

ADDENDUM MATERIAL

DATE 8/6/19 ITEM NO. ADD 5



PIMA COUNTY PROCUREMENT DEPARTMENT
130 W. CONGRESS ST., 3RD FLOOR, TUCSON, AZ 85701-1207
PHONE: (520) 724-8161 FAX: (520) 222-1484

Mary Jo Furphy
Procurement Director

*Via US Mail Certified
Copy via Hand Delivery*

August 15, 2018

Mr. John Kai, Jr., Owner
Avra Gro Systems Inc.
PO Box 91708
Tucson, AZ 85752

RE: Contract No. MA-PO-16-049 – Notice of Default and Request to Cure

Dear Mr. Kai:

This letter provides formal notice that Avra Gro Systems Inc. is in default of the above referenced contract for failure to comply with proper disposal of biosolids as mandated by the contract in the Offer Agreement, Exhibit A Scope of Services, Project Information, Paragraph P. Temporary Storage; Paragraph R. Direct Bulk Application Requirements and Restrictions; and Paragraph S. Special Requirements. Paragraph P stipulates "Any storage facilities of bulk Biosolids or further prepared Biosolids storage located away from the Regional Management Facility will not be more than ten (10) days unless the Contractor can justify to PCRWRD the need for additional storage time. PCRWRD, at its sole discretion, may allow additional storage time of Biosolids." Paragraph R.5.b. Vector Attraction stipulates "Contractor will manage the biosolids provided by the County in a manner that will not cause nor create a vector attraction in accordance with R18-9-1009 (B)." Paragraph S.10. stipulates "The contractor will take all steps to: Prevent or minimize any Biosolids use or disposal which has a likelihood of adversely affecting human health or the environment;"

Biosolids staging and nuisance complaints have been reported and verified by inspection that stockpiling is occurring and this is also potentially creating vector or fly problems. This contract compliance issue was previously brought to your attention in May and again by written communication dated July 12, 2018. The July 12, 2018 letter gave you direction to remedy the non-compliance by July 30, 2018. Another meeting to discuss and determine compliance was held on August 10, 2018. Satisfactory resolution of the issue has not occurred and you are not in compliance with the contract. Storage time in existing piles has exceeded the contractual limit without PCRWRD approval.

If Avra Gro does not fully cure this default within thirty (30) days after the date of this letter, the County may exercise its right to terminate the contract for cause, in accordance with paragraph 32 of the Pima County Standard Terms and Conditions (effective 6/26/2014).

Sincerely,


Mary Jo Furphy
Procurement Director

cc: Charles Wesselhoft, Deputy County Attorney
Carmine DeBonis, Deputy County Administrator – Public Works
Jackson Jenkins, PCRWRD Director
Ana Wilber, Procurement Division Manager
Jennifer Moore, Procurement Officer

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Mary Jo Furphy
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*Via US Mail Certified
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June 21, 2019

Mr. John Kai, Jr., Owner
Avra Gro Systems Inc.
PO Box 91708
Tucson, AZ 85752

RE: Contract No. MA-PO-16-049 – Notice of Default and Request to Cure

Dear Mr. Kai:

On May 7, 2019, Avra Gro Systems was issued a Notice of Default and Notice to Cure for failure to comply with the conditions stipulated in Contract No. MA-PO-16-049. On June 7, 2019, members from Procurement and RWRD met with you and your Avra Gro team to discuss resolution to the Notice. Based on the responses obtained, we find Avra Gro still to be in default.

Effective immediately, Avra Gro Systems must comply with the following conditions.

1. Avra Gro Systems may no longer stage cake biosolids on County owned land. Previous right of entry allowing access to Pima County property has expired and is therefore void.
2. Avra Gro Systems must provide a written plan for mitigating odors and flies for staged cake biosolids locations. This should be submitted as a proposed amendment to the 2019 Annual Plan of Operation and implemented as necessary once approved.
3. Avra Gro Systems must provide a contingency plan for mitigating potential fire hazards resulting from the staging locations. These mitigation measures must be submitted as an amendment to the 2019 Annual Plan of Operation and implemented as necessary once approved.
4. Avra Gro Systems has requested additional time to remove the current inventory of staged biosolids. County grants Avra Gro additional time provided Avra Gro demonstrates a monthly reduction of 20% of the current volume each month for the remainder of 2019 and that complete removal takes no longer than five months.
5. Avra Gro Systems must, on a monthly basis, demonstrate, where biosolids will be land applied for the following two month period. Each report must identify the proposed receiving parcels, application rates, and the designated crop types.
6. Avra Gro Systems must provide to County daily inventory summaries accounting for management of all biosolids removed from the Tres Rios WRF. The reports must identify both staging areas as well as final deposition for land application. Location identification in the summaries must include GPS coordinates and date stake positions. RWRD will resume field inspections for compliance purposes.

AvraGro Systems was issued a previous Notice to Cure on September 28, 2018, originating from multiple nuisance complaints from nearby residents and neighbors. Avra Gro Systems instituted a pest

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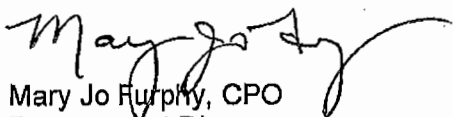
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management protocol for mitigating flies and Pima County granted an extension to allow for the complete removal of staged biosolids near parcel JK-9. It is now apparent that Avra Gro Systems has again begun staging practices creating a large inventory of excess biosolids material.

Contract No. MA-PO-16-049 requires for both the daily removal of biosolids from the Tres Rios WRF and subsequent land application of biosolids in accordance with EPA 503 and state regulations. Avra Gro Systems has indicated wet weather conditions as a cause for the resumption of staging operations, however, it is obvious that Avra Gro Systems is not currently utilizing the 4,000 acres of registered lands demonstrated at the time of contract award. Registration of available parcels for land application is the sole responsibility of Avra Gro Systems and sufficient available land must be maintained to prevent further default and possible contract termination. Please provide an update of the registered land available for application.

Each of these contract compliance issues were previously brought to your attention through multiple meetings and written communications.

Sincerely,



Mary Jo Murphy, CPO
Procurement Director

cc: Charles Wesselhoft, Deputy County Attorney
Carmine DeBonis, Deputy County Administrator – Public Works
Jackson Jenkins, Director, PCRWRD
Jeff Prevatt, Deputy Director, PCRWRD
Ana Wilber, Procurement Division Manager
Jennifer Moore, Procurement Officer