that may be available to make improvements with respect to ADM Recycling Operations. The final decision to apply for any grant that would improve the ADM Handling Facilities or the WWTP will be with VVWRA.

EXHIBIT “E”

TERMS AND CONDITIONS FOR TENANT IMPROVEMENTS

Tenant and/or Tenant’s Contractor will perform all work in accordance with the following terms and conditions:

1. Defined Terms The following defined terms will have the meaning set forth below for the purposes of this Exhibit C:

- 1.1 “Contract Documents” shall mean the final design and construction documents approved by Tenant and Landlord. Landlord will not unreasonably withhold its approval.
- 1.2 “Contractor” shall mean the Tenant or Tenant’s licensed contractor which has been reasonably approved by Owner.
- 1.3 “Owner” shall mean Landlord.
- 1.4 “Project” shall have the meaning set forth in the Contract Documents.
- 1.5 “Site” shall mean that portion of the Premises designated for the Work pursuant to the Contract Documents.
- 1.6 “Work” shall mean the scope of work agreed upon in writing for the Project as set forth in the Digester Coating Documents.

2. Contractor’s Obligations

2.1 Scope of Work The Contractor agrees to furnish all engineering, designs, supervision, labor, equipment and materials, tools, utilities, communications, implements, appliances and transportation, to procure all governmental approvals, to erect, install, start-up, test and commission the Project, to perform all obligations set forth in the Contract Documents, to perform related activities for the successful completion of the Work and the delivery of the Project in compliance with the Contract Documents and to perform all the Work in a good and workmanlike manner, free from any and all liens and claims from mechanics, material suppliers, Subcontractors, artisans, machinists, teamsters, freight carriers, and laborers required for the Project as defined by the Contract Documents. The Contractor shall be solely responsible for and have control over construction means, methods, techniques, sequences, procedures, and coordinating all portions of the Work under the Lease, unless Contract Documents give other specific instructions concerning these matters.

2.2 Performance of the Work Contractor shall perform the Work in accordance with requirements of the Contract Documents. To the extent that any portion of the Work is provided with the Contractor’s own forces, any reference to Subcontractors or Consultants shall be equally applicable to the Contractor. If any of the Work is performed by contractors retained directly by the Owner, Contractor shall be responsible for the coordination and sequencing of the Work of those other contractors so as to avoid any impact on the Project Schedule.

2.3 Contractor Personnel

(a) Competency Contractor agrees to use, and agrees that it shall require each Subcontractor to use, only personnel who are qualified and properly trained and who possess every license, permit, registration, certificate or other approval required by applicable law or any governmental authority to perform the Work. The Contractor and each Subcontractor shall: furnish a competent and adequate staff as necessary for the proper administration, coordination, supervision, and superintendence of its portion of the Work; organize the procurement of all materials and equipment so that the materials and equipment will be available at the time they are needed for the Work; and keep an adequate force of skilled workers on the job to complete the Work in accordance with all requirements of the Contract Documents. Owner shall have the right, but not the obligation, to require the removal from the Project of any Superintendent, staff member, agent, or employee of any Contractor, Subcontractor, material or equipment supplier, etc., for cause.

(b) Superintendent Contractor shall provide a competent superintendent and assistants as necessary, all of whom shall be reasonably proficient in speaking, reading and writing English, and, who shall be in attendance at the Project Site(s) during performance of the Work (the "Superintendent"). The Superintendent shall represent the Contractor, and communications given to the Superintendent shall be as binding as if given to the Contractor.

(c) Prevailing Wage The Work shall be performed consistent with the requirements for a public work pursuant to the provisions of Section 1770 et seq. of the Labor Code of the State of California, which are hereby incorporated by reference and made a part hereof, the Director of Industrial Relations has determined the general prevailing rate of per diem wages and the general prevailing rate for holiday and overtime work in the locality in which the work is to be performed, for each craft, classification or type of worker needed to carry out the Work. Per diem wages shall be deemed to include employer payments for health and welfare, pension, vacation, apprenticeship or other training programs, and similar purposes. Copies of the rates are on file at the District's principal office. The rate of prevailing wage for any craft, classification or type of workmanship to be employed on this Project is the rate established by the applicable collective bargaining agreement which rate so provided is hereby adopted by reference and shall be effective for the life of this Lease or until the Director of the Department of Industrial Relations determines that another rate be adopted. It shall be mandatory upon the Contractor and on any Subcontractor to pay not less than the said specified rates to all workers employed in the execution of the Work.

(d) Employment List The Contractor and each Subcontractor shall keep or cause to be kept an accurate record for work on this Project showing the names, addresses, social security numbers, work classification, straight time and overtime hours worked and occupations of all laborers, workers and mechanics employed by them in connection with the performance of this Contract or any subcontract thereunder, and showing also the actual per diem wage paid to each of such workers, which records shall be open at all reasonable hours to inspection by the Owner, its officers and agents and to the representatives of the Division of Labor Law Enforcement of the State Department of Industrial Relations.

(e) Payroll Records Pursuant to Labor Code section 1776, Contractor and all subcontractors shall maintain weekly certified payroll records, showing the names, addresses, Social Security numbers, work classifications, straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker, or other employee employed by them in connection with the Work under this Lease. Contractor shall certify under penalty of perjury that records maintained and submitted by Contractor are true and accurate. Contractor shall also require subcontractor(s) to certify weekly payroll records under penalty of perjury. In accordance with Labor Code section 1771.4, the Contractor and each subcontractor shall furnish the certified payroll records directly to the Department of Industrial Relations ("DIR") on the specified interval and format prescribed by the DIR, which may include electronic submission. Contractor shall comply with all requirements and regulations

from the DIR relating to labor compliance monitoring and enforcement. The requirement to submit certified payroll records directly to the Labor Commissioner under Labor Code section 1771.4 shall not apply to work performed on a public works project that is exempt pursuant to the small project exemption specified in Labor Code Section 1771.4. In the event of noncompliance with the requirements of this Section, the Contractor shall have ten (10) calendar days in which to comply subsequent to receipt of written notice specifying in what respects the Contractor must comply with this Section.

2.4 Contractor ResponsibilityThe Contractor shall be responsible to the Owner for acts and omissions of the Contractor's employees, Subcontractors, material and Equipment suppliers, and their agents, employees, invitees, and other persons performing portions of the Work under direct or indirect contract with the Contractor or any of its Subcontractors. The Contractor shall not be relieved of obligations to perform the Work in accordance with the Contract Documents by tests, inspections, or approvals required or performed by persons other than the Contractor. Contractor shall be responsible for inspection of Work already performed under the Contract Documents to determine that such portions are in proper condition to receive subsequent work.

2.5 Supply and Procurement of Equipment

(a) Contractor, at its expense, shall purchase, transport and deliver all equipment and shall inspect, unload, store, construct and install all equipment required to complete the Work. Contractor shall maintain all equipment warranties, obtain required extended warranties and, upon the expiration of the warranty period, cause any such remaining equipment warranties to be assigned and passed-through to Owner. Contractor shall at all times perform the Work in a manner consistent with all such equipment warranties and will not perform any actions that may violate such warranties.

(b) Contractor agrees that all materials and equipment to be supplied or used by Contractor or any Subcontractor in the performance of its obligations under this Lease shall be new, fit for the use(s) for which they are employed by Contractor or any Subcontractor, and fully compatible with the existing equipment and electrical infrastructure used at the WWTP. Such materials and equipment shall at all times be maintained, inspected and operated pursuant to industry standards and as required by applicable law. Contractor further agrees that all licenses, permits, registrations and certificates or other approvals required by applicable law or any governmental authority will be procured and maintained for such materials and equipment at all times during the use of the same by Contractor or any Subcontractor in the performance of any of Contractor's or such Subcontractor's obligations under this Lease.

2.6 Permits and Approvals

(a) Contractor and/or Owner shall obtain, maintain and pay for all governmental approvals and governmental fees, licenses, and inspections necessary for the installation of the Work and which are legally required by any governmental authority for the Project as set forth in the Contract Documents.

(b) Contractor shall obtain, maintain and pay for all governmental approvals and governmental fees and licenses for the activities of Contractor at the Site.

2.7 Testing and InspectionThe Contractor shall at its own expense conduct the start-up and operational tests necessary to commission the Work and demonstrate that it has been completed in accordance with the Contract Documents. Contractor will notify Owner no less than five (5) days prior to the commencement of testing and Owner or its representative will have the right to observe all such tests. The following shall apply to the testing and inspection of the Project:

(a) Rejection of Work The Owner's selected representative may recommend to the Owner that the Owner reject Work which does not conform to the Contract Documents.

(b) Additional Testing or Inspection, and Costs Related Thereto

(i) If the Owner or governmental authority determines that any portion of the Work on the Project require additional testing, inspection, or approval, the Contractor will, upon Owner's written authorization, arrange for such additional testing, inspection, or approval. Owner shall bear such costs except in paragraph (ii), below.

(ii) If the testing or inspection of Work on the Project reveal that the Work does not comply with the Contract Documents, Contractor shall bear all costs arising from such failure, including those of re-testing, re-inspection, approval, or re-approval, including, but not limited to, compensation for services and expenses of the testing laboratory and any other professionals or entities retained by Owner.

(c) Tests and Inspections Not to Delay Work Tests and inspections conducted pursuant to the Contract Documents shall be made promptly to avoid unreasonable delay in the Work on the Project.

2.8 Local and General Conditions Contractor has conducted a full and complete visual examination of the Site, and acknowledges and agrees that it has satisfied itself as to the general and local conditions and circumstances affecting the Work that could be reasonably ascertained and has identified and conducted all Assessments, at its own cost, required to ensure that the Project can be built in accordance with the Contract Documents.

2.9 Safety Precautions and Programs

(a) Contractor shall have responsibility for initiating, maintaining, and supervising all safety precautions and programs in connection with the performance of the Work. Subcontractors have the responsibility for participating in, and enforcing, the safety and loss prevention programs established by the Contractor for the Project including the safety plan, which shall cover all Work performed by the Contractor and its Subcontractors. Subcontractors shall promptly report in writing and by phone to the Contractor all accidents whatsoever arising out of, or in connection with, the performance of the Work, whether on or off the Site, which caused death, personal injury, or property damage, giving full details and statements of witnesses. The Contractor will provide and maintain at the Site first-aid supplies for minor injuries.

(b) Prior to beginning construction, Contractor shall provide Owner with a copy of Contractor's safety plan, as well as an evaluation and appropriate documentation of the safety record of any licensed Subcontractor that will be performing Work on the Project. The safety plan shall include the location of emergency utility shutoffs (both manual and electronic shutoffs). Contractor shall review the emergency shut off and evacuation plan with Owner prior to start of construction.

(c) Contractor shall erect and maintain, as required by existing conditions and performance of the contract, reasonable safeguards for safety and protection, including posting danger signs and other warnings against hazards, promulgating safety regulations, and notifying owners and users of adjacent sites and utilities.

(d) When use or storage of explosives, other hazardous materials or equipment, or unusual methods are necessary for execution of the work, the Contractor shall exercise utmost care and carry on such activities under supervision of properly qualified personnel. The Contractor shall notify the

Owner any time that explosives or hazardous materials are expected to be stored on Site. Location of storage shall be coordinated with the Owner and local fire authorities.

2.10 Protection of Work and Property. Contractor and Subcontractors shall continuously protect and secure the Work, materials and equipment, the Owner's Property, and the property of others, from damage, injury, or loss arising in connection with operations under the Contract Documents. The Contractor and Subcontractors shall make good any such damage, injury, or loss, except such as may be solely due to, or caused by, agents or employees of the Owner.

2.11 Emergencies. In an emergency affecting the safety of persons or property, the Contractor shall take any action necessary, at the Contractor's discretion, to prevent threatened damage, injury, or loss. The Contractor shall promptly report in writing to the Owner all accidents arising out of or in connection with the Work, which caused death, personal injury, or property damage, giving full details, and statements of any witnesses. In addition, if death, serious personal injuries, or serious property damages are caused, the accident shall be reported immediately by telephone or messenger to the Owner.

2.12 Hazardous Materials. In the event the Contractor encounters or suspects the presence on the Site of material reasonably believed to be asbestos, polychlorinated biphenyl (PCB), or any other material defined as being hazardous by section 25249.5 of the California Health and Safety Code, which has not been rendered harmless, the Contractor shall immediately stop Work in the area affected and report the condition to the Owner in writing, whether or not such material was generated by the Contractor or the Owner

2.13 Changes and Extra Work. There will not be any change in the Work or the Contract Documents, including the budget for the Work, unless there is a written change order executed by Contractor and Owner.

2.14 Warranties.

(a) Warranties. Contractor warrants that, for the standard warranty period customary for such work,

(i) The Work will be designed, engineered and constructed to satisfy all applicable legal requirements, the requirements of the Contract Documents, and all descriptions set forth herein, applicable construction codes and standards and all other requirements of this Lease, and that the Work will function free of major defects, assuming customary operation and maintenance.

(ii) All equipment shall conform in all respects to the requirements of the Contract Documents and shall be new, unused and undamaged at the time it is put into service.

(iii) The Work, including all workmanship and materials incorporated therein, will be of suitable grade of their respective kinds for their intended use over the Term, will be free from defects in design, engineering, materials, construction, and workmanship, and shall conform in all respects with all legal requirements, the requirements of the Contract Documents, and all descriptions set forth herein, applicable construction codes and standards and all other requirements of this Lease;

(b) Remedies

(i) If any warranty set forth in Section 2.14(a) is breached or a defect or deficiency is discovered during the Term, Contractor shall, upon notice from Owner of a warranty claim prior to the expiration of the Term, at Contractor's sole option, re-perform, repair, replace and/or correct the applicable Work and resulting damage to the Project caused by such defective Work on a reasonably expedited basis while minimizing any impact of the failure on the availability, output and functionality of the Project. Contractor shall have reasonable access to the Site as necessary to perform its warranty obligations hereunder. All costs of or incidental to Contractor's performance of its warranty obligations shall be borne by Contractor, including, where required, revising or re-engineering any deficient systems, the removal, replacement and reinstallation of all equipment necessary to gain access to defective Work, the repair of any and all damage to any part of the Project or the Site, and the cost of conducting all tests to confirm that all necessary corrective action has occurred. If the construction warranty failure has the effect of voiding any equipment warranty, then Contractor will at its own expense correct and condition as required in order to ensure that the equipment warranty is reinstated by the manufacturer on such item, or that a replacement item with full equipment warranty is provided and installed.

(ii) Should Contractor fail to begin to perform such necessary repairs, replacement, or correction within ten (10) days of notice of a warranty claim or such shorter period as necessary in the event of an emergency (but not less than twenty-four (24) hours) and thereafter diligently pursue such correction, Owner shall have the right to perform such repair, replacement or correction, and Contractor shall be liable for all reasonable costs, charges and expenses incurred by Owner in connection with such repair or replacement and shall forthwith pay to Owner an amount equal to such costs, charges and expenses upon receipt of invoices certified by Owner. Owner's action in correcting defects in accordance with this Section shall not void Contractor's warranty obligations hereunder, except in the case of Owner's or its agent's (other than Contractor or any Subcontractor) gross negligence or willful misconduct.

(c) Warranty Exclusions The warranty obligations of Contractor do not extend to Work that is damaged by (i) the gross negligence or willful misconduct of Owner; or (ii) the failure of Owner to maintain and operate the Project in accordance with industry standards.

2.15 Insurance The Work performed by Contractor will be covered by the insurance required pursuant to Section 11 of the Lease or substantially similar insurance provided by the Contractor.

2.16 Notice. All notices, demands, consents, approvals and other communications which may or are required to be given by either Contractor or Owner pursuant to the Contract Documents will be deemed to have been fully given when made in writing and personally delivered or sent via commercial overnight courier, and addressed to Contractor and Landlord as set forth in the Contract Documents.



**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
Board of Commissioners Staff Report**

TO: VVWRA Board of Commissioners
FROM: Darron Poulsen, General Manager
SUBMITTED BY: Brad Adams, Director of Operations and Maintenance
DATE: October 19, 2023

SUBJECT: **RECOMMENDATION THAT THE BOARD OF COMMISSIONERS AUTHORIZE THE GENERAL MANAGER TO APPROVE A 3-YEAR HVAC MAINTENANCE AGREEMENT WITH FHA SERVICES INC. FOR AN AMOUNT NOT TO EXCEED \$401,194.00 FOR THE NEXT THREE YEARS UPON FINAL LEGAL REVIEW AND APPROVAL OF THE CONTRACT**

-
- | | | | | |
|-------------------------------------|-------------------------|-------------------------------------|---------------------------------|----------------------------|
| <input checked="" type="checkbox"/> | For Action | <input checked="" type="checkbox"/> | Fiscal Impact | \$ \$401,194.00 |
| <input type="checkbox"/> | Information Only | <input checked="" type="checkbox"/> | Account Code: | 01-02-535-6060-9999 |
| | | <input checked="" type="checkbox"/> | Funds Budgeted/Approved: | Budgeted |
-

STAFF RECOMMENDATION

It is recommended that the Board of Commissioners authorize the General Manager to approve a 3-year HVAC maintenance agreement with FHA Services Inc. for an amount not to exceed \$401,194.00 for the next 3 years upon final legal review and approval of the contract.

PREVIOUS ACTION(S)

None

BACKGROUND INFORMATION

There are over 50 HVAC units at the VVWRA regional facility and 9 units at each of the sub-regional facilities that need monthly and quarterly maintenance to assure proper operations of the equipment. HVAC systems are used to maintain temperature control for critical electrical motor control and SCADA systems as well as the laboratory and office environments. HVAC failures can cause significant damage to some of our most critical assets that could cause tens of thousands of dollars for equipment repairs and or replacements, and worst HVAC failures, could cause an operational concern that could result in a violation of our operating permits.

It is critical that VVWRA find a competent HVAC service company that fully understands the criticality of the work and knows what steps are necessary to assure operations in the harsh environment that we work in. Our systems are not operating in the normal office or warehouse

environment. Our systems must operate in the harshest environment where there is a great deal of moisture and particulates that interfere with normal operations. The airborne materials from our operations as well as the dust produced from American Organics green waste processing creates an environment that requires a great deal of maintenance to assure proper operations.

To identify the appropriate contractor for this work VVWRA staff members developed a comprehensive RFP detailing all the work needed to properly maintain all the HVAC units at the Regional and Sub-Regional Facilities. Several local HVAC companies were notified that the RFP was being posted to our Planet Bids website. Planet Bids provides a platform to post RFP's that notifies all applicable contractors there is an RFP posted. All questions, amendments and final proposals can be submitted electronically through this system. At the end of the RFP review term we had two contractors develop proposals for this multi-year maintenance work. The RFP process allows staff to select the most qualified bidder where the cost is also taken into consideration as part of the review. Three staff members were tasked with reviewing and scoring the proposals. The contractor name and results of those proposals are detailed in the tables below:

HVAC Maintenance Contractors:

Contractor	Address	Phone number
FHA Services Inc.	12175 Pawnee Road, Apple Valley, Ca 92308	(760) 247-5126
RSC Retrofit Service Co.	8656 Utica Avenue Suite 300 Rancho Cucamonga CA 91730	(909) 941-3492

Proposal Review Result Table:

HVAC Company	Evaluator 1	Evaluator 2	Evaluator 3	Overall Average
	Score	Score	Score	Score
FHA	87.2	91	92	90.1
RSC	78	81.5	77	78.8

The proposal developed by RSC Retrofit Services was lower in cost, but the proposal failed to demonstrate that they had a good understanding of the amount of work it will take to properly maintain our HVAC units. Also, there was required information missing from proposal. These points were recognized by all three raters who worked separately to score the final proposals. As such all three staff members who performed the proposal reviews felt that FHA Services Inc. was the lowest qualified contractor who could perform the HVAC maintenance we need to protect our critical assets.

At this time staff is requesting that the Board of Commissioners authorize the General Manager to approve a 3-year HVAC maintenance agreement with FHA Services Inc. for an amount not to exceed \$401,194.00 for the next 3 years upon final legal review and approval of the contract.

Victor Valley Wastewater Reclamation Authority



Financial and Cash Reports

For the Quarter Ended June 30th, 2023

Executive Summary of Financial Statements

For the Quarter Ended June 30, 2023

1. Cash balance on June 30, 2023, is \$14,535,496 with reserves required for operations. The agreements with State Water Resources Control Board require we maintain the loan principal and interest payment amount for the following year.

G/L Account	Description	Balance	% of Total
1000	DCB Checking Account	\$ 858,885	5.91%
1030	DCB Sweep Account	2,245,841	15.45%
1070	LAIF	884,073	6.08%
1075	Cal Trust	10,546,696	72.56%
	Total Cash	<u>\$ 14,535,496</u>	<u>100.00%</u>

2. The financial statements for the quarter ended June 30, 2023, show a surplus of \$788,477 (a cumulative year-to-date deficit of \$2,876,767) to reflect \$2,931,857 (a cumulative \$11,555,695) depreciation expense. The depreciation expense is a part of financial statements but does not affect our cash flow.
3. The user fee revenue for the quarter is higher than a budgeted average quarterly amount by \$274,777. The connection fee revenue received during the quarter is lower than a budgeted average quarterly amount by \$280,972. The expenses are usually what the staff processed during the quarter that may not match corresponding revenues. The staff will record matching expenses at a year-end by accruing incurred costs.



Xiwei Wang, Accounting Supervisor

Victor Valley Wastewater Reclamation Authority
CASH AND RESERVE SUMMARY
 June 30, 2023

G/L Account	Description	Balance	% of Total
1000	DCB Checking Account	\$ 858,885	5.91%
1030	DCB Sweep Account	2,245,841	15.45%
1070	LAIF	884,073	6.08%
1075	Cal Trust	10,546,696	72.56%
	Total Cash	<u>\$ 14,535,496</u>	<u>100.00%</u>

G/L Account	Description	Beginning Balance	Deposits or (Disbursement)	Ending Balance
1070	LAIF	891,683	(7,609)	884,073
	Quarterly Interest Earned			Quarterly Yield
		1,651		0.19%

G/L Account	Description	Beginning Balance	Deposits or (Market Fluctuations)	Ending Balance
1074/1075	Cal Trust	10,499,104	47,593	10,546,696
	Quarterly Interest Earned excluding Value Fluctuation			Quarterly Yield
		47,593		0.45%

	Current Balance	Restricted	Assigned
O&M Reserve: 10% of Prior Year Budgeted Operating Expenses	\$ 1,446,868	\$	\$ 1,446,868
R&R Reserve: 1% of Land Improvements/Plants/Interceptors PY CAFR	2,976,961		2,976,961
Reserve for SRF Payments (P& I) - Operating	2,749,738	2,749,738	
Reserve for SRF Payments (P& I) - Capital	1,553,204	1,553,204	
Cash Available for Operations and Capital	5,808,725	-	
Total Cash	<u>\$ 14,535,496</u>	<u>\$ 4,302,942</u>	<u>\$ 4,423,829</u>

SRF LOAN PAYMENTS:

	9.5 MGD, 11.0 MGD, NAVI, Phase III-A	Upper Narrows Replacement	Nanticoke Bypass	Sub-Regional Apple Valley	Sub-Regional Hesperia	Total
Reserve for SRF Payments (P& I) - Operating	\$ 770,708	257,745	203,725	625,220	892,340	\$ 2,749,738
Reserve for SRF Payments (P& I) - Capital	515,054	-	67,909	399,731	570,510	1,553,204
	<u>\$ 1,285,762</u>	<u>257,745</u>	<u>271,634</u>	<u>1,024,951</u>	<u>1,462,850</u>	<u>\$ 4,302,942</u>

Payment Schedule

Upper Narrows Replacement	December	257,745
NAVI	February	258,152
Subregional - AV	February	1,024,951
Subregional - HES	February	1,462,850
Phase III-A	June	1,027,611
Nanticoke	June	271,633
		<u>\$ 4,302,942</u>

- Notes:
- The above investments are in compliance with the VVWRA investment policy.
 - The above investments are made based on the prediction that the Authority will meet its anticipated expenditure requirements for the next six months.

Victor Valley Wastewater Reclamation Authority
Statement of Net Position
June 30, 2023

<u>Assets and Deferred Outflows of Resources</u>	<u>2023</u>
Current assets:	
Cash and cash equivalents	\$ 14,535,496
Interest receivable	7,048
Accounts receivable	7,460,601
Accounts receivable - Lease	1,707,155
Accounts receivable - Other	14,053
Allowance for Doubtful Accounts	(141,903)
Materials and supplies inventory	24,611
Prepaid expenses and other deposits	167,429
Total current assets	<u>23,774,490</u>
Fixed assets:	
Capital assets not being depreciated	4,029,293
Capital assets being depreciated	154,253,796
Total capital assets	<u>158,283,089</u>
Total assets	<u>182,057,579</u>
Deferred outflows of resources	
Deferred outflows of resources - OPEB	631,848
Deferred outflows of resources - pension	3,276,416
	<u>3,908,264</u>
Total	<u>\$ 185,965,843</u>
 <u>Liabilities, Deferred Inflows of Resources, and Net Position</u>	
Current liabilities:	
Accounts payable and accrued expenses	\$ 2,094,396
Accrued interest on long-term debt	205,567
Long-term liabilities - due within one year:	-
Compensated absences	107,652
Lease payables	202,920
Loans payables	3,371,095
Other payables	-
Total current liabilities	<u>5,981,630</u>
Non-current liabilities:	
Long-term liabilities - due in more than one year:	-
Compensated absences	300,692
Other post employment benefits payable	2,974,473
Lease payables	542,935
Loans payable	65,259,790
Net pension liability	7,466,596
Other payables	90,632
Total non-current liabilities:	<u>76,635,118</u>
Total liabilities	<u>82,616,748</u>
Deferred inflows of resources	
Deferred inflows of resources - OPEB	1,056,204
Deferred inflows of resources - pension	782,613
Deferred inflows of resources - lease	879,272
	<u>2,718,089</u>
Net position:	
Net investment in capital assets	88,906,348
Restricted for capital projects	-
Restricted for SRF loan covenant	4,302,942
Unrestricted	10,298,483
Decrease in net position FY 2023	(2,876,767)
Total net position	<u>100,631,006</u>
Total	<u>\$ 185,965,843</u>

Victor Valley Wastewater Reclamation Authority
Revenues and Expenses
Operations and Maintenance
For the Quarter Ended June 30, 2023

	Quarter Actual April - June	YTD Actual FY 22-23	Approved Budget FY 22-23
REVENUES			
User Charges	\$ 5,307,043	\$ 20,580,968	\$ 20,129,066
Sludge Flow Charge	26,872	166,918	144,000
High Strength Waste Surcharges	15,407	36,302	38,400
Post Consumer Food Waste Revenue	204,795	592,358	960,000
Septage Receiving Facility Charges	272,091	912,752	645,240
Reclaimed Water Sales	20,664	65,041	110,644
Potable Well Water Sales	393	1,638	2,220
Interest	5,620	6,489	-
Pretreatment Fees	10,148	56,023	55,150
FOG Revenue	58,605	181,624	144,000
Grant - CalRecycle	-	-	-
Grant - USDA	-	-	-
Lease	15,913	105,913	220,000
Settlement Revenue	-	-	440,000
Sale of Assets, Scrap, & Misc Income	8,644	26,585	-
Total REVENUES	\$ 5,946,195	\$ 22,732,611	\$ 22,888,720
EXPENSES			
Personnel	\$ 745,746	\$ 5,918,602	\$ 7,160,432
Maintenance	935,559	3,147,504	3,854,345
Operations	1,323,275	4,535,688	5,076,702
Administrative	589,455	2,429,759	2,427,436
Construction and Capital Purchases	90,393	330,471	619,203
Total EXPENSES	\$ 3,684,428	\$ 16,362,024	\$ 19,138,118
Revenues over Expenses before Depreciation, Debt Service and Transfers	\$ 2,261,767	\$ 6,370,587	\$ 3,750,602
Depreciation Expense	2,931,857	11,555,695	-
FEMA CalOES Retention	-	-	-
DEBT SERVICE			
SRF Principal	-	-	2,128,289
SRF Interest	-	621,449	621,449
	\$ -	\$ 621,449	\$ 2,749,738
FUND TRANSFERS IN			
Salary/Benefits Charge from Capital	-	-	-
Admin Charge from Capital	-	-	-
Total FUND TRANSFERS IN	\$ -	\$ -	\$ -
FUND TRANSFERS OUT			
Transfer to Repairs and Replacements Fund	-	-	-
Inter-fund loan payment to Capital	-	-	-
Total FUND TRANSFERS OUT	\$ -	\$ -	\$ -
Excess Revenues Over Expenses	\$ (670,090)	\$ (5,806,557)	\$ 1,000,864

Victor Valley Wastewater Reclamation Authority
Revenues and Expenditures
Capital
For the Quarter Ended June 30, 2023

	<u>Quarter Actual</u> <u>April - June</u>	<u>YTD Actual</u> <u>FY 22-23</u>	<u>Approved Budget</u> <u>FY 22-23</u>
REVENUES			
Connection Fees	\$ 554,723	\$ 2,455,340	\$ 3,342,782
Title 16 Grant - Subregional	-	-	-
Grant- Water Recycling	-	-	-
Sale of Assets, Scrap, & Misc Income	-	-	-
Interest	113,613	338,734	60,000
Grant - CalRecycle	699,150	699,150	-
Grant - USDA	-	-	-
CEC Microgrid Grant	-	-	-
FMV Adjustment	(66,341)	(85,230)	-
Total REVENUES	<u>\$ 1,301,145</u>	<u>\$ 3,407,994</u>	<u>\$ 3,402,782</u>
CAPITAL EXPENSES			
Personnel	\$ -	-	-
Maintenance	-	-	-
Operations	-	-	-
Administrative	-	(2,054)	-
Construction	(223,466)	180,606	-
Total CAPITAL EXPENSES	<u>\$ (223,466)</u>	<u>\$ 178,552</u>	<u>\$ -</u>
Revenues over Expenses before Debt Service and Transfers	<u>\$ 1,524,611</u>	<u>\$ 3,229,442</u>	<u>\$ 3,402,782</u>
DEBT SERVICE			
SRF Principal	\$ -	-	\$ 1,242,807
SRF Interest	66,044	299,652	310,397
	<u>\$ 66,044</u>	<u>\$ 299,652</u>	<u>\$ 1,553,204</u>
FUND TRANSFERS IN			
Capital Recovery - Septage from O&M	\$ -	-	-
Interfund Loan Payment from O&M	-	-	-
Total FUND TRANSFERS IN	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FUND TRANSFERS OUT			
Salary/Benefits Charge to O & M	\$ -	-	-
Admin Charge to O & M	-	-	-
Total FUND TRANSFERS OUT	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess Revenues Over Expenses	<u>\$ 1,458,567</u>	<u>\$ 2,929,790</u>	<u>\$ 1,849,578</u>

Accrual Basis

Victor Valley Wastewater Reclamation Authority
Statements of Cash Flows
For the Quarter Ended June 30, 2023

		<u>2023</u>
Cash flows from operating activities:		
Cash receipts from customers	\$	5,100,689
Cash paid to employees for salaries and wages		(1,709,395)
Cash paid to vendors and suppliers for materials and services		<u>(4,210,453)</u>
Net cash provided by operating activities		<u>(819,159)</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets		(130,358)
Payments for flood damage		-
Proceeds from connection fees		323,689
Proceeds from grant funding		-
Proceeds from loans		-
Principal and Interest paid for long-term debt		<u>(1,299,242)</u>
Net cash provided by (used in) capital and related financing activities		<u>(1,105,911)</u>
Cash flows from investing activities:		
Proceeds from sale of investments		-
Investment earnings		<u>46,000</u>
Net cash provided by investing activities		<u>46,000</u>
Net increase in cash and cash equivalents		(1,879,070)
Cash and cash equivalents, beginning of quarter		<u>16,414,566</u>
Cash and cash equivalents, end of quarter	\$	<u><u>14,535,496</u></u>
Reconciliation of cash and cash equivalents to the statements of net position:		
Cash and cash equivalents	\$	<u>14,535,496</u>
Total cash and cash equivalents	\$	<u><u>14,535,496</u></u>

VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
SRF LOAN SUMMARY
June 30, 2023

	Existing North Apple Valley Interceptor	Existing Phase IIIA Regulatory Upgrades	Existing UN Replacement Project	Existing Nanticoke Pump Station Bypass	Existing Apple Valley Sub-Regional	Existing Hesperia Sub-Regional	Total Agreed SRF Loans
SRF LOAN #	4658	5376	7805	7833	4806	4807	
Original Amount Financed	\$ 4,084,688.00	\$ 18,581,561.00	\$ 4,286,380.00	\$ 4,495,212.79	\$ 26,455,228.84	\$ 37,758,384.81	\$ 95,661,455.44
SRF Interest Rate (fixed)	2.50%	2.70%	1.90%	1.90%	1.00%	1.00%	Varies
Local Match Amount	-	-	-	-	-	-	-
Principal Forgiveness	n/a	3,000,000.00	n/a	n/a	n/a	n/a	3,000,000.00
SRF Amount Borrowed	4,084,688.00	15,717,667.66	4,286,380.00	4,495,212.79	26,455,228.84	37,758,384.81	92,797,562.10
Annual Payment Amount	258,151.05	1,027,609.73	257,745.38	271,632.70	1,024,950.85	1,462,850.30	4,302,940.01
Annual Payment Due Date	February 13	June 30	December 31	June 30	February 28	February 28	Varies
Loan Term (years)	20	20	20	20	30	30	Varies
Years remaining	1	9	10	14	25	25	Varies
DEBT SERVICE							
Loan Outstanding Balance	251,854.67	8,114,196.69	2,163,886.45	3,311,715.53	22,572,652.09	32,216,579.94	68,630,885.37
Principal Paid to Date	3,832,833.33	7,603,470.97	2,122,493.55	1,183,497.26	3,882,576.75	5,541,804.87	24,166,676.73
Interest Paid to Date	1,036,490.40	3,642,460.93	375,533.03	446,298.94	1,242,177.50	1,772,446.63	8,515,407.43
First Payment Date	Feb. 13, 2005	June 30, 2013	Dec. 31, 2016	Jun 30, 2018	February 28 2019	February 28 2019	Varies
Final Payment Date	Feb. 13, 2024	June 30, 2032	Dec. 31, 2032	Jun. 30, 2037	February 28, 2048	February 28, 2048	Varies
Effective interest rate	2.499%	2.700%	1.900%	1.900%	1.00%	1.00%	Varies

* An imputed interest rate is 1.707% per annum.

Victor Valley Wastewater Reclamation Authority



Operations and Maintenance Report

2nd Quarter 2023

**Victor Valley Wastewater Reclamation Authority
Operations and Maintenance Report**

TO: Board of Commissioners

FROM: Brad Adams – Plant Superintendent

SUBJECT: Operations & Maintenance Report

DATE: July 19, 2023

The following information details the operation of the Victor Valley Wastewater Reclamation Authority for the first quarter of 2023. Included in this report is pertinent information regarding flows, process control information, process sampling, permit requirements, operations activities, and facility maintenance activities.

Pertinent Flow / Receiving Data

Month	April	May	June	Quarterly Total
Total Flow Influent Flow	336.58 MG	349.72 MG	360.68 MG	1046.98 MG
Total Flow to Mojave	314.26 MG	282.88 MG	284.15 MG	881.29 MG
Total Flow to Perc Ponds	26.22 MG	78.05 MG	84.89 MG	189.16 MG
Total 3W Flow to American Organics	0.35 MG	0.42 MG	0.46 MG	1.23 MG
Total 3W Flow to Victorville	0 MG	0.08 MG	4.37 MG	4.45 MG
Total Hesperia Influent Flow	14.11 MG	16.72 MG	16.45 MG	47.28 MG
Total 3W Flow to Hesperia	11.07 MG	13.34 MG	13.86 MG	38.27 MG
Total Apple Valley Influent Flow	5.53 MG	7.53 MG	9.23 MG	22.29 MG
Total 3W Flow to Apple Valley	0 MG	0 MG	0 MG	0 MG
Total Septage Received	0.64 MG	0.84 MG	0.78 MG	2.26 MG
Total ADM/FOG Received	1.36 MG	1.52 MG	1.69 MG	4.57 MG
Total Digester Gas Production	24.5 MCF	28.1 MCF	28.8 M SCF	81.4 MSCF

Work Order Activity

KPI	Count				Percent				
	Month	Apr	May	Jun	Total	Apr	May	Jun	Total
Planned Work Total		170	176	133	479				
Planned Work Completed		169	169	131	521	99%	97%	97%	98%
Planned Work Completed On-Time		159	154	129	451	94%	88%	97%	90%
Planned Work Incomplete		0	7	0	8	0%	3%	0%	2%
Planned Work Completed Late		11	18	4	31	6%	10%	3%	8%
Reactive Work Completed		117	111	114	342	25%	23%	25%	24%
PM Work Completed		294	327	293	914	64%	70%	67%	67%
Total Work Completed		459	468	442	1369				

VVWRA RWWTP Activities

- **Permit Continuous Monitoring Requirements**
 - Permit required monitoring equipment was on-line and working properly.
 - PH and conductivity probes cleaned and calibrated.
 - TSS and Turbidity probes were cleaned and calibrated.
 - UVT probe cleaned and calibrated.
 - Intensity probe verifications completed monthly.
- **Permit Violations**
 - There were several Coliform violations.
- **Sampling**
 - All permit required samples for were collected and processed.
- **Safety**
 - Vehicle safety inspections completed monthly.
 - Gas Monitor inspections completed monthly.
 - Eyewash safety showers inspected monthly.
 - SCBA inspections completed monthly.
 - Hazardous storage area inspection completed.
 - Spill kit inspections completed.
- **Backup Generator Tests**
 - Routine testing of the backup generators completed monthly.
- **Essential Equipment Maintenance**
 - Aqua guard pre-treatment screen inspected and serviced, as necessary.
 - Headwork's conveyor belt lubed and inspected.
 - Grit classifier PMs completed.
 - Monthly daft lube PMs completed.
 - Primary clarifier shear pins replaced as needed.
 - Primary sludge pump PMs completed.
 - Pillar blower inspections completed.
 - Service air compressors inspected and serviced, as necessary.
 - Waukesha engine inspections completed.
 - Turblex blowers inspected and serviced, as necessary.
 - Monthly tertiary filters platform PMs completed.
 - Monthly tertiary filter cleaning PMs completed.
 - Monthly tertiary filter festoon inspections completed.
 - UV System cleaning PMs completed.
 - DAFT Air Compressor PMs completed.
 - DAFT monthly PMs completed.
 - Monthly UREA refills on CHPs completed.
 - CHP exhaust differential pressure readings taken.
 - CHP gas differential pressure readings taken.

Operations Activities

- **BNR Process**
 - Maintained permit compliance throughout BNR process.
- **ADM/FOG Receiving**
 - Receiving 90+ trucks on average weekly.
- **CoDigestion**
 - All five digesters operating.

Maintenance Activities

- **Process Equipment**
 - 2G CHP Units E40 service performed.
 - 2G CHP HUG service performed.
 - Bar screens serviced.
 - Grit pumps serviced.
- **Vactor Cleaning**
 - New Vactor Truck delivered.
 - Cleaned ADM receiving area.
 - Digester 4 & 5 supernate lines jetted.
- **Pump services / Replacement.**
 - Hesperia reclaimed water pump replaced.
 - Oro Grande pump replaced.
 - CHP #2 repaired jacket water pump.

VWVRA Apple Valley WRP Activities

- **Permit Continuous Monitoring Requirements**
 - Permit required monitoring equipment was on-line and working properly.
 - PH probes cleaned and calibrated.
 - Turbidity analyzers were cleaned and calibrated.
 - UVT probe cleaned and calibrated.
 - Intensity probe verifications completed monthly.
- **Permit Violations**
 - No permit violations.
- **Sampling**
 - All permit required samples for were collected and processed.
- **Safety**

- Gas Monitor inspections completed monthly.
- Eyewash safety showers inspected monthly.
- Spill kit inspections completed.
- **Backup Generator Tests**
 - Routine testing of the backup generators completed monthly.
- **Essential Equipment Maintenance**
 - Fine screens inspected and serviced, as necessary.
 - Aerzen process blower inspections completed and serviced, as necessary.
 - Aerzen MBR blower inspections completed and serviced, as necessary.
 - UV System cleaning PMs completed.
 - MBR system PMs completed, as necessary.

Operations Activities

- **MBR Basins**
 - Weekly maintenance cleans performed per manufacturer's recommendation.
 - Changed out the membranes for Train 1.

Maintenance Activities

- **Otoe Lift Station**
 - Regular PM's performed
- **PMs / Inspections**
 - Inspection and maintenance of MCCs, and PLC cabinets completed.
 - Mechanical equipment PMs and inspections completed.
- **Services / Repair**
 - Aerzen yearly service performed.
 - Wizard blowers replaced

VVWRA Hesperia WRP Activities

- **Permit Continuous Monitoring Requirements**
 - Permit required monitoring equipment was on-line and working properly.
 - PH probes cleaned and calibrated.
 - Turbidity analyzers were cleaned and calibrated.
 - UVT probe cleaned and calibrated.
 - Intensity probe verifications completed monthly.
 - **Permit Violations**
 - No permit violations.
-

- **Sampling**
 - All permit required samples for were collected and processed.
- **Safety**
 - Gas Monitor inspections completed monthly.
 - Eyewash safety showers inspected monthly.
 - Spill kit inspections completed.
- **Backup Generator Tests**
 - Routine testing of the backup generators completed monthly.
- **Essential Equipment Maintenance**
 - Fine screens inspected and serviced, as necessary.
 - Aerzen process blower inspections completed and serviced, as necessary.
 - Aerzen MBR blower inspections completed and serviced, as necessary.
 - UV System cleaning PMs completed.
 - MBR system PMs completed, as necessary.

Operations Activities

- **MBR Basins**
 - Weekly maintenance cleans performed per manufacturer’s recommendation.
 - Changed out 1 cassette of modules on Train 2.
- **Recycled Water Operations**
 - Ramped up 3w water sent offsite.

Maintenance Activities

- **Hesperia Lift station**
 - Wizard blowers replaced.
- **PMs / Inspections**
 - Inspections and maintenance of MCCs, and PLC cabinets completed.
 - Mechanical equipment PMs and inspections completed.
- **Services / Repairs**
 - Feed Forward pump #1 repair.

Victor Valley Wastewater Reclamation Authority



Environmental Compliance Department Report

April-June 2023

VWRA Environmental Compliance Department
Industrial Pretreatment Program

I. Interceptors Operation and Maintenance:

1. Interceptor's cleaning & CCTV:

None

2. Interceptors Inspections:

The following interceptors were visually inspected for signs of damage, vandalism, and evidence of sanitary sewer overflows:

- ✓ South Apple Valley & North Apple Valley.
- ✓ Schedule 1, 2, 3 & 4
- ✓ UNE Bypass HDPE pipe
- ✓ Hesperia, I Ave and Santa Fe.
- ✓ CSA 64
- ✓ Adelanto
- ✓ SCLA1

3. Damage and repair summary:

- ✓ None

4. Sanitary sewer overflows (SSO) Summary:

- ✓ Date of last reportable SSO: August 20th, 2023

5. Interceptors' maintenance budget remaining:

- ✓ The fiscal year 2023-2024 Interceptor sewer maintenance amount remaining for sewer cleaning and inspection services is \$99,054.92.

6. Dig Alert Underground tickets processed:

- ✓ A total of Four Hundred and Thirty-Nine (439) USA Tickets were received and processed.

7. Flow monitoring Studies:

- ✓ A flow monitoring study by ADS Environmental is continuing.
- ✓ The regional I&I study is ongoing.

II. Industrial pretreatment Activities:

1. **New Business Questionnaires and permits applications evaluated:**
 - ✓ Twenty (20) New Business Questionnaires were processed in Quarter 2 of 2023.
 - ✓ Zero (0) New Business Inspections were conducted in Quarter 2 of 2023.
2. **New permits issued:**
 - ✓ Zero (0) New permits were issued in Quarter 2 of 2023.
3. **Permit renewals issued:**
 - ✓ Four (4) permit renewals were issued in Quarter 2 of 2023.
4. **Work Orders:**
 - ✓ 87 Work Orders were completed in Quarter 2 of 2023.
5. **Monthly revenues collected and invoices issued:**
 - ✓ Revenues: \$7,325.00
 - ✓ Invoiced: \$11,375

III. Industrial Pretreatment Activities (continued)

1. Current enforcement actions:

- ✓ Zero (0) Notices of Violations were issued during Quarter 1 2023.

2. Current active industrial pretreatment permits:

- ✓ The current number of VVWRA's industrial wastewater discharge permits is 90; they are comprised as follows:

1	Class I	Categorical Industrial User
11	Class II	Non-Categorical Significant Industrial User
61	Class III	Non-Significant Industrial User
2	Class IV	Zero Discharge Industrial User
15	Class V	Sanitary Waste Haulers

- ✓ The permitted establishments include:

14	Automotive Service Facility
1	Brewery/Winery
23	Car Wash/Truck Wash/Bus Wash
8	Dry Cleaner
2	Grocery Store
3	Hospital
3	Misc. Industrial
1	Photographic
1	Print Shop
1	Prison
1	School/Church
3	Water Retail Store
15	Waste Haulers

- ✓ Permitted businesses are distributed among member entities as follows: 32 in Victorville, 12 in Apple Valley and 17 in Hesperia.

Victor Valley Wastewater Reclamation Authority



Environmental Compliance Department

Septage/FOG/ADM Quarterly Report

April-June 2023

1. Septage/FOG/ADM receiving invoices and payments monthly report:

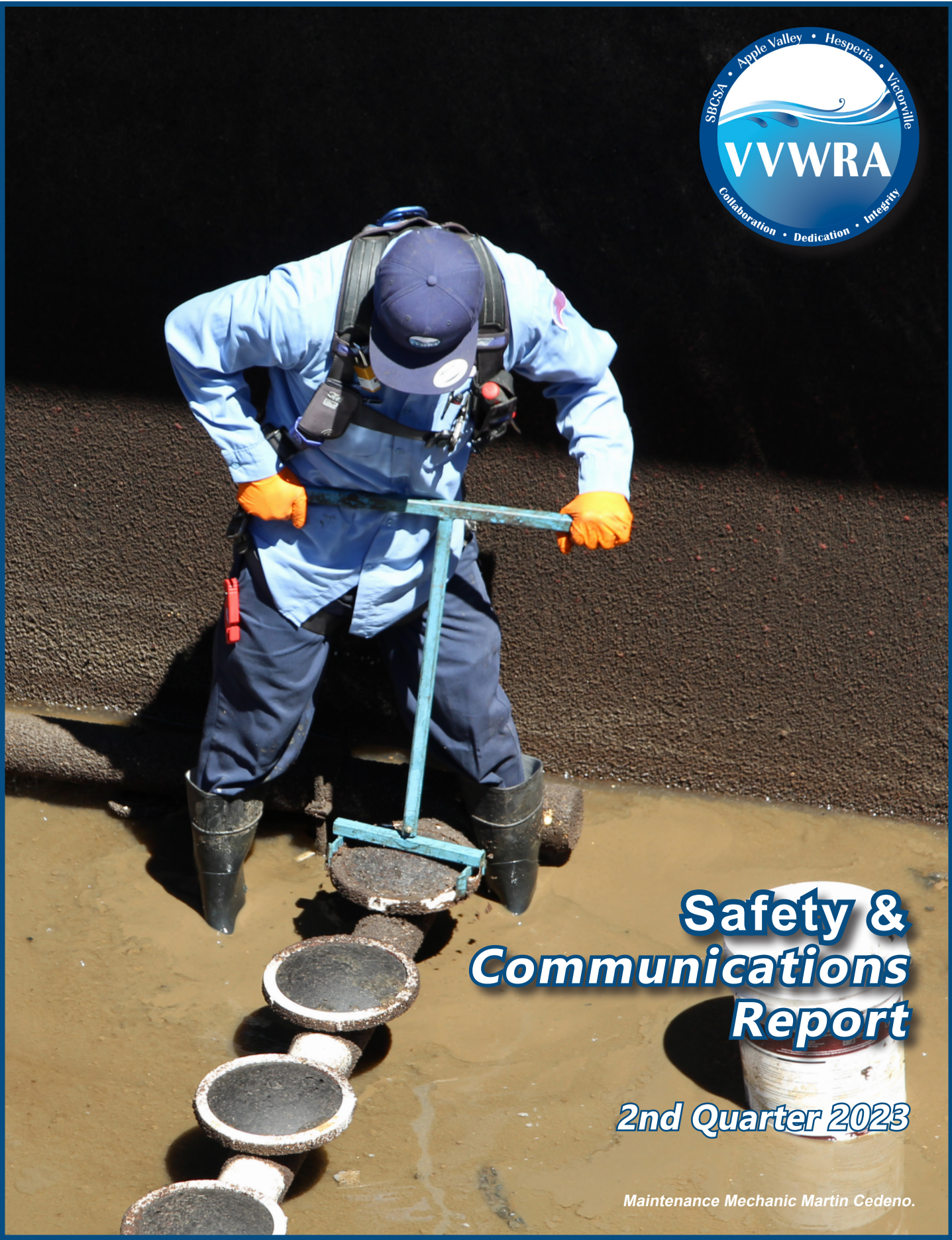
Payments and Invoices period: April 1st thru June 30th – Septage rate per Gallon: \$ 0.12
 FOG/ADM rate per Gallon: \$ 0.05

Receiving invoices

ID No	Septage/FOG/ADM Hauler	Total Gallons	Invoice Amount
ABS000	Absolute Pumping	80,000	\$9,600.00
ALP000	Alpha Omega Septic Service	340,208	\$40,000.92
BUR000	Burns Septic	412,000	\$49,440.00
CIS000	Cisneros Bros Plumbing	281,580	\$33,339.60
HIT000	Hitt Plumbing	127,095	\$15,251.40
HON001	Honest Johns Septic Service, Inc	176,104	\$21,132.48
ROT001	T.R. Stewart Corp. dba Roto-Rooter	366,918	\$44,030.16
SEP005	Septic Control	145,130	\$17,415.60
USA000	USA Septic	360,100	\$43,176.00
	Totals	2,158,535	\$259,024.20
ALP002	Alpha Omega Septic Service	381,690	\$19,084.50
COW000	Co-West Commodities	1,244,900	\$62,245.00
FIN001	Finley Industrial Services	1,245,000	\$62,250.00
HIT001	Hitt Plumbing	6,870	\$343.50
PRE001	PreZero US Services	670,000	\$33,500.00
RIO000	Rios Organics Recovery	775,200	\$38,760.00
USL000	USL Parallel	1,017,500	\$50,875.00
	Totals	5,341,160	\$267,058.00

Septage/FOG/ADM receiving payments:

ID No	Business Name	Payments Received
ABS000	Absolute Pumping	\$13,660.74
ALP000	Alpha Omega Septic Service	\$7,845.84
BUR000	Burns Septic	\$48,000.00
CIS000	Cisneros Bros Plumbing	\$45,146.40
HIT000	Hitt Plumbing	\$6,183.00
HON001	Honest Johns Septic Service, Inc	\$22,292.88
ROT001	T.R. Stewart Corp. dba Roto Rooter	\$45,515.28
SEP005	Septic Control	\$0
USA000	USA Septic	\$47,712.00
ALP000	Alpha Omega Septic Service	\$15,387.55
COW000	Co-West Commodities	\$35,620.00
FIN001	Finely Industrial Services	\$55,650.00
HIT001	Hitt Plumbing	\$1,202.25
PRE01	PreZero US Services	\$16,500.00
RIO000	Rios Organics Recovery	\$15,800.00
USL000	USL Parallel	\$30,025.00
Grand Total		\$415,897.74



Safety & Communications Report

2nd Quarter 2023

Maintenance Mechanic Martin Cedeno.



Safety

STAFF SAFETY TAILGATE TRAINING CONDUCTED

- Active shooter 4-5-23
- Fall protection 4-11-23
- Snakes 4-25-23



- Heat illness 5-17-23
- Electrical safety 5-24-23
- Slips, trips, falls 5-31-23



- LOTO logs 6-7-23
- Haz mat labels 6-21-23
- Ladder safety 6-28-23





Safety

Safety Events/ Training

- Safety tailgates
- Daily, weekly and monthly plant inspections
- Staff has been assigned online safety courses
- Monthly safety committee meetings
- Online training- Electrical Safety-Bloodborne Pathogens-Heat Illness
- In-person- Scissor and Lift training-Hearing and Pulmonary
- Travel training: CWEA conference San Diego-CAPIO conference in San Diego

Unsafe Conditions Reported/Resolved

Date of last recordable accident/injury: July 13, 2022

Days since last recordable accident/injury:

352 Days as of 6/30/23



Safety

NEXT QUARTER'S SCHEDULE OF STAFF TRAINING/SAFETY EVENTS :

- Safety Tailgates will be conducted weekly
- Safety Committee meeting
- Online training- LOTO
- In-person-first aid and CPR-LOTO--confined space

Outreach

- Spring edition of Purple Pipe released
- Summer edition of the Purple Pipe being prepared
- Periodic social media posts on Facebook and Instagram.
- Booth at VVC Job Fair
- Booth at SVL Fair
- Attended California PIO conference