

He handed out an overview describing the phases of closure. Phase 1 will be preparation for shutdown between now and June 2018, including meetings with staff and completion of the closure plan. Phase 2 will involve site cleanup such as remove trash and ash, emptying tanks, and removing tools and parts. This phase will last from July 2018 through early 2019. Phase 3 is demolition which may take until 2020 and beyond. A key decision regarding demolition is determining what condition the site should be left in in order to maximize value. Before and after demolition, there may be periods when the site is dormant and there will be an ongoing need for utilities and security. The last phase is the sale of the property, for which the City has first rights to purchase.

The Project Manager advised that he will present a formal Closure Plan to the Board in February.

Director Hyde advised that as the Chief Engineer and General Manager of the Sanitation Districts, she has not yet updated the Districts' Directors but she will announce it at an upcoming Personnel Committee member meeting in February, which is comprised of all the Chairpersons of each District, and the Districts' Boards in March.

RE: COMMERCE REFUSE TO ENERGY FACILITY - ANNUAL FINANCIAL REPORT - FISCAL YEAR 2016-2017
RECEIVE AND FILE

The Project Manager referred to the Annual Financial Report for fiscal year 2016-2017. He advised that the annual audit required by state law has been conducted by the certified public accounting firm of Moss, Levy & Hartzheim of the fiscal affairs of the Commerce

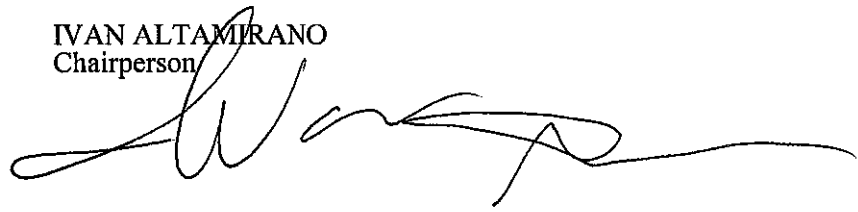
Refuse to Energy Authority for the fiscal year ended June 30, 2017. He reported that the report is consistent with the results reported during the performance review provided at the September 2017 meeting. He recommended that the report be received and ordered filed.

In response to Director Cisneros, the Project Manager reported that there were no findings or impacts.

Upon motion of Director Vernola, duly seconded and unanimously carried, the Annual Financial Report for fiscal year 2016-2017 was accepted and ordered filed.

Upon motion of Director Vernola, duly seconded and unanimously carried, the meeting was adjourned.

IVAN ALTAMIRANO
Chairperson



ATTEST:


KIMBERLY S. COMPTON
Secretary

/ksc

MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
COMMERCE REFUSE TO ENERGY AUTHORITY
HELD AT THE COMMERCE CITY HALL
2535 COMMERCE WAY
COMMERCE, CALIFORNIA

February 8, 2018
12:30 o'clock, P.M.

The Board of Directors of the Commerce Refuse to Energy Authority met in regular session.

From City of Commerce:

Present: Ivan Altamirano, Director, Chairperson
Hugo A. Argumedo, Director
Edgar P. Cisneros, City Administrator

From County Sanitation Districts:

Present: Robert Ferrante, Alternate Director
Robert G. Cormack, Director, Vice Chairperson

Absent: Luigi Vernola, Director

Also present: Matt Eaton, Project Manager
Charles Boehmke, Solid Waste, Department Head
Paul Beck, Authority Counsel
Denise Springer, Secretary pro tem to the Authority

Upon motion of Director Ferrante, duly seconded and unanimously carried, Ms. Denise Springer was elected Secretary pro tem.

RE: MINUTES
held January 11, 2018, were approved. Upon motion of Director Cisneros, duly seconded and unanimously carried, the minutes of the regular meeting

RE: STATUS REPORT
The Project Manager referred to a graph distributed to the Directors presenting the average availability and capacity factors for the most recent fiscal year compared to the average for the last five years. The availability factor and the capacity factor for January were 86 percent and 83 percent, respectively. He advised that one outage occurred during the month. On January 3, there was a 107-hour outage due to boiler tube leaks. The leaks were repaired and the Facility resumed normal operation.

He referred to the reverse side of the distributed graph charting the weekly tonnage delivered to the Facility. The color graph charts the tonnage levels of refuse. Tonnage has dropped off since the beginning of the year, possibly due to the tip fee increase January 1. In addition, the SERRF facility in Long Beach has been accepting more waste than it did before the end of the year, which possibly reduced waste disposed at the Commerce facility.

Financially, in January the Authority incurred an estimated net loss of approximately \$200,000. February will also probably be below break-even. Unless tonnage returns, the next few months are unlikely to generate significant net revenue. There have been no other developments related to regulations or markets that indicate there will be any improvement in the outlook for the Facility.

RE: DISCUSSION AND POSSIBLE ACTION
REGARDING CLOSURE PLAN FOR THE
COMMERCE REFUSE-TO-ENERGY FACILITY
At the December 14, 2017, meeting of the Authority Board of Directors, the Authority Board directed the Project Manager to present a formal closure plan at the February 8, 2018 meeting, targeting Facility closure in June 2018.

The Project Manager presented a formal report to the Authority Board, which was attached to the agenda, and which detailed the process and issues related to June 2018 closure of the Facility. The closure plan included information and details relating to the following areas:

- Schedule and major milestones
- Staffing plan

- Closure activities
- Long-term site disposition
- Financial resolution
- Dissolution of the Authority

The Project Manager discussed key points in the report as follows:

- Regarding staff reductions, he indicated there will be 35 full-time District and 7 contractor positions eliminated with the closure. The bargaining units impacted by the closure are as follows:
 - Energy Recovery – represented by American Federation of State, County and Municipal Employees (AFSCME). There are 15 current positions at the Facility and 29 operator positions District-wide. With the closure, there will be net a loss of 11 positions. Due to the limited available positions within the Districts, it is likely a number of employees will be subject to significant demotions to positions outside the unit.
 - Blue Collar – represented by Service Employees International Union. This group includes mechanics and electrical and instrumentation technicians. These employees can be absorbed into other available District positions, but there may be involuntary demotions and transfers.
 - Supervisory Unit – represented by AFSCME. The two supervisory positions will be transitioned to other areas in the Solid Waste Department.
 - White Collar Unit – unrepresented. There will be a loss of two positions due to the closure. Employees may be subject to demotion or transfer.
- The Project Manager provided an overview of site clean-up after closure, which will require removal and cleanup of all residuals waste and chemicals so the site can be safely left unstaffed, and reduce demolition costs by reducing special handling for contaminated materials. The cleanup will be coordinated by Facility staff with contractors providing specialized work. Total cleanup cost is estimated to be approximately \$2 million. Cleanup will also involve removing office equipment, documents, spare parts, tools, etc.
- The Project Manager discussed permit and environmental issues related to closure. The most significant permit issue is related to stormwater, due to the inability to re-use rainwater after closure. The stormwater permit will only be able to be cancelled after cleanup activities are completed. In addition, demolition will require an evaluation of environmental impacts.
- He also indicated the City's CNG fueling station will require its own electricity service, which is currently being worked on by City staff. The City currently pays a very low price to the Authority for electricity since it is based on the value of incremental electricity sales. After closure, and until the City obtains separate service, the Authority will bill for both usage at the regular retail rate and for fixed costs in proportion to use, which will increase the total cost to the City.
- The Project Manager reported that demolition will occur after cleanup. Demolition planning work will begin soon and is expected to take one to two years, with demolition complete by 2021. There may be some periods with the site dormant, during which security and utilities will be maintained.
- After demolition, the property will be sold and the Authority will be dissolved. The City has first rights to purchase the property from the Authority at a fair market price. District staff will be working on establishing fair market value and logistics for selling the property. Dissolution of the Authority will require a number of legal agreements that will be developed over the next few years. Any remaining financial reserves will be returned to the District since the District has a contributed capital balance, whereas the City's contributed capital has been repaid.

Director Cisneros indicated he had been approached by a third party interested in using energy from the Facility for computer server operations that would be located on-site. The Project Manager indicated the concept has some merit, but it is unlikely to generate the revenue needed to ensure long-term, cost-effective operation of the Facility considering all of the uncertainty related to regulations, equipment age, and market conditions. The Chairperson indicated he recommends continuing with the Facility shutdown process as previously requested by the City and as previously decided by the Authority Board.

In response to Director Argumedo, the Project Manager advised that the cost of demolition was estimated at \$2.3 million by SCS Engineers, the company that was used several years ago to evaluate future options for the Facility. But, that Districts staff believes based on previous demolition work the cost would be closer to \$4 million.

The Project Manager stated that District staff estimates the value of the property at approximately \$10 million, if it was a fully vacant lot without the CNG station and without any site contamination issues. He indicated the price estimate is very preliminary.

In response to Director Argumedo, the Project Manager indicated the Authority has sufficient reserve funds to cover site cleanup and demolition. The City will not be required to fund any of these activities.

Upon motion of Director Argumedo, duly seconded and unanimously carried, the Facility Closure Plan was approved and a closure date of June 30, 2018 was established.

Upon motion of Director Argumedo, duly seconded and unanimously carried, the meeting was adjourned.

IVAN ALTAMIRANO
Chairperson



ATTEST:



DENISE R. SPRINGER
Secretary pro tem

/drs

MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
COMMERCE REFUSE TO ENERGY AUTHORITY
HELD AT THE COMMERCE CITY HALL
2535 COMMERCE WAY
COMMERCE, CALIFORNIA

March 8, 2018
12:30 o'clock, P.M.

The Board of Directors of the Commerce Refuse to Energy Authority met in regular session.

From City of Commerce:

Present: Edgar P. Cisneros, City Administrator
Absent: Ivan Altamirano, Director, Chairperson
Hugo A. Argumedo, Director

From County Sanitation Districts:

Present: Robert Ferrante, Alternate Director
Robert G. Cormack, Director, Vice Chairperson
Luigi Vernola, Director
Absent: None

Also present: Matt Eaton, Project Manager
Mark McDannel, Division Engineer, Energy Recovery
Paul Beck, Authority Counsel
Denise Springer, Secretary pro tem to the Authority

RE: MINUTES
held February 8, 2018, were approved.

Upon motion of Director Vernola, duly seconded and unanimously carried, the minutes of the regular meeting

RE: STATUS REPORT
factors for the most recent fiscal year is above the five year average. The availability factor and the capacity factor for February were 100 percent and 96 percent, respectively. He advised that one outage occurred during the month. On February 1, there was a 0.3-hour outage due to a turbine trip. The Facility has been running normally since then.

The Project Manager referred to a graph distributed to the Directors presenting the average availability and capacity

He referred to the reverse side of the distributed graph charting the weekly tonnage delivered to the Facility. Tonnage has dropped off since the beginning of the year, possibly due to the tip fee increase January 1 and possibly due to the Long Beach facility operating well and taking in more waste.

Financially, the Facility has been losing money each month during the last few months, but losses are not significant enough to affect the closure plan. The remaining four months of operation are expected to be close to break even.

RE: COMMERCE REFUSE TO ENERGY
FACILITY - PRESSURE WASHING AND
VACUUMING SERVICES AFTER FINAL
SHUTDOWN - AUTHORIZE ADVERTISING
AND RECEIPT OF BIDS

A recommendation was made to advertise and receive bids for pressure washing and vacuuming services after final shutdown. Cancellation of the Facility's industrial General Permit for Stormwater Discharge after shutdown required thorough decontamination of the site. Pressure washing and vacuuming of various Facility

structures and vessels are a key component of decontaminating the site as required by the stormwater permit conditions.

The Project Manager gave a brief description for the pressure washing and vacuuming services. This work is estimated to be \$250,000 for the cleaning of the boiler, structure, pits, air pollution control equipment, etc.

In response to Director Vernola, the Project Manager stated that if the bids exceed the engineer's estimate, they would be brought before the Authority to either accept or reject the bids.

In response to Director Cisneros, the Project Manager stated that if there is an issue with the bids or the pricing is not acceptable, the bids can be rejected, and the specifications can be modified and sent back out for bid again if necessary.

Upon motion of Director Vernola, duly seconded and unanimously carried, the Project Manager was authorized to advertise and receive bids for pressure washing and vacuuming services after final shutdown.

RE: COMMERCE REFUSE TO ENERGY
FACILITY - HIGH CALCIUM QUICKLIME
REPORT ON BIDS AND AWARD OF ORDER

The Project Manager reported on bids received on December 21, 2017, for high calcium quicklime for the Commerce Refuse-to-Energy Facility. The Project Manager advised that high calcium quicklime was used

as part of air pollution control. This item went to bid before the June closure plan had been finalized, and originally it was expected that 1,500 tons would be needed for the year, but it is now estimated conservatively that 650 tons between now and the end of the June will be used at a total cost of approximately \$150,000. He advised that bids were received, per summary attached to the agenda, and recommended that a purchase order be awarded to the low bidder, Lhoist North America in the amount of \$344,700.00.

In response to Director Cisneros, the Project Manager indicated the order is for supply of the chemical on an as-needed basis and orders can be stopped at any time. He also stated that a letter was sent out to all the Sanitation Districts Directors, cities' managers, and public works directors to make them aware of the closure and it will be posted on Districts' website. Haulers will also be sent a letter.

In response to Director Ferrante, the Project Manager stated that the timeframe of the posting on the website should be within a few weeks. He also stated that letters can be handed out to the haulers' drivers as they arrive at the site to make them aware of the June 2018 closure.

Upon motion of Director Vernola, duly seconded and unanimously carried, the Project Manager was authorized to advertise and receive bids for pressure washing and vacuuming services after final shutdown.

Upon motion of Director Cisneros, duly seconded and unanimously carried, the meeting was adjourned.

ROBERT G. CORMACK
Vice Chairperson

ATTEST:

DENISE R. SPRINGER
Secretary pro tem

/drs

In response to Director Vernola, the Project Manager stated that if the bids exceed the engineer's estimate, they would be brought before the Authority to either accept or reject the bids.

In response to Director Cisneros, the Project Manager stated that if there is an issue with the bids or the pricing is not acceptable, the bids can be rejected, and the specifications can be modified and sent back out for bid again if necessary.

Upon motion of Director Vernola, duly seconded and unanimously carried, the Project Manager was authorized to advertise and receive bids for pressure washing and vacuuming services after final shutdown.

RE: COMMERCE REFUSE TO ENERGY
FACILITY - HIGH CALCIUM QUICKLIME
REPORT ON BIDS AND AWARD OF ORDER

The Project Manager reported on bids received on December 21, 2017, for high calcium quicklime for the Commerce Refuse-to-Energy Facility. The Project Manager advised that high calcium quicklime was used

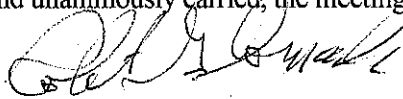
as part of air pollution control. This item went to bid before the June closure plan had been finalized, and originally it was expected that 1,500 tons would be needed for the year, but it is now estimated conservatively that 650 tons between now and the end of the June will be used at a total cost of approximately \$150,000. He advised that bids were received, per summary attached to the agenda, and recommended that a purchase order be awarded to the low bidder, Lhoist North America in the amount of \$344,700.00.

In response to Director Cisneros, the Project Manager indicated the order is for supply of the chemical on an as-needed basis and orders can be stopped at any time. He also stated that a letter was sent out to all the Sanitation Districts Directors, cities' managers, and public works directors to make them aware of the closure and it will be posted on Districts' website. Haulers will also be sent a letter.

In response to Director Ferrante, the Project Manager stated that the timeframe of the posting on the website should be within a few weeks. He also stated that letters can be handed out to the haulers' drivers as they arrive at the site to make them aware of the June 2018 closure.

Upon motion of Director Vernola, duly seconded and unanimously carried, the Project Manager was authorized to issue a purchase order to Lhoist North America, for high calcium quicklime, in the amount of \$344,700.00 at the Commerce Refuse-to-Energy Facility.

Upon motion of Director Cisneros, duly seconded and unanimously carried, the meeting was adjourned.



ROBERT G. CORMACK
Vice Chairperson

ATTEST:



DENISE R. SPRINGER
Secretary pro tem

/drs

MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
COMMERCE REFUSE TO ENERGY AUTHORITY
HELD AT THE COMMERCE CITY HALL
2535 COMMERCE WAY
COMMERCE, CALIFORNIA

April 12, 2018
12:30 o'clock, P.M.

The Board of Directors of the Commerce Refuse to Energy Authority met in regular session.

From City of Commerce:

Present: Hugo A. Argumedo, Director
Maryam Babaki, Alternate Director

Absent: Ivan Altamirano, Director, Chairperson

From County Sanitation Districts:

Present: Grace Hyde, Director
Robert G. Cormack, Director, Vice Chairperson

Absent: Luigi Vernola, Director

Also present: Matt Eaton, Project Manager
Paul Beck, Authority Counsel
Kim Christensen, Secretary to the Authority

RE: MINUTES
held March 8, 2018, were approved.

Upon motion of Director Argumedo, duly seconded and unanimously carried, the minutes of the regular meeting

RE: STATUS REPORT

The Project Manager referred to a graph distributed to the Directors presenting the average availability and capacity factors for the most recent fiscal year is above the five year average. The availability factor and the capacity factor for March were 92 percent and 86 percent, respectively. He advised that one outage occurred during the month for 57-hours due to a grate breakdown.

He referred to the reverse side of the distributed graph charting the weekly tonnage delivered to the Facility. Tonnage has dropped off since the beginning of the year, possibly due to the tip fee increase January 1 and possibly due to the Long Beach facility operating well and taking in more waste.

Financially, the Facility has been losing money each month, but losses are not significant enough to affect the closure plan. The remaining three months of operation are expected to also incur a net loss. He advised that June 26 is scheduled to be the last day the Facility will be accepting refuse.

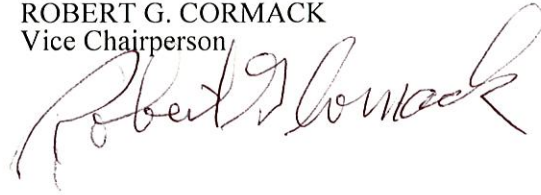
RE: COMMERCE REFUSE TO ENERGY FACILITY - GRIT BLASTING SERVICES AFTER FINAL SHUTDOWN - AUTHORIZE ADVERTISING AND RECEIPT OF BIDS

A recommendation was made to advertise and receive bids for grit blasting services after final shutdown. Cancellation of the Facility's industrial General Permit for Stormwater Discharge after shutdown required thorough decontamination of the site. Grit blasting will be necessary after final closure to remove dirt, ash and other debris from the boiler and the refuse and ash storage pits. Grit blasting will supplement pressure washing, and will be used where pressure washing cannot adequately clean specific areas in the Facility.

Upon motion of Director Hyde, duly seconded and unanimously carried, the Project Manager was authorized to advertise and receive bids for grit blasting services after final shutdown.

Upon motion of Director Argumedo, duly seconded and unanimously carried, the meeting was adjourned.

ROBERT G. CORMACK
Vice Chairperson

Handwritten signature of Robert G. Cormack in black ink.

ATTEST:

Handwritten signature of Kimberly S. Christensen in blue ink.

KIMBERLY S. CHRISTENSEN
Secretary

/ksc

MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
COMMERCE REFUSE TO ENERGY AUTHORITY
HELD AT THE COMMERCE CITY HALL
2535 COMMERCE WAY
COMMERCE, CALIFORNIA

May 10, 2018
12:30 o'clock, P.M.

The Board of Directors of the Commerce Refuse to Energy Authority met in regular session.

From City of Commerce:

Present: Hugo A. Argumedo, Director
Edgar P. Cisneros, City Administrator

Absent: Ivan Altamirano, Director, Chairperson

From County Sanitation Districts:

Present: Grace Hyde, Director
Robert G. Cormack, Director, Vice Chairperson

Absent: Luigi Vernola, Director

Also present: Matt Eaton, Project Manager
Mark McDannel, Division Engineer, Energy Recovery
Wes Beverlin, Authority Counsel
Kimberly Christensen, Secretary to the Authority

RE: MINUTES
held April 12, 2018, were approved.

Upon motion of Director Argumedo, duly seconded and unanimously carried, the minutes of the regular meeting

RE: STATUS REPORT

The Project Manager referred to a graph distributed to the Directors presenting the average availability and capacity factors. The current fiscal year is trending above the five year average. The availability factor and the capacity factor for April were 86 percent and 82 percent, respectively. He advised that one outage occurred on April 2 for 79 hours due to a boiler leak and one occurred on April 15 for 26 hours due to an ash extractor breakdown.

He referred to the reverse side of the distributed graph charting the weekly tonnage delivered to the Facility. Tonnage continues to be low, but imports from District facilities have allowed operation to continue..

He advised that an appraiser has been retained to advise the Authority on the property's value, including the impact of related issues such as the extent of demolition, the City's CNG facility, and the ongoing groundwater remediation work. He stated that the appraiser is very experienced with types of properties similar to the Facility's property type. He will have the appraiser's report in July regarding the value and a recommendation.

In response to Director Argumedo, the Project Manager advised that the appraiser's findings will be presented to the Board. The report will help the Authority refine demolition plans and evaluate various options for selling the property.

He advised that there will be a Facility barbeque on July 10 celebrating the Facility and in appreciation of staff and he invited the Directors to attend.

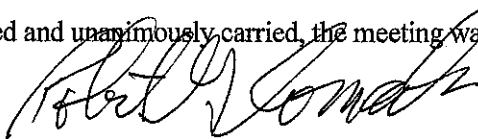
RE: COMMERCE REFUSE TO ENERGY FACILITY - EMERGENCY BOILER TUBE AND FURNACE GRATE REPAIRS CONFIRM ISSUANCE OF PURCHASE ORDER TO INNOVATIVE ENGINEERING

On January 3, 2018, steam leaking out of the boiler forced plant operators to shut down the facility for repairs. Multiple boiler leaks were found and repaired including two distributor tubes, attemperator nozzle block, two drain valves, and one furnace wall tube. Inspections in the furnace determined immediate repairs were also needed to replace various missing grate castings and worn abrasion resistant plates on the refuse feeding rams. Repairs

were required on an emergency basis in order to minimize downtime of the facility. Innovative Engineering had qualified personnel available on short notice and has consistently performed excellent work at competitive prices in emergency situations at the site. The work was performed at the vendor's established time and material rates. A recommendation was made for the Authority to confirm the issuance of a purchase order to Innovative Engineering for emergency boiler tube and furnace grate repairs.

Upon motion of Director Argumedo, duly seconded and unanimously carried, the Authority confirmed the issuance of a purchase order to Innovative Engineering for emergency boiler tube and furnace grate repairs.

Upon motion of Director Argumedo, duly seconded and unanimously carried, the meeting was adjourned.



ROBERT G. CORMACK
Vice Chairperson

ATTEST:



KIMBERLY S. CHRISTENSEN
Secretary

/ksc

MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
COMMERCE REFUSE TO ENERGY AUTHORITY
HELD AT THE COMMERCE CITY HALL
2535 COMMERCE WAY
COMMERCE, CALIFORNIA

June 14, 2018
12:30 o'clock, P.M.

The Board of Directors of the Commerce Refuse to Energy Authority met in regular session.

From City of Commerce:

Present: Ivan Altamirano, Director, Chairperson
Edgar P. Cisneros, City Administrator

Absent: Hugo A. Argumedo, Director

From County Sanitation Districts:

Present: Grace Hyde, Director
Luigi Vernola, Director
Robert G. Cormack, Director, Vice Chairperson

Absent: None

Also present: Matt Eaton, Project Manager
Mark McDannel, Division Engineer, Energy Recovery
Wes Beverlin, Authority Counsel
Kimberly Christensen, Secretary to the Authority

RE: MINUTES
held May 10, 2018, were approved. Upon motion of Director Hyde, duly seconded and unanimously carried, the minutes of the regular meeting

RE: STATUS REPORT
The Project Manager referred to a graph distributed to the Directors presenting the average availability and capacity factors. The current fiscal year is trending above the five year average. The availability factor and the capacity factor for May were 83 percent and 76 percent, respectively. He advised that one outage occurred on May 6 for 52 hours due to a boiler tube leak and one occurred on May 24 for 75 hours due to multiple boiler tube leaks.

He referred to the reverse side of the distributed graph charting the weekly tonnage delivered to the Facility. Tonnage has picked up in recent weeks.

He advised that there will be a Facility barbeque on July 10 celebrating the Facility and in appreciation of staff. He invited the Directors to attend.

RE: COMMERCE REFUSE TO ENERGY
FACILITY - SCAFFOLDING SERVICES
REPORT ON BIDS AND AWARD OF ORDER
The Project Manager reported on bids received on May 17, 2018, for scaffolding services for one-year period for the Commerce Refuse to Energy Facility. He advised that bids were received, per summary attached to the agenda, and recommended that a purchase order be awarded to the low bidder, Safway Services, in the amount of \$89,996.17.

Upon motion of Director Vernola, duly seconded and unanimously carried, the Authority confirmed the issuance of a purchase order to Safway Services, in the amount of \$89,996.17, for scaffolding services for a one-year period at the Commerce Refuse to Energy Facility.

RE: COMMERCE REFUSE TO ENERGY FACILITY - PRESSURE WASHING AND VACUUMING SERVICES AFTER FINAL FACILITY SHUTDOWN REPORT ON BIDS AND AWARD OF ORDER

The Project Manager reported on bids received on May 21, 2018, for pressure washing and vacuuming services for the Commerce Refuse to Energy Facility after the final shutdown. He advised that bids were received, per summary attached to the agenda, and recommended that a purchase order be awarded to the

low bidder, Ancon Services, in the amount of \$357,887.76.

The Project Manager advised that two higher bids received had mathematical errors resulting in extremely high bid amounts, but even if the mathematical errors had not existed, neither would have not been low bid. He also advised that the scope of work included unit prices for all possible jobs that might be needed, and it is expected less than full amount will be spent.

Upon motion of Director Vernola, duly seconded and unanimously carried, the Project Manager was authorized to issue a purchase order to Ancon Services, in the amount of \$357,887.76, for pressure washing and vacuuming services at the Commerce Refuse to Energy Facility.

RE: COMMERCE REFUSE TO ENERGY FACILITY - GRIT BLASTING SERVICES REPORT ON BIDS - REJECT

The Project Manager reported on bids received on May 17, 2018, for grit blasting services for the Commerce Refuse to Energy Facility after the final shutdown. He advised that two bids were received, per summary attached to the agenda. JT Thorpe & Son did not submit bid bond, deeming its bid non-responsive. Arena Painting Contractors, Inc. made mathematical error in calculating total and bid is significantly higher than the engineer's estimate. He recommended that all bids received for the work be rejected.

The Project Manager advised that staff is re-evaluating the scope of work and may wait until later in year to re-bid.

Upon motion of Director Vernola, duly seconded and unanimously carried, all bids received on May 17, 2018 for grit blasting services for the Commerce Refuse to Energy Facility after final shutdown, were rejected.

RE: COMMERCE REFUSE TO ENERGY FACILITY - BP ENERGY COMPANY FALSE CLAIMS ACTION SETTLEMENT AGREEMENT AND RELEASE AND RELEASE AND COVENANT NOT TO SUE - CONTRACT NO. 5131 - APPROVE

The Project Manager presented a proposed *False Claims Action Settlement Agreement and Release* with BP Energy Company (PB) related to a California False Claims Act Case: *State of California ex rel. Christopher J. Schroen, et al. v. BP America Production Company, et al.*, San Francisco Superior Court Case No. CGC-12-522063, and a *Release and Covenant Not to Sue* for overcharges on

natural gas purchases.

He advised that on January 8, 2015, the Board authorized Authority Counsel to intervene in a California False Claims Act case the State Attorney General's office was prosecuting against BP alleging that between 2004 and 2012, BP defrauded the State and other California governmental entities out of millions of dollars by unlawfully inflating the price of natural gas it sold to these entities through California's Department of General Services' Natural Gas Services Program (Program). During this time period, the Authority purchased approximately \$3 million of natural gas from the Program. The Authority intervened in the case in order to obtain its share of any damages recovered from BP. The Attorney General settled the case, which allocates the Authority approximately \$94,955, which is its proportionate share of the damages BP has agreed to pay. The Project Manager and Authority Counsel recommend the settlement. He recommended that the proposed *False Claims Action Settlement Agreement and Release* be approved and that a *Release and Covenant Not to Sue* for overcharges on natural gas purchases be approved and ordered executed; furthermore, he recommended that the Chief Engineer and General Manager be authorized to execute any additional documents necessary to finalize the settlement.

Upon motion of Director Vernola, duly seconded and unanimously carried, the Commerce Refuse to Energy Authority Board found and determined that it would be to the advantage of the District to approve a *False Claims Action Settlement Agreement and Release* and enter into a *Release and Covenant Not to Sue* with BP Corporation North America Inc., BP Products North America Inc., and BP plc., providing for obtaining its share of any damages for overcharges on natural gas purchases recovered from BP, as set forth in the Agreement and under terms and conditions contained therein. All of the terms and conditions of the Agreement, Contract No. 5131, dated June 14, 2018, were accepted and approved, and the Chairperson and Secretary were authorized to execute the Agreement on behalf of the District.

RE: BUDGET FOR FISCAL YEAR 2018-2019 - ADOPT

The Project Manager presented a proposed budget and explanatory notes for the 2018-2019 fiscal year budget that accompanied the agenda.

He advised that it is an unusual year with the Facility shutting down on June 30, 2018. He stated that no income (other than a small amount of interest) is expected. The expenses expected are projected at approximately \$2,700,000, broken down as follows:

- Labor and benefits for District employees: \$1,700,000
- Services related to plant cleanup: \$500,000
- Planning and design work related to demolition: \$500,000

The budget includes a distribution of \$100,000 each to the City and Districts. This will bring the City's contributed capital balance (expected to be approximately \$83,000 at the time of distribution) to zero. There will probably be no future distributions until the Joint Power Agreement (JPA) is terminated. Upon termination, all proceeds will go to the District since the City's Paid-in Capital will be zero.

He advised that the ending cash balance of \$5.5 million should be adequate to cover subsequent demolition costs and other costs related to property sale and JPA termination.

Upon motion of Director Vernola, duly seconded and unanimously carried, the budget for the Commerce Refuse to Energy Authority for fiscal year 2018-2019 was approved, adopted, and ordered filed.

Upon motion of Director Vernola, duly seconded and unanimously carried, the meeting was adjourned.

IVAN ALTAMIRANO
Chairperson

ATTEST:

KIMBERLY S. CHRISTENSEN
Secretary

/ksc