

## ITEM 8 ADDITIONAL INFORMATION



### CITY OF CITRUS HEIGHTS CITY COUNCIL STAFF REPORT MEMORANDUM

**DATE:** June 8, 2023

**TO:** Mayor and City Council Members  
Ashley J. Feeney, City Manager

**FROM:** Regina Cave, General Services Director  
Mary Poole, Operations Manager

**SUBJECT:** **Additional Information Related to Item 8 - Resolution Authorizing the City Manager to Execute an Agreement with the County of Sacramento, and Cities of Elk Grove, Folsom, Galt, Rancho Cordova, and Sacramento to Meet Certain SB 1383 Edible Food Recovery Regulatory Requirements**

---

#### *Introduction*

This memorandum provides additional background information regarding the proposed Agreement with the County of Sacramento, and Cities of Elk Grove, Folsom, Galt, Rancho Cordova, and Sacramento.

#### *Edible Food Recovery Regional Agreement*

Senate Bill 1383, California's Short-lived Climate Pollutant Reduction Strategy (SB 1383) requires jurisdictions to have programs that recover 20% of the edible food being disposed of, for human consumption by 2025. Programs must include education, inspections, and enforcement for edible food generators and provide for increased capacity at food recovery organizations, including funding the additional capacity if needed. CalRecycle has designated counties as the lead agencies to coordinate with the cities, regional agencies and special districts within each county to implement the required edible food programs. The city has been working in partnership with other Sacramento County cities and the county since early in 2021 to develop a countywide approach to ensure the jurisdictions are in compliance with SB 1383 edible food requirements, and that related activities are implemented in the most cost-effective methods possible.

Partnering with other cities and the county to meet SB 1383 goals was recommended by the consultant and the regional working group as the most cost-effective strategy to achieve shared edible food program planning and implementation requirements. The proposed agreement (Attachment) is the result of over 18 months of planning work undertaken by a regional working group consisting of staff from jurisdictions within the county and with consultant assistance.

## ITEM 8 ADDITIONAL INFORMATION

**Subject: SB 1383 Compliance – Edible Food Agreement – Additional Information**

**Date: June 8, 2023**

**Page 2 of 3**

One of the upcoming coordination efforts to be undertaken by the regional working group will be to ensure that there is adequate capacity for edible food recovery. This includes establishing relationships with Tier 1 food generators (required to donate food beginning in 2022), and Tier 2 generators (required to donate food beginning in 2024) and helping to bridge the gaps between the edible food that is generated, the food recovery organizations, and the people who need food.

### *CalRecycle Definitions of Tier 1 and Tier 2 generators*

Tier 1 and Tier 2 Generators are defined by CalRecycle as follows:

#### **Tier 1: Required to send surplus food to food organizations starting January 1, 2022**

- Supermarkets with revenue greater than or equal to \$2 million dollars
- Grocery stores with facilities that are equal to or greater than 10,000 square feet
- Food service providers
- Food distributors
- Wholesale food vendors

#### **Tier 2: Required to send surplus food to food organizations January 1, 2024**

- Restaurants with facilities greater than or equal to 5,000 square feet or 250 or more seats
- Hotels with an on-site food facility and 200 or more rooms
- Health facilities with an on-site food facility and 100 or more beds
- Large venues and events
- State agency cafeterias with facilities greater than or equal to 5,000 square feet or 250 or more seats
- Local education agency with an on-site food facility
- Non-local entities

### *Annual Updates to the Tier 1 and Tier 2 Generator Lists*

SB 1383 requires that the list of Tier 1 and Tier 2 generators is updated on an annual basis, no later than October 1<sup>st</sup> of each year. The update for FY 23-24 is currently underway, and will reflect any new generators in each tier as well as remove generators from the list that are no longer operating in the various jurisdictions. This ensures that each jurisdiction's budget allocations are updated before the annual payments are due. The budget will also be updated each year as program needs change.

### *Required Program Objectives Related to Generators*

SB 1383 regulations require that jurisdictions have an edible food recovery program that accomplishes the following objectives:

- 1) Educates commercial food generators;
- 2) Increases commercial edible food generator access to food recovery organizations and food recovery services;
- 3) Monitors commercial edible food generator compliance; and

## ITEM 8 ADDITIONAL INFORMATION

**Subject: SB 1383 Compliance – Edible Food Agreement – Additional Information**

**Date: June 8, 2023**

**Page 3 of 3**

- 4) Increases edible food recovery capacity if the jurisdiction does not have sufficient capacity to meet its edible food recovery needs.

The proposed agreement will assist the city and the Sacramento county region to meet these objectives in the form of a regional partnership that works together with food recovery organizations, service providers and generators to achieve SB 1383 requirements and ensure food recovery benefits are realized by those most in need.

### *Proposed Funding*

Participating jurisdictions will fund the MOU based equally on two factors, population, and the total number of edible food generators within each jurisdiction. The proposed agreement attachments show the following information:

- Attachment 1 is the preliminary program budget, which will be updated to reflect actual costs as program costs are finalized;
- Attachment 2 is the Annual Program Work Plan which identifies primary tasks to be undertaken each program year;
- Attachment 3 is the preliminary funding allocation for years 1 and 2, which will be updated annually after the Tier 1 and Tier 2 generator lists are revised to reflect current generators in each tier.

General expenses include consultant services, support for capital replacement at food recovery organizations, support for expanding capacity at existing food recovery organizations, and other administrative and program costs including contracting with a service(s) to collect and distribute edible food from Tier 2 businesses.

Participation in the MOU has several advantages, including but not limited to the following: significant savings by cost-sharing between the jurisdictions; access to food recovery expertise; regional, cohesive and coordinated outreach; removal of barriers based on jurisdictional boundaries; economies of scale for consultant and vendor procurement; prudent use of staff and community resources to minimize duplication of program and reduce administrative burdens for all stakeholders, including extensive documentation and reporting requirements; and a countywide approach to ensure the jurisdictions are in compliance and meeting shared program goals.

### **Attachments**

Proposed Agreement and Attachments

**COUNTY OF SACRAMENTO  
SOCIAL SERVICES**

**AGREEMENT FOR REGIONAL PARTNERSHIP BETWEEN THE COUNTY  
OF SACRAMENTO, AND CITIES OF CITRUS HEIGHTS, ELK GROVE,  
FOLSOM, GALT, RANCHO CORDOVA, AND SACRAMENTO TO MEET  
CERTAIN SB1383 EDIBLE FOOD RECOVERY REGULATORY  
REQUIREMENTS**

THIS AGREEMENT is made and entered into on July 1, 2023, by and between the COUNTY OF SACRAMENTO, a political subdivision of the State of California, hereinafter referred to as "COUNTY," and the CITIES OF CITRUS HEIGHTS, ELK GROVE, FOLSOM, GALT, RANCHO CORDOVA, AND SACRAMENTO, each a municipal corporation, hereinafter referred to individually as "CITY" or collectively as "CITIES."

**RECITALS**

WHEREAS, the State of California passed Senate Bill 1383 (Chapter 395, Statutes of 1383; "SB 1383"), which required the California Department of Resources Recycling and Recovery ("CalRecycle") to adopt regulations to reduce organic waste by 50 percent from its 2014 baseline level by 2020 and 75 percent by 2025; and

WHEREAS, CalRecycle has promulgated such regulations, which are now contained in chapter 12 (Short-lived Climate Pollutants) of division 7 of title 14 of the California Code of Regulations ("SB 1383 Regulations"); and

WHEREAS, SB 1383 establishes a statewide goal that not less than 20 percent of edible food that is currently disposed of is recovered for human consumption by 2025; and

WHEREAS, SB 1383 Regulations require jurisdictions to, among other things, increase edible food recovery capacity and fund such actions, as necessary, for compliance; and

WHEREAS, jurisdictions may designate a public or private entity to fulfill their responsibilities of the SB 1383 Regulations, except that the jurisdictions shall remain ultimately responsible for compliance in accordance with section 18981.2 of the SB 1383 Regulations; and

WHEREAS, COUNTY and CITIES intend to implement an edible food recovery program through a coordinated Regional program rather than individual jurisdiction-specific programs; and

WHEREAS, COUNTY and CITIES desire to enter into this Agreement to establish certain SB 1383 edible food recovery program roles and responsibilities under the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth, COUNTY and CITIES agree as follows:

**1. SCOPE OF SERVICES**

COUNTY's and CITIES' respective obligations, service commitments, and requirements are described in Exhibit A, which is attached hereto and incorporated herein.

**2. TERM**

This Agreement shall be effective as of the date first written above and shall remain in effect until June 30, 2025. COUNTY Director and CITIES' Directors are authorized to amend this Agreement to extend the term for up to eight (8) additional one-year terms upon mutual written consent of the parties. Should any party desire not to exercise an optional term extension, said party shall give written notice to the other parties by January 1 of that year.

**3. NOTICE**

Any notice, demand, request, consent, or approval that any party may or is required to give the others pursuant to this Agreement shall be in writing and shall be either personally delivered or sent by electronic mail (e-mail) or first class mail, postage pre-paid, addressed as follows:

TO COUNTY:  
County of Sacramento  
Department of Health Services  
7001-A East Parkway, Suite 1000  
Sacramento, CA 95823  
Attn: Nick Mori  
MoriD@saccounty.gov

TO CITY OF CITRUS HEIGHTS:  
City of Citrus Heights  
General Services Department  
6360 Fountain Square Drive  
Citrus Heights, CA 95621  
Attn: Regina Cave  
rcave@citrusheights.net

TO CITY OF ELK GROVE:  
City of Elk Grove  
8401 Laguna Palms Way  
Elk Grove, CA 95757  
Attn: Carlos Duque  
cduque@elkgrovecity.org

TO CITY OF GALT:  
City of Galt  
495 Industrial Drive  
Galt, CA 95632  
Attn: Robin Nelson  
rnelson@cityofgalt.org

TO CITY OF FOLSOM:  
City of Folsom  
Waste & Recycling Division  
50 Natoma Street  
Folsom, CA 95630  
Attn: Sarah Vaira  
svaira@folsom.ca.us

TO CITY OF RANCHO CORDOVA:  
City of Rancho Cordova  
2729 Prospect Park Drive  
Rancho Cordova, CA 95670  
Attn: Steve Harriman  
sharriman@cityofranhocordova.org

TO CITY OF SACRAMENTO:  
City of Sacramento  
Recycling and Solid Waste Division  
2812 Meadowview Road, Bldg 1  
Sacramento, CA 95832  
Attn: Margaret Kashuba  
mkashuba@cityofsacramento.org

Any party may change the address or e-mail address to which subsequent notice and/or other communications can be sent by giving written notice designating a change of address to the other parties, which shall be effective upon receipt.

**4. FUNDING AND COMPENSATION**

Funding and compensation under this Agreement shall be in accordance with Exhibit B, attached hereto and incorporated herein.

**5. COUNTY DIRECTOR**

As used in this Agreement, "COUNTY Director" shall mean the Director of the Department of Health Services or his/her designee. COUNTY Director shall administer this Agreement on behalf of the COUNTY, and has authority to make administrative amendments to this Agreement on behalf of the COUNTY including, but not limited to, scope of services, pricing, management practices, etc. Unless otherwise provided herein or required by applicable law, COUNTY Director shall be vested with all the rights, powers, and duties of COUNTY herein. With respect to matters herein subject to the approval, satisfaction, or discretion of COUNTY or COUNTY Director, the decision of the COUNTY Director in such matters shall be final.

**6. CITY DIRECTOR**

As used in this Agreement, "CITY Director" shall mean the following for each CITY:

CITY OF CITRUS HEIGHTS – General Services Director or his/her designee.

CITY OF ELK GROVE –Director of Public Works or his/her designee

CITY OF FOLSOM – City Manager

CITY OF GALT – Public Works Director or his/her designee  
CITY OF RANCHO CORDOVA – Public Works Director or his/her designee  
CITY OF SACRAMENTO – Public Works Director or his/her designee

Each CITY Director shall administer this Agreement on behalf of their respective jurisdiction, and has authority to make administrative amendments to this Agreement on behalf of said jurisdiction. Unless otherwise provided herein or required by applicable law, a CITY Director shall be vested with all the rights, powers, and duties of their respective jurisdiction herein. With respect to matters herein subject to the approval, satisfaction, or discretion of each CITY or CITY Director, the decision of the CITY Director in such matters shall be final.

**7. COMPLIANCE WITH LAWS**

- A. COUNTY and CITIES shall observe and comply with all applicable Federal, State, and local law, regulations and ordinances.
- B. Economic Sanctions: Pursuant to California State Executive Order N-6-22 (Order) imposing economic sanctions against Russia and declaring support of Ukraine, COUNTY shall terminate any contract with any individual or entity that is in violation of the Order or that is subject to economic sanctions therein, and shall not enter a contract with any such individual or entity while the Order is in effect.

**8. GOVERNING LAWS AND JURISDICTION**

This Agreement shall be deemed to have been executed and to be performed within the State of California and shall be construed and governed by the laws of the State of California. Any legal proceedings arising out of or relating to this Agreement shall be filed in state or federal court located in Sacramento County, California.

**9. STATUS OF PARTIES**

There is no agency relationship between or among the parties. No party shall have authority, express or implied, to act on behalf of the other parties in any capacity whatsoever as an agent. Notwithstanding anything contained herein, the employees of each party will continue to be entirely and exclusively under the direction, supervision and control of the employing party.

**10. INDEMNIFICATION**

To the fullest extent permitted by law, each of the parties shall indemnify, defend, and hold harmless the other parties, their respective governing boards, officers, directors, officials, employees, and authorized volunteers and agents (collectively "indemnified parties"), from and against any and all claims, demands, actions, losses, liabilities,

damages, and all expenses and costs incidental thereto (collectively "claims"), including cost of defense, settlement, arbitration, and reasonable attorneys' fees, resulting from injuries to or death of persons, including but not limited to employees of any party hereto, and damage to or destruction of property, or loss of use or reduction in value thereof, including but not limited to the property of any party hereto, arising out of, pertaining to, or resulting from the alleged or actual acts or omissions of their respective governing boards, officers, directors, officials, employees, volunteers, agents, or contractors.

It is the intention of all parties that the provisions of this indemnity obligation be interpreted to impose on each party responsibility to the others for the acts and omissions of their governing boards, officers, directors, officials, employees, authorized volunteers and agents, or contractors. It is also the intention of the parties that, where comparative fault is determined to have been contributory, principles of comparative fault will be followed and each party shall bear the proportionate cost of any claims attributable to the fault of that party, its governing board, officers, directors, officials, employees, volunteers, agents, or contractors.

The right to defense and indemnity under this section arises upon occurrence of an event giving rise to a claim and, thereafter, upon tender in writing to the indemnifying party or parties. The indemnifying party or parties shall defend the indemnified party or parties with counsel reasonably acceptable to the indemnified party. Notwithstanding the foregoing, the indemnified party or parties shall be entitled, on its own behalf, and at the expense of the indemnifying party or parties, to assume control of its defense or the defense of any indemnified party in any legal action, with counsel reasonably selected by it. Should the indemnified party or parties elect to initially assume control of its defense, or the defense of any indemnified party or parties, it does so without prejudice to its right to subsequently request that the indemnifying party or parties thereafter assume control of the defense and pay all attorneys' fees and costs incurred thereby.

This indemnity obligation shall not be limited by the types and amounts of insurance or self-insurance maintained by the parties.

Nothing in this indemnity obligation shall be construed to create any duty to, any standard of care with reference to, or any liability or obligation, contractual or otherwise, to any third party.

The provisions of this indemnity obligation shall survive the expiration or termination of the Agreement.

11. **INSURANCE**

COUNTY and CITIES finance their liability, property, and workers' compensation risks through a combination of self-insurance and insurance. COUNTY and CITIES are knowledgeable of each entity's risk financing programs and agree to rely on these programs to pay for any liabilities, losses, costs, suits, acclaims, judgments, expenses, fines, or demands of any kind that may arise under the terms of this Agreement.

12. **ASSIGNMENT**

This Agreement is not assignable by CITIES or COUNTY in whole or in part.

13. **AMENDMENT AND WAIVER**

Except as provided herein, no alteration, amendment, variation, or waiver of the terms of this Agreement shall be valid unless made in writing and signed by all parties. Waiver by any party of any default, breach or condition precedent shall not be construed as a waiver of any other default, breach or condition precedent, or any other right hereunder. A party's waiver of the other party's breach of any term or provision in this agreement is not a continuing waiver or a waiver of any subsequent breach of the same or any other term or provision. A waiver is binding only if set forth in writing and signed by the waiving party. No interpretation of any provision of this Agreement shall be binding upon COUNTY or CITIES unless agreed in writing by counsel for COUNTY and COUNTY'S Director, and each CITY'S Director and attorney for each CITY.

14. **SUCCESSORS**

This Agreement shall bind the successors of COUNTY and CITIES in the same manner as if they were expressly named.

15. **TIME**

Time is of the essence of this Agreement.

16. **INTERPRETATION**

This Agreement shall be deemed to have been prepared equally by all parties, and the Agreement and its individual provisions shall not be construed or interpreted more favorably for any party on the basis that another party prepared it.

17. **DISPUTES**

In the event of any dispute arising out of or relating to this Agreement, the parties shall attempt, in good faith, to promptly resolve the dispute mutually between them. If the dispute cannot be resolved by mutual agreement, nothing herein shall preclude any party's right to pursue

remedy or relief by civil litigation, pursuant to the laws of the State of California.

Except as required by section 10 above, the parties shall bear their own costs and attorneys' fees incurred in connection with this agreement

**18. TERMINATION**

- A. Any party may withdraw from this Agreement without cause upon giving three hundred and sixty-five (365) calendar days' prior written notice to the other parties pursuant to section 3. Notice shall be deemed served on the date of mailing.
- B. Pursuant to Exhibit B, section 1.C, any party may withdraw from this Agreement with cause upon giving written notice to the other parties by January 1 of any given year with an effective withdrawal date of July 1 of the following fiscal year.
- C. Pursuant to Exhibit B, section 1.D, any party that fails to meet its funding obligations shall withdraw from this Agreement by giving immediate written notice to the other parties with the date of the written notice serving as the effective withdrawal date.
- D. The withdrawing party shall continue to fully fund the Program and deposit monies into the Fund pursuant to Exhibit B until such withdrawal date takes effect, inclusive of any prorated funding amounts due up to the effective withdrawal date. The withdrawing party shall further forfeit any and all monies that it contributed to the Program, including any reserve balances.
- E. Upon the effective withdrawal date from this Agreement, the withdrawing party shall assume all SB 1383 edible food recovery regulatory requirements applicable to its jurisdiction, and all other responsibilities otherwise provided through this Agreement.

**19. PRIOR AGREEMENTS**

This Agreement constitutes the entire contract between COUNTY and CITIES regarding the subject matter of this Agreement. Any prior agreements, whether oral or written, between COUNTY and CITIES regarding the subject matter of this Agreement are hereby terminated effective immediately upon full execution of this Agreement.

**20. SEVERABILITY**

If any term or condition of this Agreement or the application thereof to any person(s) or circumstance is held invalid or unenforceable, such invalidity or unenforceability shall not affect other terms, conditions, or applications which can be given effect without the invalid term, condition, or application; to this end the terms and conditions of this Agreement are declared severable.

**21. FORCE MAJEURE**

Neither CITIES nor COUNTY shall be liable or responsible for delays or failures in performance resulting from events beyond the reasonable control of such party and without fault or negligence of such party. Such events shall include but not be limited to acts of God, strikes, lockouts, riots, acts of war, epidemics, acts of government, fire, power failures, nuclear accidents, earthquakes, unusually severe weather, acts of terrorism, or other disasters, whether or not similar to the foregoing, and acts or omissions or failure to cooperate of the other party or third parties (except as otherwise specifically provided herein).

**22. SURVIVAL OF TERMS**

All services performed and deliverables provided pursuant to this Agreement are subject to all of the terms, conditions, price discounts and rates set forth herein, notwithstanding the expiration of the initial term of this Agreement or any extension thereof. Further, the terms, conditions and warranties contained in this Agreement that by their sense and context are intended to survive the completion of the performance, cancellation or termination of this Agreement shall so survive.

**23. AUTHORITY TO EXECUTE**

Each person executing this Agreement represents and warrants that he or she is duly authorized and has legal authority to execute and deliver this Agreement for or on behalf of the parties to this Agreement. Each party represents and warrants to the others that the execution and delivery of the Agreement and the performance of such party's obligations hereunder have been duly authorized.

**24. COUNTERPARTS**

This Agreement may be executed in duplicate counterparts. The Agreement shall be deemed executed when it has been signed by all parties.

Signatures scanned and transmitted electronically shall be deemed original signatures for purposes of this Agreement, with such scanned signatures having the same legal effect as original signatures. This Agreement may be executed through the use of an electronic signature and will be binding on each party as if it were physically executed.

**(SIGNATURE PAGE FOLLOWS)**

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

**COUNTY OF SACRAMENTO**, a political subdivision of the State of California

By: \_\_\_\_\_  
Timothy W. Lutz, Director  
Department of Health Services

“COUNTY”

Date: \_\_\_\_\_

Agreement approved by the Board of Supervisors:

Agenda Date: \_\_\_\_\_

Item Number: \_\_\_\_\_

Resolution Number: \_\_\_\_\_

Contract Reviewed and Approved by County Counsel:

By: \_\_\_\_\_  
Julia Jackson, County Counsel

Date: \_\_\_\_\_

**CITY OF CITRUS HEIGHTS**, a municipal corporation

By: \_\_\_\_\_  
Regina Cave,  
General Services Director

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Ashley J. Feeney, City Manager

Date: \_\_\_\_\_

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Ryan R. Jones, City Attorney

Date: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_  
Amy Van, City Clerk

Date: \_\_\_\_\_

**CITY OF GALT**, a municipal corporation

By: \_\_\_\_\_  
Lorenzo Hines Jr., City Manager

Date: \_\_\_\_\_

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Frank Splendorio, City Attorney

**CITY OF FOLSOM**, a municipal corporation

**CITY OF ELK GROVE**, a municipal corporation

By: \_\_\_\_\_  
Elaine Andersen, City Manager

By: \_\_\_\_\_  
Jason Behrmann, City Manager

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Original Approved As To Content:

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Mark Rackovan, Public Works Director

By: \_\_\_\_\_  
Jonathan P. Hobbs, City Attorney

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Funding Available:

ATTEST:

By: \_\_\_\_\_  
Stacey Tamagni, Finance Director

By: \_\_\_\_\_  
Jason Lindgren, City Clerk

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Original Approved As To Form:

By: \_\_\_\_\_  
Steven Wang, City Attorney

Date: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_  
Christa Freemantle, City Clerk

Date: \_\_\_\_\_

**CITY OF RANCHO CORDOVA**, a  
municipal corporation

**CITY OF SACRAMENTO**, a municipal  
corporation

By: \_\_\_\_\_  
Micah Runner, City Manager

By: \_\_\_\_\_  
For: Howard Chan, City Manager

Date: \_\_\_\_\_

Date: \_\_\_\_\_

ATTEST:

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Stacy Leitner, City Clerk

By: \_\_\_\_\_  
City Attorney

Date: \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM:

ATTEST

By: \_\_\_\_\_  
Adam Lindgren, City Attorney

By: \_\_\_\_\_  
City Clerk

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Prepared by: \_\_\_\_\_  
Kelli Sequest, Waste Management Program Manager  
Department of Waste Management and Recycling  
Phone: (916) 876-5393

**EXHIBIT A to Agreement**  
**SCOPE OF SERVICES**

**1. DEFINITIONS**

- A. "Annual Program Work Plan" means the document that is prepared annually by the EFR Consultant with direction from the EFRWG that identifies planned tasks to be completed within the next fiscal year starting July 1st. The Annual Program Work Plan includes associated task schedules, and the entities responsible for completing those tasks.
- B. "Annual Program Budget" means the line item Program revenues and expenses, along with Program Fund balances, for the fiscal year starting July 1 and ending June 30.
- C. "Capacity Grants" means grants awarded by the EFRWG to Food Recovery Organizations, Food Recovery Services, and/or other entities for expenses related to the provision of Tier 1 and Tier 2 Edible Food Recovery Capacity.
- D. "Capacity Study" means the study that is completed to satisfy edible food recovery capacity requirements set forth in section 18992.2 of the SB 1383 Regulations.
- E. "Edible Food Recovery (EFR) Consultant" means the third-party entity contracted by the COUNTY on behalf of the EFRWG to manage and administer the Program.
- F. "Edible Food Recovery Working Group (EFRWG)" means the Jurisdiction Contact and Jurisdiction Designated Representative of the COUNTY and CITIES who shall have overall responsibility for Program management and oversight of, and coordination with, the Program Manager.
- G. "Fee for Service Food Recovery Services" means a Food Recovery Service that uses a web-based platform to match businesses and events with surplus food to those in need. Their paid or contract drivers pickup and deliver the food to local shelters, after school programs, and other neighborhood food programs. Food Recovery Services may provide both on-demand and subscription service.
- H. "Food Justice" means a holistic and structural view of the food system that sees healthy food as a human right and addresses structural barriers to that right.
- I. "Food Recovery Organization (FRO)" means an entity that engages in the collection or receipt of edible food from commercial edible food generators and distributes that edible food to the public for food recovery either directly or through other entities including, but not limited to:

ITEM 8 ADDITIONAL INFORMATION  
County of Sacramento Contract No. \_\_\_\_\_

1. A food bank as defined in Health and Safety Code section 113783;
  2. A nonprofit charitable organization as defined in Health and Safety Code section 113841; and
  3. A nonprofit charitable temporary food facility as defined in Health and Safety Code section 113842.
- J. "Food Recovery Service" means a person or entity that collects and transports edible food from a commercial edible food generator to a Food Recovery Organization or other entities for food recovery.
- K. "Food Security" means that all people at all times, have physical, social, and economic access to sufficient, safe, and nutritious foods that meets their food preferences and dietary needs for an active and healthy life.
- L. "Jurisdiction Contact" means a member of the EFRWG with responsibility for working with the EFR Consultant on applicable Program issues and items on behalf of their jurisdiction. The Jurisdiction Contact may or may not be the Jurisdictional Designated Representative. There shall be one Jurisdiction Contact for the COUNTY and each CITY.
- M. "Jurisdiction Designated Representative" means a member of the EFRWG who has authority to act on behalf of their jurisdiction.
- N. "Program" means the coordinated countywide edible food recovery program that the COUNTY and CITIES intend to implement to comply with SB 1383 Edible Food Recovery Program Requirements.
- O. "Program Expenses" means expenses related to the Program including but not limited to program management and administrative expenses, and funding for Capacity Grants.
- P. "Program Fund" means the fund to which the COUNTY and CITIES remit their agreed upon portion of the Annual Program Budget, and from which Program Expenses are paid.
- Q. "Real Time Donor and Recipient Matching Software" means software applications that allow businesses that have food available for sale or donation to post the availability of that food and for consumers or food distribution agencies or other neighborhood food programs to claim and receive that food for donation. Delivery of available food from the donor to the recipient is most commonly facilitated by volunteers, although the donating business or receiving party can also provide the necessary collection and delivery function. Such software is envisioned to serve as a component of the Program's Tier 2 edible food recovery

ITEM 8 ADDITIONAL INFORMATION  
County of Sacramento Contract No. \_\_\_\_\_

- capacity, provided an entity is identified that is willing to assume overall responsibility for that capacity.
- R. "SB 1383 Edible Food Recovery Program Requirements" means article 10 of chapter 12 (Short-lived Climate Pollutants) of division 7 of title 14 of the California Code of Regulations.
- S. "SB 1383 Regulations" means chapter 12 (Short-lived Climate Pollutants) of division 7 of title 14 of the California Code of Regulations.
- T. "Tier 1 Commercial Edible Food Generator or Tier 1 Generator" means a commercial edible food generator that is one of the following:
1. Supermarket.
  2. Grocery store with a total facility size equal to or greater than 10,000 square feet.
  3. Food service provider.
  4. Food distributor.
  5. Wholesale food vendor.
- U. "Tier 1 Edible Food Recovery Capacity" means the capacity needed to ensure that all Tier 1 Commercial Edible Food Generators have the ability to meet their regulatory requirement to arrange to recover the maximum amount of edible food that would otherwise be disposed.
- V. "Tier 2 Commercial Edible Food Generator or Tier 2 Generator" means a commercial edible food generator that is one of the following:
1. Restaurant with 250 or more seats, or a total facility size equal to or greater than 5,000 square feet.
  2. Hotel with an on-site food facility and 200 or more rooms.
  3. Health facility with an on-site food facility and 100 or more beds.
  4. Large venue.
  5. Large event.
  6. A state agency with a cafeteria with 250 or more seats or a total cafeteria facility size equal to or greater than 5,000 square feet.
  7. A local education agency with an on-site food facility.
- W. "Tier 2 Edible Food Recovery Capacity" means the capacity needed to ensure that all Tier 2 Commercial Edible Food Generators have the ability to meet their regulatory requirement to arrange to recover the maximum amount of edible food that would otherwise be disposed.

**2. COUNTYWIDE PROGRAM ELEMENTS**

The Program requires developing, implementing, and funding, as necessary, additional Tier 1 and Tier 2 Edible Food Recovery Capacity, and developing other required and/or agreed upon Program components.

The EFRWG will secure required Tier 1 and Tier 2 Edible Food Recovery Capacity through various methods, including providing funding for Capacity Grants.

Tier 1 Edible Food Recovery Capacity will be achieved through a combination of resources, including existing non-profit recovery capacity, new non-profit recovery capacity, and potentially some level of Fee for Service Food Recovery Services.

Tier 2 Edible Food Recovery Capacity will be initially achieved through Fee for Service Food Recovery Services. The EFRWG will also explore the development of a program that is based on Real Time Donor and Recipient Matching Software, as well as opportunities for developing and/or expanding Tier 2 Edible Food Recovery Capacity of existing Food Recovery Organizations in the County.

**3. RESPONSIBILITIES OF THE EDIBLE FOOD RECOVERY WORKING GROUP**

A. EFRWG Composition: The EFRWG is to be comprised of the COUNTY's and each CITY's Jurisdiction Designated Representative and Jurisdictional Contact. A Chair and Vice Chair shall be selected from among the Jurisdictional Designated Representatives in accordance with subsection D (Voting), below, of this section. The Chair and Vice Chair shall each represent a different jurisdiction and shall rotate between jurisdictions. The Chair shall serve for a one-year term, with the Vice Chair rotating into the Chair position after the initial one-year term.

i. The Chair shall be responsible for scheduling meetings, setting agendas, and conducting meetings.

ii. The Vice Chair shall act in the Chair's stead if the Chair is unable to perform their duties, and ensure that accurate meeting minutes are taken and maintained by the EFR Consultant.

B. EFRWG Meetings: Meetings shall occur no less than quarterly with the EFR Consultant to provide quarterly updates, conduct Program planning and take any other necessary or desired actions. In addition to Jurisdiction Designated Representatives and

**ITEM 8 ADDITIONAL INFORMATION**  
 County of Sacramento Contract No. \_\_\_\_\_

Jurisdictional Contacts, other staff from the member jurisdictions consultants to the COUNTY and CITIES, and invitees of the COUNTY and CITIES may attend EFRWG meetings. EFRWG meetings may be conducted virtually.

- C. Overall Program Responsibilities: The EFRWG will have overall responsibility for administering the Program, procurement and oversight of the EFR Consultant, implementation of the approved Annual Work Plan, and other agreed upon short-, medium-, and long-term Program tasks. The EFRWG is not a “legislative body” as defined in Government Code section 54952, and are not subject to the Ralph M. Brown Act’s public meeting requirements. The EFRWG’s purposes are operational and technical in nature, and EFRWG meetings are held to coordinate the responsibilities and assigned functions of COUNTY and CITIES established in this Agreement.
- D. Voting: As necessary, Program decisions, including but not limited to approval of the Annual Work Plan, Annual Program Budget, and Capacity Grant process will be based on the votes cast by each Jurisdiction Designated Representative. No action or recommendation of the EFRWG shall be valid unless a majority of the Jurisdiction Designated Representatives concurs, or unless another benchmark has been previously established and agreed to by a majority of the Jurisdiction Designated Representatives for determining the results of voting on a particular item (e.g. unanimous decision). A majority of the Jurisdiction Designated Representatives shall constitute a quorum for the transaction of all EFRWG business, except that less than a quorum may vote to adjourn a meeting.

COUNTY and each CITY shall have one vote for every 500,000 residents, or portion thereof. Votes shall be exercised by the Jurisdiction Designated Representative. Based on the current population of the jurisdictions, the number of votes are as follows:

<b>Jurisdiction</b>	<b>Population</b>	<b>Percent of Total</b>	<b># of Votes</b>
City of Citrus Heights	87,811	6%	1
City of Elk Grove	176,154	11%	1
City of Folsom	81,610	5%	1

**ITEM 8 ADDITIONAL INFORMATION**  
County of Sacramento Contract No. \_\_\_\_\_

City of Galt	25,849	2%	1
City of Rancho Cordova	78,381	5%	1
City of Sacramento	510,931	33%	2
County of Sacramento	587,898	38%	2
<b>Total</b>	<b>1,548,634</b>	<b>100%</b>	<b>9</b>

The number of votes per jurisdiction shall be reviewed annually and adjusted, as necessary, based on the then-current populations of the participating jurisdictions, as reported by the California Department of Finance.

- E. Fiscal Year 2023/2024 and Fiscal Year 2024/2025 Annual Program Budget and Annual Program Work Plan: The Annual Program Budget (Attachment 1) and the Annual Program Work Plan (Attachment 2) for the initial two years of this Agreement are agreed upon with the approval of this Agreement by all parties.
- F. Develop and Approve Annual Program Budget and Annual Program Work Plan: Beginning with Fiscal Year 2025/2026, the EFRWG shall be responsible for developing the Annual Program Budget and Annual Program Work Plan, in coordination with the EFR Consultant. A preliminary Annual Program Budget and preliminary Annual Work Plan shall be approved by no later than January 1 each year for the following fiscal year (July 1-June 30). A final Annual Program Work Plan and final Annual Program Budget shall be approved by no later than October 1 each year for the current fiscal year (July 1-June 30). All Annual Work Plan and Annual Program Budget approvals and any amendments thereto shall be voted on pursuant to section D above.
- G. Capacity Planning: The EFRWG shall coordinate future required capacity planning, including the preparation of required implementation schedules, and associated reporting as required by section 18992.3 of the SB 1383 Regulations
- H. Countywide Food Security Planning Coordination: The EFRWG shall coordinate with broader Food Security and Food Justice planning in Sacramento County as it deems appropriate.

**4. COUNTY AND CITIES RESPONSIBILITIES**

- A. Jurisdiction Designated Representative and Alternate: COUNTY and each CITY shall designate a Jurisdiction Designated Representative who shall have voting authority on behalf of their

jurisdiction, and an alternate who shall have voting authority in the event the Jurisdiction Designated Representative is not available.

- B. Jurisdiction Contact: COUNTY and each CITY shall designate one Jurisdiction Contact with responsibility for working with the EFR Consultant on applicable Program issues and items, as directed by the EFRWG. The Jurisdiction Contact may or may not be a Jurisdiction Designated Representative.
- C. Funding: COUNTY and each CITY shall establish funding mechanism(s) and remit their respective funding contribution of the Annual Program Budget to COUNTY pursuant to Exhibit B.
- D. Public Education and Outreach: COUNTY and each CITY shall be responsible for public education and outreach, as described in the SB 1383 Edible Food Recovery Program Requirements and as such requirements apply to their respective jurisdictions, unless otherwise agreed to by the COUNTY and CITIES.
- E. Inspection and Enforcement: COUNTY and each CITY shall be responsible for inspection and enforcement, as described in SB 1383 Edible Food Recovery Program Requirements and as such requirements apply to their respective jurisdictions, unless otherwise agreed to by the COUNTY and CITIES.
- F. Recordkeeping and Reporting: COUNTY and each CITY shall be responsible for recordkeeping and reporting, as described in SB 1383 Edible Food Recovery Program Requirements and as such requirements apply to their respective jurisdictions, unless otherwise agreed to by the COUNTY and CITIES.

**5. EFR CONSULTANT RESPONSIBILITIES**

- A. Oversight of Tier 1 Edible Food Recovery: The EFR Consultant, in coordination with the Jurisdiction Contacts, shall be responsible for creation of programs that increase Tier 1 Edible Food Recovery Capacity to regional Tier 1 Commercial Edible Food Generators.
- B. Oversight of Tier 2 Edible Food Recovery: The EFR Consultant, in coordination with the Jurisdiction Contacts, shall be responsible for creation of programs that increase Tier 2 Edible Food Recovery Capacity to regional Tier 2 Commercial Edible Food Generators.
- C. Develop Annual Program Work Plan and Annual Program Budget: The EFR Consultant shall prepare and submit a preliminary Annual Program Work Plan and a preliminary Annual Program Budget to the EFRWG for review and comment by November 1 each year for the following fiscal year (July 1-June 30) with final approval by the Jurisdiction Designated Representatives by no later than January 1 each year. Pursuant to the COUNTY and CITIES budget approval

ITEM 8 ADDITIONAL INFORMATION  
County of Sacramento Contract No. \_\_\_\_\_

processes, the EFR Consultant shall prepare and submit a final Annual Program Work Plan and a final Annual Program Budget for approval by the Jurisdiction Designated Representatives by no later than October 1 each year for the current fiscal year (July 1- June 30).

- D. Overall Program Development and Implementation: The EFR Consultant shall have responsibility for the management of all approved Annual Program Work Plan tasks, as directed by the EFRWG.
- E. Quarterly Meetings: The EFR Consultant shall facilitate meetings with the EFRWG at least quarterly, or more frequently as otherwise directed by the EFRWG. The EFR Consultant shall be responsible for preparing, at the Direction of the EFRWG Chair, meeting agendas and minutes for approval by the Jurisdiction Designated Representatives. Agendas shall include regular Program updates and any other appropriate Program issues or actions to be addressed by the EFRWG. Minutes shall include, at a minimum, a summary of program issues discussed, a clear description of any issues voted on, voting results, future action items, and attached budget summaries.
- F. Updating List of Tier 1 Commercial Edible Food Generators, Tier 2 Commercial Edible Food Generators, Food Recovery Organizations, and Food Recovery Services: The EFR Consultant shall identify any known changes to the then current list of Tier 1 Commercial Edible Food Generators, Tier 2 Commercial Edible Food Generators, Food Recovery Organizations, and Food Recovery Services and report that information to the EFRWG by October 1 each year.
- G. Pursuing Grant Funding Opportunities: The EFR Consultant shall be responsible for tracking and identifying grant funding opportunities, and shall prepare or otherwise facilitate grant applications that the EFRWG desires to pursue on behalf of the EFRWG to benefit the Program.
- H. Managing Capacity Grant Applications and Awards: The EFR Consultant shall be responsible for managing the Capacity Grant application and award process in conjunction with the EFRWG.

**6. COUNTY RESPONSIBILITIES**

- A. Contracting with EFR Consultant: COUNTY shall execute and administer the contract with the EFR Consultant on behalf of the COUNTY and CITIES. Tasks associated with contract administration include, but are not limited to, contract

procurement, invoice processing and payment, and preparation of contract amendments.

- B. Managing of Program Related Funds: COUNTY shall create and maintain the Program Fund, fund centers, and cost centers necessary to support the Program's revenues, expenditures, and fund balance. Tasks associated with the management of Program Fund include, but are not limited to, initial fund set-up, collection of funds, distribution of funds, and annual reporting of account activities to the EFRWG.
- C. Tracking and Reimbursement of COUNTY Costs: COUNTY shall track its costs associated with its Program responsibilities listed above and shall be reimbursed for such Program expenses as specified in Exhibit B.

**7. CAPACITY GRANT APPLICATION AND AWARD PROCESS**

The EFRWG shall develop and administer a Capacity Grant application and award process to be managed by the EFR Consultant. Capacity Grants may be awarded for both additional Tier 1 and Tier 2 Edible Food Recovery Capacity, as well as for costs related to existing Tier 1 and Tier 2 Edible Food Recovery Capacity. Capacity Grant Funding is described in Exhibit B.

**EXHIBIT B to Agreement**

**FUNDING AND COMPENSATION**

**1. COUNTY AND CITIES FUNDING RESPONSIBILITIES**

- A. Allocation of Revenue Requirements to Fund the Program Among COUNTY and each CITY: The Annual Program Budget revenue commitment shall be allocated among the COUNTY and each CITY pursuant to Attachment 3 and based on the following allocation methodology:
1. 50% of the agreed upon annual Program revenue requirement will be allocated to the COUNTY and each CITY based on their respective percentage of overall Countywide population as reported by the 2020 census; and
  2. 50% of the agreed upon annual Program revenue requirement will be allocated to the COUNTY and each CITY based on their respective percentage of the total number of Tier 1 and Tier 2 generators in the County that are located in their individual jurisdiction based on the most recently completed Tier 1 and 2 generator list published by the EFR Consultant on October 1 of each year.
- B. Annual Program Budget Revenue: COUNTY and each CITY shall commit revenue to fund the Program according section 1.A above and remit 25% of their revenue commitment of the preliminary Annual Program Budget into the Program Fund by no later than August 1 each year, with the remaining portion pursuant to the approved final Annual Program Budget deposited by no later than November 1 each year.
- C. Annual Program Budget Revenue Requirement In Excess of 10% From Prior Fiscal Year: Beginning in Fiscal Year 2025/2026, if an individual jurisdiction's allocated annual revenue requirement for COUNTY or any CITY exceeds 110% of the prior year allocated annual revenue requirement, then said COUNTY or CITY may elect to withdraw for cause from the Agreement pursuant to section 18.
- D. Inability to Fund Allocated Revenue Requirement Amount: If COUNTY or any CITY is unable to fully fund its allocated annual revenue requirement, then said COUNTY or CITY shall withdraw from this Agreement pursuant to section 18,
- E. Non-Program Related Jurisdictional Edible Food Recovery Funding: Non-Program related funding, including grant funding, obtained by COUNTY or any CITY specific to Tier 1 or Tier 2 commercial edible food recovery and/or distribution capacity shall

not be used by the respective jurisdiction to offset its Annual Program Budget funding requirement. COUNTY and/or any CITY shall still be obligated to fully fund their allocated revenue requirement amount.

- F. Grant Funding: Any grant funding obtained by COUNTY or any CITY with the assistance of the EFR Consultant shall be directed to the Program Fund and shall not be used by the respective jurisdiction to offset its Annual Program Budget funding requirement for the next fiscal year. COUNTY and/or any CITY shall still be obligated to fully fund their allocated revenue requirement amount.

**2. CAPACITY GRANT FUNDING**

- A. Capacity Grant Funding: Funding for Capacity Grants shall be provided in the Annual Program Budget, as determined by the EFRWG. Any Annual Program Budget funding earmarked for Capacity Grants that are not awarded in the fiscal year they were budgeted shall be made available for Capacity Grant funding in future years, unless otherwise directed by the EFRWG.
- B. Equitable Distribution of Capacity Grant Monies: COUNTY and CITIES intend to distribute Capacity Grant monies among Food Recovery Organizations, Food Recovery Services and/or other entities that recover and/or distribute food recovered from Tier 1 or Tier 2 Commercial Edible Food Generators in a manner that best supports optimizing commercial edible food recovery and distribution in the County, with consideration for equitably distributing Capacity Grant monies among those entities that apply for Capacity Grants.

**3. REIMBURSEMENT OF COUNTY PROGRAM COSTS**

COUNTY shall be reimbursed for its Program costs associated with the tasks outlined in Exhibit A, section 6.

COUNTY shall submit an expenditure itemization summary to the EFRWG on a quarterly basis. Billing shall reflect COUNTY administrative Program costs and/or pass-through EFR Consultant contract costs.

All billing shall be based on current contract and/or labor rate schedules that will be updated annually. All invoices submitted by the EFR Consultant to COUNTY for payment will be submitted as pass through costs to the Program Fund.

<b>ANNUAL PROGRAM BUDGET</b>		
	<b>Year 1</b>	<b>Year 2</b>
<b>Program Coordinator Annual Cost</b>	<b>\$ 200,000</b>	<b>\$ 200,000</b>
<b>County Program Fund Administrative Costs</b>	<b>\$ 25,000</b>	<b>\$ 25,000</b>
<b>Other Budgeted Program Costs [TBD]</b>	<b>\$ 350,000</b>	<b>\$ 350,000</b>
<b>Tier 1 Additional Route Costs (Capacity Grants)</b>	<b>\$ 400,000</b>	<b>\$ 800,000</b>
<b>Tier 2 Program Costs</b>	<b>\$ 25,000</b>	<b>\$ 100,000</b>
<b>Existing Capacity Capital Replacement Costs (Capacity Grants)<sup>(1)</sup></b>	<b>\$ 500,000</b>	<b>\$ 500,000</b>
<b>2024 Capacity Study</b>	<b>NA</b>	<b>\$ 50,000</b>
<b>Total</b>	<b>\$ 1,500,000</b>	<b>\$ 1,975,000</b>

(1) Assumes projected existing capacity capital costs of \$2.5 million amortized over 5 years.

## ANNUAL PROGRAM WORK PLAN

### Primary Tasks

#### Overall Program Planning

1. Maintain a current list of all Tier 1 and Tier 2 commercial edible food generators
2. Maintain a current list of all FROS
3. Draft and Issue RFP For County SB 1383 Edible Food Recovery Program Manager | Select Program Manager
4. Develop Capacity Grant Program
5. Initiate Ongoing Coordination with FROS, Food Distributors, and other Hunger Relief Organizations and Services in the County
  - a. Issue FROS Informational Letter
  - b. Issue T1 Capacity Letter of Interest – Capacity Grant Information
  - c. Issue Letter of Interest to Local Non-Profits for the Operation of Real-Time Donor to Recipient Matching Edible Food Recovery Capacity
6. Coordinate with Jurisdictional Inspection and Enforcement Programs
7. Coordinate with Jurisdictional Tier 1 and Tier2 Commercial Edible Food Generator Public Education and Outreach Programs
  - a. Strive for consistent Countywide information and branding

#### Tier 1 Capacity Planning

8. Assess Available Recovery Capacity of Non-Profit FROS not Affiliated with SFBFS, and the need for Developing Additional Capacity.
9. Identify and assess Tier 1 Supermarket and Grocery Stores not in Compliance
10. Identify and assess Tier 1 Food Distributors and Wholesale Food Vendors not in Compliance
11. Award Tier 1 Capacity Grants to FROS
12. Roll-Out Services to all Tier 1 Generators

#### Tier 2 Capacity Planning

13. Coordinate with Tier 2 Fee-for-Service Food Recovery Services and Develop / Implement Tier 2 Compliance Plan
14. Explore Potential to Develop/Expand Non-Profit Tier 2 Edible Food Recovery Capacity
15. Assess Potential for Implementing Real-Time Donor to Recipient Matching Software in Conjunction with Coordination with Letter of Interest (#8c above)

### Secondary Tasks

#### Overall Program Planning

1. Coordinate with Feeding America / Regional Food Banks
2. Coordinate with the City of Isleton and Rancho Murieta CSD
3. Support / Advocate For Coordinated Countywide Food Security Planning

Jurisdiction	Collection Component						Distribution Component	
	Tier 1		Tier 2		Tier 1 + Tier 2		Population	
	Residents	% of Total	Residents	% of Total	Residents	% of Total	Residents	% of Total
Citrus Heights	10	4%	17	9%	27	6%	87,811	6%
Elk Grove	23	8%	27	14%	50	11%	176,154	11%
Folsom	13	5%	21	11%	34	7%	81,610	5%
Galt	4	1%	2	1%	6	1%	25,849	2%
Rancho Cordova	13	5%	10	5%	23	5%	78,381	5%
Sacramento	114	42%	62	32%	176	38%	510,931	33%
County	94	35%	56	29%	150	32%	587,898	38%
	271	100%	195	100%	466	100%	1,548,634	100%

Jurisdiction	50% - 50% Allocation	\$1.5 Million Year 1 Budget	\$1.975 Million Year 2 Budget
		Year 1	Year 2
Citrus Heights	6%	\$ 85,982	\$ 113,209
Elk Grove	11%	\$ 165,783	\$ 218,281
Folsom	6%	\$ 94,245	\$ 124,089
Galt	1%	\$ 22,175	\$ 29,197
Rancho Cordova	5%	\$ 74,977	\$ 98,720
Sacramento	35%	\$ 530,705	\$ 698,761
County	35%	\$ 526,134	\$ 692,743
Total	100%	\$ 1,500,000	\$ 1,975,000