

PRETREATMENT FACILITIES AGREEMENT

THIS PRETREATMENT FACILITIES AGREEMENT (the "Agreement"), dated as of ^{October} ~~September~~ , 2019, is by and among the CITY OF BEAUMONT, a general law city (the "City"), and Beaumont Juice, Inc., a California corporation, dba PERRICONE JUICES (the "Owner").

RECITALS

- A. Owner owns and operates the citrus juice processing plant located at 550 B Street, Beaumont, CA 92223 ("Project"), the legal description of which is attached as **Exhibit "A"**, and made a part hereof by this reference.
- B. Owner holds a discharge permit to discharge to the City' Public Owned Treatment Works ("POTW") pursuant to Sections 13.08.300 et seq. of the Beaumont Municipal Code, as such permit may hereafter be modified or changed in accordance with applicable law ("Discharge Permit").
- C. City regulates discharges into its sanitary sewer system under the Discharge Permit, Beaumont Municipal Code Chapter 13.04, 13.08, 13.09, 13.20 and Government Code Section 54725 et. seq. and is required to comply with wastewater discharge requirements imposed by the California Regional Water Quality Control Board, Santa Ana Region, Orange County Sanitation District and applicable State and Federal laws including the Clean Water Act (33 U.S.C. 1251 et seq.) the General Pretreatment Regulations (40 CFR 403 et. seq.) (collectively "Discharge Regulations").
- D. The City has the authority under Section 13.20.250 and 13.20.255 of the Municipal Code to require the installation of control technology (pretreatment equipment and monitoring facilities).
- E. Prior to the execution of this Agreement, the City issued letters of noncompliance to Owner regarding violations of the City's Wastewater Regulations, Beaumont Municipal Code Chapter 13.20. Without limitation violations include improper *ph*, excessive TDS and BOD, slug loading, failure to monitor and report, failure to maintain systems.
- F. Owner has determined that certain improvements to the Owner's waste water pre-treatment facilities ("Facilities"), as described in the letter from Owner's engineering firm, Gannett Fleming, dated March 25, 2019 ("Gannett Letter") attached hereto and made a part hereof by this reference as **Exhibit "B"**, will allow the Project to comply with applicable law.
- G. Owner is required to pay certain monthly sewer service charges under Beaumont Municipal Code Chapter 13.08.180 et. seq. and implementing resolutions.

ARTICLE I CONSTRUCTION OF FACILITIES

Section 1.1 Facilities Construction. Owner agrees to construct the improvements and facilities described in the letter from Owner's engineering firm, Gannett Fleming, dated March 25, 2019 ("Gannett Letter") entitled "Interim Solution for Expedited Compliance" and "Permanent Solution" in a good and workman-like manner according to the Implementation Schedule therein (Table 10). Owner represents that the Interim Solution for Expedited Compliance will attain a

minimum level of compliance as specified in Table 5 Gannett Letter. Owner represents that the Permanent Solution will attain a minimum level of compliance as specified in Table 8 of the Gannett Letter and in accordance with the Discharge Permit issued by the City. The Interim Solution for Expedited Compliance and the Permanent Solution are hereinafter defined as the "Facilities". The Project is within the Service Area of the City's wastewater treatment and disposal system, and the City and the Owner will benefit from a coordinated plan of design, engineering and construction of the Facilities. The Facilities shall be commenced on the date specified in Gannett Letter and the facilities including and Discrete Components shall be completed on or before the applicable completion date or completion dates ("Completion Date") identified in Gannett Letter. The estimated cost of the design and construction of the Facilities is also identified in the Gannett Letter. The Owner shall provide for the design, engineering and construction of the Facilities at its sole cost and expense as provided hereinafter.

Section 1.2 Progressive Compliance. Owner and City have determined that it is in the best interests of the City to implement a progressive enforcement response procedure under this Agreement and under the City's Enforcement Response Plan ("ERP"). This Agreement shall be deemed a Compliance Order with Compliance Time Schedule ("CTS") under the ERP. The Facilities include a new pre-treatment system that will replace Owner's existing pretreatment system. Completion of the Facilities is intended as a means of attaining progressive compliance with the Discharge Regulations under BMC 13.20.400. Owner has represented to City that the Facilities once fully completed will bring the Project into compliance with the current applicable Discharge Regulations for the Project as attached hereto as Exhibit "C" ("Specific Discharge Requirements"). However, City has not made a determination that and makes no representation to Owner that the Facilities will result in compliance with the Specific Discharge Requirements in effect at any given point in time and the same is at the sole risk and cost of the Owner. Owner is aware that the Discharge Regulations including the Specific Discharge Requirements will change and likely increase in the future and that there is no guaranty that the Facilities will attain compliance with the Discharge Regulations and Specific Discharge Requirements as they may apply in the future. Actual levels of pre-treatment to be obtained by construction of the Facilities may depend on a variety of factors including, but not limited to, the operation and maintenance of the Facilities, the design of the Facilities by Owner's engineers and other factors which are the sole responsibility of the Owner and for which the City shall have no responsibility whatsoever. The City does not waive any of its power or authority under the Discharge Regulations by entering into this Agreement except that City agrees to allow progressive compliance with the Specific Discharge Requirements over the term of this Agreement as specifically provided herein. During the term of this Agreement Owner agrees to take all actions imposed by the City under the Discharge Regulations in addition to those provided for in the Gannett Letter. In the event that any other regulatory body, including but not limited to the California Regional Water Quality Control Board, Santa Ana Region, Orange County Sanitation District, imposes fines, penalties, damages, regulations, orders or requirements applicable to the Project that conflict with the terms of this Agreement, such additional regulations, orders or requirements shall control and will be the sole responsibility of the Owner.

Section 1.3 Maintenance and Operations. Owner shall provide necessary wastewater treatment as required to comply with the Discharge Regulations and shall achieve compliance with all applicable, promulgated categorical standards of the Discharge Regulations within the time limitations specified herein. Any facilities required to pretreat wastewater to meet applicable discharge limits shall be constructed, operated, and maintained in proper operating condition at the Owner's expense at all times. If the City determines at any time that Owner is not acting diligently to achieve timely compliance with the Discharge Regulations, City reserves the right to take such enforcement or other

legal actions as it deems prudent to assure compliance with the Discharge Regulations. If the Facilities are completed and City determines that the Project is not in compliance with the Specific Discharge Requirements and/or the Discharge Regulations, City reserves the right to require compliance with such Discharge Regulations, as they may be amended, supplemented or changed from time to time and as they may apply to the operations of Owner as such operations may change from time to time. City reserves the right to terminate this Agreement if Owner falsifies information submitted to the City.

Section 1.4 Plans and Specifications. The Owner shall cause plans and specifications to be prepared for the Facilities no later than the date provided in the Gannett Letter. The Owner shall obtain the City's written approval of the plans and specifications, monitoring facilities (BMC 13.20.255) and proposed operating procedures in accordance with applicable ordinances and regulations of the City. Copies of all plans and specifications shall be provided by the Owner to the City upon request therefor. Owner shall be responsible to pay directly or reimburse the City for all plan check and approval costs of City for its staff time and outside consultants related to the Project upon receipt of a written invoice for the same.

Section 1.5 Duty of Owner to Construct. The Facilities and discrete components "Discrete Components") thereof shall be constructed at the direction of the Owner in accordance with the approved plans and specifications following the solicitation of bids as provided in **Section 1.4** hereof. "Discrete Components" are separate elements of the Facilities that actually serve a wastewater pretreatment function independently of the entirety of the Facilities as determined by the City.

The Owner shall be obligated: (i) to cause the construction of the Facilities and Discrete Components in accordance with the Implementation Schedule, Table 10 of the Gannett Letter and to use its own funds to pay all costs thereof. The Owner shall not be relieved of its obligation to cause the construction of the Facilities and Discrete Components thereof in accordance with the terms of this Agreement (i) because the actual cost exceeds the estimated cost or the amount of the credit under **Section 2.4** below. The obligation of the Owner to construct such Facilities, and pay the costs thereof is not conditioned on the issuance of credits under this Agreement. The issuance of the credit is a separate and independent obligation from the Owner's obligation to construct the Facilities as provided herein. Further, it is understood and agreed that Owner, has an independent legal obligation to construct the Facilities even in the absence of this Agreement, unless Owner makes arrangements not to discharge into the City's system which are in compliance with all applicable laws.

Section 1.6 Competitive Bidding. This Agreement is not intended to be a public works contract. The Facilities shall be constructed on the Property of Owner and shall be the property of Owner subject to the jurisdiction of the City. Notwithstanding the foregoing, the Owner shall competitively bid and award all contracts for construction of the Facilities, Discrete Components and materials, subject to the Credit Request, related thereto by means of a competitive bid process. The Owner shall endeavor to obtain at least three bids for such Facilities or Discrete Component thereof by means of a bidding process. The Owner shall award each bid to the lowest responsible responsive bidder or best value for alternative delivery procurement. For construction subject to the Credit Request process, Owner shall require each contractor to provide for the payment of prevailing wages and maintain records with respect to such payment in accordance with Labor Code Section 1770 et. seq. and related regulations.

From time to time at the request of the City, the Owner shall meet and confer with City staff, consultants and contractors regarding matters arising hereunder with respect to the Facilities, Discrete Components and the progress in constructing and acquiring the same, and as to any other matter related

to the Facilities or this Agreement. At the request of the City, the Owner shall advise the City of scheduled coordination and scheduling meetings to be held with contractors relating to the Facilities, in the ordinary course of performance of an individual contract. The City or the City's designated representative shall have the right to be present at such meetings.

Section 1.7 Independent Contractor. In performing this Agreement, the Owner is an independent contractor and not the agent or employee of the City. The City shall not be responsible for making any payments to any contractor, subcontractor, agent, consultant, employee or supplier of the Owner.

Section 1.8 Contracts and Change Orders. The Owner shall be responsible for entering into all contracts and any supplemental agreements (commonly referred to as "change orders") required for the construction of the Facilities and retaining the same for inspection by City if requested by the City.

Section 1.9 Time for Completion. The Owner agrees that this Agreement is for the benefit of the City and the Owner and, therefore, the Owner represents that it shall complete the Facilities as provided in the Gannett Letter - Table 10 ("Implementation Schedule").

ARTICLE II

INSPECTION AND CREDIT

Section 2.1 Inspection. No credit hereunder shall be made by the City to the Owner for the Facilities or Discrete Component thereof until the Facilities or Discrete Component thereof has been inspected and found to be completed in accordance with the approved plans and specifications by the City or other applicable public entity or utility. The City may make or cause to be made periodic site inspections of the Facilities or Discrete Components hereunder; provided that in no event shall the City incur any liability for any delay in the inspection of any Facilities or Discrete Components. The Owner agrees to pay all inspection, permit and other similar fees of the City applicable to construction of the Facilities.

Section 2.2 Credit Requests. In order to receive a credit for a completed Facilities or Discrete Component, inspection thereof under Section 2.1 shall have been made and the Owner shall deliver to the City: (i) a Credit Request in the form of Exhibit "D" hereto for such Facilities or Discrete Component, together with all attachments and exhibits required and this Section 2.2 to be included therewith, and (ii) if Credit is requested for the completed Facilities, a copy of the recorded notice of completion of such Facilities.

Section 2.3 Processing Credit Requests. Upon receipt of a Credit Request (and all accompanying documentation requested by the City including copies of applicable invoices, receipts, cancelled checks and lien releases), the City shall conduct a review in order to confirm that such request is complete, that such Discrete Component or Facilities identified therein was constructed in accordance with the plans and specifications therefor, and to verify and approve the actual cost of such Discrete Component or Facilities specified in such Credit Request. The City shall also conduct such review as is required in his discretion to confirm the matters certified in the Credit Request. The Owner agrees to cooperate with the City in conducting each such review and to provide the City with such additional information and documentation as is reasonably necessary for the City to conclude each such review. Within thirty (30) days of receipt of any Credit Request, the City expects to review the request for completeness and notify the Owner whether such Credit Request is complete, and, if not,

what additional documentation must be provided. If such Credit Request is complete, the City expects to provide a written approval or denial (specifying the reason for any denial) of the request within thirty (30) calendar days of its submittal. If a Credit Request is denied, the City shall state whether the Credit Request is nevertheless approved and complete for any one or more Discrete Components and such Facilities or Discrete Components shall be processed for credit under **Section 2.4** notwithstanding such partial denial.

Section 2.4 Credit. Owner shall be subject to the sewer rates contained in the Interim Rate Schedule, Table 11 to the Gannett Letter until December 31, 2022 subject to the other terms of this Agreement. The Interim Rate Schedule provides for a reduced rate for Owner's sewer services that is intended to equal the estimated cost of the Facilities. Notwithstanding anything to the contrary in this Agreement, the amount of credits under this Agreement shall not exceed the sum of \$2,300,000.00. The rates provided for in the Interim Rate Schedule shall apply subject to the following conditions: (1) completion of the Facilities by the Owner, (2) Owner acquiring approval from the City on Credit Requests totaling at least the estimated cost of the Facilities as provided in Table 4 and Table 6 of the Gannett Letter ("Minimum Investment"). Should the Owner not meet either obligation within the time frames contained in the Implementation Schedule, the Owner shall be required to pay the full wastewater services costs as would have been otherwise required under the City's ordinances, notwithstanding anything to the contrary in this Agreement, less the amount already paid during the course of this Agreement and approved Credit Requests. Within 30 calendar days following completion by the Owner of these two (2) actions, City shall provide a Credit Completion Letter which documents satisfactory completion of the Facilities and Minimum Investment and transition to discharging within the requirements of a revised Discharge Permit. The Credit Completion Letter is not intended to certify that the Owner is in compliance with the Discharge Regulations which shall apply in full after the issuance of the Credit Completion Letter.

Section 2.5 Restrictions on Credits. Notwithstanding any other provisions of this Agreement, the following restrictions shall apply to any credits provided to the Owner under **Section 2.4** hereof:

(a) **Withholding Credits.** The City shall be entitled, but shall not be required, to withhold any credit hereunder for a Discrete Component or the Facilities if the Owner or any affiliate is delinquent in complying with its obligations under this Agreement, in the payment of ad valorem real property taxes, special assessments, special taxes or sewer service charges related to the Property.

The City shall be entitled to withhold any credit hereunder for the Project or a Discrete Component that is the subject of a Credit Request until it is satisfied that any and all claims for labor and materials have been paid by the Owner for the Project or Discrete Component that is the subject of a Credit Request, or conditional lien releases (as well as unconditional lien releases for amounts paid) have been provided by the Owner for such Discrete Component or the Project. The City, in its discretion, may waive this limitation upon the provision by the Owner of sureties, undertakings, securities and/or bonds of the Owner or appropriate contractors or subcontractors and deemed satisfactory by the City to assure payment of such claims.

(b) **Frequency.** No more than one Credit Request shall be submitted by the Owner in any calendar month.

(c) **Defective or Nonconforming Work.** If any of the work done or materials furnished for the Facilities or Discrete Component are found by the City to be defective or not in

accordance with the applicable plans and specifications: (i) and such finding is made prior to receipt of the Credit for the Facilities or a Discrete Component hereunder, the City may withhold the Credit until such defect or nonconformance is corrected to the satisfaction of the City, or (ii) if such finding is made after issuance of the Credit for such Facilities or Discrete Component, the City may withhold further credits until the defect is cured to the satisfaction of the City.

ARTICLE III

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 3.1 Representations, Covenants and Warranties of the Owner. The Owner represents and warrants for the benefit of the City, as follows:

(a) Organization. Owner is a California corporation and is validly doing business and in good standing in the State of California, is in compliance with all applicable laws of the State, and has the power and authority to own its properties and assets and to carry on its business as now being conducted and as now contemplated.

(b) Authority. The Owner has the power and authority to enter into this Agreement, and has taken all action necessary to cause this Agreement to be executed and delivered, and this Agreement has been duly and validly executed and delivered by and authorized representative of the Owner.

(c) Binding Obligation. This Agreement is a legal, valid and binding obligation of the Owner, enforceable against the Owner in accordance with its terms, subject to bankruptcy and other equitable principles.

(d) Compliance with Laws. The Owner shall not with knowledge commit, suffer or permit any act to be done in, upon or to the lands of the Owner in violation of any law, ordinance, rule, regulation or order of any governmental authority (including Chapter 13.20 of the Beaumont Municipal Code) or any covenant, condition or restriction now or hereafter affecting the Project or the Facilities.

(e) Requests for Credit. The Owner represents and warrants that (i) it will not request Credit from the City for any improvements that are not part of the Facilities, and (ii) it will diligently follow all procedures set forth in this Agreement with respect to the Credit Requests.

(f) Financial Records. Until the final acceptance of the Facilities, the Owner covenants to maintain proper books of record and account for the construction of the Facilities and all costs related thereto. Which accounting books shall be maintained in accordance with generally accepted accounting principles, and shall be available for inspection by the City or its agent at any reasonable time during regular business hours on 72 hour notice.

(g) Prevailing Wages. The Owner shall comply with all applicable laws and regulations relating to prevailing wages. Wage rates for the Facilities shall be in accordance with the "General Wage Determination Made By the City of Industrial Relations Pursuant To California Labor Code, Part 7, Chapter 1, Article 2, Sections 1770, 1773 and 1773.1", for Riverside County.

(h) **Plans and Specifications.** The Owner represents that it has obtained or will obtain approval of the plans and specifications for the Facilities hereunder from all appropriate departments of the City and from any other public entity or public utility from which such approval must be obtained. The Owner further agrees that the Facilities hereunder have been or will be constructed in full compliance with such approved plans and specifications and any supplemental agreements (change orders) thereto, as approved in the same manner.

(i) **Land Owners.** The Owner agrees that in the event that it sells any land owned by it within the Property, the Owner will (i) notify the purchaser in writing prior to the closing of any such sale of the existence of this Agreement and the Owner's rights and obligations hereunder with respect to the construction of and credits for the Facilities.

Section 3.2 Indemnification and Hold Harmless. The Owner shall assume the defense of, indemnify and save harmless the City, members of the City Council, their officers, officials, employees and agents and each of them, from and against all actions, damages, claims, losses or expense of every type and description to which they may be subjected or put, by reason of, or resulting from entering into this Agreement including, but not limited to, legal challenges to extending the credits to Owner for sewer fees, the breach of any provision of this Agreement by the Owner, the Owner's or any other entity's negligent design, engineering and/or construction of any of the Facilities hereunder, the Owner's non-payment under contracts between the Owner and its consultants, engineer's, advisors, contractors, subcontractors and suppliers in the provision of the Facilities or any claims of persons employed by the Owner or its agents to construct the Facilities. Notwithstanding the foregoing, no indemnification is given hereunder for any action, damage, claim, loss or expense solely and directly attributable to the intentional acts or gross negligence of the City, or its officers, directors, employees or agents hereunder. No provision of this Agreement shall in any way limit the Owner's responsibility for payment of damages resulting from the operations of the Owner, its agents, employees or its contractors.

Section 4.3. Legal Compliance. At all times during the term of this Agreement Owner shall comply with all laws and regulations concerning the discharge of wastewater referred to in this agreement. During the term of this Agreement, Owner shall bring the Project into compliance with such laws and regulations as provided herein. Upon the expiration of this Agreement such laws and regulations shall apply in full force and effect.

Section 4.4. Reserved Governmental Authority. Except as otherwise expressly provided in Section 1.2 of this Agreement with regards to the progressive implementation of the Specific Discharge Requirements, nothing in this Agreement shall exempt or immunize Owner from compliance with any applicable city, county, state, or federal ordinance, regulation, statute, or other law, including but expressly not limited to, the Discharge Regulations and any applicable city, county, state or federal agency, court decision or other regulatory body which requires City to enforce against the Owner or the Project to protect the health, safety or welfare of the public. Nothing contained in this Agreement shall preclude City from seeking and obtaining any civil or criminal court order for violation of any such city, county, state, or federal ordinance, regulation, statute, or other law with respect to the Project and/or the construction of the Facilities, if such action is required to protect the health, safety or welfare of the public or is required to comply with applicable county, state or federal law, court order or the order of any city, county, state or federal agency or public agency. For the sake of clarity and not by way of limitation, the Discharge Regulation shall continue to apply to Owner and the Project at all times except to the extent of the phasing in of the Specific Discharge Requirements under Section 1.2.

Section 4.5 Good Faith Compliance. Each party hereby pledges to implement and carry out their obligations under this Agreement in good faith, and to take all steps necessary to effectuate the terms and conditions of this Agreement.

ARTICLE IV

TERMINATION

Section 4.1 Mutual Consent. This Agreement may be terminated by the mutual, written consent of the City and the Owner.

Section 4.2 City Election to Terminate for Cause. The following events shall constitute grounds for the City, at its option and in its sole discretion, to terminate this Agreement, without the consent of the Owner:

(a) The Owner shall voluntarily file for reorganization or other relief under any Federal or State bankruptcy or insolvency law.

(b) The Owner shall have any involuntary bankruptcy or insolvency action filed against it, or shall suffer a trustee in bankruptcy or insolvency or receiver to take possession of the assets of Owner, or shall suffer an attachment or levy of execution to be made against the Property unless, in any of such cases, such circumstance shall have been terminated or released within ninety (90) days thereafter.

(c) The Owner shall abandon construction of the Facilities. Failure for a period of one month to undertake substantial work related to the construction of Facilities that are required to be constructed at that time pursuant to the Gannett Letter, Table 10, other than for a reason specified in Section 5.3 hereof, shall constitute a non-inclusive example of such abandonment.

(d) The Owner shall breach any material covenant or default in the performance of any material obligation hereunder.

(e) The Owner shall transfer any of its rights or obligations under this Agreement without the prior written consent of the City or as otherwise permitted hereunder.

(f) The Owner transfers title to the Property, without first requiring the transferee to assume all of the obligations under this Agreement and providing the executed assignment to the City in form and substance acceptable to the City.

(g) Notwithstanding, the forgoing if Owner is found by City to be in violation of any of the Discharge Regulations City shall have the right to terminate this Agreement, recover any amount of sewer user fees that would have been due had this Agreement not been entered into by City and Owner and/or exercise any other rights or remedies of City under this Agreement, the Discharge Regulations or any other law or regulation.

(h) Upon the issuance of the Credit Completion Letter provided that the issuance of the Credit Completion Letter shall not terminate any unused credits otherwise available under the Interim Rate Schedule.

If any such event occurs, the City shall give written notice of its knowledge thereof to the Owner, and the Owner agrees to meet and confer with the City and appropriate City staff and consultants as to options available to assure timely completion of the Facilities. Such options may include, but not be limited to the termination of this Agreement by the City. If the City elects to terminate this Agreement, the City shall first notify the Owner of the grounds for such termination and allow the Owner a reasonable period (minimum of thirty (30) days) to eliminate or mitigate to the satisfaction of the City the grounds for such termination. Such period may be extended, at the sole discretion of the City, if the Owner, to the satisfaction of the City, is proceeding with diligence to eliminate or mitigate such grounds for termination. If at the end of such period (and any extension thereof, as determined solely by the City), the Owner has not eliminated or completely mitigated such grounds, to the satisfaction of the City, the City may then terminate this Agreement.

Notwithstanding the foregoing, so long as any event listed in any of clauses (a) through and including (f) above has occurred, notice of which has been given by the City to the Owner, and such event has not been cured or otherwise eliminated by the Owner, the City may in its sole discretion cease issuing credits under Section 2.4. Further, in the event that City terminates this Agreement and the Facilities are not fully operable at the time of the termination, City may recover the amount of any credits previously provided to Owner under Section 2.4 and the same shall be due and payable immediately and may be collected in the same manner and at the same time as the sewer service charges of the City.

Section 4.3 Force Majeure. Whenever performance is required of a party hereunder, that party shall use all due diligence and take all necessary measures in good faith to perform, but if completion of performance is delayed by reasons of floods, earthquakes, inclement weather or other acts of God, war, civil commotion, riots, strikes, acts of terrorism, picketing, other labor disputes, damage to work in progress by casualty, government shutdowns, moratoria or other restrictive laws or regulations, or the acts, omissions or breach of agreement by the other party to this Agreement or its agents, contractors or subcontractors, or by other cause beyond the reasonable control of the party (financial inability excepted), then the specified time for performance shall be extended by the amount of the delay actually so caused.

ARTICLE V

MISCELLANEOUS

Section 5.1 Limited Liability of City. The Owner agrees that any and all obligations of the City arising out of or related to this Agreement are special and limited obligations of the City and the City's liability hereunder is limited solely to the issuance of credits under Section 2.4. No member of the City Council, or City staff member, employee or agent shall incur any liability hereunder to the Owner or any other party in their individual capacities by reason of their actions hereunder or execution hereof.

Section 5.2 Review of Records. The City and/or the Finance Manager or other officer of the City shall have the right, during normal business hours and upon the giving of two (2) business days prior written notice to the Owner, to review all books and records of the Owner pertaining to the actual cost incurred by the Owner in to the Facilities, and any bids taken or received for the construction thereof or materials therefor.

Section 5.3 Attorney's Fees. In the event that any action or suit is instituted by either party against the other arising out of this Agreement, the party in whose favor final judgment shall be entered shall be entitled to recover from the other party all costs and expenses of suit, including reasonable attorneys' fees.

Section 5.4 Notices. Any notice, payment or instrument required or permitted by this Agreement to be given or delivered to either party shall be deemed to have been received when personally delivered, or transmitted by telecopy or facsimile transmission (which shall be immediately confirmed by telephone and shall be followed by overnight delivery an original of the same within twenty-four hours after such transmission), addressed as follows:

City: City of Beaumont
550 East 6th Street
Beaumont, CA 92223
Attention: City Manager, City Clerk

With a copy to: John Pinkney
Slovak Baron Empey Murphy & Pinkney, LLP
1800 E. Tahquitz Canyon Way
Palm Springs, CA 92262

Owner:

Each party may change its address or addresses for delivery of notice by delivering written notice of such change of address to the other party.

Section 5.5 Severability. If any part of this Agreement is held to be illegal or unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall be given effect to the fullest extent possible.

Section 5.6 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto. This Agreement shall not be assigned by the Owner, except in whole to an Affiliate holding title to the Property, or to any other entity of which the Owner and/or its members or partners will be managing members or general partners and which holds title to the Property, with the prior written consent of the City, which consent shall not be unreasonably withheld or delayed. In connection with any required consent of the City, the City may condition its consent upon the acceptability of the financial condition of the proposed assignee, the assignee's express assumption of all obligations of the Owner hereunder, and/or upon any other factor which the City deems relevant in the circumstances. In any event, any such assignment shall be in writing, shall clearly identify the scope of the rights and/or obligations assigned, and shall not be effective until approved by the City. Without the City's consent, no assignment shall release the Owner from its obligations and liabilities under this Agreement. This Section shall survive the termination of this Agreement.

Section 5.7 Other Agreements. Nothing herein shall be construed as affecting the City's or the Owner's rights, or duties to perform their respective obligations, under other agreements, if any, use regulations relating to the Project or the Property. This Agreement shall not confer any additional rights, or waive any rights given, by either party hereto under any other agreement to which they are a party.

Section 5.8 Waiver. Failure by a party to insist upon the strict performance of any of the provisions of this Agreement by the other party, or the failure by a party to exercise its rights upon the default of the other party, shall not constitute a waiver of such party's right to insist and demand strict compliance by the other party with the terms of this Agreement thereafter. Nothing in this Agreement shall be construed as a waiver by the City of the provisions of Chapter 13.20 of the Beaumont Municipal Code and such provisions shall remaining full force and effect as to Owner at all times.

Section 5.9 Merger. No other agreement, statement or promise made by any party or any employee, officer or agent of any party with respect to any matters covered hereby that is not in writing and signed by all the parties to this Agreement shall be binding.

Section 5.10 Parties in Interest. Nothing in this Agreement, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or entity other than the City and the Owner any rights, remedies or claims under or by reason of this Agreement or any covenants, conditions or stipulations hereof; and all covenants, conditions, promises, and agreements in this Agreement contained by or on behalf of the City or the Owner shall be for the sole and exclusive benefit of the City and the Owner.

Section 5.11 Amendment. This Agreement may be amended, from time to time, only by written amendment hereto, executed by the City and the Owner.

Section 5.12 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

Section 5.13 Recitals. The recitals to this Agreement are accurate and correct and are incorporated herein by reference and made a part hereof.

Section 5.14 Interpretation. The Terms in this Agreement that are not specifically defined shall have the meanings ascribed to them in the Discharge Regulations. To the extent of a conflict between this Agreement and the Gannett Letter, this Agreement shall control.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first-above written.

CITY OF BEAUMONT

By: _____

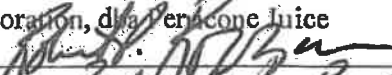
ATTESTED TO: _____

City Clerk

APPROVED AS TO FORM AND CONTENT: _____

City Attorney

BEAUMONT JUICE, INC., a California
corporation, d/b/a Peracone Juice

By: 

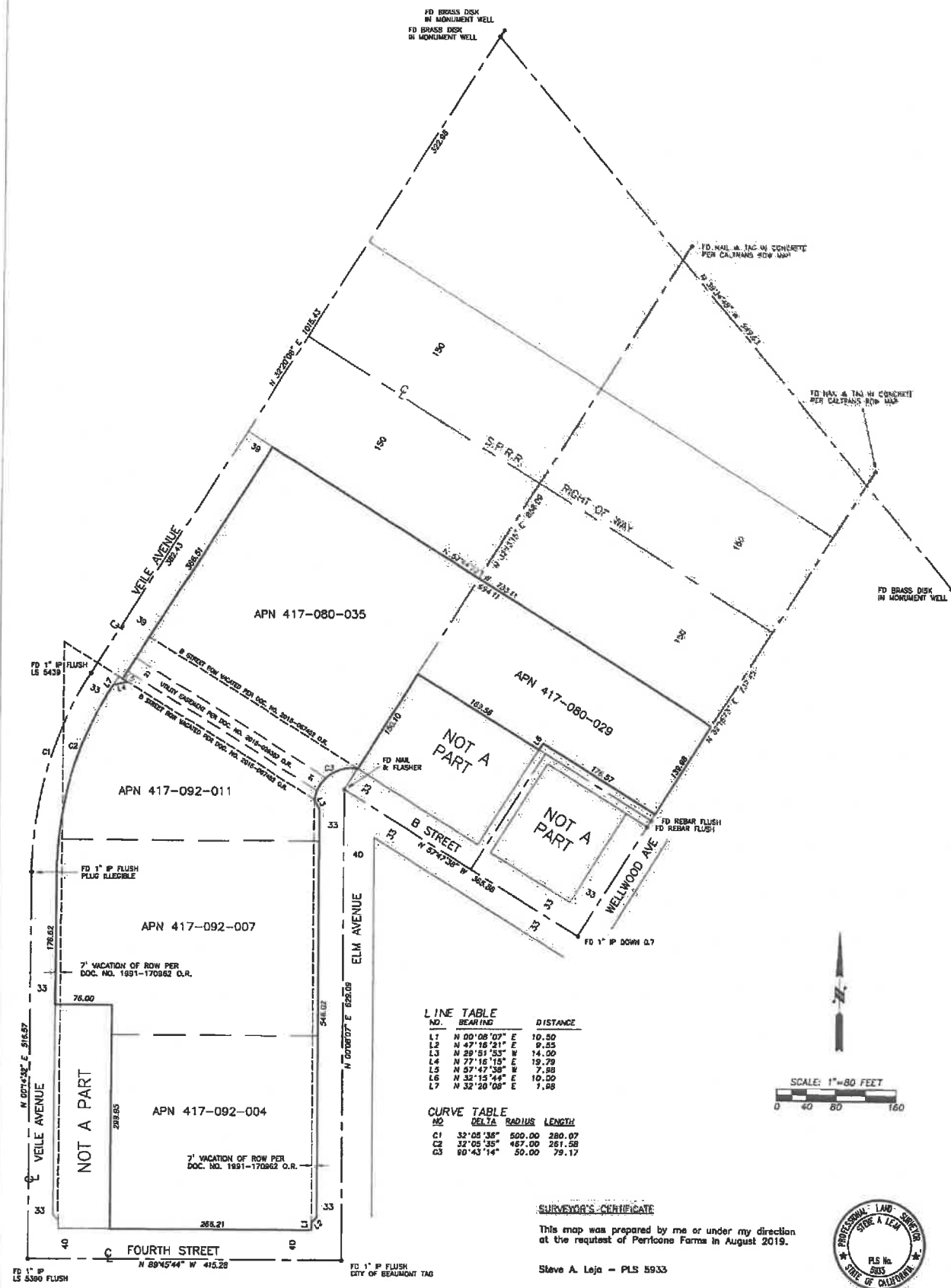
Name: ROBERT P ROVZON

Title: CEO

EXHIBIT "A"
LEGAL DESCRIPTION

BOUNDARY MAP

PERRICONE FARMS

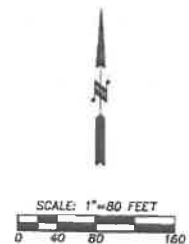


LINE TABLE

NO.	BEARING	DISTANCE
L1	N 00° 08' 00" E	10.50
L2	N 47° 18' 21" E	9.55
L3	N 29° 51' 53" W	14.00
L4	N 77° 16' 19" E	19.79
L5	N 97° 47' 38" W	7.88
L6	N 32° 15' 44" E	10.00
L7	N 32° 20' 08" E	7.88

CURVE TABLE

NO.	DELTA	RADIUS	LENGTH
C1	32° 05' 36"	500.00	280.07
C2	32° 05' 35"	457.00	261.58
C3	80° 43' 14"	50.00	79.17



SURVEYOR'S CERTIFICATE

This map was prepared by me or under my direction at the request of Perricone Farms in August 2019.

Steve A. Leja - PLS 5933



EXHIBIT "B"
GANNETT LETTER



March 25, 2019

Kristine Day
Assistant City Manager
City of Beaumont
550 E. 6th Street
Beaumont, CA 92223

**Subject: Perricone Interim Agreement - Version 2
Project 064644**

Dear Ms. Day:

The City of Beaumont (City) passed updated sewer rates which went into effect on July 1, 2018. As discussed at our meeting on October 18, 2018, the updated rates would result in significant increases in business operation to Perricone Juice (Perricone). As discussed at this meeting, Perricone is willing to make the investments necessary to deliver a higher quality effluent to the City and ultimately lower rates. However, the design process and implementation will take several years. As requested, this letter presents our approach to delivering an interim and permanent treatment system and the requested interim rate for this period.

The approach outlined in this letter serves multiple benefits for the City. These are summarized as follows:

1. **Lower Operating Costs at WWTP.** Installing treatment at Perricone and subsequently increasing effluent water quality will lower operating costs for the City.
2. **Support Local Business.** A “ramp up” period for Perricone allows for a more reasonable increase in business expenses over time allowing for stable and continued operations at the facility.
3. **Exceed Planned Revenue.** The requested Interim Rates results in more revenue to the City from Perricone than anticipated in the City’s Rate Study.
4. **Less Risk During Construction.** By providing an expedited treatment system Perricone will deliver higher quality water while the City is undergoing improvements at the WWTP. The City will have less risk at the WWTP during construction when systems are shut down for improvement.
5. **Support Brine Line Connection.** The City is currently pursuing a connection to the Inland Empire Brine Line which is a key component of the City’s Salt Mitigation Upgrade Project. Improving Perricone effluent water quality will assist the City in meeting the strict requirements of Orange County Sanitation District.

SECTION 1 - RESULTS OF SAMPLING

On October 25, 2018, Perricone staff initiated a sampling plan based on parameters provided by Gannett Fleming on the same day. The sampling plan included requests for composite sampling for process areas and corresponding flow measurements. The following section describes the results of these efforts.

Sampling Results

Five (5) 24-hour composite samples were taken for three main process areas (Fruit Wash/Extraction, Interior Holding Tank, and Bottling) and the combined effluent. Sampling was completed by BABCOCK Laboratories on 10/26, 10/30, 10/31, 11/1 and 11/2. The results of the sampling efforts are summarized in Table 1.

**TABLE 1
SUMMARY OF SAMPLING RESULTS**

Location	Date	Conductivity (umhos/cm)	TDS (mg/L)	TSS (mg/L)	BOD (mg/L)	pH	SBOD (mg/L)	COD (mg/L)	Chlorides (mg/L)
Fruit Washing/Extraction	11/2/2018	730	2,500	470	2,100	5.0	1,300	8,400	17
Fruit Washing/Extraction	11/1/2018	480	1,600	690	1,800	6.7	1,100	5,100	17
Fruit Washing/Extraction	10/31/2018	460	1,200	410	900	4.8	1,000	2,700	16
Fruit Washing/Extraction	10/30/2018	470	1,500	1,200	1,200	4.9	920	4,800	17
Fruit Washing/Extraction	10/26/2018	550	1,600	760	2,400	6.3	1,400	5,600	28
	Average	538	1,680	706	1,680	5.5	1,144	5,320	19
Interior Holding Tank Area	11/2/2018	1,000	8,100	590	6,700	3.1	5,200	15,000	30
Interior Holding Tank Area	11/1/2018	1,000	8,200	570	6,600	3.8	5,800	16,000	35
Interior Holding Tank Area	10/31/2018	990	9,100	350	6,800	2.8	7,800 ^(a)	19,000	24
Interior Holding Tank Area	10/30/2018	1,200	8,200	1,300	6,000	2.6	5,200	18,000	40
Interior Holding Tank Area	10/26/2018	920	6,900	430	5,600	3.5	5,100	16,000	31
	Average	1,022	8,100	648	6,340	3.2	5,820	16,800	32
Bottling	11/2/2018	920	3,200	280	2,000	3.4	1,700	5,200	32
Bottling	11/1/2018	480	3,300	100	2,100	3.2	2,000	5,900	30
Bottling	10/31/2018	1,100	3,700	570	3,700	3.6	2,300	7,400	42
Bottling	10/30/2018	1,200	7,200	320	5,000	2.9	5,000	13,000	40
Bottling	10/26/2018	830	3,100	400	2,800	3.5	1,900	7,700	44
	Average	906	4,100	334	3,120	3.3	2,580	7,840	38
WWTS Discharge	11/2/2018	See note b							
WWTS Discharge	11/1/2018	1,600	5,100	310	3,700	7.0	3,400	9,400	25
WWTS Discharge	10/31/2018	1,700	4,900	230	3,500	6.6	3,100	9,200	22
WWTS Discharge	10/30/2018	1,900	4,200	290	2,400	6.6	2,600	6,600	27
WWTS Discharge	10/26/2018	1,700	5,000	300	4,200	7.5	3,700	14,000	28
	Average	1,725	4,800	283	3,450	6.9	3,200	9,800	26
City of Beaumont Local Limits (Permit No. SIU-1116-1.2)			530- 4,600	300- 1,500	320- 3,500	5.5- 11.5			

(a) This value was noted by BABCOCK Laboratories to be due to margin of error multiplied by the dilution factor.

(b) No composite sampling for combined effluent was taken by Perricone on this day. The City had notified Perricone that sampling would be conducted by City staff. Perricone stopped sampling on effluent to avoid conflicts or duplicative testing. The City's effluent sampling was conducted on 11/6/2018 and resulted in a TDS and BOD measurement of 2,400 and 1,800 mg/L, respectively (BABCOCK Laboratories, Work Order Number B8K0662).

Flow Data

For the months August 2018 through November 2018, Perricone has submitted to the City historical flow data for the facility. A summary of this data is provided in Table 2.

**TABLE 2
FLOW DATA SUMMARY**

Month	Total Flow	Number of Days	Gallons per Day
August	3,793,544	31	122,372
September	3,674,726	30	122,491
October	3,819,427	31	123,207
November	3,941,407	30	131,380
		Average	124,863

SECTION 2 – TREATMENT DESIGN CONCEPT

Due to the need to expedite reduction of BOD and TDS, as noted in the City’s NOV (10-31-18), the treatment design will include both an interim and permanent solution.

Interim Solution for Expedited Compliance

After detailed reviews of the recent and historical sampling results, flow measurements, and suitable technologies to reduce BOD and TDS considering other relevant constituents (e.g. TSS, O&G, pH), and recognizing that in the short time available without the benefit of bench or field treatability testing, an adaptive and flexible approach to the interim treatment design is required for designing and installing the permanent wastewater pretreatment system (WWTS). This is critical in that the Interim Solution and accompanying data collection and treatability testing will be used as a basis for a permanent solution.

In all cases an Equalization (EQ) Tank System with integration of pH control to attenuate flow and loads to the interim treatment system is required. For the interim period, several goals are to be achieved prior to implementation of design and installation of the permanent solution; these goals include the following:

- **pH Discharge Compliance.** Installation of the first part of the Interim Solution must address the pH-related NOVs and proposed pH increase to 6 as required for the City’s planned brine discharge connection. This immediate phase must include an expanded equalization system including minimum 30,000 gallon tankage having adequate mixing, chemical feed for pH control, pH monitoring, and operate in conjunction with the existing pH control/monitoring system.
- **BOD Reduction.** Installation of a temporary simplified biological treatment system that will reduce BOD by at least 2,200 lbs. BOD/day, the majority of which will be soluble BOD (SBOD). This removal is based upon a design basis influent BOD target of 4,800 mg/L (attenuated through equalization) and an effluent target of <3,500 mg/L assuming a flow of 125,000 GPD (average). The influent BOD target value of 4,800 mg/L is based on a 15 percent increase over the maximum measured (4,200 mg/L) in Table 1 for combined effluent.
- **TDS Reduction.** Based upon the soluble portion of the BOD to be approximately 70 to 80 percent of the total BOD, and a coincident reduction of TDS through SBOD reduction is expected. As such, with an anticipated reduction of at least 2,200 lbs. BOD/day, the resulting TDS reduction is anticipated to be approximately 1,500 lbs. TDS/day. This removal is based upon a design basis influent TDS target of 5,100 mg/L (attenuated through equalization) which is based on the maximum measured TDS for combined effluent in Table 1. A contingency was not added (similar to BOD) since TDS is an ancillary treatment for the Interim System and not the focus of the treatment.

Proposed Interim Solution elements to achieve the required reductions as well as testing programs that allow Perricone to strategically position for an optimal permanent solution are summarized below:

1. **Sizing of Interim Solution.** To moderate costs of the temporary system, approximately one half of the flow will be treated at an estimated overall 80 percent BOD reduction. The temporary WWTS will be designed and operated to reduce the BOD concentration from 4,800 mg/L to approximately 720 mg/L at 65,000 GPD. This will result in an estimated reduction of 2,200 lbs. BOD/day. This will include an anticipated TSS reduction of 90 percent through proposed solids separation.
2. **Equalization Storage.** Equalization consisting of two (2) temporary 15,000 to 20,000-gallon Equalization (EQ) Tanks operated in series (with an option for parallel operation), aerated/mixed with varying liquid level in the second tank to attenuate hydraulic variations. EQ Tank contents will be pumped to the temporary activated sludge (AS) system.
3. **pH Control.** Provisions for pH monitoring and control will be provided in the first EQ Tank to augment the existing pH control system.
4. **Activated Sludge System.** The temporary aeration tanks of the AS system will require approximately 80,000 gallons of volume (e.g. four 20,000 gallon aerated/mixed tanks) to provide a hydraulic retention time of approximately 30 hours, with a BOD loading rate of approximately 225 lbs. BOD/1,000 ft³/day using a relatively high mixed liquor suspended solids (MLSS) and a MLVSS of 10,000 mg/L (F/M = 0.33). This high MLSS allows for the smaller size aeration tanks, but requires a positive solids capture technology, such as a dissolved-air flotation (DAF) unit. As previously noted, TDS is estimated to be removed at 70 percent of BOD removed, such that for every 100 lbs./day BOD removal results in 70 lbs./day TDS removal.
5. **Nutrient Addition.** A nutrient addition system (e.g. urea for nitrogen and/or phosphate) may be required based upon initial testing during start-up. Drums or totes equipped with chemical feed pumps will be used to inject needed chemicals upstream of the AS system.
6. **DAF System.** The aeration tank will be followed by a single DAF clarifier sized based upon a solids loading rate to handle the high MLSS from the aeration tanks. It is anticipated that a 3% solids RAS @15,000 GPD will be achieved, so the total flow through the DAF will be approximately 80,000 GPD (56 GPM), handling a MLSS of 12,000 mg/L. With a DAF unit having 100 ft² of effective surface area, the solids loading rate (SLR) will be 3.6 lbs. /ft²/hr. and the hydraulic loading rate (HLR) will be 0.56 GPM/ft².
7. **Sludge Handling.** Two (2) 7,500-gallon sludge tanks with provisions for decanting clear liquid will be installed for storage of the DAF float, which will be periodically hauled by a state licensed hauler having appropriate permits for managing/disposing of the waste sludge. It is expected that the sludge can be decanted to 5 to 6 percent solids and, assuming a waste sludge yield of 0.5 lbs. TSS/lb. BOD, yield approximately 5,000 GPD of sludge disposal.
8. **Pilot Systems.** In parallel with the primary temporary AS WWTS, two skid mounted pilot systems will be run during a portion of the Interim Period to confirm optimal selection of the permanent WWTS. These pilot units are anticipated to include the following:
 - **Fixed Film Biological Treatment.** An approximately 1,600 GPD fixed film biological treatment system consisting of two small media towers running in parallel atop a 500-gallon recirculation tanks. This pilot system, estimated to remove 42 lbs. BOD/day, will run in parallel with the primary system to determine potential operational requirements. This design provides for significantly lower operating costs (e.g. lower sludge production and power requirements) compared to the traditional AS system. We will also explore options for treating only the Interior Tank flows, which has a higher BOD and TDS concentrations, lower TSS and higher soluble fraction of BOD.
 - **Membrane Treatment.** An approximately 10 to 12 GPM Electrodialysis Reversal (EDR) membrane process that will treat the DAF effluent from the primary Interim Solution WWTS to determine feasibility and

metrics associated with further reduction of BOD and TDS, with one possible byproduct being a water reuse option. Selection of one or more process input streams (e.g. Interior Holding Tank Area) may be tested separately to determine the feasibility of limiting the ultimate treatment to a higher strength, lower flow scenario to optimize treatment and reduce costs. In these scenarios, a separate screening system would need to be employed to remove large solids and other TSS as currently done on the existing system.

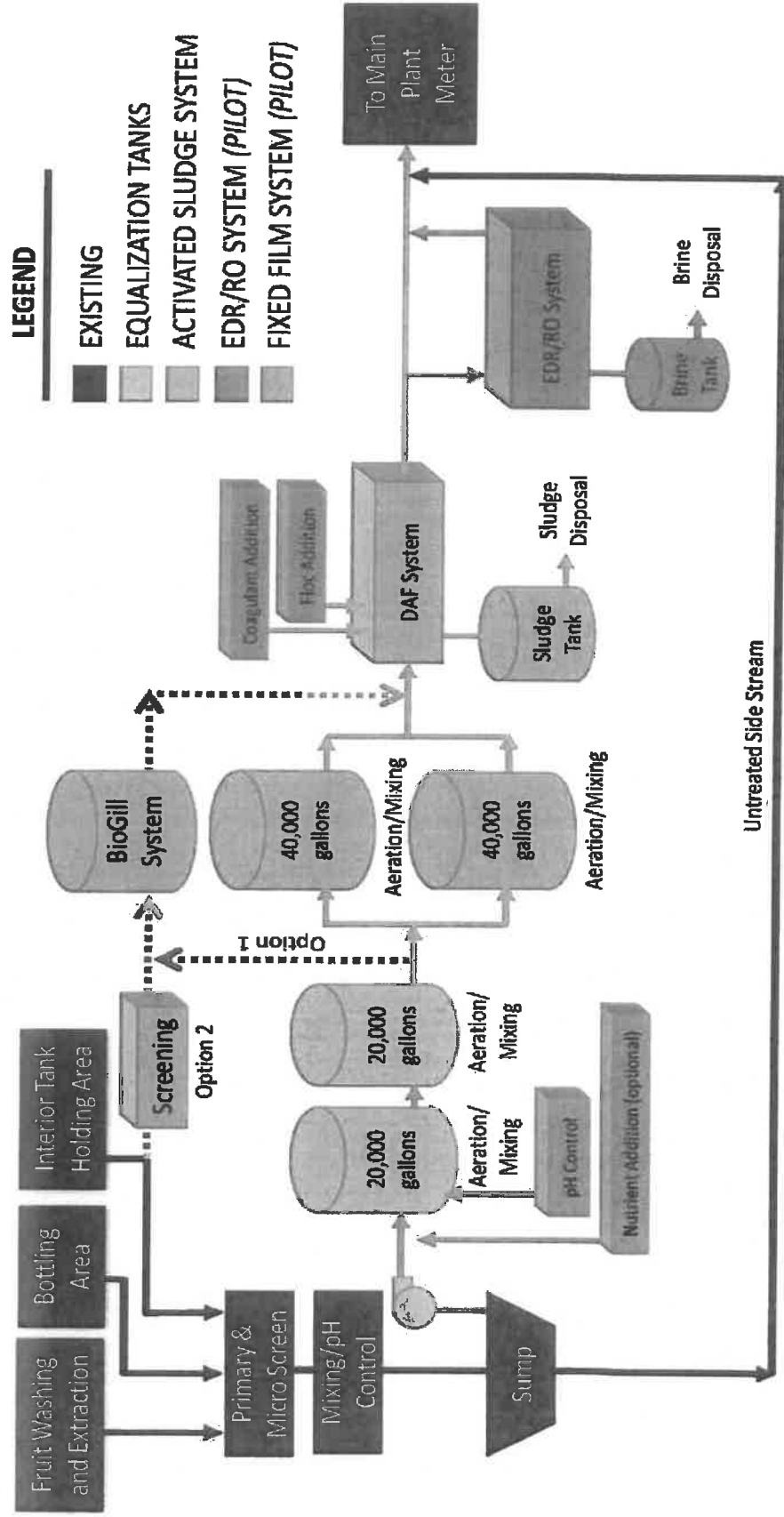
A conceptual level estimate of interim treatment costs was prepared based on the proposed system and is provided as Table 4.

**TABLE 4
CONCEPTUAL LEVEL ESTIMATE OF INTERIM TREATMENT COSTS**

Process Component	Description	Capital Cost	Monthly Rental	Monthly Consumables	Total (14 months)
Equalization Storage	<ul style="list-style-type: none"> Two (2) 20,000 gallon tanks @ \$1,700/mo. + \$1,000 delivery/pickup 500 scfm PD blower (\$20k) Add aeration grid and mixing to tanks (\$5k) 	\$32,000	\$3,400	\$1,000	\$93,600
pH Control	Monitoring and Control at 1st EQ Tank	\$12,000		\$3,000	\$54,000
Activated Sludge System	<ul style="list-style-type: none"> Four (4) 20,000 gallon tanks @ \$1,700/mo. + \$1,000 delivery/pickup Two (2) 500 scfm PD blower (\$20k/each) Add aeration grid and mixing to tanks (\$10k) 	\$59,000	\$6,800	\$2,500	\$189,200
Nutrient Addition System	May be required, includes chemical feed pumps and drums	\$8,000		\$3,000	\$50,000
DAF	Single DAF Clarifier sized for 3% solids RAS at 15,000 gpd (RT-100 Rental)	\$5,000	\$12,500		\$180,000
Sludge Handling	Two (2) 7,500-gallon tanks (\$25k/each)	\$50,000	\$2,500		\$85,000
BioGil Pilot	3-month rental	\$40,000			\$40,000
EDR Pilot	3-month rental of UF and EDR	\$100,000			\$100,000
	Engineering	\$100,000			\$100,000
Total Consumables (14 months)					\$133,000
Total Capital (includes rental costs)					\$758,800
Total Project Costs					\$891,800

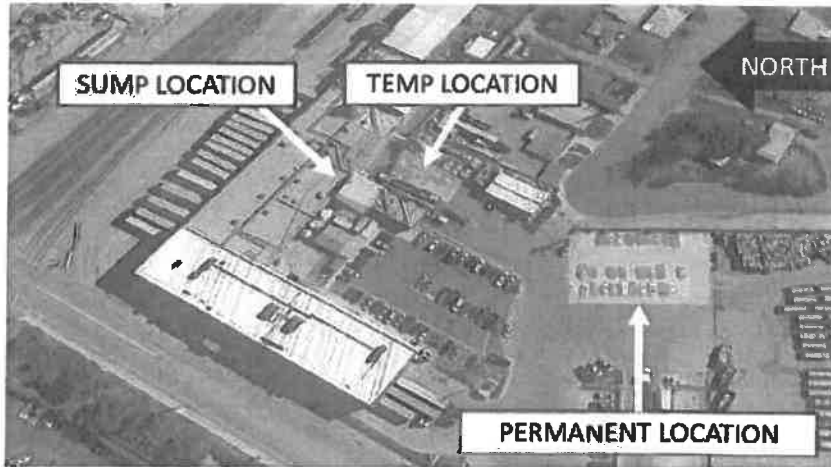
A process flow schematic of the parallel treatment systems is provided as Figure 1.

FIGURE 1
INTERIM SOLUTION PROCESS FLOW DIAGRAM



Based on direction from Perricone staff, the proposed location is noted as shown in Figure 2.

**FIGURE 2
INTERIM TREATMENT SYSTEM LOCATION**



The following Table 5 is provided to demonstrate compliance with Local Limits based on the proposed interim treatment strategy.

**TABLE 5
ANTICIPATED INTERIM SOLUTION EFFLUENT WATER QUALITY**

Description	Flow (gpd)	BOD (mg/L)	BOD (lbs)	TSS (mg/L)	TSS (lbs)	TDS ^(a) (mg/L)	TDS (lbs)
Maximum Flow at 160,000 gpd							
Combined Post-Screen	160,000	4,800	5,254	283	353	5,100	6,380
Main Treatment Stream Influent	65,000	4,800	2,602	283	153	5,100	2,765
Main Treatment Stream Effluent	65,000	720	390	28	15	2,295	1,244
<i>Reduction</i>		4,080	2,212	254	138	2,805	1,521
Non-Treatment Stream	95,000	4,800	3,803	283	224	5,100	4,041
Combined Post Treatment	160,000	3,143	4,193	179	239	3,960	5,285
Average Flow at 125,000 gpd							
Combined Post-Screen	125,000	4,800	5,004	283	295	5,100	5,317
Main Treatment Stream Influent	65,000	4,800	2,602	283	153	5,100	2,765
Main Treatment Stream Effluent	65,000	720	390	28	15	2,295	1,244
<i>Reduction</i>		4,080	2,212	254	138	2,805	1,521
Non-Treatment Stream	60,000	4,800	2,402	283	141	5,100	2,552
Combined Post Treatment	125,000	2,678	2,792	150	157	3,641	3,796

(a) TDS is estimated to be removed at 70 percent of BOD removed, such that for every 100 lbs./day BOD removed results in 70 lbs./day TDS removed. This relationship will be confirmed during operation.

Permanent Solution

The permanent WWTS will achieve moderate BOD and TSS removal utilizing physical-chemical and/or combination biological treatment technologies, dependent upon the outcome of the pilot testing and results of temporary AS system performance. For illustration purposes, below is a summary of a conceptual permanent solution:

- Limit treatment to the high strength flows from the Interior Tank and Fruit Wash/Extraction areas. These high strength flows are estimated to be approximately 75,000 gpd.
- Reduce facility effluent by 20 percent. This will be achieved through a combination of water conservation and recycling water for plant processes such as bottling and fruit wash.
- Source control capture of ultra-high strength CIP pulp rinse cycle from all affected site holding tanks. Captured waste to be tested and hauled for disposal, possibly to digesters to promote biogas production.
- Design Criteria:
 - BOD concentration of 7,000 mg/L (~90% soluble), resulting in approximately 4,000 to 5,000 lbs. BOD/day. This value is based on a 10 percent increase over average BOD for Interior Tank Holding area per Table 1. This concentration will be achieved by removing low strength flows the Interior Tank Holding area and adding high strength flows from the Fruit Wash/Extraction area.
 - TDS concentration of 8,900 mg/L, resulting in 5,000 to 6,000 lbs. TDS/day. This value is based on average TDS for Interior Tank Holding area per Table 1, plus a 10 percent increase over average TDS.
 - TSS concentration of 500 to 1,000 mg/L. This value is based on average TSS for Interior Tank Holding area per Table 1.

A conceptual level estimate of cost for the permanent solution is provided in **Table 6**.

**TABLE 6
CONCEPTUAL LEVEL ESTIMATE OF PERMANENT COSTS**

Process Component	Description	Capital Cost
Screening	80 gpm pre-screening	\$50,000
Equalization Storage	30,000 to 40,000 gallons	\$300,000
Biological Treatment	TBD from Interim	\$1,200,000
DAF	Purchase of lease-to-own from Interim Solution	\$180,000
Sludge Storage Expansion	Expand from two to three tanks	\$25,000
	Subtotal	\$1,755,000
	Design (15%)	\$176,000
	Construction Phase Services (5%)	\$88,000
	Total Project Cost	\$2,019,000

The permanent system can reuse several components from the Interim Solution, including the following:

1. Sludge Storage Tanks
2. DAF (reduced cost due to lease to purchase option)
3. Blowers
4. Chemical Feed Systems

Anticipated Future Water Quality

The goal of the permanent treatment system will be to separate high concentration flows and focus treatment. As demonstrated in Section 1, this area is understood to be the Interior Holding Tank area. With the permanent treatment system focused on this stream, Table 8 was prepared to estimate the anticipated effluent water quality following installation of the permanent solution.

**TABLE 8
ANTICIPATED WATER QUALITY FOR PERMANENT SOLUTION**

Description	Flow (gpd)	BOD (mg/L)	BOD (lbs)	TSS (mg/L)	TSS (lbs)	TDS (mg/L)	TDS (lbs)
Average Flow at 100,000 gpd							
High Concentration Flows ^(a)	75,000	7,000	4,379	283	177	8,900	5,567
Low Concentration Flows ^(b)	25,000	350	73	283	59	500	104
Treatment Influent (High ONLY)	75,000	7,000	4,379	283	177	8,900	5,567
Treatment Effluent (High ONLY)	75,000	700	438	28	18	4,005	2,505
Reduction		6,300	3,941	254	159	4,895	3,062
Non-Treatment Stream	25,000	350	73	283	59	500	104
Combined Post Treatment	100,000	613	511	92	77	3,129	2,609
Percent Reduction		87%		67%		39%	

Notes:

- a) This value is based on a 10 percent increase over average BOD for Interior Tank Holding area per Table 1. This concentration will be achieved by removing low strength flows from the Interior Tank Holding area and adding high strength flows from the Fruit Wash/Extraction area.
- b) Reflects the Bottling area and low strength areas of Interior Holding Tanks and Extraction/Fruit Wash areas. Concentration is calculated based on balance remaining once high strength is removed.

SECTION 3 – RATE ANALYSIS

The City of Beaumont Sewer Rate Study (June 2018) includes the following information:

1. Cost of Service Allocation for Perricone (reference Figure 6, page 7 of City Rate Study) which separates cost of service into the Flow, BOD and TSS components.
2. Proposed Sewer Rates for FY 2018/19 to FY 2022/23 (reference Figure 9, page 10 of City Rate Study).

Using the information above and the anticipated water quality following installation of permanent treatment at Perricone provided in Table 8, a rate analysis was conducted. The resulting rates and total costs are summarized in Table 9.

**TABLE 9
RATE ANALYSIS**

Description	Units	INTERIM PERIOD				22/23
		18/19	19/20	20/21	21/22	
PERRICONE WATER QUALITY AND FLOW^(a)						
Average Perricone Flow	gpd	125,000	125,000	125,000	125,000	100,000
BOD	mg/L	3,450	2,678	2,678	2,678	613
TSS	mg/L	283	150	150	150	92
TDS	mg/L	4,800	3,641	3,641	3,641	3,129
ANNUAL COST BREAKDOWN FOR PERRICONE^(b)						
Rate Increase		N/A	6%	5%	5%	5%
Flow Cost	\$/yr	\$161,026	\$170,776	\$179,345	\$188,209	\$158,008
BOD Cost	\$/yr	\$597,891	\$492,204	\$516,899	\$124,167	\$104,243
TSS Cost	\$/yr	\$70,663	\$39,722	\$41,715	\$26,849	\$22,541
TDS Cost ^(c)	\$/yr	\$86,757	\$86,757	\$86,757	\$86,757	\$86,757
Total Estimated Cost	\$/yr	\$916,337	\$789,459	\$824,715	\$425,982	\$371,550
REQUESTED INTERIM RATE						
Rate ^(d)	\$/hcf	\$2.64	\$2.80	\$2.94	\$3.09	\$7.61
Revenue Generated	\$/yr	\$161,026	\$170,776	\$179,345	\$188,209	\$371,550
Difference from Potential	\$/yr	\$755,311	\$618,682	\$645,371	\$237,773	\$0.00

Notes:

- a) Water Quality for Year 18/19 per averages in Table 1, Year 19/20 and 20/21 based on Table 5, and Year 21/22 and 22/23 based on Table 8.
- b) Rate Increase calculated per Figure 9 of the Rate Study. Costs for Flow, TSS, and BOD based on Perricone percent of Total WWTP Loading (i.e. 3.4 MGD for Flow, 3,765,410 lbs. BOD, and 2,613,430 lbs. TSS) applied to corresponding expense (See Figure 6 of Rate Study).
- c) TDS cost is calculated based on \$0.12/lb. TDS over baseline of 500 mg/L. Due to the unique organic component of Perricone TDS, a factor of 50 percent is assigned to the TDS loading as this is the estimated component of organic TDS. This cost is kept constant regardless of treatment, as we are assuming to be only removing organic components of TDS. The inorganic components presumably remain and should be subject to the surcharge.
- d) Rate is calculated based on Flow Cost only for Interim Period. The rate for post-Interim Period is calculated based on all costs.

The requested interim rate is based on the flow component only. This results in a rate increase to Perricone of approximately 40 percent over the previous year (\$114,341 in 2017). Conversely, the total reduction from potential City revenue to City revenue based on the requested interim rate is calculated at approximately \$2.26M for the four-year period. The costs that will be incurred by Perricone during this period are estimated as follows:

- Interim (capital only) - \$758,000
- Permanent - \$2,019,000
- Total - \$2.78M (not including labor, power and chemical increases)

As noted above, the additional expenses by Perricone during the Interim Period will exceed the reduction in revenue from the City. In addition, the revenue received during the Interim Period will exceed the revenue originally anticipated to be collected by the City from Perricone. As noted in Table 21 of the Rate Study, a total of \$133,747 was expected to be collected from Perricone for FY 18/19. The requested interim rate will result in a **20 percent increase over the anticipated amount.**

SECTION 4 – IMPLEMENTATION SCHEDULE

Based on the recommended interim and permanent solutions provided in the previous sections, an implementation schedule has been prepared and is provided as **Table 10.**

**TABLE 10
IMPLEMENTATION SCHEDULE**

ACTION	MILESTONE
City Council Approval of Interim Rate	April 2019
Design and Procurement of Interim Treatment	January 2019 to August 2019
Equalization Tanks Online (pH control)	February 2020
Full Interim Treatment System Online	February 2020
Testing and Data Collection (3 mo.)	March 2020 to May 2020
Design of Permanent Solution (6 mo.)	May 2020 to October 2020
Construction of Permanent System (7 mo.)	November 2020 to May 2021
Startup and Optimization (6 mo.)	June 2021 to November 2021
End of Interim Rate Agreement	December 31, 2022

SECTION 5 – SUGGESTED TERMS FOR INTERIM AGREEMENT

1. **Duration** – July 1, 2018 to December 31, 2022
2. **Interim Rate**

**TABLE 11
INTERIM RATE SCHEDULE**

DESCRIPTION	INTERIM PERIOD				22/23 Standard Rates ^(a)
	18/19	19/20	20/21	21/22	
Rate per HCF	\$2.64	\$2.80	\$2.94	\$3.09	

(a) Rate will be calculated based on approved City rates and Perricone Water Quality.

*June 2022
rate
ends*

3. **TDS Surcharge** - Charges will be applied following the Interim Agreement. Once in effect, TDS Surcharges are anticipated to be calculated based on inorganic only component of TDS, since this is the portion that will be removed by the City's planned WWTP Upgrades.
4. **Effluent Quality for Interim Period**

**TABLE 12
TARGET CONCENTRATIONS DURING INTERIM PERIOD**

Description	Flow (gpd)	BOD (mg/L)	TSS (mg/L)	TDS (mg/L)
Maximum	160,000	3,500	200	4,400
Average	125,000	2,900	170	4,000

(a) Values provided are based on estimates (10 percent contingency over values in Table 5) and will need to be confirmed during startup of the Interim System.

5. **Investment** – Perricone will spend at minimum the difference between calculated revenue between the existing rate and anticipated future rate, which totals to **\$2.26M**.
 - a. Perricone to provide evidence of expenditures.
 - b. Capital costs due to the City each quarter.
 - c. Capital costs includes associated soft costs (design, administration, permitting, etc.).
 - d. Costs reflect the entire duration of the agreement (ending December 31, 2022).

If you have any questions, please feel free to contact us by phone at (805) 298-3380 or by email at rgallagher@gfnet.com.

Sincerely,
Gannett Fleming



Ryan Gallagher, PE, LEED AP
Vice President



David M. Drew, PE
Principal Engineer

EXHIBIT "C"

SPECIFIC DISCHARGE REQUIREMENTS