



**CITY OF NORCO
CITY COUNCIL REGULAR MEETING AGENDA**

**Wednesday, August 19, 2015
City Council Chambers, 2820 Clark Avenue, Norco, CA 92860**

CALL TO ORDER: 6:00 p.m.

ROLL CALL: Herb Higgins, Mayor
Kevin Bash, Mayor Pro Tem
Kathy Azevedo, Council Member
Berwin Hanna, Council Member
Greg Newton, Council Member

The City Council will recess to Closed Session (Section 54954) to consider the following matter:

CLOSED SESSION:

§54956.9(c) – Conference with Legal Counsel – Anticipated Litigation
Four Potential Cases

RECONVENE PUBLIC SESSION: 7:00 p.m.

REPORT OF ACTION(S) TAKEN IN CLOSED SESSION - §54957.1: (City Attorney)

PLEDGE OF ALLEGIANCE: Mayor Pro Tem Kevin Bash

INVOCATION: Pastor Rene Parish, Beacon Hill Assembly of God

INTRODUCTION: Gina Schuchard, Finance Officer

RECOGNITIONS: Norco Girls Softball CIF Champions

PROCLAMATION: Staff Sergeant David M. Spratley, III, USAF (Ret.) Norco High School Jr. ROTC

PRESENTATION: Lt. Briddick, Sheriff's Department – K-9 Unit

CITY COUNCIL BUSINESS ITEMS AS FOLLOWS:

1. CITY COUNCIL COMMUNICATIONS / REPORTS ON REGIONAL BOARDS AND COMMISSIONS:
2. CITY COUNCIL CONSENT ITEMS: *All items listed under the Consent Calendar are considered to be routine and may be enacted by one motion. Prior to the motion to consider any action by the Council, any public comments on any of the Consent Items will be heard. There will be no separate action unless members of the Council or the audience request specific items be removed from the Consent Calendar. Items removed from the Consent Calendar will be separately considered under Item No.3 of the Agenda.*
 - A. City Council Regular Meeting Minutes of August 5, 2015. **Recommended Action: Approve the City Council regular meeting minutes.** (City Clerk)

- B. Procedural Step to Approve Ordinance after Reading of Title Only. **Recommended Action: Approval** (City Clerk)
 - C. Recap of Actions Taken by the Planning Commission at its Meeting Held on August 12, 2015. **Recommended Action: Receive and File.** (Planning Director)
 - D. Amendment No. 2 to the Employment Agreement between the City of Norco and Valentine Andy Okoro. **Recommended Action: Approve Amendment No. 2 to the Agreement between the City of Norco and Valentine Andy Okoro.** (City Attorney)
 - E. Acceptance of the Norco MDP Line NB-2 and S-5A Project as Complete. **Recommended Action: Accept the Norco MDP Line NB-2 and S-5A Project as complete and direct the City Clerk to file the Notice of Completion with the County of Riverside.** (Public Works Director)
 - F. Preparation of a Water and Recycled Water Facilities Master Plan. **Recommended Action: Adopt Resolution No. 2015-58 amending the FY 2015-2016 Water Operations Fund and the Sewer Operations Fund, appropriate additional funding in the amount of \$79,850 from the Water Operations Fund and \$79,850 from the Sewer Operations Fund, and award a professional engineering services contract to Krieger & Stewart Engineering Consultants in the amount of \$159,700 to prepare a Water and Recycled Water Master Plan.** (Water and Sewer Consultant)
 - G. Optimization of the Water and Sewer Supervisory Control and Data Acquisition (SCADA) System. **Recommended Action: Award contract to Advanced Telemetry Systems International, Inc. in the amount of \$660,811.40 to optimize the Water and Sewer SCADA System, and authorize the City Manager to approve contract change orders up to 10 percent of the contract amount.** (Water and Sewer Consultant)
 - H. Approval to Declare Various City Assets as Surplus Property. **Recommended Action: Declare various City assets as surplus and authorize the City Manager to dispose of surplus assets through auction, donation to charitable organizations, or electronic recycling (e-cycle).** (City Manager)
 - I. Approving Standard Agreement #5600005281 for Refuse Removal and Disposal Services Provided to the California Department of Corrections and Rehabilitation Center (CDCR), California Rehabilitation Center (CRC). **Recommended Action: Adopt Resolution No. 2015-59 approving Standard Agreement #5600005281 between the City of Norco and the California Department of Corrections and Rehabilitation Center (CDCR) for solid waste collection services at California Rehabilitation Center (CRC) Norco.** (City Manager)
3. ITEM(S) PULLED FROM CITY COUNCIL CONSENT CALENDAR
4. PUBLIC COMMENTS - *This is the time when persons in the audience wishing to address the City Council regarding matters not on the agenda may speak. Please complete the speaker card in the back of the room and present it to the City Clerk so that you may be recognized.*

5. CITY COUNCIL DISCUSSION/ACTION ITEMS:

- A. Approval of Parking Lot Lease Agreement with Balboa Management Group, LLC for Eight Acres of Property Adjacent to the Silverlakes Property. **Recommended Action: Approve a lease agreement with Balboa Management Group, LLC for eight acres of property adjacent to the Silverlakes property.** (Deputy City Manager/Director of Parks, Recreation and Community Services)
- B. Discussion Regarding Use of Vinyl Trail Fence Material. **Recommended Action: That City Council provide direction and clarification.** (City Manager)

6. CONTINUED PUBLIC HEARING:

- A. **Ordinance No. 992, First Reading. Code Change 2015-03.** Amendment to Chapters 1.05 and 3.28 of the Norco Municipal Code Regarding Administrative Citation Procedures and Fees. (Planning Director)

The City Council gave direction that Code Enforcement procedures be revised to make the process move quicker to compliance. To implement the changes the City Council needs to approve a change to the Administrative Policy Manual and to adopt Ordinance No. 992 changing the citation process and fee schedule. Since this did not involve any changes to Chapter 18 of the Norco Municipal Code (zoning) there was no recommendation needed from the Planning Commission. This hearing was continued from the July 15, 2015 and August 5, 2015 City Council meetings.

Recommended Action: Adopt Ordinance No. 992 for first reading.

7. CONTINUED APPEAL HEARING:

- A. **Appeal Hearing of Conditional Use Permit 2014-32** (Core/Verizon Wireless): A request for approval to allow the installation of an unmanned wireless telecommunication facility at 1101 Hidden Valley Parkway within the Norco Hills Specific Plan. (Planning Director)

The Planning Commission approved Conditional Use Permit (CUP) 2014-32 on May 13, 2015. The approval included a condition of approval that requires a radio frequency (RF) exposure test to be submitted to the Planning Division on an annual basis. The Planning Commission heard this item again on August 12, 2015 and approved the request to modify the condition so that the annual tests are not required. Since the request to modify the condition was approved by the Planning Commission, the applicant is requesting that the appeal hearing be cancelled.

Recommended Action: Cancel the Appeal Hearing.

8. CITY COUNCIL / CITY MANAGER / STAFF COMMUNICATIONS:

ADJOURNMENT

In compliance with the Americans with Disabilities Act, any person with a disability who requires a modification or accommodation in order to participate in this meeting, please contact the City Clerk's office, (951) 270-5623, at least 48 hours prior to the meeting to make reasonable arrangements to ensure accessibility. Staff reports are on file in the City Clerk's Office. Any writings or documents provided to a majority of the City Council regarding any item on this agenda will be available for public inspection at the City Clerk's Counter in City Hall located at 2870 Clark Avenue during normal business hours.



**CITY OF NORCO
CITY COUNCIL REGULAR MEETING MINUTES**

**Wednesday, August 5, 2015
City Council Chambers, 2820 Clark Avenue, Norco, CA 92860**

CALL TO ORDER: 6:00 p.m.

ROLL CALL: Herb Higgins, Mayor, **Present**
Kevin Bash, Mayor Pro Tem, **Present**
Kathy Azevedo, Council Member, **Present**
Berwin Hanna, Council Member, **Present**
Greg Newton, Council Member, **Present**

The City Council recessed to Closed Session (Section 54954) to consider the following matter:

CLOSED SESSION:

§54957 – Public Employee Performance Evaluation:

Title: City Manager

RECONVENE PUBLIC SESSION: 7:12 p.m.

REPORT OF ACTION(S) TAKEN IN CLOSED SESSION - §54957.1: (City Attorney)

City Attorney John Harper indicated that there is no reportable action from Closed Session.

PLEDGE OF ALLEGIANCE: Council Member Greg Newton

INVOCATION: Pastor Fred Griffin, Corona Church of the Open Door

Pastor Fred Griffin was unable to attend. Mayor Higgins asked resident Harvey Sullivan to provide the invocation.

PROCLAMATIONS:

Melanie Oliver, Highland Elementary School Teacher of the Year

Mr. Zickefoose, Corona-Norco Unified School District Board Member, spoke briefly about Ms. Oliver. He stated that Ms. Oliver earned Teacher of the Year in Riverside County, having competed with over 20,000 teachers. Ms. Oliver was selected to move on to State competition. Council Member Azevedo presented a proclamation to Ms. Oliver on behalf of the Norco City Council and wished her well in the State competition.

Staff Sergeant David M. Spratley, III, USAF (Ret.) Norco High School Jr. ROTC

Mr. Spratley was unable to attend; therefore, Mayor Higgins said the presentation would take place at the August 19, 2015 City Council meeting.

CITY COUNCIL BUSINESS ITEMS AS FOLLOWS:

1. CITY COUNCIL COMMUNICATIONS / REPORTS ON REGIONAL BOARDS AND COMMISSIONS:

Mayor Pro Tem Bash:

- Attended the STAR meeting on August 5th and noted the need for a housing for the kiln for senior classes.
- Commented that he, along with Council Member Azevedo, and City Manager Okoro met with Senator Barbara Boxer's representative regarding historic resources on the Navy base. Mayor Pro Tem Bash suggested sending a welcome letter to all future Navy admirals.
- Sailed on the USS Cape St. George and commented on how much Norco heritage is tied into the ship.

Council Member Hanna:

- Attended RCTC and commented that on August 12, 2015 at the Fairfield Inn and Suites in Norco there will be a public meeting about the Interstate 15 express lanes.
- Commented on National Night Out on August 11, 2015 at 5:00 p.m. at the Target Shopping Center in Eastvale.
- Attended Vector Control meeting and commented on the mosquito problems at Wayne Makin Park
- Commented on the Day of the Cowboy event that took place on July 25, 2015.

Council Member Newton:

- Commented on the Chino Desalter Authority Board meeting that will take place on August 6, 2015 in which the Board will give a progress update on Detroit Street and Hamner Avenue and an update on the water line crossing the Santa Ana River.
- Commented that he completed his one-year term as Chairman of the Western Riverside County Regional Wastewater Authority Board.

Council Member Azevedo:

- Commented that she will be attending a meeting in Sacramento on August 17, 2015 advocating for UNLOAD regarding legislation for e-cigarettes.
- Attended a Beautification Awards Committee meeting in which winners were chosen and the awards will be presented on the first night of the Norco Fair.
- Attended a Western Riverside Council of Governments meeting. The meeting included discussion and negative comments from realtors regarding the HERO program. An informational meeting for realtors about the HERO program will take place on August 27, 2015.

Mayor Higgins:

- No report given

Consent Calendar Item 2.C. was pulled to allow for public comment. Items 2.G., 2.H., 2.I. and 2.J. were pulled by Council Member Newton.

M/S HANNA/BASH to approve the remaining Consent Calendar items as recommended. The motion was carried by the following roll call vote:

AYES: AZEVEDO, BASH, HANNA, HIGGINS, NEWTON

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

2. CITY COUNCIL CONSENT ITEMS:

- A. City Council Regular Meeting Minutes of July 15, 2015. **Action: Approved the City Council regular meeting minutes.** (City Clerk)
- B. Procedural Step to Approve Ordinance after Reading of Title Only. **Action: Approved** (City Clerk)
- C. Approval of Additional Appropriation for the Contract with J & S Striping for On-Call Street Striping and Pavement Marking Services for FY 2014-2015. (Director of Public Works) **PULLED FOR DISCUSSION**
- D. Acceptance of Bids and Award of Contract for 2014-2015 Pavement Management System, Phase I Project. **Action: Accepted bids submitted for the reconstruction and resurfacing of various streets and awarded a contract to Hardy & Harper, Inc. of Santa Ana, CA in the amount of \$777,000 and authorize the City Manager to approve contract change orders up to 10 percent of the bid contract amount.** (Director of Public Works)
- E. Acceptance of Bids and Award of Contract for 2014-2015 Pavement Management System, Phase II – Norco Drive Project. **Action: Accepted bids submitted for the reconstruction/rehabilitation of Norco Drive and awarded a contract to Hardy & Harper, Inc. of Santa Ana, CA in the amount of \$547,000 and authorize the City Manager to approve contract change orders up to 10 percent of the bid contract amount.** (Director of Public Works)
- F. Morongo Band of Mission Indians' Membership in Western Riverside Council of Governments. **Action: Authorized the Mayor to execute the Amendment to the Joint Powers Agreement of the Western Riverside Council of Governments to add the Morongo Band of Mission Indians to the WRCOG Governing Board.** (City Clerk)

- G. Acceptance of Bids and Award of Contract for the 2015/2016 Equestrian Trail Fencing Project at Various Locations in the City and for Landscape Maintenance District (LMD) No. 4. (Deputy City Manager/Director of Parks, Recreation and Community Services) **PULLED FOR DISCUSSION**
 - H. Three Month Extension of the Professional Services Agreement for Building and Safety Plan Examination Services with Willdan Engineering. (Director of Public Works) **PULLED FOR DISCUSSION**
 - I. Three Month Extension to the Traffic Signal Maintenance Services Contract Agreement with Siemens Industry, Inc. (Director of Public Works) **PULLED FOR DISCUSSION**
 - J. Contract Extension with RKA Consulting Group for Consulting Engineering Services. (City Manager) **PULLED FOR DISCUSSION**
 - K. Approval of Additional Appropriation for the Contract with Siemens Industries, Inc. for Traffic Signal Maintenance Services for FY 2014-2015. **Action: Adopted Resolution 2015-57, appropriating funds in the amount of \$93,370 for emergency installation of traffic signal control apparatus.** (Director of Public Works)
3. ITEM(S) PULLED FROM CITY COUNCIL CONSENT CALENDAR
- 2.C. Approval of Additional Appropriation for the Contract with J & S Striping for On-Call Street Striping and Pavement Marking Services for FY 2014-2015. (Director of Public Works)

City Attorney John Harper reported that this item was first presented to the City Council on June 3, 2015. Due to lack of clarity regarding why the contractor exceeded City Council approved contract amount, the City Council asked the City Attorney to further review the matter and provide a recommendation. The City Attorney has reviewed the circumstances on why the contractor exceeded City Council contract authority and has determined that it is the best interest of the City to pay for the additional work performed by the contractor. While the contractor did not obtain formal approval before performing additional work above the contract authority, staff did verify the actual quantity of work performed and that the unit prices billed were the same as the unit bid prices submitted by the contractor.

J & S Striping Company, Inc. was engaged by the City to perform street striping and pavement marking services for FY 2014-2015. They have completed their work and submitted their only invoice in the amount of \$79,675.02. This amount is more than the \$53,000 contract amount awarded to them by the City Council on August 6, 2014. Consequently, additional appropriation of funds and increase to the contract in the amount of \$26,675.02 is needed in order to pay their invoice.

Ted Hoffman expressed his concern about citizens having to pay for an oversight error.

Mike Thompson expressed his concern with having to pay the additional requested appropriation.

M/S NEWTON/BASH to adopt Resolution No. 2015-23, appropriating funds in the amount of \$26,675.02 for street striping and pavement marking services. The motion was carried by the following roll call vote:

AYES: AZEVEDO, BASH, HANNA, NEWTON

NOES: HIGGINS

ABSENT: NONE

ABSTAIN: NONE

- 2.G. Acceptance of Bids and Award of Contract for the 2015/2016 Equestrian Trail Fencing Project at Various Locations in the City and for Landscape Maintenance District (LMD) No. 4. (Deputy City Manager/Director of Parks, Recreation and Community Services)

Deputy City Manager Brian Petree reported that staff prepared plans and specifications for the installation of trail fence improvements at various locations within the City and Landscape Maintenance District 4. The plans and specifications were advertised on July 5, 2015, and July 9, 2015, with a bid opening date of July 23, 2015. A total of three bids were received with proposals ranging from \$291,528 to \$398,595.20. The low bid of \$291,528 was received from Valley Cities/Gonzales Fence, which includes 14,848 lineal footage in LMD #4 for \$166,128.00 and 11,400 linear footage in the City wide for \$125,400.00.

In response to Council Member Newton, Director Petree indicated that the cost savings from the first bid process to the second one is approximately \$10,000. Director Petree also stated that the City's contractor as well as the Parks Superintendent will be supervising the work in the LMD. Public Works will oversee the work in the other areas.

Council Member Azevedo commented about reports of residents being told that they cannot replace wood with vinyl fencing unless it is in 1,000-foot increments. There was some discussion and Director Askew stated the 1,000-foot increment was a recommendation from the Streets, Trails and Utilities Commission. Further discussion will be brought before the City Council at a future meeting for clarification.

In response to Council Member Hanna, Director Petree indicated that removed trail fencing from LMD 4 will be tagged and used for fill throughout the City.

Ted Hoffman thanked staff for the reduction of costs and transparency. Mr. Hoffman asked that the City notify residents when the CRC crews are working in the neighborhoods.

M/S BASH/HANNA to accept bids submitted for the installation of equestrian trail fencing and award a contract to Valley Cities/Gonzales Fence, Inc. in the amount of \$291,528 and authorize the City Manager to approve contract change orders up to 10 percent of the total bid contract amount. The motion was carried by the following roll call vote:

AYES: AZEVEDO, BASH, HANNA, HIGGINS, NEWTON

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

- 2.H. Three Month Extension of the Professional Services Agreement for Building and Safety Plan Examination Services with Willdan Engineering. (Director of Public Works)

City Manager Andy Okoro reported that the three month extension requested is to allow staff time to complete the process for the competitive bid process to get started. In response to Council Member Newton, City Manager Okoro stated that the agreement is not being renewed for the benefit of Wildan, rather for the benefit of the City.

Ted Hoffman suggested that the City contract with two engineering firms to get plans processed more quickly.

M/S BASH/HANNA to approve the request of a three month extension of the Professional Agreement for Building and Safety Plan Examination Services with Wildan Engineering for three months through September 30, 2015 The motion was carried by the following roll call vote:

AYES: AZEVEDO, BASH, HANNA, HIGGINS

NOES: NEWTON

ABSENT: NONE

ABSTAIN: NONE

- 2.I. Three Month Extension to the Traffic Signal Maintenance Services Contract Agreement with Siemens Industry, Inc. (Director of Public Works)

City Manager Andy Okoro reported that the three month extension requested is to allow staff time to complete the process for the competitive bid process to get started.

M/S BASH/AZEVEDO to approve the requested extension of the Traffic signal Maintenance Services Agreement with Siemens Industry, Inc., for three months, through September 30, 2015. The motion was carried by the following roll call vote:

AYES: AZEVEDO, BASH, HANNA, HIGGINS

NOES: NEWTON

ABSENT: NONE

ABSTAIN: NONE

- 2.J. Contract Extension with RKA Consulting Group for Consulting Engineering Services. (City Manager)

City Manager Okoro reported that RKA Consulting Group has been serving as the City's designated Contract Engineer since 2006. A new contract was awarded to RKA Consulting Group for consulting engineering services (designating Dominic C. Milano as the City Engineer and David Gilbertson as the Deputy City Engineer) by the City Council on July 18, 2012. This agreement provides for an option to extend for additional term. RKA has

agreed to extend the term of the current Contract Services Agreement for Consulting City Engineering Services for an additional three (3) years through June 30, 2018

In response to Council Member Newton regarding prevailing wage, City Engineer Milano said that new law went into effect January 2015 in which public works projects must pay prevailing wage for the Public Works Inspector.

Mayor Pro Tem Bash commented on the good work RKA has provided over the years. Council Member Azevedo concurred.

Lance Gregory commented that he met with residents and business owners regarding building inspection process delays. Mr. Gregory suggested using RKA as well as Wildan to expedite the process for residents and businesses.

Ted Hoffman expressed his concerns with the plan checking process and requested improvement.

M/S BASH/HANNA to approve a three-year contract extension with RKA Consulting Group for consulting engineering services. The motion was carried by the following roll call vote:

AYES: AZEVEDO, BASH, HANNA, HIGGINS, NEWTON

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

4. PUBLIC COMMENTS:

Ted Hoffman commented on the Rebuilding Warriors Event on Saturday, August 8, 2015 at 9:00 a.m. at the George Ingalls Veterans Memorial. Retired Riverside Sheriff Officer, and Veteran, Jeff Henderson will be presenting Service K-9 Lux to USMC First Sergeant (Ret) Nate Gomez.

Geoff Kahan commented that Ms. Melanie Oliver has been selected as Grand Marshall for the Winter Festival and Parade of Lights. Mr. Kahan also commented on the National Day of the Cowboy event, the K-9 presentation at the Veterans Memorial August 8th, the Seniors and Pets breakfast on August 8th, and the Concerts in the Park series.

5. CONTINUED PUBLIC HEARINGS:

- A. A Proposition 218 Majority Protest Vote Hearing to Increase the Assessments and if the Majority Protest Does Not Exist, Order the Continuation of Landscape Maintenance District and Confirming a Diagram and Assessment Providing for an Annual Assessment Levy for Landscape Maintenance District No. 2 (Western Pacific), Tract No. 25779. (City Engineer)

City Engineer Dominic Milano reported that this is a continued item from the July 15, 2015 City Council meeting. The Landscaping and Lighting Act of 1972 requires that an

Engineer's Report for existing Landscape Maintenance Districts (LMDs) must be reviewed and approved annually to continue assessments for the districts. The formation of the district only allowed for an annual increase not to exceed the Consumer Price Index (CPI). The CPI increases in District No.2 have not kept up with the maintenance needs of this District. In addition, there has not been an allocation of funds in the District set aside for trail fence replacement or drainage structure repairs.

Proposition 218 passed by the California voters in 1996 requires that prior to any increase in an assessment, other than CPI increases included in the initial formation of a district, be voter approved. A ballot describing the proposed increase (above the CPI) in assessment was mailed to the affected property owners per Section 53753 of the Government Code 45 days prior to this Public Hearing. This hearing was continued from the July 15, 2015 City Council meeting.

Mayor Higgins opened the public hearing indicating that proper notification had been made and asked for the appearance of those wishing to speak.

Ted Hoffman commented that he understands the frustrations of LMD 2 residents and said that it is important that drains are fixed prior to the rainy season.

Resident of LMD 2 commented that she has seen nothing done in three years; therefore, funds should be accumulated without raising taxes.

Resident of LMD 2 commented that he is not seeing where fencing is in poor condition.

Lisa Blake suggested an irrigation drip system on El Paso and Hidden Valley Parkway.

Monica Dietrich commented that the fencing is good condition. Ms. Dietrich suggested licensing horses.

Albert Dietrich expressed his concerns with taxes being doubled in one year. He suggested a 5-10% per year. Mr. Dietrich also commented that he would like to see Corona Avenue opened.

Yohanna Limas commented that there may be an increased number of incidents of graffiti on vinyl fencing. She also commented in favor of opening Corona Avenue.

With no one else wishing to speak, Mayor Higgins closed the public hearing bringing the discussion back to Council Members.

Mayor Higgins recessed the meeting at 8:27p.m. to allow for the LMD 2 Proposition 218 ballots to be counted by the City Clerk. Mayor Higgins reconvened the meeting at 9:03 p.m.

City Clerk Cheryl Link reported that 123 ballot were received and counted. There were two two (2) duplicate ballots; one (1) blank ballot; twelve (12) "yes" votes; and one hundred eight (108) "no" votes. Therefore, more than 50 percent of the ballots returned protest the increase in assessment.

M/S BASH/AZEVEDO to adopt Resolution No. 2015-48 upholding the majority protest not to increase the assessment in Landscape Maintenance District No. 2. The motion was carried by the following roll call vote:

AYES: AZEVEDO, BASH, HANNA, HIGGINS, NEWTON
NOES: NONE
ABSENT: NONE
ABSTAIN: NONE

- B. Public Hearing Ordering the Continuation of Landscape Maintenance District No. 2 (Western Pacific), Tract 25779, and Confirming a Diagram and Assessment and Providing for an Annual Assessment Levy. (City Engineer)

City Engineer Dominic Milano reported that this is a continued item from the July 15, 2015 City Council meeting. The Landscaping and Lighting Act of 1972 requires that an Engineer's Report for existing Landscape Maintenance Districts (LMDs) must be reviewed and approved annually to continue assessments for the districts. The formation of the district allows for an annual increase not to exceed the Consumer Price Index (CPI). The CPI ending March 31, 2015 adjustment per parcel assessment in the district is 0.5%. A majority protest was received and the City Council just adopted Resolution No. 2015-48 upholding the majority protest not to increase the assessment. Therefore, it is appropriate to adopt Resolution No. 2015-49 ordering the continuation of the District at the 2014 levy plus a CPI.

Mayor Higgins opened the public hearing indicating that proper notification had been made and asked for the appearance of those wishing to speak. With no one wishing to speak, Mayor Higgins closed the public hearing bringing the discussion back to Council Members.

M/S AZEVEDO/BASH to adopt Resolution No. 2015-49 ordering the continuation of the Landscaping Maintenance District No. 2 and confirming a diagram and assessment and providing for annual assessment levy. The motion was carried by the following roll call vote:

AYES: AZEVEDO, BASH, HANNA, HIGGINS, NEWTON
NOES: NONE
ABSENT: NONE
ABSTAIN: NONE

- C. Public Hearing Ordering the Continuation of Landscape Maintenance Districts and Confirming a Diagram and Assessment and Providing for an Annual Assessment Levy for Districts No. 1 – Beazer, Tract 28765; No. 3 – Centex, Tract 28626; No. 4 – Norco Ridge Ranch, Tracts 29588 and 29589; and No. 5 – Hawk's Crest, Tract 30230. (City Engineer)

City Engineer Dominic Milano reported that this is a continued item from the July 15, 2015 City Council meeting. The Landscaping and Lighting Act of 1972 requires that an Engineer's Report for existing Landscape Maintenance Districts (LMDs) must be reviewed

and approved annually to continue assessments for the districts. The formation of the five districts allow for an annual increase not to exceed the Consumer Price Index (CPI). Each district requires a six month cash flow reserve to sustain the District from the beginning of the fiscal year (July 1) until the City receives from the County of Riverside its first assessment payment, six months later. If the City does not have this reserve, the general fund reserves must “carry” the District. This hearing was continued from the July 15, 2015 City Council meeting.

Mayor Higgins opened the public hearing indicating that proper notification had been made and asked for the appearance of those wishing to speak.

Ted Hoffman commented that other LMDs will reach a point within the next 1-5 years in which increased assessments through the Prop 218 process will need to be addressed in order to maintain a standard level of service. Mr. Hoffman noted the importance of public education.

Jodie Webber said that she has been speaking on this issue for the past five years. She thanked the City Council and staff for promoting LMD workshops and public participation. Ms. Webber said she supports approval.

With no one else wishing to speak, Mayor Higgins closed the public hearing bringing the discussion back to Council Members.

M/S HANNA/BASH to adopt Resolution No. 2015-50, (Beazer); Resolution No. 2015-51 (Centex); Resolution No. 2015-52, (Norco Ridge Ranch); Resolution No. 2015-53, (Hawk’s Crest), ordering the continuation of a Landscaping Maintenance District and confirming a Diagram and Assessment and providing for Annual Assessment Levy. The motion was carried by the following roll call vote:

AYES: AZEVEDO, BASH, HANNA, HIGGINS, NEWTON
NOES: NONE
ABSENT: NONE
ABSTAIN: NONE

- D. Amendments to the City’s General Fee Schedule for Fiscal Year 2015-2016.
(City Manager)

City Manager Andy Okoro reported that the proposed resolution recommends that some user fees for General City Services be adjusted for FY 2015-2016 by the 0.5% change in Consumer Price Index (CPI) from April 2014 through April 2015. This hearing was continued from the July 15, 2015 City Council meeting.

Mayor Higgins opened the public hearing indicating that proper notification had been made and asked for the appearance of those wishing to speak.

Ted Hoffman expressed concern that the current CUP fees do not include the costs to do a follow-up inspection to ensure compliance. Mr. Hoffman suggested an annual inspection.

With no one else wishing to speak, Mayor Higgins closed the public hearing bringing the discussion back to Council Members.

In response to Council Member Azevedo, Director Petree stated that vendor booth fees are determined on a case-by-case basis. Council Member Azevedo suggested implementing a structure and criteria.

Council Member Azevedo also suggested a non-resident fee.

In response to Council Member Newton, Director Petree indicated that the new fees for the Senior Center Activity Room will not have any impact on seniors or their events at the Center.

Council Member Newton commented on the Conditional Use Permit self-compliance program and Senior Planner Alma Robles explained the process. Mayor Higgins suggested having the Planning Commission discuss self-compliance. Council Member Newton also discussed landscape drawings, which are reviewed by the Planning Department. City Manager Okoro clarified that the landscape drawings fee listed under Public Works would be if additional work/review is required of the Engineering staff members.

In response to Council Member Hanna, Director Petree noted that the camping fee of \$18 per day at Ingalls Park is a new fee because the park now has power available for campers.

Mayor Pro Tem Bash suggested that a non-resident fee could be charged and set aside for youth who cannot afford to pay for youth programs; or the additional monies could be set aside for maintenance for facilities. Council Member Azevedo said she would like to know what surrounding cities are charging for non-residents. Director Petree suggested that the fee schedule be approved as is and he will present discussion of non-resident fees to the Parks and Recreation Commission.

M/S BASH/HANNA to adopt Resolution No. 2015-55, updating and adjusting fees for General City Services. The motion was carried by the following roll call vote:

AYES: AZEVEDO, BASH, HANNA, HIGGINS, NEWTON

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

- E. **Ordinance No. 992, First Reading. Code Change 2015-03.** Amendment to Chapters 1.05 and 3.28 of the Norco Municipal Code Regarding Administrative Citation Procedures and Fees. (Planning Director)

The City Council gave direction that Code Enforcement procedures be revised to make the process move quicker to compliance. To implement the changes the City Council needs to approve a change to the Administrative Policy Manual and to adopt Ordinance No. 992 changing the citation process and fee schedule. Since this did not involve any changes to Chapter 18 of the Norco Municipal Code (zoning) there was no recommendation needed

from the Planning Commission. This hearing was continued from the July 15, 2015 City Council meeting and because of a scheduling conflict, this item is being requested to be continued to August 19, 2015.

M/S BASH/HANNA to continue the public hearing for Ordinance No. 992 to August 19, 2015. The motion was carried by the following roll call vote:

AYES: AZEVEDO, BASH, HANNA, HIGGINS, NEWTON
NOES: NONE
ABSENT: NONE
ABSTAIN: NONE

6. PUBLIC HEARING:

- A. Rate Adjustment Proposed by Waste Management of the Inland Empire.
(City Manager)

City Manager Andy Okoro reported that this item was first presented to the City Council on May 20, 2015, but the requested increase in service rates was denied by the City Council pending Waste Management's compliance to certain provision of the Franchise Agreement. Waste Management has now met the missing requirement and staff is recommending that the City Council approve the change in service rates based on the change in consumer price index.

Mayor Higgins commented that the Waste Management presentation on manure-to-energy was lacking substance. Waste Management fulfilled their contract requirement of proposing alternatives. However, the proposal was not acceptable to the City. Council Member Newton said that with the presentation, Waste Management satisfied their contract obligation. The City needs to explore other alternatives.

Mayor Higgins opened the public hearing indicating that proper notification had been made and asked for the appearance of those wishing to speak.

Ted Hoffman said that the manure-to-energy issue needs to be resolved and suggested a presentation at a Town Hall meeting.

With no one else wishing to speak, Mayor Higgins closed the public hearing bringing the discussion back to Council Members.

Mayor Pro Tem Bash expressed that the reality is that the Waste Management contract was written to help the City solve the problem. He expressed that he cannot support this rate adjustment.

Glenda Chavez, Waste Management Public Sector Representative, stated that Waste Management is aware of the issue and looking for the best solution.

Council Member Hanna recalled that the City has been requested manure-to-energy meetings since 2010.

M/S NEWTON/HANNA to adopt Resolution No. 2015-56, approving Cost of Living Adjustments for FY 2015-2016 for Waste Management of the Inland Empire. The motion was carried by the following roll call vote:

AYES: AZEVEDO, HANNA, HIGGINS, NEWTON
NOES: BASH
ABSENT: NONE
ABSTAIN: NONE

7. APPEAL HEARING:

- A. **Appeal Hearing of Conditional Use Permit 2014-32** (Core/Verizon Wireless): A request for approval to allow the installation of an unmanned wireless telecommunication facility at 1101 Hidden Valley Parkway within the Norco Hills Specific Plan. (Planning Director)

The Planning Commission approved Conditional Use Permit (CUP) 2014-32 on May 13, 2015. The approval included a condition of approval that requires a radio frequency (RF) exposure test to be submitted to the Planning Division on an annual basis. The applicant filed an appeal to the condition but is looking to amend the CUP condition with the Planning Commission first. If the Planning Commission approves the applicant's request then this hearing will be withdrawn.

M/S HANNA/BASH to continue the appeal hearing for CUP 2014-032 to August 19, 2015. The motion was carried by the following roll call vote:

AYES: AZEVEDO, BASH, HANNA, HIGGINS, NEWTON
NOES: NONE
ABSENT: NONE
ABSTAIN: NONE

8. CITY COUNCIL / CITY MANAGER / STAFF COMMUNICATIONS:

Council Member Azevedo suggested that the Fire and Sheriff's Departments get together to create a committee for a 9/11 memorial event at the Veterans Memorial. Mayor Higgins and Mayor Pro Tem Bash offered their assistance.

Mayor Pro Tem Bash requested an update on the Hamner Avenue Bridge. He also requested a status of flood control issues on Crestview Drive.

Mayor Pro Tem Bash asked to agendaize discussion of traffic calming measures for El Paso Drive.

M/S BASH/HIGGINS to agendaize discussion of traffic calming measures on El Paso Drive. The motion was carried by the following roll call vote:

AYES: AZEVEDO, BASH, HANNA, HIGGINS, NEWTON
NOES: NONE
ABSENT: NONE
ABSTAIN: NONE

Mayor Pro Tem Bash requested discussion of tearing down large buildings. City Attorney Harper indicated that if the building is in violation of the Norco Municipal Code then the City can require to comply; or if not in compliance then the City can place conditions on the building. This can be addressed with Code Compliance.

ADJOURNMENT

Mayor Higgins adjourned the meeting at 10:10 p.m.

Cheryl L. Link, CMC, City Clerk



RECAP OF ACTIONS TAKEN
CITY OF NORCO
PLANNING COMMISSION
CITY COUNCIL CHAMBERS – 2820 CLARK AVENUE
REGULAR MEETING
August 12, 2015

CALL TO ORDER: 7:00 p.m.

ROLL CALL: Chair Leonard, Vice Chair Hoffman, Commission Members Hedges, Jaffarian and Rigler

STAFF PRESENT: Planning Director King, Senior Planner Robles and Deputy City Clerk Germain

PLEDGE OF ALLEGIANCE: Commission Member Rigler

1. ELECTION OF NEW CHAIR AND VICE CHAIR: Commission Member Hedges was elected as Chair and Chair Leonard was elected as Vice Chair
2. APPEAL NOTICE: Read by Staff
3. PUBLIC COMMENTS: Received and Filed
4. APPROVAL OF MINUTES:
 - ❖ Minutes of Regular Meeting of July 8, 2015Recommended Action: Approval (Deputy City Clerk). Action: 5-0 Continued to the next meeting on September 9, 2015
5. PUBLIC HEARING:
 - A. **Conditional Use Permit 2014-12 (Bowers)**: A request for approval to allow a detached accessory building consisting of a 1,680 square-foot barn and storage building at 3231 Cutting Horse Road located in the Norco Ridge Ranch Specific Plan (NRRSP). Recommended Action: Approval (Senior Planner). **Action: Denied 5-0; this action is final unless appealed to the City Council within 10 calendar days. Denial was based on the determination that the building proposed in the PAKA was not for animal-keeping.**
 - B. **Conditional Use Permit 2015-17 (Navarrete)**: A request for approval to allow a detached accessory building consisting of a 2,800 square-foot workshop and storage building at 2180 Reservoir Avenue located within the A-1-20 (Agricultural Low Density) Zone. Recommended Action: Continue to regular meeting of September 9, 2015 (Senior Planner). **Action: Continued 5-0 to the next meeting on September 9, 2015**
 - C. **Conditional Use Permit 2015-19 (Navarro)**: A request for approval to allow a detached accessory building consisting of a 1,080 square-foot garage building at 2879 Sierra Avenue located within the A-1-20 (Agricultural Low Density) Zone. Recommended Action: Approval (Senior Planner). **Action: Denied 5-0 without prejudice: this action is final unless appealed to the City Council within 10 calendar days. Denial was**

based on the determination that the proposed five-foot wide access to the required open animal-keeping area was not adequate. The project was denied without prejudice, which will allow the applicant to re-apply (without having to wait a year) with a design that has better access to the designated open animal-keeping area.

- D. **Conditional Use Permit 2014-33 / Variance 2015-03 (Core/Verizon Wireless):** A request for approval to allow the installation of an unmanned wireless telecommunication facility at 3659 Corona Avenue located within the A-1-20 zone. A variance is being requested to allow the facility to exceed the height of 35 feet allowed in the A-1-20 zone. Recommended Action: Approval (Senior Planner). **Action: Variance 2015-03 was Denied 4-0-1 without prejudice, and Conditional Use Permit was continued 4-0-1 off calendar (Vice Chair Leonard recused himself due to his relation with the project property); action on the variance is final unless appealed to the City Council within 10 calendar days. The variance was requested to allow the tower of the existing church building to be raised to 42 feet to accommodate antennas within the tower, but was denied based on the determination that it was too high for a residential zone. The determination to continue conditional use permit for the wireless facility, will allow the applicant to re-design the project at a lower height. The determination to deny the variance without prejudice will allow the applicant to re-apply for a variance (without having to wait a year) to re-submit a new design of the project.**
- E. **Conditional Use Permit 2014-32, Modification No. 1 (Core/Verizon Wireless):** A request for approval to amend the conditions of approval for an approved unmanned wireless telecommunication facility at 1101/1161 Hidden Valley Parkway within the Norco Hills Specific Plan. Recommended Action: Approval (Senior Planner). **Action: Approved 4-1 (Rigler); this action is final unless appealed to the City Council within 10 calendar days (the dissenting vote was based on the opinion that radio frequency emissions are not monitored appropriately)**
- F. **Conditional Use Permit 2015-18 (South Hills Church):** A request to locate a church within 6,080 square feet of the second floor of an existing office building located at 3240 Hamner Avenue in the C-G (Commercial General) zone. Recommended Action: Approval (Planning Director). **Action: Approved 5-0; this action is final unless appealed to the City Council within 10 calendar days.**
- G. **Variance 2015-02 (Cordero):** Reconsideration of a request for a variance from the 100-foot rear yard setback requirement of Chapter 18.13 (A-1 Zone) of the Norco Municipal Code, to allow the construction of a residential home with a minimum rear yard setback of about 33 feet, on a vacant parcel identified with the Assessor's Parcel Number of 125-030-057, located on the west side of Valley View Avenue and south of Third Street, within the A-1-20 (Agricultural Low Density) Zone. Recommended Action: Approval (Planning Director). **Action: Approved 4-1 (Leonard); this action is final unless appealed to the City Council within 10 calendar days (the dissenting vote was based on the opinion that street improvements should be required and not cash-in-lieu)**
- H. **Zone Code Amendment 2015-03:** An amendment to Chapter 18.15 – R-1 (Residential-Single Family) Zone of the Norco Municipal Code, to establish animal-keeping standards. Recommended Action: Approval (Planning Director). **Action: Recommended**

approval to the City Council 3-2 (Hedges and Hoffman); this item requires City Council approval, it is anticipated to be scheduled for the September 16, 2015 meeting.

6. BUSINESS ITEMS:

A. **Site Plan 2015-15** (Pimlico Properties, Inc.): A request to locate a 107 square-foot ice vending machine in an existing parking lot for a retail store located at 816 Sixth Street in the C-4 (Commercial) zone. Recommended Action: Approval (Planning Director). **Action: Approved 5-0; this this action is final unless appealed to the City Council within 10 calendar days**

B. **Special Sign Permit 2015-01** (Blake Bovee): A request for approval of a freeway-oriented sign to advertise three businesses on property located at 1701-1713 Hamner Avenue in the CTO (Commercial Transition Overlay) zone. Recommended Action: Approval (Planning Director). **Action: Denied 5-0 without prejudice; this action is final unless appealed to the City Council within 10 calendar days. Denial was based on the determination that potential visibility of the sign was not demonstrated. The project was denied without prejudice, which will allow the applicant to re-submit (without having to wait a year) with a photo simulation of the sign that demonstrates the needed height for visibility.**

7. CITY COUNCIL MINUTES: Received and Filed

- City Council Special Meeting of May 20, 2015
- City Council Special Meeting of June 3, 2015
- City Council Regular Meeting of June 3, 2015
- City Council Regular Meeting of June 17, 2015

8. PLANNING COMMISSION:

A. Oral Reports from Various Committees: None

B. Request for Items on Future Agenda (within the purview of the Commission).

- **Commission Member Jaffarian requested that a discussion be agendized addressing dual uses of buildings proposed in PAKA's.**
- **Commission Member Hoffman requested that a discussion be agendized regarding whether the required 25-foot paved apron in front of garages be calculated in building coverage since the apron is required with the construction of a primary garage.**

9. ADJOURNMENT: 9:55 p.m.

CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: John R. Harper, City Attorney

PREPARED BY: John R. Harper, City Attorney

DATE: August 19, 2015

SUBJECT: Amendment No. 2 to the Employee Agreement between the City of Norco and Valentine Andy Okoro

RECOMMENDATION: Approve Amendment No. 2 to the Employment Agreement between the City of Norco and Valentine Andy Okoro.

SUMMARY: The City of Norco and Andy Okoro entered into an Amendment No. 1 to the Employment Agreement pursuant to which Mr. Okoro was employed as City Manager, effective July 1, 2014, for a base term of two (2) years.

Following Mr. Okoro's annual evaluation, the City Council desires to provide an increase to Mr. Okoro's annual compensation for the fiscal year 2015-2016. The compensation shall be increased one thousand dollars (\$1,000.00) per month, effective July 1, 2015 and additional one thousand dollars (\$1,000.00) per month, effective July 1, 2016.

Additionally, the City granted a three percent (3%) salary adjustment to all employees, to which Mr. Okoro shall be entitled. Effective July 1, 2015, the City will reduce its contribution of the employee portion toward retirement through the CalPERS Retirement System to 2% and the City Manager will pay 6% of the employee-required contribution rate of 8%. Effective July 1, 2016 the City will reduce its contribution of the employee portion toward retirement through the CalPERS Retirement System to 0% and the City Manager will pay the entire 8% of employee-required contribution rate.

The Employment Agreement is recommended to be amended to reflect the foregoing increase.

FINACIAL IMPACT: The impact of the 3% salary adjustment and increased employee contribution towards CalPERS was included in the adopted in the FY 2015-2016 adopted budget. Additional budget impact if necessary will be handled as part of the mid-year budget adjustments.

**AMENDED EMPLOYMENT AGREEMENT
(AMENDMENT NO. 2)**

That Employment Agreement, as amended, and entered into effective July 1, 2015, by and between the City of Norco, a municipal corporation (hereinafter "City") and Valentine Andy Okoro, an individual (hereinafter "Okoro"), is hereby amended as follows:

2. TERM: The term of this Agreement shall be two (2) years from its effective date, July 1, 2015. In the event that the City Council takes no action to renew the Agreement, or to notify Mr. Okoro that it will not extend the Agreement, the Agreement shall automatically be extended one (1) year. Nothing in this Agreement shall prevent, limit or otherwise interfere with the rights of Mr. Okoro to resign at any time from his position with the City, subject only to the provisions set forth in this Agreement.

3. COMPENSATION: Mr. Okoro shall be required to devote his full time (other than as stipulated in section 3 of this Agreement) to the position of City Manager. For, and in consideration of the services to be rendered by Mr. Okoro pursuant to this Agreement, he will be paid an annual salary of \$190,948.00 commencing on July 1, 2015. Effective July 1, 2016, said salary shall be increased by one thousand dollars (\$1000.00) per month plus any percentage increase granted to management employees. The City Manager shall be paid in the same manner and at the same times as other salaries of the City employees are paid. City agrees not to reduce the salary or fringe benefits of Mr. Okoro at any time during employment except that effective July 1, 2015, the City will reduce its contribution of the employee portion toward retirement through the CalPERS Retirement System to 2% and the City Manager will pay 6% of the employee-required contribution rate of 8%. Effective July 1, 2016 the City will reduce its contribution of the employee portion toward retirement through the CalPERS Retirement System to 0% and the City Manager will pay the entire 8% of employee-required contribution rate.

Any increase in compensation during the term of this Agreement shall be within the absolute discretion of the City Council.

All other provisions of the Employment Agreement, as amended, shall remain unchanged. This Amendment #2 shall be binding upon and shall inure to the benefit of the heirs at law and executors or administrators of the estate of Mr. Okoro.

Executed on _____, 2015, at Norco, California.

CITY OF NORCO

BY:

Herb Higgins, Mayor
City of Norco, California

VALENTINE ANDY OKORO

By:

Valentine Andy Okoro, City Manager
City of Norco, California

ATTEST:

Cheryl Link, City Clerk
City of Norco, California

APPROVED AS TO FORM:

John Harper, City Attorney

CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Andy Okoro, City Manager 

PREPARED BY: Lori J. Askew, Director of Public Works 

DATE: August 19, 2015

SUBJECT: Acceptance of the Norco MDP Line NB-2 and S-5A Project as Complete

RECOMMENDATION: Accept the Norco MDP Line NB-2 and S-5A Project as complete and direct the City Clerk to file the Notice of Completion with the County of Riverside.

SUMMARY: The Norco MDP Line NB-2 and S-5A Project consisted of construction of various storm drains and related appurtenances in Temescal Avenue between Cole Street and Wrangler Way and the end of Kingman Drive. These improvements have been completed to the satisfaction of the City Engineer and a Notice of Completion has been prepared for recordation.

BACKGROUND/ANALYSIS: On October 15, 2014, Council awarded a contract to GRFCO, Inc. of Moreno Valley, CA in the amount of \$513,289.00 for the construction of the Norco MDP Line NB-2 and S-5A Project. The project consisted of construction of two Riverside County Flood Control and Water Conservation District Master Drainage Plan storm drain lines. One storm drain was Line NB-2 which was a closed conduit in Temescal Avenue between Cole Street and Wrangler Way. The other storm drain, Lateral S-5A, was a closed conduit constructed in a storm drain easement traversing two private properties at the end of Kingman Drive and was connected to an existing drainage structure located on Norco Jr. High School. The project was completed under budget by elimination of anticipated utility conflicts. Final contract amount paid to GRFCO was \$512,655.00.

GRFCO, Inc. completed all the work required within the work days provided to the satisfaction of the City Engineer and a Notice of Completion has been prepared. Staff is recommending that the City Council accept the work performed by GRFCO, Inc. as complete and authorize the City Clerk to record the Notice of Completion with the County Recorder's Office.

FINANCIAL IMPACT: None.

Attachment: Notice of Completion

RECORDING REQUESTED BY:
CITY OF NORCO
WHEN RECORDED MAIL TO:
2870 CLARK AVENUE
NORCO, CA 92860
ATTN: CITY CLERK

THIS DOCUMENT IS FILED AT THE REQUEST
OF THE CITY OF NORCO PURSUANT TO
SECTION 6103 OF THE GOVERNMENT
CODE. NO FEE IS CHARGED THEREFORE.

NOTICE OF COMPLETION

NOTICE IS HEREBY GIVEN BY THE CITY OF NORCO, A MUNICIPAL CORPORATION, STATE OF CALIFORNIA THAT THE WORK DESCRIBED AS **NORCO MDP LINE NB-2 AND S-5A PROJECT** IN THE CITY OF NORCO IN ACCORDANCE WITH THE TERMS AND WRITTEN CONTRACT DATED BETWEEN THE CITY OF NORCO AND **GRFCO, INC.** WAS COMPLETED AND ACCEPTED BY THE CITY OF NORCO ON THE **19TH DAY OF AUGUST, 2015.**

THAT THE CITY OF NORCO, A PUBLIC BODY, CORPORATE AND POLITIC, WHOSE ADDRESS IS 2870 CLARK AVENUE, NORCO, CALIFORNIA, 92860 IS THE OWNER OF SAID IMPROVEMENT WORK; AND THAT SAID WORK WAS PERFORMED BEGINNING **OCTOBER 15, 2014** IN THE CITY OF NORCO. THE NATURE OF INTEREST IS VENDEE UNDER CONTRACT.

THAT SAID WORK OF IMPROVEMENT WAS SO PERFORMED BY **GRFCO, INC.** IN ACCORDANCE WITH SAID WRITTEN AGREEMENT DATED **OCTOBER 15, 2014** AND THE DRAWINGS AND SPECIFICATIONS WHICH WERE A PART OF SAID CONTRACT.

THAT THE CORPORATE SURETY ON THE CONTRACTOR'S BOND, FAITHFUL PERFORMANCE AND LABOR AND MATERIALS BOND IS **THE GUARANTEE COMPANY OF NORTH AMERICA USA** THIS NOTICE OF COMPLETION IS GIVEN BY THE CITY OF NORCO PURSUANT TO THE APPROPRIATE PROVISIONS OF TITLE XV, PART IV, DIVISION 1 OF THE CIVIL CODE OF THE STATE OF CALIFORNIA, AND UPON ORDER OF THE CITY OF NORCO.

August 19, 2015
DATED:

CITY OF NORCO
A MUNICIPAL CORPORATION

BY: _____
CHERYL L. LINK, CMC
CITY CLERK

VERIFICATION FOR NON-INDIVIDUAL OWNER:

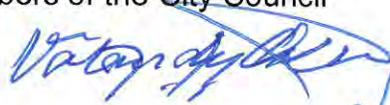
I, THE UNDERSIGNED, DECLARE UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT I AM THE CITY CLERK OF THE CITY OF NORCO; THAT I HAVE SIGNED THE SAID NOTICE, THAT I KNOW AND UNDERSTAND THE CONTENTS THEREOF, AND THAT THE FACTS STATED THEREIN ARE TRUE AND CORRECT.

08/19/15
DATE

CHERYL L. LINK, CMC
CITY CLERK
CITY OF NORCO

CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Andy Okoro, City Manager 

PREPARED BY: William R. Thompson, Water & Sewer Consultant 

DATE: August 19, 2015

SUBJECT: Preparation of a Water and Recycled Water Facilities Master Plan

RECOMMENDATION: Adopt **Resolution No. 2015-58**, amending the FY 2015-2016 budget for the Water Operations Fund and the Sewer Operations Fund, appropriate additional funding in the amount of \$79,850 from the Water Operations Fund and \$79,850 from the Sewer Operations Fund, and award a professional engineering services contract to Krieger & Stewart Engineering Consultants in the amount of \$159,700 to prepare a Water and Recycled Water Master Plan.

SUMMARY: The City of Norco completed an update to its existing Water Master Plan in August 2001, and does not have a Recycled Water Master Plan. Water Master Plans are typically required to be updated every five (5) years in order to satisfy the State Water Resources Control Board Water System Permit. Prior to delivering recycled or reclaimed water the City of Norco will be required to have a Recycled Water Master Plan. Staff is recommending Council award a contract to Krieger & Stewart Engineering Consultants in the amount of \$159,700 to prepare a Water and Recycled Water Plan.

BACKGROUND/ANALYSIS: The City of Norco completed an update to its existing Water Master Plan in August 2001, and does not have a Recycled Water Master Plan. Water Master Plans are typically required to be updated every five (5) years in order to satisfy the State Water Resources Control Board Water System Permit. Water Master Plans are updated on a regular basis because of changes to the community (development) and water system operations. The City has not updated its current Water Master Plan in recent years because the economic downturn effected growth and the water system has not had substantial modifications.

With the new water conservation mandates, expected changes to a portion of its source water deliveries and potential new development, staff believes it is time to update the Water Master Plan. These plans provide a road map to developing and maintaining water and recycled water infrastructure.

A recycled discharge permit will require a Master Plan prior to providing recycled or reclaimed water. Currently the City does not have a Recycled Water Master Plan.

Agenda Item: 2.F.

The proposed Master Plan will include production and storage requirements, sources of supply, facilities, recommended improvements, present and future water demands, hydraulic network modeling, zoning, future development, and a summary of estimated improvement costs.

Krieger & Stewart Engineering Consultants were approved earlier this year, by City Council through the On-Call Engineering Services RFP. Krieger & Stewart prepared the City of Norco 2001 Water Master Plan. Their firm is familiar with our water system and has an understanding of the water challenges within our region; staff would recommend City Council award the contract to prepare the water and recycled water master plan.

FINANCIAL IMPACT: A resolution has been prepared to appropriate an additional \$79,850 for the required Water Master Plan from the Water Operations Fund (Fund 124) and \$79,850 from the Sewer Operations Fund (126).

Attachments: Resolution No. 2015-58
 Krieger & Stewart Proposal

RESOLUTION NO. 2015-58

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NORCO, CALIFORNIA APPROPRIATING ADDITIONAL FUNDING IN THE AMOUNT OF \$79,850 FROM THE WATER OPERATIONS FUND AND \$79,850 FROM THE SEWER OPERATIONS FUND FOR THE PREPARATION OF A WATER AND RECYCLED WATER FACILITIES MASTER PLAN

WHEREAS, the Norco City Council ("Council"), has approved water and sewer operational budgets for fiscal year 2015/16 for the benefit of the Community; and

WHEREAS, the City of Norco owns and operates a public water system that provides potable drinking water, and recycled water system, that will provide recycled water; and

WHEREAS, Krieger & Stewart Engineering Consultants previously prepared a City of Norco Water Master Plan and assisted with evaluating City water issues; and

WHEREAS, it is recommended the City of Norco update its Water Facilities Master Plan in a timely manner; and

WHEREAS, the City of Norco will be required to have a Recycled Water Facilities Master Plan prior to receiving an approved permit to operate and provide recycled water; and

WHEREAS, the water department is anticipating changes to its operations; and

WHEREAS, the City has not appropriated funds to finance the proposed Master Plans; and

NOW THEREFORE, BE IT RESOLVED that the amount of \$79,850 (50%) shall be appropriated from the Water Operations Fund (124) and \$79,850 (50%) shall be appropriated from the Sewer Operations Fund (126) to fund the Recycled Water Master Facilities Plan.

PASSED AND ADOPTED by the City Council at a regular meeting held on August 19, 2015.

Herb Higgins, Mayor
City of Norco, California

ATTEST:

Cheryl L. Link, City Clerk
City of Norco, California

I, Cheryl L. Link, City Clerk of the City of Norco, do hereby certify that the foregoing Resolution was adopted by the City Council of the City of Norco, California at a regular meeting thereof held on August 19, 2015 by the following vote of the City Council:

AYES:
NOES:
ABSENT:
ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Norco, California, on August 19, 2015.

Cheryl L. Link, City Clerk
City of Norco, California



July 29, 2015

000-188.6A

Lori J. Askew, Director of Public Works
City of Norco
City Clerk's Office
2870 Clark Avenue
Norco, CA 92860

Subject: Engineering Services Proposal for
 Water Facilities Master Plan/Recycled Water Facilities Master Plan

Dear Ms. Askew:

We appreciate the opportunity to submit our proposal for preparation of a Water Facilities Master Plan and a Recycled Water Facilities Master Plan. The Water Facilities Master Plan will supersede the City's 2001 Water Facilities Master Plan (2001 Master Plan). The purpose of the 2015 Master Plan is to incorporate system improvements since 2001, and to re-evaluate existing and future demands and recommended water system improvements taking into account the most recent zoning information and other information compiled by the City regarding future growth.

The Recycled Water Facilities Master Plan will be a new plan to address recycled water available from the Western Riverside County Regional Wastewater Authority Plant (WRCRWA Plant) including available supply, existing and future recycled water demands, existing recycled water facilities, and recommended recycled water facilities.

A. SCOPE OF SERVICES

We propose to organize our scope of services into the following tasks:

1. Initial Meeting
2. Compilation and Review of Existing Records
3. Obtain Aerial Photograph
4. Hydraulic Network Models
 - Water Facilities
 - Recycled Water Facilities
5. Preparation of Draft Water Facilities Master Plan
 - Executive Summary
 - Chapter I – Introduction
 - Chapter II – Production and Storage Requirements
 - Chapter III – Sources of Supply
 - Chapter IV – Existing Water System Facilities
 - Chapter V – Recommended Water System Improvements



Lori J. Askew, Director of Public Works
July 29, 2015
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6. Preparation of Draft Recycled Water Facilities Master Plan
 - Executive Summary
 - Chapter I – Introduction
 - Chapter II – Existing Facilities
 - Chapter III – Recycled Water Supply
 - Chapter IV – Recycled Water Demand
 - Chapter V – Supply/Demand Scenarios
 - Chapter VI – Recommended Recycled Water System Improvements
7. Review Meetings with City Staff
8. Preparation of Draft Master Plans
9. Final Review Meeting and Preparation of Final Master Plans

Engineering services proposed for the above tasks are discussed in the following paragraphs.

1. Initial Meeting

We will meet with City staff to discuss the project prior to commencing services and to request copies of all available City materials pertaining to the Master Plans. In preparing for this meeting, we will compile a summary of issues and concerns to be addressed by the Master Plans, as well as a preliminary list of information we will require for preparation of said Plans. We anticipate that City staff will furnish us with copies of all available documents and records describing changes to the existing water system since preparation of the last Master Plan as well as documents and records available for the existing recycled water system. We also anticipate obtaining any available information regarding fire flow requirements and historic and current water demands organized by user category as well as current recycled water demands. We will also request that we be provided with any available records regarding current and anticipated development.

2. Compilation and Review of Existing Records

We will compile and review existing records during preparation of the Master Plans. The following records will be essential in preparation of the Master Plans:

- Water Facilities Master Plan
 - Current City Zoning Map
 - Current City Aerial Photograph
 - System Maps showing details of the existing water system
 - Historic records regarding production per connection for residential consumption (single family and multi-family)



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July 29, 2015
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- Historic records regarding production per acre for typical commercial and industrial consumption
- Historic records of average day demands and maximum day demands
- Current SCE tests for well pumping plants and for booster pumping plants
- Water quality records for each of the existing wells
- Details regarding system improvements since preparation of the City's 2001 Master Plan
- Population Growth Projections
- Recycled Water Facilities Master Plan
 - System map showing details of the existing Recycled Water System, including current customers
 - Records for City's available recycled water supply from the WRCRWA Plant, the Navy Well, Well 15, and the connection with the City of Corona
 - Location of facilities that could accept recycled water (parks, golf courses, schools, etc.) and anticipated recycled water demands, both monthly and annually
 - Available locations to deliver recycled water during periods of low demand (it is our understanding that Lake Norconian and the City of Corona are two possible locations)

3. Obtain Aerial Photograph

It is our understanding that the City will furnish Krieger & Stewart a current aerial photograph (of sufficient detail to allow determination of existing residential dwelling units). The photograph will be used to determine location and extent of developed and undeveloped areas within the City and will be used as a base map to show existing and proposed water system facilities as well as a base map to show existing and proposed recycled water system facilities.

4. Hydraulic Network Models

➤ Water Facilities

The City's existing water system model from the 2001 Master Plan will be converted to the latest version of H₂ONET, an advanced hydraulic network analysis program developed by Innovyze (formerly MWH Soft Inc.). We will revise the model to include projects constructed since 2001 based on information from the City's atlas sheets and supplemental information provided by the City. Thereafter, we will arrange a workshop meeting with City staff to review the model in detail to insure all waterlines, reservoirs, booster pumping plants, sources of supply, and pressure zones are correctly shown.



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July 29, 2015
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The hydraulic network model will be based upon existing water distribution system dimensions (pipe sizes and lengths), existing sources of supply and reservoirs, and estimated demands. The model will be used to evaluate the effectiveness of the existing distribution system, identify deficiencies in meeting both current and anticipated future demands (including fire flows), and evaluate the effectiveness of proposed system improvements in remedying said deficiencies.

We propose to utilize data from the City's existing SCADA system to calibrate the model. Existing data from the SCADA system such as water production, reservoir levels, booster pumping plant operating data, and system pressures (if available) will be used to calibrate the model by simulating the same conditions and comparing model output to measured values.

➤ Recycled Water Facilities

The hydraulic network model will be based upon existing recycled water distribution system dimensions (pipe sizes and lengths), existing supply and estimated demands. The model will be used to evaluate the effectiveness of the existing distribution system, identify deficiencies in meeting both current and anticipated future recycled water demands, and evaluate the effectiveness of proposed system improvements in remedying said deficiencies. If the City has a SCADA System for the recycled water system, we will utilize data from the SCADA System to calibrate the model.

5. Preparation of Draft Water Facilities Master Plan

We propose to organize the Water Facilities Master Plan into the following sections, which are the same sections as the 2001 Master Plan:

➤ EXECUTIVE SUMMARY

The executive summary will briefly summarize the important considerations of each chapter.

➤ CHAPTER I - INTRODUCTION

The introduction will address previous Master Plans, the study area, existing water system facilities, and will include abbreviations and terms.

➤ CHAPTER II – PRODUCTION AND STORAGE REQUIREMENTS

In the 2001 Water Master Plan, annual water requirements (2001, 2005, 2010, and ultimate) were based on the water requirements as set forth in the City of Norco Water Supply Study (July 22, 1996).



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For this Master Plan, we will estimate the existing and ultimate annual water demand and distribution of said demands by first subdividing the City into planning areas based on the City's latest Zoning Map. For existing annual water demands, we will determine the number of existing residential dwelling units and acreage of existing commercial/industrial areas within each planning area. Utilizing the information obtained during Task 2 for unit demands and the maximum day demand factor, we will determine the existing average day demand and the maximum day demand for each of the planning areas.

In order to estimate the annual water demand and distribution of said demand for ultimate conditions, we will utilize the same planning areas. For all undeveloped areas within the City (based on the aerial photograph), we will utilize the maximum densities as set forth in the Zoning Map to determine the maximum number of future dwelling units and the maximum acreage of future commercial and industrial development. If the City has any development plans or applications for specific areas, we will utilize that information for future development in lieu of information obtained from the Zoning Map.

Again, utilizing the information obtained during Task 2 for the unit demands and the maximum day demand factor, together with the existing demand and maximum densities for undeveloped areas (based on the Zoning Map and available development plans), we will determine the ultimate average day demand and the ultimate maximum day demand for each of the planning areas.

Average annual water demand for planning years 2015, 2020, 2030, and ultimate will be proportional to population growth projections for the City. Thereafter, we will establish recommended water production requirements and water storage requirements for 2015, 2020, 2030, and ultimate.

In the 2001 Master Plan, water production requirements and pressure zone storage requirements were prepared with and without time-of-use requirements. For this Master Plan, based on discussions with City staff, water production requirements and pressure zone storage requirements will not be prepared for time-of-use requirements.

➤ CHAPTER III – SOURCES OF SUPPLY

As part of a draft report prepared by Krieger & Stewart in 1998, the following sources of supply were investigated and evaluated:

- Temescal Ground Water Basin (Temescal Basin) Wells
- Chino Ground Water Basin (Chino Basin) Wells
- Jurupa Community Services District (JCSD) Connection
- City of Corona Connection
- Western Municipal Water District Imported Water Connection
- Western Municipal Water District Arlington Basin Desalter Connection



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- Western Municipal Water District Chino Basin West Desalter Connection
- Western Municipal Water District Chino Basin East Desalter Connection
- City of Riverside Connection

The draft report concluded that wells in the Temescal Groundwater Basin provide the least expensive source of supply; however, since the City's projected ultimate annual water production will exceed the estimated safe yield of the Temescal Groundwater Basin, the City will require additional sources of supply. The Chino and Arlington Desalters appear to be the least expensive alternatives for additional sources of supply as set forth in the draft report.

For the purposes of our proposal and, based on discussions with City staff, we have assumed the evaluation of sources of supply will not be required and the City's source of supply will consist of the following:

- Wells 11, 12, 13, 14, and 15
- 1,000 AF/yr from the Chino Basin II Desalter
- 4,400 AF/yr from the Arlington Desalter
- Western CDA (2,200 gpm)

As in the 2001 Master Plan, we will provide figures illustrating projected water production addressing minimum day demand, average monthly demand, and maximum day demand along with the constant source of supply from the Chino Basin II Desalter and the Arlington Desalter together with Wells 11, 12, 13, 14, and 15.

In the 2001 Master Plan, considerable discussion was included related to concentrations of boron, chloride, selenium, sodium, and TDS in the City's water supply and wastewater as well as available salt credits from the Arlington Desalter.

For the purposes of this Master Plan and, based on discussions with City staff, evaluation of water supply constituents, wastewater constituents, and salt credits will not be addressed. Water quality will be limited to discussions on water quality from the existing wells (based on information furnished by the City), summarized as follows:

- Well 11 has high nitrate levels. Water from Well 11 will be blended with desalter water.
- Water from Wells 13 and 15 are treated for Manganese and Arsenic



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➤ CHAPTER IV – EXISTING WATER SYSTEM FACILITIES

In the 2001 Master Plan, Chapter IV set forth detailed information on existing pressure zones, water production facilities, water treatment facilities, booster pumping facilities, water storage facilities, and pipelines.

For the 2015 Master Plan, this information will not be repeated. Instead, Chapter IV will summarize existing facilities by the use of Tables. We anticipate Tables will be provided for the following:

- Pressure Zones
- Wells
- Well Pumping Plants
- Treatment Facilities
- Booster Pumping Stations
- Water Storage Reservoirs
- Pipelines
- Imported Water Facilities

A 24"x36" Exhibit will be provided showing existing water system facilities.

➤ CHAPTER V – RECOMMENDED WATER SYSTEM IMPROVEMENTS

Chapter V will set forth recommendations for pressure zones, water production facilities, booster pumping plants, water storage reservoirs, and pipeline systems. Chapter V will also address estimated project costs and construction schedules for the recommended improvements. The anticipated contents for each of the sections of Chapter V are as follows:

Pressure Zones

Based on our review of City's boundaries, topography, and existing reservoirs, recommendations will be provided regarding pressure zone boundaries, and high water elevations for each pressure zone. It appears the City's five existing pressure zones will be sufficient for the existing and future service area.

Water Production Facilities (well pumping facilities, treatment facilities, and imported water)

Based on the water production requirements (Chapter II) and water quality (Chapter III), we will provide a source of supply schedule for well pumping plants, treatment facilities, and imported water for each of the planning years (2015, 2020, 2030, and ultimate). Source of supply will have sufficient combined capacity to meet maximum day demands plus reserve capacity and the



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schedule will address capacities of each existing well, required capacities of each proposed well, capacities of treatment facilities, and required capacity of the imported water supply.

Booster Pumping Plants

Based on water production requirements (Chapter II) for each pressure zone, we will provide recommendations regarding location, number of pumping units, and capacity of pumping units for each booster pumping plant. Booster pumping plants will be capable of meeting maximum day demand for the pressure zone served. Each plant will be equipped with at least two pumping units, with at least one pumping unit for standby service.

Water Storage Reservoirs

Based on recommended storage requirements (Chapter II) for each pressure zone, we will provide a water storage reservoir schedule for each of the planning years (2015, 2020, 2030, and ultimate). Storage reservoirs will be capable of providing, at the minimum, equalizing storage, fire storage, and emergency storage and the schedule will address capacities of each existing reservoir, and required capacities of each proposed reservoir.

Pipeline Systems

Hydraulic network analyses will be performed for existing conditions using existing demands (Chapter II) and distribution of said demands based on locations of existing development. Hydraulic network analyses for ultimate conditions will be performed using ultimate demands (Chapter II) and distribution of said demands as developed during the preparation of Chapter II.

For both existing and ultimate conditions, analyses will be performed for minimum hour demands with all wells and boosters on and for maximum day demands plus fire flows with all wells and boosters off. Pipelines will have sufficient capacity to meet maximum day demands and simultaneous fire flows without excessive flow velocities or head losses. Based on the analyses, recommendations will be provided for pipeline improvements for existing conditions and ultimate conditions.

Estimated Project Costs and Proposed Construction Schedule

Based on recommendations as set forth in the various sections of Chapter V regarding water production facilities, treatment facilities, booster pumping plants, water storage reservoirs, and pipelines, estimated project costs and proposed construction schedules will be provided. In addition, a 24"x36" exhibit will be



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provided showing existing and proposed facilities. The exhibit will be color coded to indicate schedules for the proposed facilities.

6. Preparation of Draft Recycled Water Facilities Master Plan

We propose to organize the Recycled Water Facilities Master Plan into the following sections:

➤ EXECUTIVE SUMMARY

The executive summary will briefly summarize the important considerations of each chapter.

➤ CHAPTER I - INTRODUCTION

The introduction will address the study area, existing recycled water system facilities, and will include abbreviations and terms.

➤ CHAPTER II – EXISTING FACILITIES

It is our understanding the existing facilities consist of a recycled water transmission pipeline, a booster pumping plant at the WRCRWA Plant, and a booster pumping plant at Snipes Park.

A brief detailed description of the transmission pipeline(s) will be provided, including a tabulation of lengths and diameters. A brief detailed description of the booster pumping station will be provided, including number and capacity of each pumping unit.

➤ CHAPTER III - RECYCLED WATER SUPPLY

It is our understanding that the sources of recycled water supply consist of the existing booster pumping plant at the WRCRWA Plant with a capacity of 700 gpm (1 MGD), the Navy Well, Well 15, and a connection with the City of Corona. If a future source of supply is anticipated, it will be addressed in this chapter.

For our proposal, we have assumed all regulatory and institutional issues as well as recycled water quality issues have been resolved and they will not be addressed except to summarize (based on information provided by the City).



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➤ CHAPTER IV – RECYCLED WATER DEMAND

A brief discussion of existing and future recycled water demands will be provided including the following:

- Average Day Demand
- Maximum Day Demand
- Seasonal Demand

➤ CHAPTER V – SUPPLY/DEMAND SCENARIOS

One of the biggest concerns with recycled water systems is accommodating the constant supply and the variable demand (i.e. high demand in summer months and low demand in winter months). Recycled water systems typically include seasonal storage ponds or other methods to store or divert the recycled water during periods of low demands. In addition, various methods of pressure and flow control for end users are available (i.e. onsite storage ponds, rate of flow control valves, PRV/PSV, etc.).

This chapter will address the various supply/demand scenarios.

➤ CHAPTER VI – RECOMMENDED RECYCLED WATER SYSTEM IMPROVEMENTS

Based on the results of the recycled water demands, recycled water supply, and the hydraulic network analyses, recommended system improvements will be provided for pipelines, seasonal storage ponds (if needed), recycled water system booster pumping plants (if needed), and service-level reservoirs (if needed) for the existing system as well as for future development.

Chapter VI will set forth recommended system improvements and estimated project costs for 2015, 2020, 2030, and ultimate.

7. Review Meetings with City Staff

As each of the chapters for each plan is completed, electronic copies will be submitted to City staff for review and comments. We envision a series of review meetings or telephone conferences with City staff to review each of the chapters.

8. Preparation of Draft Master Plans

Once all of the Chapters have been reviewed by City staff, we will prepare the draft Master Plans. Thereafter, we will provide bound copies to City staff for review and comments.



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9. Final Review Meeting and Preparation of Final Master Plans

Once City staff has reviewed the draft Master Plans, we will arrange the final review meeting to review City staff comments in detail. Thereafter, we will prepare the final Master Plans incorporating all of the City's comments. Once the Master Plans are completed, we will provide the City with five (5) bound copies and an unbound copy of both Master Plans. In addition, we will provide electronic files of both Master Plans.

B. ESTIMATED FEE

Our estimated fee to provide the engineering services for subject project described above is \$159,700. Our fee is based on the City providing the records as set forth in our proposal, especially the records listed in Task 2. A tabulation of our fee estimate by work component is shown on attached Table 1. A copy of our 2015 Fee Schedule is also attached, and our fee estimate is based on the rates specified therein.

C. SCHEDULE

We propose to complete the Master Plans within four to five months of receiving a Notice to Proceed by the City. Said schedule includes time for the City to review each chapter as they are completed and time to review the draft Master Plans prior to preparation of the final Master Plans.

If you have any questions, please call.

Sincerely,

KRIEGER & STEWART

Mark E. Messersmith

MEM/lge
000-188P6-PRO

Attachments: Table 1 - Estimated Fees for Design Engineering Services
2015 Fee Schedule

**TABLE 1
CITY OF NORCO
WATER FACILITIES MASTER PLAN / RECYCLED WATER FACILITIES MASTER PLAN
ESTIMATED FEES FOR ENGINEERING SERVICES**

COMPONENT	PRINCIPAL IN CHARGE ⁽¹⁾		PROJECT ENGINEER ⁽²⁾		STAFF ENGINEER ⁽³⁾		CADD SERVICES ⁽⁴⁾		CLERICAL ⁽⁵⁾		TOTAL
	HOURS	\$	HOURS	\$	HOURS	\$	HOURS	\$	HOURS	\$	\$
1. INITIAL MEETING	6	1,374	6	1,098					2	182	2,654
2. COMPILATION AND REVIEW OF EXISTING RECORDS	6	1,374	12	2,196	12	1,788					5,358
3. OBTAIN AERIAL PHOTOGRAPH			4	732			4	500			1,232
4. HYDRAULIC NETWORK MODELS											
WATER FACILITIES	4	916	24	4,392	80	11,920					17,228
RECYCLED WATER FACILITIES	4	916	24	4,392	40	5,960					11,268
5. PREPARATION OF DRAFT WATER FACILITIES MASTER PLAN											
EXECUTIVE SUMMARY	2	458	4	732					8	728	1,918
CHAPTER I - INTRODUCTION	2	458	6	1,098					6	546	2,102
CHAPTER II - PRODUCTION AND STORAGE REQUIREMENTS	8	1,832	32	5,856	40	5,960	8	1,000	16	1,456	16,104
CHAPTER III - SOURCES OF SUPPLY	8	1,832	24	4,392			8	1,000	16	1,456	8,680
CHAPTER IV - EXISTING WATER SYSTEM FACILITIES	2	458	8	1,464			16	2,000	8	728	4,650
CHAPTER V - RECOMMENDED WATER SYSTEM IMPROVEMENTS	16	3,664	40	7,320	16	2,384	20	2,500	24	2,184	18,052
6. PREPARATION OF DRAFT RECYCLED WATER FACILITIES MASTER PLAN											
EXECUTIVE SUMMARY	2	458	4	732					8	728	1,918
CHAPTER I - INTRODUCTION	2	458	6	1,098					6	546	2,102
CHAPTER II - EXISTING FACILITIES	2	458	8	1,464	30	4,470	12	1,500	8	728	8,620
CHAPTER III - RECYCLED WATER SUPPLY	4	916	16	2,928					8	728	4,572
CHAPTER IV - RECYCLED WATER DEMANDS	8	1,832	16	2,928			8	1,000	8	728	6,488
CHAPTER V - SUPPLY / DEMAND SCENARIOS	8	1,832	24	4,392			8	1,000	16	1,456	8,680
CHAPTER VI - RECOMMENDED RECYCLED WATER SYSTEM IMPROVEMENTS	8	1,832	16	2,928	16	2,384	16	2,000	16	1,456	10,600



**TABLE 1
CITY OF NORCO
WATER FACILITIES MASTER PLAN / RECYCLED WATER FACILITIES MASTER PLAN
ESTIMATED FEES FOR ENGINEERING SERVICES**

COMPONENT	PRINCIPAL IN CHARGE ⁽¹⁾		PROJECT ENGINEER ⁽²⁾		STAFF ENGINEER ⁽³⁾		CADD SERVICES ⁽⁴⁾		CLERICAL ⁽⁵⁾		TOTAL
	HOURS	\$	HOURS	\$	HOURS	\$	HOURS	\$	HOURS	\$	\$
7. REVIEW MEETINGS WITH CITY STAFF	8	1,832	16	2,928					8	728	5,488
8. PREPARATION OF DRAFT MASTER PLANS	8	1,832	16	2,928			8	1,000	24	2,184	7,944
9. FINAL REVIEW MEETING AND PREPARATION OF FINAL MASTER PLANS	8	1,832	12	2,196			8	1,000	16	1,456	6,484
	<u>116</u>	<u>26,564</u>	<u>318</u>	<u>58,194</u>	<u>234</u>	<u>34,866</u>	<u>116</u>	<u>14,500</u>	<u>198</u>	<u>18,018</u>	<u>152,142</u>
											REIMBURSABLES @ 5%: <u>7,607</u>
											TOTAL: <u>159,749</u>
											TOTAL ROUNDED: 159,700
HOURLY RATES PER K&S 2015 FEE SCHEDULE											
⁽¹⁾ PRINCIPAL ENGINEER II	@	\$229	/Hr								
⁽²⁾ SENIOR ENGINEER II	@	\$183	/Hr								
⁽³⁾ STAFF ENGINEER III	@	\$149	/Hr								
⁽⁴⁾ CADD OPERATOR II	@	\$125	/Hr								
⁽⁵⁾ SECRETARY IV	@	\$91	/Hr								



CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Andy Okoro, City Manager 

PREPARED BY: William R. Thompson, Water & Sewer Consultant 

DATE: August 19, 2015

SUBJECT: Optimization of the Water and Sewer Supervisory Control and Data Acquisition (SCADA) System

RECOMMENDATION: Award contract to Advanced Telemetry Systems International, Inc. in the amount of \$660,811.40 to optimize the Water and Sewer SCADA System, and authorize the City Manager to approve contract change orders up to 10 percent of the contract amount.

SUMMARY: The existing SCADA system was installed in 1998 to automate the City of Norco water and sewer system. The current system has started to reveal its age, and is becoming obsolete. Staff is recommending award of contract to Advanced Telemetry Systems International, Inc. (ATSI) in the amount of \$660,811.40 to optimize the water and sewer SCADA system in order to continue monitoring and controlling water and sewer facilities.

BACKGROUND/ANALYSIS: The current SCADA system provides continuous monitoring and control of fifteen (15) water facilities, twelve (12) sewer facilities, including the central control system. The proposed optimization will include the existing facilities and additional four (4) recycled water facilities and upgrade two servers at City Hall. Each of the 32 facilities will receive new remote terminals (RTU's), logic controllers, battery backup, radio equipment, switch's, instrumentation, and enclosures. The radio signals will be captured and routed to the City of Norco fiber optic network.

ATSI installed the existing system and have recently assisted the City as their integrator with the Chino Desalter Authority (CDA) expansion project. The CDA project includes the installation of the proposed equipment and instrumentation at two new turnout facilities. They have also been instrumental in the SCADA installation at the new City of Corona recycled water connection.

Staff is recommending awarding the contract to ATSI based on the relationship and understanding of the current system.

FINANCIAL IMPACT: Funds for the SCADA optimization project are approved in the Water Capital Improvement Fund 144 (50%) and the Sewer Capital Improvement Fund 147 (50%).

Agenda Item: 2.G.

Award of SCADA Optimization Contract
Page 2
August 19, 2015

The estimated available fund balance in the Water Capital Improvement Fund, as of July 1, 2015 is \$5.25 million and the estimated fund balance in the Sewer Capital Improvement Fund is \$2.2 million.

Attachments: ATSI Proposal



City of Norco 2015 SCADA System Optimization

Proposed by Advanced Telemetry Systems International, Inc. July 30, 2015

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Section 1 Executive Summary

The City's SCADA system, originally installed in 1998, is reaching the end of its useful life and as a result several stations are exhibiting maintenance issues that require increasingly more service. Hardware failures are becoming more difficult to repair since the current model of hardware is no longer in production and needs to be special ordered. The availability of replacement parts is a concern. The UHF radios used to connect the stations together is out of compliance with the FCC's January 1, 2012 ruling to replace all radios having a 25 KHz channel spacing with radios having a 12.5 KHz channel spacing.

The scope of this proposal is to systematically optimize the existing SCADA System with the functionality of a modern system that maximizes the following:

- Data throughput
- Reliable communications
- Capability to add security to each remote site
 - Card Readers, intrusion sensors
 - Video Surveillance & recording

The current upgrade of the Water Treatment Plant (WTP) is adding a new Reservoir and booster station, known as "Reservoir 8", that will be co-located near the existing WTP. This upgrade includes a new controller that will be programmed to operate and monitor both the Treatment Plant as well as the booster station. This information is to be integrated into the current SCADA system. Part of this upgrade is to include the existing well sites into the Treatment Plant process. The current RTUs that control the wells are not compatible with the equipment being install and therefore also need to be upgraded with the Reservoir 8 & WTP project. For these reasons as well as the age of the system and the programming model of the controllers, a phased optimization to the SCADA system.

The existing ClearSCADA HMI Software license is not current (since 2007). The cost to bring this license current combined with the cost to integrate new controllers into the HMI, ATSI recommends the HMI software be changed to Rockwell Automation's FactoryTalk View SE which is native to the controllers. This proposal addresses the requirements of the existing SCADA System and the assumption that the controllers will be upgraded to Rockwell Automation Logix family of controllers. The cost estimate reflects these assumptions.

ATSI has divided the optimization of this project into two phases. The City of Norco may elect to implement both phases simultaneously at their discretion. Phase one will encompass the existing reservoirs, booster stations, wells and reclaim facilities. Phase two will encompass the existing sewage lift stations. Please refer to the Cost Analysis portion of Section 3 for futher detail.

Section 2 Detailed Description

2.1 Integration Services & Materials

Integration services will consist of:

- Panel design and drawings
- Programming & configuring the materials provided
- Create HMI graphics using PlantPAx libraries
- Installing the materials provided at each site
- Testing & Commissioning each site

Major materials for each site will consist of:

- Allen-Bradley CompactLogix L24ER Controller (Onboard IO - 16Di, 16DO, 4AI, 2AO, 4CI).
- Allen-Bradley Industrial 600 AH UPS
- Allen-Bradley Stratix 8300 10 Port Layer 3 Switch
- Ubiquiti radios
- Hoffman Nema Rated enclosure

2.2 IP Radio Network

Each site will include an Allen-Bradley Stratix 8300 Layer 3 switch. Each Layer 3 switch will handle routing of the network data using Open Shortest Path First (OSPF) protocol. Each site will have a minimum of two alternate paths to allow data to be passed throughout the Network and ATSI will coordinate with the City's IT department in utilizing a portion of the City's fiber network to dedicate strands for SCADA at strategic locations. This will be implemented based upon an IP Radio Network Design performed by ATSI. The Stratix 8300 switch has been chosen because of its industrial rating as well as its ability to segment the network to allow for additional functionality such as video surveillance, networked enabled UPSs, card readers etc.

2.3 Standard Operational Program

The PLC at each site will be programmed to operate according to the existing pump control strategy. The current data displayed on the HMI screens will remain. Where new data is available it will also be displayed.

2.4 Standard Controls & Instrumentation for Sewage Lift Stations

The PLC at each of the twelve existing lift stations will replace the existing control, utilize the floats for alarming and controls and replace the bubbler systems with a standard design.

Section 3 Fee Schedule and Cost Analysis

3.1 Fee Schedule

This document describes the basis for compensation and terms of payment. All rates presented apply to Services rendered after January 1, 2015 and will be adjusted annually thereafter.

In addition to these fees, clients will also be responsible for any sales or value-added taxes that may apply to engineering services performed.

Hourly Rates: Charges for services provided will be in accordance with the following schedule:

ATSI 2015	
System Integrator	215
Field Installer/Technician	190
Network Engineer	175
Admin	75

Other Direct Costs: All expenses incurred for a project, except in-house services specified below, from outside vendors will be invoiced at cost plus 10% to cover administrative expenses. These items may include, but are not limited to: shipping charges; printing; supplies; equipment; special insurance; licenses; permits; or subcontractors. Based on information known at the time of this proposal, these direct costs have been included in the total cost in Section 3.2.1

In-house services consist of:

- Transportation - \$0.61 per mile for vehicles.
- Equipment - a schedule of usage rates for specialty equipment is available for field assignments

Payment: All invoices are due and payable within the terms agreed upon as stated in the award contract. Any attorney's fees, court costs, or other related expenses incurred in collecting delinquent accounts shall be paid by the client. Delinquent bills are subject to finance charges of 1.5% per month.

3.2 Cost Analysis

3.2.1 Total Project

Our cost proposal is made up of the major parts of this project and an amount and percentage has been assigned to each.

The line item labeled "Panel Assembly & Delivery" represents the labor cost to provide a fully integrated panel, with as built drawings. ATSI assumes the use of existing antenna masts for the installation of the new radios.

The effort to complete this task is weighted in a manner that we believe will produce the best result for the City and will reduce overall costs and future changes to the scope of the project. The lead time for panel delivery is approximately 6-8 weeks.

Description	Per Cent	Cost
Material	44%	280,955.00
Integration Services	12%	75,050.00
Network Design	2%	10,640.00
Panel Assembly & Delivery	11%	67,500.00
Installation	15%	94,600.00
Lift Station Controls	15%	94,200.00
Testing	2%	10,260.00
Training	1%	5,130.00
Sub Total	100%	638,335.00
Estimated Sales Tax		22,476.40
Total		\$ 660,811.40

3.2.2 Phase One

The cost of the phase one portion of this project includes all material, labor and taxes to completely install and integrate each site into the new system. Each facility is further broken down for the City's reference:

Description	Cost
Office (SCADA Server Hardware & Software)	45,509.60
Reservoir 1	19,513.00
Reservoir 2	19,513.00
Reservoir 3 & Hydro Station	21,993.00
Reservoir 4 & Booster Station	23,654.80
Reservoir 5	19,513.00
Reservoir 6 & 7	19,513.00
Pedley Booster Station	21,993.00
Ridge Ranch Booster Station	23,470.00
Well 11 / Corona-Intertie	19,080.00
Well 12	19,080.00
Well 13	19,080.00
Well 14	19,080.00
Well 15	19,080.00
Snipes Reclaim Station	19,893.00
WRCRWA Reclaim Station	19,650.00
Total	\$ 349,615.40

3.2.3 Phase Two

The cost of the phase two portion of this project includes all material, labor and taxes to completely install and integrate each site into the new system. Each facility is further broken down for the City's reference:

Description	Cost
Lift Station #1 - Corona	18,083.00
Lift Station #2 - Norco	18,083.00
Lift Station #3 - Shawnee	18,083.00
Lift Station #4 - Parkridge	18,083.00
Lift Station #5 - Corral	18,083.00
Lift Station #6 - Grulla	18,083.00
Lift Station #7 - Old Hamner	18,083.00
Lift Station #8 - Valley View	18,083.00
Lift Station #9 - East River	18,083.00
Lift Station #10 - West River	18,083.00
Lift Station #11 - Oldenberg	18,083.00
Lift Station #12 - Norco Hills	18,083.00
Replace bubblers & standardize all Lift Stations	94,200.00
Total	\$ 311,196.00

Section 4 Contractor Data

4.1 Company Information

Name	Advanced telemetry Systems International, Inc.
CA License Number	619000
Telephone	760-738-6804
Fax	760-738-4839
Address	P.O. Box 461659 Escondido, CA 92046-1659
Web	www.atsionline.com

4.2 Contact Person

Name	James LaVine
Title	President
Telephone	760-738-6804
Fax	760-738-4839
Mobile	760-802-4231
Address	P.O. Box 461659 Escondido, CA 92046-1659
E-mail Address	jim@atsionline.com

4.3 Years in Business

ATSI has been in the business of providing high quality professional SCADA systems to the Water and Waste Water industry for 24 Years.

4.4 Products and Services to the City of Norco

ATSI has been the SCADA System Integrator for the City of Norco for the past 16 years. We have provided both products and services to the City. ATSI is a Recognized Systems Integrator (RSI) in controls for Rockwell Automation.

4.5 Minority Business Enterprise / Woman Business Enterprise

ATSI is a Disabled Veteran Business Enterprise (DVBE).

4.6 Projected Schedule

The project schedule will be determined and governed by a detailed construction project schedule. The target dates listed in the schedule below are best estimates and will be made firm when the construction schedule is completed. The start date for this project is expected to begin the Monday after the award of contract or Notice to Proceed (NTP). Should the award date change, all dates based on the award date will be adjusted accordingly. The table below lays out the tasks and when in the project they will be accomplished. Each project milestone defined below will be complete during the phase of the project where it is included, for example all milestones listed under Project Start will be complete prior to Design Complete.

Project Start	NTP
<ul style="list-style-type: none"> Project Design Begins Establish Project Construction Schedule Perform Site Survey Present Submittal Package for approval Develop PLC Programs Develop List of Materials Develop Testing Procedures PLC and Workstation Loop Checkout Programs Project Meetings 	
Design Complete	NTP + 30 Days
<ul style="list-style-type: none"> Order Equipment Write PLC Programs Project Meetings 	
Start Construction	NTP + 90 Days
<ul style="list-style-type: none"> Verify Control System Installation Install and Test Equipment Install and Test PLC Programming Site Acceptance Testing Acceptance test with Utility Training Final Documentation Start-up Meetings 	
Project End	NTP + 120 Days

4.7 Availability

ATSI is available to perform the work associated with this project according to the schedule outlined in paragraph 4.6 above.

Section 5 References

The references below are a sample of work performed with customers that are in close proximity to East Valley Water District.

5.1 East Valley Water District



East Valley District is a medium sized Municipal Water District with approximately 40 remote sites, one surface water treatment plant and several well head treatment facilities.

ATSI is the District's system integrator. The controllers used throughout the system are a mix of Kingfisher RTUs and Rockwell ControlLogix PLCs, similar to FPUD. The SCADA

system is comprised of redundant ClearSCADA Servers. ATSI has acted as the District's representative in the participation of the Department of Homeland Defense's audit of a medium-sized water district for the purpose of determining what standards should be implemented nation-wide to secure the nation's potable water infrastructure.

Contact: Mike Henderson, mhenderson@eastvalley.org, 909-772-5144

5.2 Fallbrook Public Utilities District – Red Mountain Disinfection Facility



Water Treatment Rule (LT2ESWTR) is the requirement that all uncovered finished water storage facilities (UFWSFs) be either covered or treated to achieve 4-log virus, 3-log Giardia, and 2-log

Cryptosporidium reduction. The Fallbrook Public Utilities District (FPUD) retained Malcolm Pirnie to evaluate treatment options for its 440 million gallon Red Mountain Reservoir (RMR). Covering had been determined to be impractical for the RMR, a UFWSF that receives finished water from the Metropolitan Water District of Southern California via its Robert A. Skinner Water Filtration Plant and serving as the primary source of drinking water for the FPUD service area.

Malcolm Pirnie's performed the preliminary design and design of the 32-million-gallon-per-day (MGD) RMR treatment plant. Components of the design included UV reactors to provide 2-log Cryptosporidium inactivation and 3-log Giardia inactivation, bulk hypochlorite and ammonia storage and feed facilities, 270-ft of 84-inch pipe for a pipeline chlorine contactor to provide 4-log virus inactivation, and miscellaneous site work. A detailed coordination with owner's operations specification was developed which provided guidelines for shutdowns and allowed the FPUD to continue operation of the RMR throughout the construction and tie-in of the new facility. Additionally, the CDPH required "zero off-spec" water which led to the inclusion of emergency power equipment, including an uninterruptible power supply and an emergency generator to maintain the facility online at all times. The instrumentation system included a local workstation connected to the District's supervisory control and data acquisition (SCADA)

system and local control panels with programmable logic controllers. System requirements were developed in coordination with the District's third-party integrator (ATSI).

During the construction phase, Malcolm Pirnie provided construction administration services. This included submittal reviews, RFI responses, O&M reviews, startup assistance and training. Malcolm Pirnie provided troubleshooting services for the instrumentation and controls system during construction to assist ATSI in integrating the facility master PLC with the vendor supplied control panel PLCs and assist with development of the programming. The construction was completed in March 2010 and the project had less than 0.5% change orders.

Contact: Jack Bebee, jackb@fpud.com 760-728-1125

5.3 MCB Camp Pendleton



MCB Camp Pendleton has several Water Treatment plants on base. One such plant is the Iron-Manganese removal Plant 22. This plant was inTPerable in automatic and all attempts to have the issues resolved by the original contractor failed. This Plant was required to be in full automatic mode prior to placing another Plant scheduled for upgrade offline. ATSI was called in to see if we could help. ATSI completely re-wrote the application logic for the Plant. The Plant now fully functions in automatic mode. ATSI also added some enhancements that were not included in the original design.

Contact: Josh Capito, joshua.capito@usmc.mil, 760-500-1314

Section 6 Team resumes

Mr. LaVine has over 23 years' experience in SCADA design and development.

He performs communication systems analysis including radio path propagation surveys, FCC license coordination services in the following frequencies:

- 900MHz, 2.4 GHz Spread Spectrum
- 5.8 GHz point-to-point
- 450 MHz Simplex
- 900 MHz Multiple Address
- 800 MHz Trunked
- 900 MHz, 2.4 GHz, 4.9 GHz, & 5.8 GHz IP Radios

Network design and installation in:

- RS232 serial communication
- RS485 Multidrop communication
- Ethernet networks including power over Ethernet
- Leased line
- Digital Subscriber Line (DSL)
- Public Switched Telephone Network (PSTN)

HMI system design and development using such products as

- Rockwell FactoryTalk View SE
- Rockwell FactoryTalk View ME
- Rockwell FactoryTalk Historian
- Rockwell VantagePoint
- GE-Fanuc iFix
- Schneider Electric ClearSCADA
- Invensys Wonderware
- National Instruments Lookout

Logic programming of Remote Terminal Units (RTU) and Programmable Logic Controllers (PLC) including:

- Rockwell Automation/Allen Bradley
- Kingfisher
- Motorola MOSCAD
- SCADAPack
- Modicon

Programming and screen design of Operator Interface terminals (OIT) including:

- Maple Systems line of products
- Rockwell PanelView and PanelView Plus

James F. LaVine
Senior System Integrator

Title/Firm:

Principal Owner, ATSI, Inc.

Years of Experience: 23

Education

Licenses and Certifications

Rockwell Automation

Schneider Electric ClearSCADA

Wonderware Intouch/Active Factory

Intellution Fix

OPTO 22

Motorola MOSCAD

CSE Semaphore - Kingfisher

Core Certificate in Computer Information Systems

Client References

Mike Henderson, East Valley Water District

Past Working Relationship: Water Superintendent

Tel: (909) 772-5144

Email: mhenderson@eastvalley.org

Ken Silliman, Indian Wells Water District

Past Working Relationship: Lead Operator for the District

Tel: (760) 608-3947

Email: ksilliman@iwwd.com

Mark Meeler, Myoma Water Company

Past Working Relationship: General Manager

Tel: (760) 250-6208

Email: markmeeler@myomawater.com

David Michalko, Valencia Heights Water Company

Past Working Relationship: General Manager

Tel: (626) 332-8935

Email: dmichalko@vhwc.org

PROJECT EXPERIENCE

- South Mesa Water Company: South Mesa SCADA System upgrade. Replaced aging Motorola, Wonderware Intouch SCADA system with Rockwell Automation CompactLogix PLCs and Rockwell Automation FactoryTalk View Site Edition. System includes four reservoirs with 4.5 MG storage, three booster stations and seven wells.
- East Valley Water Municipal District: A continuing effort as the District's System Integrator. ATSI installed the original system in 1991 and has maintained it current ever since. System includes over 40 remote sites with a mixture of Rockwell ControlLogix PLCs and CSE-Semaphore Kingfisher RTUs. The Remote sites communicate over a 450 MHz simplex radio frequency. The HMI system consists of a ClearSCADA redundant server pair communicating over a 5.8 GHz Ethernet radio link over a distance of approximately 5 miles.
- Fallbrook Public Utility District: A continuing effort as the District's System Integrator. ATSI installed the original system in 1992 and has maintained it current ever since. System includes over 29 remote sites encompassing the fresh water distribution system and the waste water collections system. It also includes the Red Mountain Ultra Violet WTP consisting of a Rockwell ControlLogix Master PLC that provides supervisory control over three UV Reactor CompactLogix PLCs. The remote sites include CSE-Semaphore Kingfisher RTUs. The Remote sites communicate over a 450 MHz simplex radio frequency. The HMI system consists of a ClearSCADA redundant server pair communicating over an Ethernet link. The Red Mountain WTP communicates over a T1 line over a distance of approximately 7 miles.
- Camp Pendleton Marine Base: Called in to modify an existing Iron-Manganese WTP control logic. The logic has been inoperable since installation and efforts to correct the ongoing problems were fruitless. ATSI re-programmed the Rockwell Automation SLC 5/05 PLC to the design engineer's specifications.
- Indian Wells Municipal Water District: Installed a complete SCADA system consisting of 28 remote sites including two Arsenic Removal WTPs. The system communicates over a 450 MHz simplex radio frequency. Communication to the two WTPs is over a 5.8 GHz Ethernet radio link. The system has 6 reservoirs, 4 Reservoir/Boosters, 2 Reservoir/PRV, 14 wells, 2 PRV station. ATSI remains the District's System Integrator.

Additional project experience is listed below. Details are available upon request

- City of Chino Hills
- City of Norco
- City of Banning
- City of Adelanto
- Alpine Water Users Association
- California Water Company - Dominguez District

- Southern California Edison
- City of Indio
- City of Lakeside
- County of Maui
- Riverside Highland Water Company
- Valencia Heights Water Company
- Rio Tinto Mines

Mr. Johnson has 22 years' experience in SCADA design development, installation and testing.

He performs communication systems analysis including radio path propagation surveys, FCC license coordination services in the following frequencies:

- 900MHz, 2.4 GHz Spread Spectrum
- 5.8 GHz point-to-point
- 450 MHz Simplex
- 900 MHz Multiple Address
- 800 MHz Trunked
- 900 MHz, 2.4 GHz, 4.9 GHz, & 5.8 GHz IP Radios

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- Leased line
- Digital Subscriber Line (DSL)
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- National Instruments Lookout

Logic programming of Remote Terminal Units (RTU) and Programmable Logic Controllers (PLC) including:

- Rockwell Automation/Allen Bradley
- Kingfisher
- SCADAPack

Programming and screen design of Operator Interface terminals (OIT) including:

Jay Johnson

System Integrator

Title/Firm:

Control System Specialist, ATSI, Inc.

Years of Experience: 19

Licenses and Certifications

CSE Semaphore - Kingfisher

Client References

Mike Henderson, East Valley Water District
Past Working Relationship: Water Superintendent
 Tel: (909) 772-5144
 Email: mhenderson@eastvalley.org

Ken Silliman, Indian Wells Water District
Past Working Relationship: Lead Operator for the District
 Tel: (760) 608-3947
 Email: ksilliman@iwwd.com

Mark Meeler, Myoma Water Company
Past Working Relationship: General Manager
 Tel: (760) 250-6208
 Email: markmeeler@myomawater.com

David Michalko, Valencia Heights Water Company
Past Working Relationship: General Manager
 Tel: (626) 332-8935
 Email: dmichalko@vhwc.org

- **Maple Systems line of products**

PROJECT EXPERIENCE

- **South Mesa Water Company:** South Mesa SCADA System upgrade. Replaced aging Motorola Wonderware Intouch SCADA system with Rockwell Automation CompactLogix PLCs and Rockwell Automation FactoryTalk View Site Edition. System includes four reservoirs with 4.5 MG storage, three booster stations and seven wells.
- **East Valley Water Municipal District:** A continuing effort as the District's System Integrator. ATSI installed the original system in 1991 and has maintained it current ever since. System includes over 40 remote sites with a mixture of Rockwell ControlLogix PLCs and CSE-Semaphore Kingfisher RTUs. The Remote sites communicate over a 450 MHz simplex radio frequency. The HMI system consists of a ClearSCADA redundant server pair communicating over a 5.8 GHz Ethernet radio link over a distance of approximately 5 miles.
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- **Indian Wells Municipal Water District:** Installed a complete SCADA system consisting of 28 remote sites including two Arsenic Removal WTPs. The system communicates over a 450 MHz simplex radio frequency. Communication to the two WTPs is over a 5.8 GHz Ethernet radio link. The system has 6 reservoirs, 4 Reservoir/Boosters, 2 Reservoir/PRV, 14 wells, 2 PRV station. ATSI remains the District's System Integrator.

Additional project experience is listed below. Details are available upon request

- City of Chino Hills
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- Alpine Water Users Association
- California Water Company - Dominguez District
- Southern California Edison
- City of Indio

- City of Lakeside
 - County of Maui
 - Riverside Highland Water Company
 - Valencia Heights Water Company
 - Rio Tinto Mines

CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of City Council

FROM: Andy Okoro, City Manager

PREPARED BY: Julie Houser, Administrative Analyst *Julie Houser*

DATE: August 19, 2015

SUBJECT: Approval to Declare Various City Assets as Surplus Property

RECOMMENDATION: Declare various City assets as surplus property and authorize the City Manager/Director of Finance to dispose of surplus assets through auction, donation to charitable organizations, or electronic recycling (e-cycle).

SUMMARY: Staff has identified various obsolete pieces of equipment and other assets that are no longer needed for City operations. It is recommended that the City Council declare the assets as surplus and authorize staff to dispose of them through public auction, donation to charity or electronic re-cycling.

BACKGROUND/ANALYSIS: In the course of business, the City purchases new equipment to replace obsolete items. Other assets simply break down and cannot be repaired or maintained in a cost effective manner. These obsolete equipment/assets have served their useful lives and are either no longer in service or inadequate for City needs due to software upgrades, excessive maintenance cost and normal wear and tear.

FINANCIAL IMPACT: Minimal revenues may be generated through this process and will be credited to the Fund that owns the asset.

Attachment: Surplus Property List

Surplus Property List

Servers: (3 Items)

- 1 – Intel Xeon 3.0GHz
- 2 – Intel Xeon 2.0GHz

Workstations: (18 Items)

- 4 - Intel Pentium 4
- 8 - Intel Core 2 Duo E6600
- 4 - Intel Core 2 Duo E6750
- 2 - Intel Core 2 Duo 8400

Monitors: (25 Items)

- 2 – Acer AL1912B
- 1 – CTX S700B
- 1 – Envision G19LWk
- 5 – Hanns-G HS191D
- 1 – NEC L152EQ
- 8 – Optquest Q7 VS10807
- 7 – Optquest Q9B-2

Other: (4 Items)

- 1 – Trip Lite Battery Back-Up
- 2 – HP Tape Drives
- 1 – Linksys 10/100 Switch

Cell Phones: (25 items)

- 4 – Motorola Barrage V860
- 6 – Samsung Convoy SCH-U640
- 1 – Casio Ravine 2
- 1 – Blackberry 9650 Bold
- 1 – Kyocera Brigadier
- 3 – Casio Commando
- 9 – LG Lucid

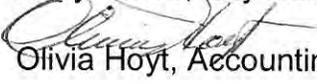
Printers/Copiers/Scanners: (9 Items)

- 1 – Brother Intellifax 2800
- 1 – Canon PC720
- 1 – Konica Minolta MagiColor 4650DN
- 1 – Konica Minolta PagePro 5650EN
- 1 – HP Deskjet 6620
- 1 – HP Office Jet Pro 8000
- 1 – HP LaserJet 2100
- 1 – HP LaserJet P1505n
- 1 – HP 640 Fax

MEMORANDUM

TO: Honorable Mayor and Members of the City Council

FROM: Andy Okoro, City Manager 

PREPARED BY: 
Olivia Hoyt, Accounting Manager

DATE: August 19, 2015

SUBJECT: Approving Standard Agreement #5600005281 for Refuse Removal and Disposal Services Provided to the California Department of Corrections and Rehabilitation Center (CDCR), California Rehabilitation Center (CRC)

RECOMMENDATION: Adopt **Resolution No. 2015-59**, approving Standard Agreement 5600005281 between the City of Norco and the California Department of Corrections and Rehabilitation Center (CDCR) for Solid Waste Collection Services at California Rehabilitation Center (CRC) Norco

SUMMARY: Staff is recommending that the Council approve a contract with California Department of Corrections and Rehabilitation (CDCR) to have the City's franchise waste hauler provide garbage collection, removal, and disposal services from October 1, 2015 through March 31, 2017. As part of the franchise agreement with the City's current waste hauler, Waste Management, the City bills all of the City of Norco residents including the California Department of Corrections and Rehabilitation (CDCR) for wet/dry garbage services.

BACKGROUND/ANALYSIS: The City's franchise agreement with Waste Management for the collection, transportation, recycling, composting and disposal of solid waste, compostables and recyclables is for the period of July 1, 2014, through June 30, 2024. The City receives a franchise fee based on a percentage of gross revenues derived from all residential customers starting in fiscal year 2014/2015 at 11.58% and ending in fiscal year 2018/19 at 17.9%; commercial services starting in fiscal year 2014/2015 at 12.63% and ending in fiscal year 2016/2017 at 17.9%. A billing and collection fee is also collected by the City.

There is an existing two year contract between the City and CDCR that expires September 30, 2015 for the disposal and collection by the City's waste hauler of wet/dry garbage services. Staff is recommending that the City approve an eighteen month contract with CDCR from October 1, 2015 through March 31, 2017 to have the City's franchise waste hauler provide garbage collection, removal, and disposal services. The

Contract with California Department of Corrections and Rehabilitation (CDCR)

Page 2

August 19, 2015

City will be billing CDCR the prevailing service rates charged by Waste Management and are approved by City Council during the term of the contract.

FINANCIAL IMPACT: The approval of the contract with CDCR will have a positive impact on the General Fund by generating the City franchise fees and billing fees on gross receipts.

Attachment: Resolution No. 2015-59
Standard Agreement #5600005281

RESOLUTION NO. 2015-59

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NORCO, CALIFORNIA, APPROVING STANDARD AGREEMENT #5600005281 BETWEEN THE CITY OF NORCO AND THE CALIFORNIA DEPARTMENT OF CORRECTIONS AND REHABILITATION CENTER (CDCR) FOR SOLID WASTE COLLECTION SERVICES AT CALIFORNIA REHABILITATION CENTER (CRC) NORCO

WHEREAS, the current Amended Agreement #5600004113 between the City of Norco and the California Department of Corrections and Rehabilitation Center (CDCR) to provide garbage collection, removal, and disposal services by the City's waste hauler at the California Rehabilitation Center (CRC) expires September 30, 2015; and

WHEREAS, the City will be billing CDCR the prevailing service rates charged by the City's waste hauler.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Norco hereby approves the Standard Agreement #5600005281 with the California Department of Corrections and Rehabilitation to provide for the collection, removal and disposal of wet/dry garbage by the City's waste hauler from October 1, 2015 to March 31, 2017.

PASSED AND ADOPTED by the City Council of the City of Norco at a regular meeting held on August 19, 2015.

Herb Higgins, Mayor
City of Norco, California

ATTEST:

Cheryl Link, City Clerk
City of Norco, California

I, CHERYL LINK, City Clerk of the City of Norco, California do hereby certify that the foregoing Resolution was introduced and adopted by the City Council of the City of Norco at a regular meeting held on August 19, 2015 by the following vote of the City Council:

AYES:

NOES:

ABSENT:

ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Norco, California on August 19, 2015.

Cheryl Link, City Clerk
City of Norco

AGREEMENT NUMBER

5600005281

REGISTRATION NUMBER

1. This Agreement is entered into between the State Agency and the Contractor named below:

STATE AGENCY'S NAME

California Department of Corrections and Rehabilitation

CONTRACTOR'S NAME

City of Norco

2. The term of this Agreement is: **October 1, 2015** Through **March 31, 2017**

3. The maximum amount of this Agreement is: **\$ 592,285.95**
Five Hundred Ninety Two Thousand Two Hundred Eighty Five Dollars and Ninety Five Cents.

4. The parties agree to comply with the terms and conditions of the following exhibits which are by this reference made a part of the Agreement.

Exhibit A – Scope of Work	3 pages
Exhibit A-1 Service Schedule	1 page
Exhibit A-2 Sample Change Order Letter	1 page
Exhibit B – Budget Detail and Payment Provisions	1 page
Exhibit B-1 Rate Sheet	1 page
Exhibit C* – General Terms and Conditions	GTC 610
Exhibit D – Special Terms and Conditions	13 pages

Items shown with an Asterisk (*), are hereby incorporated by reference and made part of this agreement as if attached hereto. These documents can be viewed at www.dqs.ca.gov/ols/Resources/StandardContractLanguage.aspx

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR

CONTRACTOR'S NAME (if other than an individual, state whether a corporation, partnership, etc.)

City of Norco

BY (Authorized Signature)

DATE SIGNED (Do not type)



PRINTED NAME AND TITLE OF PERSON SIGNING

Andy Okoro, City Manager

ADDRESS

2870 Clark Avenue
 Norco, CA 92860

STATE OF CALIFORNIA

AGENCY NAME

California Department of Corrections and Rehabilitation

BY (Authorized Signature)

DATE SIGNED (Do not type)



PRINTED NAME AND TITLE OF PERSON SIGNING

DENISE BOYER, Manager, Manager Service Contracts Unit

ADDRESS

9838 Old Placerville Road, Suite B-2, Sacramento, CA 95827

California Department of General Services
 Use Only

Exempt per:

DISPOSAL OF WET/DRY GARBAGE SERVICE

1. INTRODUCTION

Contractor shall provide all labor, materials, supplies, tools, equipment, permits/licenses and transportation as necessary to provide non-hazardous wet/dry garbage collection, removal and disposal services for the California Department of Corrections and Rehabilitation (CDCR), California Rehabilitation Center (CRC) located at 5th Street and Western Avenue, Norco, CA 92860.

Public Resources Code 41780 mandates all State Agencies to divert waste from landfills and to minimize waste and increase recycling efforts. In order for CDCR to show compliance with these mandates, Contractor must provide the Institution's Contract Liaison, in writing by the 7th of each month, with a receipt verifying the actual weighted amount of waste disposed at the landfill by the Institution.

2. ESTIMATED QUANTITIES

Contractor shall furnish and maintain one (1), forty (40) cubic yard, roll-off container, (1) ten (10) cubic yard, roll-off container, and eighteen (18), three (3) cubic yard, rollable, steel wheeled containers. All containers are to have lid covers made of steel or double walled plastic (i.e. duraflex or equivalent thereof) that are easily opened and closed. Containers and lids may not have excess metal on or inside which could be removed. In the event any lid or container becomes damaged, the Contractor shall, within forty-eight (48) hours of notification, repair or replace lids or containers. Containers shall be sealed and liquid tight to prevent spillage and drippings. The State reserves the right to inspect containers to determine suitability prior to placement.

Contractor shall deliver containers to the locations indicated below prior to the commencement of services. A location can be changed at any time at the discretion of the institution. The institution will provide 24-hour notice to Contractor of any location changes.

The State reserves the right to add or subtract containers, as needed, to accommodate any unforeseen increase or decrease in volume of wet/dry garbage generated. Additional containers shall be provided at the same rate set forth in Contractor's Rate Sheet, Exhibit B-2.

3. Pickup

Contractor shall perform garbage pick-up services according to the following container size:

- **Daily - Three Cubic Yard** - One pick-up daily between 6:00 a.m. and 11:00 a.m., Monday through Saturday.
- **Weekly - Forty Cubic Yard** - Two pick-up per week between 6:00am and 8:00am Tuesday and Thursday.
- **Weekly - Ten Cubic Yard** - One Pick-up per week between 6:00 am and 11 am.

The City of Norco does not provide garbage collection on New Years Day, Memorial Day, Labor Day, Thanksgiving and Christmas Day. Garbage pick up affected by these holidays for the 3 and 10 cubic yard containers, will be picked up on the next scheduled day. Garbage pick up affecting the forty cubic yard containers will be made up the subsequent Saturday.

Contractor shall complete services within the time frames specified herein. The time specified for garbage pickup may be extended, at the State's discretion, for a reasonable period of time when there is a delay in Contractor's performance of the work caused by unavoidable delay such as acts of God, fire, flood, epidemics, quarantine, restrictions, strikes, freight embargoes, or unusual action of the elements, provided that the Contractor shall notify the State within two (2) hours from the beginning of any delay.

In the event Contractor fails to provide services within the time specified without prior approval of the State, the State reserves the right to have services provided by another vendor at Contractor's expense. Any amounts owed to the State as a result of this action will be deducted from Contractor's monthly invoice.

4. RECEIPTS

Contractor shall deliver the wet/dry garbage to a county/city-approved landfill in accordance with the State of California, Environmental Health Laws. Contractor shall provide receipts verifying disposal, weight and date of wet/dry garbage to an approved landfill when submitting invoices.

5. CONTAINER UNLOADING

Contractor shall ensure that the three cubic yard containers are to be emptied on-site into a sealed truck that is liquid tight to prevent spillage and drippings. Forty cubic yard roll-off containers shall be exchanged empty for full, the full container sealed to prevent spillage and drippings, and removed in accordance with the schedule of service specified herein. The exchanged container must be placed in a way to prevent spillage when the institutions garbage truck unloads into it.

Due to clearance restrictions of the Institution's gates and tunnels, vehicles used to perform services under this contract cannot exceed 12' - 10 ½ " high by 13' - 10 ½ " wide.

6. CONTAINER MAINTENANCE

Contractor shall ensure containers are in good mechanical condition and repair or replace wheels, locking devices, lids or container within forty-eight (48) hours of notification. Containers must be steam cleaned quarterly and painted annually or more often as necessary as determined by the Institution Contract Liaison. Steam cleaning and painting shall not be performed on State property unless specifically requested by the State and shall be completed at Contractor's expense.

Contractor shall furnish additional containers on an exchange basis while the maintenance of containers is performed.

7. CONTAINER LOCKING DEVICES

Contractor must secure locking devices to all containers inside and outside the perimeter of the fence. The locking devices shall consist of a single lock bar extending the full width of the lid and lockable by padlock, to be supplied by institution.

8. LICENSES/PERMITS

Contractor shall possess a valid city/county issued Commercial Refuse Haulers Permit, and a Motor Carrier permit issued by the California Department of Motor Vehicles, if applicable. Contractor must also submit their current County Franchise Agreement to the California Department of Corrections and Rehabilitation.

9. CITY/COUNTY RATE INCREASE

It is understood that the city/county may regulate some or all of Contractor's rates for this service. In the event the city/county increases rates that directly affect the services provided in this contract, Contractor may, once per year during the term of the contract, request from the State an increase in the rates to be paid Contractor in this contract. Contractor's request must be submitted, in writing, with a copy of the Resolution from the city/county stating the prior rates and the new rates, showing the effective date of the new rates.

10. DEPARTMENT OF CORRECTIONS CONTACT INFORMATION

Should questions or problems arise during the term of this agreement, the contractor should contact the following offices:

Billing/Payment Issues:

- Southern California Regional Accounting Office
Phone Number: (909) 483-1543
FAX Number: (909) 483-1548

Scope of Service/Performance Issues:

- California Rehabilitation Center - Norco
Phone Number: (951) 737-2683 x 4414
FAX Number: (951) 273-2342

The Institution Contract Liaison shall be solely responsible for determining acceptability of satisfactory completion of any services provided by Contractor.

General Contract Issues:

- Contracts Management Branch
Phone Number: (916) 255-5624
FAX Number: (916) 255-6187

WET/DRY GARBAGE DISPOSAL SERVICE

THE CONTRACTOR WILL DELIVER CONTAINERS TO THE FOLLOWING LOCATIONS:

<i>CONTAINER SIZE</i>	<i>NUMBER OF CONTAINERS</i>	<i>LOCATION OF CONTAINERS</i>
3 CUBIC YARD	1	MEN'S R&R
3 CUBIC YARD	5	MAIN KITCHEN
3 CUBIC YARD	2	MAIN VISITING
3 CUBIC YARD	5	FACILITY IV KITCHEN
3 CUBIC YARD	4	FACILITY 1 KITCHEN
3 CUBIC YARD	2	ADMINISTRATION – NORTH SIDE
3 CUBIC YARD	1	LAUNDRY
3 CUBIC YARD	1	MAINTENANCE WAREHOUSE/TOOL CONTROL
3 CUBIC YARD	2	PLANT OPERATIONS MAINTENANCE YARD
3 CUBIC YARD	2	MEDICAL
3 CUBIC YARD	1	FACILITY III
3 CUBIC YARD	2	FACILITY II
3 CUBIC YARD	1	WATCH OFFICE
3 CUBIC YARD	1	ARMY BUILDING
3 CUBIC YARD	1	FLOATER – REQUESTED AS NEEDED.
10 CUBIC YARD	1	RASP
40 CUBIC YARD	1	CORPORATE YARD

California Department of Corrections and Rehabilitation
Sample Change Order Letter

STATE OF CALIFORNIA — DEPARTMENT OF CORRECTIONS AND REHABILITATION

EDMUND G. BROWN JR., GOVERNOR

**DIVISION OF SUPPORT SERVICES
OFFICE OF BUSINESS SERVICES**

9838 Old Placerville Road, Suite B-2
Sacramento, CA 95827
P.O. Box 942883
Sacramento, CA 94283-0001



DATE

Contact Person
Contractor Name
Address
City State Zip

Dear Mr./Ms.:

AGREEMENT NUMBER:
SERVICE:

Per the Scope of Work, Exhibit A, number X, Contractor Responsibilities, paragraph X, the Department of Corrections and Rehabilitation (CDCR) is exercising its right to increase/decrease services to the above agreement for the Institution/Facility.

Changes are represented below with bold and double-underlined font:

Number of Containers	Description	Location	Service Schedule

If you have any questions regarding this letter or any other matters, please contact Contract Analyst, at (916) XXX-XXXX.

Sincerely,

Denise Boyer, Manager
Manager, Service Contracts
Contracts Management Branch

Distribution: Contractor, Regional Accounting Office, File Copy

1. **Invoicing and Payment**

- a. For services satisfactorily rendered, and upon receipt and approval of Contractor's invoices, the State agrees to compensate the Contractor in accordance with the rates specified herein on Exhibit B-1 Rate Sheet, and made a part of this Agreement. Exhibit B-1 Rate Sheet shall remain in force for the stated term of this Agreement and shall include every item of expense, direct and indirect, including taxes incidental to the specified rates.
- b. Invoices shall include the Agreement Number, Purchase Order Number and shall be submitted in triplicate not more frequently than monthly in arrears to the address provided below.
- c. The Contractor also has the option to submit their invoices electronically to the appropriate email address listed below. The Contractor must use the name on the Agreement and the Agreement Number on the subject line of the email. The email must include an attached PDF file of the invoice, in accordance with the information above, and must reference the institution acronym and invoice number. Separate emails shall be sent for contracts with more than one participating institution, facility, office and/or site with the invoice information as stated above.

California Department of Corrections and Rehabilitation (CDCR)
Sacramento Accounting Office
Attention: **Accounts Payable B**
P.O. Box 187016
Sacramento, CA 95818-7016

For electronic submission, send invoices to:
Institutionnonmedcontractinvoices@cdcr.ca.gov

2. **Budget Contingency Clause**

- a. It is mutually agreed that if the California State Budget Act for the current fiscal year and/or any subsequent fiscal years covered under this Agreement does not appropriate sufficient funds for the program, this Agreement shall be of no further force and effect. In this event, the State shall have no liability to pay any funds whatsoever to Contractor, or to furnish any other considerations under this Agreement, and Contractor shall not be obligated to perform any provisions of this Agreement.
- b. If funding for the purposes of this program is reduced or deleted for any fiscal year by the California State Budget Act, the State shall have the option to either cancel this Agreement with no liability occurring to the State, or offer an Agreement amendment to Contractor to reflect the reduced amount.

3. Prompt Payment Clause

Payment will be made in accordance with, and within the time specified in, Government Code Chapter 4.5, commencing with Section 927. Payment to small/micro businesses shall be made in accordance with and within the time specified in Chapter 4.5, Government Code 927 et seq.

4. Subcontractors

Nothing contained in this Agreement, or otherwise, shall create any contractual relation between the State and any subcontractors, and no subcontract shall relieve the Contractor of Contractor's responsibilities and obligations hereunder. The Contractor agrees to be as fully responsible to the State for the acts and omissions of its subcontractors and of persons either directly or indirectly employed by any of them as it is for the acts and omissions of persons directly employed by the Contractor. The Contractor's obligation to pay its subcontractors is an independent obligation from the State's obligation to make payments to the Contractor. As a result, the State shall have no obligation to pay or to enforce the payment of any moneys to any subcontractor.

5. City/County Rate Increase

It is understood that the city/county may regulate some or all of the Contractor's rates for services. In the event the city/county increases the rates that directly affect the services provided in this Agreement, the Contractor may, once during the term of the Agreement, request from the State an increase in the rates stated in this Agreement. The Contractor must submit a written request to the State with a copy of the resolution from the city/county listing the prior rates and new rates and effective date of the new rates.

WET/DRY GARBAGE COLLECTION, REMOVAL AND DISPOSAL SERVICES

INSTITUTION NAME: California Rehabilitation Center (CRC)

1. 3 CUBIC YARD CONTAINERS - BILLED MONTHLY
A. PICK-UP - 6 DAYS PER WEEK

CONTAINER SIZE	MONTHLY RATE PER CONTAINER	X	NO. OF CONTAINER	X	NO. OF MONTHS	=	Total
3 CUBIC YARD	\$880.75	X	21	X	18	=	\$ 332,923.50
TOTAL FOR LINE A							\$ 332,923.50

B. ADDITIONAL CONTAINERS (ON AN AS NEEDED BASIS)

CONTAINER SIZE	MONTHLY RATE PER CONTAINER	X	NO. OF CONTAINER	X	NO. OF MONTHS	=	Total
3 CUBIC YARD	\$ 880.75	X	8	X	18	=	\$ 126,828.00
TOTAL FOR LINE B							\$ 126,828.00

2. 40 CUBIC YARD CONTAINERS - BILLED PER PICK-UP
A. PICK-UP 2 DAYS A WEEK TU/TH

CONTAINER SIZE	RATE PER PICK-UP	X	NO. OF CONTAINER	X	NO. OF PICK-UPS	=	Total
40 CUBIC YARD	\$500.13	X	1	X	157	=	\$ 78,520.41
TOTAL FOR LINE A							\$ 78,520.41

B. ADDITIONAL CONTAINERS (ON AN AS NEEDED BASIS)

CONTAINER SIZE	RATE PER PICK-UP	X	NO. OF CONTAINERS	X	NO. OF PICK-UPS	=	Total
40 CUBIC YARD	\$ 500.13	X	1	X	30	=	\$ 15,003.90
TOTAL FOR LINE B							\$ 15,003.90

3. 10 CUBIC YARD CONTAINERS - BILLED MONTHLY
A. PICK-UP 1 DAY PER WEEK

CONTAINER SIZE	RATE PER PICK-UP	X	NO. OF CONTAINERS	X	NO. OF PICK-UPS	=	Total
10 CUBIC YARD	\$ 500.13		1	X	78	=	\$ 39,010.14
TOTAL FOR LINE A							\$ 39,010.14

I.

TOTAL CONTRACT AMOUNT

\$ 592,285.95

1. **Contract Disputes with Public Entities** (Supersedes provision number 6, Disputes, of Exhibit C)

As a condition precedent to Contractor's right to institute and pursue litigation or other legally available dispute resolution process, if any, Contractor agrees that all disputes and/or claims of Contractor arising under or related to the Agreement shall be resolved pursuant to the following processes. Contractor's failure to comply with said dispute resolution procedures shall constitute a failure to exhaust administrative remedies.

Pending the final resolution of any such disputes and/or claims, Contractor agrees to diligently proceed with the performance of the Agreement, including the delivering of goods or providing of services. Contractor's failure to diligently proceed shall constitute a material breach of the Agreement.

The Agreement shall be interpreted, administered, and enforced according to the laws of the State of California. The parties agree that any suit brought hereunder shall have venue in Sacramento, California, the parties hereby waiving any claim or defense that such venue is not convenient or proper.

A county, city, district or other local public body, state board or state commission, another state or federal agency, or joint-powers authority shall resolve a dispute with CDCR, if any, through a meeting of representatives from the entities affected. If the dispute cannot be resolved to the satisfaction of the parties, each entity may thereafter pursue its right to institute litigation or other dispute resolution process, if any, available under the laws of the State of California.

2. **Confidentiality of Data**

All financial, statistical, personal, technical and other data and information relating to State's operation, which are designated confidential by the State and made available to carry out this Agreement, or which become available to the Contractor in order to carry out this Agreement, shall be protected by the Contractor from unauthorized use and disclosure.

If the methods and procedures employed by the Contractor for the protection of the Contractor's data and information are deemed by the State to be adequate for the protection of the State's confidential information, such methods and procedures may be used with the written consent of the State. The Contractor shall not be required under the provisions of this paragraph to keep confidential any data already rightfully in the Contractor's possession that is independently developed by the Contractor outside the scope of the Agreement or is rightfully obtained from third parties.

No reports, information, inventions, improvements, discoveries, or data obtained, repaired, assembled, or developed by the Contractor pursuant to this Agreement shall be released, published, or made available to any person (except to the State) without prior written approval from the State.

Contractor by acceptance of this Agreement is subject to all of the requirements of California Government Code Section 11019.9 and California Civil Code Sections 1798, et seq., regarding the collection, maintenance, and disclosure of personal and confidential information about individuals.

3. Accounting Principles

The Contractor will adhere to generally accepted accounting principles as outlined by the American Institute of Certified Public Accountants. Dual compensation is not allowed; a contractor cannot receive simultaneous compensation from two or more funding sources for the same services performed even though both funding sources could benefit.

4. Taxes

Unless required by law, the State of California is exempt from federal excise taxes.

5. Right to Terminate (Supersedes provision number 7, Termination for Cause, of Exhibit C)

The parties hereto agree that either party may cancel this Agreement by giving the other party written notice thirty (30) days in advance of the effective date of such cancellation. In the event of such termination, the State agrees to pay Contractor for actual services rendered up to and including the date of termination.

The State may terminate this Agreement and be relieved of any payments should the Contractor fail to perform the requirements of this Agreement at the time and in the manner herein provided. In the event of such termination the State may proceed with the work in any manner deemed proper by the State. All costs to the State shall be deducted from any sum due the Contractor under this Agreement and the balance, if any, shall be paid to the Contractor upon demand.

6. Contract Suspension

Notwithstanding any other provisions of this Agreement, pursuant to a Governor's Executive Order or equivalent directive, such as a court order or an order from a federal or state regulatory agency, mandating the suspension of state contracts, the State may issue a Suspension of Work Notice. The Notice shall identify the specific Executive Order or directive and the Agreement number(s) subject to suspension. Unless specifically stated otherwise, all performance under the Agreement(s) must stop immediately upon receipt of the Notice. During the period of contract suspension, Contractor is not entitled to any payment for the suspended work. Once the order suspending state contracts has been lifted, a formal letter from the Department will be issued to the Contractor to resume work.

7. Extension of Term

If it is determined to be in the best interest of the State, upon agreement, the State may extend this contract, with no increase in service cost, for a period of one (1) year or less.

8. Contractor Employee Misconduct

During the performance of this Agreement, it shall be the responsibility of the Contractor whenever there is an incident of use of force or allegation(s) of employee misconduct associated with and directly impacting inmate and/or parolee rights, to immediately notify the CDCR of the incident(s), to cause an investigation to be conducted, and to provide CDCR with all relevant information pertaining to the incident(s). All relevant information includes, but is not limited to: a) investigative reports; b) access to inmates/parolees and the

associated staff; c) access to employee personnel records; d) that information reasonably necessary to assure CDCR that inmates and/or parolees are not or have not been deprived of any legal rights as required by law, regulation, policy and procedures; and e) written evidence that the Contractor has taken such remedial action, in the event of unnecessary or excessive force, or employee misconduct with inmates and/or parolees, as will assure against a repetition of incident(s) or retaliation. To the extent that the information provided by the Contractor fails to so assure CDCR, CDCR may require that any implicated Contractor staff be denied access to and the supervision of CDCR inmates and/or parolees at the facility and access to inmate and/or parolee records. Notwithstanding the foregoing, and without waiving any obligation of the Contractor, CDCR retains the power to conduct an independent investigation of any incident(s). Furthermore, it is the responsibility of the Contractor to include the foregoing terms within any and all subcontracts, requiring that subcontractor(s) agree to the jurisdiction of CDCR to conduct an investigation of their facility and staff, including review of subcontractor employee personnel records, as a condition of the Agreement.

9. Subcontracting

Services provided are to be performed primarily with the staff of the public entity or, in the case of educational institutions, auxiliaries or foundations, by the faculty, staff or students associated with the particular institution. Agreements are not to be used by state agencies to circumvent the competitive bidding requirements of Public Contract Code Section 10340.

If more than twenty-five (25) percent of the total contract amount or \$50,000.00, whichever is less, is subcontracted, non-competitive bid approval must be obtained from the Secretary of CDCR and the Department of General Services prior to the commencement of services, unless the subcontract was competitively bid or the subcontractor(s) also qualifies as a state agency, governmental agency, or joint power.

10. Subcontractor/Consultant Information

Contractor is required to identify all subcontractors and consultants who will perform labor or render services in the performance of this Agreement. Additionally, the Contractor shall notify the Department of Corrections and Rehabilitation, Office of Business Services, in writing, within ten (10) working days, of any changes to the subcontractor and/or consultant information.

11. Liability for Nonconforming Work

The Contractor will be fully responsible for ensuring that the completed work conforms to the agreed upon terms. If nonconformity is discovered prior to the Contractor's deadline, the Contractor will be given a reasonable opportunity to cure the nonconformity. If the nonconformity is discovered after the deadline for the completion of the project, CDCR, in its sole discretion, may use any reasonable means to cure the nonconformity. The Contractor shall be responsible for reimbursing CDCR for any additional expenses incurred to cure such defects.

12. Temporary Nonperformance

If, because of mechanical failure or for any other reason, the Contractor shall be temporarily unable to perform the work as required, the State, during the period of the Contractor's inability to perform, reserves the right to accomplish the work by other means and shall be reimbursed by the Contractor for any additional costs above the Agreement price.

13. Contract Violations

The Contractor acknowledges that any violation of Chapter 2, or any other chaptered provision of the Public Contract Code (PCC), is subject to the remedies and penalties contained in PCC Sections 10420 through 10425.

14. Employment of Ex-Offenders

Contractor cannot and will not either directly, or on a subcontract basis, employ in connection with this Agreement:

- a. Ex-Offenders on active parole or probation, who have been on active parole or probation during the last three years preceding their employment;
 1. Contractor shall only employ ex-offenders who can provide written evidence of having satisfactorily completed parole or probation, and who have remained off parole or probation, and have had no arrests or convictions within the past three years.
- b. Ex-offenders convicted of drug trafficking in a prison/jail; escape or aiding/abetting escape; battery on a Peace Officer or Public Official; arson offenses; or, any violations of Penal Code Sections 4570-4574 (unauthorized Communications with Prisons and Prisoners Offenses).
- c. Ex-Offenders are required to register as a sex offender pursuant to Penal Code Section 290.
- d. Any ex-offender who has an offense history involving a "violent felony" as defined in subparagraph (c) of Penal Code Section 667.5; or
- e. Any ex-offender in a position which provides direct supervision of parolees.

An ex-offender whose assigned duties involve administrative or policy decision-making, accounting, procurement, cashiering, auditing, or any other business-related administrative function shall be fully bonded to cover any potential loss to the State or contractor. Evidence of such bond shall be supplied to CDCR prior to employment of the ex-offender.

15. Conflict of Interest

The Contractor and their employees shall abide by the provisions of Government Code (GC) Sections 1090, 81000 et seq., 82000 et seq., 87100 et seq., and 87300 et seq., Public Contract Code (PCC) Sections 10335 et seq. and 10410 et seq., California Code of Regulations (CCR), Title 2, Section 18700 et seq. and Title 15, Section 3409, and the Department Operations Manual (DOM) Section 31100 et seq. regarding conflicts of interest.

a. Contractors and Their Employees

Consultant contractors shall file a Statement of Economic Interests, Fair Political Practices Commission (FPPC) Form 700 prior to commencing services under the Agreement, annually during the life of the Agreement, and within thirty (30) days after the expiration of the Agreement. Other service contractors and/or certain of their employees may be required to file a Form 700 if so requested by the CDCR or whenever it appears that a conflict of interest may be at issue. Generally, service contractors (other than consultant contractors required to file as above) and their employees shall be required to file an FPPC Form 700 if one of the following exists:

- (1) The Agreement service has been identified by the CDCR as one where there is a greater likelihood that a conflict of interest may occur;
- (2) The Contractor and/or Contractor's employee(s), pursuant to the Agreement, makes or influences a governmental decision; or
- (3) The Contractor and/or Contractor's employee(s) serves in a staff capacity with the CDCR and in that capacity participates in making a governmental decision or performs the same or substantially all the same duties for the CDCR that would otherwise be performed by an individual holding a position specified in the CDCR's Conflict of Interest Code.

b. Current State Employees

- (1) No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.
- (2) No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.
- (3) In addition to the above, CDCR officials and employees shall also avoid actions resulting in or creating an appearance of:
 - (a) Using an official position for private gain;
 - (b) Giving preferential treatment to any particular person;
 - (c) Losing independence or impartiality;
 - (d) Making a decision outside of official channels; and
 - (e) Affecting adversely the confidence of the public or local officials in the integrity of the program.
- (4) Officers and employees of the Department must not solicit, accept or receive, directly or indirectly, any fee, commission, gratuity or gift from any person or business organization doing or seeking to do business with the State.

c. Former State Employees

- (1) For the two year (2-year) period from the date he or she left state employment, no former state officer or employee may enter into an Agreement in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the Agreement while employed in any capacity by any state agency.
- (2) For the twelve-month (12-month) period from the date he or she left state employment, no former state officer or employee may enter into an Agreement with

any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed Agreement within the 12-month period prior to his or her leaving state service.

In addition to the above, the Contractor shall avoid any conflict of interest whatsoever with respect to any financial dealings, employment services, or opportunities offered to inmates or parolees. The Contractor shall not itself employ or offer to employ inmates or parolees either directly or indirectly through an affiliated company, person or business unless specifically authorized in writing by CDCR. In addition, the Contractor shall not (either directly, or indirectly through an affiliated company, person or business) engage in financial dealings with inmates or parolees, except to the extent that such financial dealings create no actual or potential conflict of interest, are available on the same terms to the general public, and have been approved in advance in writing by CDCR. For the purposes of this paragraph, "affiliated company, person or business" means any company, business, corporation, nonprofit corporation, partnership, limited partnership, sole proprietorship, or other person or business entity of any kind which has any ownership or control interest whatsoever in the Contractor, or which is wholly or partially owned (more than 5% ownership) or controlled (any percentage) by the Contractor or by the Contractor's owners, officers, principals, directors and/or shareholders, either directly or indirectly. "Affiliated companies, persons or businesses" include, but are not limited to, subsidiary, parent, or sister companies or corporations, and any company, corporation, nonprofit corporation, partnership, limited partnership, sole proprietorship, or other person or business entity of any kind that is wholly or partially owned or controlled, either directly or indirectly, by the Contractor or by the Contractor's owners, officers, principals, directors and/or shareholders.

The Contractor shall have a continuing duty to disclose to the State, in writing, all interests and activities that create an actual or potential conflict of interest in performance of the Agreement.

The Contractor shall have a continuing duty to keep the State timely and fully apprised in writing of any material changes in the Contractor's business structure and/or status. This includes any changes in business form, such as a change from sole proprietorship or partnership into a corporation or vice-versa; any changes in company ownership; any dissolution of the business; any change of the name of the business; any filing in bankruptcy; any revocation of corporate status by the Secretary of State; and any other material changes in the Contractor's business status or structure that could affect the performance of the Contractor's duties under the Agreement.

If the Contractor violates any provision of the above paragraphs, such action by the Contractor shall render this Agreement void.

Members of boards and commissions are exempt from this section if they do not receive payment other than payment for each meeting of the board or commission, payment for preparatory time and payment for per diem.

16. Notification of Personnel Changes

Contractor must notify the State, in writing, of any changes of those personnel allowed access to State premises for the purpose of providing services under this Agreement. In addition, Contractor must recover and return any State-issued identification card provided to Contractor's employee(s) upon their departure or termination.

17. Security Clearance/Fingerprinting

The State reserves the right to conduct fingerprinting and/or security clearance—through the Department of Justice, Bureau of Criminal Identification and Information (BCII)—prior to award and at any time during the term of the Agreement, in order to permit Contractor (and/or Contractor employee) access to State premises. The State further reserves the right to terminate the Agreement should a threat to security be determined.

18. Computer Software

Contractor certifies that it has appropriate systems and controls in place to ensure that state funds will not be used in the performance of this Agreement for the acquisition, operation or maintenance of computer software in violation of copyright laws.

19. Expendable Equipment

Expendable equipment is defined as expendable items which change with use and have a unit acquisition cost of less than \$5,000 per unit (i.e. fax machines, computers, printers, etc.). Title to any expendable equipment purchased or built with State funds as part of this agreement will vest in the State. The Contractor must retain a listing of expendable equipment purchases that are considered "theft-sensitive" items, such as cameras, calculators, two-way radios, computer equipment, etc., for audit purposes. Upon completion or termination of the agreement, Contractors are required to leave all expendable equipment for use by subsequent contractors or for the State to dispose of accordingly. The State may authorize the continued use of such equipment for work to be performed under a different agreement.

The cost of expendable equipment purchased should be comparable to the prevailing price for similar items in the surrounding area.

20. Electronic Waste Recycling

The Contractor certifies that it complies with the requirements of the Electronic Waste Recycling Act of 2003, Chapter 8.5, Part 3 of Division 30, commencing with Section 42460 of the Public Resources Code, relating to hazardous and solid waste. Contractor shall maintain documentation and provide reasonable access to its records and documents that evidence compliance.

21. Liability for Loss and Damages

Any damages by the Contractor to the State's facility including equipment, furniture, materials or other State property, will be repaired or replaced by the Contractor to the satisfaction of the State at no cost to the State. The State may, at its option, repair any such damage and deduct the cost thereof from any sum due Contractor under this Agreement.

22. Disclosure

Neither the State nor any State employee will be liable to the Contractor or its staff for injuries inflicted by inmates or parolees of the State. The State agrees to disclose to the Contractor any statement(s) known made by any inmate or parolee which indicate violence may result in any specific situation, and the same responsibility will be shared by the

Contractor in disclosing such statement(s) to the State.

23. Workers' Compensation

Contractor hereby represents and warrants that Contractor is currently and shall, for the duration of this agreement, carry workers' compensation insurance, at Contractor's expense, or that it is self-insured through a policy acceptable to CDCR, for all of its employees who will be engaged in the performance of this agreement. Such coverage will be a condition of CDCR's obligation to pay for services provided under this agreement.

Prior to approval of this agreement and before performing any work, Contractor shall furnish to the State evidence of valid workers' compensation coverage. Contractor agrees that the workers' compensation insurance shall be in effect at all times during the term of this agreement. In the event said insurance coverage expires or is canceled at any time during the term of this agreement, Contractor agrees to give at least thirty (30) days prior notice to CDCR before said expiration date or immediate notice of cancellation. Evidence of coverage shall not be for less than the remainder of the term of the agreement or for a period of not less than one year. The State reserves the right to verify the Contractor's evidence of coverage. In the event the Contractor fails to keep workers' compensation insurance coverage in effect at all times, the State reserves the right to terminate this agreement and seek any other remedies afforded by the laws of this State.

Contractor also agrees to indemnify, defend and save harmless the State, its officers, agents and employees from any and all of Contractor's workers' compensation claims and losses by Contractor's officers, agents and employees related to the performance of this agreement.

24. Indemnification

The Contractor shall indemnify, defend and hold harmless the State, its officers, agents, and employees from any and all claims for damages arising out of occurrences, accidents, or misuse by the Contractor or its purchasers resulting from waste collected from the State and the Contractor recycling the waste for production of by-products for third-party use.

25. Insurance Requirements

Insurance as required herein shall be a condition of the State's obligation to pay for services provided under this Agreement. Prior to approval of this Agreement and before performing any work, Contractor and any subcontractor shall furnish to the State evidence of valid coverage. The following shall be considered evidence of coverage: A certificate of insurance, a "true and certified" copy of the policy, or any other proof of coverage issued by Contractor's insurance carrier. Binders are not acceptable as evidence of coverage. Providing evidence of coverage to the State conveys no rights or privileges to the State, nor does it insure any State employee or insure any premises owned, leased, used by or otherwise or under the control of the State. It does, however, serve to provide the State with proof that the Contractor and any subcontractors are insured at the minimum levels required by the State of California.

Contractor agrees that any liability insurance required in the performance of this Agreement shall be in effect at all times during the term of this Agreement. In the event said insurance coverage expires or is canceled during the term of this Agreement, Contractor shall provide

the State within five (5) business days of receipt by contractor a copy of any notice of cancellation or non-renewal of insurance required by the contract. Evidence of coverage required in the performance of this Agreement shall not be for less than the remainder of the term of this Agreement or for a period of not less than one year. The State and the Department of General Services (DGS) reserve the right to verify the Contractor's evidence of coverage; evidence of coverage is subject to the approval of the DGS. In the event the Contractor fails to keep insurance coverage as required herein in effect at all times, the State reserves the right to terminate this Agreement and to seek any other remedies afforded by the laws of the State of California.

Contractor hereby represents and warrants they (and any subcontractors) are currently and shall for the duration of this Agreement be insured. Contractor shall provide proof of self-insurance against:

26. Tuberculosis (TB) Testing

In the event that the services required under this Agreement will be performed within a CDCR institution/parole office/community-based program, prior to the performance of contracted duties, Contractors and their employees who are assigned to work with inmates/parolees on a regular basis shall be required to be examined or tested or medically evaluated for TB in an infectious or contagious stage, and at least once a year thereafter or more often as directed by CDCR. Regular basis is defined as having contact with inmates/parolees in confined quarters more than once a week.

Contractors and their employees shall be required to furnish to CDCR, at no cost to CDCR, a form CDCR 7336, "Employee Tuberculin Skin Test (TST) and Evaluation," prior to assuming their contracted duties and annually thereafter, showing that the Contractor and their employees have been examined and found free of TB in an infectious stage. The form CDCR 7336 will be provided by CDCR upon Contractor's request.

27. Blood borne Pathogens

Provider shall adhere to California Division of Occupational Safety and Health (CAL-OSHA) regulations and guidelines pertaining to blood borne pathogens.

28. Primary Laws, Rules, and Regulations Regarding Conduct and Association with State Prison Inmates and Division of Juvenile Justice Wards

Individuals who are not employees of the California Department of Corrections and Rehabilitation (CDCR), but who are working in and around inmates who are incarcerated, or wards who are housed within California's institutions/facilities or camps, are to be apprised of the laws, rules and regulations governing conduct in associating with prison inmates or wards. The following is a summation of pertinent information when non-departmental employees come in contact with prison inmates or wards.

By signing this contract, the Contractor agrees that if the provisions of the contract require the Contractor to enter an institution/facility or camp, the Contractor and any employee(s) and/or subcontractor(s) shall be made aware of and shall abide by the following laws, rules and regulations governing conduct in associating with prison inmates or wards:

- a. Persons who are not employed by CDCR, but are engaged in work at any institution/facility or camp must observe and abide by all laws, rules and regulations

governing the conduct of their behavior in associating with prison inmates or wards. Failure to comply with these guidelines may lead to expulsion from CDCR institutions/facilities or camps.

SOURCE: California Penal Code (PC) Sections 5054 and 5058; California Code of Regulations (CCR), Title 15, Sections 3285 and 3415, and California Welfare and Institutions Code (WIC) Section 1712.

- b. CDCR does not recognize hostages for bargaining purposes. CDCR has a "NO HOSTAGE" policy and all prison inmates, wards, visitors, and employees shall be made aware of this.

SOURCE: PC Sections 5054 and 5058; CCR, Title 15, Section 3304 and 4603; WIC Section 1712.

- c. All persons entering onto institution/facility or camp grounds consent to search of their person, property or vehicle at any time. Refusal by individuals to submit to a search of their person, property, or vehicle may be cause for denial of access to the premises.

SOURCE: PC Sections 2601, 5054 and 5058; CCR, Title 15, Sections 3173, 3177, 3288, 4696, and 4697; WIC 1712.

- d. Persons normally permitted to enter an institution/facility or camp may be barred, for cause, by the CDCR Director, Warden, and/or Regional Parole Administrator.

SOURCE: PC Sections 5054 and 5058; CCR, Title 15, Section 3176 (a) and 4696; WIC Section 1712.

- e. It is illegal for an individual who has been previously convicted of a felony offense to enter into CDCR adult institutions/facilities or camps, or youth institutions/facilities or camps in the nighttime, without the prior approval of the Warden or officer in charge. It is also illegal for an individual to enter onto these premises for unauthorized purposes or to refuse to leave said premises when requested to do so. Failure to comply with this provision could lead to prosecution.

SOURCE: PC Sections 602, 4570.5 and 4571; CCR, Title 15, Sections 3173 and 3289; WIC Section 1001.7.

- f. Encouraging and/or assisting prison inmates to escape, is a crime. It is illegal to bring firearms, deadly weapons, explosives, tear gas, drugs or drug paraphernalia on CDCR institutions/facilities or camp premises. It is illegal to give prison inmates or wards firearms, explosives, alcoholic beverages, narcotics, or any drug or drug paraphernalia, including cocaine or marijuana. It is illegal to give wards sex oriented objects or devices, and written materials and pictures whose sale is prohibited to minors.

SOURCE: PC Sections 2772, 2790, 4533, 4535, 4550, 4573, 4573.5, 4573.6 and 4574; WIC Section 1152, CRR, Title 15, sections 4681 and 4710; WIC Section 1001.5.

- g. It is illegal to give or take letters from inmates or wards without the authorization of the Warden or officer in charge. It is also illegal to give or receive any type of gift and/or gratuities from prison inmates or wards.

SOURCE: PC Sections 2540, 2541 and 4570; CCR, Title 15, Sections 3010, 3399, 3401, 3424, 3425 and 4045; WIC Section 1712.

- h. In an emergency situation the visiting program and other program activities may be suspended.

SOURCE: PC Section 2601; CCR, Title 15, Section 3383, 4002.5 and 4696.

- i. For security reasons, visitors must not wear clothing that in any way resembles state issued prison inmate or ward clothing (blue denim shirts, blue denim pants).

SOURCE: CCR, Title 15, Section 3174 (b) (1) and 4696.

- j. Interviews with SPECIFIC INMATES are not permitted. Conspiring with an inmate to circumvent policy and/or regulations constitutes a rule violation that may result in appropriate legal action. Interviews with individual wards are permitted with written consent of each ward if he is 18 years of age or older, or with written consent of a parent, legal guardian, or committing court, if 17 years of age or younger.

SOURCE: CCR, Title 15, Sections 3261.5, 3315 (a) (3) (X), and 3177 and 4700(a)(1).

29. Clothing Restrictions

While on institution grounds, Contractor and all its agents, employees, and/or representatives shall be professionally and appropriately dressed in clothing distinct from that worn by inmates at the institution. Specifically, blue denim pants and blue chambray shirts, orange/red/yellow/white/chartreuse jumpsuits and/or yellow rainwear shall not be worn onto institution grounds, as this is inmate attire. Contractor should contact the institution regarding clothing restrictions prior to requiring access to the institution to assure the Contractor and their employees are in compliance.

30. Tobacco-Free Environment

Pursuant to Penal Code Section 5030.1, the use of tobacco products by any person on the grounds of any institution or facility under the jurisdiction of the Department of Corrections and Rehabilitation is prohibited.

31. Prison Rape Elimination Policy

CDCR is committed to providing a safe, humane, secure environment, free from sexual misconduct. This will be accomplished by maintaining a program to ensure education/prevention, detection, response, investigation and tracking of sexual misconduct and to address successful community re-entry of the victim. The CDCR shall maintain a zero tolerance for sexual misconduct in its institutions, community correctional facilities, conservation camps and for all offenders under its jurisdiction. All sexual misconduct is strictly prohibited.

As a contractor with the CDCR, you and your staff are expected to ensure compliance with this policy as described in Department Operations Manual, Chapter 5, Article 44.

32. Security Regulations

- a. Unless otherwise directed by the entrance gate officer and/or Contract Manager, the Contractor, Contractor's employees and subcontractors shall enter the institution through the main entrance gate and park private and nonessential vehicles in the designated visitor's parking lot. Contractor, Contractor's employees and subcontractors shall remove the keys from the ignition when outside the vehicle and all unattended vehicles shall be locked and secured while on institution grounds.
- b. Any State- and Contractor-owned equipment used by the Contractor for the provision of contract services, shall be rendered temporarily inoperative by the Contractor when not in use, by locking or other means unless specified otherwise.
- c. In order to maintain institution safety and security, periodic fire prevention inspections and site searches may become necessary and Contractor must furnish keys to institutional authorities to access all locked areas on the worksite. The State shall in no way be responsible for Contractor's loss due to fire.
- d. Due to security procedures, the Contractor, Contractor's employees and subcontractors may be delayed at the institution vehicle/pedestrian gates and sally ports. Any loss of time checking in and out of the institution gates and sally ports shall be borne by the Contractor.
- e. Contractor, Contractor's employees and subcontractors shall observe all security rules and regulations and comply with all instructions given by institutional authorities.
- f. Electronic and communicative devices such as pagers, cell phones and cameras/microcameras are not permitted on institution grounds.
- g. Contractor, Contractor's employees and subcontractors shall not cause undue interference with the operations of the institution.
- h. No picketing is allowed on State property.

33. Gate Clearance

Contractor and Contractor's employee(s) and/or subcontractor(s) must be cleared prior to providing services. The Contractor will be required to complete a Request for Gate Clearance for all persons entering the facility a minimum of ten (10) working days prior to commencement of service. The Request for Gate Clearance must include the person's name, social security number, valid state driver's license number or state identification card number and date of birth. Information shall be submitted to the Contract Liaison or his/her designee. CDCR uses the Request for Gate Clearance to run a California Law Enforcement Telecommunications System (CLETS) check. The check will include Department of Motor Vehicles check, Wants and Warrants check, and Criminal History check.

Gate clearance may be denied for the following reasons: Individual's presence in the institution presents a serious threat to security, individual has been charged with a serious crime committed on institution property, inadequate information is available to establish positive identity of prospective individual, and/or individual has deliberately falsified his/her identity.

CCC-307

CERTIFICATION

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that I am duly authorized to legally bind the prospective Contractor to the clause(s) listed below. This certification is made under the laws of the State of California.

<i>Contractor/Bidder Firm Name (Printed)</i>		<i>Federal ID Number</i>
City of Norco		95-2373837
<i>By (Authorized Signature)</i>		
<i>Printed Name and Title of Person Signing</i>		
<i>Date Executed</i>	<i>Executed in the County of</i>	

CONTRACTOR CERTIFICATION CLAUSES

1. STATEMENT OF COMPLIANCE: Contractor has, unless exempted, complied with the nondiscrimination program requirements. (Gov. Code §12990 (a-f) and CCR, Title 2, Section 8103) (Not applicable to public entities.)

2. DRUG-FREE WORKPLACE REQUIREMENTS: Contractor will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:

a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.

b. Establish a Drug-Free Awareness Program to inform employees about:

- 1) the dangers of drug abuse in the workplace;
- 2) the person's or organization's policy of maintaining a drug-free workplace;
- 3) any available counseling, rehabilitation and employee assistance programs; and,
- 4) penalties that may be imposed upon employees for drug abuse violations.

c. Every employee who works on the proposed Agreement will:

- 1) receive a copy of the company's drug-free workplace policy statement; and,
- 2) agree to abide by the terms of the company's statement as a condition of employment on the Agreement.

Failure to comply with these requirements may result in suspension of payments under the Agreement or termination of the Agreement or both and Contractor may be ineligible for award of any future State agreements if the department determines that any of the following has occurred: the Contractor has made false certification, or violated the

certification by failing to carry out the requirements as noted above. (Gov. Code §8350 et seq.)

3. NATIONAL LABOR RELATIONS BOARD CERTIFICATION: Contractor certifies that no more than one (1) final unappealable finding of contempt of court by a Federal court has been issued against Contractor within the immediately preceding two-year period because of Contractor's failure to comply with an order of a Federal court, which orders Contractor to comply with an order of the National Labor Relations Board. (Pub. Contract Code §10296) (Not applicable to public entities.)

4. CONTRACTS FOR LEGAL SERVICES \$50,000 OR MORE- PRO BONO REQUIREMENT: Contractor hereby certifies that contractor will comply with the requirements of Section 6072 of the Business and Professions Code, effective January 1, 2003.

Contractor agrees to make a good faith effort to provide a minimum number of hours of pro bono legal services during each year of the contract equal to the lessor of 30 multiplied by the number of full time attorneys in the firm's offices in the State, with the number of hours prorated on an actual day basis for any contract period of less than a full year or 10% of its contract with the State.

Failure to make a good faith effort may be cause for non-renewal of a state contract for legal services, and may be taken into account when determining the award of future contracts with the State for legal services.

5. EXPATRIATE CORPORATIONS: Contractor hereby declares that it is not an expatriate corporation or subsidiary of an expatriate corporation within the meaning of Public Contract Code Section 10286 and 10286.1, and is eligible to contract with the State of California.

6. SWEATFREE CODE OF CONDUCT:

a. All Contractors contracting for the procurement or laundering of apparel, garments or corresponding accessories, or the procurement of equipment, materials, or supplies, other than procurement related to a public works contract, declare under penalty of perjury that no apparel, garments or corresponding accessories, equipment, materials, or supplies furnished to the state pursuant to the contract have been laundered or produced in whole or in part by sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor, or with the benefit of sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor. The contractor further declares under penalty of perjury that they adhere to the Sweatfree Code of Conduct as set forth on the California Department of Industrial Relations website located at www.dir.ca.gov, and Public Contract Code Section 6108.

b. The contractor agrees to cooperate fully in providing reasonable access to the contractor's records, documents, agents or employees, or premises if reasonably required by authorized officials of the contracting agency, the Department of Industrial Relations,

or the Department of Justice to determine the contractor's compliance with the requirements under paragraph (a).

7. DOMESTIC PARTNERS: For contracts over \$100,000 executed or amended after January 1, 2007, the contractor certifies that contractor is in compliance with Public Contract Code section 10295.3.

DOING BUSINESS WITH THE STATE OF CALIFORNIA

The following laws apply to persons or entities doing business with the State of California.

1. CONFLICT OF INTEREST: Contractor needs to be aware of the following provisions regarding current or former state employees. If Contractor has any questions on the status of any person rendering services or involved with the Agreement, the awarding agency must be contacted immediately for clarification.

Current State Employees (Pub. Contract Code §10410):

- 1). No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.
- 2). No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.

Former State Employees (Pub. Contract Code §10411):

- 1). For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.
- 2). For the twelve-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.

If Contractor violates any provisions of above paragraphs, such action by Contractor shall render this Agreement void. (Pub. Contract Code §10420)

Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (Pub. Contract Code §10430 (e))

2. LABOR CODE/WORKERS' COMPENSATION: Contractor needs to be aware of the provisions which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions, and Contractor affirms to comply with such provisions before commencing the performance of the work of this Agreement. (Labor Code Section 3700)

3. AMERICANS WITH DISABILITIES ACT: Contractor assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)

4. CONTRACTOR NAME CHANGE: An amendment is required to change the Contractor's name as listed on this Agreement. Upon receipt of legal documentation of the name change the State will process the amendment. Payment of invoices presented with a new name cannot be paid prior to approval of said amendment.

5. CORPORATE QUALIFICATIONS TO DO BUSINESS IN CALIFORNIA:

a. When agreements are to be performed in the state by corporations, the contracting agencies will be verifying that the contractor is currently qualified to do business in California in order to ensure that all obligations due to the state are fulfilled.

b. "Doing business" is defined in R&TC Section 23101 as actively engaging in any transaction for the purpose of financial or pecuniary gain or profit. Although there are some statutory exceptions to taxation, rarely will a corporate contractor performing within the state not be subject to the franchise tax.

c. Both domestic and foreign corporations (those incorporated outside of California) must be in good standing in order to be qualified to do business in California. Agencies will determine whether a corporation is in good standing by calling the Office of the Secretary of State.

6. RESOLUTION: A county, city, district, or other local public body must provide the State with a copy of a resolution, order, motion, or ordinance of the local governing body which by law has authority to enter into an agreement, authorizing execution of the agreement.

7. AIR OR WATER POLLUTION VIOLATION: Under the State laws, the Contractor shall not be: (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to cease and desist order not subject to review issued pursuant to Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.

8. PAYEE DATA RECORD FORM STD. 204: This form must be completed by all contractors that are not another state agency or other governmental entity.

CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Andy Okoro, City Manager 

PREPARED BY: Brian K. Petree, Deputy City Manager/Director
Parks, Recreation and Community Services

DATE: August 19, 2015

SUBJECT: Approval of a Parking Lot Lease Agreement with Balboa Management Group, LLC for Eight acres of Property Adjacent to the Silverlakes Property

RECOMMENDATION: Approve lease agreement with Balboa Management Group, LLC for 8 acres of property adjacent to the Silverlakes Property

SUMMARY: Phase 1 of the Silverlakes Equestrian and Sports Park complex is scheduled to open by the middle of September 2015. In order to meet their parking needs, Balboa Management Group, LLC, has requested that the City lease the 8-acre property adjacent to the Silverlakes Equestrian Sports Park. This lot has been vacant since March 15, 2011 and has been used over the last few years for the staging of construction projects such as the Hamner road widening project and the Chino Desalter Authority Water line project.

BACKGROUND/ANALYSIS: The City owns approximately 122 contiguous acres of land in the City of Norco known as "Silverlakes". The Silverlakes lessee Balboa Management Group, LLC, has requested to lease the property adjacent to the Silverlakes Project. This property is approximately 8 acres (Exhibit "A") and the lessee has indicated its desire to develop the property to fit within the needs of the developing Silverlakes Project for its use as a parking lot.

Staff believes that the use of this property to provide additional parking spaces would enhance the draw of the Silverlakes Project and will ultimately contribute to increased economic benefits to both the City of Norco and the lessee. Additionally, this property which has been vacant since 2011 will now provide additional revenue to the City's General Fund.

The proposed lease is consistent with the approved CUP 2008-09 of the Silverlakes property. The agreement (Exhibit "B") provides the lessee the use of the property as a parking lot and to make parking lot related improvements to the property that are to be

used in conjunction with the Silverlakes Project. Consequently, staff is recommending that the City Council approve entering into the attached Silverlakes Parking Lot ground lease with Balboa Management Group, LLC for 8 acres of property as noted on the attached site map.

FINANCIAL IMPACT: The lease agreement provides for an annual rent of \$26,000 per year or monthly rent of \$2,166.67. The rent will increase by 8% every five years and in the Thirty First year, the percentage change will be equal to the change in Consumer Price index through the remaining term of the lease.

Attachments: Site Map, Exhibit "A"
Lease Agreement, Exhibit "B"

SILVERLAKES PROPERTY

Hammer Avenue

Approximately 8 acres

ADJACENT PROPERTY
Exhibit "A"



NORCO SILVERLAKES PARKING LOT GROUND LEASE

BY AND BETWEEN

**THE CITY OF NORCO
("LANDLORD")**

AND

**BALBOA MANAGEMENT GROUP, LLC
("TENANT")**

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NORCO SILVERLAKES PARKING LOT GROUND LEASE

This Norco Silverlakes Parking Lot Ground Lease (“Lease”) is dated for identification purposes as of the ____ day of _____, 2015 (“Effective Date”) and is entered into by and between the following (each sometimes referred to herein as the “Party” and collectively as the “Parties”), THE CITY OF NORCO, a municipal corporation (“City” or “Landlord” herein) and BALBOA MANAGEMENT GROUP, LLC or its assignee as hereinafter permitted (“Tenant”) a Delaware limited liability company, with reference to the following facts:

RECITALS

WHEREAS, the City owns approximately 122 contiguous acres of land in the City of Norco, County of Riverside, State of California, commonly known as Silverlakes (herein “Silverlakes” or “Silverlakes property”) so as to facilitate the City’s desire to construct certain planned park-related capital improvements on or benefitting the Silverlakes property; and

WHEREAS, the City has to leased the Silverlakes property to Tenant so that Tenant can undertake additional development thereon and thereafter operate an equestrian and sports facility with related amenities and a public park, subject to a Shared Lease Agreement previously entered into between the City and the Tenant (the “Shared Use Agreement”); and

WHEREAS, on March 4, 2009, the City Council adopted Resolution No. 2009-07 which approved the Environmental Impact Report and Resolution No. 2008-08, which approved Conditional Use Permit (herein, the “CUP”) No. 2008-09 for the Project and imposed certain Conditions of Approval. This Lease is consistent and in compliance with said Resolutions and the CUP; and

WHEREAS, the Parties desire to enter into this Lease of additional property to serve as a parking lot related to Silverlakes.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto, hereby agree as follows:

ARTICLE 1. LEASED PREMISES

1.1 Leased Premises

Subject to the provisions of this Lease, Landlord (i) agrees to lease to Tenant, and Tenant agrees to lease from Landlord the Silverlakes Parking Lot property and all existing improvements thereon (also known herein as the “Leased Premises”) and (ii) represents that the Silverlakes Parking Lot property consists of a combined total of approximately eight plus or minus (8+) acres of real property adjacent to the Silverlakes property and more particularly described in Exhibit “A” attached hereto.

1.2 No Third Party Rights.

On or before the Term Commencement Date as defined below, Landlord shall have terminated any third party tenancies and shall deliver the Leased Premises to Tenant free of all tenancies and encroachments and without any residents, tenants, licensees, occupants and/or trespassers thereon. Any costs of relocating persons or encroachments on the Leased Premises as of the date hereof shall be borne by Landlord at its cost. Landlord agrees to indemnify, defend and hold Tenant harmless from any and all claims, damages, costs and expenses or whatsoever kind or nature arising from evictions, lease terminations, unlawful detainer actions or other acts of dispossession or reclamation undertaken by Landlord (including counterclaims of third parties in response thereto) in order to deliver the Leased Premises free of claims of possession by third parties and/or rights of possession or access to the Leased Premises.

ARTICLE 2. TERM; CONDITIONS; EXTENSIONS

2.1 Term Commencement; Original Term.

The Original Term of this Lease shall commence on the dated date hereof (the Term Commencement Date”) and shall terminate at 11:59 p.m. on the day prior to the thirtieth (30th) anniversary of thereof (the “**Original Term**”) unless extended as provided in Section 2.5 below or sooner terminated as provided for in this Lease.

2.2 Option to Extend Lease.

Landlord hereby grants to Tenant the option to extend this Lease (the “**Option to Extend**”) for thirteen (13) additional periods of five (5) years each and one additional period of four (4) years (for a maximum lease duration of ninety-nine (99) years) (each referred to herein as the “**Extended Term**”) following the expiration of the Original Term. As extended, the Original Term and each exercised Extended Term is referred to herein as the “**Term.**” Tenant shall exercise each Option to Extend by giving Landlord written notice (the “**Option Notice**”) thereof at least twelve (12) months prior to the expiration of the then current Term. If Tenant timely exercises the Option to Extend, the rights, duties and obligations of the Parties during the applicable Extended Term shall be governed by and subject to all of the terms, covenants and conditions contained in this Lease. In the event Tenant fails to timely deliver written notice of its exercise of the Option to Extend to Landlord at least twelve (12) months prior to the expiration of the then current Term, Landlord shall give Tenant written notice, and Tenant shall have 30 days within which to exercise the Option to Extend; thereafter Landlord shall be free to lease the Leased Premises to any third party free and clear of any rights of Tenant hereunder. Any and all rights conferred to Tenant by this Section 2.5 shall be deemed of no force or effect in the event a material uncured Event of Default (as defined in Section 13.1) exists at the time Tenant delivers the Option Notice to Landlord or at the commencement of the applicable Extended Term.

2.3 Environmental Condition; As-is Condition.

2.3.1 Tenant’s Hazardous Materials Indemnity. Except as caused or permitted by Landlord or its or their affiliates, agents, invitees, the public, vendors and/or contractors and/or its or their officers, directors, members, shareholders and employees (collectively herein “**Landlord Parties**”) or as otherwise permitted or not prohibited under Applicable Laws, Tenant and its affiliates, agents, invitees, vendors and/or contractors and/or its or their officers, directors, members, shareholders and employees (collectively herein “**Tenant Parties**”) shall not cause or permit, as a result of any intentional or unintentional act or omission on the part of the Tenant Parties, the installation of Hazardous Materials (as defined in Section 8.11(k) below) in

or on the Leased Premises or a release of Hazardous Materials onto or from the Leased Premises in violation of Environmental Laws (as defined in Section 8.11(k) below); provided, however, that Tenant shall not be responsible for any Hazardous Materials currently on or under the Leased Premises or for any migration of Hazardous Materials onto the Leased Premises from surrounding property or a release caused by a third party who is not a Tenant Party. Prior to the surrender of the Leased Premises by Tenant, Tenant shall remove any and all Hazardous Materials (including without limitation any inventory and merchandise for which a disposal permit is required and/or asbestos containing materials) which a Tenant Party has brought onto the Leased Premises or otherwise utilized, stored or disposed of in the Leased Premises in violation of Environmental Laws. Tenant shall be solely responsible for and shall defend, indemnify and hold all Landlord Parties harmless from and against all claims, costs, damages, judgments, penalties, fines, losses, liabilities and expenses, including attorneys' fees and costs (collectively, "**Claims**"), to the extent arising out of or in connection with Tenant's breach of its obligations contained in this Section 2.3 (including, without limitation, consultant and expert fees). Tenant shall be solely responsible for and shall defend, indemnify and hold Landlord, its agents, affiliates and employees harmless from and against any and all Claims, to the extent arising out of or in connection with removal, cleanup and restoration work and materials necessary to return the Leased Premises to their condition existing prior to the discovery of Hazardous Material released in, on or about the Leased Premises caused by Tenant. Notwithstanding anything else set forth herein, Tenant's obligations under this Section 2.3 shall survive the expiration or earlier termination of this Lease; provided, however, that Tenant's indemnification obligations under this Section 2.3 shall apply only to Claims of which Tenant receives notice in writing within two (2) years after termination of the Lease. Tenant shall notify Landlord promptly in the event of any spill or Hazardous Substance upon the Leased Premises during the Term and shall promptly forward to Landlord copies of all orders, notices, permits, applications or other communications and reports in connection with any such spill or any other matters relating to Environment Laws that affect the Leased Premises.

2.3.2 Landlord's Hazardous Materials Indemnity. Except as otherwise permitted or not prohibited under Applicable Laws or as caused by any Tenant Party, a Landlord Party shall not cause or permit, as a result of any intentional or unintentional act or omission on the part of Landlord, the installation of Hazardous Materials in or on the Leased Premises or a release of Hazardous Materials onto or from the Leased Premises. Landlord shall be solely responsible for and shall defend, indemnify and hold the Tenant Parties harmless from and against all Claims (including consequential and punitive damages) which arise during or after the Term to the extent arising out of or in connection with contamination which a Landlord Party causes and to the extent attributable to: (a) Landlord's breach of its obligations contained in this Section 2.3 (including, without limitation, attorney, consultant and expert fees) and/or (b) Landlord's removal, cleanup and restoration work stemming from contamination caused by Landlord. Notwithstanding anything else set forth herein, Landlord's obligations under this Section 2.3 shall survive the expiration or earlier termination of this Lease; provided, however, that Landlord's indemnification obligations under this Section 2.3 shall apply only to Claims of which Landlord receives notice in writing within two (2) years after termination of the Lease. Provided, however, that Landlord shall not be responsible for indemnifying Tenant for any Hazardous Materials currently on or under the Leased Premises which was disclosed to Tenant in writing prior to the Term Commencement Date. In the event it is determined that a Release (as defined in Section 8.11(k) below) occurred at, upon, under or within the Leased Premises prior to the Term Commencement Date, Landlord shall, so long as the Release is remediable within a time frame agreeable to Tenant, commence to clean-up such Release

and diligently pursue such clean-up to completion in which event this Lease shall remain in full force and effect except that the Annual Minimum Rent shall be abated during such clean-up period in proportion to that portion of the Leased Premises not usable by Tenant (as reasonably determined by the Parties).

2.3.3 As-Is Condition. Subject to the performance of Landlord's construction work on or about the Leased Premises and except as otherwise specifically provided in this Lease, Tenant agrees that: (i) it shall lease the Leased Premises in an "as-is" condition as of the Term Commencement Date, subject to all facts, circumstances, conditions and defects; (ii) Landlord has no obligation to repair or correct any facts, circumstances, conditions or defects in the Leased Premises or to compensate Tenant for the same; (iii) Tenant shall have undertaken all such physical inspections and examinations of the Leased Premises which Tenant deems necessary or appropriate, under the circumstances, and that, based upon the same, Tenant is and will be relying strictly and solely upon such inspections and examinations and the advice and counsel of its own agents and officers; and (iv) except as expressly provided in this Lease, Landlord is not making and has not made any warranty or representation with respect to the physical condition or the fitness for any particular purpose of any part of the Leased Premises as an inducement to Tenant to enter into this Lease.

2.4. Possession; Risk of Loss; Covenant of Quiet Enjoyment.

From and after the Term Commencement Date, all risk of loss associated with the Leased Premises described herein shall pass to Tenant, but only to the extent herein provided. Subject to the terms of this Lease and the Shared Use Agreement. Landlord covenants and warrants that Tenant shall peacefully have and enjoy the sole possession of the Leased Premises during the Original Term and any Extended Term free from the adverse claims of any persons, firms, corporations or the public whatsoever, and Landlord will fully protect Tenant in the full, complete and absolute possession of the Leased Premises. No exclusive uses, rights or privileges shall be granted by Landlord to the public or to other third persons which affect the use of the Leased Premises without the written consent of the Tenant and unless subject to the Shared Use Agreement. Landlord agrees to execute access easements or rights of way on, over or under the Leased Premises and the land immediately adjacent to the Leased Premises to the extent owned by the Landlord at Tenant's request which are or may be needed or required by Tenant in conjunction with Tenant's and/or the public's access, use and enjoyment of the Leased Premises. Landlord agrees not to file, support or cause any zoning change or variance to be made that would adversely affect Tenant's use of the Leased Premises as herein allowed without prior written consent.

ARTICLE 3. RENT

3.1 Rent Commencement Date.

Tenant's obligation to pay Rent shall begin as of the Term Commencement Date. All Rent shall be paid without invoice, deduction, abatement, off set, prior notice or demand, except as herein stated. All payments of rental shall be made to Landlord as they become due in lawful money of the United States of America at such place as is designated herein by Landlord for the receipt of notices or such other place as shall be designated to Tenant by Landlord in writing from time to time. The term "**Rent**" or "**rental**" as used in this Lease includes the Annual Rent defined in Section 3.2 and all other sums required to be paid by Tenant under this Lease. Annual Rent due under this Lease shall be due on the first (1st) day of each calendar month. If the Term Commencement

Date is on a day other than the first (1st) day of the month, then in such event the Rent for that period until the first of the succeeding month shall be prorated daily at the rate of the initial monthly rental rate until the end of that month with such rent due and payable by the first (1st) day of the following calendar month.

3.2 Annual Rent.

The “**Annual Rent**” payable for the first five (5) years from and after the Term Commencement Date shall be Twenty-Six Thousand Dollars (\$26,000). The Annual Rent shall be paid in twelve (12) equal monthly installments payable in advance on or before the first day of each calendar month. For purposes hereof, the first “**Lease Year**” of the Term is that 365 day period measured from the Term Commencement Date, and thereafter each 365 day period from the anniversary date of the Term Commence Date. The Annual Rent shall be subject to adjustment as follows (and each date on which as adjustment occurs is herein, an “Adjustment Date”):

(a) On the first day of the 6th Lease Year, the Annual Rent shall be increased by 8% of the Annual Rent in effect as of the Term Commencement Date;

(b) On the first day of the 16th Lease Year, the Annual Rent shall be increased by 8% of the Annual Rent in effect immediately prior to the 16th year Adjustment Date;

(c) On the first day of the 26th Lease Year, the Annual Rent shall be increased by 8% of the Annual Minimum Rent in effect immediately prior to the 26th year Adjustment Date, and

(d) On first day of the 31st Lease Year and on each 5 year anniversary thereof occurring throughout the Extended Term, the Annual Minimum Rent shall be adjusted by the percentage change in the Consumer Price Index (“**Index**”) measured from the immediately preceding Adjustment Date to the instant Adjustment Date (as measured pursuant to the procedure described below), but in no event shall an increase be more than 10% or less than 3% of the Annual Minimum Rent in effect immediately prior to the applicable Adjustment Date.

As used herein, the Index shall mean the United States Department of Labor, Bureau of Labor Statistics Consumer Price Index for All Urban Consumers U.S. City Average, Subgroup “All Items” (1982-84 =100), and if available, such index shall be specific to the Los Angeles/Anaheim/Riverside region. The procedure for making such adjustments shall be to adjust the Annual Minimum Rent by a percentage equal to the percentage increase, if any, in the Index for the month which is three (3) months prior to the beginning of the applicable five (5) year period as compared to the Index for the month which is three (3) months prior to the applicable adjustment date, subject to the percentage limitations set forth above. If the Index is not published for a particular month, then the closest subsequent month thereto shall be used. In no event shall the Minimum Annual Rent, as adjusted, be less than the Minimum Annual Rent in effect prior to the effective date of the adjustment. If at any time the Index does not exist in the format described herein, Landlord and Tenant shall reasonably agree on a comparable government index that measures inflationary trends.

3.3 Interest and Late Charge.

Any Rent not paid within ten (10) days after the date the payment is due and following five (5) days written demand to Tenant for payment of the same shall bear interest at the Default Rate as defined herein from the date due until the date of payment by Tenant.

Acceptance of rental without the late charge will not constitute a waiver of Tenant's default with respect to such nonpayment of the late charge by Tenant, nor prevent Landlord from exercising all other rights and remedies available under the Lease. Landlord's failure to require or collect the late charge in any one or more instances shall not constitute a waiver of the right to collect subsequent late charges.

The "**Default Rate**" as used herein shall mean interest at the rate of two percent (2%) per annum in excess of the Prime Rate in effect from time to time calculated on the balance of rental and other amounts from time to time outstanding. As used herein the "Prime Rate" means the highest announced "prime rate" of Citibank, New York, New York, for 90 day commercial loans or if the practice of such bank of announcing "prime rates" is discontinued, then the highest rate of interest charged by such bank (or by the largest [measured by total assets] bank in the continental United States, if Citibank ceases to exist or to make such loans) for 90 day commercial loans to its most credit worthy large corporate borrowers, as such rate may change from time to time. Any change in said interest rate shall become effective on the first day of each calendar month and for such calendar month shall be based on the prime rate in effect on the last day of the immediately preceding calendar month.

None of the terms or provisions of this Lease shall ever be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate in excess of the maximum interest rate permitted to be charged by the Applicable Laws, if any, of the State of California. Tenant shall never be required to pay interest on any amount in Default under this Lease at a rate in excess of the maximum interest rate that may be lawfully charged under the Applicable Laws, if any, of this State, and the provisions of this paragraph shall control over all other provisions in this Lease which may be in apparent conflict with this paragraph. If Landlord shall collect monies which are deemed to constitute payments in the nature of interest which would otherwise exceed the maximum rate permitted to be charged by Applicable Laws, if any, of this State, all such sums deemed to constitute interest in excess of such maximum rate shall, at the option of Landlord, be credited to the payment of sums lawfully owing or returned to Tenant. Nothing herein shall be construed to submit this Lease or the payment of any sums hereunder to the application of any usury or other laws which would not otherwise apply but for the provisions hereof.

3.4 No Implied Partnership.

Nothing in this Lease shall be construed to render Landlord, a partner, joint venturer, or associate in any relationship or for any purpose with Tenant, other than that of Landlord and Tenant, nor shall this Lease be construed to authorize either to act as agent for the other.

ARTICLE 4. USES

4.1 Use of the Leased Premises.

It is expressly agreed that the Leased Premises may be used as a vehicle parking lot for uses related to Silverlakes Property. Tenant shall be entitled to install and maintain parking lot related signage and advertisement on the Leased Premises.

4.2 Non-Discrimination.

Tenant, for itself, its successors and assigns and all persons claiming under or through it, covenants that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the Leased Premises, nor shall Tenant or any person claiming under or through it, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy, of tenants, licensees, employees or vendees in the Leased Premises or the improvements thereon. The foregoing covenants shall run with the land.

ARTICLE 5. LEASEHOLD FINANCING

5.1. Definitions.

As used herein, "**Leasehold Mortgage**" shall mean any note and the mortgage, deed of trust, or other security instrument securing such note, or an assignment and leaseback, or such other commercially reasonable alternative method of leasehold financing, which constitutes a lien on the estate created by this Lease. Any construction loan(s) and permanent loan(s) are included within the definition of a Leasehold Mortgage, and any reference to a Leasehold Mortgage shall include a reference to such construction loan(s) and permanent loan(s). "**Tenant's Lender and/or Leasehold Mortgagee**" shall mean the owner and holder of any Leasehold Mortgage. Notwithstanding anything to the contrary herein contained, Landlord acknowledges and agrees that Tenant shall have the right to pursue bond financing in such amounts as its operations will support and/or the Improvements warrant facilitating the construction of the same, and they agree to reasonably cooperate in procuring the same.

5.2 Requirements; Terms.

No Leasehold Mortgage shall be binding upon Landlord in the enforcement of its rights and remedies herein and by law provided, unless and until an executed counterpart thereof, together with the address of the, shall have been delivered to Landlord. Landlord agrees that if it shall encumber the Leased Premises as permitted in Section 6.1 below, such encumbrance shall be subordinate to the Leasehold Mortgage. If a Leasehold Mortgagee shall, within thirty (30) days of the execution of the Leasehold Mortgage held by such Leasehold Mortgagee, send to Landlord a true copy thereof, together with written notice specifying the name and address of such Leasehold Mortgagee and the pertinent recording data with respect to such Leasehold Mortgage, Landlord agrees that so long as any such Leasehold Mortgage shall remain unsatisfied of record or until written notice of satisfaction is given by the holders thereof to Landlord, the provisions of this Article 7 shall apply. Specifically, Landlord agrees as follows:

- (a) Notice. Landlord will give the Leasehold Mortgagee a copy of any notice

from either of them to Tenant at the time of giving such notice or communication to Tenant. Landlord will not exercise any right, power or remedy with respect to any default hereunder, and no notice to Tenant of any such default and no termination of this Lease in connection therewith shall be effective, until Landlord shall have so given to the Leasehold Mortgagee written notice or a copy of its notice to Tenant of such default or any such termination, as the case may be so that Leasehold Mortgagee may exercise its rights hereunder.

(b) Cure. Landlord will not exercise any right, power or remedy with respect to any default hereunder if the Leasehold Mortgagee within the cure period provided in this Lease shall give to Landlord written notice that it intends to undertake the correction of such default and thereafter cures the Tenant's default within such stated cure period.

(c) Performance. Within the time periods specified herein, any Leasehold Mortgagee may make any payment or perform any act required hereunder to be made or performed by Tenant with the same effect as if made or performed by Tenant.

(d) Transfer. Upon any rejection of this Lease by any trustee of the Tenant in any bankruptcy, reorganization, arrangement or similar proceeding which would, if it were not for this Article 7, cause this Lease to terminate, without any action or consent by Landlord, Tenant or any Leasehold Mortgagee ("**Bankruptcy Termination**"), the transfer of Tenant's interest hereunder to such Leasehold Mortgagee or its nominee shall automatically occur ("**Deemed Transfer**"). The Leasehold Mortgagee may terminate this Lease following a Deemed Transfer upon giving notice thereof to Landlord no later than thirty (30) days after the Bankruptcy Termination. Upon any such termination, the Leasehold Mortgagee shall have no further obligations hereunder (including any obligations which may have accrued prior to such termination) except in the event that said Leasehold Mortgagee shall request a new lease ("**New Lease**"), in which event all prior obligations accruing to the effective date of the new lease shall be payable at the date of its effectiveness notwithstanding the earlier rejection and termination.

(e) New Lease. In the event of a Bankruptcy Termination of this Lease and should the Leasehold Mortgagee request a New Lease pursuant to the provisions of subsection (d) above, the Landlord will enter into such New Lease of the Leased Premises with the Leasehold Mortgagee for the remainder of the term, effective as of the date of the Bankruptcy Termination, at the rent and additional rent and upon the covenants, agreements, terms, provisions and limitations herein contained, provided:

(i) such Leasehold Mortgagee makes written request upon the Landlord for such New Lease within thirty (30) days from the date of the Bankruptcy Termination and such written request is accompanied by payment to the Landlord of all amounts then due to the Landlord; and

(ii) such Leasehold Mortgagee appoints an operator with experience in equestrian and sports park operations/businesses similar to that of Tenant's and pays or causes to be paid to the Landlord at the time of the execution and delivery of said New Lease any and all sums which would at the time of the execution and delivery thereof be due under this Lease but for such termination, and pays or causes to be paid any and all expenses, including reasonable counsel fees, court costs and disbursements incurred by the Landlord in connection with any such default and termination as well as in connection

with the execution and delivery of such new lease.

(f) Intervention. The Parties hereto shall give the Leasehold Mortgagee notice of any condemnation proceedings affecting the Leased Premises, and such Leasehold Mortgagee shall have the right to intervene and be made a party to any such condemnation proceedings in the place and stead of Tenant. The Tenant's interest in any award or damages for such taking is hereby set over, transferred and assigned to the Leasehold Mortgagee to the extent that such transfer and assignment is provided for by the terms of any such Leasehold Mortgage.

(g) Awards. The Parties hereby agree that the Leasehold Mortgagee shall be given notice of any arbitration or judicial proceedings by or between them and shall have the right to intervene therein and be made a party to such proceedings and shall receive notice of and a copy of any award or decision made in such proceedings.

(h) Naming Mortgagee. Landlord agrees that the name of the Leasehold Mortgagee may be added to the "Loss Payable Endorsement" of any and all insurance policies required to be carried by Tenant hereunder on condition that the insurance proceeds are to be applied (either by Tenant or by any such Leasehold Mortgagee) in the manner specified in this Lease.

(i) No Personal Liability. No Leasehold Mortgagee shall become personally liable under the agreements, terms, covenants or conditions of this Lease or any New Lease entered into in accordance with the provisions of subsection (e) above unless and until it becomes, and then only for as long as it remains, the owner of the leasehold estate. Upon any assignment of this Lease or the aforesaid new lease by any owner of the leasehold estate whose interest shall have been acquired by, through or under any Leasehold Mortgage or from any holder thereof, the assignor shall be relieved of any further liability which may accrue under this Lease or the aforesaid new lease from and after the date of such assignment provided that the assignee shall execute and deliver to Landlord a recordable instrument of assumption wherein such assignee shall assume and agree to perform and observe the covenants and conditions in this Lease or the aforesaid new lease contained on Tenant's part to be performed and observed, it being the intention of the Parties that once the Leasehold Mortgagee shall succeed to Tenant's interest under this Lease or the aforesaid new lease, any and all subsequent assignments (whether by such Leasehold Mortgagee, any purchaser at foreclosure sale or other transferee or assignee) shall effect a release of the assignor's liability under this Lease or the aforesaid new lease; provided, however, nothing contained herein shall be deemed to release the original named Tenant of its liabilities hereunder.

(j) No Merger. There shall be no merger of this Lease nor of the leasehold estate created by this with the fee estate in the Leased Premises or any part thereof by reason of the fact that the same person, firm, corporation or other entity may acquire or own or hold, directly or indirectly, (i) this Lease or the leasehold estate created by this Lease or any interest in this Lease or in any such leasehold estate and (ii) the fee estate in the Leased Premises or any part thereof or any interest in such fee estate, and no such merger shall occur unless and until all corporations, firms and other entities, including any Leasehold Mortgagee, having any interest in (1) this Lease or the leasehold estate created by this Lease and (2) the fee estate in the Leased Premises or any part thereof or any interest in such fee estate shall join in a written instrument effecting such merger and

shall duly record the same.

(k) Tenant's Duty. It shall be Tenant's obligation to ensure that its Leasehold Mortgagee consents to any cancellation, surrender or modification of this Lease or attornment of any subtenant.

(l) Acknowledgement. Landlord shall, upon request, execute, acknowledge and deliver to the Leasehold Mortgagee making such request an agreement prepared at the sole cost and expense of Tenant, in form reasonably satisfactory to Landlord and such Leasehold Mortgagee, between Landlord, Tenant and such Leasehold Mortgagee, agreeing to all of the provisions of this Article 7. The term "**Leasehold Mortgage,**" whenever used herein, shall include whatever security instruments are used in the locale of the Leased Premises, including, without limitation, deeds of trust, security deeds and conditional deeds, as well as financing statements, security agreements and other documentation required pursuant to the Uniform Commercial code. The term "Mortgage" whenever used herein, shall also include any instruments required in connection with a sale-leaseback transaction and the term "**Leasehold Mortgagee,**" in connection with a sale-leaseback or similar type transaction shall include not only the mortgagees but any intervening parties to such a transaction.

(m) Further Modification. Landlord agrees to execute such further modifications or amendments of this Lease (except with respect to the provisions for payment of fixed rent and additional rent and any other term affecting Landlord's interests, rights or obligations hereunder and subject to Norco City Council approval and CEQA review, if applicable) as such Leasehold Mortgagees may reasonably require, so long as such modifications or amendments shall not decrease Tenant's obligations hereunder or increase or decrease Landlord's rights, title and obligations hereunder.

5.3 Encumbrance of Personal Property.

Notwithstanding any other provision contained in this Lease to the contrary, Tenant may grant to Tenant's Lender a security interest in the personal property owned by Tenant on or about the Leased Premises including, without limitation, any portion of the Improvements considered to be Tenant's personal property, and Landlord agrees to join in the execution of any security agreements, UCC-1's or other security instruments ("**Security Agreement**"), containing such terms and provisions as are acceptable to Landlord, as are sufficient to subject any interest of Landlord in such personal property to any lien created under any such Security Agreement, or Landlord shall execute a Landlord's Consent and Waiver, on terms and provisions acceptable to Landlord, affirming the right of a secured party to remove the personal property collateral covered by such Security Agreement from the Leased Premises provided that such secured party (i) in writing notifies Landlord of any default under any Security Agreement and of its intention to remove such personal property no sooner than thirty (30) days after the date of such notice to afford Landlord reasonable opportunity to cure any such default, and (ii) shall, upon removal of such personal property, be responsible for any damages caused to the Leased Premises as a result of such removal.

Neither Landlord's right to cure any default nor any exercise of such a right shall constitute an assumption of liability under the Security Agreement. In the event Landlord makes any payment hereunder, Tenant shall, on or before the first day of the next calendar month following such payment, reimburse Landlord for the full amount of such payment, together

with interest thereon at the Default Rate from the date of payment by Landlord until the date of repayment by Tenant, and the above obligation of Tenant to reimburse Landlord shall be treated as and become a part of Tenant's obligation to pay rent under this Lease.

ARTICLE 6. ASSIGNMENT AND TRANSFER

6.1 Landlord Assignments; Subordination, Attornment and Non-Disturbance; Assignment.

(a) Landlord's Assignment. Until Landlord's work defined in Section 5.1.2 above is complete and all monies required to be disbursed under the Funding Agreement are received by Tenant, Landlord shall not transfer, sell, assign, pledge lease, sublease, license, franchise, gift, hypothecate, mortgage, or otherwise encumber ("**Transfer**") either (i) this Lease and its or their rights hereunder including all rental payments; and/or (ii) Landlord's fee interest and/or the leasehold interest created hereby. Thereafter, any Transfer by Landlord shall be subject to Tenant's prior approval which approval shall not be unreasonably withheld or delayed; it being agreed however that it shall be reasonable for Tenant to deny consent if:

(1) the Transfer is other than to a governmental agency that agrees to assume all the Landlord's obligations under this Lease, Development Agreement, Funding Agreement, Shared Used Agreement and such other agreements which City and Tenant are a party (herein collectively, "**Silverlakes Documents**") and provided further such governmental agency is either the County of Riverside, State of California or a local municipal government, none of whom shall be governed by a joint powers authority or by a board (unless such joint powers authority or board is comprised of publically elected officials or public entities); or

(2) Tenant reasonably believes the Transfer will materially impair Tenant's entitlements to use and operate the Leased Premises (e.g. violate the terms of the Deed Restriction) or its or Tenant's Mortgagee's right, title, interest or obligations under this Lease, other Silverlakes Documents and/or the Leasehold Mortgage (e.g., cause the possessory interest tax or any real property tax to increase).

Landlord acknowledges and agrees that Tenant is entering into this Lease because the Leased Premises are to be jointly used, subject to the Shared Use Agreement, for public purposes and a Transfer by Landlord could jeopardize and/or frustrate Tenant's use and operation of the Leased Premises. The person or entity receiving any permitted Transfer is referred to in this Lease as a "**Transferee.**" Landlord's Transferee shall assume all of its or their obligations under the Silverlakes Documents in writing; provided, however, nothing herein shall change or release the obligations of the City. In the event that, at the time Landlord Transfers the Leased Premises to any party, Landlord is in default under this Lease, Tenant shall continue to have all rights and remedies against the Transferee, as the successor landlord, with respect to such default and against the assigning Landlord with respect to such default as accrued to the date of assignment, except as Tenant shall otherwise be estopped by an estoppel letter to such successor Landlord. Subject to the rights of Tenant under the prior sentence, Tenant shall not be required to make any payment to such Transferee Landlord until twenty (20) days after Tenant has received

written notice of such assignment and evidence of the Transferee's assumption of all Landlord's obligations hereunder.

(b) Subordination. Pursuant to Section 5.2, any financing by Landlord shall be subordinate to Tenant's Leasehold Mortgage.

(c) Right of First Refusal. Landlord has represented that fee title to the Leased Premises would only be sold or transferred if the property is declared to be "surplus" property under state and local laws. Notwithstanding the unlikely determination that the Leased Premises would ever be found to be surplus or that same would be sold to a private third party or non-governmental entity, Landlord has agreed to grant Tenant a right of first refusal to buy the Leased Premises.

6.2 Tenant's Assignment or Subletting.

Tenant shall be entitled, without Landlord's consent but with thirty (30) days advance written notice to City, to: (i) assign this Lease or sublet any portion of the Leased Premises to any entity that is owned or controlled by, or under common control with, Tenant (an "**Affiliate**") with evidence reasonably satisfactory to the City that such entity is owned, controlled by or under common control of Tenant, (ii) assign this Lease to any successor company or entity that acquires all or substantially all of Tenant's assets or into which Tenant is merged ("**Successor Tenant**"), (iii) assign this Lease to an entity formed in connection with the initial financing of the Leasehold (iv) to sublet or license the areas intended for RV and trailer parking (including the trail head parking area) to an operator experienced in monitoring and running RV facilities which provide temporary housing for event attendees and/or their employees; (v) sublease or license a portion of the Leased Premises to limited duration concessionaires or licensees of the Tenant (e.g. in connection with an event being conducted on-site) whose uses are consistent with the primary use of the originally named Tenant; and/or (vi) to enter into a Leasehold Mortgage (the foregoing sub-points (i)-(vi) shall be referred to herein as "**Tenant's Permitted Assignments**"). Any other assignment or subletting of the entirety of the Leased Premises shall be subject to the prior written approval of the Landlord, which consent shall not be unreasonably withheld, provided that the transferee has similar experience in operating large recreational and sports facilities; it being agreed that Landlord shall be able to take into consideration the fact that Tenant's qualifications are of particular concern to Landlord, and Landlord has entered into this Lease in reliance upon Tenant's qualifications. Any purported assignment or subletting which is prohibited by this Section 7.2 shall be ipso facto null and void, and no voluntary or involuntary successor to any interest of Tenant under such a transfer shall acquire any rights pursuant to this Lease. These restrictions on Transfer shall be binding on any successors, heirs or permitted transferee of Tenant.

(a) Transfer of the Lease, the Leased Premises, or Improvements to be Constructed Thereon. In the event of any approved assignment of this Lease or the Leased Premises (other than for security purposes), said assignee shall expressly assume liability with Tenant for the obligations of Tenant under this Lease to the extent of said assignee's interest, and, notwithstanding any such assignment, Tenant shall not be released from liability hereunder absent Landlord's agreement. Provided, however, should Tenant wish to be released from liability, the Landlord must agree and expressly approve that Tenant's proposed assignee has the experience, financial resources and capacity to operate and manage the Project.

(b) Transfer of Control of Tenant; Retention of Management Entity and Transfer of Interest Therein.

(i) The term “**ownership and/or control**” as used herein includes, without limitation, all voting rights and beneficial ownership with respect to all classes of stock, interests in partnerships and/or beneficial interests under a trust, as may be applicable to the type of entity which is prohibited from making the particular Transfer in question. For purposes of this Section 7.2, the term “**Third Party**” shall mean and include any person or entity that has acquired or hereafter acquires any interest in Tenant, or any person or entity that is a joint venturer or affiliate of Tenant with respect to all or any portion of the Leased Premises and/or this Lease, or any person or entity that is or becomes a limited and/or general partner of any such joint venturer or affiliate of Tenant with respect to all or any portion of the Leased Premises and/or this Lease.

(ii) Except as permitted in the first paragraph of this Section 8.2, Tenant shall not suffer or permit the Transfer of more than forty-nine percent (49%) of its present ownership and/or control, in the aggregate taking all Transfers into account on a cumulative basis (but without double counting of successive Transfers by Third Parties of the same interest in the ownership and/or control of Tenant), without the prior written consent of Landlord, which shall not be unreasonably withheld. The failure of the Landlord to consent to any proposed Transfer of the ownership and/or control of Tenant shall be deemed to be reasonable if the proposed Transferee is not (1) financially responsible, (2) of good standing and repute, and (3) able to demonstrate the capability to manage developments of the size and character of the improvements located on the Leased Premises. Provided, however, so long as R.J. Brandes or any affiliated company, trust or partnership which R.J. Brandes controls, is the managing member of Transferee and/or he or it controls the day to day operations of either Transferee or the Management Entity (defined below), then Landlord’s consent shall not be required for any Transfer of the ownership and/or control of Tenant.

(iii) It is expressly agreed that, notwithstanding anything to the contrary herein contained, an inter vivos or testamentary transfer of all or any portion of the ownership and/or control of Tenant, or any general partner or managing member of Tenant or its manager (e.g. R.J. Brandes), to one or more family members of the holder of such ownership interest or a trust in which all of the beneficial interest is held by one or more family members of the holder of such ownership interest or a partnership or limited liability company in which a majority of the capital and profits interests are held by one or more family members of the holder of such ownership interest, shall **not** be deemed to be a Transfer by Tenant, provided that: (1) such inter vivos transfer of all or any portion of the ownership interests in the Tenant, or such general partner or managing member of Tenant, is made in connection with bona fide, good faith estate planning; and (2) the person(s) with voting control of Tenant or the management of the Premises are either the same person(s) who had such voting control and management rights immediately prior to the transfer in question or are family members of such person. For purposes hereof, “family members” are defined to include the spouse, children and grandchildren and any lineal descendants. Moreover, notwithstanding anything to the contrary in this Section

7.2, the transfer of shares of stock of, or membership interests in, Tenant or its managing member which are: (x) among the members of the family of any member or shareholder, (y) to a living trust for estate planning purposes, or (z) by will or intestacy to any other family member shall not be deemed a Transfer.

(c) Management of Project. Unless the prior written consent of Landlord is obtained, which consent shall not be unreasonably withheld, Tenant shall not retain or authorize any unrelated third person or entity to perform any management and/or supervisory functions (“**Management Entity**”) with respect to the development and/or operation of the Leased Premises or of any of the improvements thereon; provided, however, that Landlord's consent shall not be required in connection with the retention of a Management Entity if: (i) said entity is owned and controlled by R.J. Brandes or Tenant or an Affiliate of Tenant or R.J. Brandes or otherwise as permitted under Section 8.2 (b)(iii) above; or (ii) said entity or person is being retained for a period of five (5) years or less, and said entity is reputable and recognized as experienced in management of parking, recreation, equestrian and/or sports facilities of the size located on the Leased Premises. In the event that Tenant retains a Management Entity and such act requires Landlord's prior written consent, Tenant shall not permit said Management Entity or any person or entity which is a stockholder of or a general or limited partner in said Management Entity, or any person or entity which is a joint venturer or affiliate of said Management Entity to Transfer more than forty-nine percent (49%) of its present ownership or control in the aggregate, unless the prior written consent of Landlord is obtained, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, Landlord hereby approves, as the Management Entity, Balboa Management Group, LLC or any entity in which R.J. Brandes or his trust is the manager or the managing member. Further, notwithstanding anything to the contrary herein, Tenant may enter into an agreement with a parking management company for the parking amenities.

(d) Investigation of Proposed Transferee; Costs. In the event that Tenant requests Landlord's written consent to a proposed Transfer pursuant to Section 7.2 of this Lease, Tenant agrees to provide Landlord with such information, including financial statements and tax returns, as Landlord may reasonably require in order to evaluate the solvency, financial responsibility and relevant business acumen and experience of any proposed Transferee. At the time of any request by Tenant for consent to a Transfer pursuant to Section 7.2, Tenant shall make such request in writing and shall submit to Landlord: (i) all binding agreements and documents evidencing and/or relating to the circumstances surrounding such Transfer, and (ii) a certificate setting forth representations and warranties by Tenant and the Transferee to Landlord sufficient to establish and insure that all requirements of Section 7.2 have been and will be met. With respect to a proposed assignment pursuant which requires Landlord's consent, Landlord agrees to make its decision on Tenant's request for consent to such an assignment, as promptly as possible, but in no event later than 30 days following request.

Except as otherwise provided in Section 7.2, if Landlord consents to any Transfer pursuant to that Section, such consent shall not be effective unless and until Tenant gives notice of the Transfer and a copy of any documents effecting and/or evidencing such Transfer to Landlord, and unless and until any such Transferee (other than a proposed sublessee, licensee or concessionaire) assumes all of the obligations and liabilities of Tenant under this Lease to the extent of its interest.

In order to enable Landlord to adequately investigate the proposed Transferee's qualifications, Tenant shall pay within five (5) days of Landlord's written request therefor, all actual, reasonable expenses incurred by Landlord in connection with the investigation of the proposed Transferee, including attorneys' fees and costs and all consultant fees, not to exceed \$5,000 (which amount shall be increased by the annual increases in CPI).

ARTICLE 7. TAXES AND IMPOSITIONS

7.1 Tenant to Pay Impositions.

From and after the Term Commencement Date, Tenant agrees that it shall pay any and all taxes, assessments, including, without limitation, the possessory interest tax if any (collectively, "**Impositions**") levied subsequent to the Term Commencement Date and applicable to the Term hereof, levied or assessed by any governmental agency or entity on or against the Leased Premises or any portion thereof, or on or against Tenant's interest in the Leased Premises (including the leasehold interest created by this Lease), or any Tenant Improvements or other property (including against Tenant's personal property), in or on the Leased Premises. The timely reporting and payment of the above referenced assessments or other charges is a material term of this Lease. Tenant agrees to provide Landlord with evidence upon reasonable prior notice that the Impositions have been paid or waived by the taxing authorities. Landlord agrees it will not permit to be assessed against the Leased Premises any new community facilities district tax or assessment or any charge attributable to the Public Improvements.

If, by law, any such Imposition is payable, or may, at the option of Landlord or Tenant be paid, in installments, Tenant may pay the same, together with any accrued interest on the unpaid balance of such Imposition, in such installments as those installments respectively become due and before any fine, penalty, interest, or cost may be added thereto for the nonpayment of any such installment and interest.

In no event shall Tenant be responsible for any Impositions, including but not limited to any increase in taxes on the Leased Premises, associated with any Transfer or "changes of ownership" stemming from Landlord's Transfer of all or any part of the Leased Premises or, should Landlord be a non-governmental entity, with income taxes or Impositions (if any) attributable to Tenant's payment of Rent or Landlord's receipt thereof.

7.2 Payment before Delinquency.

Subject to Tenant's right to contest under Section 7.4, any and all Impositions and installments of Impositions required to be paid by Tenant under this Lease shall be paid by Tenant prior to delinquency, and copies of the official and original receipt for the payment of such Imposition or installment thereof shall immediately be given to Tenant.

7.3 Contest of Imposition.

Tenant shall have the right to contest, oppose, or object to the amount or validity of any Imposition levied on or assessed against the Leased Premises or any portion thereof and may in good faith diligently conduct any necessary proceeding to prevent or void or reduce the same; provided, however, that the contest, opposition, or objection must be filed before the Imposition

at which it is directed becomes delinquent if such contest, opposition or objection is required to be made or filed prior to payment of the Imposition being challenged, and written notice of the contest, opposition, or objection must be given to Landlord at least thirty (30) days before the date the Imposition becomes delinquent.

Landlord agrees to reasonably cooperate and join in any proceeding or contest brought by Tenant. If the provisions of any law require that the proceeding or contest be brought by or in the name of Landlord or any owner of the Leased Premises, Landlord shall join in the proceeding or contest or permit it to be brought in Landlord's name but such action shall be without cost to Landlord and all costs, including attorneys' fees, shall be borne solely by Tenant.

7.4 Real Estate Tax Statements.

Tenant shall, as between Landlord and Tenant, have the duty of attending to, preparing, making, and filing any statement, return, report, or other instrument required or permitted by law in connection with the determination, equalization, reduction, or payment of any Imposition that is or may be levied on or assessed against the Leased Premises, or any portion thereof, or any interest therein, or any improvements or other property on the Leased Premises.

7.5 Indemnification.

Landlord shall indemnify, defend and hold Tenant, and its Representatives and Tenant's property (including the Leased Premises and any improvements now or hereafter located on the Leased Premises) free and harmless from any Liabilities resulting from any Impositions required by this Article 7 to be paid by Landlord, and from all interest, penalties, and other sums imposed thereon, and from any sale or other proceeding to enforce collection of any such Imposition.

7.6 Payment by Tenant.

Should Tenant fail to pay within the time specified in this Article any Impositions required by this Article to be paid by Tenant, Landlord may, upon reasonable prior written notice to Tenant pay, discharge, or adjust such Imposition for the benefit of Tenant. In such event, Tenant shall, on or before the first day of the next calendar month following any such payment by Landlord, reimburse Landlord for the full amount incurred by Landlord in so paying, discharging, or adjusting such Imposition, together with interest thereon at the Default Rate from the date of payment by Landlord until the date of repayment by Tenant, and the above obligation of Tenant to reimburse Landlord shall survive the expiration or earlier termination of this Lease.

7.7 Transient Occupancy Taxes to be Paid/Collected by Tenant.

To the extent that transient occupancy taxes (so called "bed taxes") are imposed on overnight RV camping and other overnight lodging, with the exception of caretaker lodging or as otherwise exempted by City transient occupancy tax regulations, on the Leased Premises, Tenant agrees to remit or cause the same to be paid to the Landlord as required by Applicable Law.

ARTICLE 8. INSURANCE

8.1 Fire and Extended Coverage Insurance.

Throughout the term of this Lease, Tenant, at no cost or expense to Landlord, shall keep or cause to be kept, for the mutual benefit of Landlord and Tenant, a policy of standard fire insurance, with extended coverage and vandalism and malicious mischief endorsements (but exclusive of flood and earthquake), insuring all enclosed, permanent structures located on or used in connection with and appurtenant to the Leased Premises. In no event shall Tenant be required to carry insurance on any of the Public Improvements. Tenant shall not be obligated to carry flood or earthquake insurance on the Tenant Improvements, but may elect to procure such insurance for the buildings if available at commercially acceptable rates. Unless otherwise agreed by Landlord, the amount of insurance required hereunder shall in no event be less than one hundred percent (100%) of the full replacement cost of the permanent buildings on the Leased Premises, with such reasonable deductibles as Tenant shall determine. For so long as Landlord is a municipal agency and immune from liability, and except as Landlord may be insuring the surrounding public or redevelopment lands from damage, destruction or liability therein, Landlord shall not be obligated to carry property or casualty insurance.

Should Landlord transfer the Property to a third party, private person or entity, then Tenant shall have the right to require (and this Lease shall be amended to reflect) that such Transferee shall be obligated to carry all such insurance as the parties reasonably agree, but in no event less than is commercially reasonable or as are imposed on Tenant hereunder.

Prior to the commencement of any construction by the Tenant or its entry onto the Leased Premises and in all events by the date of the Interim Term, Tenant shall provide evidence to Landlord that it is carrying the insurance required by this Section 8.1 insuring all enclosed, permanent structures located on or used in connection with and appurtenant to the Leased Premises.

8.2 Cooperation in Obtaining Proceeds of Fire and Extended Coverage.

Landlord shall, at no cost or expense to Landlord, cooperate fully with Tenant to obtain the largest possible recovery under all policies required by Section 8.1. The proceeds shall be deemed to be held in trust by the recipient to the extent of the uses and purposes prescribed by this Lease.

8.3 Builder's Risk and Worker's Compensation Insurance.

Before commencement of any demolition or construction work on the Leased Premises, Tenant shall procure, and shall maintain in force until completion and acceptance of the work (i) "all risks" builder's risk insurance, including coverage for vandalism and malicious mischief, in a form and amount and with a company reasonably acceptable to Landlord, and (ii) worker's compensation insurance covering all persons employed in connection with work on the Leased Premises and with respect to whom death or bodily injury claims could be asserted against Landlord or the Leased Premises. Said builder's risk insurance shall cover improvements in place and all material and equipment at the job site furnished under contract.

8.4 Commercial General Liability Insurance.

Tenant, commencing on the earlier of commencement of any construction by the Tenant or its entry onto the Leased Premises and in all events by the date of the Interim Term, and continuing throughout the Term hereof, shall maintain, at no cost or expense to Landlord, with a reputable and financially responsible insurance company acceptable to Landlord, for the mutual benefit of Landlord and Tenant, comprehensive broad form commercial general liability insurance against claims and liability for personal injury, death, or property damage arising from Tenant's use, occupancy, misuse or condition of the Leased Premises, the Tenant Improvements thereon, which insurance shall provide combined single limit protection of at least Five Million Dollars (\$5,000,000) for bodily injury or death to one or more persons, and at least Two Million Dollars (\$2,000,000) for property damage; provided, that, at the beginning of Lease Year Ten (10), and every ten (10) years thereafter, the above prescribed minimum coverages shall be increased to the amounts customarily carried by developments of the size, character and nature of the development on the Leased Premises.

Prior to the commencement of any construction by the Tenant or its entry onto the Leased Premises and in all events by date of the Interim Term, Tenant shall provide evidence to Landlord that it is carrying the insurance required by this Section 8.4.

8.5 Policy Form, Content and Insurer.

All insurance required by the provisions of this Lease shall be carried only with responsible insurance companies licensed to do business in this state having a policyholder's rating from A. M. Best Company of at least A. If, during the Term of this Lease, such rating service ends, then Landlord shall reasonably select another comparable rating service which most closely approximates Best's Insurance Rating, with the view toward maintaining the same quality standard for determining a "secure and acceptable insurance company."

All such policies required by the provisions of this Lease shall be no assessable and shall contain language, to the extent obtainable, to the effect that (i) any loss shall be payable notwithstanding any act or negligence of Landlord that might otherwise result in a forfeiture of the insurance, (ii) the insurer waives the right of subrogation against Landlord, (iii) against Landlord's Representatives, the policies are primary and noncontributing with any insurance or self-insured equivalent that may be carried by Landlord, (iv) the policies cannot be cancelled or materially changed except after thirty (30) days' notice by the insurer to Landlord, (v) Landlord shall not be liable for any premiums or assessments, and (vi) all policies shall name Landlord and its successors and assigns as additional insureds with respect to liability arising out of Tenant's leasehold created herein. Upon the Term Commencement Date, Tenant shall deliver to Landlord either certificates of insurance evidencing the insurance coverages specified in this Article 8 or a binder for such insurance, in a form reasonably satisfactory to Landlord, providing for the commencement of such insurance coverages as of the Term Commencement Date of this Lease. Tenant shall thereafter deliver to Landlord certificates of insurance evidencing the insurance coverages required by this Article upon renewal of any insurance policy. Tenant may provide any insurance required under this Lease by blanket insurance covering the Leased Premises and any other location or locations, provided that the specific policy of blanket insurance proposed by Tenant is reasonably acceptable to Landlord. Landlord's review of such policy of blanket insurance shall be only for the purpose of determining if it provides the coverages required by this policy and does not adversely affect Landlord's interest in the Leased Premises or its rights hereunder.

8.6 Indemnification.

Tenant shall indemnify, defend and hold Landlord and its Representatives, and the property of Landlord, including the Leased Premises and any improvements thereon, free and harmless from any and all Liabilities to the extent resulting from Tenant's use, occupancy or enjoyment of the Leased Premises by Tenant. The above indemnification includes, without limitation, any Liabilities arising by reason of:

(a) The death or injury of any Tenant Parties, including Tenant or any person who is an employee or agent of Tenant, or damage to or destruction of any property, including property owned by Tenant or by any person who is an employee or agent of Tenant, from any cause whatsoever while such person or property is on the Leased Premises or in any way connected with the Leased Premises or with any of the improvements or personal property on said premises;

(b) The death or injury of any Tenant Parties, including Tenant or any person who is an employee or agent of Tenant, or damage to or destruction of any property, including property owned by Tenant or any person who is an employee or agent of Tenant, caused or allegedly caused by either (i) the condition of the Leased Premises (other than Public Improvements) or some Improvement on said premises, or (ii) some act or omission on the Leased Premises caused by Tenant or any person in, on, or about the Leased Premises with the permission and consent of Tenant;

(c) Any work performed on the Leased Premises or materials furnished to the Leased Premises at the instance or request of Tenant or any person or entity acting for or on behalf of Tenant, other than Landlord's work hereunder; or

(d) Tenant's failure to perform any provision of this Lease or to comply with Applicable Law.

Landlord agrees to exonerate, protect, defend, indemnify and hold Tenant its officers, directors, stockholders, beneficiaries, partners, representatives, agents and employees harmless from and against any and all losses, damages, claims, suits or actions, judgments and costs (including reasonable attorneys' fees) arising out of (A) the Landlord Parties' use of the Leased Premises or its construction of the Public Improvements; (B) any Landlord Event of Default or (C) any injury to or death of persons or damage to property on or about the Leased Premises to the extent caused by the intentional or negligent acts or omissions of Landlord or its employees, agents or contractors.

Tenant's agreement to indemnify the Landlord Parties and Landlord's agreement to indemnify the Tenant Parties pursuant to this Section 8.6 are not intended to and shall not relieve any insurance carrier of its obligations under policies required to be carried pursuant to the provisions of this Lease, to the extent such policies cover, or if carried, would have covered, the matters, subject to the parties' respective indemnification obligations; nor shall they supersede any inconsistent agreement of the parties set forth in any other provision of this Lease.

Notwithstanding any provision to the contrary contained in this Lease, nothing in this Lease shall impose any obligations on Tenant or Landlord to be responsible or liable to the other for, and each hereby releases the other from all liability for, consequential damages stemming from a breach of this Lease.

8.7 Waiver of Subrogation.

Landlord and Tenant agree to have their respective insurance companies issuing property damage insurance waive any rights of subrogation that such companies may have against Landlord or Tenant, as the case may be, so long as the insurance carried by Landlord and Tenant, respectively, is not invalidated thereby. As long as such waivers of subrogation are contained in their respective insurance policies, Landlord and Tenant hereby waive any right that either may have against the other on account of any loss or damage to their respective property to the extent such loss or damage is insurable under policies of insurance for fire and all risk coverage, theft, public liability, or other similar insurance.

Each Party (the "**Releasor**") hereby releases the other Party (the "**Releasee**") from any and all liability or responsibility to the Releasor or anyone claiming through or under the Releasor by way of subrogation or otherwise for any incurred loss or damage to any person or property caused by fire or other insured peril or other such loss, damages, or other insured event or negligence of the Releasee, or anyone for whom such Releasee may be responsible; provided, however, that this release shall be applicable and in force and effect only with respect to loss or damage occurring during such time as the Releasor's policy or policies of insurance shall contain a waiver of subrogation endorsement, to the effect that any such release shall not adversely affect or impair said policy or policies or prejudice the right of the Releasor to recover thereunder.

ARTICLE 9. DEFAULT

9.1 Events of Default.

The occurrence of any one or more of the following events shall, after the giving of a Notice of Default and expiration of the cure periods herein provided, constitute a default and breach of this Lease by Tenant or Landlord as applicable (“**Default(s)**” or “**Event(s) of Default**”):

(a) The failure by a Party to pay money when due (including the failure by Tenant to pay any Rent due under this Lease) to the other as herein specified herein, which failure continues for a period of ten (10) business days after receipt of written notice from the other Party that the same is overdue; or

(b) The failure by a Party to perform or observe any other term or condition of this Lease and such failure continues for a period of thirty (30) days (unless a shorter time frame is expressly set forth herein) after receipt of written notice thereof from the other Party (with notice shall include a reasonably detailed description of the default), provided however, that if the nature of such failure is such that the same cannot reasonably be cured within said thirty (30) day period (herein referred to as a “**excused delay**”), then the Party in default shall have such additional time as is reasonably necessary to cure such failure provided that such Party commences to cure such failure within said thirty (30) day period and proceeds to cure such failure with diligence and continuity (written notice by a Party under this Section 9.1 is hereinafter referred to as a “**Notice of Default**”); or

At any time prior to receipt of a Notice of Default, Tenant may request by written notice that Landlord simultaneously send a copy of the Notice of Default to any mortgagee of Tenant at the address provided by Tenant and Landlord shall allow such mortgagee the opportunity to cure the Event of Default.

9.2 Remedies of Landlord.

Upon the occurrence of an Event of Default by Tenant, Landlord may seek injunctive relief or damages as provided by law, but except as otherwise provided in subsection (d) below, not including damages or relief provided under Cal. Civ. Code Section 1951.2(a)(3). Upon the occurrence of a material Event of Default by Tenant, Landlord shall have the right, by written notice to Tenant, to:

(a) Declare this Lease terminated and the term of the Lease ended, in which event this Lease and the term hereof shall expire, cease and terminate with the same force and effect as though the date set forth in the notice of termination was the date originally set forth herein and fixed for the expiration of the Lease term, whereupon the Tenant shall vacate and surrender the Leased Premises and shall be liable for damages as provided in subsection (d) below;

(b) Repossess the Leased Premises, without termination of this Lease, whereby Tenant shall remain liable, subject to the limitations hereinafter set forth, for all ongoing obligations arising during the balance of the Original Term. Landlord may proceed to recover possession of the Leased Premises pursuant to applicable process of

law and to dispossess Tenant and all other occupants therefrom and remove and store all property therein in a public warehouse or elsewhere at the cost and for the account of the Tenant. UPON REPOSSESSING THE LEASED PREMISES, LANDLORD SHALL USE REASONABLE EFFORTS TO MITIGATE DAMAGES AND RELET THE LEASED PREMISES AT THE HIGHEST RENT AND ON BEST TERMS AVAILABLE TO LANDLORD. Upon each such reletting all rentals and other sums due received by Landlord from such reletting shall be applied in the following order:

(i) to the payment of any indebtedness, other than Rent due or the repayment of amounts financed under the Funding Agreement for City Facilities (the terms of such repayment are specified in the Development Agreement (herein, "**Funding Repayments**"), hereunder from Tenant to Landlord;

(ii) to the payment of any reasonable costs and expenses of such reletting, including reasonable brokerage fees and costs of alterations and repairs (all of the aforementioned items in (i) and (ii) being collectively referred to as "**Other Damages**"); and

(iii) to the payment of Rent due and unpaid hereunder and then to the unpaid Funding Repayments; with the residue, if any, to be held by Landlord and applied in payment of future Rent as the same may become due and payable by Tenant hereunder. If such rentals and other sums received from such reletting during any month are less than the Rent to be paid during that month by Tenant hereunder, Tenant shall pay such deficiency to Landlord; if such rentals and sums shall be more than the Rent due from Tenant as herein stated, Tenant shall have NO right to be paid the excess provided, however, such excess shall be credited against Rent payable by Tenant (if any) and due in the future. Such deficiency shall be calculated and paid monthly; or

(c) Continue this Lease in full force and effect, whether or not Tenant shall have abandoned the Premises. The foregoing remedy shall also be available to Landlord pursuant to California Civil Code Section 1951.4, and any successor statute thereof, in the event Tenant has abandoned the Premises. If Landlord elects to continue this Lease in full force and effect pursuant to this subsection (c), then Landlord shall be entitled to enforce all of its rights and remedies under this Lease, including the right to recover Rent as it becomes due. Landlord's election not to terminate this Lease pursuant to this Section 7.2 or pursuant to any other provision of this Lease, at law or in equity, shall not preclude Landlord from subsequently electing to terminate this Lease or pursuing any of its other remedies.

(d) Notwithstanding subsection (a) above, for purposes of Landlord's election to terminate, the Parties agree that a "**material Event of Default**" must be one that is not capable of being cured by Landlord's resort to its right of self help under Section 7.4 below (provided that Landlord shall not be obligated to spend in excess of the then current year's Annual Minimum Rent in the exercise of such self-help rights) and be of such a nature that actually materially and adversely affects the public's right to use the public portions of the Leased Premises. Before Landlord elects to terminate the Lease, Landlord shall be required to provide Tenant with a second Notice of Default (following the giving of the initial Notice of Default and lapse of Tenant's time to cure). The second Notice of Default shall specifically detail the nature of Tenant's default, propose an

acceptable cure, and advise Tenant of Landlord's intent to terminate by a date certain (but not less than four (4) months) following the date of the second Notice of Default. Upon receipt of the second Notice of Default, Tenant shall have ten (10) business days within which to commence to cure or Tenant shall have the option of disputing whether a material Event of Default.

Should Tenant not thereafter timely prosecute the cure and Landlord is permitted to terminate this Lease, then Landlord may recover from Tenant:

(i) The worth at the time of award of any unpaid Rent which had been earned at the time of such termination; plus

(ii) The worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss Tenant proves reasonably could have been avoided; plus

(iii) The worth at the time of award of the amount by which the unpaid Rent for the balance of the term after the time of award exceeds the amount of such rental loss that Tenant proves reasonably could be avoided; plus

(iv) Any other amount necessary to compensate Landlord for all detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course would be likely to result therefrom; and plus

(v) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable California Law.

As used in this Section, the "**worth at the time of award**" is computed by allowing interest at the Default Rate. As used in (iii) above, the "worth at the time of award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%), provided however, in no event shall such amount determined pursuant to (iii) exceed an amount equal to three (3) years' worth of Annual Minimum Rent due for the period following the date of termination plus Landlord's reasonable attorney's fees and costs, which shall be separately reimbursed by Tenant..

(e) The receipt by Landlord of less than the full Rent due shall not be construed to be other than a payment on account of Rent then due, nor shall any statement on Tenant's check or any letter accompanying Tenant's check be deemed an accord and satisfaction, and Landlord may accept such payment without prejudice to Landlord's right to recover the balance of the Rent due or to pursue any other remedies provided in this Lease. The acceptance by Landlord of Rent hereunder shall not be construed to be a waiver of any breach by Tenant of any term, covenant or condition of this Lease. No act or omission by Landlord or its employees or agents during the term of this Lease shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept such surrender shall be valid unless in writing and signed by Landlord. Failure by Landlord to enforce its rights with respect to any one Event of

Default shall not constitute a waiver of its rights with respect to any subsequent Event of Default. Failure of Landlord to declare any default immediately upon its occurrence, or delay in taking any action in connection with an event of default, shall not constitute a waiver of such default, nor shall it constitute an estoppel against the Tenant, and Landlord shall have the right to declare the default at any time and take such action as is lawful or authorized under this Lease.

9.3 Landlord's Lien; Redemption.

(a) Waiver of Landlord's Liens. LANDLORD HEREBY SPECIFICALLY DISCLAIMS, WAIVES AND DISAVOWS ANY STATUTORY, CONTRACTURAL OR COMMON LAW LIEN OR RIGHT OF DISTRAINT, IF ANY, ATTACHING OR RELATING TO TENANT'S PERSONAL PROPERTY, INCLUDING WITHOUT LIMITATION, ALL EQUIPMENT, FURNITURE, INVENTORY OR TRADE FIXTURES.

(b) Tenant's Waiver of Redemption. Tenant hereby waives, for itself and all persons claiming by and under Tenant, all rights and privileges which it might have under any present or future law to redeem the Leased Premises following termination of this Lease or to continue this Lease after being dispossessed or ejected from the Leased Premises by Landlord as and to the extent allowed hereunder or otherwise as directed by the court.

9.4 Self -Help Cure Rights.

If either Party shall default in the performance or observance of any condition in this Lease on its part to be performed or observed, and shall not cure such default within thirty (30) days (or ten (10) days for monetary default) after notice from the other Party specifying the default (or if such Party does not within such period commence to cure the default and thereafter prosecute the curing of the default to completion with due diligence), the non-defaulting Party may, at its option, without waiving any claim for damages for the default, at any time thereafter cure such default for the account of the defaulting Party, and any reasonable amount paid or any reasonable contractual liability incurred by the non-defaulting Party in so doing shall be deemed paid or incurred for the account of the defaulting Party, and the defaulting Party agrees to reimburse the non-defaulting Party therefor and save the non-defaulting Party harmless therefrom. At any time during the term of this Lease, the non-defaulting Party may cure any such default prior to the expiration of the thirty (30) day period, or prior to notice to the defaulting Party, if the curing of the default prior to notice or to the expiration of the thirty (30) day period is reasonably and immediately necessary due to an emergency to protect the Leased Premises or the Party's interest therein, or to prevent injury or damage to persons or property. The non-defaulting Party shall submit an invoice to the defaulting Party for the costs incurred by the non-defaulting Party to cure a default of the defaulting Party, and if the defaulting Party fails to pay the costs so invoiced, together with interest as hereinafter provided, within fifteen (15) days after receipt of an invoice for the same, the non-defaulting Party shall have the right to deduct such costs, and interest therein, from the amounts then owed (including from any Rent due) by the non-defaulting Party to the defaulting Party. Any sums expended or expenses incurred by the non-defaulting Party to cure any default shall bear interest at the Default Rate until paid in full. No such act shall constitute a waiver of any Default or of any remedy for Default or render the non-

defaulting Party liable for any loss or damage resulting from its act of self-help.

9.5 Landlord's Default; Tenant's Remedies.

Upon the occurrence of an Event of Default by Landlord, Tenant may (a) seek injunctive relief or damages as provided by law; or (b) terminate this Lease if it is a "material Event of Default" on the part of Landlord. A "**material Event of Default**" must be one that either delays the start of Tenant's construction or is not capable of being cured by Tenant's resort to its right of self-help under Section 10.4 above (provided that Tenant shall not be obligated to spend in excess of the then current year's Annual Minimum Rent in the exercise of such self-help rights) or be of such a nature that actually materially and adversely affects the Tenant's right to use the Leased Premises for its intended purposes. Before Tenant elects to terminate the Lease, Tenant shall be required to provide Landlord with a second Notice of Default (following the giving of the initial Notice of Default and lapse of Landlord's time to cure). The second Notice of Default shall specifically detail the nature of Landlord's default, propose an acceptable cure, and advise Landlord of Tenant's intent to terminate by a date certain (but not more than nine (9) months) following the date of the second Notice of Default. Upon receipt of the second Notice of Default, Landlord shall have ten (10) business days within which to cure.

9.6 Remedies Cumulative

Except as herein stated or as prohibited by Applicable Law, each right and remedy of Landlord and Tenant provided for in this Lease shall be cumulative and shall be in addition to every other right or remedy provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or the beginning of the exercise by Landlord or Tenant of any one or more of the rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by Landlord or Tenant of any or all other rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise.

9.7 Waiver.

Landlord's or Tenant's failure to enforce any provision of this Lease with respect to a Default hereunder shall not constitute a waiver of Landlord's or Tenant's right to enforce such provision or any other provision with respect to any future Default. The acceptance of rent by Landlord shall not be deemed a waiver of Landlord's right to enforce any term or provision hereof. The waiver of any term or condition of this Lease shall not be deemed to be a waiver of any other term or condition hereof or of any subsequent failure of any term or condition hereof.

ARTICLE 10. EXPIRATION; TERMINATION

10.1 Tenant's Duty to Surrender.

At the expiration or earlier termination of this Lease, Tenant shall surrender to Landlord the possession of the Leased Premises free and clear of all liens and encumbrances other than those, if any, created by Landlord or which Landlord approves in writing at the time of said expiration or earlier termination. Tenant shall leave the Leased Premises and any other

property surrendered in working condition and repair, reasonable wear and tear excepted. All property that Tenant is required to surrender shall become Landlord's property at termination or expiration of this Lease. All property that Tenant is not required to surrender shall be removed by Tenant at Tenant's cost within 30 days after the expiration or earlier termination of this Lease, but if Tenant abandons such property by failure to remove said property within thirty (30) days after the expiration or earlier termination of this Lease, said property shall, at Landlord's election, become Landlord's property.

Landlord shall have the right, at the expiration or earlier termination of this Lease, to demand the removal from the Leased Premises of all advertising or identification signage at Tenant's sole cost and expense. A demand for the removal of said improvement(s) shall be made by notice given at the time of the expiration, or at the time of the earlier termination, of this Lease, and Tenant shall comply with said notice no later than sixty (60) days after the expiration or earlier termination of this Lease. If Tenant fails to surrender the Leased Premises at the expiration or sooner termination of this Lease, Tenant shall indemnify, defend and hold Landlord and its Representatives, and the property of Landlord harmless from all Liabilities resulting from the delay or failure to surrender, including, without limitation, claims made by any succeeding tenant founded on or resulting from Tenant's failure to surrender.

If requested to do so, Tenant shall, upon the expiration or earlier termination of this Lease, execute, acknowledge and deliver to Landlord such instruments of further assurance as in the opinion of Landlord are necessary or desirable to confirm or perfect Landlord's right, title and interest in and to the Leased Premises, and any other property surrendered to Landlord pursuant to this Lease, free and clear of any claim by Tenant.

ARTICLE 11. MISCELLANEOUS

11.1 Tenant's Representations and Warranties.

Tenant covenants, represents and warrants to Landlord, as of the date of execution of this Lease, as follows:

(a) Tenant is a Delaware limited liability company, duly organized, qualified and validly existing and in good standing under the laws of California, and has all requisite power and authority to own and operate its properties and to carry on its business as now and whenever conducted and to enter into and perform its obligations under this Lease.

(b) The execution, delivery and performance of this Lease have been duly authorized by all necessary action of Tenant's managing member. All consents, approvals and authorizations of all applicable governmental authorities (including, without limitation, all consents or approvals, if any, required under applicable Securities Laws), and all consents or approvals of Tenant's managing member required in connection with the execution, delivery and performance by Tenant of this Lease have been obtained and delivered to the Landlord on or before the Effective Date of this Lease.

(c) Tenant has duly obtained and maintained, and will continue to obtain and maintain all material licenses, permits, consents and approvals required by all

applicable governmental authorities to own and operate its respective businesses and properties as now owned and hereafter owned.

(e) All filings, reports and tax returns of Tenant which are required to be made or filed with any governmental authority have been and will continue to be duly made and filed, and all taxes, assessments, fees and other governmental charges upon Tenant, or upon any of its respective properties, assets, income or franchises, which are due and payable, have been, and will continue to be, paid when due, other than those which are presently payable without penalty or interest, or which Tenant is contesting in good faith.

(f) There are no suits, other proceedings or investigations pending or threatened against, or affecting the business or the properties of Tenant or any of its shareholders, other than as previously disclosed to Landlord, which would materially impair Tenant's ability to perform under this Lease nor is Tenant or any of its shareholders in violation of any laws or ordinances.

(g) There are no facts now in existence which would, with the giving of notice or the lapse of time, or both, constitute an Event of Default hereunder.

(h) Tenant has not received any notice from any governing jurisdiction of any violation of laws or ordinances, nor any notice requiring any improvements or alterations to be made in connection with the Improvements to be constructed on the Leased Premises.

(i) Tenant does not know or have any reason to know, except as disclosed to Landlord, of any adverse conditions, circumstances, or pending or threatened litigation, governmental action, or other condition which could prevent or materially impair Tenant's ability to develop the Leased Premises as contemplated by the terms of this Lease.

(j) This Lease and all other instruments to be executed in connection herewith will, as of the date of their execution, have been duly and validly executed by Tenant, and each such document constitutes, or will, as of the date executed, constitute, a legally valid, binding and fully enforceable obligation of Tenant thereto, in accordance with each and every term and condition stated therein. Tenant assumes due and valid execution of this Lease by Landlord in making the above representations.

11.2 Notices and Deliveries.

All notices, consents or waivers required or permitted in this Memorandum shall be in writing and be deemed to have been duly given: (i) when delivered personally; or (ii) on the next business day after delivery to a reputable overnight courier service, prepaid, marked for next day delivery, addressed to the addressee at its address set forth below; or (iii) on the day or receipt, if received during business hours of the recipient on a business day, and otherwise on the next business day, if delivered by facsimile transmission to the FAX number of the receiving party listed below, but only if a duplicate copy of the notice is sent on the same day as provided in clause (ii) above. A party's address may be changed by written notice to the other party; provided, however, that no notice of a change of address shall be effective until actual receipt of

such notice. Notices given by counsel to the other party(ies) shall be deemed given by the party on whose behalf the notice is sent. As used herein, "**Business Day**" shall mean any day other than a Saturday, Sunday or California or federal holiday on which national banks in Los Angeles, California are customarily closed.

If to Landlord:

City of Norco
2870 Clark Ave
Norco, CA 92860
Attention: City Manager
Fax No.:(951) 270-5622

With a copy to its counsel:

Harper & Burns, LLP
453 S. Glassell St.
Orange, CA 92866
Attn: John Harper
Fax No.: (714) 744-3350

If to Tenant:

Balboa Management Group, LLC
P.O. Box 609
San Juan Capistrano, CA 92693
Attn: R.J. Brandes
Facsimile No.: (949) 488-9291

With a copy to its counsel:

Kushner Carlson, PC
85 Enterprise, Suite 310
Aliso Viejo, California 92656
Facsimile No. (949) 421-3031

11.3 Attorneys' Fees.

In the event that either Party hereto brings any action or files any proceeding in connection with the enforcement of its respective rights under this Lease or as a consequence of any breach by the other party of its obligations under this Lease, the prevailing party in such action or proceeding shall be entitled to have its reasonable attorneys' fees and out-of-pocket expenditures paid by the losing party.

11.4 Headings.

The headings used in this Lease are inserted for reference purposes only and do not affect the interpretation of the terms and conditions hereof.

11.5 Rights of Successors.

All of the rights and obligations of the Parties under this Lease shall bind and inure to the benefit of their respective heirs, successors and assigns; provided, however, that nothing in this Section 12.5 shall limit the provisions of Article 7 hereof.

11.6 Amendments in Writing.

This Lease cannot be orally amended or modified. Any modification or amendment hereof must be in writing and signed by the party to be charged.

11.7 Time of Essence.

Time is of the essence with respect to each provision in this Lease.

11.8 Interpretation.

When the context and construction so require, all words used in the singular herein shall be deemed to have been used in the plural, and the masculine shall include the feminine and neuter and vice versa. The term person as used in this Agreement means a natural person, corporation, association, partnership, organization, business, trust, individual, or a governmental authority, agency, instrumentality or political subdivision, and whenever the word “day” or “days” is used herein, such shall refer to calendar day or days, unless otherwise specifically provided herein. Whenever a reference is made herein to a particular Section of this Agreement, it shall mean and include all subsections and subparts thereof.

11.9 Applicable Law: Severability.

The interpretation and enforcement of this Lease shall be governed by the laws of the State of California. Should any part, term, portion or provision of this Lease, or the application thereof to any person or circumstances be held to be illegal or in conflict with Applicable Laws, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining parts, terms, portions or provisions, or the application thereof to other persons or circumstances, shall be deemed severable and the same shall remain enforceable and valid to the fullest extent permitted by law.

11.10 Exhibits.

All exhibits referred to in this Lease are attached hereto and incorporated herein by reference.

11.11 Landlord Representations and Warranties.

As a material inducement to Tenant to enter into the Lease and as a condition to the

effectiveness thereof, Landlord hereby warrants, represents and covenants to Tenant as follows:

(a) Authority. Landlord (i) is a lawfully constituted municipal body, duly organized, validly existing, and in good standing under the laws of the State of its incorporation, qualified to do business in the State of California; and (ii) has the authority and power to execute and enter into this Lease and to consummate the transaction contemplated herein as the same applies to it. Upon execution hereof, Landlord will be legally obligated to Tenant in accordance with the terms and provisions of this Lease;

(b) Conflicts. The execution and entry into this Lease, the execution and delivery of the documents and instruments to be executed and delivered by Landlord by the Term Commencement Date, and the performance by Landlord of Landlord's duties and obligations under this Lease and of all other acts necessary and appropriate for the full consummation of the lease of the Leased Premises as contemplated herein, are consistent with and not in violation of, and will not create any adverse condition under, any contract, agreement or other instrument to which Landlord is a party or which affect the Leased Premises. Consistent with the entitlements governing the Leased Premises, all necessary and appropriate action has been taken by Landlord authorizing and approving the execution of and entry into this Lease, the execution and delivery by Landlord of the documents and instruments to be executed by Landlord by the Term Commencement Date, and the performance by Landlord of Landlord's duties and obligations under this Lease and of all other acts within Landlord's control and subject to its discretionary authority necessary and appropriate for the consummation of the lease of the Leased Premises as contemplated herein;

(c) Condemnation. As of the Effective Date, Landlord has received no written notice of any pending, threatened or contemplated action by the City or any governmental authority or agency having the power of eminent domain, which might result in any part of the Leased Premises being taken by condemnation or conveyed in lieu thereof.

(d) Litigation. As of the Effective Date, Landlord has received no written notice of, nor to the best of Landlord's knowledge, is Landlord aware of any action, suit or proceeding pending or threatened by or against or affecting Landlord or the Leased Premise, which does or will involve or affect the Leased Premises, the easements appurtenant to the Leased Premises, or title. Landlord will, promptly upon receiving any such notice, give Tenant notice thereof;

(e) Assessments and Taxes. Landlord agrees that it shall pay in full all delinquent taxes affecting the Leased Premises as of the Effective Date;

(f) Boundaries. Landlord represents and warrants that there is no dispute involving or concerning the location of the property or boundary lines and/or corners of the Leased Premises;

(g) No Violations. Landlord has received no written notice of violations of state or federal law, municipal or county ordinances, or other legal requirements with respect to the Leased Premises, or any legal requirements with respect to the Leased Premises. In the event Landlord receives notice of any such violations prior to the

Term Commencement Date affecting the Leased Premises, Landlord shall promptly notify Tenant thereof, and Landlord shall promptly and diligently defend any prosecution thereof and take any and all necessary actions to eliminate said violations;

(h) Prior Agreements. No prior agreements, options, rights of first refusal, licenses, use agreements or the like have been granted by Landlord or the City to any third parties to purchase, use, possess or lease any interest in the Leased Premises, or any part thereof, which are effective as of the date of this Lease.

(i) No Bankruptcy. There are no actions, voluntary or otherwise, pending or threatened against Landlord or the City under the bankruptcy, reorganization, moratorium or similar law of the United States, any state thereof or any other jurisdiction;

(j) No Options; Leases or Similar Rights. As of the Effective Date, no person other than Tenant shall have any right to acquire or to ground lease the Leased Premises or any part thereof, or to obtain any interest therein. There are no outstanding rights of first refusal, rights of reverter or options to purchase relating to the Leased Premises. From and after the Effective Date, Landlord shall have no right to enter into license, agreements, or leases or otherwise grant or extend any rights of possession or occupancy; and

(k) Hazardous Materials. Except as disclosed and delivered to Tenant pursuant to this Lease:

(i) To the best of Landlord's knowledge, other than as disclosed in that Phase One report dated April 25, 2002, prepared by Ceres Technologies, Inc., Project Number 3391-01, copies of which have been provided to Tenant, the Lease Premises are, as of the Effective Date, free from contamination by Hazardous Materials in violation of any Environmental Laws (as defined below).

(ii) Definitions. For purposes of this Section 12.11 and this Agreement:

(1) **"Environmental Laws"** shall mean any federal, state or local statute, regulation or ordinance or any judicial or administrative decree or decision, whether now existing or hereinafter enacted, promulgated or issued, with respect to any Hazardous Materials, drinking water, groundwater, wetlands, landfills, open dumps, storage tanks, underground storage tanks, solid waste, waste water, storm water runoff, waste emissions or wells. Without limiting the generality of the foregoing, the term shall encompass each of the following statutes, and regulations, orders, decrees, permits, licenses and deed restrictions now or hereafter promulgated thereunder, and amendments and successors to such statutes and regulations as may be enacted and promulgated from time to time: (i) the Comprehensive Environmental Response, Compensation and Liability Act (codified in scattered Sections of 26 U.S.C., 33 U.S.C., 42 U.S.C. and 42 U.S.C. Section 9601 et seq.) ("CERCLA"); (ii) the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.) ("RCRA"); (iii) the Hazardous Materials Transportation Act (49 U.S.C. Section 1801

et seq.); (iv) the Toxic Substances Control Act (15 U.S.C. Section 2061 et seq.); (v) the Clean Water Act (33 U.S.C. Section 1251 et seq.); (vi) the Clean Air Act (42 U.S.C. Section 7401 et seq.); (vii) the Safe Drinking Water Act (21 U.S.C. Section 349, 42 U.S.C. Section 201 and Section 300f et seq.); (viii) the National Environmental Policy Act (42 U.S.C. Section 4321 et seq.); (ix) the Superfund Amendments and Reauthorization Act of 1986 (codified in scattered Sections of 10 U.S.C., 29 U.S.C., 33 U.S.C. and 42 U.S.C.); (x) Title III of the Superfund Amendment and Reauthorization Act (40 U.S.C. Section 1101 et seq.); (xi) the Uranium Mill Tailings Radiation Control Act (42 U.S.C. Section 7901 et seq.); (xii) the Occupational Safety and Health Act (29 U.S.C. Section 655 et seq.); (xiii) the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. Section 136 et seq.); (xiv) the Noise Control Act (42 U.S.C. Section 4901 et seq.); and (xv) the Emergency Planning and Community Right to Know Act (42 U.S.C. Section 1100 et seq.).

(2) **“Hazardous Materials”** means each and every element, compound, chemical mixture, contaminant, pollutant, material, waste or other substance which is defined, determined or identified as hazardous or toxic under any Environmental Law. Without limiting the generality of the foregoing, the term shall mean and include:

(A) **“Hazardous Substance(s)”** as defined in CERCLA, the Superfund Amendments and Reauthorization Act of 1986, or Title III of the Superfund Amendment and Reauthorization Act, each as amended, and regulations promulgated thereunder including, but not limited to, asbestos or any substance containing asbestos, polychlorinated biphenyls, any explosives, radioactive materials, chemicals known or suspected to cause cancer or reproductive toxicity, pollutants, effluents, contaminants, emissions, infectious wastes, any petroleum or petroleum-derived waste or product or related materials and any items defined as hazardous, special or toxic materials, substances or waste;

(B) **“Hazardous Waste”** as defined in the Resource Conservation and Recovery Act of 1976, as amended, and regulations promulgated thereunder;

(C) **“Materials”** as defined as “Hazardous Materials” in the Hazardous Materials Transportation Act, as amended, and regulations promulgated thereunder;

(D) **“Chemical Substance or Mixture”** as defined in the Toxic Substances Control Act, as amended, and regulations promulgated thereunder;

(3) **“Governmental Authorities”** means the United States, the State of California and any political subdivision thereof, and any and all agencies, departments, commissions, boards, bureaus, bodies, councils, offices, authorities, or instrumentality of any of them, of any nature whatsoever for any governmental unit (federal, state, county, district, municipal, city or otherwise) whether now or hereafter in existence; and

(4) **“Release”** shall mean any spilling, leaking, pumping,

pouring, emitting, emptying, discharging, injecting, storing, escaping, leaching, dumping, discarding, burying, abandoning, or disposing into the environment.

(l) No Facts Constituting an Event of Default. There are no facts of which Landlord is aware now in existence which would, with the giving of notice or the lapse of time, or both, constitute an Event of Default hereunder.

11.12 Attornment by Tenant.

In the event that Landlord assigns its interest in the Leased Premises or the Lease if and to the extent herein permitted, Tenant shall attorney to the assignee of Landlord, and shall recognize same as Landlord under this Lease as and to the extent specified in Section 8.1.

12. [RESERVED.]

12.1 Rights of Inspection.

Landlord and its authorized agents and representatives shall have the right at any time and from time to time to enter upon the Leased Premises for purposes of: (a) inspecting the same, (b) making any necessary repairs thereto pursuant to this Lease or taking such other actions as may be authorized by the provisions hereof, or (c) posting notices of non-responsibility in accordance with its rights under this Lease. If either party, in its reasonable discretion, determines that any work or materials are not in conformity with any Plans approved pursuant to this Lease, Applicable Laws, or any other provisions of this Lease, said party shall notify the other and the non-conforming party shall stop its work and order correction of any such work or materials. Inspection by Landlord of the Leased Premises or by either party of the other's work is for the sole purpose of protecting the rights of the inspecting party and is not to be construed as an acknowledgment, acceptance or representation by the inspecting party that there has been compliance with any Plans or that the Leased Premises or any improvements thereon will be free of faulty materials or workmanship. Any holder of any encumbrance on any portion of the Leased Premises shall make or cause to be made such other independent inspections as permitted by this Lease and as it deems necessary for its own protection. Nothing contained herein shall be construed as requiring Landlord or Tenant to construct or supervise construction of any improvements on the Leased Premises or any portion thereof not otherwise its responsibility to construct. Where any of the foregoing requires access to Tenant's Buildings, such entry shall be during normal business hours and Landlord shall provide written notice at least twenty-four (24) hours in advance to Tenant notifying Tenant of the proposed entry. Notwithstanding anything to the contrary herein, any access given to Landlord or Landlord's authorized agents to enter the Leased Premises shall be subject to Tenant's confidentiality and security rules and regulations. Tenant reserves the right to accompany Landlord at all times during any entry by Landlord.

12.2 Nonmerger of Fee and Leasehold Estates.

If both Landlord's and Tenant's estates in the Leased Premises become vested in the same owner, this Lease shall not be terminated by application of the doctrine of merger except at the express election of the fee owner and with the consent of any Lender(s) on a Leasehold Mortgage.

12.3 Nonliability of Landlord Representatives.

No individual representative of the Landlord shall be personally liable to Tenant, or any successor in interest, in the event of any default or breach by the Landlord, or for any amount which may become due to the Tenant or successor, or on any obligation under the terms of this Lease.

12.4 Counterparts.

This Lease may be executed in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

13. [Reserved].

13.1 Proprietary Rights of Tenant.

Landlord and all persons or entities claiming an interest in, or right of occupancy in or use of any portion of the Leased Premises shall be deemed, by virtue of executing this Lease and/or accepting such ownership, leasehold interest or making such use, to have covenanted and agreed that (a) the trade names, trademarks, service marks (including, without limitation, all logos, emblems, designs or designating words or names) utilized by Tenant, Balboa Management Group, LLC, and/or its or their affiliated companies (“**Balboa**”), in connection with the Leased Premises or the conduct of its business there at, are registered and/or the proprietary property of Tenant or its affiliates; (b) except as provided below, no usage of those marks or names will be made in naming or referring to any activity within or without the Leased Premises; and (c) no usage of such marks or names shall be made without the prior written consent of Tenant and Tenant’s legal counsel. Balboa and Tenant reserve the right to require any person or entity to whom it may grant a written right to use a given name or mark to enter into a formal written license agreement and to charge a fee or royalty therefor.

13.2 Operational Rights; Seasonality of Events.

Landlord acknowledges that Landlord shall have the right to schedule its hours of operation and to hold such events, tournaments, invitationals, exhibitions and the like on such dates and at such times as are appropriate in the reasonable exercise of its business discretion. Landlord further acknowledges the seasonal nature of sporting and equestrian events and nothing herein creates any obligation on Tenant to operate or hold daily events or activities on the Leased Premises, except for the rights of the public as contained in the Shared Use Agreement.

END OF TEXT

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the Parties have executed this Lease as of the date first above written.

TENANT:

BALBOA MANAGEMENT GROUP, LLC
a Delaware limited liability company

By: _____
Richard J. Brandes

Its: _____

LANDLORD:

CITY OF NORCO
a municipal corporation

By: _____
Name: Herb Higgins

Its: Mayor

Approved as to form:

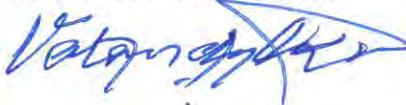
John R. Harper, City Attorney

Attest:

Cheryl Link, CMC, City Clerk

**CITY OF NORCO
STAFF REPORT**

TO: Honorable Mayor and Members of the City Council

FROM: Andy Okoro, City Manager 

DATE: August 19, 2015

SUBJECT: Discussion Regarding Use of Vinyl Trail Fence Material

RECOMMENDATION: City Council Direction and Clarification Requested

SUMMARY: On February 2, 2015 Streets, Trails and Utilities Commission recommended the use of Polyvinyl Chloride (PVC) as the City's new material for use in trail fence replacement. On February 4, 2015 the Director of Public Works made verbal presentation to the City Council on the recommendations of Streets, Trails and Utilities Commission (STUC). The City Council voted to follow the recommendations from STUC to install white PVC alternative trail fencing materials for larger sections of about 1,000 foot increment, block to block and on new tract. STUC recommended that wood standard be installed in smaller increments. Based on comments received from some residents, it appears that installing PVC in increments of 1,000 foot hinders the ability of property owners to replace trail fence adjacent to their property. Staff is seeking City Council confirmation of the 1,000 foot requirement or modification of this requirement to allow trail fence replacement using PVC in increments less than 1,000 foot.

BACKGROUND/ANALYSIS: On January 21, 2015 City Council directed staff to present to Streets, Trails and Utilities Commission the possible inclusion of PVC as trail fence alternative material. On February 2, 2015 staff made the requested presentation to STUC and following the presentation and discussion, STUC recommended the use of PVC as the City's new material for use in trail fence replacement. On February 4, 2015 the Director of Public Works made verbal presentation to the City Council on the recommendations of Streets, Trails and Utilities Commission (STUC). The City Council voted to follow the recommendations from STUC to install white PVC alternative trail fencing materials for larger sections of about 1,000 foot increment, block to block and on new tract. STUC recommended that wood standard be installed in smaller increments. The 1,000 foot minimum requirement was recommended by STUC in order to ensure consistency and uniformity.

Staff and Council have received inquiries from some property owners who want to replace public trail fence adjacent to their property with the new PVC trail material, but they are unable to do it because the area to be replaced is below the 1,000 feet threshold recommended by STUC. Staff is requesting that the City Council have further discussion on this policy to determine if the 1,000 foot minimum requirement should be maintained or whether another approach such as "segment to segment" should be allowed to encourage residents to undertake trail fence replacement in smaller areas with the PVC material.

CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Andy Okoro, City Manager 

PREPARED BY: Steve King, Planning Director 

DATE: August 19, 2015

SUBJECT: **Ordinance No. 992, First Reading.** Code Change 2015-03. Administrative Policy Statement (#105) Change. Amendment to Chapters 1.05 and 3.28 of the Norco Municipal Code Regarding Administrative Citation Procedures.

RECOMMENDATION: Adopt **Ordinance No. 992** for first reading and approve the change to the Administrative Policy Manual (#105).

SUMMARY: The City Council gave direction that Code Enforcement procedures be revised to make the process move quicker to compliance. To implement the changes the City Council needs to approve a change to the Administrative Policy Manual and to adopt Ordinance No. 992 changing the Citation process and fee schedule. Since this did not involve any changes to Chapter 18 of the Norco Municipal Code (Zoning) there was no recommendation needed from the Planning Commission.

BACKGROUND: The City Council gave direction that existing code enforcement procedures be modified to streamline the process, make it easier for residents to file complaints, and to bring about the resolution of cases on a faster timeline. Some of the policy changes have already been implemented including allowing the filing of complaints by any method that gets the needed information to the Code Enforcement Officer rather than requiring a signed written complaint form as was done previously.

The attached flow chart shows the new procedure (ref. Exhibit "A"). Exhibit "B" is a draft of proposed changes to the Administrative Policy Manual for Code Enforcement from a decentralized approach where each department/division managed its own code cases to a centralized approach where cases are processed and managed by Code Enforcement with assistance from the affected departments/divisions as needed.

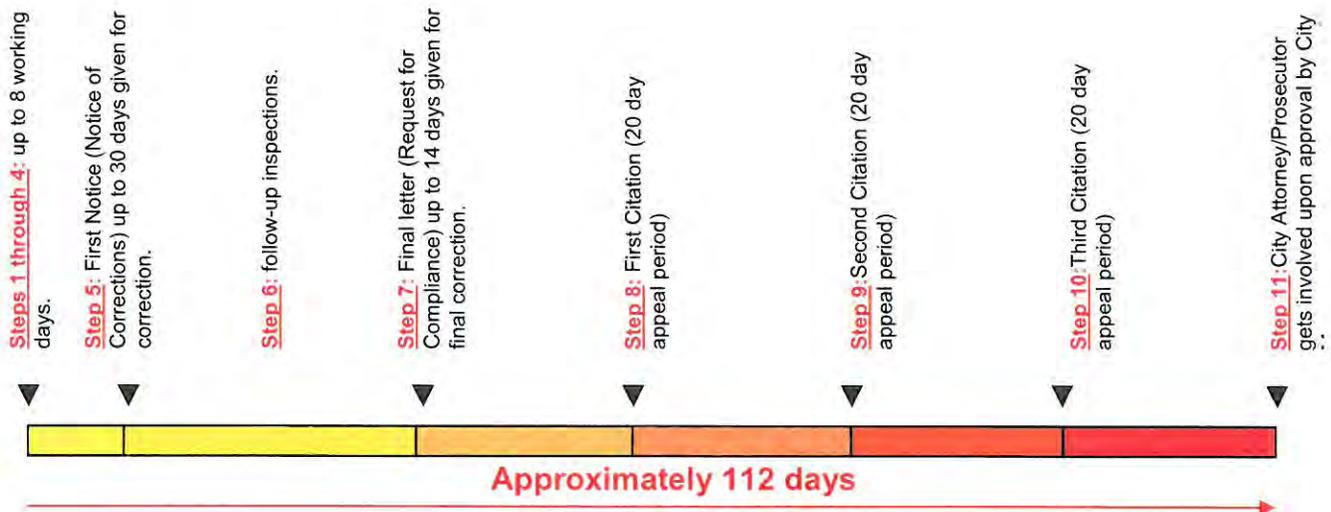
Another primary change is the number of potential citations has been reduced from three to two and the first citation is issued once the violation has been verified and the Second Citation carries an increased fine (from \$200 to \$250). Prior to the proposed new procedure the first step after a violation had been verified was the issuance of a Notice of Correction (NOC). The NOC explained what needed to be corrected and the

date it had to be done by. The timeline for compliance was based on the violation but was generally from 15 to 30 days.

Property owners were given generous extensions to correct the violation if progress was being made. If no progress was made from the NOC then a Request for Compliance (RFC) letter was issued with a date specific for compliance. If the RFC still did not obtain compliance then a First Citation (and fine) was issued, and then likewise a Second and Third Citation. If the matter was still unresolved after three citations then it was transferred to the City Attorney for prosecution upon approval by the City Manager.

The primary concern with this process was the amount of time it was taking property owners to come into compliance while only showing minimal progress in order to get the time extensions. The process without any extensions could take well over 100 days before the matter would even get to the City Attorney as shown below. With extensions the process was even longer.

PRIOR CODE ENFORCEMENT PROCESS TIMELINE



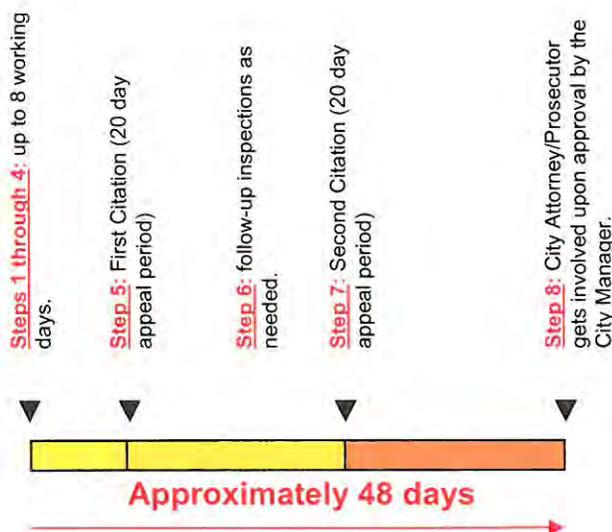
- (Step 1) Complaint received by the City.
- (Step 2) Coordination with the appropriate City Department/Division.
- (Step 3) Investigation by the Code Enforcement Office to verify the violation.
- (Step 4) Initial contact by the Code Enforcement Office to see if a problem can be resolved quickly without the formal compliance process.
- (Step 5) A "Notice of Corrections" or "First Notice" letter is mailed by first class mail to the violator with a stipulated time-frame ranging from 1 day to a maximum of 30 days to correct the violation depending on the type of violation.
- (Step 6) Follow-up inspections by the Code Enforcement Officer to ensure progress toward correction. Time extensions can be granted if progress is being made.
- (Step 7) If the violation is not fully resolved within the timeframe, a "Request for Compliance" or "Final Notice" letter is sent by first class mail allowing an additional 5 to 14 days maximum to resolve the violation. (This step is not required for repeat offenders)
- (Step 8) If after Step 7 a violation remains fully uncorrected, the Code Enforcement Officer issues a First Citation with a fine of \$100 per violation. If a property has three separate violations there

is a fine of \$300. There is an automatic 20-day appeal period for each citation but the City is not obligated to wait 20 days to send the following citation provided the previous citation has not already been appealed. Once a citation is appealed there are no follow-up citations until that appeal process is finished.

- (Step 9) If compliance is not obtained from Step 8 a Second Citation is issued with a fine of \$200.
- (Step 10) If compliance is not obtained from Step 9 a Third Citation (final) is issued with a fine of \$500.
- (Step 11) If compliance is still not obtained, the Code Enforcement Officer then turns the matter over to the City Manager to determine if it is to be given to the City Prosecutor for resolution.

With the new revised Code Enforcement procedures that has been reviewed by a City Council Business Advisory Committee the process would be as follows (without extensions):

PROPOSED CODE ENFORCEMENT PROCESS TIMELINE



- (Step 1) Complaint received by the City.
- (Step 2) Coordination with the appropriate City Department/Division.
- (Step 3) Investigation by the Code Enforcement Office to verify the violation.
- (Step 4) Initial contact by the Code Enforcement Office to see if a problem can be resolved quickly without the formal compliance process.
- (Step 5) the Code Enforcement Officer issues a First Citation with a fine of \$100 per violation. If a property has three separate violations there is a fine of \$300. There is an automatic 20-day appeal period for each citation but the City is not obligated to wait 20 days to send the following citation provided the previous citation has not already been appealed. Once a citation is appealed there are no follow-up citations until that appeal process is finished..
- (Step 6) Follow-up inspections by the Code Enforcement Officer to ensure progress toward correction. Time extensions can be granted if progress is being made.
- (Step 7) If compliance is not obtained from Step 6 a Second and Final Citation is issued with a fine of \$250.
- (Step 8) If compliance is still not obtained, the Code Enforcement Officer then turns the matter over to the City Manager to determine if it is to be given to the City Attorney/Prosecutor for resolution.

Additional measures that have already been taken to improve the code enforcement process are:

- (Step 8) If compliance is still not obtained, the Code Enforcement Officer then turns the matter over to the City Manager to determine if it is to be given to the City Attorney/Prosecutor for resolution.

Additional measures that have already been taken to improve the code enforcement process are:

1. Have monthly closed-session updates with the City Council to keep Councilmembers informed on cases it is familiar with which cannot be shared in public meetings and to get direction on cases that are not proceeding forward.
2. Introduce a standard procedure where once a building permit is expired the applicant is automatically notified of the expiration and the need to file a new permit application. Likewise for any entitlement expirations as applicable. Sending out notices on expired permits has not been done historically because of limited resources to be able to monitor permit timelines and then issue termination notices.

In order to fully implement the changes to the procedures outlined above the current Administrative Policy Statement needs to be approved (Exhibit B). Ordinance No.992 needs to be approved to eliminate the third citation notice and to increase the fine of the Second Citation to \$250.00

Attachments: Ordinance No. 992
Exhibit A – Revised Code Enforcement Procedure Flow Chart
Exhibit B – Draft Changes to Administrative Policy Statement No. 105
Exhibit C – Draft Changes to Administrative Policy (Clean version)

ORDINANCE NO. 992

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF NORCO AMENDING THE TEXT OF THE NORCO MUNICIPAL CODE CHAPTERS 1.05 AND 3.28, WITH ANY RELATED CROSS-REFERENCES IN OTHER CHAPTERS AS NEEDED TO AMEND THE CODE ENFORCEMENT PROCEDURES, CITATIONS, AND FINES. CODE CHANGE 2015-03

WHEREAS, THE CITY COUNCIL OF THE CITY OF NORCO, initiated an application for a code change to amend the code enforcement procedures, citations, and fines; and

WHEREAS, said application for code change was duly submitted to said City's City Council for decision at a public hearing for which proper notice was given; and

WHEREAS, at the time set at 7 p.m. on July 15, 2015, within the Council Chambers at 2820 Clark Avenue, Norco, California, 92960, said petition was heard by the City Council for the City of Norco; and

WHEREAS, said item was continued to August 5, 2015 and then again to August 19, 2015; and

WHEREAS, at said time and place, said City Council heard and considered both oral and written evidence; and

WHEREAS, the City of Norco, acting as the Lead Agency, has determined that the project is exempt from the California Environmental Quality Act (CEQA) and the City of Norco Environmental Guidelines per Class 1.

NOW, THEREFORE, the City Council of the City of Norco does hereby make the following findings:

- A. The proposed code change is not inconsistent with the Norco Municipal Code or General Plan. The code change will amend the administrative citation process and fine schedule. The proposed revisions will not be detrimental and should promote public health, convenience, and welfare of the community.
- B. The City of Norco has been determined to be the lead agency for environmental reporting purposes pursuant to State and local environmental guidelines, and has determined that the project is exempt pursuant to the California Environmental Quality Act (CEQA) and the City of Norco Environmental Guidelines (Class 1).

NOW, THEREFORE, the City Council of the City of Norco does hereby ordain as follows:

SECTION 1:

Norco Municipal Code Chapter 3.28 "Citation Collection by City" is hereby established to read as follows:

**Chapter 3.28
CITATION COLLECTION BY CITY**

3.28.10 Intent and Purpose.

It is the intent of the City Council that various fines issued for, *but not limited to:*

Norco Municipal Code Chapter 1.04 "General Penalties" is hereby established to read as follows:

**Chapter 1.04
GENERAL PENALTIES**

1.04.010 General Penalties.

The City Council of the City of Norco intends to secure compliance with the provisions of this Code. To the extent that such compliance may be achieved by less drastic methods of enforcement the following alternate, separate and distinct methods may be utilized. Each method set forth herein is intended to be mutually exclusive and does not prevent concurrent or consecutive methods being used to achieve compliance against continuing violations. Each and every day any such violations exist constitutes a separate offense. Notwithstanding any other provision of this Code, each violation of the provisions of this Code may be enforced alternatively as follows:

A. Infraction—General. Any person violating any of the provisions or failing to comply with any of the mandatory requirements of this Code may be prosecuted for an infraction. Written citations for infractions may be issued by police officers or nonsafety employees designated by Norco Municipal Code Section 1.05.020. Except for violations pertaining to construction on multiple-unit residential or commercial or industrial projects, an infraction under the provisions of this Code shall be punishable either by fines as is specified in the currently adopted Uniform Infraction Bail Schedule used by the Riverside County Consolidated Courts, or where no fine is specified therein by:

1. A fine not exceeding \$100.00 for a first violation;
2. A fine not exceeding *\$250.00* for a second violation of the same ordinance within three years;

Infraction—Construction. For violations of this Code pertaining to construction on residential development projects that consist of more than one housing unit, or construction of commercial or industrial projects, including, but not limited to, hours of construction activity, storm water runoff and discharge controls, grading, etc., shall be assessed in the amounts specified in this chapter, as adopted by the City Council, as:

1. A fine not exceeding \$5,000 for a first violation;
2. A fine not exceeding \$10,000 for a second violation within three years from the date of the first violation;
3. A fine not exceeding \$25,000 for each additional violation within three years from the date of the first violation.

All work shall be stopped *on the subject of the violation*, and the building(s) red-tagged, until the amount of the applicable fine has been deposited with the City as a bail amount. The prosecution of alleged violations of this section shall be processed utilizing the administrative citation procedure as set forth in Chapter 1.05 of the Code.

SECTION 2: The Planning Director shall transmit the Environmental Notice of Determination to the Clerk of Riverside County Board of Supervisors.

SECTION 3: EFFECTIVE DATE. This Ordinance shall become effective 30 days after final passage thereof.

SECTION 4: SEVERABILITY. If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the Ordinance. The Council hereby declares that it would have passed this Ordinance, and each section, subsection, sentence, clause, and phrase, hereof, irrespective of the fact that any one or more of the sections, subsections, sentences, clauses, or phrases hereof be declared invalid or unconstitutional.

SECTION 5: POSTING. The Mayor shall sign this Ordinance and the City Clerk shall attest thereto and shall cause the same within 15 days of its passage to be posted at no less than five public places within the City of Norco.

PASSED AND ADOPTED by the City Council of the City of Norco at a regular meeting held on September 2, 2015.

Herb Higgins, Mayor
City of Norco, California

ATTEST:

Cheryl L. Link, City Clerk
City of Norco, California

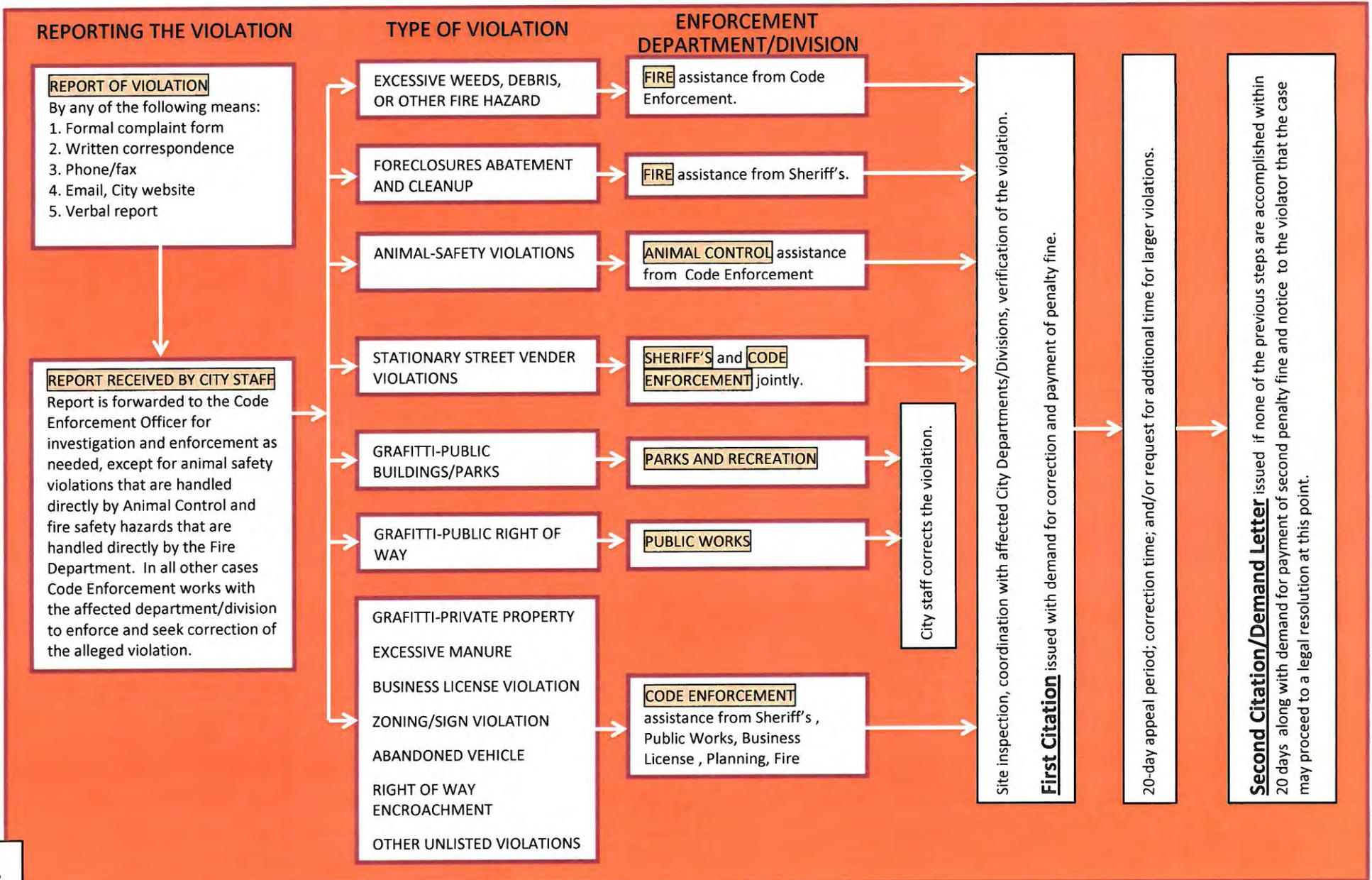
I, Cheryl L. Link, City Clerk of the City of Norco, California, do hereby certify that the foregoing Ordinance was introduced at a regular meeting of the City Council of the City of Norco, California, duly held on August 19, 2015 and thereafter at a regular meeting of said City Council duly held on September 2, 2015, it was duly passed and adopted by the following vote of the City Council:

AYES:
NOES:
ABSENT:
ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Norco, California, on September 2, 2015.

Cheryl L. Link, City Clerk
City of Norco, California

CODE COMPLIANCE PROCESS (ADMINISTRATIVE POLICY)





CITY OF NORCO ADMINISTRATIVE POLICY STATEMENT

SUBJECT: CODE COMPLIANCE POLICIES AND PROCEDURES
POLICY NUMBER: 105
DATE ISSUED: February 22, 2006
DATE REVISED: _____

PURPOSE: To establish and standardize policies and procedures by which municipal code violations are investigated and corrected by the Code Enforcement Officer with processing assistance from the various applicable City departments and divisions.

GENERAL POLICY: As a general rule, the following principles and procedures will govern the City's actions toward gaining code compliance. City personnel, representatives and agents are authorized to follow different procedures in order to protect or preserve public health, safety or welfare, when, in the judgment of the City, the circumstances in a particular instance merit or require such procedures.

A. "Decentralized" "Centralized" approach.

The City will seek to correct code violations using a ~~decentralized~~ centralized approach through the Code Enforcement Division. This means that various City departments and divisions are responsible for ~~obtaining compliance with~~ assisting the City's Code Enforcement Officer in the enforcement of codes in their respective areas of jurisdiction with the exception of animal safety violations which will be handled separately by the Animal Control Division and fire safety violation which will be handled separately by the Fire Department. Examples of common code violations and the respective department or division responsible for ~~gaining compliance~~ assisting the Code Enforcement Officer include:

1. Parking issues
 - a. Commercial vehicle parked on private property (~~Planning Division~~)
PRIMARY ENFORCEMENT: Code Enforcement Division;
ENFORCEMENT ASSISTANCE: Planning Division
 - b. Vehicles parked in horse trails or public streets (~~Sheriff Department~~)
PRIMARY ENFORCEMENT: Sheriff's Department;
ENFORCEMENT ASSISTANCE: Code Enforcement Division, Animal Control Division, Citizens on Patrol
2. Abandoned vehicles on private property (~~Fire Department~~)
PRIMARY ENFORCEMENT: Code Enforcement Division;
ENFORCEMENT ASSISTANCE: Fire Department
3. Encroachments into the public right-of-way (~~Public Works Department and Engineering Division~~)
PRIMARY ENFORCEMENT: Code Enforcement Division;
ENFORCEMENT ASSISTANCE: Public Works Department
4. Zoning violations
 - a. Non-permitted structures (~~Planning Division and Building & Safety Division~~)

- PRIMARY ENFORCEMENT: Code Enforcement Division;
ENFORCEMENT ASSISTANCE: Building Division, Planning Division
- b. ~~Illegal modifications, garage conversions, etc. (Planning Division and Building & Safety Division)~~
PRIMARY ENFORCEMENT: Code Enforcement Division;
ENFORCEMENT ASSISTANCE: Planning Division
- e. ~~Street food vendors in residential zones (Fire Department and Sheriff Department)~~
- c. Illegal temporary vendors on private property
PRIMARY ENFORCEMENT: Sheriff's Department, Code Enforcement Division;
ENFORCEMENT ASSISTANCE: Planning Division
- d. ~~Business Illegal land uses not permitted in residential zones (Planning Division and Building and Safety Division)~~
PRIMARY ENFORCEMENT: Code Enforcement Division;
ENFORCEMENT ASSISTANCE: Planning Division
- 5. Public street violations, stationary street vendors
PRIMARY ENFORCEMENT: Sheriff's Department;
ENFORCEMENT ASSISTANCE: Code Enforcement Division
- 56. ~~Illegal signs (Planning Division)~~
PRIMARY ENFORCEMENT: Code Enforcement Division;
ENFORCEMENT ASSISTANCE: Planning Division, Public Works Department
- 67. Graffiti
 - a. ~~Public right-of-way (Public Works Department)~~
PRIMARY ENFORCEMENT: Public Works Department;
 - b. ~~Private Property (Public Works Department)~~
PRIMARY ENFORCEMENT: Code Enforcement;
ENFORCEMENT ASSISTANCE: Sheriff's Department
 - c. ~~Parks and public buildings (Parks & Recreation Department)~~
PRIMARY ENFORCEMENT: Parks and Recreation Department
- 78. ~~Excessive weeds, debris, fire hazards (Fire Department and Public Works Department)~~
PRIMARY ENFORCEMENT: Fire Department;
ENFORCEMENT ASSISTANCE: Public Works Department
- 89. ~~Animal-keeping violations or non-permitted animal uses (Animal Control Division and Planning Division)~~
PRIMARY ENFORCEMENT: Animal Control Division;
ENFORCEMENT ASSISTANCE: Code Enforcement Division
- 10. Manure violations
PRIMARY ENFORCEMENT: Code Enforcement Division;
ENFORCEMENT ASSISTANCE: Engineering Division
- 11. Foreclosures abatement and cleanup

PRIMARY ENFORCEMENT: Fire Department;
ENFORCEMENT ASSISTANCE: Sheriff's Department

12. Business License violations

PRIMARY ENFORCEMENT: Code Enforcement Division;
ENFORCEMENT ASSISTANCE: Business License Division

The Code Enforcement Officer, or each department or division that is responsible for primary enforcement, will keep records of its respective code compliance actions, including data entry into the City's centralized computer system.

- B. Action on reported or observed code violations in commercial and industrial areas.
City staff will identify and seek to gain voluntary abatement by responsible persons of The Code Enforcement Officer will verify that a reported violation exists. Once the violation is established the Code Enforcement Officer will issue a First Citation on reported or observed code violations of any kind in commercial or industrial areas of the City as well as in the public rights-of-way in all areas of the City. In these cases it is not necessary to obtain a ~~signed written~~ filed complaint from any member of the public before initiating compliance efforts.
- C. Written complaints on residential code violations Action on reported violations in residential areas.
Generally, City staff will not be proactively in looking for, or seeking to identify code violations on residential properties except where the violations are clearly visible from the street or in known matters of public health and safety; rather, in most cases, City staff will In cases not clearly visible or otherwise known, staff will be reactive to complaints that have been made that are filed concerning residential code violations. A ~~complaint made by a resident or other interested or concerned person about a potential code violation on a residential property will require the filing of a written, signed complaint before compliance measures are pursued.~~ (The identity of the a complainant will not initially be revealed by City staff; however, the identity of a complainant may be discovered at some point in the if a code compliance process case proceeds to legal action.) ~~No verbal~~ Complaints will be accepted by formal written complaint form or letter, or through phone, email, fax, the City website, etc., and through verbal reports; however follow-up reports can only be requested with a formal written complaint form that contains contact information. ~~as a method of reporting a complaint.~~ Exceptions to the requirement of the filing of a written, signed complaint are Staff will be proactive regarding residential violations that concern public health and safety including but not limited to: 1) a code violation (in the form of a prohibited condition or activity) that could constitute a health and safety hazard or that might otherwise be detrimental to public welfare; 2) a structure (including, but not limited to, buildings, roofs, fences and walls) constructed, altered, repaired or demolished without building permits and City inspections; 3) mechanical, electrical or plumbing work or installations that were done, or that are reportedly being done, without the required technical code permits, approvals and City inspections; 4) grading work that was done, or is reportedly being done, without a grading permit; 5) a code violation reportedly being committed or maintained by a responsible person who had previously committed a code violation as determined or confirmed by City staff, 6) a code violation in the public right-of-way or that is viewable by City staff from a public right-of-way, or 7) deemed a fire or life safety hazard..
- D. "Centralized" tracking and coordination.
~~Many violations are linked to the City's Zoning Codes. Therefore, the code compliance functions will be supervised in the Planning Division.~~The tracking of code compliance cases will be centralized in the Code Compliance Division except the cases where other City divisions or departments are the primary enforcement body.

PROVISIONS: The following procedures will generally be followed by City departments and divisions in correcting code violations. (Exceptions to these procedures specified in other code or policy documents, or unique circumstances, may result in alternative actions.)

PROCEDURES

1. An employee either receives a complaint or observes a violation of the Municipal Code and reports said violation to the Code Enforcement Officer. If the complaint is made by a resident or other interested or concerned person about an alleged code violation ~~on a residential property~~ and the complainant wants follow-up or updates, the complainant should be instructed to file a standard written complaint form. (Written complaints with requests for follow-up are to be submitted on Attachment "A" – Code Violation Complaint Form.) This requirement of filing a written complaint can be waived only if the reported condition or activity involves or concerns: 1) a code violation that could constitute a health and safety hazard or that might otherwise be detrimental to public welfare; 2) a structure (including, but not limited to, buildings, roofs, fences and walls) constructed, altered, repaired or demolished without building permits and City inspections; 3) mechanical, electrical or plumbing work or installations that were done, or that are reportedly being done, without the required technical code permits, approvals and City inspections; 4) grading work that was done, or is reportedly being done, without a grading permit; 5) a code violation reportedly being committed or maintained by a responsible person who had previously committed a code violation as determined or confirmed by City staff, or 6) a code violation in the public right-of-way or that is viewable by City staff from a public right-of-way.
2. Except in cases that may involve imminent fire and life safety hazard, personal contact will always be made or attempted with the violating party, if possible, by the responsible City department or division. For code violations, a "Notice of Corrections Form (Attachment "B") or First Notice Letter" (Attachment "C") should be hand-delivered to the violator (if a resident of Norco) that will allow ten (10) days or maximum of thirty (30) days for resolution of the violation. If the responsible department or division cannot make personal contact with the property owner, a "Notice of Corrections Form" (Attachment "B") should be left at the property and a picture taken for documentation purposes with a date. If the violator or responsible person does not reside in Norco, City staff may issue a Notice of Corrections to that person by first class mail. If mailed notice is returned by sender, posting the property shall be conducted and a picture shall be provided for documentation purposes with a date. Once it has been established that a violation exists, the Code Enforcement Officer, or other division or department that is the primary enforcing body, will issue a Citation with a demand for compliance. A violator has the option of appealing a Citation within 20 days at which point the enforcement process is suspended until a Hearing Officer determines the validity of the case.
3. ~~Staff of~~ For severe code violation cases that require on-going attention and monitoring the Code Enforcement Officer or the department or division with responsibility for enforcing the particular code will enter pertinent tracking information into the City's computer system and Inspection/Investigation Log Sheet (Attachment "E") if the violation requires ongoing attention or follow-up actions. Responsible departments/divisions involved in Those enforcing the a severe violation case will generate periodic reports on progress of the violations for review by the respective department heads City Manager to ensure that timely follow-up correction of the violation is being completed.
4. If a violation is not fully resolved within the initial 20-day appeal period, or and/or arrangements are not made that are acceptable to City staff for a violator to fully resolve the violation in a timely manner with all required City permits, approvals and inspections, a "Request for Compliance / Final Notice" letter (Attachment "F") may be sent by the department or division dealing with the violation. The letter may

~~allow for an additional five (5) day minimum to fourteen (14) day maximum to resolve the violation a second and Final Citation and Demand Letter are issued with notice that the matter is going to be presented for possible prosecution by the City Attorney.~~ City staff need not take the action stated in this section if the violator or responsible person is a repeat violator or if the violation constitutes, or may constitute, a hazard or detriment to public health, safety or welfare. Only the City Manager will make the determination about whether a case is be turned over to the City Prosecutor or the City Attorney.

5. If the correction for a violation first requires approval by the Planning Commission or the City Council for illegal work that has already been started, the request for approval of that related project will not be taken and/or advertised for the appropriate hearing body until after the first Citation has been issued and the violator has paid the fines.

- Attachments:
- "A" – Code Compliance Process Flow Chart
 - "B" – Code Violation Complaint Form
 - "C" – Notice of Corrections Form Inspection/Investigation Log Sheet
 - "D" – ~~Sample First Notice Letter~~ Standardized "Citation" Form
 - ~~"D" – Standardized Door Hanger Notice~~
 - ~~"E" – Inspection/Investigation Log Sheet~~
 - ~~"F" – Sample Request for Compliance / Final Notice Letter~~
 - ~~"G" – Standardized "Citation" Form~~

City Manager _____

Date _____



CITY OF NORCO ADMINISTRATIVE POLICY STATEMENT

SUBJECT: CODE COMPLIANCE POLICIES AND PROCEDURES
POLICY NUMBER: 105
DATE ISSUED: February 22, 2006
DATE REVISED:

PURPOSE: To establish and standardize policies and procedures by which municipal code violations are investigated and corrected by the Code Enforcement Officer with processing assistance from the various applicable City departments and divisions.

GENERAL POLICY: As a general rule, the following principles and procedures will govern the City's actions toward gaining code compliance. City personnel, representatives and agents are authorized to follow different procedures in order to protect or preserve public health, safety or welfare, when, in the judgment of the City, the circumstances in a particular instance merit or require such procedures.

A. "Centralized" approach.

The City will seek to correct code violations using a centralized approach through the Code Enforcement Division. This means that various City departments and divisions are responsible for assisting the City's Code Enforcement Officer in the enforcement of codes in their respective areas of jurisdiction with the exception of animal safety violations which will be handled separately by the Animal Control Division and fire safety violation which will be handled separately by the Fire Department. Examples of common code violations and the respective department or division responsible for ~~gaining compliance~~ assisting the Code Enforcement Officer include:

1. Parking issues
 - a. Commercial vehicle parked on private property
PRIMARY ENFORCEMENT: Code Enforcement Division;
ENFORCEMENT ASSISTANCE: Planning Division
 - b. Vehicles parked in horse trails or public streets
PRIMARY ENFORCEMENT: Sheriff's Department;
ENFORCEMENT ASSISTANCE: Code Enforcement Division, Animal Control Division, Citizens on Patrol
2. Abandoned vehicles on private property
PRIMARY ENFORCEMENT: Code Enforcement Division;
ENFORCEMENT ASSISTANCE: Fire Department
3. Encroachments into the public right-of-way
PRIMARY ENFORCEMENT: Code Enforcement Division;
ENFORCEMENT ASSISTANCE: Public Works Department
4. Zoning violations
 - a. Non-permitted structures
PRIMARY ENFORCEMENT: Code Enforcement Division;
ENFORCEMENT ASSISTANCE: Building Division, Planning Division
 - b. Illegal modifications, garage conversions, etc.

- PRIMARY ENFORCEMENT: Code Enforcement Division;
ENFORCEMENT ASSISTANCE: Planning Division
 - c. Illegal temporary vendors on private property
PRIMARY ENFORCEMENT: Sheriff's Department, Code Enforcement Division;
ENFORCEMENT ASSISTANCE: Planning Division
 - d. Illegal land uses
PRIMARY ENFORCEMENT: Code Enforcement Division;
ENFORCEMENT ASSISTANCE: Planning Division
- 5. Public street violations, stationary street vendors
PRIMARY ENFORCEMENT: Sheriff's Department;
ENFORCEMENT ASSISTANCE: Code Enforcement Division
- 6. Illegal signs
PRIMARY ENFORCEMENT: Code Enforcement Division;
ENFORCEMENT ASSISTANCE: Planning Division, Public Works Department
- 7. Graffiti
 - a. Public right-of-way
PRIMARY ENFORCEMENT: Public Works Department;
 - b. Private Property (~~Public Works Department~~)
PRIMARY ENFORCEMENT: Code Enforcement;
ENFORCEMENT ASSISTANCE: Sheriff's Department
 - c. Parks and public buildings (~~Parks & Recreation Department~~)
PRIMARY ENFORCEMENT: Parks and Recreation Department
- 8. Excessive weeds, debris, fire hazards
PRIMARY ENFORCEMENT: Fire Department;
ENFORCEMENT ASSISTANCE: Public Works Department
- 9. Animal-keeping violations or non-permitted animal uses
PRIMARY ENFORCEMENT: Animal Control Division;
ENFORCEMENT ASSISTANCE: Code Enforcement Division
- 10. Manure violations
PRIMARY ENFORCEMENT: Code Enforcement Division;
ENFORCEMENT ASSISTANCE: Engineering Division
- 11. Foreclosures abatement and cleanup
PRIMARY ENFORCEMENT: Fire Department;
ENFORCEMENT ASSISTANCE: Sheriff's Department
- 12. Business License violations
PRIMARY ENFORCEMENT: Code Enforcement Division;
ENFORCEMENT ASSISTANCE: Business License Division

The Code Enforcement Officer, or each department or division that is responsible for primary enforcement, will keep records of its respective code compliance actions, including data entry into the City's centralized computer system.

- B. Action on reported or observed code violations in commercial and industrial areas.
The Code Enforcement Officer will verify that a reported violation exists. Once the violation is established the Code Enforcement Officer will issue a First Citation on reported or observed code violations of any kind in commercial or industrial areas of the City as well as in the public rights-of-way in all areas of the City. In these cases it is not necessary to obtain a filed complaint from any member of the public before initiating compliance efforts.
- C. Action on reported violations in residential areas.
Generally, City staff will not be proactive in looking for, or seeking to identify code violations on residential properties except where the violations are clearly visible from the street or in known matters of public health and safety. In cases not clearly visible or otherwise known, staff will be reactive to complaints that are filed concerning residential code violations. (The identity of a complainant will not be revealed by City staff; however, the identity of a complainant may be discovered if a code compliance case proceeds to legal action.) Complaints will be accepted by formal written complaint form or letter, or through phone, email, fax, the City website, etc., and through verbal reports; however follow-up reports can only be requested with a formal written complaint form that contains contact information. Staff will be proactive regarding residential violations that concern public health and safety including but not limited to: 1) a code violation (in the form of a prohibited condition or activity) that could constitute a health and safety hazard or that might otherwise be detrimental to public welfare; 2) a structure (including, but not limited to, buildings, roofs, fences and walls) constructed, altered, repaired or demolished without building permits and City inspections; 3) mechanical, electrical or plumbing work or installations that were done, or that are reportedly being done, without the required technical code permits, approvals and City inspections; 4) grading work that was done, or is reportedly being done, without a grading permit; 5) a code violation reportedly being committed or maintained by a responsible person who had previously committed a code violation as determined or confirmed by City staff, 6) a code violation in the public right-of-way or that is viewable by City staff from a public right-of-way, or 7) deemed a fire or life safety hazard..
- D. "Centralized" tracking and coordination.
The tracking of code compliance cases will be centralized in the Code Compliance Division except the cases where other City divisions or departments are the primary enforcement body.

PROVISIONS: The following procedures will generally be followed by City departments and divisions in correcting code violations. (Exceptions to these procedures specified in other code or policy documents, or unique circumstances, may result in alternative actions.)

PROCEDURES

1. An employee either receives a complaint or observes a violation of the Municipal Code and reports said violation to the Code Enforcement Officer. If the complaint is made by a resident or other interested or concerned person about an alleged code violation and the complainant wants follow-up or updates, the complainant should be instructed to file a standard written complaint form. (Written complaints with requests for follow-up are to be submitted on Attachment "A" – Code Violation Complaint Form.)

2. Once it has been established that a violation exists, the Code Enforcement Officer, or other division or department that is the primary enforcing body, will issue a Citation with a demand for compliance. A violator has the option of appealing a Citation within 20 days at which point the enforcement process is suspended until a Hearing Officer determines the validity of the case.
3. For severe code violation cases that require on-going attention and monitoring the Code Enforcement Officer or the department or division with responsibility for enforcing the particular code will enter pertinent tracking information into the City's computer system and Inspection/Investigation Log Sheet (Attachment "B") Those enforcing a severe violation case will generate periodic reports on progress for review by the City Manager to ensure that correction of the violation is being completed.
4. If a violation is not fully resolved within the initial 20-day appeal period, and/or arrangements are not made that are acceptable to City staff for a violator to fully resolve the violation in a timely manner with all required City permits, approvals and inspections, a second and Final Citation and Demand Letter are issued with notice that the matter is going to be presented for possible prosecution by the City Attorney. City staff need not take the action stated in this section if the violator or responsible person is a repeat violator or if the violation constitutes, or may constitute, a hazard or detriment to public health, safety or welfare. Only the City Manager will make the determination about whether a case is to be turned over to the City Prosecutor or the City Attorney.
5. If the correction for a violation first requires approval by the Planning Commission or the City Council for illegal work that has already been started, the request for approval of that related project will not be taken and/or advertised for the appropriate hearing body until after the first Citation has been issued and the violator has paid the fines.

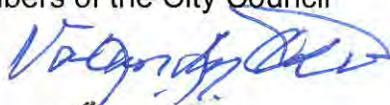
Attachments: "A" – Code Compliance Process Flow Chart
"B" – Code Violation Complaint Form
"C" – Inspection/Investigation Log Sheet
"D" – Standardized "Citation" Form

City Manager _____

Date _____

**CITY OF NORCO
STAFF REPORT**

TO: Honorable Mayor and Members of the City Council

FROM: Andy Okoro, City Manager 

PREPARED BY: Steve King, Planning Director 

DATE: August 19, 2015

SUBJECT: **Appeal Hearing: Conditional Use Permit 2014-32 (Verizon Wireless/Core):** An appeal of a condition of approval for an approved unmanned wireless telecommunication facility at 1161 Hidden Valley Parkway within the Norco Hills Specific Plan.

RECOMMENDATION: Cancel the Appeal Hearing

SUMMARY/BACKGROUND: This item was continued from the July 15, 2015 meeting and then from the August 5, 2015 meeting. The Planning Commission approved Conditional Use Permit (CUP) 2014-32 on May 13, 2015 for an unmanned wireless telecommunication facility in a shopping center building located at 1161 Hidden Valley Parkway. The approval included a condition of approval that requires a radio frequency (RF) exposure test to be submitted to the Planning Division on an annual basis. The applicant filed an appeal to the condition claiming that the annual test was excessive and unnecessary because of their requirement to be compliant with Federal Communications Commission regulations which is monitored every four to six weeks. Also a pre-construction analysis of the plans determined that the project would be compliant.

Since there was no feedback from the applicant when the condition was added (public hearing had been closed), the applicant is now looking to amend the CUP condition with the Planning Commission as opposed to appealing the Planning Commission action to the City Council. The Planning Commission heard this item again on August 12, 2015 as a modification to the CUP and approved the request to modify the condition so that annual tests are not required, only one post-construction test. Since the request to modify the condition was approved by the Planning Commission, the applicant is requesting that the appeal hearing be cancelled.