



**AGREEMENT NUMBER 4600003688
FOR
THE REUSE OF BIOSOLIDS**

This Agreement, for the Reuse of Biosolids ("Agreement"), dated _____ ("Effective Date"), is between the Inland Empire Regional Composting Authority (IERCA, or "the Authority") and the Orange County Sanitation District ("OC San"). The Authority and OC San are referred to, in this Agreement, collectively, as "the Parties."

The Authority is a Joint Powers Authority formed by and between the Inland Empire Utilities Agency (IEUA), a Municipal Water District organized and operating pursuant to the California Water Code Sections 71000, et seq., and County Sanitation District No. 2 of Los Angeles County (LACSD), a special district organized and operating pursuant to the California Health and Safety Code Sections 4700, et seq.

The Authority operates the Inland Empire Regional Composting Facility (IERCF) located at 12645 Sixth Street, Rancho Cucamonga, CA 91739 ("the Site"). The Authority has all permits and approvals necessary for operation of the Site and desires to reuse Biosolids produced at OC San's facilities.

1. DEFINITIONS

1.1 Biosolids means municipal sewage sludge resulting from the treatment of wastewater at OC San's facilities that is digested and meets Class B and Table 3 quality standards for land application under Part 503 of Title 40 of the Code of Federal Regulations, "Standards for the Use and Disposal of Sewage Sludge" ("Part 503 Rule"), and dewatered to an annual average of approximately 15% total solids or greater.

1.2 State Certified Weigh Station means any truck weigh station permitted by the State of California to certify weights for commerce.

1.3 Weighmaster's Certificates means certificates obtained in accordance with weighing procedures prescribed in Chapter 7 (commencing with Section 12700) of Division 5 of the California Business and Professions Code administered by the Division of Measurement Standards of the California Department of Food and Agriculture.

2. BIOSOLIDS TRANSPORTATION AND REUSE

2.1 OC San shall transport up to approximately 250 wet tons per week, or approximately 50 wet tons per day of Biosolids from its facilities to the Site for composting, Monday through Friday. This quantity may be adjusted by agreement of the Parties.

2.2 Site delivery hours are from 6:15AM to 3:30PM, Monday through Friday. Hours may change at the sole discretion of the Authority.

2.3 In event OC San wishes to deliver to the Site sewage sludge that does not meet the Part 503 Rule Class B Biosolids Pathogen Reduction Requirements specific to mean cell residence time and temperature for anaerobic digestion, OC San shall notify the Authority within reasonable time and request approval to deliver for compost such material in accordance with applicable legal requirements as detailed in Section 3 of this Agreement. The Authority reserves the right not to accept and process such sewage sludge material at the Site.

2.4 OC San shall use belt trailers to transport Biosolids to the Site. Trailers delivering Biosolids to the Site must meet the following clearance specifications to off-load material into the biosolids hoppers:

2.4.1 All trailers require a minimum clear distance of 15" between the ground surface and any trailer structure beyond or past the rear tires. This requirement does not apply to any flexible structure like a mud flap. Flexible structures may be removed or re-positioned to allow adequate clearance.

2.5 The Authority shall compost all Biosolids in accordance with applicable legal requirements as detailed in Section 3 of this Agreement. The Authority may not use any other method of reuse for the Biosolids without the prior written agreement of OC San.

2.6 The Authority shall determine and record the total tonnage delivered to the Site. The truck weigh station at the Site is certified by the State and will be used to issue a Weighmaster's Certificate for each load measured. The Authority shall use the Site's measured tonnage for its billing to OC San. Weighmaster's Certificates submitted by the Authority will show the certified gross weight of each load in each billing and the certified tare weight of each vehicle.

3. PERMITS AND REGULATORY COMPLIANCE

3.1 The Authority shall obtain and maintain in effect all necessary licenses, Permits, and other approvals legally required in order to perform all activities and operations provided for in this Agreement. The Authority and all processes utilized at the Site shall comply with all applicable local, state, and federal laws, rules, regulations, and pronouncements, including but not limited to the following:

3.1.1 The Authority shall perform all activities and operations in accordance with the requirements, as applicable, of the Santa Ana Regional Water Quality Control Board, California State Water Resources Control Board, including the General Order (General Waste Discharge Requirements for the Discharge of Biosolids to Land for Use in Agricultural, Silvicultural, Horticultural, and Land Reclamation Activities), Parts 257 and 503 of Title 40 of the Code of Federal Regulations (Criteria for Classification of Solid Waste Disposal Facilities and Practices and Standards for the Use and Disposal of Sewage Sludge, respectively), and South Coast Air Quality Management District Rule 1133.2.

3.1.2 The Authority shall also operate in compliance with all current waste discharge requirements contained in the NPDES permits for OC San's facility(s) that serves as the source(s) of Biosolids delivered to the Authority. OC San shall make their NPDES permit available to the Authority upon request.

3.1.3 The Authority acknowledges that Part 503 of Title 40 of the Code of Federal Regulations is a self-implementing rule and that the Authority's activities and operations performed at the Site must comply with all applicable general requirements of the rule, including, but not limited to: pollutant limits, management practices, operational standards, monitoring, recordkeeping, and reporting. The Authority shall provide all information relevant to the activities and operations at the Site that OC San may need or request to complete NPDES or other permit applications or reports.

3.2 OC San shall obtain and maintain in effect all necessary licenses, permits, and other approvals legally required in order to perform all activities and operations provided for in this Agreement. OC San and Biosolids-generating processes at its facilities shall comply with all applicable local, state, and federal laws, rules, and regulations and orders, including but not limited to Part 503 of Title 40 of the Code of Federal Regulations. OC San may transport to the Site only Biosolids that meet the Class B pathogen reduction requirements of 503.32(b), vector attraction reduction requirements of 503.33(b)(1), and metals concentration limits of Table 3 in 503.13(b)(3), unless other arrangement are made per Section 2.3.

4. SITE INSPECTION, MONITORING, RECORDKEEPING, AND REPORTS

4.1 The Authority shall grant OC San and its representatives access to the Site during normal business hours to conduct inspections of the composting activities. OC San shall likewise grant the Authority and its representatives access to its treatment facilities during normal business hours.

4.2 The Authority shall keep complete and correct daily records of all composting activities, including: the date, the origin, and quantity of each load of Biosolids composted; site management practices; and any sampling and laboratory test results regarding the composting program. The Authority shall grant OC San timely access to all such records. Likewise, the Authority shall have timely access to OC San's Biosolids records and data demonstrating compliance with all federal, state, and local laws, regulations and orders.

4.3 The Authority shall submit monthly reports to OC San that demonstrate compliance with all required permits and authorizations. The Authority shall submit the reports within 60 days after the closing of each reporting period. The reports must include, at a minimum, a description of all activities and operations performed during the reporting period, the items described in Section 4.2, and a certification that all activities and operations were performed in compliance with all applicable regulations. The Authority shall forward to OC San, within five days of receipt or transmission, copies of all correspondence with regulatory agencies in regard to the activities or operations performed at the Site. Similarly, OC San shall furnish monthly, annual, and other periodic reports to the Authority detailing and certifying compliance with permits and applicable regulations. OC San shall provide all information relevant to its operations that the Authority may need or request to complete regulatory reports or permits.

4.4 The Parties agree to notify one another by no later than the next business day of its receipt of any notice, whether formal or informal, of a legal, governmental, judicial, administrative, or similar proceeding, action, or enforcement, pending or threatened, that may affect its ability to lawfully fulfill obligations of this Agreement. OC San shall forward to the Authority, within 5 days of receipt or transmission by OC San, copies of all correspondence with regulatory agencies in regard to its Biosolids operations.

4.5 OC San shall perform all sampling for any monitoring and laboratory analyses of Biosolids required by any federal, state, or local laws, regulations or orders prior to transporting such Biosolids to the Authority. The Authority shall perform all other monitoring and laboratory analyses required by any federal, state, or local laws, regulations, or orders including, but not limited to, any monitoring or laboratory analysis of Biosolids after receipt by the Authority.

5. COMPOSITION OF BIOSOLIDS

OC San warrants that all Biosolids released to the Authority will be non-hazardous under Title 22, Division 4.5, Chapter 11, Article 3 of the California Code of Regulations. Neither OC San nor the Authority shall add any material to the Biosolids that is classified as hazardous, or which creates by-products or residues classified as hazardous, under federal or state laws, regulations, or orders.

6. INCLEMENT WEATHER

6.1 The Parties shall each provide any facilities necessary to ensure their ability to remove, transport, and compost Biosolids during typical inclement weather.

6.2 The Parties acknowledge that severe weather conditions may reduce or suspend the Parties' abilities to deliver and/or compost Biosolids. If either Party reasonably determines that a reduction or suspension is necessary, the Party shall provide the other Party, to the extent reasonably possible: 1) a 24-hour notice of reduction or cessation of operations; and 2) an estimate of when the operations will resume.

See also Section 11, Force Majeure.

7. FEE FOR BIOSOLIDS REUSE

7.1 OC San shall pay, to the Authority, a starting base fee of \$73.00 per wet ton for Biosolids received and processed, plus an administrative fee of \$5.00 per wet ton. The base fee may be adjusted annually by the IERCA Board of Directors in accordance with the approved fiscal year operating budget, with an annual increase not to exceed six percent (6%). The administrative fee shall remain at \$5.00 per wet ton for the duration of this contract, unless revised by a mutually agreed-upon Contract Amendment. OC San shall pay all hauling and transportation-related costs.

7.2 The Authority shall submit invoices to OC San on a monthly basis and OC San shall make payment to the Authority within thirty (30) days of receipt.

7.3 If the term of this Agreement extends beyond the initial five-year term provided for in Section 12 below, either OC San or the Authority may request an additional adjustment in the fee.

8. OWNERSHIP OF BIOSOLIDS

8.1 OC San shall retain ownership of all Biosolids during transport, up to and including off-loading of the Biosolids from OC San's contracted trucks. OC San shall at all times manage, direct, oversee, and/or conduct operations during transport, and is responsible for leakage prevention and spill mitigation, and compliance with all applicable environmental regulations.

8.2 The Authority shall become the owner of all Biosolids delivered to the Site after off-loading and acceptance of the Biosolids from the OC San's contracted trucks. The Authority shall compost all Biosolids in accordance with this Agreement. The Authority may not use or dispose of the Biosolids in any other manner without written consent from OC San. The Authority shall comply with all applicable laws and regulations in connection with the marketing, use, and sale of the composted Biosolids.

9. INSURANCE

9.1 OC San shall require its contractors transporting Biosolids to the Site to obtain and keep in force during the term of this Agreement, at their sole expense, comprehensive general liability insurance with endorsements naming the Authority as an additional insured, covering the transportation of Biosolids in any vehicle whether owned or leased, whether liability is attributable to OC San or the Authority. The policy or policies must insure the Authority, its directors, officers, employees, and agents against all claims arising out of or in connection with the activities and operations relating to the transportation and delivery of Biosolids to the Site. The coverage must provide the following minimum limits, which may be increased during the term of this Agreement as requested by the Authority in writing and agreed to in writing by OC San:

Automobile Liability:

Bodily Injury	\$5,000,000 each person \$5,000,000 each occurrence
Property Damage	\$5,000,000 each occurrence \$5,000,000 aggregate
General Liability: Bodily Injury	\$5,000,000 each occurrence \$5,000,000 aggregate products and completed operations
Property Damage	\$5,000,000 each occurrence \$5,000,000 aggregate

Coverage must be provided by an insurer that has at least an "A" Policy Holder's Rating and "X" Financial Rating in accordance with the current Best's Key Rating Guide.

9.2 The Contractor shall provide the Authority with evidence of coverage by providing certificates of insurance and endorsements and, at the Authority's request, copies of all required policies plus all attached endorsements for the Authority's review.

9.3 The Contractor shall demonstrate to the Authority that it carries Workers Compensation Insurance in accordance with legal requirements and Waiver of Subrogation.

10. INDEMNITY

In contemplation of the provisions of Section 895.2 of the California Government Code imposing certain tort liability jointly upon public entities solely by reason of such entities being parties to an agreement as defined by Section 895 of the Government Code, each Party, pursuant to the authorization contained in Sections 895.4 and 895.6 of the Government Code, hereby agrees to and shall indemnify and hold harmless the other Party, and its elected officials, officers, agents, and employees from and against any and all losses, liability, damages, claims, suits, actions, and administrative proceedings or demands (including reasonable attorney's fees) relating to acts or omissions of the indemnitor, its officers, agents, or employees arising out of or incidental to the performance of any of the provisions of this Agreement. Neither Party assumes liability for the acts or omissions of persons other than each Party's respective officers, agents, or employees. In the event judgment is entered against the Parties because of joint or concurrent negligence of the Parties, or their officers, agents, or employees, an apportionment of liability to pay such judgment shall be made by a Court of competent jurisdiction. This section shall survive termination of the Agreement.

11. FORCE MAJEURE

Neither the Authority nor OC San shall be responsible or liable for failure to meet their respective obligations under this Agreement if such failure is due to causes beyond the Authority's or OC San's control. Such causes include, but are not limited to: strikes, fire, flood, civil disorder, acts of God or of a public enemy, acts of the federal government, or any unit of state or local government in either its sovereign or contractual capacity, epidemics/pandemics, freight embargoes or delays in

transportation, and changes in federal, state, or local law that renders OC San's Biosolids impermissible for transportation or composting. Each Party shall immediately notify the other Party via email to administrative staff and in writing, in accordance with Section 15, of the occurrence of any condition believed to constitute a force majeure under this section. If a condition of force majeure exists for 30 days or more, either Party may terminate this Agreement by giving notice in writing in accordance with Section 15. The notice will become effective 24 hours after receipt.

12. DURATION OF AGREEMENT

This Agreement will be effective on the Effective Date and will continue in effect for a period of five years. The Parties may, upon mutual written agreement, extend the duration of the Agreement on a year-to-year basis with up to two annual extensions.

13. SUSPENSION, TERMINATION, AND EARLY TERMINATION

13.1 Suspension. The Authority may suspend its receipt of Biosolids if it determines that OC San can no longer timely and legally perform the required obligations of this Agreement. Likewise, OC San may suspend shipments of Biosolids if it determines that the Authority can no longer timely or legally perform the required services, or if unacceptable conditions exist at the Site. The suspending Party may lift the suspension and allow operations to resume if it determines that any unacceptable conditions have been corrected.

13.2 Termination. Either Party may terminate this Agreement by providing the other Party with a 90-day notice in writing in accordance with Section 15.

13.3 Early Termination. The Authority and OC San, by written agreement, may terminate this Agreement at any time.

14. ADDITIONAL PROVISIONS

14.1 Entire Agreement. This Agreement represents the entire agreement and understanding between the Authority and OC San as to those matters stated in this Agreement. No prior oral or written understanding is of any force or effect in regard to any matter covered by this Agreement.

14.2 Assignment. Neither the Authority nor OC San may sell, assign, or subcontract its interest and/or obligations in this Agreement without the prior written and mutual agreement of the Parties.

14.3 Governing Law. The provisions of this Agreement will be interpreted and enforced in accordance with the laws of the State of California.

14.4 Counterparts. This Agreement may be executed simultaneously in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

15. NOTICE

Except as otherwise required, any notice, payment, or instrument required or permitted to be given under this Agreement will be deemed received upon a signed receipt of personal delivery or 72 hours after deposit in any United States Post Office, registered or certified, postage prepaid and addressed to the Party for whom intended, as follows:

TO THE AUTHORITY:

Inland Empire Regional Composting Authority
Attn: Arin Boughan
12645 Sixth Street
Rancho Cucamonga, CA 91739

TO OC SAN:

Orange County Sanitation District
Attn: General Manager
18480 Bandilier Circle
Fountain Valley, CA 92708

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the day and year first above written.

ORANGE COUNTY SANITATION DISTRICT

By: _____

Title: _____

ATTEST:

By: _____

Kelly Lore
Clerk of the Board

APPROVE AS TO FORM:

By: _____

Scott Smith
General Counsel

INLAND EMPIRE REGIONAL
COMPOSTING AUTHORITY

Arin Boughan
Project Manager