

LAMONT PUBLIC UTILITY DISTRICT SPECIAL MEETING MINUTES

Thursday, February 12, 2015 6:00 P.M.

Meeting Location:
District Office
8624 Segrue Road
Lamont CA, 93241

1. Call to Order/Roll Call

The Board President Prado called to order the regular meeting at 6:01 pm on Thursday, February 12, 2015 at the office of the Lamont Public Utility District. All Board Members were present except Director Cruz. Staff present included General Manager/District Secretary Nick Turner, District Counsel Alan Peake, and one time replacement interpreter Enrique Hernandez-Avina. Director Cruz arrived at 6:10pm.

2. Pledge of Allegiance – Led by President Prado

3. Regular Agenda (6:03am)

A. Report and Possible Resolution: Approval of the Notice of Exemption for the Assignment of Leases and Amendment to Leases with Recology Blossom Valley Organics - South regarding property located at APN 185-300-14, 185-350-53, 185-350-54, and 185-350-55; **General Manager, Nick Turner**

District Counsel suggests that for discussion purposes, that Regular Agenda Items A, B and C be combined but that individual motions and votes be made for each item. The Board agreed with the suggested approach.

The General Manager reports that this item before the board is the approval of the Notice of Categorical Exemption under CEQA for the lease assignment and lease amendment to Recology Blossom Valley Organics – South. The lease assignment and lease amendment are exempt under a categorical exemption, Section 15301 Class 1, because the project doesn't modify or expand the current use of the District's property.

Motion to approve Resolution No. 427 authorizing the filling of the Notice of Categorical Exemption under CEQA for the Assignment of Leases to Recology Blossom Valley Organics – South and the Amendment to Leases.

First Motion–Director Sanchez

Second Motion–Director Cruz

Approved. All in favor. Vote 5–0.

B. Report and Possible Minute Action: Assignment of Lease Agreements with Community Recycling & Resources Recovery to Recology Blossom Valley Organics - South regarding

property located at APN 185-300-14, 185-350-53, 185-350-54, and 185-350-55; **General Manager, Nick Turner and District Counsel, Peake**

The General Manager reports that Recology Blossom Valley Organics – South (Recology) is requesting an Assignment of the Lease Agreements. Under the Assignment, Recology would be responsible for the disposal of 100% of District's effluent and biosolids. Staff performed several different reference checks, all with regulators of several of Recology's other facilities and the feedback was nothing but positive. As part of the assignment, Community Recycling and Resources Recovery will be paying the District an Assignment fee in the amount of \$125,000 to be paid to the District within 10 days of completion of all conditions in the Assignment and Assumption.

Motion to authorize the Board President to execute the Assignment of Leases to Recology Blossom Valley Organics – South subject to the execution of the Amendment of Leases and Settlement Agreement and Mutual General Release with the County of Kern and Community Recycling and Resources Recovery (CR&RR) and CR&R's payment of the Assignment Fee to the District

First Motion–Director Cruz

Second Motion–Director Gonzalez

Approved. All in favor. Vote 5–0.

C. Report and Possible Minute Action: Amendment to Leases with Recology Blossom Valley Organics - South regarding property located at APN 185-300-14, 185-350-53, 185-350-54, and 185-350-55; **General Manager, Nick Turner and District Counsel, Peake**

The General Manager states that the District has three primary objectives with the Amendment of Leases.

The first being the Implementation of 'Plan B' for effluent disposal. The proposed Amendment to Leases includes the implementation of the District's Plan 'B' by Recology Blossom Valley Organics – South (Recology) at minimal cost to District. Recology would be responsible for all equipment, labor and materials necessary to remediate the land, except for gypsum and any other necessary soil additives. Recology's responsibility includes but is not limited to grading, disking, ripping, leveling, spreading, installation and maintenance of all necessary irrigation, provisions of all required well water, surveying, purchasing of seed and fertilizers, supplying of compost and planting and harvesting of crops. This has a value to the District of between \$750,000 to \$1,000,000 when considering an irrigation well would be required to be constructed if the District was to remediate the land itself (+\$550,000) and the remediation work itself is estimated to cost between \$200,000-\$450,000. The work required to implement Plan B is required to be completed within approx. 4 years. Completion of Plan B will achieve compliance with the District's Cease & Desist Order. Recology's implementation of the District's Plan B will eliminate the District's need for a sewer rate increase.

The second primary objective of the Amendment of Leases is to reduce the environmental impacts (i.e. odor, dust, trash) that the facility has on the communities around it. It is the District and the Community's desire to reduce the odor, dust and trash created by the composting facility. The Amendment to Leases would require Recology to install enhancements to the composting process costing Recology upwards of \$50M, as estimated by Recology. The primary enhancement includes a change in the Aeration Method used at the facility, i.e. Aerated Static Piles method (ASP) or Air District approved equal. This improved aeration method shall reduce VOC emissions in the active phase of the composting process by at least 80%. In fact, reports prepared the Air District indicate possible reductions in VOC emissions to be much higher. This change in aeration method is being required by the District regardless of throughput of organic material through the facility. In addition, Recology would be required to perform daily air quality monitoring on and off the composting facility and provide monthly air sampling reports to the District. A schedule for implementation of the change in aeration system is included in Amendment of Leases.

The District's third primary objective of the Amendment of Lease is an increase in rent. The current rent paid by Community Recycling and Resources Recovery is \$36.32/acre/year, (\$17,500/year based on 475 acres). In 2014, the District had an appraisal prepared to determine the current rental value of the property. The 2014 appraised value was \$125/acre/year (\$60,216/year based on 481.73). Recently a survey of the property was performed by Recology resulting in an increase in total leased area to 481.73 acres. The Amendment to Leases includes a step increase over a two year period. Beginning on July 1, 2015, rent would be \$80.66/acre/year. Beginning July 1, 2016, rent would increase to \$125.00/acre/year. This increase in the rent results in over \$346,000 in revenue over the remaining 8-year lease term. Also included in the Amendment of Leases is an annual rent increase based on Consumer Price Index of a 2% minimum-4% maximum beginning on July 1, 2017.

The Amendment of Lease does not include an automatic lease term extension beyond the remaining 8 years in the current lease. A 10-year extension would be triggered upon Recology's completion of both the 'Plan B' Implementation and the change in aeration method, Aerated Static Piles or Air District approved equal. If these items are not completed by Recology in accordance with the Amendment of Leases, a lease term extension would not be granted.

Gustavo Aguirre Sr. expressed his support and the support of organizations like CRPE and Communities for a Better Arvin, of the proposed Assignment and Amendment with Recology.

Jesus Ramirez expressed his support of the proposed Assignment and Amendment and congratulated the Board for its efforts.

Don Gambelin thanked Staff and the Legal Negotiations Committee for all their work on the assignment and amendment.

Director Sanchez thanked staff and legal counsel for all their hard work.

District Counsel thanked the lease negotiations committee and the rest of the Board for their hard work.

Motion to authorize the Board President to execute the Amendment of Leases to Recology Blossom Valley Organics – South subject to the execution of the Assignment of Leases and Settlement Agreement and Mutual General Release with the County of Kern and Community Recycling and Resources Recovery (CR&RR) and CR&R's payment of the Assignment Fee to the District

First Motion–Director Sanchez

Second Motion–Director Cruz

Approved. All in favor. Vote 5–0.

8. Closed Session (6:40pm)

Motion to go into Closed Session

First Motion–Director Sanchez

Second Motion–Director Cruz

Approved. All in favor. Vote 5-0

A. Discussion with real property negotiators, Mr. Peake and Mr. Turner, regarding real property currently leased to CR&RR (APN 185-300-14, 185-350-53, 185-350-54, and 185-350-55) Government Code §54956.8 concerning terms and conditions of the lease

B. Pending litigation LPUD/Community Recycling vs. Kern County; Government Code § 54956.9 (d)1.

Motion to go into Open Session

First Motion–Director Gonzalez

Second Motion–Director Sanchez

Approved. All in favor. Vote 5-0

9. Report on Closed Session

A. Discussion with real property negotiators, Mr. Peake and Mr. Turner, regarding real property currently leased to CR&RR (APN 185-300-14, 185-350-53, 185-350-54, and 185-350-55) Government Code §54956.8 concerning terms and conditions of the lease

No action taken and no discussion held.

B. Pending litigation LPUD/Community Recycling vs. Kern County; Government Code § 54956.9 (d)1.

Information was provided, and by unanimous consent, direction was given.

Adjournment

A motion was made by Director Sanchez and seconded by Director Cruz to adjourn the Regular Board Meeting of the Board of Directors of the Lamont Public Utility District, held on Thursday, February 12, 2015 at 6:00 pm. Approved. All in favor. Vote 5-0.

ATTEST:

x  _____

Director Prado, Board President
Lamont Public Utility District

x  _____

Nicholas Turner, Board Secretary/General Manager
Lamont Public Utility District