



EAST PALO ALTO SANITARY DISTRICT (EPASD) ADVISORY COMMITTEE SPECIAL MEETING AGENDA

Thursday, September 24, 2026, 5:30 PM
East Palo Alto City Hall Government Center
Council Chambers
2415 University Ave, 1st Floor
East Palo Alto, CA 94303

NOTICE

This East Palo Alto Sanitary District Advisory Committee Special meeting will be held virtually and in-person at the Council Chambers located on 2415 University Ave, First Floor East Palo Alto, CA 94303. The virtual portion of this meeting will be conducted in accordance with City of East Palo Alto Resolution adopted pursuant to Assembly Bill 361.

The public may participate in the East Palo Alto Sanitary District Advisory Committee Special Meeting via Zoom Meeting or by attending in -person in the Council Chambers at 2415 University Ave, First Floor East Palo Alto, CA 94303. Community members may provide comments by emailing info@epasd.com, submitting a speaker card at the meeting, or using the **RAISE HAND** feature when the Chair or East Palo Alto Sanitary District Advisory Committee Clerk calls for public comment. Emailed comments should include the specific agenda item on which you are commenting.

Please click this URL to join

<https://us06web.zoom.us/j/81622197830>

Or join by phone:

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Webinar ID: 816 2219 7830

International numbers available: <https://us06web.zoom.us/j/81622197830>

1. **CALL TO ORDER AND ROLL CALL**

2. **APPROVAL OF THE AGENDA**

3. **APPROVAL OF THE MINUTES**

Recommendation: Staff recommend that the East Palo Alto Sanitary District Advisory Committee approve the Minutes of June 24, 2026, as presented in the packet as accurate reflection of the meeting.

4. **PUBLIC COMMENT**

5. **SPECIAL PRESENTATIONS**

Recommendation:

1. Receive an informational report from the Utility Manager about the Palo Alto Regional Water Quality Control Plant (RWQCP) borrowing of funds on an interim basis for improvements to the RWQCP and the RWQCP proposing an 'Addendum 2' to the partner agreement with EPASD.
2. EPASD Advisory Committee to provide comments and recommendations on the EPASD Board adopting Addendum 2 into the partner agreement between the RWQCP and EPASD.

6. **STAFF/COMMITTEE ORAL REPORTS**

7. **DISCUSSION AND ACTION**

East Palo Alto Sanitary District Advisory Committee Draft Work Plan

Recommendation:

1. Receive an update from the Utility Manager about the EPASD Work Plan presentation strategy
2. EPASD Advisory Committee to provide comments and recommendations on the EPASD presentation strategy of dividing Workplan Section 1 into Part I and Part II, presented to the advisory committee at two different scheduled meetings.

8. **WRITTEN COMMUNICATIONS**

9. **FUTURE COMMITTEE AGENDA ITEM REQUESTS**

10. **ADJOURNMENT**

This Notice of Availability of Public Records: All public records relating to an open session item which are not exempt from disclosure pursuant to the Public Records Act, that are distributed to the majority of the East Palo Alto Sanitary District Advisory Committee will be available for public inspection at the City Clerk's Office, 2415 University Avenue, East Palo Alto, CA at the same time that the public records are distributed or made available to the East Palo Alto Sanitary District Advisory Committee. Such documents may also be available on the East Palo Alto website www.cityofepa.org subject to staff's ability to post the documents prior to the meeting. Information may be obtained by calling (650) 853-3100.

The East Palo Alto Sanitary District Advisory Committee meeting packet may be reviewed by the public in the Library or the City Clerk's Office. Any writings or documents pertaining to an open session item provided to a majority of the East Palo Alto Sanitary District Advisory Committee less than 72 hours prior to the meeting, shall be made available for public inspection at the front counter at the City Clerk's Office, 2nd Floor, City Hall, 2415 University Avenue, East Palo Alto, California 94303 during normal business hours. Information distributed to the East Palo Alto Sanitary District Advisory Committee at the Special meeting becomes part of the public record. A copy of written material, pictures, etc. should be provided for this purpose.

East Palo Alto City Council Chambers is ADA compliant. Requests for disability related modifications or accommodations, aids or services may be made by a person with a disability to the City Clerk's office at (650) 853-3127 no less than 72 hours prior to the meeting as required by Section 202 of the Americans with Disabilities Act of 1990 and the federal rules and regulations adopted in implementation thereof.

DECLARATION OF POSTING

This Notice is posted in accordance with Government Code §54954.2(a) or §54956. Members of the public can view electronic agendas and staff reports by accessing the City website. Under penalty of perjury, this Agenda was posted to the public at least 72 hours prior to the meeting.

POSTED: September 21, 2026

ATTEST:

Lenina M. Tatakamotonga

East Palo Alto Sanitary District
Advisory Committee Clerk



EAST PALO ALTO SANITARY DISTRICT STAFF REPORT

DATE: September 24, 2026

TO: East Palo Alto Sanitary District Advisory Committee

BY: Lenina M. Tatakamotonga, EPASD Committee Clerk

SUBJECT: East Palo Alto Sanitary District Advisory Committee Minutes of July 14, 2026

Recommendation

Staff recommend that the East Palo Alto Sanitary District Advisory Committee approve the Minutes of July 14, 2026, as presented in the packet as accurate reflection of the meeting.

Background

The East Palo Alto Sanitary District Advisory Committee will consider adoption the Minutes of July 14, 2026.

Public Notice

The public was provided notice of this agenda item by posting the Public Works & Transportation Commission agenda on the City's official bulletin board outside City Hall and making the agenda and report available at the City's website and at the San Mateo County Library located at 2415 University Avenue, East Palo Alto.

Government Code § 84308

Applicability of Levine Act: No, not applicable.

Analysis of Levine Act Compliance: Not applicable.

Attachments

1. Draft EPASD AC Minutes of July 14, 2026.

**EAST PALO ALTO SANITARY DISTRICT
ADVISORY COMMITTEE SPECIAL
MEETING MINUTES**



Thursday, September 24, 2026, 5:30 PM
East Palo Alto City Hall Government Center
2415 University Avenue, 1st Floor
East Palo Alto, CA 94303

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order by Vice Chair Griffin at 5:31 PM.

Attendee Name	Title	Status	Arrived
Deborah Lewis Virges	Chair	Absent	5:43 PM
Stephanie Griffin	Vice Chair	Present	
Grace Popple	Committee	Present (Remote)	
Vamsi Velagapudi	Committee	Present	
Mario Mendoza	Committee	Present	
Gail Dixon	Committee	Present	

2. APPROVAL OF THE AGENDA

RESULT: APPROVED
MOTION BY: Velagapudi
SECOND: Popple
AYES:
NOES: Griffin
ABSENT: Lewis Virges

3. APPROVAL OF THE MINUTES

3.1 East Palo Alto Sanitary District Advisory Committee Minutes of July 14, 2026

Recommendation: Staff recommend that the East Palo Alto Sanitary District Advisory Committee approve the Minutes of July 14, 2026, as presented in the packet as an accurate reflection of the meeting.

Committee Velagapudi moved to approve the minutes, seconded by Committee Popple. The motion passed.

RESULT: APPROVED
MOTION BY: Popple
SECOND: Velagapudi
AYES: Griffin, Mendoza, Dixon
NOES:
ABSENT: Lewis Virges

4. **PUBLIC COMMENT** None.
5. **STAFF/COMMITTEE ORAL REPORTS** None.
6. **DISCUSSION AND ACTION** None.

6.1 EPASD AC Ad Hoc Committee Draft

Recommendation:

1. Receive an informational report from the EPASD Ad Hoc Committee concerning an EPASD Draft Workplan Framework.
2. EPASD Advisory Committee to provide comments, direction and consider adoption of the workplan, or continue item for further refinement, and consideration at next Advisory Committee meeting.
3. EPASD Advisory Committee to select topic within the Draft Workplan framework to study, review, and discuss at next Advisory Committee meeting.

Public Comment: None.

RESULT: APPROVED [UNANIMOUS]
MOTION BY: Popple
SECOND: Velagapudi
AYES: Griffin, Mendoza, Dixon
NOES:
ABSENT: Lewis Virges

6.2 Public Hearing and Approval of Previously Adopted Sewer Service Charges to be Collected on the San Mateo County Tax Roll for FY 2026-27

Recommendation:

1. Give an informational report to the advisory committee for EPASD's FY 2026-27 sewer service charges on the San Mateo County secured property tax roll pursuant to Health and Safety Code §5473–5473.4; and
2. Item will be going to EPASD Board on July 21, 2026 for approval.

Finance Director, Tomohito Oku presented on Public Hearing and Approval of Previously Adopted Sewer Service Charges to be collected on the San Mateo County

Tax Roll for FY 2026-27 Presentation. Discussion occurred among the Commissioners. City staff addressed questions and provided additional clarification.

Public Comment: None.

RESULT: APPROVED [UNANIMOUS] MOTION BY: Velagapudi SECOND: Popple AYES: Griffin, Mendoza, Dixon NOES: ABSENT: Lewis Virges

- 7. **SPECIAL PRESENTATIONS** None.
- 8. **WRITTEN COMMUNICATIONS** None.
- 9. **FUTURE COMMITTEE AGENDA ITEM** None.
- 10. **ADJOURNMENT**

The meeting was adjourned at 6:28 PM.



EAST PALO ALTO SANITARY DISTRICT STAFF REPORT

DATE: September 24, 2026

TO: East Palo Alto Sanitary District Advisory Committee Members

VIA: Melvin E. Gaines, General Manager

BY: Matt Vining, Utility Manager

SUBJECT: Palo Alto RWQCP Addendum 2 to the partner agreement with EPASD

Recommendation

1. Receive an informational report from the Utility Manager about the Palo Alto Regional Water Quality Control Plant (RWQCP) borrowing of funds on an interim basis for improvements to the RWQCP and the RWQCP proposing an 'Addendum 2' to the partner agreement with EPASD.
2. EPASD Advisory Committee to provide comments and recommendations on the EPASD Board adopting Addendum 2 into the partner agreement between the RWQCP and EPASD.

Alignment with City Council Strategic Plan

This recommendation is primarily aligned with:

Priority: Governance, Organizational Strength, and Fiscal Sustainability

Priority: Public Infrastructure and Utilities

Background

The RWQCP is currently implementing over \$460 million in capital improvements identified in the 2012 Long Range Facilities Plan (LRFP), including major projects such as the Secondary Treasury Upgrades (WQ-190001), Advanced Water Purification System (WQ-19003), and Headworks Facility Replacement (WQ-16002). These projects are in various stages of design and construction and are funded through a combination of State Revolving Fund (SRF) loans, grants, and debt financing.

The 2012 Long Range Facilities Plan established a comprehensive pathway for modernizing the RWQCP to meet future regulatory requirements, accommodate partner agency flows, and replace aging infrastructure. Many early-phase projects have been completed using SRF loans, which provided favorable interest rates and stable long-term funding.

Several remaining projects, including major process upgrades and facility replacements, do not currently have SRF commitments. In addition, updated cost estimates reflect inflation, increased construction costs, and newly identified facility needs. To ensure continuity of construction and design work, the RWQCP partners authorized a line of credit mechanism through amendments to existing partnership agreements.

The amendments enable the line of credit mechanism for up to five years, enabling the facility to proceed with critical interim financing while staff continue working with state agencies to secure SRF or other long-term funding sources.

City of Palo Alto Staff initiated a comprehensive update to the LRFP in 2024. The LRFP Update, currently underway, will reassess and reprioritize capital improvement needs over the next 50 years, incorporating consideration of updated regulatory requirements, emerging contaminants, and the current condition and performance of existing RWQCP infrastructure. The update will refine project scopes and cost estimates for remaining projects from the 2012 LRFP and identify additional capital improvements necessary to maintain reliable and compliant plant operations. The LRFP Update is expected to significantly increase RWQCP's overall capital needs, highlighting the importance of flexible financing tools such as the proposed LOC.

On November 4, 2025, the City of Palo Alto Finance Committee received an update of the capital improvement program, LRFP Update, capital and O&M cost allocations, program funding strategies and reserve policy. Staff's funding strategies include the following sources:

- State Revolving Fund (SRF) loans administered by the State Water Resources Control Board
- U.S. Environmental Protection Agency Water Infrastructure Finance and Innovation Act (WIFIA) loans
- Utility revenue bonds issued through capital markets
- Line of Credit (LOC)
- Capital budget for smaller or shorter-term projects.

Analysis

The purpose of this staff report is to seek the EPASD Board's approval of Addendum Two to the existing partner agreement, which is required before the City of Palo Alto may utilize the line of credit (LOC) for the authorized RWQCP projects. Palo Alto is seeking similar approval from the governing bodies of the participating RWQCP partner agencies.

The LOC is intended to serve as an interim financing mechanism to provide funding for near-term capital needs while Palo Alto continues to pursue longer-term financing. The LOC will allow

Palo Alto RWQCP Addendum 2 to Partner Agreement with EPASD

the RWQCP to advance necessary capital projects without delaying design or construction while permanent financing is being secured. Project costs financed through the LOC are expected to ultimately be refinanced through a utility revenue bond. A subsequent amendment to the partner agreement will establish the methodology and requirements for each partner's applicable share of the long-term debt service.

Addendum Two primarily addresses partner agency cost-sharing responsibilities and authorizes Palo Alto to utilize the LOC for planned capital improvements. Amendments with the participating agencies maintain the proportional cost allocation methodology established in the respective partner agreements. The interim financing capacity will be used to:

- Complete smaller capital improvement projects currently in construction or ready to bid;
- Advance the design of larger projects requiring additional time to secure long-term financing; and
- Maintain progress on the RWQCP modernization program without delays that could increase future costs or risk regulatory non-compliance.

Addendum Two authorizes up to \$31 million in total project costs, consisting of:

- \$18 million for Headworks Project improvements;
- \$1 million for Outfall Project improvements;
- \$12 million for deferred minor capital projects; and
- Emergency projects, as needed, within the overall \$31 million authorization to maintain continuous, compliant, and safe plant operations.

Approval of Addendum Two by the EPASD Board would authorize Palo Alto to utilize the LOC to finance EPASD's allocated share of these project costs. During the interim financing period, EPASD will be responsible for its proportionate share of interest costs associated with applicable LOC draws, as further described in the Fiscal Impact section.

Palo Alto staff will return to the Palo Alto City Council and partner agencies, as applicable, at key milestones for budget appropriations, project awards, and approval of future long-term financing instruments.

Fiscal Impact

Addendum Two authorizes up to \$31 million in total project costs. Under the Agreement, each partner is responsible for its proportional share of project costs based on the capacity allocation established in Exhibit H. EPASD's capacity allocation is 7.64%. Accordingly, if the full \$31 million authorization is utilized, EPASD's allocated share of the project costs would be approximately \$2.37 million (\$31 million × 7.64%).

Palo Alto RWQCP Addendum 2 to Partner Agreement with EPASD

Palo Alto intends to use the line of credit (LOC) as an interim financing mechanism for the authorized project costs. During the LOC period, EPASD will be responsible for its proportionate share of interest costs incurred on amounts drawn from the LOC for project costs. These LOC interest costs will be included in Palo Alto's quarterly partner billings. Assuming an interest rate of approximately 4% to 5%, the actual interest cost to EPASD will depend on the amount and timing of LOC draws and the period that each amount remains outstanding.

The project costs financed through the LOC, including the outstanding LOC principal, are expected to be subsequently refinanced through a utility revenue bond. Addendum Two does not establish EPASD's long-term debt-service payment requirements for that financing. A subsequent addendum will establish the methodology and requirements for EPASD's payment of its applicable share of the utility revenue bond debt service, including principal and interest.

EPASD currently funds its RWQCP obligations through sewer service charges. The additional capital and financing obligations resulting from Addendum Two will need to be incorporated into EPASD's long-range financial planning and future sewer rate requirements. Current sewer service charges are not expected to fully absorb these additional costs. The precise rate impact is not yet known and will be evaluated through an upcoming rate study, which will determine the timing and level of future rate adjustments needed to support EPASD's share of RWQCP costs over the next 5–10 years.

Public Notice

The public was provided notice by making the agenda and report available on the City's website and on a bulletin board located at City Hall: 2415 University Avenue, East Palo Alto.

Environmental

The action being considered does not constitute a "Project" within the meaning of the California Environmental Quality Act (CEQA), pursuant to CEQA Guideline section 15378 (b)(5), in that it is a government administrative activity that will not result in direct or indirect changes in the environment.

Government Code § 84308

Applicability of Levine Act: NO.

Analysis of Levine Act Compliance: Not applicable.

Attachments

1. RWQCP Proposed Addendum 2 Draft
2. September 2, 2026 RWQCP Partner's Meeting Power Point Slides

**ADDENDUM TWO TO THE SECOND RESTATED AND AMENDED
AGREEMENT BETWEEN THE CITY OF PALO ALTO AND THE EAST PALO
SANITARY DISTRICT FOR WASTEWATER TREATMENT AND DISTRICT
OUTFALL**

This Addendum Two to the Second Restated and Amended Agreement Between the City of Palo Alto and the East Palo Sanitary District for Wastewater Treatment and District Outfall is made and entered into on [DATE], by and among the CITY OF PALO ALTO (“Palo Alto”), a municipal corporation under the laws of the State of California, and the East Palo Alto Sanitary District (“District”), a special district formed under the Sanitary District Act of 1923, individually a “Party” and collectively the “Parties”.

RECITALS

- A. On May 17, 2021, the Parties entered into an agreement entitled the Second Restated and Amended Agreement Between the City of Palo Alto and the East Palo Sanitary District for Wastewater Treatment and District Outfall (“Second Restated and Amendment Agreement” or “Agreement”).
- B. That agreement affirmed the Parties’ respective rights and obligations regarding treatment of wastewater conveyed from the District’s sanitary sewer system at the City’s Regional Water Quality Control Plant, payment of treatment costs, ongoing debt service for major capital improvement projects (as that term is defined therein) to the Regional Water Quality Control Plan, the District’s sanitary sewer outfall line, and pretreatment programs.
- C. Section 6 of the agreement established the Parties’ approval of funding and cost sharing for various major capital improvement projects identified and described therein.
- D. On December 5, 2022, approved Addendum One to the Agreement to provide for the Parties’ respective funding and cost-sharing obligations for the planning and design and construction phases of the Secondary Treatment Upgrades Project.
- E. Palo Alto owns and operates the regional sewage treatment plant that is part of a sewerage system owned and operated by Palo Alto. Palo Alto is responsible for making capital additions to the system. Under the Agreement, any major capital additions for the replacement of obsolete or worn-out units require an agreement by the Parties amending the Basic Agreement.
- F. The Parties now desire to the Agreement to approve the construction of certain capital additions and authorize Palo Alto to pursue and obtain financing to fund the costs of the capital additions described herein.

NOW, THEREFORE, in consideration of the terms, conditions and covenants set forth in this Addendum No. Two, the Second Restated and Amended Agreement Between the City of Palo Alto and the East Palo Sanitary District for Wastewater Treatment and District Outfall (the “Agreement”) is hereby amended, as follows:

AGREEMENT

NOW, THEREFORE, in consideration of the terms, conditions and covenants set forth in this Addendum Three, to the Second Restated and Amendment Agreement is hereby amended, as follows:

SECTION 1. Section 8, Paragraph (a) is added to read as follows:

“a. DESIGN, CONSTRUCTION, AND IMPLEMENTATION OF THE HEADWORKS PROJECT, OUTFALL PROJECT, AND MINOR CAPITAL, AND EMERGENCY PROJECTS.

1. Projects covered by this Addendum. Palo Alto and East Palo Alto Sanitary District hereby approve the following projects (the “Projects”):
 - A. Headworks Project: Design services for the Headworks Facility Replacement Project, including preparation of bid-ready construction documents, coordination and approvals from applicable regulatory and permitting agencies, and engineer's opinions of probable construction cost (OPCC) at major project milestones.
 - B. Outfall Project: Design services and potential construction for the Parallel Outfall Project and Existing Outfall Rehabilitation Project, including preparation of bid-ready construction documents, coordination and approvals from applicable regulatory and permitting agencies, and engineer's opinions of probably construction cost at major project milestones, and related construction activities.
 - C. Deferred minor capital projects including, but not limited to:
 - i. Sludge Thickener Rehabilitation design services and construction services, including preparation of bid-ready construction documents, coordination and approvals from applicable regulatory and permitting agencies, and engineer's opinions of probably construction cost at major project milestones, replacement of the instrumentation and controls, and repair of tank surfaces for the three in-service and for the one out-of-service sludge thickeners.
 - ii. Ventilation Improvements construction, including improvements to the loadout bay mechanical ventilation equipment at the Sludge Dewatering and Loadout Facility.
 - iii. Plant Records Modernization Projects, including digitizing and rectifying the Plant’s process and instrumentation diagram drawings, creating a digital interactive operation and maintenance manual, and GIS mapping of plant facilities.
 - D. Emergency projects: In response to, or to prevent, an infrastructure failure, the use of on-call engineering services, construction, and construction management services contracts required to maintain continuous, compliant, and safe operation of the plant at the discretion of the Plant Manager.
2. Project Costs authorized by this Addendum. The total Project Costs authorized by addendum is \$31 million. Each Party shall pay its share of the Project Costs in proportion to the capacity it owns in the Joint System or portion thereof as shown in Exhibit “H” to Second Restated and Amendment Agreement Agreement. As used in this Paragraph, the term “Project Costs” means all costs incurred in connection with the design, bidding, construction, and implementation of the Projects and shall include, but not be limited to:

engineering and other consultants' fees and costs; deposits, applicable permit fees; construction costs; all costs to apply for and secure necessary permits from all required regional, state, and federal agencies; plan check and inspection fees; startup, commissioning and initial maintenance; insurance; costs associated with financing costs, including issuance costs and interest; and legal and administrative expenses. The estimated amount of Project Costs for each of the projects is as follows:

- A. Headworks Project: \$18 million
- B. Outfall Project: \$1 million
- C. Deferred minor capital projects: \$12 million
 - i. Sludge Thickener Rehabilitation: \$10 million
 - ii. Other minor capital projects: \$2 million

Emergency Projects are not assigned a separate estimated amount and may be undertaken as needed, with costs included within the total Project Costs authorized amount of \$31 million.

3. The Parties further agree that Palo Alto shall have the authority to manage project expenditures within the approved total amount of \$31 million, including the authority to authorize individual expenditures consistent within each project's budget; reappropriate funds among the project budgets; establish and adjust contingency reserves; approve additional expenditures funded from contingency reserves. Palo Alto will provide the Parties with quarterly updates on Project expenditures.
4. Financing and Payment of Project Costs by the Parties. The Parties authorize Palo Alto to obtain and administer a line of credit to fund the costs of the Projects. Palo Alto shall have full authority to negotiate the terms of the line of credit, including interest rate (fixed or variable), draw procedures, repayment terms, collateral requirements, covenants, and fees. Palo Alto's payment obligations with respect to the line of credit will be evidenced by one or more notes. The Parties acknowledge that Palo Alto may obtain the line of credit in its own name, and the Parties agree to cooperate with Palo Alto's financing efforts, including by providing financial information and executing supporting resolutions as reasonably requested. Palo Alto shall maintain records of all financing costs attributable to each draw on the Line of Credit.

District will pay its respective shares of any Project Costs within thirty (30) business days of receipt of the quarterly billing statement sent by Palo Alto. Palo Alto shall not send more than once invoice in any thirty day period. If a Party disputes the correctness of an invoice, it shall pay the invoice in full and the dispute shall be resolved after payment in accordance with Paragraph 19 of the Basic Agreement and shall not offset any payment due.

5. Tax Covenants.
 - A. Definitions. The following definitions relate to the covenants set forth in Section 8(a)(5)(B):

- i. "Bonds" mean obligations the interest on which is intended to be excluded from gross income under the Code, including bonds, notes, leases, credit agreements and other evidences of indebtedness.
- ii. "Code" means the Internal Revenue Code of 1986 as it may be amended from time to time, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

B. Tax Covenants

- i. Private Activity Bond Limitation. The parties will assure that any portion of the Joint System financed by Bonds will not be so used as to cause the Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.
- ii. Federal Guarantee Prohibition. The parties will not take any action or permit or suffer any action to be taken if the result of such action would be to cause any of the Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.
- iii. Maintenance of Tax-Exemption. The parties will take all actions necessary to assure the exclusion of interest on the Bonds from gross income under the Code.
- iv. Record Retention. The parties will retain their records related to the use of any portion of the Joint System financed by Bonds for least 3 years after the Bonds (including any refunding bonds) mature or are redeemed (whichever is earlier).
- v. Certificates. In connection with the issuance of Bonds, the parties will execute documentation requested by Palo Alto's bond counsel as support for its opinion as to the exclusion of interest on the Bonds from gross income under the Code.

SECTION 2. Except as modified herein, the Second Restated and Amended Agreement shall remain unchanged, and is hereby ratified and confirmed.

[SIGNATURE PAGE FOLLOWS]

Reserve Policy Studies

- Staff Reserve Recommendations
- Status Update
- Review Recommended Reserve Types, Targets/Calculations, and Ramp-up
- Discussion and Next Steps

RESERVE POLICY RECOMMENDATIONS SUMMARY

Reserve Types and Targets

O&M Reserves:

Operations Outlay: 20% of Annual Operating Costs.

Other Outlay: 100% of Minor CIP Annual Authorization.

Capital Reserves:

Target 10% of Average Annual 5-yr Capital Plan.

Debt Reserves:

Match debt covenant requirements (City charter and covenant; typically one year's debt payment).

Rate Stabilization Reserves:

Eliminate. Part of existing CPA policy, but RWQCP Partners establish sewer rates within their jurisdictions.

Reserve Implementation

Follow a 5-year ramp up schedule with a fixed rate/percentage increase for all reserve funds.

RECOMMENDED FY2033 RESERVE TARGETS

Partner	Fixed Share	Debt Reserve	Capital Reserve	FY27 Flow & Load Share	O&M Reserve		Total Target
					Other Outlay	Operations Outlay	
Plant Targets*	--	\$16,868,000	\$3,322,000	--	\$5,200,000	\$9,040,000	\$34,430,000
Palo Alto	38.16%	\$6,266,000	\$1,268,000	36.01%	\$1,873,000	\$3,255,000	\$12,662,000
Mountain View*	37.89%	\$6,669,000	\$1,259,000	41.50%	\$2,158,000	\$3,752,000	\$13,838,000
Los Altos	9.47%	\$1,555,000	\$315,000	7.94%	\$413,000	\$718,000	\$3,001,000
Los Altos Hills	1.58%	\$259,000	\$52,000	2.02%	\$105,000	\$183,000	\$599,000
Stanford	5.26%	\$864,000	\$175,000	6.75%	\$351,000	\$610,000	\$2,000,000
EPASD	7.64%	\$1,255,000	\$254,000	5.78%	\$301,000	\$523,000	\$2,333,000

*Includes AWPS Debt Reserve Requirement which only MV contributes to

RECOMMENDED 2029 - 2033 RESERVE CONTRIBUTIONS: 5-YR, EQUAL PERCENTAGE RAMP UP

Partner	Rate of Increase	FY 29	FY 30	FY 31	FY 32	FY 33	Total Target
Forecasted Plant Budget for Ref.*	-	\$48,533,000	\$64,081,000	\$65,081,000	\$66,780,000	\$68,495,000	-
Plant Targets**	73%	\$3,844,000	\$2,806,000	\$4,855,000	\$8,399,000	\$14,526,000	\$34,430,000
Palo Alto	73%	\$1,414,000	\$1,032,000	\$1,786,000	\$3,089,000	\$5,341,000	\$12,662,000
Mountain View*	73%	\$1,545,000	\$1,128,000	\$1,951,000	\$3,376,000	\$5,838,000	\$13,838,000
Los Altos	73%	\$335,000	\$245,000	\$423,000	\$732,000	\$1,266,000	\$3,001,000
Los Altos Hills	73%	\$67,000	\$49,000	\$85,000	\$147,000	\$251,000	\$599,000
Stanford	73%	\$223,000	\$163,000	\$282,000	\$488,000	\$844,000	\$2,000,000
EPASD	73%	\$260,000	\$190,000	\$329,000	\$569,000	\$985,000	\$2,333,000

*Based on March 2026 Update to the FY27 Forecast

**Includes AWPS Debt Reserve Requirement which only MV contributes to

RECOMMENDED 2029 - 2033 RESERVE BALANCES: 5-YR, EQUAL PERCENTAGE RAMP UP

Partner	Rate of Increase	FY 29	FY 30	FY 31	FY 32	FY 33	Total Target
Plant Targets*	73%	\$3,844,000	\$6,650,000	\$11,505,000	\$19,904,000	\$34,434,000	\$34,430,000
Palo Alto	73%	\$1,414,000	\$2,446,000	\$4,232,000	\$7,321,000	\$12,665,000	\$12,662,000
Mountain View*	73%	\$1,545,000	\$2,673,000	\$4,624,000	\$8,000,000	\$13,840,000	\$13,838,000
Los Altos	73%	\$335,000	\$580,000	\$1,003,000	\$1,735,000	\$3,002,000	\$3,001,000
Los Altos Hills	73%	\$67,000	\$116,000	\$201,000	\$348,000	\$602,000	\$599,000
Stanford	73%	\$223,000	\$386,000	\$668,000	\$1,156,000	\$2,000,000	\$2,000,000
EPASD	73%	\$260,000	\$450,000	\$779,000	\$1,348,000	\$2,332,000	\$2,333,000

*Includes AWPS Debt Reserve Requirement which only MV contributes to

WHY DO A RESERVES STUDY?

Current Status

- Dated reserve policy that's not necessarily relevant to the Plant
 - Not necessarily tailored to WWTP (partners instead of ratepayers)
 - Not actively managed/tracked

Future Status

- Long Range Facility Plan-Update will identify updated/expanded capital improvement program
- Long-term solution as Line of Credit is an interim solution

Parallel Efforts

- The City, with BakerTilly, is accessing its current reserve policies and making recommended changes.
- Raftelis is reviewing their work, and aligning RWQCP policies where appropriate/relevant

PARTNER BENEFITS OF SUSTAINABLE RESERVES

Reduced volume of staff reports and partner amendments.

Reduced (eliminated) general fund loans and associated interest.

Smoothed-out impacts of market forces on annual expenses.

Strong bank balances helps sustain credit worthiness for future financing

RESERVES STUDY SCOPE

Purpose

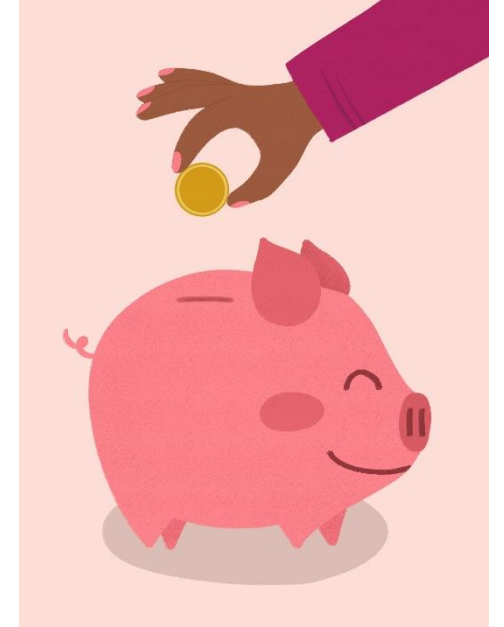
- Maintain financial stability for Operations and Capital
- Fund cash flow and emergencies

Raftelis Scope

- Survey of regional utilities agencies to identify practices on reserve targets
- Assessing targets, funding levels, and debt policy alignment
- Schedule
 - › Preliminary recommendations: Summer 2026
 - › Implementation: FY2029 with new cost allocation updates

Coordination

- Align with BakerTilly recommendations
- Provide Partner updates and respond to feedback



RESERVE POLICY STUDY - TIMELINE

2025

- June:** Addressing JISR budget shortfall, Partners identified reserves to reduce future volatility
- September:** Proposed a plan to assess reserves
- October:** Contracted with Raftelis to perform a Reserve Study
- November:** Surveyed other wastewater treatment facilities

2026

- February:** Presented initial findings to S&C
- March:** Presented initial findings to Partners; aligned with management’s responses on Baker Tilly report
- June:** Status update to S&C. Continued alignment with Baker Tilly Report
- September:** Partners Meeting specifically focused on reserves including implementation plan and partner specific amounts
- October:** Present findings to the Finance Committee
- November:** Capture preferred approach in FY 2028 forecast, with Year-1 costs starting in FY 2029

2027-2028

- Spring/Summer 2027:**
 - Return to Finance Committee with final recommendations
 - CPA Council approval of RWQCP reserve policy
 - Update Partners Agreements to incorporate reserve
- July 2028:** Ramp-up for reserves begin with FY2029 Q1 billings

WORKING DEFINITIONS OF RESERVE TYPES

- **O&M Reserves:**

Operations Outlay: Cover working capital for operations and maintenance expenses + any unexpected increases in operating costs during year

Other Outlay: Funds needed for non-debt funded capital expenses, typically need the total capital expenditure for the year upfront (i.e., working capital for Minor CIP)

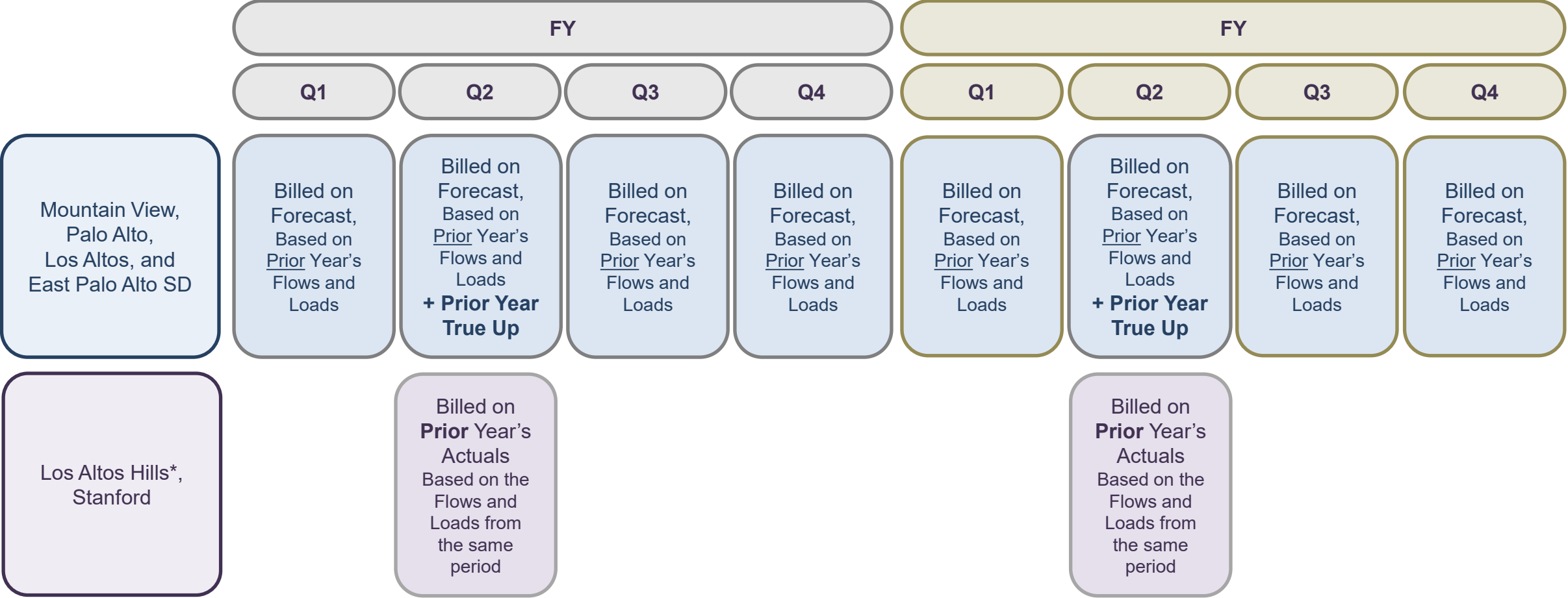
- **Capital Reserves:** Cover unexpected increases, contingencies, and emergencies
- **Debt Reserves:** Funds required by debt covenants (also referred to as Notes and Loans Reserves)
- **Rate Stabilization Reserves:** Cover changes in use patterns and associated rate revenues and unexpected increased costs

SURVEY: THE PEER GROUP

- **San Jose / Santa Clara (Regional Facility):** Includes Milpitas, Cupertino SD, Burbank SD, West Valley SD (Campbell, Los Gatos, Monte Sereno, Saratoga)
- **Silicon Valley Clean Water (JPA):** Redwood City, San Carlos, Belmont, Most of Menlo Park (aka West Bay Sanitary District)
- **San Mateo / Foster City (Shared Plant):** Includes Hillsborough, Crystal Springs CSD, some portions of San Mateo County
- **Oro Loma / Castro Valley (Shared Plant)**
- **South SF / San Bruno (Shared Plant):** Includes portions of Daly City and Colma, some additional very small partners
- **Sunnyvale (Sole Ownership):** Includes parts of Cupertino and San Jose
- **Hayward (Sole Ownership)**

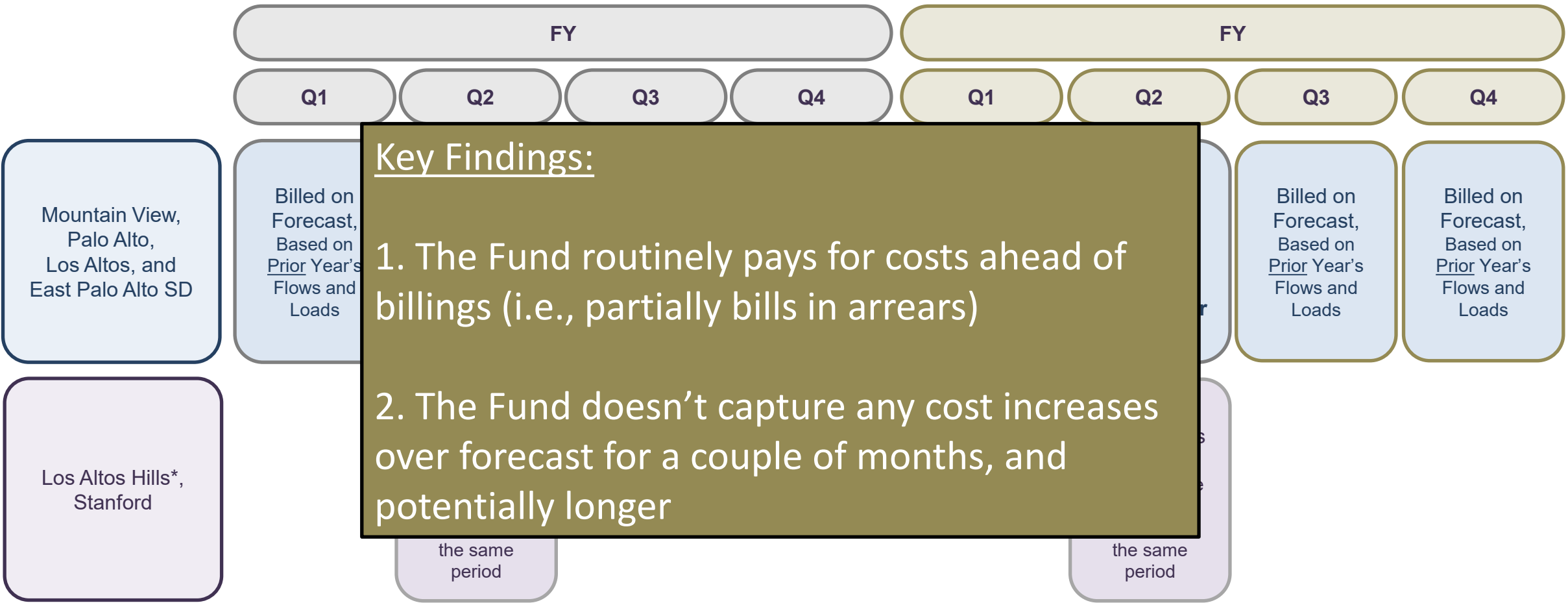


BACKGROUND: PARTNER BILLING SCHEDULE



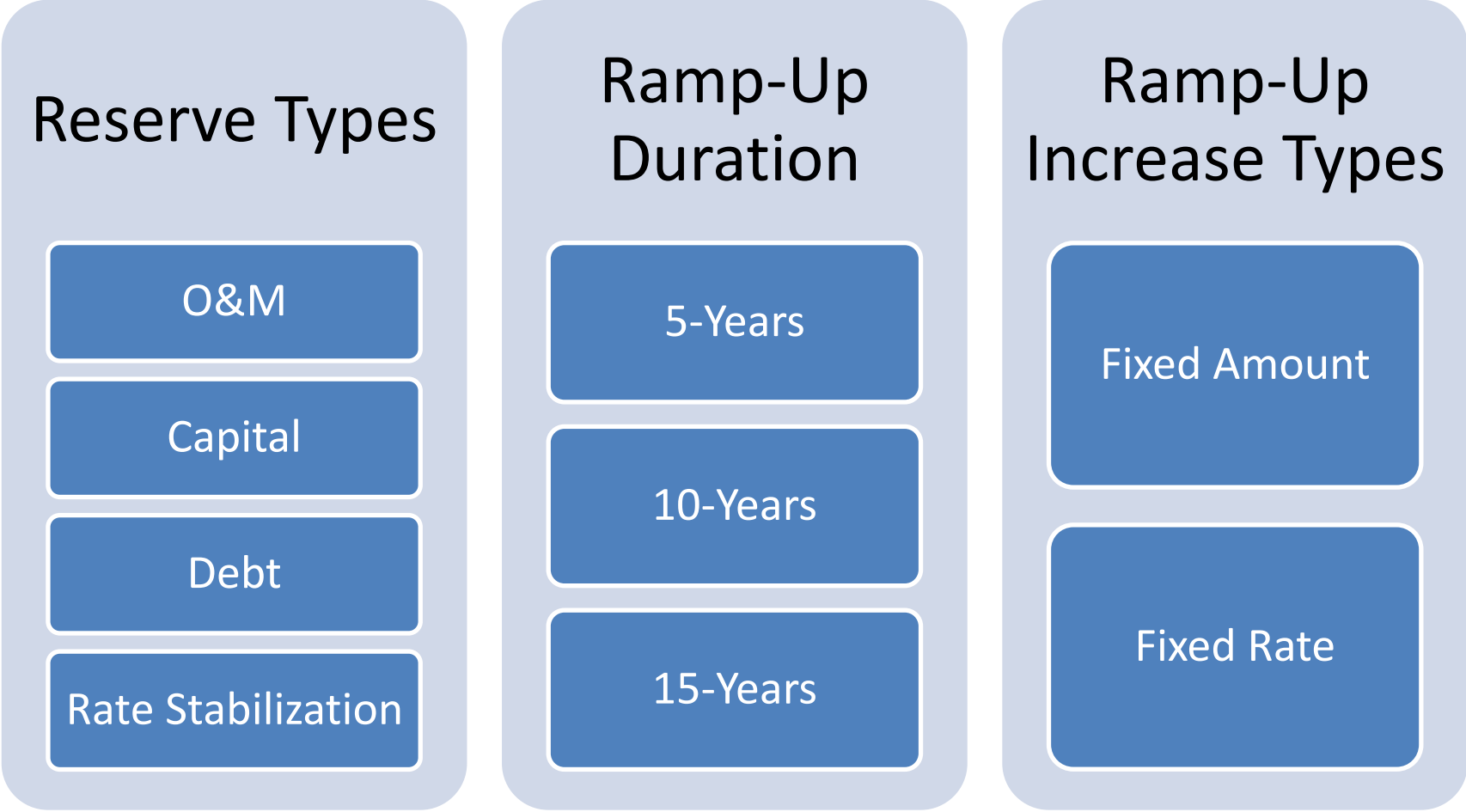
* By agreement, Los Altos Hills flows are determined by calculation, not by metered measurement like other partners

BACKGROUND: PARTNER BILLING SCHEDULE

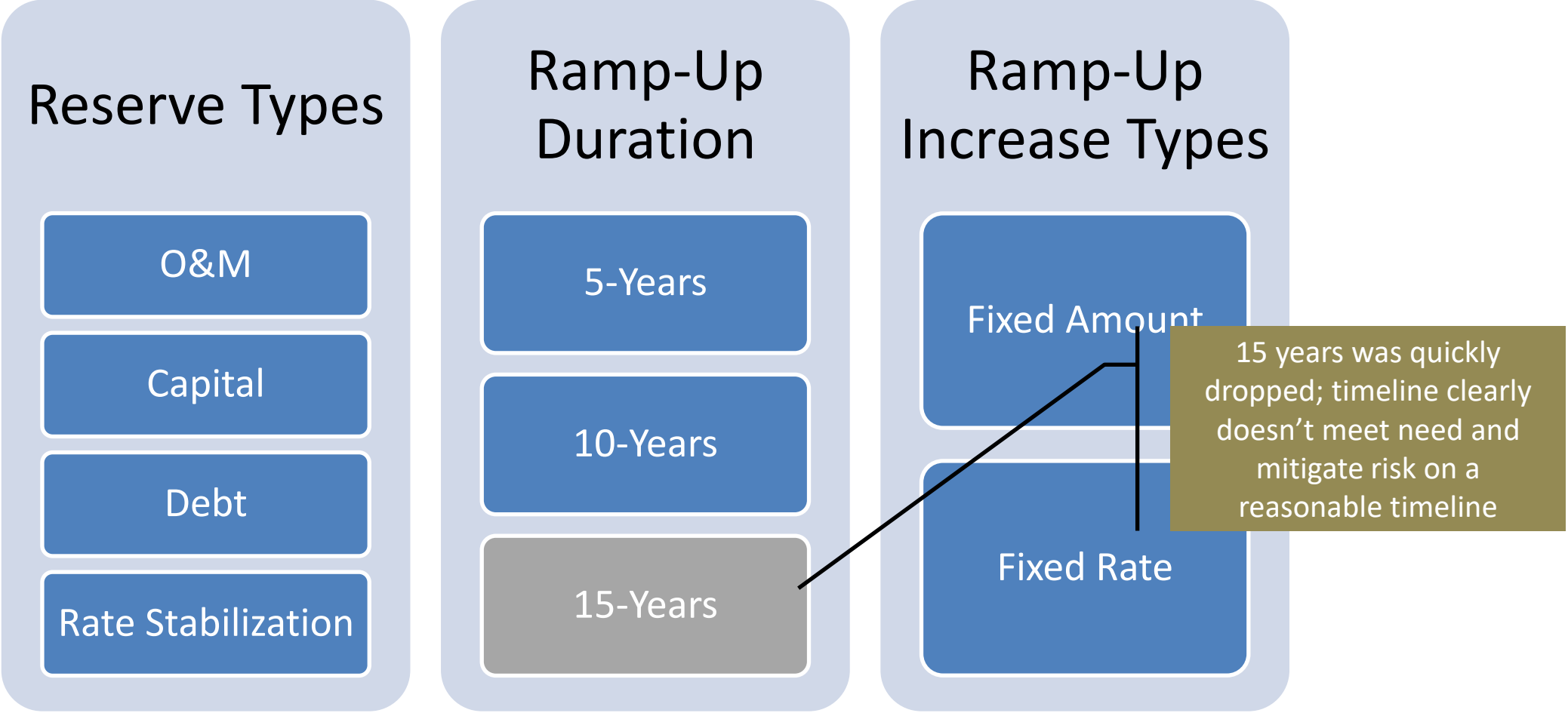


* By agreement, Los Altos Hills flows are determined by calculation, not by metered measurement like other partners

ANALYSIS: RESERVE ALTERNATIVES EVALUATED



ANALYSIS: RESERVE ALTERNATIVES EVALUATED



RESERVE TYPES REASONING

Reserve Types

O&M

Capital

Debt

Rate Stabilization

- **O&M Reserves:** Mitigate the risk and expense based on the current billing practices
- **Capital Reserves:** Need to be able to respond to unforeseen issues and emergencies
- **Debt Reserves:** Need to be able to meet loan commitments
- **Rate Stabilization:**
 - Not applicable; RWQCP doesn't charge rates
 - Could be appropriate when there is a surplus ahead of anticipated increased spending, which isn't the foreseeable situation

RESERVE TYPES CALCULATIONS

O&M Reserves:

Operations Outlay: 20% of Annual Operating Costs (\$9.0M by FY33)

Other Outlay: 100% of Minor CIP Annual Authorization (\$5.2M by FY33)

Capital Reserves:

10% of Average annual 5-yr Capital Plan (\$3.3M by FY33)

Debt Reserves:

Match debt convenience requirements (\$16.9M by FY33, primarily by City charter and covenant; typically one year's debt payment)

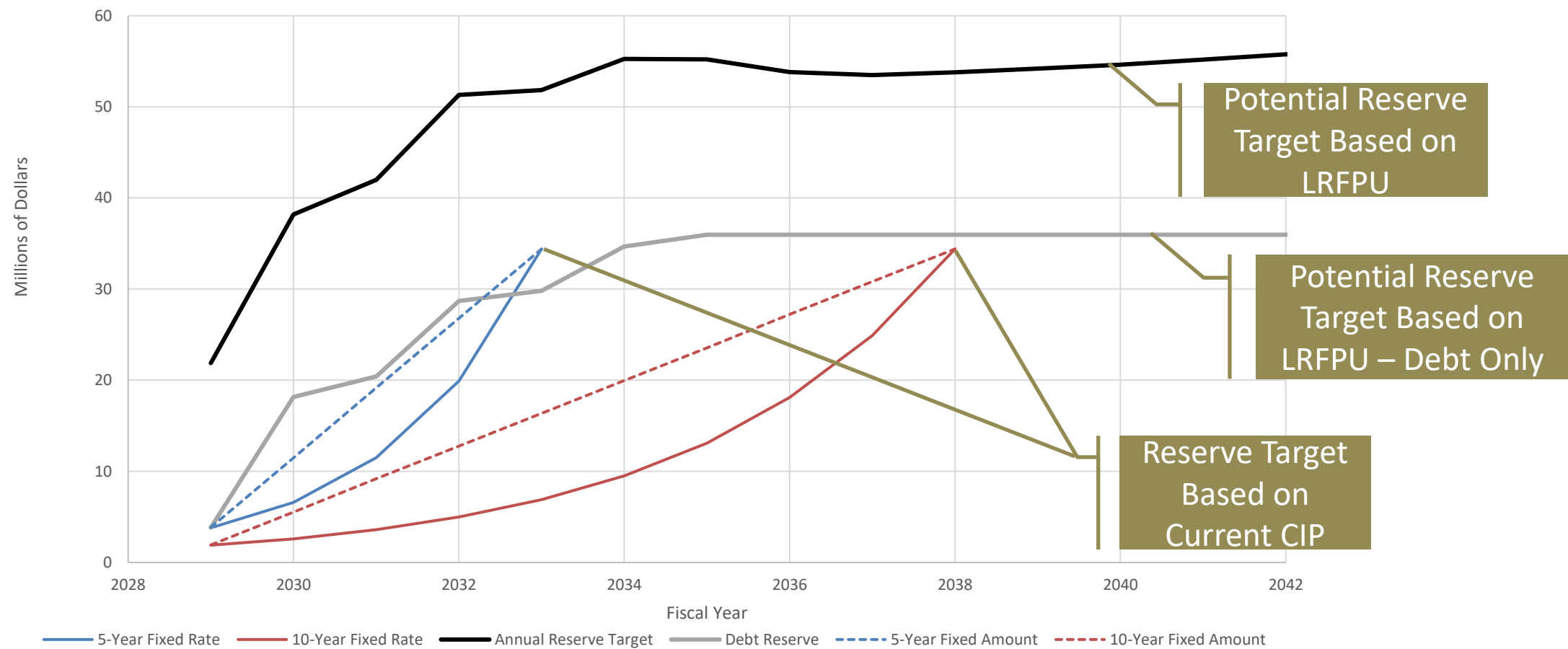
~~Rate Stabilization Reserves:~~

~~Eliminate, RWQCP Partners establish sewer rates within their jurisdictions. (\$0M)~~

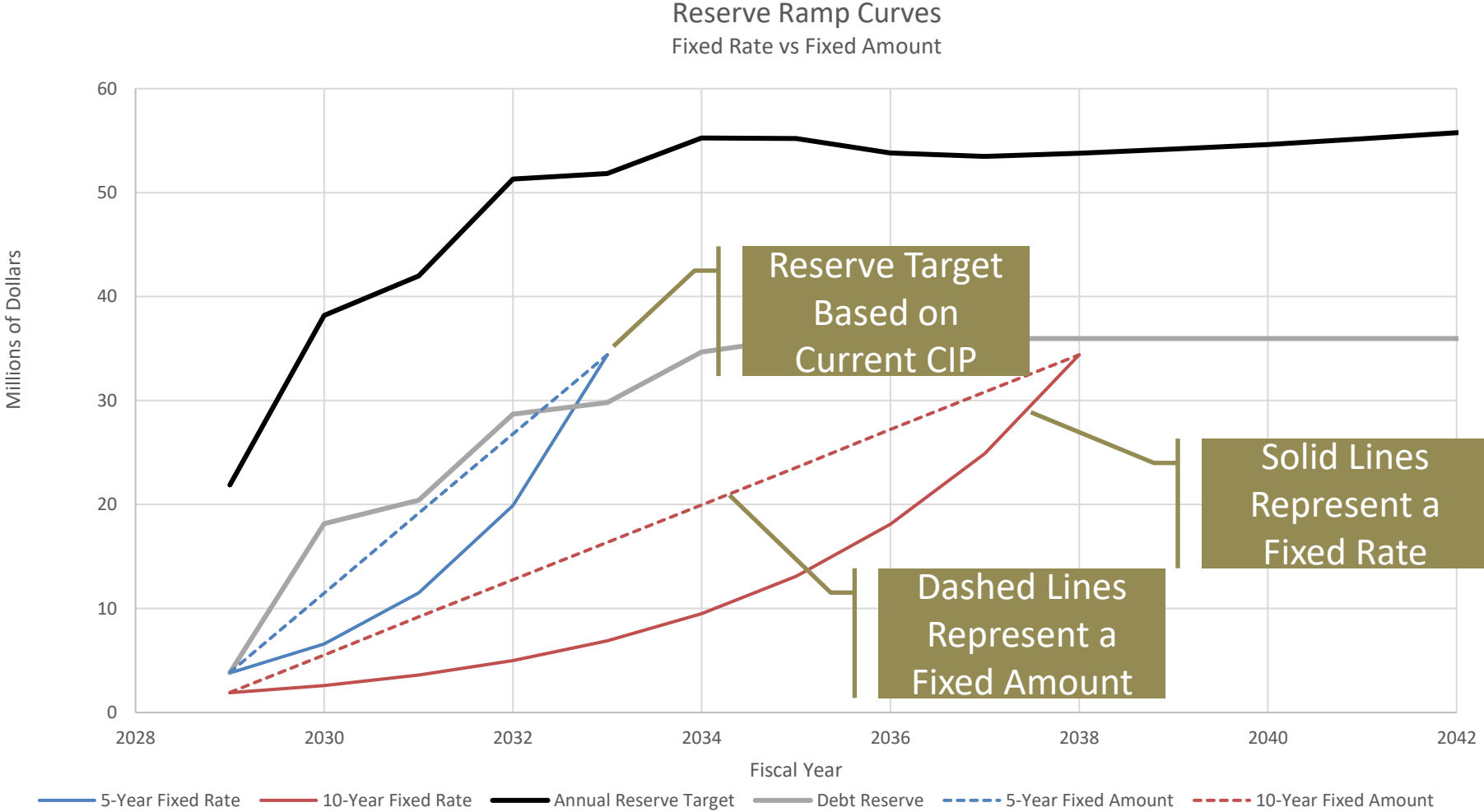
Estimated Reserves When Fully Funded based on FY33 = \$34.4M*

*Based on Current CIP

RAMP-UP PROJECTIONS, 5- AND 10-YEAR CURVES, PT. 1



RAMP-UP PROJECTIONS, 5- AND 10-YEAR CURVES, PT. 2



RAMP-UP DURATION AND TYPE OF INCREASES

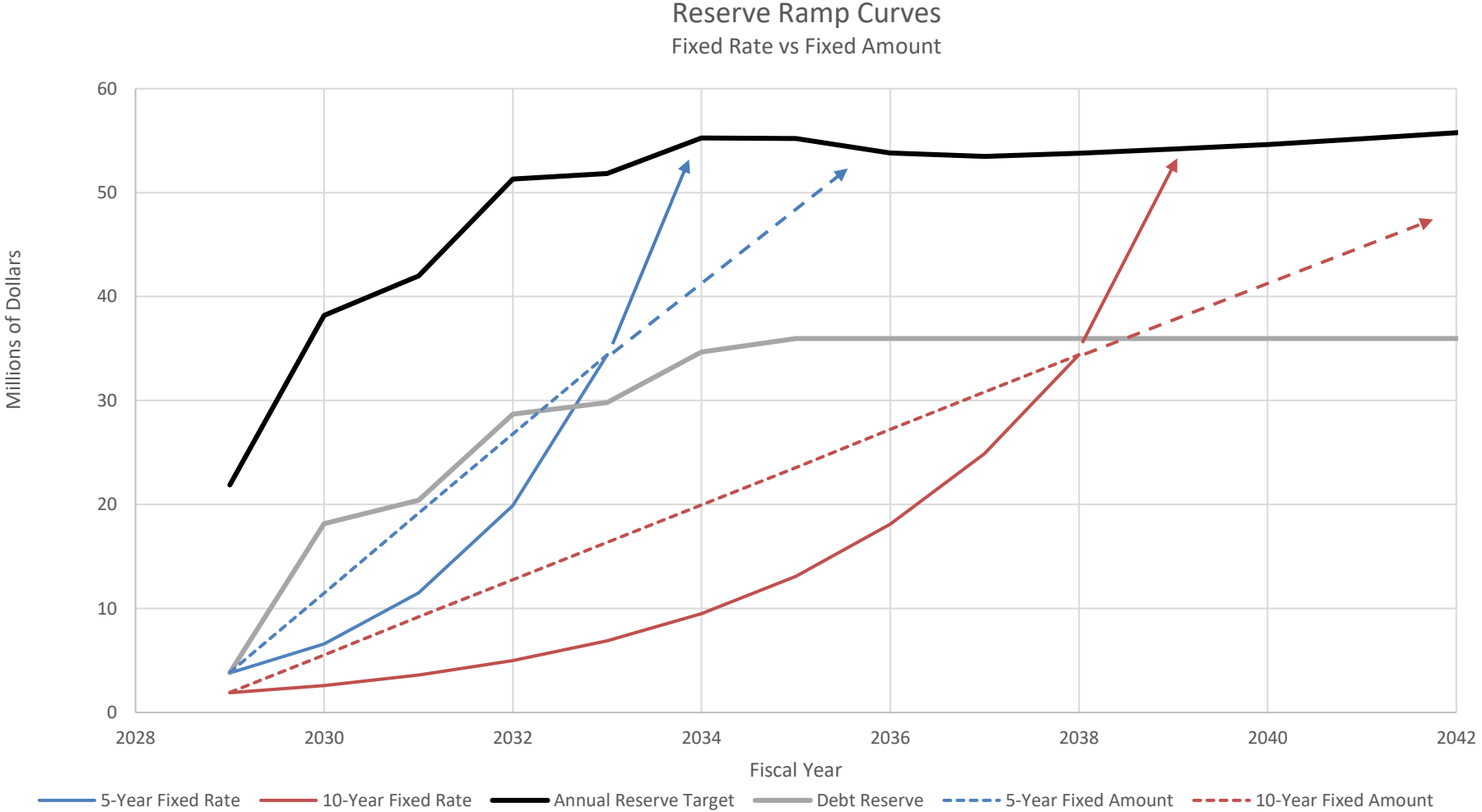
☐ 5-yr Ramp-up Duration

- Allow Plant to meet its estimated Debt Reserve requirements (by FY2034)
- Be best positioned to adapt to LRFPU includes an updated 10-year CIP schedule
 - Debt and Capital reserves targets to increase in the 5- to 10-year timeframe
 - Reserve target adjustments in outyears can be gradual

☐ Fixed Rate/Percentage Ramp Increase

- Best positions the fund to meet the anticipated increased CIP

FIXED RATE VS FIXED AMOUNT RAMP UP

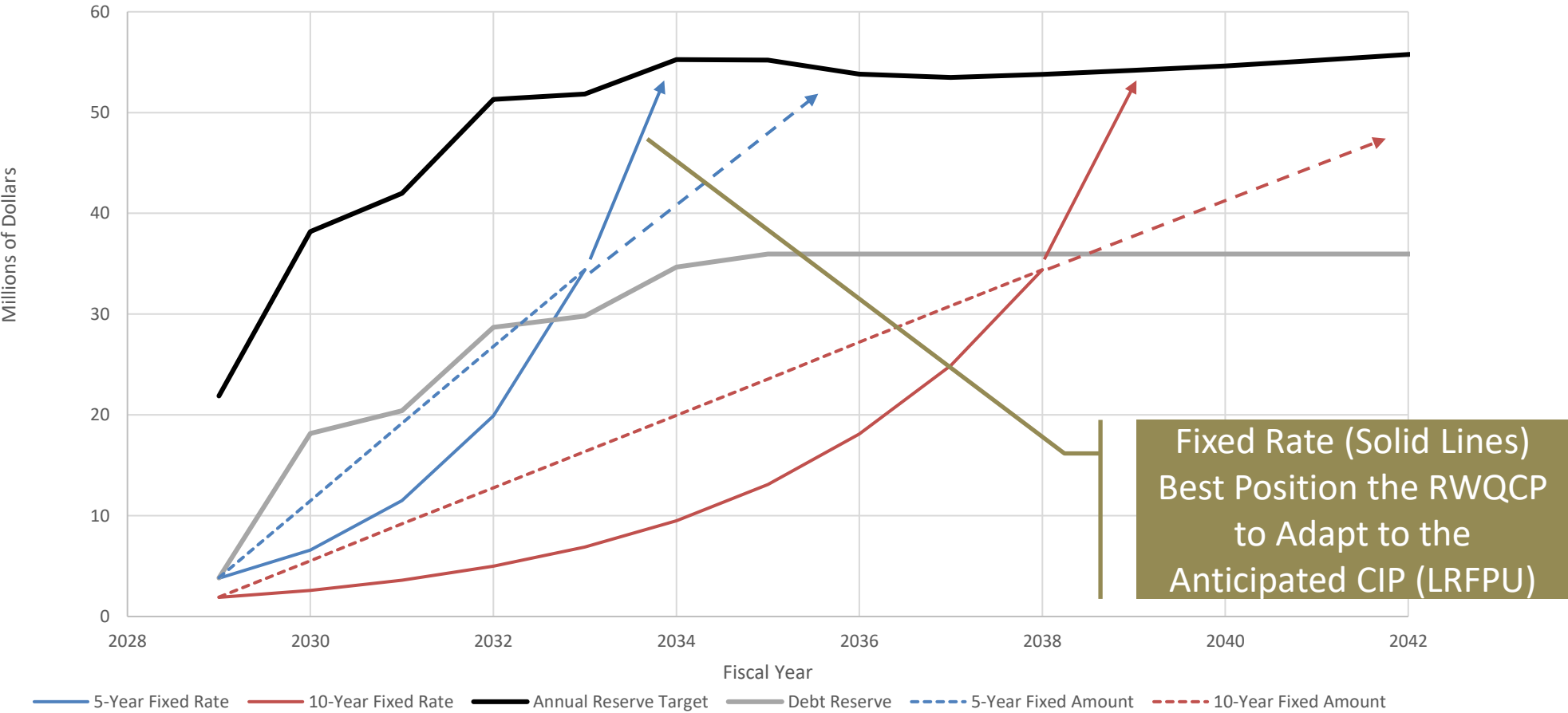


FIXED RATE VS FIXED AMOUNT RAMP UP

Ramp-up
Increase
Types

Fixed
Amount

Fixed
Rate



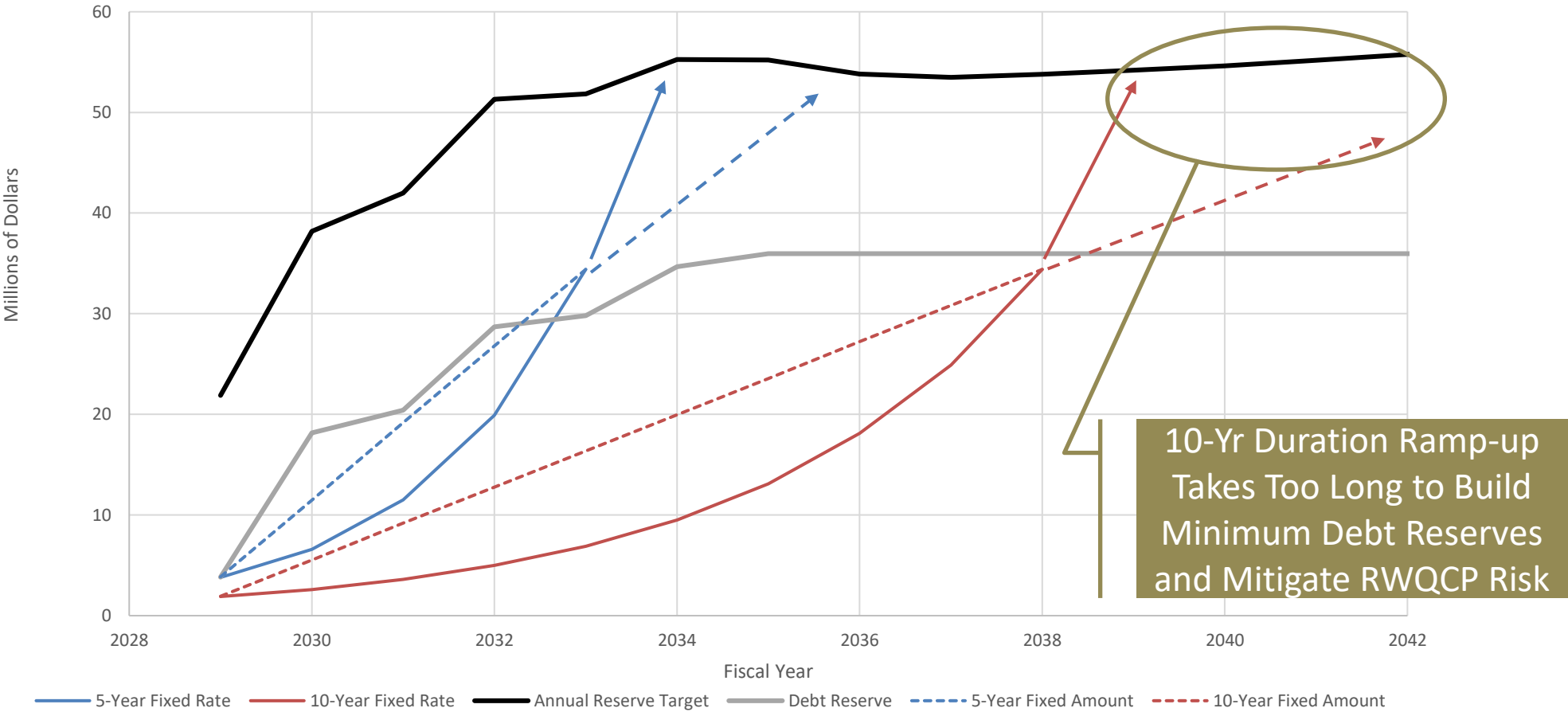
RAMP-UP DURATION

Ramp-Up
Duration

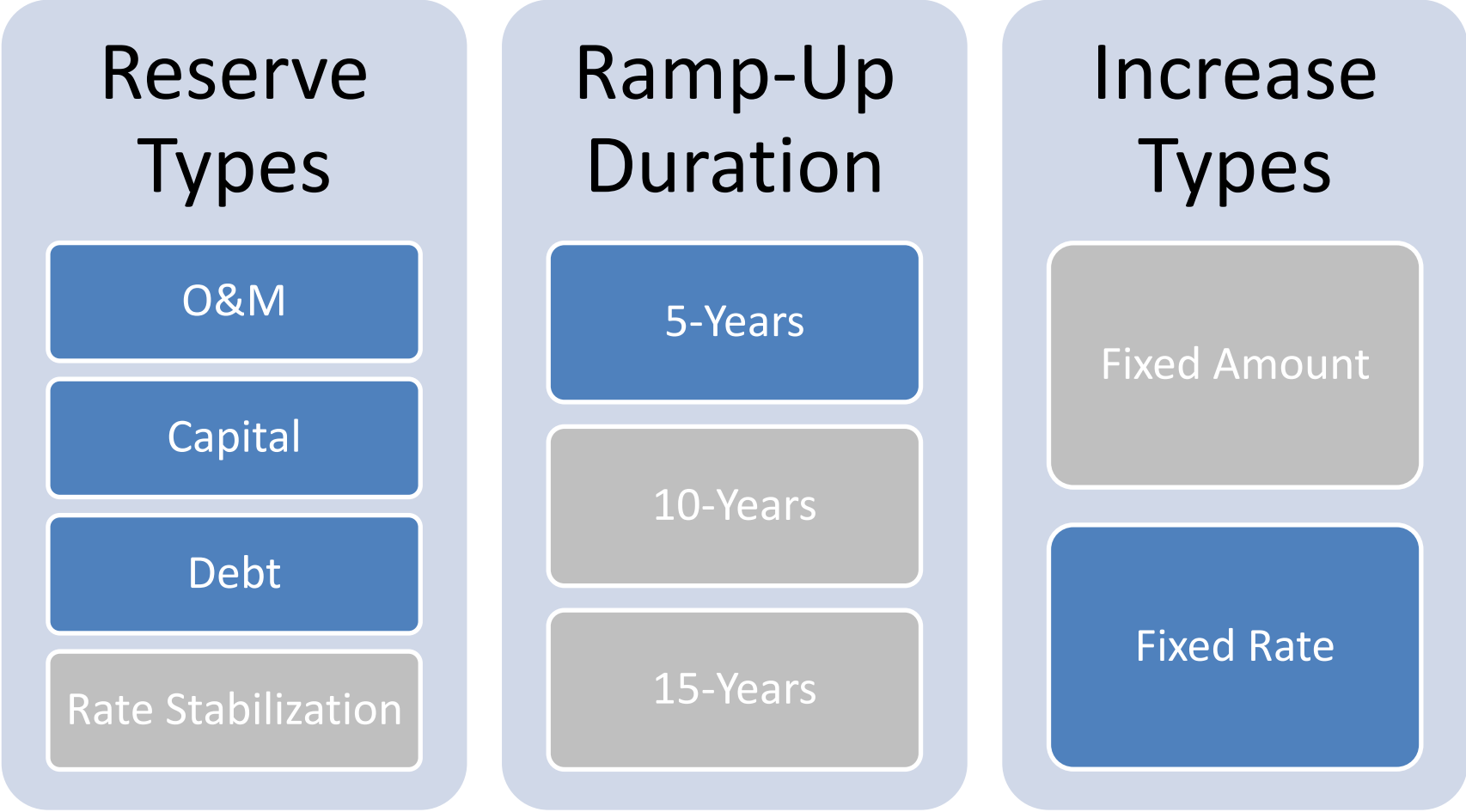
5-Years

10-Years

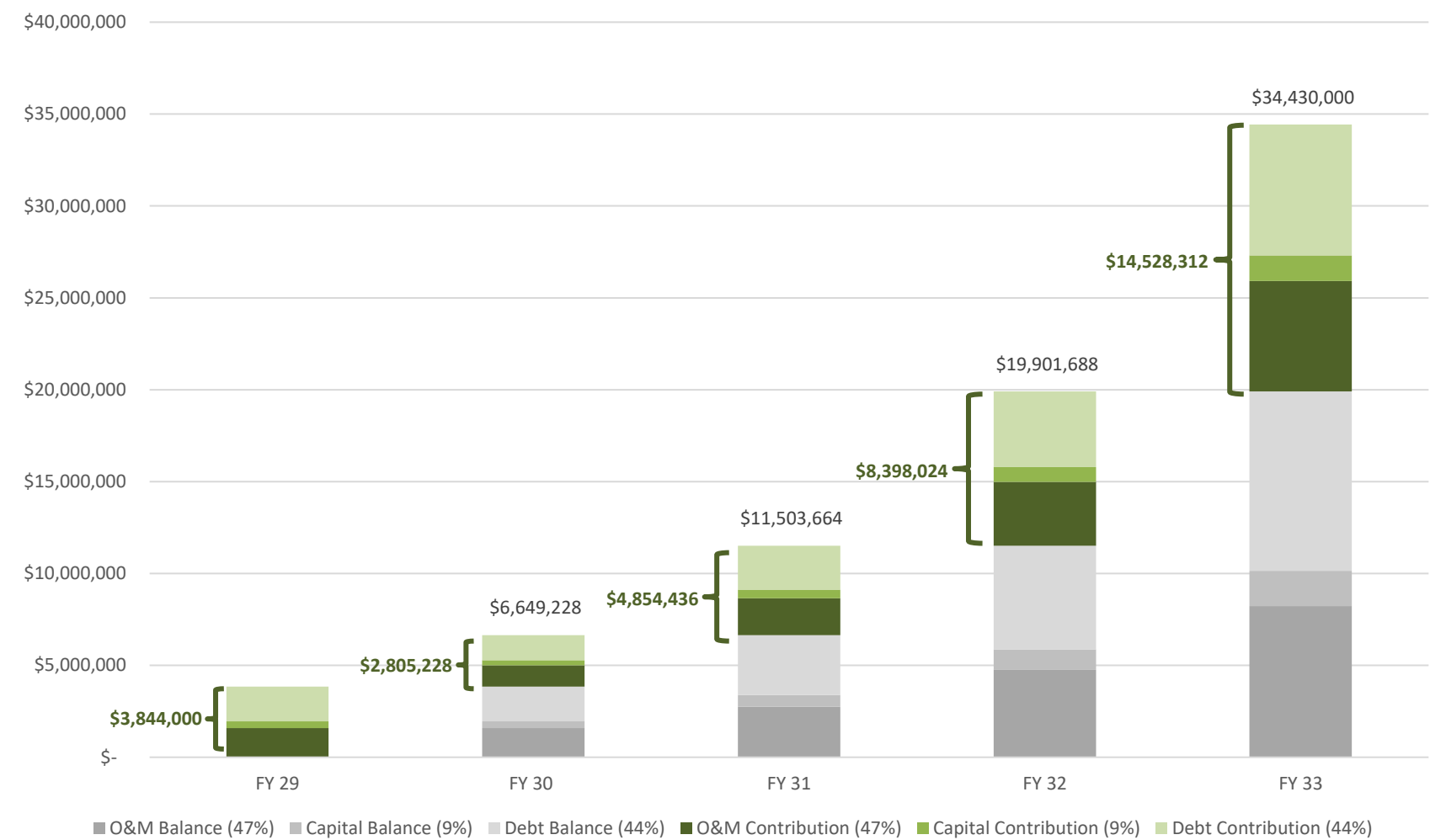
15-Years



STAFF RESERVE RECOMMENDATIONS SUMMARY



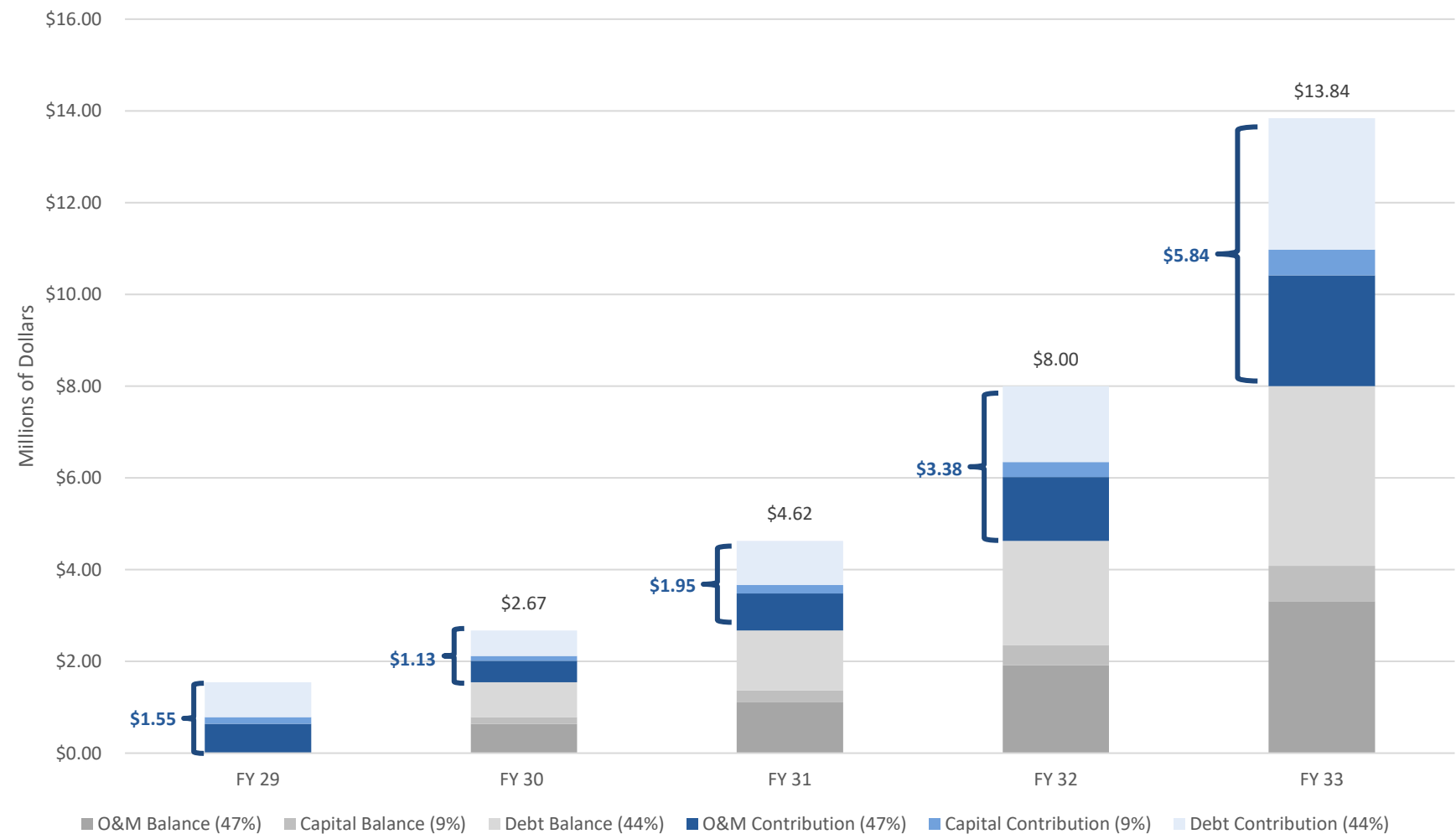
RAMP UP IMPLEMENTATION, 5-YEAR FIXED RATE - TOTAL



Reserve Types

- O&M: \$14.2M
- Capital: \$3.3M
- Debt: \$16.9M

MOUNTAIN VIEW PARTNER SPECIFIC VALUE LINKS

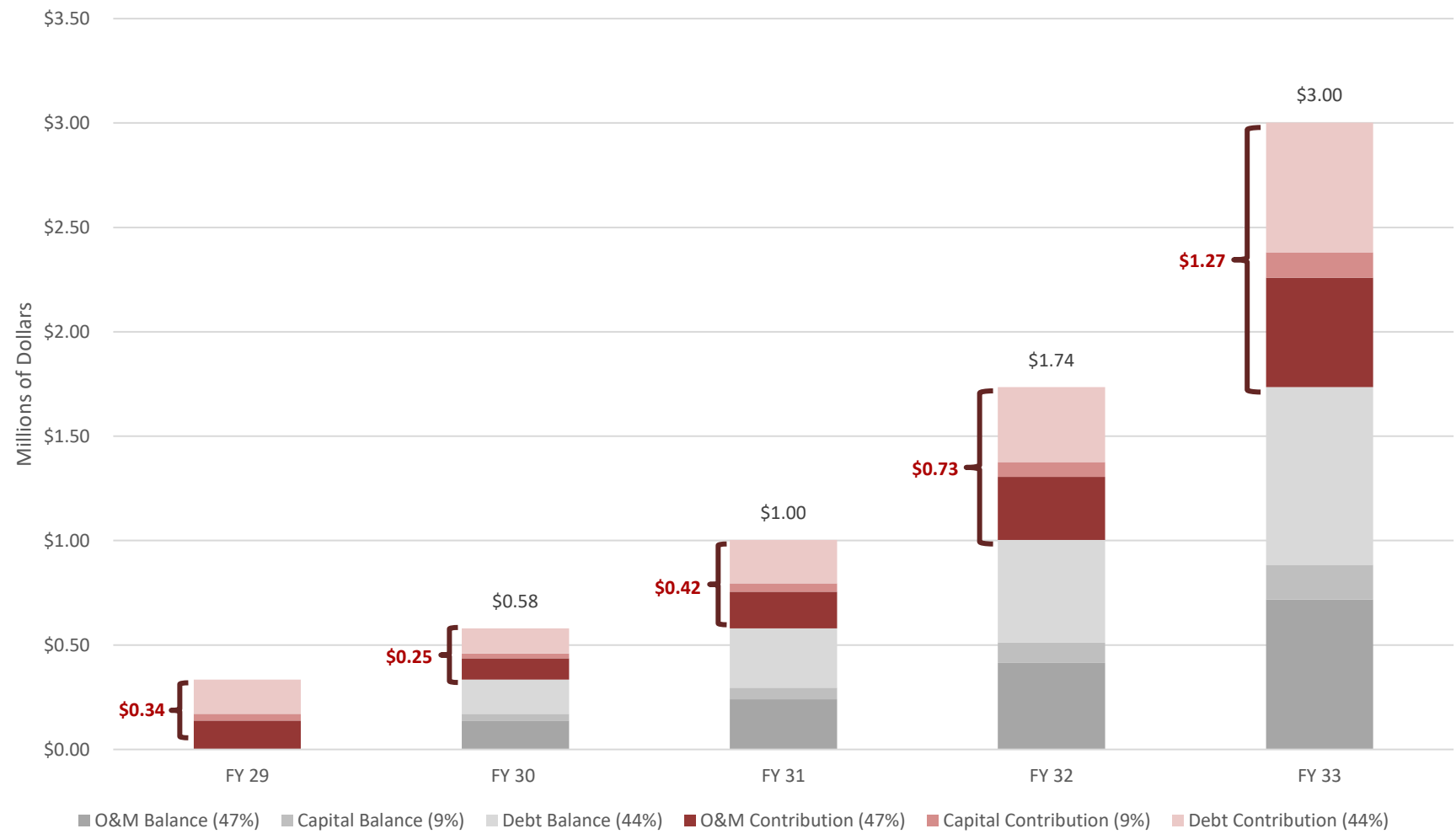


Includes AWPS Debt Payment (30-Year Total \$13,419,716).

- Additional AWPS Payment \$447,324 each year from FY30 onward.

Fixed Share = 37.89%

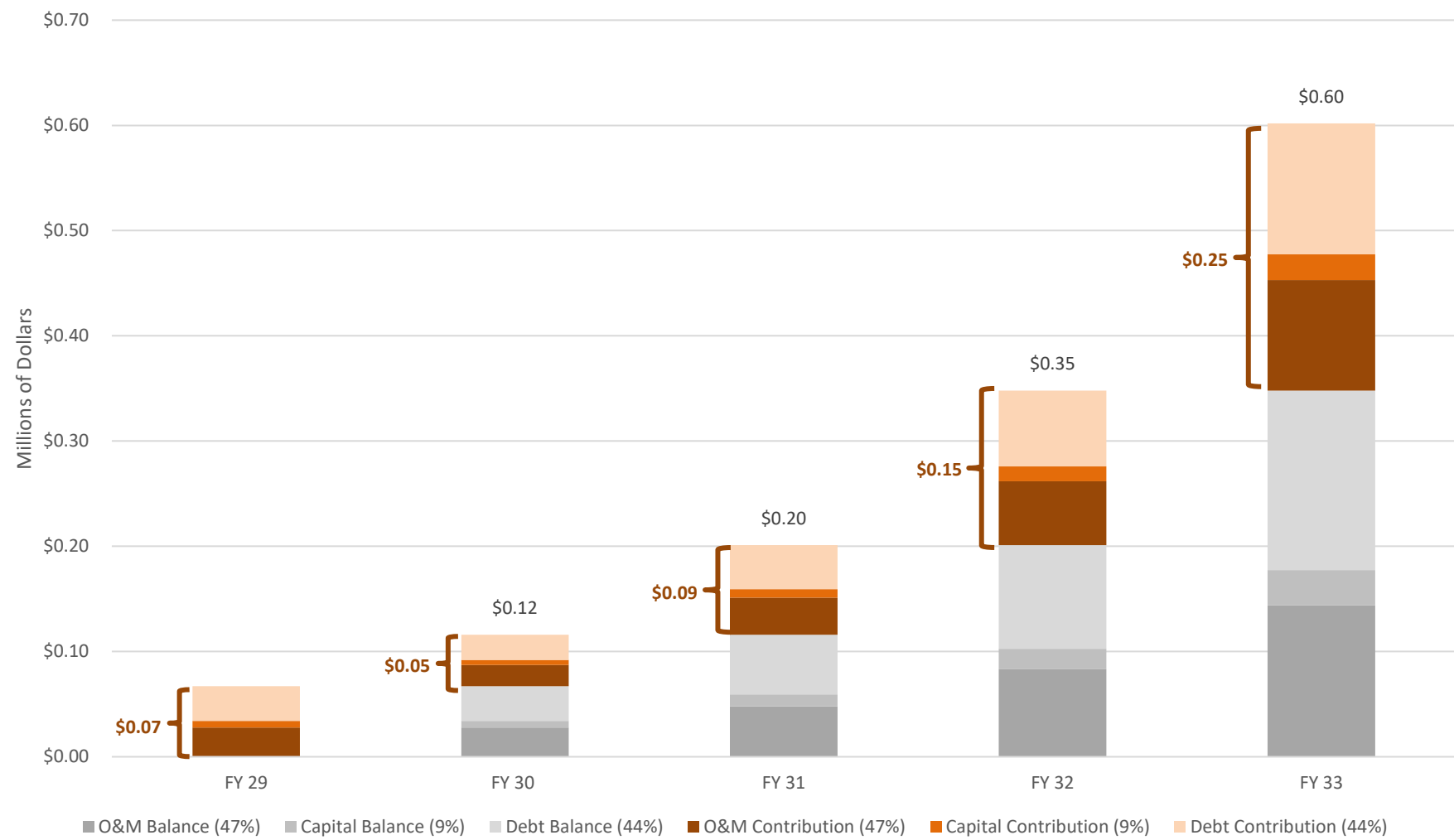
LOS ALTOS PARTNER SPECIFIC VALUE LINKS



Fixed Share = 9.47%

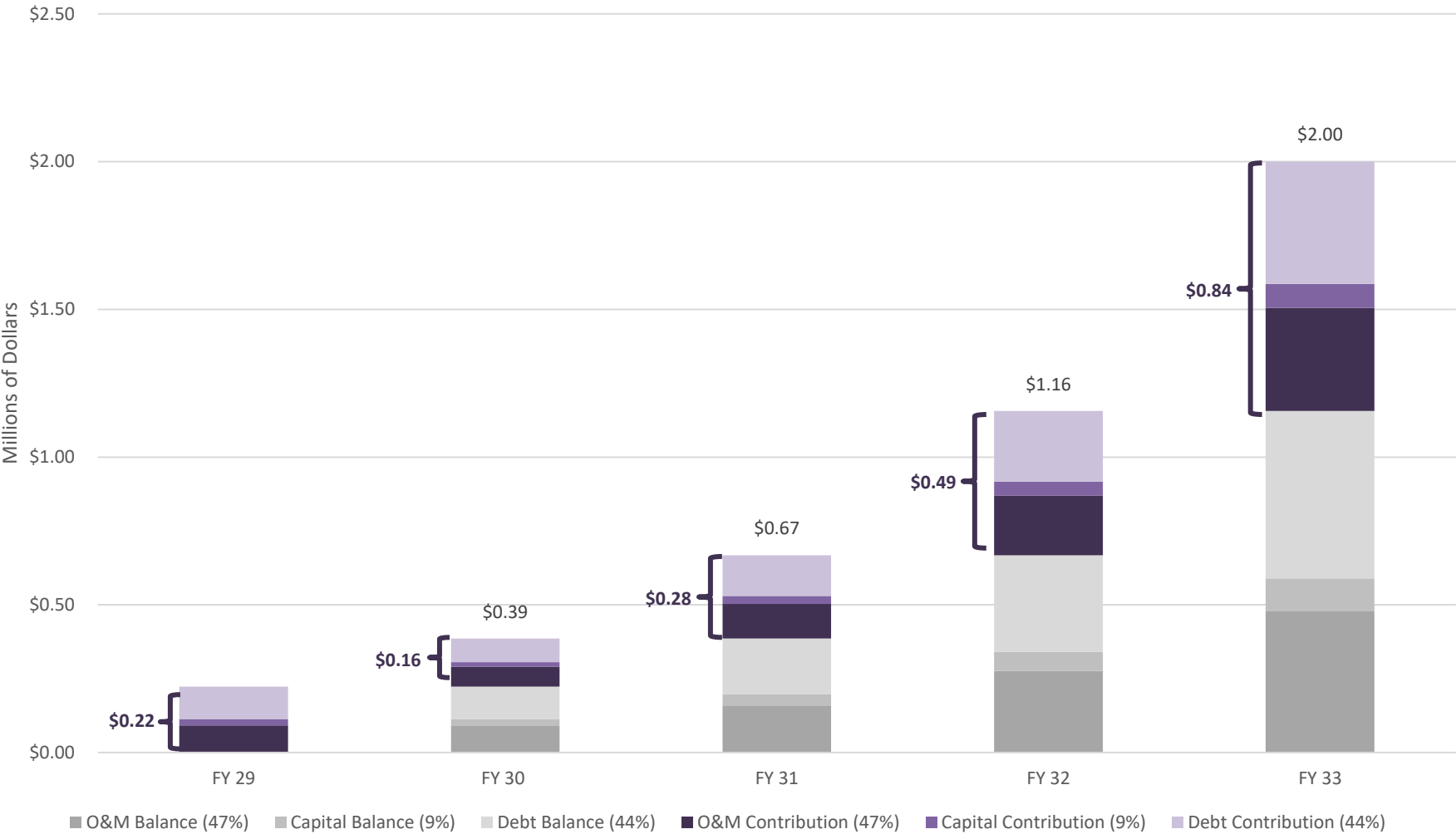


LOS ALTOS HILLS PARTNER SPECIFIC VALUE LINKS



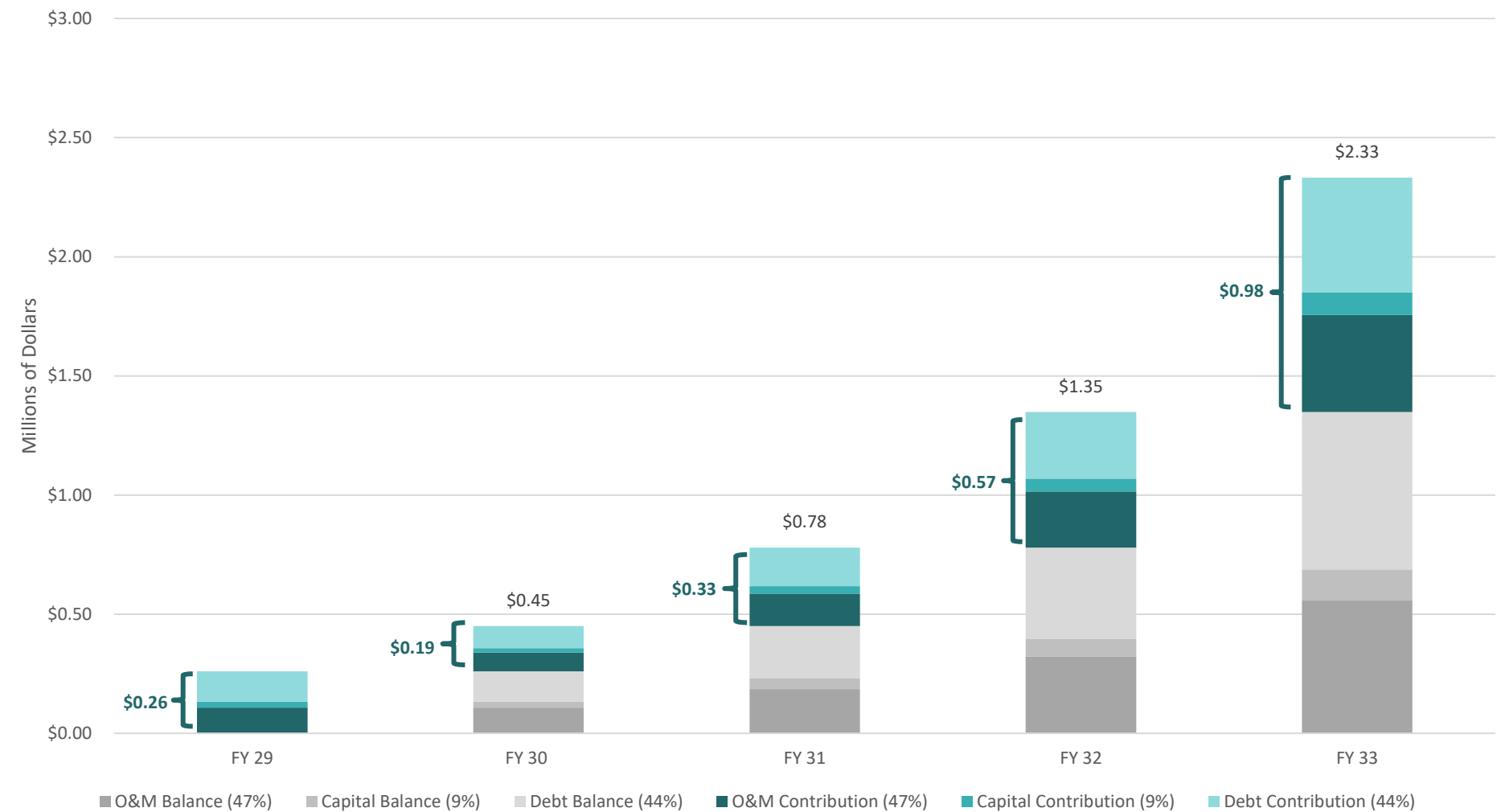
Fixed Share = 1.58%

STANFORD PARTNER SPECIFIC VALUE LINKS



Fixed Share = 5.26%

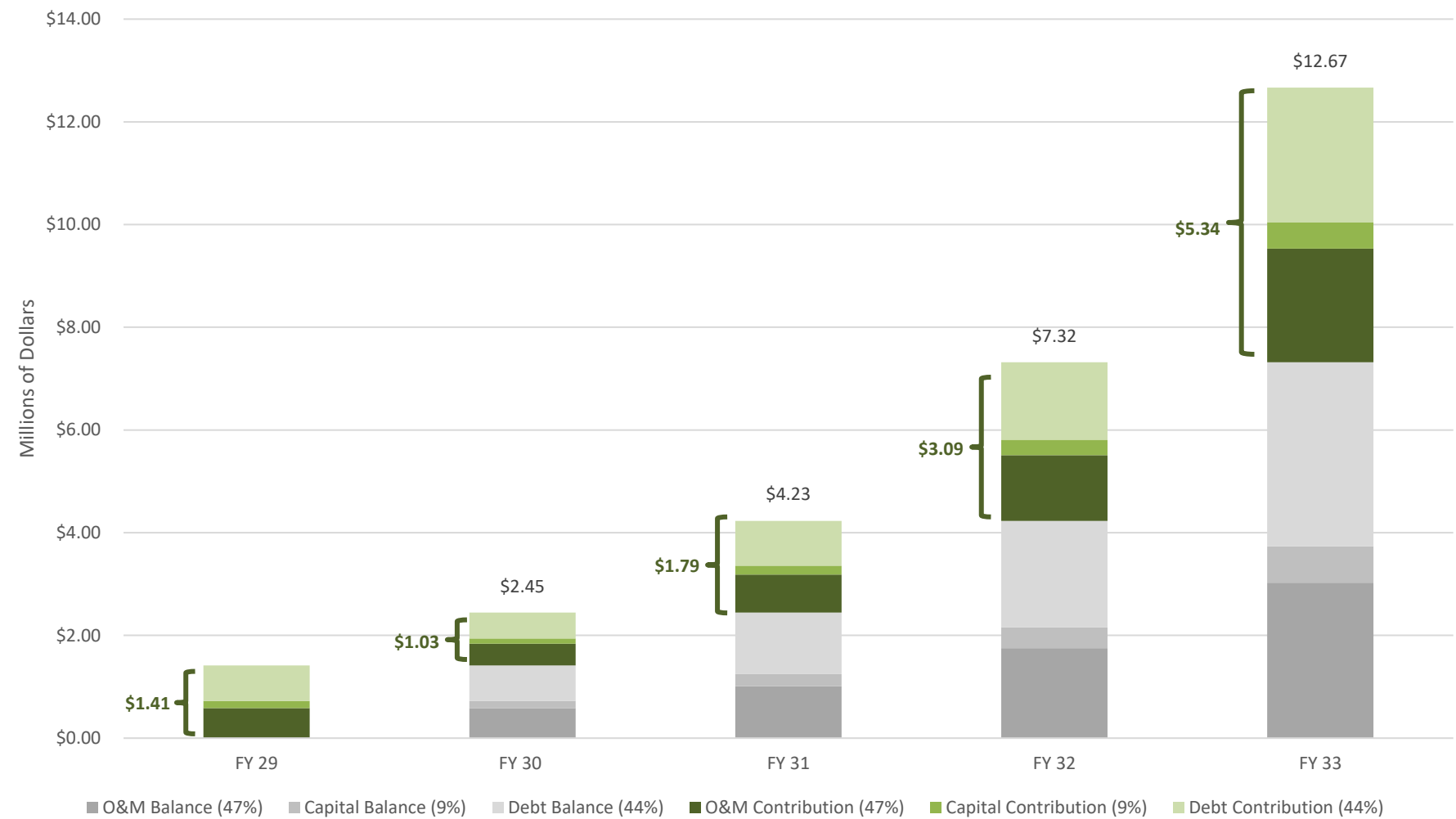
EAST PALO ALTO PARTNER SPECIFIC VALUE LINKS



Fixed Share = 7.64%



PALO ALTO PARTNER SPECIFIC VALUE LINKS



Fixed Share = 38.16%



NEXT STEPS

- **October 6, 2026:** Present findings to the Finance Committee
- **November 2026:** Capture preferred approach in FY 2028 forecast, with Year-1 costs starting in FY 2029
- **Early 2027:** Palo Alto City Council approves updated Reserve Policy for Wastewater Treatment Fund
- **Spring/Summer 2027:** Update Partners Agreements to incorporate reserve
- **July 2028:** Ramp-up for reserves begin with FY2029 Q1 billings

**SECOND RESTATED AND AMENDED AGREEMENT BETWEEN THE
CITY OF PALO ALTO AND THE EAST PALO SANITARY DISTRICT
FOR WASTEWATER TREATMENT AND DISTRICT OUTFALL**

This Second Amended and Restated Agreement ("Agreement") is made and entered into on May 17, 2021, by and between the CITY OF PALO ALTO, a chartered municipal corporation of the State of California (the "City") and the East Palo Alto Sanitary District, a public corporation under the laws of the State of California (the "District") (individually, a "Party", collectively, the "Parties"), restates and amends that certain agreement, Contract No. C237, first entered into March 11, 1940 and first restated as amended on March 16, 1989, including subsequent amendments thereto.

RECITALS

A. On March 11, 1940, the Parties entered into a contract, "Contract Restatement and Amendment No. C237," whereby the City agreed to provide treatment of the District's wastewater, which contract was subsequently amended by amendments dated September 10, 1963, June 25, 1964, and May 1971 (the "Original Agreement").

B. On October 10, 1968, the City joined with the cities of Mountain View and Los Altos to fund the construction, operation, and maintenance of the regional sewage treatment plant (the "Treatment Plant") that is part of a sewerage system ("System") owned and operated by the City.

C. In May 1971, the City and District agreed that the District's share of the primary/secondary design capacity of the Treatment Plant would be 2.25 million gallons per day (mgd) average dry weather flow (ADWF). The Treatment Plant was subsequently modified to include tertiary treatment, and the District's share of tertiary capacity was established at 1.9 mgd (ADWF).

D. On March 16, 1989, the Parties restated and amended the Original Agreement (the "1989 Agreement") to provide for the District's participation in financing and expansion of the Treatment Plant's capacity from 35.0 primary/secondary capacity to 38.0 mgd (ADWF) (and 40.0 mgd average annual flow (AAF)) and from a tertiary capacity of 30.6 mgd to 38.0 mgd ADWF (and 40.0 mgd AAF).

E. On May 30, 1989, the Parties amended the 1989 Agreement to revise the billing and payment provisions in Paragraph 6.b of the 1989 Agreement ("Amendment No. 1").

F. On December 18, 1989, the Parties amended the 1989 Agreement to provide specific measures and procedures for complying with federal and state laws and regulations regarding wastewater collection, transmission, treatment and disposal in Paragraph 9 of the 1989 Agreement ("Amendment No. 2").

G. On December 7, 1998, the Parties amended the 1989 Agreement to add Paragraph 26 to permit the rehabilitation of the City's incinerators ("Amendment No. 3").

H. On November 19, 2003, the Parties executed an agreement entitled "Settlement and Release Agreement" and amended Paragraphs 6.a and 8 of the 1989 Agreement on June 2, 2005 to be consistent with the Settlement and Release Agreement ("Amendment No. 4").

I. On March 19, 2009, the Parties amended the 1989 Agreement to add Paragraph 28, which provided for the funding, design, and construction of an ultraviolet disinfection treatment system at the Treatment Plant ("Amendment No. 5").

J. On October 17, 2016, the Parties amended the 1989 Agreement to provide for the cost sharing for certain Treatment Plant renovations (collectively, the "Projects"), and to clarify the indemnity provision ("Amendment No. 6"). The Projects include, but are not limited to, up to \$6.75 million for planning and design of the rehabilitation of:

- the primary sedimentation tanks;
- secondary treatment upgrades; and
- a new lab/environmental services building.

The Projects included up to \$28 million for design and construction of the Sludge Dewatering and Truck Loadout Facility. The State Revolving Fund ("SRF") loans from the State Water Resources Control Board ("SWRCB") were the anticipated and authorized funding instruments in Amendment No. 6. The SRF loan has been granted for up to \$28 million for the costs of the Sludge Dewatering and Truck Load-out Facility design and construction. An SRF loan has not yet been authorized for the \$6.75 million planning and design expenses. However, SRF funding is anticipated to cover a portion of this amount.

The 1989 Agreement and Amendment Nos. 1-6 are referred to collectively, hereinafter as the "1989 Agreement."

K. City has developed and continues to implement an industrial pretreatment program ("Pretreatment Program"), pursuant to conditions contained in its National Pollutant Discharge Elimination System ("NPDES") Permit number CA0037834 issued by the San Francisco Bay Regional Water Quality Control Board ("Water Board"), implementing the requirements and policies of State law and the Federal Clean Water Act.

L. The District, who is a partner to the Treatment Plant (also referred to as the "Palo Alto Regional Water Quality Control Plant" or "RWQCP"), desires to continue to utilize the System and recognizes its industrial waste control obligations under the Federal Pretreatment Regulations at Title 40 of the Code of Federal Regulations, Part 403, ("40 CFR 403") as the same may be amended from time to time.

M. The Parties desire to restate and amend the Agreement to consolidate the terms added through multiple amendments into one document, to clarify certain provisions, to expand project financing instruments for the Projects described in Recital J beyond the SWRCB's SRF loan program, and to approve the construction of and cost-sharing for two additional RWQCP projects: (1) a new outfall and improvements to existing discharge infrastructure, and (2) rehabilitation of the primary sedimentation tanks including electrical upgrades.

N. District Staff raised the issue of whether a Joint Powers Authority should be formed to manage the Treatment Plant. City staff are not taking steps to implement this idea at this time, as it has not been suggested by any of the other Partners to the Treatment Plant. City Staff have reported that neighboring Joint Power Authority treatment plants have higher sewer rates than the Partners of the Palo Alto Treatment Plant.

AGREEMENT

1. DEFINITIONS. As used in this Agreement, the following terms shall have the meanings herein set forth:

a. "Capacity" means a stated amount of wastewater flow through the Treatment Plant (whether total, or a portion assigned to any contributor to the Treatment Plant), variously expressed in terms of Average Annual Flow (AAF) or Average Dry Weather Flow (ADWF).

b. "Average Annual Flow (AAF)" means the daily average discharge of wastewater during a calendar year period, expressed as a rate of flow in million gallons per day, and shall be computed by dividing the total gallons discharged during such year by the number of days within such year.

c. "Average Dry Weather Flow (ADWF)" means the daily average discharge of wastewater from May 1 to October 31, expressed as a rate of flow in millions gallons per day, and shall be computed by dividing the total gallons discharged during such period by the number of days within such period.

d. "Recycled Water" means wastewater which has been treated beyond that required for San Francisco Bay discharge and which meets any water recycling criteria set forth in Title 22, Division 4, Chapter 3 of the California Code of Regulations.

e. "Wastewater" means the water-carried wastes of the community derived from public, residential, commercial, or industrial sources.

2. TREATMENT PLANT CAPACITY AND ALLOCATION.

a. Treatment Plant Capacity and Allocation. The Treatment Plant's primary, secondary, and tertiary capacity is 38.0 mgd (ADWF). The City shall have the right to utilize a total of 20.0 mgd of both the primary, secondary, and tertiary capacities, and shall make available a total of 2.9 mgd (ADWF) of such capacities to the District for the District's utilization. The District's capacity is 3.06 mgd (AAF) and is detailed in Exhibit "H" attached hereto and incorporated herein.

b. Use of Capacity. Neither the District nor the City shall use the Treatment Plant or any part thereof to a greater percentage of its capacity, specified above, except with the approval and agreement of the other Party, as hereinafter provided. If either the City or the District hereafter desires to use additional capacity in the Treatment Plant or any unit thereof in

excess of such amounts, and the Treatment Plant or any unit thereof is not then being used by the other Party to the full extent to which the other Party is entitled, the Party desiring such additional capacity may rent such additional capacity rights, at a rate of \$400.00 per million gallons of primary and secondary capacity and \$200.00 per million gallons of advanced waste treatment facility capacity. The District may audit the City's use of any capacity rented from the District, and the City may not sell the rented capacity to others. Likewise, the City may audit the District's use of rented capacity and the District may not sell rented capacity.

3. PAYMENT FOR COST OF TREATMENT. The District shall bear a proportionate share of the costs, determined in accordance with the City's standard accounting practices, of operating and maintaining the Treatment Plant, as follows:

a. Use of Allocation Formula. Attached to this Agreement and incorporated herein as Exhibit "C" is a description of the cost-allocation formula to be used to allocate operating and maintenance costs among the participants in the Treatment Plant. The District shall bear its share (as determined according to such formula) of all costs of operating and maintaining the Treatment Plant.

b. Industrial User Charges. Notwithstanding the foregoing and except as provided in Paragraph 11.n, the City shall charge the District an added amount to cover the cost of the Industrial Waste Pretreatment Program (IWPP). The IWPP charge shall be calculated as follows: 67% of the Palo Alto Utility Quantity Rate (Utility Rate Schedule S-2, Section C.2, excluding special notes) as of July 1 each year, multiplied by the volume of process wastewater discharged to the sewer system from any and all District "Significant Industrial Users," as defined by the U.S. Environmental Protection Agency. The Palo Alto Utility Rate S-2 will change from time to time as the City changes its rates.

c. Billing and Payment. The City shall bill the District as follows:

Prior to the commencement of its fiscal year on July 1, the City shall prepare an estimate of the annual cost of operating and maintaining the Treatment Plant for the forthcoming fiscal year and allocate such costs by user consistent with this Agreement. The City will provide a copy of said proposed budget to the District at least 30 days before it is scheduled for adoption. The District may comment on the proposed budget and review the City's records supporting its final budget, including the City's actual costs. Not later than thirty (30) days after July 1, October 1, January 1, and April 1, of each year, the City will bill the District an amount, payable not later than forty-five (45) days after July 1, October 1, January 1, and April 1, of each fiscal year, or twenty-five (25) days after the District receives said bill, whichever date is later, equal to one-fourth the amount of the adopted budget for the Treatment Plant allocated to the District. Such amount will be subject to the following adjustments:

i. All October 1 billings will be adjusted, subject to the City's annual audit, by the amount necessary to reflect the actual costs and expenses for operation and maintenance of the Treatment Plant during the immediately prior fiscal year. The City

will review any audit performed by the District and may adjust the billings upon such review.

- ii. With the April 1 billing, the City will make an adjustment for the then estimated remaining operation and maintenance expenses to be incurred between the period of April 1 and July 1, adjusted by the City's actual expenditures, if known, for the first three quarters of the fiscal year prior to April 1.
 - iii. In the event that the amount billed to and collected from the District for operation and maintenance associated with the District are less than or greater than the actual amounts expended when determined in conformity with subparagraph (a) by an amount more than ten percent (10%) greater or more than ten percent (10%) less than the amount billed and collected, the District's bill for the October 1 payment will be adjusted by an amount necessary to compensate for interest earned by or interest lost to the City on the amount of the overage or underage based on an imputed interest rate equal to the City's latest average rate of return on investments published by the Director of Finance of the City and applied to the average amount over ten percent (10%) or under ten percent (10%) from the date of payment.
 - iv. The District hereby agrees to set and collect fees and rates within its service area sufficient to pay its share of operating, maintenance, and capital expenses.
- d. Supporting Information to be Made Available. The City shall supply the District with all existing information requested by the District which supports the City's determinations regarding the cost of operating and maintaining the Treatment Plant, including information relating to the computation of the relative shares of the individual participants in such costs. The City shall make available all such information relative to the costs of operating and maintaining the Treatment Plant (historical as well as current) to the District's auditors, upon request.
- e. Delinquent Payments. In the event any amounts to be paid under this Agreement are not paid in full to the City within thirty (30) days of the due date, interest shall accrue on the unpaid balance at a rate and in an amount equal to seventy-five one hundredths percent (0.75%) per month of the unpaid balance.

4. RIGHTS OF PARTIES TO USE OF WASTEWATER PRODUCTS. Notwithstanding Water Code section 1210, either party to this Agreement shall have the right to have and to convey, at its own expense, all available wastewater by-products, including treated wastewater and Recycled Water, for reuse that the party requires. In the event the total of the Partner requests exceeds the available supply, each party shall be entitled to have wastewater by-products, including treated wastewater and Recycled Water, in proportion to the party's percentage of actual wastewater input flow to the total plant flow over the relevant period of time. In the future, should the District receive Recycled Water, City may bill the District for the incremental operation and maintenance (O&M) cost of producing Recycled Water (at a rate adopted by the City after review with the District), over and above the O&M cost of producing treated the same amount of wastewater that would otherwise be discharged to the Bay.

5. PAYMENT FOR PAST PROJECTS WITH ONGOING OBLIGATIONS. As part of the 1989 Agreement, the Parties agreed on financing through bonds and/or loans and cost-sharing for certain projects including the Capacity Expansion Project, the Incinerator Rehabilitation Project, the Ultraviolet (UV) Disinfection Facility Project, and the Sludge Dewatering and Truck Loadout Facility Project. Debt schedules with remaining principal and interest payments are detailed in Exhibits “D,” “E,” “F,” and “G” all attached hereto and incorporated herein. The District and City shall continue to pay their share of principal and interest on the following past projects listed below, and consistent with the Exhibits D, E, F, and G:

Project	Loan Principal Palo Alto/District	District Share	Debt Schedule Exhibit
1999 Refunding of 1990 Bonds for 1989 Capacity Expansion Project	\$3,946,176 \$986,544/\$469,595	11.9% share	“D”*
1999 Bonds for Incinerator Rehabilitation Project	\$7,500,000 \$2,862,000/\$573,000	7.64% share, Exhibit H	“E”**
SRF Loan for Ultraviolet Disinfection Facility Project	\$8,595,665 \$3,280,106/\$656,709	7.64% share, Exhibit H	“F”
SRF Loan for Sludge Dewatering and Truck Load Facility Project	\$25,197,407.73 \$9,615,330.79/\$1,925,081.95	7.64% share, Exhibit H	“G”
* The bill shall include an annual amortization of issuance costs and bond discount of \$490.34 due in Q4 of each fiscal year (2020, 2021, 2022, and 2023) and \$449.48 (2024).			
** The bill shall include an annual amortization of issuance costs and bond discount of \$664.06 due in Q4 of each fiscal year (2020, 2021, 2022, and 2023) and \$608.72 (2024).			

- a. 1989 Capacity Expansion Project: 1999 Refunding of 1990 Bonds.
 - i. Payment for the District’s Additional Capacity. The District hereby agrees to pay its proportionate share (11.9%) of the annual debt service and bond issuance requirements for the 1999 refunding of the 1990 bonds according to the schedule set forth in Exhibit “D” attached to this Agreement. The 1990 bonds are for the 1989 Capacity Expansion Project, which was refunded in 1999. The City shall bill the District one-quarter of such annual payment with each quarterly billing, as set forth in Paragraph 3.c of this Agreement. The bill shall include an annual amortization of issuance costs and bond discount.
- b. 1999 Incinerator Rehabilitation Project: 1999 Bonds.
 - i. Payment for Incinerator Rehabilitation. The District hereby agrees to pay its proportionate share (7.64%) of the annual debt service and bond issuance requirements for the 1999 bonds according to the schedule set forth in Exhibit “E” attached to this

Agreement. The 1999 bonds are for the Incinerator Rehabilitation project. The City shall bill the District one-quarter of such annual payment with each quarterly billing, as set forth in Paragraph 3.c of this Agreement. The bill shall include an annual amortization of issuance costs and bond discount.

c. Ultraviolet Disinfection Facility Project and SRF Loan

- i. For purposes of this subparagraph, "Project Costs" means all costs incurred in connection with the planning, design, construction and implementation of the project. Without limiting the generality of the foregoing, Project Costs shall include, but not to be limited to, design, engineering, and other consultants' fees and costs, including fees incurred pursuant to agreements with engineers, contractors and other consulting, design and construction professionals; environmental analysis and approval, including compliance with the California Environmental Quality Act; deposits; ordinarily applicable permit fees, plan check fees, and inspection fees; initial maintenance; attorney's fees and costs; insurance; and interest from the date of payment on any contracts.
- ii. The Parties authorized the City to pursue State Revolving Fund (SRF) loan from the State Water Resources Control Board (SWRCB) to fund the costs of the Ultraviolet Disinfection Project. The loan was authorized. The SRF loan shall be repaid in the same proportionate share as shown on Exhibit "H." The Parties further agree that if necessary, each Party shall raise their sewer use rates for the repayment of past SRF loans, operations, and/or maintenance of the Project, following any appropriate process under California Constitution article XIII C and D (Proposition 218).
- iii. If the SWRCB terminates its loan commitment unexpectedly following execution of the construction contract for the Project, the City shall notify the District promptly. Following notification of the termination of the SRF, the Parties shall meet in a timely manner to discuss alternative funding sources and strategies.
- iv. The Parties shall remain responsible for the Ultraviolet Disinfection Facility Project costs, bonds, and loans incurred, whether before or after termination of the Project, in connection with the termination of the Project construction contract, in the same proportion to each organization's share as shown in Exhibits "F" and "H". Unless earlier terminated, the obligations and responsibilities of the Parties shall commence with the execution of this Agreement and be in force for the life of the SRF loan.
- v. The District shall pay its share of any Project Costs within ten (10) business days of receipt of the quarterly billing statement sent by the City. If District disputes the correctness of an invoice, it shall pay the invoice in full and the dispute shall be resolved after payment in accordance with the Agreement, and shall not offset against any payment due.

6. DESIGN OF PRIMARY SEDIMENTATION TANK REHABILITATION, SECONDARY TREATMENT UPGRADE, LABORATORY SERVICES BUILDING; DESIGN AND CONSTRUCTION OF SLUDGE DEWATERING AND TRUCK LOADOUT FACILITY; AND CONSTRUCTION OF OUTFALL AND PRIMARY SEDIMENTATION TANK REHABILITATION.

a. Implementation of the “Projects”

- i. City and District hereby approve the planning and design of the Primary Sedimentation Tanks, Secondary Treatment Upgrades, Laboratory/Environmental Services Building, and design and construction of a Sludge Dewatering and Truck Loadout Facility. Each Party shall pay its share of Project Costs for the Projects in proportion as it owns capacity in the Treatment Plant or portion thereof, as shown in Exhibit “H.” For purposes of this subparagraph, “Project Costs” means all costs incurred in connection with the planning, design, construction and implementation of the Projects. Without limiting the generality of the foregoing, Project Costs shall include, but not be limited to: design, engineering, and other consultants’ fees and costs, including fees incurred pursuant to agreements with engineers, contractors and other consulting, design and construction professionals; environmental analysis and approval costs, including cost of compliance with the California Environmental Quality Act; deposits, applicable permit fees; all costs to apply for and secure necessary permits from all required regional, state, and federal agencies, plan check fees, and inspection fees; construction costs; initial maintenance; attorneys’ fees and costs; insurance; interest from the date of payment on any contracts.
 - ii. City and District hereby approve the construction of a new outfall and related improvements to existing discharge infrastructure (the “Outfall Project”) and the rehabilitation of the primary sedimentation tanks including electrical upgrades (the “Primary Sedimentation Tank Rehabilitation Project”). Each Party shall pay its share of Project Costs for the Projects in proportion as it owns capacity in the Treatment Plant or portion thereof, as shown in Exhibit “H.” For purposes of this subparagraph, “Project Costs” means all costs incurred in connection with the construction and implementation of these two projects. Without limiting the generality of the foregoing, Project Costs shall include, but not be limited to: engineering and other consultants’ fees and costs, including fees incurred pursuant to agreements with engineers, contractors and other consulting, design and construction professionals; deposits, applicable permit fees; all costs to apply for and secure necessary permits from all required regional, state, and federal agencies; plan check fees, and inspection fees; construction costs; initial maintenance; attorneys’ fees and costs; insurance; interest from the date of payment on any contracts.
 - iii. The projects described in subparagraphs (i) and (ii) immediately above are referred to individually as a “Project” and collectively as the “Projects”.
- b. Financing for the Projects. The District authorizes the City to pursue and receive State Revolving Fund (“SRF”) loans from the State Water Resources Control Board (“SWRCB”) or pursue other project financing (i.e. utility revenue bonds) to fund the costs of the Projects. The maximum amount of the financing sought for each Project is:

- Planning/design of the primary sedimentation tanks, secondary treatment upgrades, and a new Laboratory/Environmental Services Building - \$6.75 million
 - Design and construction of a sludge dewatering and truck load-out facility - \$28 million
 - Construction of Outfall Project - \$12 million
 - Construction of Primary Sedimentation Tank Rehabilitation - \$17 million
- c. The SRF loans will have a thirty year repayment term. The SRF loans shall be repaid in the same proportionate share, as shown on Exhibit "H." The Parties further agree that, if necessary each Party shall raise their sewer use rates for the repayment of the SRF loan or other financing, operations, and/or maintenance of the Project, following any appropriate process under California Constitution article XIII C and D (Proposition 218).
- d. If the SWRCB terminates its loan commitment unexpectedly following execution of the planning and/or construction contract(s) for a Project or the Projects, the City shall notify the District promptly. Following notification of the termination of the SRF loan commitment, the Parties shall meet in a timely manner to discuss alternative funding sources and strategies for completion of the Projects. If the Parties are unable to agree on new funding sources in a timely manner, then the City shall have the right to terminate the Project or the Projects immediately.
- e. The Parties shall remain responsible for Project Costs and loans incurred, whether before or after termination of the Project, in connection with the termination of the Project construction contract, in the same proportion to each organization's share, as shown on Exhibit "H." Unless earlier terminated, the obligations and responsibilities of the Parties shall commence with the execution of this Agreement and be in force for the life of the SRF loan or other financing.
- f. Pursuant to Paragraph 3.c of the Agreement, the City will supply the District with all information supporting the City's determinations regarding the Project Costs, including but not limited to, information relating to the computation of the relative shares of each organization. The City will make available all such information (historical and current) to the District's auditors, on request.
- g. District shall pay its share of any Project Costs within thirty (30) business days of receipt of the quarterly billing statement sent by the City. If District disputes the correctness of an invoice, it shall pay the invoice in full and the dispute shall be resolved after payment in accordance with the Agreement, and shall not offset against any payment due. The Parties shall undertake any dispute resolution in accordance with Paragraph 15 of the Agreement.

7. FUNDING FOR MINOR CAPITAL IMPROVEMENT PROJECTS (CIPs).

- a. Relatively small capital projects for the replacement of obsolete, broken or worn-out equipment, shall be referred to as "Minor Capital Projects". The total annual expenditure

on Minor Capital Projects shall not exceed the amount specified for the base year (1982-1984), as set forth below, adjusted annually, in accordance with the Consumer Price Index [Urban Wage Earners and Clerical Workers] (base year 1982-1984 = 100) for the San Francisco-Oakland-San Jose CSMA ("CPI"), published by the United States Department of Labor, Bureau of Labor Statistics ("Index"), most immediately preceding the twelve-month period beginning the July of each following fiscal year ("Extension Index"), and which shall be compared with the Index published most immediately preceding the twelve-month period beginning the July of each preceding fiscal year ("Beginning Index"). The Minor Capital Projects total maximum amount for the base year is set at 1.9 million dollars (\$1,900,000.00).

- b. Minor Capital Project expenses are included as part of operating expenses. Therefore, the District's share is calculated using Exhibit C, as it is for all operating expenses. Major CIPs are those which are too large to be implemented with the annual funds available in 7.a above. The District's share for Major CIPs is contained in Exhibit H.

8. PAYMENTS FOR MAJOR CAPITAL IMPROVEMENT PROJECTS (CIPS). Each Party shall pay for the cost of major CIPs in an amount equal to its proportional share of capacity in the Treatment Plant or portion thereof, as more fully described in Exhibit "H," attached hereto and incorporated herein by reference. If the District will pay for its share of the costs of CIPs through its voluntary participation in the City's issuance of debt securities, if any, to finance the work, then the District shall pay to the City for its share of the City's debt service in an amount equal to its proportional share of capacity in the Treatment Plant, unless the Parties agree in a separate writing to a different share. Major CIPs means those projects, which are not covered by Paragraph 7.

9. ALTERNATE FUNDING MECHANISM FOR THE PLANNING AND DESIGN OF THE PRIMARY SEDIMENTATION TANK REHABILITATION, SECONDARY TREATMENT UPGRADE, AND LAB/ENVIRONMENTAL SERVICES BUILDING PROJECTS. The City utilized the annual minor capital budget funded by the Parties (detailed in Paragraph 6) to fund the Sludge Dewatering and Load-out Facility project planning and design, with the intent to reimburse the annual minor capital budget once the SRF loan for that project phase was received. The Parties agree that the City will use the SRF loan reimbursement funds from the Sludge Dewatering and Loadout Facility project design (soft costs only of approximately \$3.4 million, referred to as the "Reimbursement Funds") to finance the initial planning and design costs of the following three projects: (1) primary sedimentation tanks, (2) secondary treatment upgrades, and (3) a new Laboratory/Environmental Services Building. After the Reimbursement Funds are exhausted, any additional planning and design expenses for the three projects shall be paid by the Parties in quarterly payments in the same proportionate shares as shown on Exhibit "H". Once construction financing for these three projects is secured, the City may roll any remaining, yet unbilled, planning and design expenses into the debt financing instrument.

10. THE DISTRICT'S OUTFALL. The City hereby confirms that by an Amendment to the Original Agreement dated September 10, 1963 ("September 1963 Amendment"), it granted to the District the right to construct and maintain a sanitary sewer outfall line (subsequently sized at

twenty-four (24) inches) over a route across City property as shown on a map attached to this Agreement as Exhibit "A" and "B."

- a. The District shall have an irrevocable license coextensive in term with the existence of said outfall or until the license is replaced with an easement as set forth in subparagraph f, for ingress and egress across City property necessary to maintain or repair said outfall, in the event that the Parties do not agree on another method of such repair and maintenance.
- b. District shall operate such facilities without trespassing on any fairways or greens of City's golf course and shall exercise due diligence in the protection of all natural plant material, wetlands (if any), environmental habitat, and piping, to the greatest extent feasible.
- c. In addition, for the portion of the District's facilities within the City's airport, the District shall exercise due diligence and coordinate any maintenance work with the City's airport and the Federal Aviation Administration (FAA) as required.
- d. If any regulatory permits are required, the District shall be responsible for obtaining them and following the requirements of any applicable regulatory permit.
- e. District's operation of its facilities shall not interfere with City's use or development of any City property.
- f. In 2017, as part of the San Francisquito Creek Flood Reduction, Ecosystem, Restoration, and Recreation Project San Francisco Bay to Highway 101, District relocated a portion of the sanitary sewer outfall line pursuant to a Right of Entry Agreement by and between City and District dated October 5, 2017 ("ROE"). The Parties agree to enter into an easement agreement to govern the rights and obligations of the Parties with respect to both the new portion of the line and the preexisting portion first contemplated by the September 1963 Amendment, which easement agreement upon recording shall supersede and replace the preceding provisions regarding the license. The Parties shall cooperate in the preparation and recording of the easement. At City's request, District shall cause the preparation of the following documents necessary for the easement, and submit them to City:
 - A set of as-built plans and profiles (hard copy and AutoCAD) for District's entire sanitary sewer outfall line on City property, including the preexisting portion and that portion installed under the ROE. The plan shall be prepared based on the surveyed information obtained by the District's consultant.
 - The set of as-built plans and profiles shall include the segment of pipe that was slip-lined and left in place for future use.
 - Where feasible, surveyed markers, steel pipe, monuments or equivalent shall be set in the field by a licensed surveyor to identify the location of the existing facilities.

- g. In accordance with the September 1963 Amendment, and without creating any precedent for any future connections, the District shall provide and reserve capacity for sanitary facilities at the City's golf course in order to accommodate the sewage from the two (2) existing restroom facilities at the golf course ("Fixture Units") in operation as of the date of this Agreement. The flow value of each of the two (2) Fixture Units is approximately 5,000 gallons per year. In preparing fourth quarter bills for each fiscal year, the City shall deduct 5,000 gallons per fiscal year from the total flow of the District beginning in Fiscal Year 2020-2021.
- h. The two connections to the District's trunk line from the Palo Alto Airport which predate November 19, 2003 may also continue to be utilized by the City without compensation to the District. One connection is from the airport tower and wash pad, and the other connection is from Building 1903B.
- i. The flow from the four connections described in subsections (g) and (h) above shall not count toward the District's capacity allocation contained in Exhibit "H."
- j. The Parties agree that the value of the license and easement to the District offsets any incremental cost to the District from Fixture Units and the City Airport trunk line connections.
- k. Regarding future connections or flow increases to the District outfall from Palo Alto, fees and expenses for both use and connection to the District outfall shall be negotiated and approved in a future amendment to this agreement.

11. PRETREATMENT PROGRAM

- a. District will adopt the City's Sewer Use Ordinance (currently codified in Chapter 16.09 of Title 16 of the Palo Alto Municipal Code), as it may be amended from time to time. Alternatively, the District may adopt its own Pretreatment Ordinance which is at least as stringent as federal, state, and City requirements, and is rapidly updated when new requirements are issued by any of these entities.
- b. Whenever City makes revisions or additions to its Sewer Use Ordinance, City will forward to District a copy of such revisions or additions within ninety (90) days of enactment thereof. District will take all necessary steps to ensure that the ordinance as applicable in the District's jurisdiction is consistent with and reflects the most current version of the City's Sewer Use Ordinance in effect.
- c. District designates City as an agent of District for the purposes of implementation and enforcement of District's ordinances against industrial users located in District. City may, but shall not be obligated to, take any action under District's ordinances which could have been taken by District, including the enforcement of the ordinance in courts of law.
- d. City, on behalf of and as agent for District, will perform technical and administrative duties to implement and enforce District ordinances and regulations. City will: (1) Prepare

industrial waste discharge permits for District to issue to industrial users located within its boundary; (2) Conduct inspections, sampling, surveillance, and analysis; (3) Take all appropriate enforcement action, save litigation (except as specified in 11.i below), required to enforce District's ordinances, regulations, and industrial waste discharge permit provisions, as outlined in City's enforcement response plan and provided for in District's ordinances and regulations; (4) Notify industrial users of new requirements; (5) Prepare documentation necessary to support enforcement actions to be taken by District; (6) Process from industrial users all reports, including compliance reports, self-monitoring reports, base-line reports, records of violations and actions taken, and any other monitoring or reporting requirements imposed by federal, state, or local regulations. These records and other relevant information shall be maintained for at least three (3) years by City. City shall forward copies of any inspection reports, sampling results, and informal administrative enforcement actions which it generates to District upon request; and (7) Perform any other technical or administrative duties the Parties deem appropriate. In addition, City may, as an agent of District, take emergency action to stop or prevent any discharge which presents or may present an imminent danger to the health or welfare of humans, which reasonably appears to threaten the environment, or which threatens to cause interference, pass through, or sludge contamination.

e. Any authorized officer or employee of City may enter and inspect at any reasonable time any part of District's wastewater system; provided, however, at or before the time this right of inspection is exercised, City shall notify District by at least telephonic means of the date, time, place and nature of the intended inspection, and upon conclusion of the inspection shall upon request provide District with a written report of the inspection activities undertaken by City and the information obtained. The right of entry and inspection shall extend to public streets, easements, and property within which the system is located. Additionally, District hereby grants authorized officers or employees of City to enter onto private property, in compliance with the law, to inspect industrial users within the jurisdiction of District. Authorized officers or employees of City shall have the same legal authority afforded District staff. The right of inspection shall include on-site inspection of entire facilities including pretreatment and sewer facilities and includes observation, measurement, sampling, testing, and access to (with the right to copy) all pertinent compliance reports and documents required to be maintained by federal, state, or local regulations and applicable discharge permits.

f. District will be responsible for:

- i. Updating the industrial waste survey and providing such update annually to City;
- ii. Issuing industrial waste discharge permits;
- iii. Initiating litigation required to enforce District's ordinances, regulations, and industrial waste discharge permit provisions. The District and the City may each or both seek injunctive relief when an imminent danger exists , as described in 11.i below and

- iv. Controlling by written contract, with terms and conditions equivalent to the requirements of District's ordinances and regulations, any discharger outside District's territorial limits which is connected to District's wastewater system.
- g. District shall file with City certified copies of its ordinances and regulations and any amendments thereto, any discharge permits which District issues, including any contracts entered into by District for the purpose of controlling industrial waste.
- h. If City determines that District has failed or has refused to fulfill any Pretreatment Program obligations, City will allow District thirty (30) days to identify the cause of the violation(s) and remedy them. If the District is unable to remedy the violation within thirty (30) days, City shall develop, in consultation with District if possible, and issue a remedial plan containing a description of the nature of the Pretreatment Program deficiencies, and an enumeration of the steps to be taken by District, and a time schedule for attaining compliance with all Pretreatment Program obligations. Where District fails or declines to satisfy the conditions of the remedial plan on schedule, City may seek review of the remedial plan and enforcement thereof, via seeking injunctive relief or any other legally available remedy, in a court of competent jurisdiction. Where District fails to satisfy any such conditions on schedule, other than those imposed or required by formal administrative or judicial enforcement actions, City may conduct those tasks. District shall reimburse City for any and all costs associated with performing these tasks. In the event District has failed to satisfy the terms of any remedial plan, City may, upon thirty (30) days' written notice, refuse to accept industrial waste emanating from industrial users within District's jurisdiction and enforce such prohibition in any court of competent jurisdiction.
- i. Where a discharge to the wastewater system reasonably appears to present an imminent danger to the public health, safety, and welfare, or presents or may present, an imminent danger to the environment, or threatens to interfere with either Party's wastewater system, either Party may immediately initiate steps to identify the source of the discharge, and to halt or prevent said discharge. Either Party may seek injunctive relief against any industrial user or other person contributing to the emergency conditions and may pursue self-help remedies if available.
- j. District will prohibit the discharge of surface and storm water into its sanitary sewers if such discharge is or would be excessive under any federal, state, or local regulation, and shall otherwise comply with such regulations in permitting any such discharge therein.
- k. District shall defend, indemnify and hold harmless the City, its agents, officers and employees, of, from and for all damages, fines and costs incurred as a result of industrial waste discharge from District (including industrial dischargers connected to District's system) or incurred as a result of the failure of District to comply with Paragraph 11 (Pretreatment Program) of this Agreement. District shall reimburse City for fines or costs stemming from damages to City facilities or the System, disruption of treatment processes or operations, degradation of sludge quality, NPDES permit violations arising in the jurisdiction of District, and other air, water and sludge quality violations attributable to District, or its industrial dischargers, and any enforcement actions of regulatory agencies including the state

and regional water boards and federal and state environmental protection agencies. In the event that any suit based on such a claim, demand, suit, action, fine, penalty or liability is brought against either Party, each Party retains the right to participate in said suit.

l. If the authority of City to act as an agent for District under this Agreement is questioned by an industrial user, court of law, or otherwise, District will take whatever action is necessary to ensure the implementation and enforcement of District ordinances and regulations against its industrial users, including, but not limited to, implementing and enforcing District ordinances and regulations on its own behalf and/or amending this Agreement to clarify City authority. Any such actions shall be at no cost to City.

m. The Parties will review and revise this Agreement to ensure compliance with the Federal Clean Water Act (33 U.S.C. 1251 et seq.) and rules and regulations (see 40 CFR Part 403) issued thereunder, as necessary.

n. District shall reimburse City for administrative costs of permitting, implementing and enforcing the Pretreatment Program. District agrees that City may seek such reimbursement by directly charging facilities regulated under the Pretreatment Program within the jurisdiction of District for said costs and/or recovering said costs through permit or annual fees.

12. INDEMNIFICATION. Each of the Parties shall defend, indemnify and hold the other party harmless of and from all claims, liabilities, actions, causes of action, proceedings, damages, fines, penalties, costs, expenses, attorneys' fees or any other forms of pecuniary or non-pecuniary relief which result from:

a. That party's violation of laws and regulations governing the collection, transmission, treatment and disposal of wastewater or wastewater byproducts, including, without limitation, laws and regulations governing disruption of treatment processes or operations, degradation of sludge quality, and NPDES permit violations attributable to the conduct of that party or other persons, including industrial waste dischargers for whom that party exercises regulatory responsibility.

b. That party's failure to exercise reasonable care in the operation and maintenance of its wastewater facilities.

13. TERMINATION.

a. Termination Rights. Except as otherwise provided herein, this Agreement shall continue indefinitely; provided the District may withdraw herefrom if it decides to construct and operate a treatment plant of its own, join in the use of some plant, or execute another alternative; in which case the District shall give the City at least six months written notice in advance of its intention to withdraw. Upon the consummation of such withdrawal, this Agreement shall be deemed to have terminated, except as to obligations already incurred and not yet satisfied.

b. Disposition of Property and Funds Upon Termination. Upon termination of this Agreement, all property of either Party then in the custody of the other or a third party shall be distributed pursuant to an agreement reached by the City and the District at that time.

14. BREACH OF AGREEMENT. In the case of a breach by either Party of any of its respective obligations to be performed hereunder, notice in writing of such breach may be given by the aggrieved one to the other, who shall have a reasonable time not exceeding sixty (60) days, in which to cure such breach.

15. DISPUTE RESOLUTION. The Parties acknowledge that there are a number of informal dispute resolution procedures (such as arbitration, mediation, informal conferences, etc.) which could be used to resolve any controversy or claim arising out of or relating to this Agreement, or the alleged breach thereof. The Parties agree in principle that one or more such mechanisms should be utilized prior to proceeding in a judicial forum. Should any such controversy or claim arise, any Party wishing to utilize an informal dispute resolution procedure may request in writing that such procedure should be utilized, stating in general terms the nature of the proposed procedure. The other Party shall then have a period of two (2) weeks in which to either accept or reject such request. If such request is denied, or if no answer to such request is given within such period, then the requesting Party shall be free to pursue any legal remedy which may be available to it. If such request is accepted, then the procedures outlined in such request shall first be followed prior to either Party resorting to a judicial procedure.

16. NOTICES AND OTHER COMMUNICATIONS. Every notice or other communication required or contemplated by this Agreement by either Party shall be delivered either by (a) personal delivery or (b) postage prepaid return receipt requested certified mail addressed to the Party for whom intended at the following address:

a. If to District, to:

General Manager
East Palo Alto Sanitary District
901 Weeks Street
East Palo Alto, CA 94303

Separate copies to:

President of Board of Directors
Secretary of Board of Directors
East Palo Alto Sanitary District
901 Weeks Street
East Palo Alto, CA 94303

b. If to City, to:

City of Palo Alto
City Manager's Office

Post Office Box 10250
Palo Alto, CA 94301
Attn: Director of Public Works

Copy to:

Palo Alto Regional Water Quality Control Plant
Attn: Manager, Water Quality Control Plant
2501 Embarcadero Way
Palo Alto, CA 94303

or at such other address as the intended recipient previously shall have designated by written notice to the other party. Notice by certified mail shall be effective on the date it is officially recorded as delivered to the intended party by return receipt or the equivalent. Notice not given in writing shall be effective only if acknowledged in writing by a duly authorized representative of the party to whom it was given.

17. CONSENT TO JURISDICTION, SERVICE, AND VENUE. Should either party submit matters of dispute to a court for the purpose of enforcing obligations hereunder or otherwise in connection herewith, both parties hereby consent to the jurisdiction and venue of the state or federal courts in the County of San Mateo or the County of Santa Clara, California.

18. NO WAIVER OF RIGHTS. All waivers hereunder must be in writing, and failure at any time to require the other party's performance of any obligation under this Agreement shall not affect the right subsequently to require performance of that obligation. Any waiver of any breach of any provision of this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision or a waiver or modification of the provision.

19. COUNTERPARTS. This Agreement may be executed in any number of counterparts, and each counterpart shall constitute an original instrument, but all such separate counterparts shall constitute only one and the same instrument.

20. WRITTEN AGREEMENT TO GOVERN. This Agreement sets forth the entire understanding and prospectively supersedes all prior and contemporaneous agreements between the parties relating to the subject matter contained herein and merges all prior and contemporaneous discussions between them, and neither party shall be bound by any definition, condition, representation, warranty, covenant, or provision other than as expressly stated in or contemplated by this Agreement or as subsequently shall be set forth in writing and executed by a duly authorized representative of the party to be bound. Except as expressly set forth in the Agreement, all rights, claims, and obligations of the parties shall be preserved.

21. SEVERABILITY. If any provision of this Agreement shall be held invalid under any applicable law, such invalidity shall not affect any other provision of this Agreement that can be given an effect without the invalid provision, and, to this end, the provisions hereof are severable. If any provision of this Agreement shall be held invalid because of its scope or

duration, the court making such determination shall have the power to limit the scope and/or duration of such provision and, in its limited form; such provision shall then be enforceable.

22. SUCCESSORS. This Agreement shall be binding upon and shall inure to the benefit of the successors of the parties.

23. REVISION OF AGREEMENT. This Agreement may, from time to time, be amended, revised, or supplemented by and with the consent of the parties hereto and subject to the approval and ratification of their respective governing bodies.

IN WITNESS WHEREOF, the Parties have by their duly authorized representatives executed this Agreement which restates and amends that certain Agreement (Palo Alto No. 237) dated March 16, 1989, as amended, between the City of Palo Alto and East Palo Alto Sanitary District as of the date first written above.

ATTEST:

DocuSigned by:
Beth Minor
27523117DA804D7...
City Clerk

CITY OF PALO ALTO

DocuSigned by:
T. Dubois
By: DD53585CA5CB4E9...
Mayor

APPROVED AS TO FORM:

DocuSigned by:
Aylin Bilir
D0E88E7C63E64AD...
City Attorney or Designee

APPROVED AS TO CONTENT:

DocuSigned by:
Ed Shikada
F2DCA19CCC8D4F9...
City Manager or Designee

EAST PALO ALTO SANITARY DISTRICT

ATTEST:

Betsy Yafiez, Secretary

Joan Sykes-Miessi
Joan Sykes-Miessi, Vice President
Acting President

APPROVED AS TO FORM:

Mala Subramanian
Mala Subramanian, General Counsel

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ATTEST:

DocuSigned by:
Beth Minor
27523117DA804D7...
City Clerk

CITY OF PALO ALTO

DocuSigned by:
T. D. Davis
By: DD53585CA6CB4E9...
Mayor

APPROVED AS TO FORM:

DocuSigned by:
Aylin Bilin
D0E86E7C83E04AD...
City Attorney or Designee

APPROVED AS TO CONTENT:

DocuSigned by:
Ed Shikada
F2DCA19CCC8D4F8...
City Manager or Designee

EAST PALO ALTO SANITARY DISTRICT

ATTEST:

B. Yañez
Betsy Yañez, Secretary

Joan Sykes-Miessi, Vice President

APPROVED AS TO FORM:

M. Subramanian
Mala Subramanian, General Counsel

EXHIBIT "A"

LEGAL DESCRIPTION

EASEMENT "A"

All that real property situated in the City of East Palo Alto, County of San Mateo, State of California, described as follows:

Being a portion of that parcel as described in that certain Grant Deed recorded March 27, 1946 as Book 1244 Page 439 of Official Records of said county and also being a strip of land 20.00 feet in width, lying 10.00 feet on each side of the following described line:

COMMENCING at an iron pipe monument at the intersection of the centerlines of Daisy Lane and Hibiscus Court, as shown on that map entitled "Tract No. 805 Palo Alto Gardens No.7" filed August 16, 1962 in Book 56 of Maps at Page 38 at said office of said recorder; thence along said centerline North 01°24'00" West 258.73 feet to an iron pipe monument, thence continuing along said centerline northwesterly North 01°24'00" West 34.43 feet to the southerly line of that parcel of East Palo Alto Sanitary District as described in that certain Grant Deed recorded December 18, 1984 as Instrument No. 85031440 of Official Records in said office of said recorder; thence along said southerly line North 83°45'00" East 266.28 feet to the southeasterly corner of said parcel of East Palo Alto Sanitary District, said point also being the northeasterly corner of the PG&E Right-of-Way (60 feet wide) as described in that certain Tax Deed recorded September 4, 2015 as Instrument No. 2015-095214 of Official Records in said office of said recorder; thence along the easterly line of said PG&E Right-of-Way for the following two course: South 06°08'45" East 214.02 feet and South 24°43'43" East 372.92 feet; thence leaving said easterly line North 87°05'56" East 127.45 feet to the **TRUE POINT OF BEGINNING**; thence North 87°05'56" East 56.00 feet to its point of termination, said point hereinafter referred to as **POINT "A"**.

The sidelines of said strip shall be prolonged or shortened so as to begin at said easterly line of said PG&E Right-of-Way and shall terminate at the westerly line of Easement "B" described herein.

Containing 1,120 square feet (0.03 acres) more or less.

EASEMENT "B"

All that real property situated in the City of East Palo Alto, County of San Mateo, State of California, described as follows:

Being a portion of that parcel as described in that certain Grant Deed recorded March 27, 1946 as Book 1244 Page 439 of Official Records of said county, described as follows:

BEGINNING at said **POINT "A"** hereinbefore described; thence for the following courses and distances: North 00°00'00" East 60.00 feet, thence North 90°00'00" East 10.00 feet to a point hereinafter referred to as **POINT "B"**; thence North 90°00'00" East 34.00 feet; South 00°00'00" West 35.00 feet to a point hereinafter referred to as **POINT "C"**; thence South 00°00'00" West 35.00 feet; thence South 90°00'00" West 44.00 feet, thence North 00°00'00" East 10.00 feet to the **POINT OF BEGINNING**.

Containing 3,080 square feet (0.07 acres) more or less.

EASEMENT "C"

All that real property situated in the City of East Palo Alto, County of San Mateo, State of California, described as follows:

Being a portion of that parcel as described in that certain Grant Deed recorded March 27, 1946 as Book 1244 Page 439 of Official Records of said county and also being a strip of land 20.00 feet in width, lying 10.00 feet on each side of the following described line:

BEGINNING at said **POINT "B"** hereinbefore described; thence North 14°58'25" West 460.75 feet to its point of termination.

The sidelines of said strip shall be prolonged or shortened so as to begin at the northerly line of Easement "B" described herein.

Containing 9,215 square feet (0.21 acres) more or less.

EASEMENT "D"

All those real properties situated in the City of East Palo Alto, County of San Mateo and the City of Palo Alto, County of Santa Clara, State of California, described as follows:

Being a portion of that parcel in said City of East Palo Alto as described in that certain Grant Deed recorded March 27, 1946 as Book 1244 Page 439 of Official Records of said County of San Mateo and a portion of that parcel in said City of Palo Alto as described in that certain Quitclaim Deed recorded January 23, 1974 as Instrument No. 4690974 of Official Records of said County of Santa Clara and also being a strip of land 65.00 feet in width, lying 32.50 feet on each side of the following described line:

BEGINNING at said **POINT "C"** hereinbefore described; thence South $81^{\circ}53'09''$ East 524.27 feet to its point of termination, said point hereinafter referred to as **POINT "D"**.

The sidelines of said strip shall be prolonged or shortened so as to begin at the easterly line of Easement "B" described herein and shall terminate at the southwesterly line of Easement "E" described herein.

Containing 34,075 square feet (0.78 acres) more or less.

EASEMENT "E"

All that real property situated in the City of Palo Alto, County of Santa Clara, State of California, described as follows:

Being a portion of that parcel as described in that certain Quitclaim Deed January 23, 1974 as Instrument No. 4690974 of Official Records of said county and also being a strip of land 20.00 feet in width, lying 10.00 feet on each side of the following described line:

BEGINNING at said **POINT "D"** hereinbefore described; thence the following courses and distances: North 21°40'53" East 160.73 feet, thence North 36°30'37" East 302.34 feet, thence North 50°27'24" East 365.63 feet, thence North 51°14'34" East 481.56 feet, thence North 76°57'29" East 327.01 feet, thence South 37°54'43" East 2,660.98 feet, thence South 05°42'51" West 1,490.68 feet to its point of termination.

The sidelines of said strip shall be prolonged or shortened so as to begin at the southeasterly line of Easement "D" described herein.

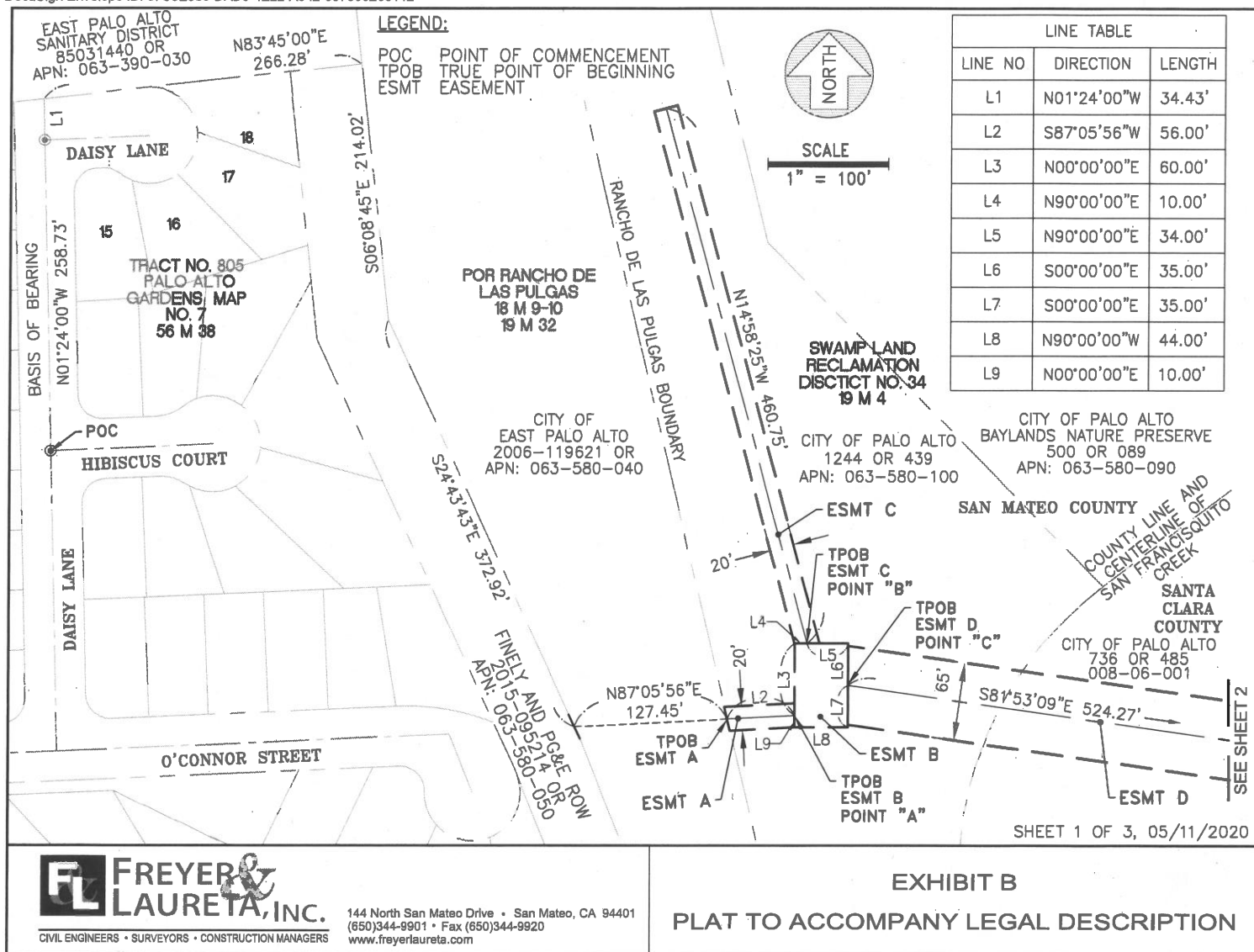
Containing 115,754 square feet (2.66 acres) more or less.

Exhibit 'B' is attached hereto and as such, made a part hereof.

This description of land is not a legal property description as defined in the Subdivision Map Act and may not be used as the basis for an offer for sale or for the sale of the lands described herein.



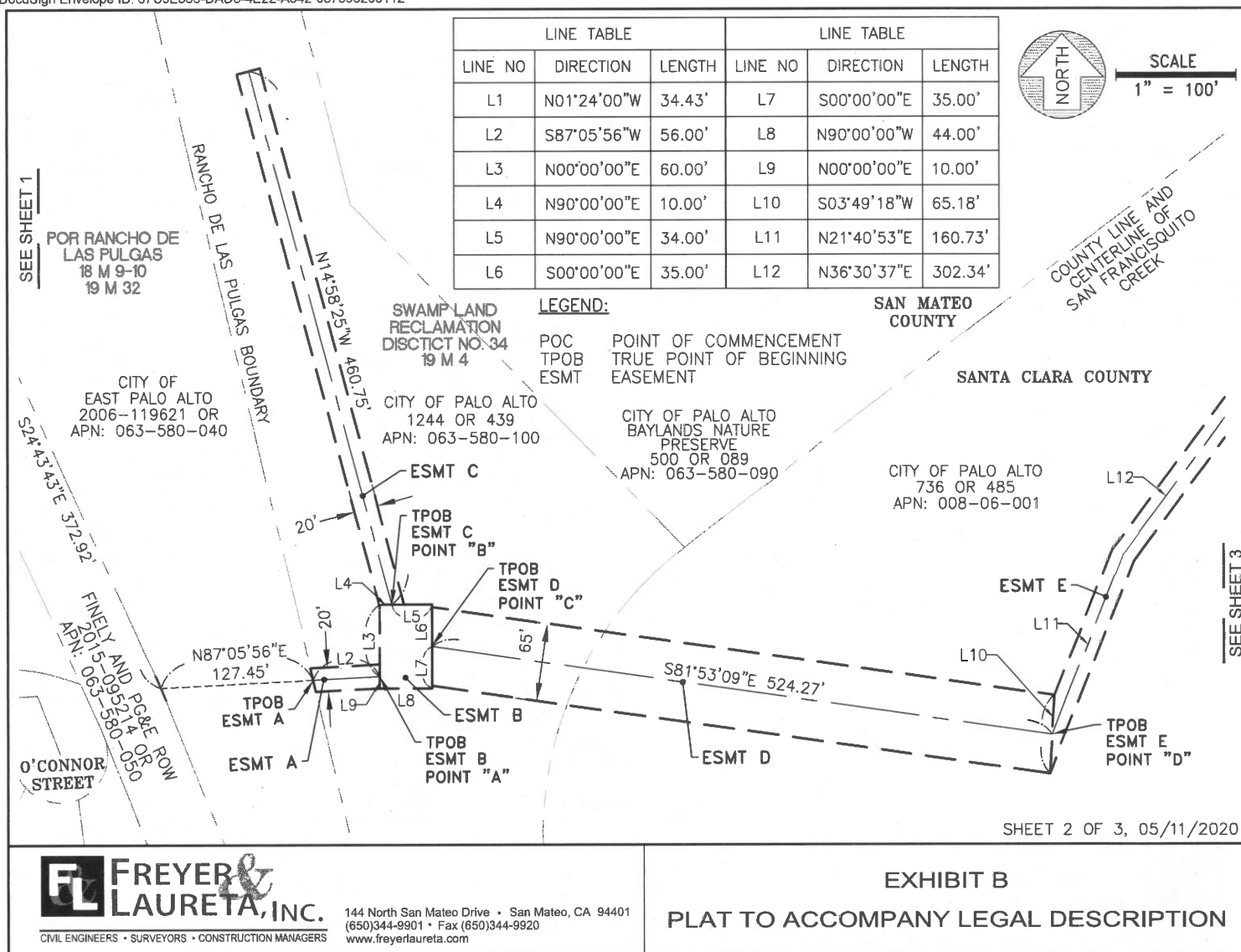
May 11, 2020

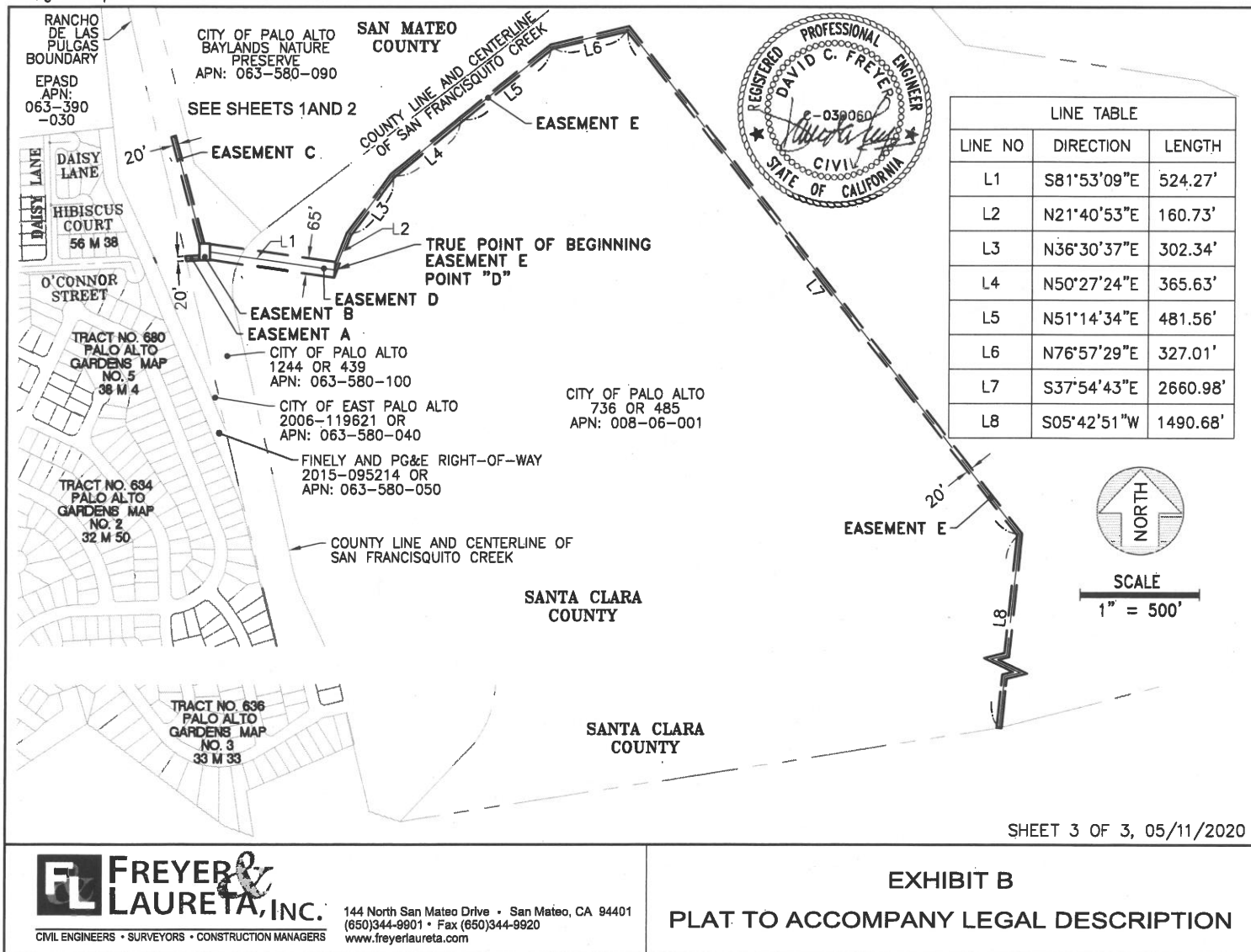


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EXHIBIT B
PLAT TO ACCOMPANY LEGAL DESCRIPTION





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EXHIBIT C**ALLOCATION, BILLING, AND PAYMENT
OF PALO ALTO REGIONAL WATER QUALITY CONTROL PLANT
OPERATION AND MAINTENANCE EXPENSES**

Operation and maintenance expenses shall be allocated to the below-listed expense categories in the proportions shown:

<u>Expense Category</u>	<u>Proportion</u>
Volume of sewage	34%
Chemical oxygen demand (COD)	22%
Suspended solids (SS)	22%
Ammonia (NH ₃)	22%

In subsequent years, the above percentage allocations may be altered based upon cost data derived in accordance with generally accepted accounting principles and upon agreement of all parties hereto. The volume of sewage received and the concentration of chemical oxygen demand, suspended solids, and ammonia contained therein shall be determined for each party in accordance with the criteria set forth in this Exhibit.

Treatment expense rates (per million gallons of wastewater volume and per thousand pounds of each of the other expense categories above) shall be established for each fiscal year. Each party shall pay its portion of the operation and maintenance expenses based on these rates (and the volume and quality of its wastewater).

EVALUATING EXPENSE CATEGORY ITEMS**Wastewater Volume**

The wastewater volume for each party shall be measured by a flow meter or flow meters in its outfall or outfalls or such other method as agreed upon between parties. Sewage meters and their locations shall be as approved by the Manager of the Treatment Plant.

Sewage Quality

The characteristic values of COD, SS, and NH₃ shall be determined by sampling and analyzing wastewater from each party's outfall according to good laboratory and sampling practices. The best equipment and techniques reasonably available to the Regional Water Quality Control Plant personnel shall be utilized in determining these characteristic values.

All samples shall be analyzed at the laboratory of the Regional Water Quality Control Plant. If any party to the Agreement disputes the findings of the foregoing sampling programs, the disputing party may collect samples at the same monitoring points and submit them for analysis by a laboratory approved by the superintendent of Palo Alto Water Quality Control Plant at the disputing party's own expense.

C237 Exhibit D: City of Palo Alto
1999 Refunding of 1990 Utility Revenue Bonds

DEBT SERVICE SCHEDULE FOR WASTEWATER TREATMENT

For Palo Alto, East Palo Alto Sanitary District, Stanford, and Los Altos Hills

FISCAL YEAR ENDING	25.00% PALO ALTO			11.90% EAST PALO ALTO			4.10% STANFORD			0.20% LOS ALTOS HILLS			TOTALS
	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	
6/30/00	\$ 25,691.25	\$ 47,891.70	\$ 73,582.95	\$ 12,229.04	\$ 22,796.45	\$ 35,025.49	\$ 4,213.37	\$ 7,854.24	\$ 12,067.61	\$ 205.53	\$ 383.13	\$ 588.66	\$ 121,264.71
6/30/01	\$ 23,122.13	\$ 47,056.74	\$ 70,178.87	\$ 11,006.13	\$ 22,399.01	\$ 33,405.14	\$ 3,792.03	\$ 7,717.30	\$ 11,509.33	\$ 184.98	\$ 376.45	\$ 561.43	\$ 115,654.77
6/30/02	\$ 23,978.50	\$ 46,189.66	\$ 70,168.16	\$ 11,413.77	\$ 21,986.28	\$ 33,400.05	\$ 3,932.47	\$ 7,575.10	\$ 11,507.57	\$ 191.83	\$ 369.52	\$ 561.35	\$ 115,637.13
6/30/03	\$ 24,834.87	\$ 45,230.52	\$ 70,065.39	\$ 11,821.40	\$ 21,529.73	\$ 33,351.13	\$ 4,072.92	\$ 7,417.80	\$ 11,490.72	\$ 198.68	\$ 361.84	\$ 560.52	\$ 115,467.76
6/30/04	\$ 25,691.24	\$ 44,237.12	\$ 69,928.36	\$ 12,229.04	\$ 21,056.87	\$ 33,285.91	\$ 4,213.37	\$ 7,254.89	\$ 11,468.26	\$ 205.53	\$ 353.90	\$ 559.43	\$ 115,241.96
6/30/05	\$ 26,547.62	\$ 43,183.78	\$ 69,731.40	\$ 12,636.67	\$ 20,555.48	\$ 33,192.15	\$ 4,353.81	\$ 7,082.14	\$ 11,435.95	\$ 212.38	\$ 345.47	\$ 557.85	\$ 114,917.35
6/30/06	\$ 28,260.37	\$ 42,068.78	\$ 70,329.15	\$ 13,451.94	\$ 20,024.74	\$ 33,476.68	\$ 4,634.70	\$ 6,899.28	\$ 11,533.98	\$ 226.08	\$ 336.55	\$ 562.63	\$ 115,902.44
6/30/07	\$ 29,116.74	\$ 40,853.59	\$ 69,970.33	\$ 13,859.57	\$ 19,446.31	\$ 33,305.88	\$ 4,775.15	\$ 6,699.99	\$ 11,475.14	\$ 232.93	\$ 326.83	\$ 559.76	\$ 115,311.11
6/30/08	\$ 29,973.11	\$ 39,572.45	\$ 69,545.56	\$ 14,267.21	\$ 18,836.49	\$ 33,103.70	\$ 4,915.59	\$ 6,489.88	\$ 11,405.47	\$ 239.79	\$ 316.58	\$ 556.37	\$ 114,611.10
6/30/09	\$ 31,685.87	\$ 38,223.66	\$ 69,909.53	\$ 15,082.48	\$ 18,194.46	\$ 33,276.94	\$ 5,196.48	\$ 6,268.68	\$ 11,465.16	\$ 253.49	\$ 305.79	\$ 559.28	\$ 115,210.91
6/30/10	\$ 33,398.61	\$ 36,766.11	\$ 70,164.72	\$ 15,897.75	\$ 17,500.67	\$ 33,398.42	\$ 5,477.37	\$ 6,029.64	\$ 11,507.01	\$ 267.19	\$ 294.13	\$ 561.32	\$ 115,631.47
6/30/11	\$ 35,111.37	\$ 35,196.37	\$ 70,307.74	\$ 16,713.01	\$ 16,753.47	\$ 33,466.48	\$ 5,758.27	\$ 5,772.21	\$ 11,530.48	\$ 280.89	\$ 281.57	\$ 562.46	\$ 115,867.16
6/30/12	\$ 36,824.11	\$ 33,511.03	\$ 70,335.14	\$ 17,528.28	\$ 15,951.25	\$ 33,479.53	\$ 6,039.16	\$ 5,495.81	\$ 11,534.97	\$ 294.59	\$ 268.09	\$ 562.68	\$ 115,912.32
6/30/13	\$ 38,536.87	\$ 31,669.82	\$ 70,206.69	\$ 18,343.55	\$ 15,074.83	\$ 33,418.38	\$ 6,320.05	\$ 5,193.85	\$ 11,513.90	\$ 308.30	\$ 253.36	\$ 561.66	\$ 115,700.63
6/30/14	\$ 40,249.61	\$ 29,742.98	\$ 69,992.59	\$ 19,158.82	\$ 14,157.66	\$ 33,316.48	\$ 6,600.94	\$ 4,877.85	\$ 11,478.79	\$ 322.00	\$ 237.94	\$ 559.94	\$ 115,347.80
6/30/15	\$ 41,962.37	\$ 27,730.50	\$ 69,692.86	\$ 19,974.09	\$ 13,199.72	\$ 33,173.81	\$ 6,881.83	\$ 4,547.80	\$ 11,429.63	\$ 335.70	\$ 221.84	\$ 557.54	\$ 114,853.85
6/30/16	\$ 44,531.49	\$ 25,632.38	\$ 70,163.87	\$ 21,196.99	\$ 12,201.01	\$ 33,398.00	\$ 7,303.17	\$ 4,203.71	\$ 11,506.88	\$ 356.25	\$ 205.06	\$ 561.31	\$ 115,630.06
6/30/17	\$ 46,244.25	\$ 23,350.14	\$ 69,594.39	\$ 22,012.26	\$ 11,114.67	\$ 33,126.93	\$ 7,584.06	\$ 3,829.42	\$ 11,413.48	\$ 369.95	\$ 186.80	\$ 556.75	\$ 114,691.55
6/30/18	\$ 48,813.36	\$ 20,980.12	\$ 69,793.48	\$ 23,235.17	\$ 9,986.54	\$ 33,221.71	\$ 8,005.39	\$ 3,440.74	\$ 11,446.13	\$ 390.51	\$ 167.84	\$ 558.35	\$ 115,019.67
6/30/19	\$ 51,382.50	\$ 18,478.43	\$ 69,860.93	\$ 24,458.07	\$ 8,795.74	\$ 33,253.81	\$ 8,426.73	\$ 3,030.46	\$ 11,457.19	\$ 411.06	\$ 147.83	\$ 558.89	\$ 115,130.82
6/30/20	\$ 53,951.62	\$ 15,780.85	\$ 69,732.47	\$ 25,680.97	\$ 7,511.68	\$ 33,192.65	\$ 8,848.07	\$ 2,588.06	\$ 11,436.13	\$ 431.61	\$ 126.25	\$ 557.86	\$ 114,919.11
6/30/21	\$ 56,520.75	\$ 12,948.39	\$ 69,469.14	\$ 26,903.87	\$ 6,163.43	\$ 33,067.30	\$ 9,269.40	\$ 2,123.54	\$ 11,392.94	\$ 452.17	\$ 103.59	\$ 555.76	\$ 114,485.14
6/30/22	\$ 59,946.24	\$ 9,981.05	\$ 69,927.29	\$ 28,534.42	\$ 4,750.98	\$ 33,285.40	\$ 9,831.19	\$ 1,636.89	\$ 11,468.08	\$ 479.57	\$ 79.85	\$ 559.42	\$ 115,240.19
6/30/23	\$ 63,371.75	\$ 6,833.87	\$ 70,205.62	\$ 30,164.95	\$ 3,252.92	\$ 33,417.87	\$ 10,392.97	\$ 1,120.76	\$ 11,513.73	\$ 506.97	\$ 54.67	\$ 561.64	\$ 115,698.86
6/30/24	\$ 66,797.40	\$ 3,507.26	\$ 70,304.66	\$ 31,795.55	\$ 1,669.26	\$ 33,464.81	\$ 10,954.51	\$ 575.12	\$ 11,529.63	\$ 534.02	\$ 28.05	\$ 562.07	\$ 115,861.17
TOTALS	\$ 986,544.00	\$ 766,617.30	\$ 1,753,161.30	\$ 469,595.00	\$ 364,909.65	\$ 834,504.65	\$ 161,793.00	\$ 125,725.16	\$ 287,518.16	\$ 7,892.00	\$ 6,132.93	\$ 14,024.93	\$ 2,889,209.04

C237 Exhibit E - City of Palo Alto

1999 Bond - New Money for Incinerator Rehabilitation Utility Revenue Bonds

DEBT SERVICE SCHEDULE FOR WASTEWATER TREATMENT

For Palo Alto, East Palo Alto Sanitary District, Stanford, and Los Altos Hills

FISCAL YEAR ENDING	38.16% PALO ALTO			7.64% EAST PALO ALTO			5.26% STANFORD			1.58% LOS ALTOS HILLS		
	TOTAL DEBT		SERVICE	TOTAL DEBT		SERVICE	TOTAL DEBT		SERVICE	TOTAL DEBT		SERVICE
	PRINCIPAL	INTEREST		PRINCIPAL	INTEREST		PRINCIPAL	INTEREST		PRINCIPAL	INTEREST	
6/30/00	\$ 74,412.00	\$ 138,972.52	\$ 213,384.52	\$ 14,898.00	\$ 27,823.63	\$ 42,721.63	\$ 10,257.00	\$ 19,156.07	\$ 29,413.07	\$ 3,081.00	\$ 5,754.10	\$ 8,835.10
6/30/01	\$ 64,872.00	\$ 136,554.13	\$ 201,426.13	\$ 12,988.00	\$ 27,339.45	\$ 40,327.45	\$ 8,942.00	\$ 18,822.71	\$ 27,764.71	\$ 2,686.00	\$ 5,653.97	\$ 8,339.97
6/30/02	\$ 68,688.00	\$ 134,121.43	\$ 202,809.43	\$ 13,752.00	\$ 26,852.40	\$ 40,604.40	\$ 9,468.00	\$ 18,487.39	\$ 27,955.39	\$ 2,844.00	\$ 5,553.25	\$ 8,397.25
6/30/03	\$ 70,596.00	\$ 131,373.91	\$ 201,969.91	\$ 14,134.00	\$ 26,302.32	\$ 40,436.32	\$ 9,731.00	\$ 18,108.67	\$ 27,839.67	\$ 2,923.00	\$ 5,439.49	\$ 8,362.49
6/30/04	\$ 74,412.00	\$ 128,550.07	\$ 202,962.07	\$ 14,898.00	\$ 25,736.96	\$ 40,634.96	\$ 10,257.00	\$ 17,719.43	\$ 27,976.43	\$ 3,081.00	\$ 5,322.57	\$ 8,403.57
6/30/05	\$ 80,136.00	\$ 125,499.18	\$ 205,635.18	\$ 16,044.00	\$ 25,126.15	\$ 41,170.15	\$ 11,046.00	\$ 17,298.89	\$ 28,344.89	\$ 3,318.00	\$ 5,196.24	\$ 8,514.24
6/30/06	\$ 80,136.00	\$ 122,133.47	\$ 202,269.47	\$ 16,044.00	\$ 24,452.30	\$ 40,496.30	\$ 11,046.00	\$ 16,834.96	\$ 27,880.96	\$ 3,318.00	\$ 5,056.89	\$ 8,374.89
6/30/07	\$ 85,860.00	\$ 118,687.62	\$ 204,547.62	\$ 17,190.00	\$ 23,762.41	\$ 40,952.41	\$ 11,835.00	\$ 16,359.98	\$ 28,194.98	\$ 3,555.00	\$ 4,914.21	\$ 8,469.21
6/30/08	\$ 89,676.00	\$ 114,909.78	\$ 204,585.78	\$ 17,954.00	\$ 23,006.05	\$ 40,960.05	\$ 12,361.00	\$ 15,839.24	\$ 28,200.24	\$ 3,713.00	\$ 4,757.79	\$ 8,470.79
6/30/09	\$ 91,584.00	\$ 110,874.36	\$ 202,458.36	\$ 18,336.00	\$ 22,198.12	\$ 40,534.12	\$ 12,624.00	\$ 15,283.00	\$ 27,907.00	\$ 3,792.00	\$ 4,590.71	\$ 8,382.71
6/30/10	\$ 95,400.00	\$ 106,661.50	\$ 202,061.50	\$ 19,100.00	\$ 21,354.66	\$ 40,454.66	\$ 13,150.00	\$ 14,702.29	\$ 27,852.29	\$ 3,950.00	\$ 4,416.28	\$ 8,366.28
6/30/11	\$ 99,216.00	\$ 102,177.70	\$ 201,393.70	\$ 19,864.00	\$ 20,456.96	\$ 40,320.96	\$ 13,676.00	\$ 14,084.24	\$ 27,760.24	\$ 4,108.00	\$ 4,230.63	\$ 8,338.63
6/30/12	\$ 104,940.00	\$ 97,415.33	\$ 202,355.33	\$ 21,010.00	\$ 19,503.49	\$ 40,513.49	\$ 14,465.00	\$ 13,427.79	\$ 27,892.79	\$ 4,345.00	\$ 4,033.44	\$ 8,378.44
6/30/13	\$ 112,572.00	\$ 92,168.33	\$ 204,740.33	\$ 22,538.00	\$ 18,452.99	\$ 40,990.99	\$ 15,517.00	\$ 12,704.54	\$ 28,221.54	\$ 4,661.00	\$ 3,816.19	\$ 8,477.19
6/30/14	\$ 116,388.00	\$ 86,539.73	\$ 202,927.73	\$ 23,302.00	\$ 17,326.09	\$ 40,628.09	\$ 16,043.00	\$ 11,928.69	\$ 27,971.69	\$ 4,819.00	\$ 3,583.14	\$ 8,402.14
6/30/15	\$ 124,020.00	\$ 80,720.33	\$ 204,740.33	\$ 24,830.00	\$ 16,160.99	\$ 40,990.99	\$ 17,095.00	\$ 11,126.54	\$ 28,221.54	\$ 5,135.00	\$ 3,342.19	\$ 8,477.19
6/30/16	\$ 127,836.00	\$ 74,519.33	\$ 202,355.33	\$ 25,594.00	\$ 14,919.49	\$ 40,513.49	\$ 17,621.00	\$ 10,271.79	\$ 27,892.79	\$ 5,293.00	\$ 3,085.44	\$ 8,378.44
6/30/17	\$ 135,468.00	\$ 67,967.73	\$ 203,435.73	\$ 27,122.00	\$ 13,607.80	\$ 40,729.80	\$ 18,673.00	\$ 9,368.72	\$ 28,041.72	\$ 5,609.00	\$ 2,814.18	\$ 8,423.18
6/30/18	\$ 143,100.00	\$ 61,025.00	\$ 204,125.00	\$ 28,650.00	\$ 12,217.79	\$ 40,867.79	\$ 19,725.00	\$ 8,411.73	\$ 28,136.73	\$ 5,925.00	\$ 2,526.72	\$ 8,451.72
6/30/19	\$ 150,732.00	\$ 53,691.12	\$ 204,423.12	\$ 30,178.00	\$ 10,749.48	\$ 40,927.48	\$ 20,777.00	\$ 7,400.82	\$ 28,177.82	\$ 6,241.00	\$ 2,223.06	\$ 8,464.06
6/30/20	\$ 156,456.00	\$ 45,777.69	\$ 202,233.69	\$ 31,324.00	\$ 9,165.14	\$ 40,489.14	\$ 21,566.00	\$ 6,310.03	\$ 27,876.03	\$ 6,478.00	\$ 1,895.41	\$ 8,373.41
6/30/21	\$ 165,996.00	\$ 37,563.75	\$ 203,559.75	\$ 33,234.00	\$ 7,520.63	\$ 40,754.63	\$ 22,881.00	\$ 5,177.81	\$ 28,058.81	\$ 6,873.00	\$ 1,555.31	\$ 8,428.31
6/30/22	\$ 173,628.00	\$ 28,848.96	\$ 202,476.96	\$ 34,762.00	\$ 5,775.84	\$ 40,537.84	\$ 23,933.00	\$ 3,976.56	\$ 27,909.56	\$ 7,189.00	\$ 1,194.48	\$ 8,383.48
6/30/23	\$ 183,168.00	\$ 19,733.49	\$ 202,901.49	\$ 36,672.00	\$ 3,950.84	\$ 40,622.84	\$ 25,248.00	\$ 2,720.08	\$ 27,968.08	\$ 7,584.00	\$ 817.06	\$ 8,401.06
6/30/24	\$ 192,708.00	\$ 10,117.17	\$ 202,825.17	\$ 38,582.00	\$ 2,025.56	\$ 40,607.56	\$ 26,563.00	\$ 1,394.56	\$ 27,957.56	\$ 7,979.00	\$ 418.90	\$ 8,397.90
TOTALS	\$ 2,862,000.00	\$ 2,226,603.63	\$ 5,088,603.63	\$ 573,000.00	\$ 445,787.54	\$ 1,018,787.54	\$ 394,500.00	\$ 306,916.53	\$ 701,416.53	\$ 118,500.00	\$ 92,191.65	\$ 210,691.65

DocuSign Envelope ID: 67C3E366-DAD8-4E22-A542-037396206112

Loan C-06-5044-110, Contract C-09-814-555-0

SWRCB SRF Loan (federally funded)

Loan Payment Schedule

Pmt#	Date	Due to State of California			Due From Mountain View 37.89%			Due From EPASD 7.64%			Due From Los Altos 9.47%		
		Principal	Interest	Repayment	Prin	Int	TOTAL	Prin	Int	TOTAL	Prin	Int	TOTAL
1	11/30/2011	\$346,228.14	\$209,498.11	\$555,726.25	\$131,185.84	\$79,378.83	\$210,564.68	\$26,451.83	\$16,005.66	\$42,457.49	\$32,787.80	\$19,839.47	\$52,627.28
2	11/30/2012	\$341,240.88	\$214,485.37	\$555,726.25	\$129,296.17	\$81,268.51	\$210,564.68	\$26,070.80	\$16,386.68	\$42,457.49	\$32,315.51	\$20,311.76	\$52,627.28
3	11/30/2013	\$350,113.15	\$205,613.10	\$555,726.25	\$132,657.87	\$77,906.80	\$210,564.68	\$26,748.64	\$15,708.84	\$42,457.49	\$33,155.72	\$19,471.56	\$52,627.28
4	11/30/2014	\$359,216.09	\$196,510.16	\$555,726.25	\$136,106.98	\$74,457.70	\$210,564.68	\$27,444.11	\$15,013.38	\$42,457.49	\$34,017.76	\$18,609.51	\$52,627.28
5	11/30/2015	\$368,555.71	\$187,170.54	\$555,726.25	\$139,645.76	\$70,918.92	\$210,564.68	\$28,157.66	\$14,299.83	\$42,457.49	\$34,902.23	\$17,725.05	\$52,627.28
6	11/30/2016	\$378,138.16	\$177,588.09	\$555,726.25	\$143,276.55	\$67,288.13	\$210,564.68	\$28,889.76	\$13,567.73	\$42,457.49	\$35,809.68	\$16,817.59	\$52,627.28
7	11/30/2017	\$387,969.75	\$167,756.50	\$555,726.25	\$147,001.74	\$63,562.94	\$210,564.68	\$29,640.89	\$12,816.60	\$42,457.49	\$36,740.74	\$15,886.54	\$52,627.28
8	11/30/2018	\$398,056.96	\$157,669.29	\$555,726.25	\$150,823.78	\$59,740.89	\$210,564.68	\$30,411.55	\$12,045.93	\$42,457.49	\$37,695.99	\$14,931.28	\$52,627.28
9	11/30/2019	\$408,406.44	\$147,319.81	\$555,726.25	\$154,745.20	\$55,819.48	\$210,564.68	\$31,202.25	\$11,255.23	\$42,457.49	\$38,676.09	\$13,951.19	\$52,627.28
10	11/30/2020	\$419,025.01	\$136,701.24	\$555,726.25	\$158,768.58	\$51,796.10	\$210,564.68	\$32,013.51	\$10,443.97	\$42,457.49	\$39,681.67	\$12,945.61	\$52,627.28
11	11/30/2021	\$429,919.66	\$125,806.59	\$555,726.25	\$162,896.56	\$47,668.12	\$210,564.68	\$32,845.86	\$9,611.82	\$42,457.49	\$40,713.39	\$11,913.88	\$52,627.28
12	11/30/2022	\$441,097.57	\$114,628.68	\$555,726.25	\$167,131.87	\$43,432.81	\$210,564.68	\$33,699.85	\$8,757.63	\$42,457.49	\$41,771.94	\$10,855.34	\$52,627.28
13	11/30/2023	\$452,566.11	\$103,160.14	\$555,726.25	\$171,477.30	\$39,087.38	\$210,564.68	\$34,576.05	\$7,881.43	\$42,457.49	\$42,858.01	\$9,769.27	\$52,627.28
14	11/30/2024	\$464,332.83	\$91,393.42	\$555,726.25	\$175,935.71	\$34,628.97	\$210,564.68	\$35,475.03	\$6,982.46	\$42,457.49	\$43,972.32	\$8,654.96	\$52,627.28
15	11/30/2025	\$476,405.48	\$79,320.77	\$555,726.25	\$180,510.04	\$30,054.64	\$210,564.68	\$36,397.38	\$6,060.11	\$42,457.49	\$45,115.60	\$7,511.68	\$52,627.28
16	11/30/2026	\$488,792.02	\$66,934.23	\$555,726.25	\$185,203.30	\$25,361.38	\$210,564.68	\$37,343.71	\$5,113.78	\$42,457.49	\$46,288.60	\$6,338.67	\$52,627.28
17	11/30/2027	\$501,500.62	\$54,225.63	\$555,726.25	\$190,018.58	\$20,546.09	\$210,564.68	\$38,314.65	\$4,142.84	\$42,457.49	\$47,492.11	\$5,135.17	\$52,627.28
18	11/30/2028	\$514,539.63	\$41,186.62	\$555,726.25	\$194,959.07	\$15,605.61	\$210,564.68	\$39,310.83	\$3,146.66	\$42,457.49	\$48,726.90	\$3,900.37	\$52,627.28
19	11/30/2029	\$527,917.66	\$27,808.59	\$555,726.25	\$200,028.00	\$10,536.67	\$210,564.68	\$40,332.91	\$2,124.58	\$42,457.49	\$49,993.80	\$2,633.47	\$52,627.28
20	11/30/2030	\$541,643.40	\$14,082.73	\$555,726.13	\$205,228.68	\$5,335.95	\$210,564.63	\$41,381.56	\$1,075.92	\$42,457.48	\$51,293.63	\$1,333.63	\$52,627.26
		\$8,595,665	\$2,518,860	\$11,114,525	\$3,256,898	\$954,396	\$4,211,293	\$656,709	\$192,441	\$849,150	\$814,010	\$238,536	\$1,052,546
Pmt#	Date	Due to State of California			Due From Stanford 5.26%			Due From Los Altos Hills 1.58%			Due From Palo Alto 38.16%		
		Principal	Interest	Repayment	Prin	Int	TOTAL	Prin	Int	TOTAL	Prin	Int	TOTAL
1	11/30/2011	\$346,228.14	\$209,498.11	\$555,726.25	\$18,211.60	\$11,019.60	\$29,231.20	\$5,470.40	\$3,310.07	\$8,780.47	\$132,120.66	\$79,944.48	\$212,065.14
2	11/30/2012	\$341,240.88	\$214,485.37	\$555,726.25	\$17,949.27	\$11,281.93	\$29,231.20	\$5,391.61	\$3,388.87	\$8,780.47	\$130,217.52	\$81,847.62	\$212,065.14
3	11/30/2013	\$350,113.15	\$205,613.10	\$555,726.25	\$18,415.95	\$10,815.25	\$29,231.20	\$5,531.79	\$3,248.69	\$8,780.47	\$133,603.18	\$78,461.96	\$212,065.14
4	11/30/2014	\$359,216.09	\$196,510.16	\$555,726.25	\$18,894.77	\$10,336.43	\$29,231.20	\$5,675.61	\$3,104.86	\$8,780.47	\$137,076.86	\$74,988.28	\$212,065.14
5	11/30/2015	\$368,555.71	\$187,170.54	\$555,726.25	\$19,386.03	\$9,845.17	\$29,231.20	\$5,823.18	\$2,957.29	\$8,780.47	\$140,640.86	\$71,424.28	\$212,065.14
6	11/30/2016	\$378,138.16	\$177,588.09	\$555,726.25	\$19,890.07	\$9,341.13	\$29,231.20	\$5,974.58	\$2,805.89	\$8,780.47	\$144,297.52	\$67,767.62	\$212,065.14
7	11/30/2017	\$387,969.75	\$167,756.50	\$555,726.25	\$20,407.21	\$8,823.99	\$29,231.20	\$6,129.92	\$2,650.55	\$8,780.47	\$148,049.26	\$64,015.88	\$212,065.14
8	11/30/2018	\$398,056.96	\$157,669.29	\$555,726.25	\$20,937.80	\$8,293.40	\$29,231.20	\$6,289.30	\$2,491.17	\$8,780.47	\$151,898.54	\$60,166.60	\$212,065.14
9	11/30/2019	\$408,406.44	\$147,319.81	\$555,726.25	\$21,482.18	\$7,749.02	\$29,231.20	\$6,452.82	\$2,327.65	\$8,780.47	\$155,847.90	\$56,217.24	\$212,065.14
10	11/30/2020	\$419,025.01	\$136,701.24	\$555,726.25	\$22,040.72	\$7,190.49	\$29,231.20	\$6,620.60	\$2,159.88	\$8,780.47	\$159,899.94	\$52,165.19	\$212,065.14
11	11/30/2021	\$429,919.66	\$125,806.59	\$555,726.25	\$22,613.77	\$6,617.43	\$29,231.20	\$6,792.73	\$1,987.74	\$8,780.47	\$164,057.34	\$48,007.79	\$212,065.14
12	11/30/2022	\$441,097.57	\$114,628.68	\$555,726.25	\$23,201.73	\$6,029.47	\$29,231.20	\$6,969.34	\$1,811.13	\$8,780.47	\$168,322.83	\$43,742.30	\$212,065.14
13	11/30/2023	\$452,566.11	\$103,160.14	\$555,726.25	\$23,804.98	\$5,426.22	\$29,231.20	\$7,150.54	\$1,629.93	\$8,780.47	\$172,699.23	\$39,365.91	\$212,065.14
14	11/30/2024	\$464,332.83	\$91,393.42	\$555,726.25	\$24,423.91	\$4,807.29	\$29,231.20	\$7,336.46	\$1,444.02	\$8,780.47	\$177,189.41	\$34,875.73	\$212,065.14
15	11/30/2025	\$476,405.48	\$79,320.77	\$555,726.25	\$25,058.93	\$4,172.27	\$29,231.20	\$7,527.21	\$1,253.27	\$8,780.47	\$181,796.33	\$30,268.81	\$212,065.14
16	11/30/2026	\$488,792.02	\$66,934.23	\$555,726.25	\$25,710.46	\$3,520.74	\$29,231.20	\$7,722.91	\$1,057.56	\$8,780.47	\$186,523.03	\$25,542.10	\$212,065.14
17	11/30/2027	\$501,500.62	\$54,225.63	\$555,726.25	\$26,378.93	\$2,852.27	\$29,231.20	\$7,923.71	\$856.76	\$8,780.47	\$191,372.64	\$20,692.50	\$212,065.14
18	11/30/2028	\$514,539.63	\$41,186.62	\$555,726.25	\$27,064.78	\$2,166.42	\$29,231.20	\$8,129.73	\$650.75	\$8,780.47	\$196,348.32	\$15,716.81	\$212,065.14
19	11/30/2029	\$527,917.66	\$27,808.59	\$555,726.25	\$27,768.47	\$1,462.73	\$29,231.20	\$8,341.10	\$439.38	\$8,780.47	\$201,453.38	\$10,611.76	\$212,065.14
20	11/30/2030	\$541,643.40	\$14,082.73	\$555,726.13	\$28,490.44	\$740.75	\$29,231.19	\$8,557.97	\$222.51	\$8,780.47	\$206,691.12	\$5,373.97	\$212,065.09
		\$8,595,665	\$2,518,860	\$11,114,525	\$452,132	\$132,492	\$584,624	\$135,812	\$39,798	\$175,609	\$3,280,106	\$961,197	\$4,241,303

C237 Exhibit G: Loan Payment Schedule

Sldge Dewatering and Loadout Facility Project (Project No.: C-06-8190-110; Agreement No.: D1601034-550-6)
SWRCB SRF Loan (Federally Funded), Principal is Paid Over 30 Years with 1.800% Interest Rate

Due to State of California					Due From Mountain View 37.89%			Due From EPASD 7.64%			Due From Los Altos 9.47%		
Payment #	Date	Principal	Interest	Repayment	Principal	Interest	TOTAL	Principal	Interest	TOTAL	Principal	Interest	TOTAL
1	5/31/2020	\$696,854.46	\$395,007.24	\$1,091,861.70	\$264,038.15	\$149,668.24	\$413,706.40	\$53,239.68	\$30,178.55	\$83,418.23	\$65,992.12	\$37,407.19	\$103,399.30
2	5/31/2021	\$650,851.74	\$441,009.96	\$1,091,861.70	\$246,607.72	\$167,098.67	\$413,706.40	\$49,725.07	\$33,693.16	\$83,418.23	\$61,635.66	\$41,763.64	\$103,399.30
3	5/31/2022	\$662,567.07	\$429,294.63	\$1,091,861.70	\$251,046.66	\$162,659.74	\$413,706.40	\$50,620.12	\$32,798.11	\$83,418.23	\$62,745.10	\$40,654.20	\$103,399.30
4	5/31/2023	\$674,493.28	\$417,368.42	\$1,091,861.70	\$255,565.50	\$158,140.89	\$413,706.40	\$51,531.29	\$31,886.95	\$83,418.23	\$63,874.51	\$39,524.79	\$103,399.30
5	5/31/2024	\$686,634.16	\$405,227.54	\$1,091,861.70	\$260,165.68	\$153,540.71	\$413,706.40	\$52,458.85	\$30,959.38	\$83,418.23	\$65,024.25	\$38,375.05	\$103,399.30
6	5/31/2025	\$698,993.57	\$392,868.13	\$1,091,861.70	\$264,848.66	\$148,857.73	\$413,706.40	\$53,403.11	\$30,015.13	\$83,418.23	\$66,194.69	\$37,204.61	\$103,399.30
7	5/31/2026	\$711,575.46	\$380,286.24	\$1,091,861.70	\$269,615.94	\$144,090.46	\$413,706.40	\$54,364.37	\$29,053.87	\$83,418.23	\$67,386.20	\$36,013.11	\$103,399.30
8	5/31/2027	\$724,383.82	\$367,477.88	\$1,091,861.70	\$274,469.03	\$139,237.37	\$413,706.40	\$55,342.92	\$28,075.31	\$83,418.23	\$68,599.15	\$34,800.16	\$103,399.30
9	5/31/2028	\$737,422.72	\$354,438.98	\$1,091,861.70	\$279,409.47	\$134,296.93	\$413,706.40	\$56,339.10	\$27,079.14	\$83,418.23	\$69,833.93	\$33,565.37	\$103,399.30
10	5/31/2029	\$750,696.33	\$341,165.37	\$1,091,861.70	\$284,438.84	\$129,267.56	\$413,706.40	\$57,353.20	\$26,065.03	\$83,418.23	\$71,090.94	\$32,308.36	\$103,399.30
11	5/31/2030	\$764,208.87	\$327,652.83	\$1,091,861.70	\$289,585.74	\$124,147.66	\$413,706.40	\$58,385.56	\$25,032.68	\$83,418.23	\$72,370.58	\$31,028.72	\$103,399.30
12	5/31/2031	\$777,964.63	\$313,897.07	\$1,091,861.70	\$294,770.80	\$118,935.60	\$413,706.40	\$59,436.50	\$23,981.74	\$83,418.23	\$73,673.25	\$29,726.05	\$103,399.30
13	5/31/2032	\$791,967.99	\$299,893.71	\$1,091,861.70	\$300,076.67	\$113,629.73	\$413,706.40	\$60,506.35	\$22,911.88	\$83,418.23	\$74,999.37	\$28,399.93	\$103,399.30
14	5/31/2033	\$806,223.41	\$285,638.29	\$1,091,861.70	\$305,478.05	\$108,228.35	\$413,706.40	\$61,595.47	\$21,822.77	\$83,418.23	\$76,349.36	\$27,049.95	\$103,399.30
15	5/31/2034	\$820,735.44	\$271,126.26	\$1,091,861.70	\$310,976.66	\$102,729.74	\$413,706.40	\$62,704.19	\$20,714.05	\$83,418.23	\$77,723.65	\$25,675.66	\$103,399.30
16	5/31/2035	\$835,508.67	\$256,353.03	\$1,091,861.70	\$316,574.24	\$97,132.16	\$413,706.40	\$63,832.86	\$19,585.37	\$83,418.23	\$79,122.67	\$24,276.63	\$103,399.30
17	5/31/2036	\$850,547.83	\$241,313.87	\$1,091,861.70	\$322,272.57	\$91,433.83	\$413,706.40	\$64,981.85	\$18,436.38	\$83,418.23	\$80,546.88	\$22,852.42	\$103,399.30
18	5/31/2037	\$865,857.69	\$226,004.01	\$1,091,861.70	\$328,073.48	\$85,632.92	\$413,706.40	\$66,151.53	\$17,266.71	\$83,418.23	\$81,996.72	\$21,402.58	\$103,399.30
19	5/31/2038	\$881,443.13	\$210,418.57	\$1,091,861.70	\$333,978.80	\$79,727.60	\$413,706.40	\$67,342.26	\$16,075.98	\$83,418.23	\$83,472.66	\$19,926.64	\$103,399.30
20	5/31/2039	\$897,309.11	\$194,552.59	\$1,091,861.70	\$339,990.42	\$73,715.98	\$413,706.40	\$68,554.42	\$14,863.82	\$83,418.23	\$84,975.17	\$18,424.13	\$103,399.30
21	5/31/2040	\$913,460.67	\$178,401.03	\$1,091,861.70	\$346,110.25	\$67,596.15	\$413,706.40	\$69,788.40	\$13,629.84	\$83,418.23	\$86,504.73	\$16,894.58	\$103,399.30
22	5/31/2041	\$929,902.96	\$161,958.74	\$1,091,861.70	\$352,340.23	\$61,366.17	\$413,706.40	\$71,044.59	\$12,373.65	\$83,418.23	\$88,061.81	\$15,337.49	\$103,399.30
23	5/31/2042	\$946,641.22	\$145,220.48	\$1,091,861.70	\$358,682.36	\$55,024.04	\$413,706.40	\$72,323.39	\$11,094.84	\$83,418.23	\$89,646.92	\$13,752.38	\$103,399.30
24	5/31/2043	\$963,680.76	\$128,180.94	\$1,091,861.70	\$365,138.64	\$48,567.76	\$413,706.40	\$73,625.21	\$9,793.02	\$83,418.23	\$91,260.57	\$12,138.74	\$103,399.30
25	5/31/2044	\$981,027.01	\$110,834.69	\$1,091,861.70	\$371,711.13	\$41,995.26	\$413,706.40	\$74,950.46	\$8,467.77	\$83,418.23	\$92,903.26	\$10,496.05	\$103,399.30
26	5/31/2045	\$998,685.50	\$93,176.20	\$1,091,861.70	\$378,401.94	\$35,304.46	\$413,706.40	\$76,298.57	\$7,118.66	\$83,418.23	\$94,575.52	\$8,823.79	\$103,399.30
27	5/31/2046	\$1,016,661.84	\$75,199.86	\$1,091,861.70	\$385,213.17	\$28,493.23	\$413,706.40	\$77,672.96	\$5,745.27	\$83,418.23	\$96,277.88	\$7,121.43	\$103,399.30
28	5/31/2047	\$1,034,961.75	\$56,899.95	\$1,091,861.70	\$392,147.01	\$21,559.39	\$413,706.40	\$79,071.08	\$4,347.16	\$83,418.23	\$98,010.88	\$5,388.43	\$103,399.30
29	5/31/2048	\$1,053,591.06	\$38,270.64	\$1,091,861.70	\$399,205.65	\$14,500.75	\$413,706.40	\$80,494.36	\$2,923.88	\$83,418.23	\$99,775.07	\$3,624.23	\$103,399.30
30	5/31/2049	\$1,072,555.58	\$19,306.00	\$1,091,861.58	\$406,391.31	\$7,315.04	\$413,706.35	\$81,943.25	\$1,474.98	\$83,418.23	\$101,571.01	\$1,828.28	\$103,399.29
		\$25,197,407.73	\$7,558,443.15	\$32,755,850.88	\$9,547,297.79	\$2,863,894.11	\$12,411,191.90	\$1,925,081.95	\$577,465.06	\$2,502,547.01	\$2,386,194.51	\$715,784.57	\$3,101,979.08
Due to State of California					Due From Stanford 5.26%			Due From Los Altos Hills 1.58%			Due From Palo Alto 38.16%		
Payment #	Date	Principal	Interest	Repayment	Principal	Interest	TOTAL	Principal	Interest	TOTAL	Principal	Interest	TOTAL
1	5/31/2020	\$696,854.46	\$395,007.24	\$1,091,861.70	\$36,654.54	\$20,777.38	\$57,431.93	\$11,010.30	\$6,241.11	\$17,251.41	\$265,919.66	\$150,734.76	\$416,654.42
2	5/31/2021	\$650,851.74	\$441,009.96	\$1,091,861.70	\$34,234.80	\$23,197.12	\$57,431.93	\$10,283.46	\$6,967.96	\$17,251.41	\$248,365.02	\$168,289.40	\$416,654.42
3	5/31/2022	\$662,567.07	\$429,294.63	\$1,091,861.70	\$34,851.03	\$22,580.90	\$57,431.93	\$10,468.56	\$6,782.86	\$17,251.41	\$252,835.59	\$163,818.83	\$416,654.42
4	5/31/2023	\$674,493.28	\$417,368.42	\$1,091,861.70	\$35,478.35	\$21,953.58	\$57,431.93	\$10,656.99	\$6,594.42	\$17,251.41	\$257,386.64	\$159,267.79	\$416,654.42
5	5/31/2024	\$686,634.16	\$405,227.54	\$1,091,861.70	\$36,116.96	\$21,314.97	\$57,431.93	\$10,848.82	\$6,402.60	\$17,251.41	\$262,019.60	\$154,634.83	\$416,654.42
6	5/31/2025	\$698,993.57	\$392,868.13	\$1,091,861.70	\$36,767.06	\$20,664.86	\$57,431.93	\$11,044.10	\$6,207.32	\$17,251.41	\$266,735.95	\$149,918.48	\$416,654.42
7	5/31/2026	\$711,575.46	\$380,286.24	\$1,091,861.70	\$37,428.87	\$20,003.06	\$57,431.93	\$11,242.89	\$6,008.52	\$17,251.41	\$271,537.20	\$145,117.23	\$416,654.42
8	5/31/2027	\$724,383.82	\$367,477.88	\$1,091,861.70	\$38,102.59	\$19,329.34	\$57,431.93	\$11,445.26	\$5,806.15	\$17,251.41	\$276,424.87	\$140,229.56	\$416,654.42
9	5/31/2028	\$737,422.72	\$354,438.98	\$1,091,861.70	\$38,788.44	\$18,643.49	\$57,431.93	\$11,651.28	\$5,600.14	\$17,251.41	\$281,400.51	\$135,253.91	\$416,654.42
10	5/31/2029	\$750,696.33	\$341,165.37	\$1,091,861.70	\$39,486.63	\$17,945.30	\$57,431.93	\$11,861.00	\$5,390.41	\$17,251.41	\$286,465.72	\$130,188.71	\$416,654.42
11	5/31/2030	\$764,208.87	\$327,652.83	\$1,091,861.70	\$40,197.39	\$17,234.54	\$57,431.93	\$12,074.50	\$5,176.91	\$17,251.41	\$291,622.10	\$125,032.32	\$416,654.42
12	5/31/2031	\$777,964.63	\$313,897.07	\$1,091,861.70	\$40,920.94	\$16,510.99	\$57,431.93	\$12,291.84	\$4,959.57	\$17,251.41	\$296,871.30	\$119,783.12	\$416,654.42
13	5/31/2032	\$791,967.99	\$299,893.71	\$1,091,861.70	\$41,657.52	\$15,774.41	\$57,431.93	\$12,513.09	\$4,738.32	\$17,251.41	\$302,214.98	\$114,439.44	\$416,654.42
14	5/31/2033	\$806,223.41	\$285,638.29	\$1,091,861.70	\$42,407.35	\$15,024.57	\$57,431.93	\$12,738.33	\$4,513.08	\$17,251.41	\$307,654.85	\$108,999.57	\$416,654.42
15	5/31/2034	\$820,735.44	\$271,126.26	\$1,091,861.70	\$43,170.68	\$14,261.24	\$57,431.93	\$12,967.62	\$4,283.79	\$17,251.41	\$313,192.64	\$103,461.78	\$416,654.42
16	5/31/2035	\$835,508.67	\$256,353.03	\$1,091,861.70	\$43,947.76	\$13,484.17	\$57,431.93	\$13,201.04	\$4,050.38	\$17,251.41	\$318,830.11	\$97,824.32	\$416,654.42
17	5/31/2036	\$850,547.83	\$241,313.87	\$1,091,861.70	\$44,738.82	\$12,693.11	\$57,431.93	\$13,438.66	\$3,812.76	\$17,251.41	\$324,569.05	\$92,085.37	\$416,654.42
18	5/31/2037	\$865,857.69	\$226,004.01	\$1,091,861.70	\$45,544.11	\$11,887.81	\$57,431.93	\$13,680.55	\$3,570.86	\$17,251.41	\$330,411.29	\$86,243.13	\$416,654.42
19	5/31/2038	\$881,443.13	\$210,418.57	\$1,091,861.70	\$46,363.91	\$11,068.02	\$57,431.93	\$13,926.80	\$3,324.61	\$17,251.41	\$336,358.70	\$80,295.73	\$416,654.42
20	5/31/2039	\$897,309.11	\$194,552.59	\$1,091,861.70	\$47,198.46	\$10,233.47	\$57,431.93	\$14,177.48	\$3,073.93	\$17,251.41	\$342,413.16	\$74,241.27	\$416,654.42
21	5/31/2040	\$913,460.67	\$178,401.03	\$1,091,861.70	\$48,048.03	\$9,383.89	\$57,431.93	\$14,432.68	\$2,818.74	\$17,251.41	\$348,576.59	\$68,077.83	\$416,654.42
22	5/31/2041	\$929,902.96	\$161,958.74	\$1,091,861.70	\$48,912.90	\$8,519.03	\$57,431.93	\$14,692.47	\$2,558.95	\$17,251.41	\$354,850.97	\$61,803.46	\$416,654.42
23	5/31/2042	\$946,641.224											

EXHIBIT H**Annual Average Flow Capacity Rights**

User Agency	Capacity	
	MGD*	%
Palo Alto	15.30	38.16
EPASD	3.06	7.64
Stanford University	2.11	5.26
Los Altos Hills	0.63	1.58
	21.1	52.64
Mountain View	15.1	37.89
Los Altos	3.8	9.47
TOTALS	40.0	100.00

*Capacity expressed in Annual Average Flow (AAF), Million Gallons per Day (MGD)

Addendum 2 between EPASD and City of Palo Alto – RWQCP INTERIM FINANCING

Presented by:
Karin North, Assistant Director
Tina Pham, Senior Engineer

September 24, 2026

www.paloalto.gov

BACKGROUND

- Council authorized staff to obtain a \$31M Line Of Credit (LOC) in June 2024- approved by Palo Alto's Council August 2026
- Advancing more than \$0.5B in essential capital improvements at the Regional Water Quality Control Plant (RWQCP)
- Staff initiated a comprehensive update to the Long-Range Facilities Plan (LRFP) in 2024. Anticipated completion in 2027.



Comprehensive List of Funding Strategies

Reviewed by Finance Committee, Nov. 2025:

- State Revolving Fund Loans (SRF)
- Water Infrastructure Finance & Innovation Act Loans (WIFIA)
- Utility revenue bonds
- Line of Credit (LOC)
- Capital budget, “pay-go”

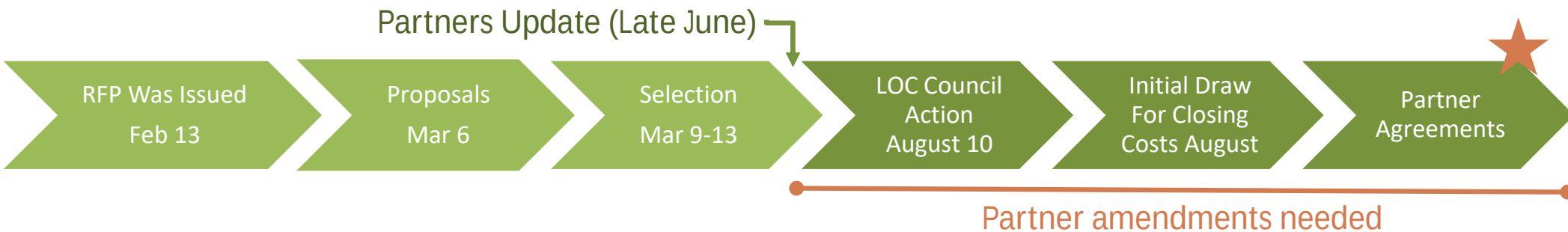
LINE OF CREDIT

Purpose & Benefits

- Short-term liquidity
- Maintains funding flexibility

Next Steps

Approval of Partner Agency Amendments by respective City Councils and by Palo Alto Council to enable the RWQCP to charge partners for LOC shared cost.
Mountain View and Los Altos approved the agreements week of Sept 22nd



LINE OF CREDIT (LOC)

Key Financing Assumptions

- Total of \$31M over 5-Year Term Line of Credit with U.S. Bank
- LOC has flexibility for taxable or tax-exempt draws
- Rate Covenant: 125% of max. annual debt service (City already subject to via State Revolving Loan Funds)
- Partner amendments will enable the RWQCP to charge partners for LOC shared costs.
 - Scheduled for Palo Alto City Council in the fall

Annual Cost

- Annual partner cost is approximately \$0.8-\$1M
 - *Lower than \$1.3-\$1.5M communicated to Council in fall 2025.*

5-Year Pricing

- Tax-Exempt Rate: 80% 1M SOFR + 1.19%
- Taxable Rate: 1M SOFR + 1.19%
- Undrawn Fee: 0.25% of unutilized amount

This aerial map shows the layout of the San Joaquin Hills Water Treatment Plant. The facility is bounded by Embarcadero Road to the north and east, and Embarcadero Way to the south. A red line indicates the approximate plant boundary. Key features include:

- North End:** North Soil Bed Filters (Odor Control), Tricking Filters, and South Soil Bed Filters (Odor Control).
- Central Area:** Engineering Offices and CIP Facilities, Maintenance Bldg. and Warehouse, UV Disinfection, RW UV Channel, UV elec. control & chlor sta., Air Pollution Control System, Belt Filter Presses, Sludge Blend Tank, Ash Storage/Handling, Odor Control, Sludge Dewatering and Loadout Facility, Incinerator Building, Waste Pit, Chem Storage Tanks, H₂O XMSS, RW Chlorine Contact Basin, Administration Building, and RW Storage Tanks #1 and #2.
- Water Treatment Units:** Primary Sedimentation Tanks (4, 3, 2, 1), Primary Influent Channel, Sludge Thickeners (X, 3, 2, 1), Secondary Influent Channel, Aeration Tanks (No. 1, 2, 3, 4), Dual Media Filters, Secondary Clarifiers (No. 1, 2, 3, 4), and Secondary Effluent Channel.
- Other Structures:** Old Chlorine Contact Tank, Headworks Building (limits to be determined), Advanced Water Purification System (AWPS), NPP Odor Control (Part of AWPS Project), New Pumping Plant, Meter Pit, Hydraulic Building, Influent Junction Box, Diesel Storage, Old Pumping Plant, Ops Train, Oil Storage, RW Filters, RW Storage Tank #3, and Building 2415 Embarcadero.
- Future and Reserve Areas:** Space reserved for future effluent PS, Space reserved for future treatment process, and Leased space.
- Infrastructure:** Tunnel 1, Tunnel 2, Grit Handling Building, MCC-F & G Electrical Building, Operations Building, House of Hazardous Waste, Front Gate, and various Load Centers (#1, #3, #4, #7, #11).

LEGEND

- ① Intermediate Lift Station (3 Pumps)
- ② Diversion Box
- ③ RAS Mixing Box
- Out of Service
- Existing Facility, In Service (1972 or earlier)
- Existing Facility, In Service (Post 1972)
- Near-Future Facility

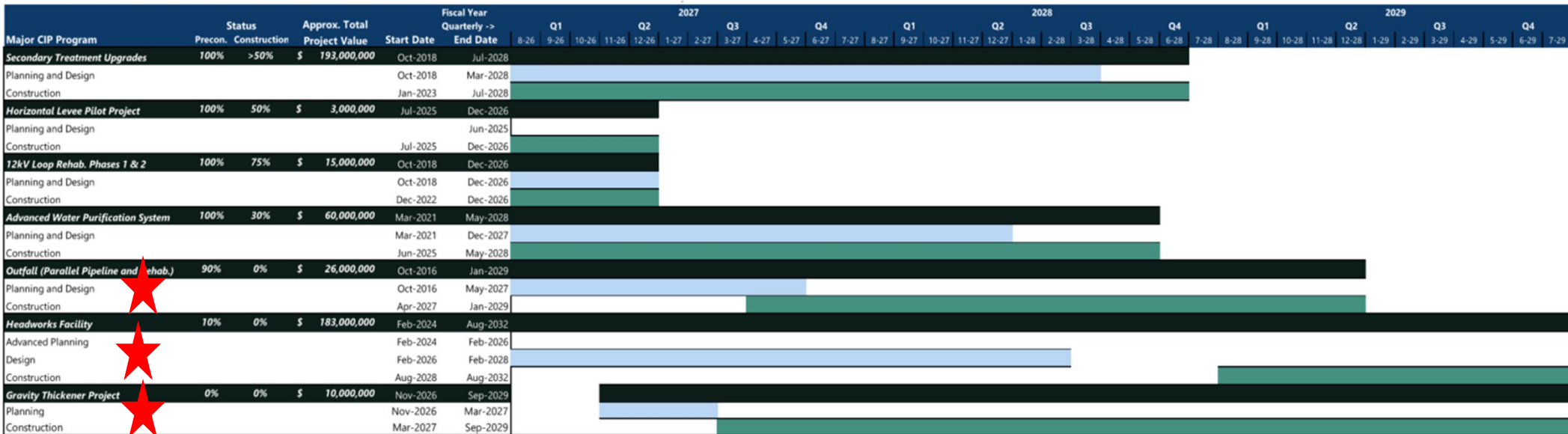
LOC CAPITAL PROJECT NEEDS

Projects	Estimated Cost in million	MV Cash Contribution	Remaining	Palo Alto	Los Altos	EPASD	Los Altos Hills	Stanford
		37.89%	62.11%	38.16%	9.47%	7.64%	1.58%	5.26%
Headworks Design	\$18,000,000	\$6,820,200	\$11,179,800	\$6,868,800	\$1,704,600	\$1,375,200	\$284,400	\$946,800
Outfall Design	\$1,000,000	\$378,900	\$621,100	\$381,600	\$94,700	\$76,400	\$15,800	\$52,600
Gravity Sludge Thickening Rehabilitation	\$10,000,000	\$3,789,000	\$6,211,000	\$3,816,000	\$947,000	\$764,000	\$158,000	\$526,000
Sludge Dewatering and Loadout Ventilation Improvements	\$1,000,000	\$378,900	\$621,100	\$381,600	\$94,700	\$76,400	\$15,800	\$52,600
Digital O&M Manual, P&IDs and Plant GIS System	\$1,000,000	\$378,900	\$621,100	\$381,600	\$94,700	\$76,400	\$15,800	\$52,600
Total	\$31,000,000	\$11,745,900	\$19,254,100	\$11,829,600	\$2,935,700	\$2,368,400	\$489,800	\$1,630,600

Notes:
- New Partner Amendments/Agreements needed before LOC can be used.

Program Schedule Update ~\$500 million worth of work

Palo Alto RWQCP Program Projects, >\$3M



Legend

- Overall Project
- Pre-Construction
- Construction

Completed Program Projects >\$3M:

- ✓ Sludge Dewatering and Loadout Facility
- ✓ Primary Sedimentation Tank Rehabilitation
- ✓ Joint Intercepting Sewer Rehabilitation

New Headworks Facility

Project Description: Replace Old Pumping Plant and 'New' Pumping Plant, add mechanical grit removal, and replace septage receiving station

Status: In Advanced Planning; team is refining the project definition and evaluating key components (e.g., large equipment systems) for selection prior to the final design.

Next Step: Final Design

Potential Expense: \$162 Million

Financing: LOC, WIFIA Loan, CWSRF Loan, and Utility Revenue Bond will be explored

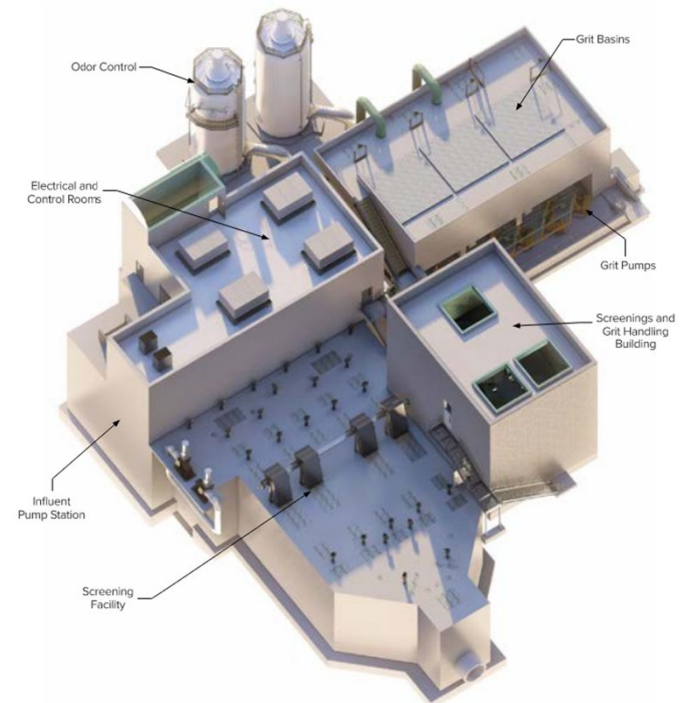


Image from Carollo Engineer's headworks facility advanced planning documents

Discharge Outfall Project

Project Description: Add a parallel outfall pipeline sized for future flow demands and rehabilitate existing pipeline for redundancy.

Status: In Design (100% Design and on-hold)

Next Steps: Amend design contract; Complete Design; Renew or refile application permits.

Planned Expense: \$17.8M

Financing: LOC and Utility Revenue Bond



Image from Outfall CCTV inspection

Gravity Thickener Rehabilitation Project

Project Description: Rehabilitation of existing gravity sludge thickeners (4 in total). All mechanisms, pumps, and electrical system requires replacement based on condition assessment results. Structural repairs needed for existing concrete tanks.

Status: In Design (50% Design)

Next Steps: Complete Design; Procure Construction Management Firm; Bid Project; Complete Construction

Planned Expense: \$10M

Financing: LOC and Utility Revenue Bond



Sludge Dewatering and Loadout Ventilation

Project Description: Improve ventilation in the Sludge Dewatering Building's loadout bay to reduce odors and improve air quality during truck loading operations. Currently, the bay relies on a single exhaust vent placed in a location that becomes partially blocked by trucks, which limits air circulation. Updated ventilation design will improve how air is captured and removed from the space, particularly around work platforms where hydrogen sulfide (H₂S) levels can spike during loading.

Status: In Design (100% Design)

Next Steps: Bid Project; Complete Construction

Planned Expense: \$1M

Financing: LOC and Utility Revenue Bond



Digital Plant Modernization Systems

Project Description: Modernize key plant information systems to improve reliability, streamline operations, and provide better access to essential facility data. These projects include:

- A digital Operations & Maintenance (O&M) manual to replace outdated paper documents
- A yard-piping GIS system to map buried infrastructure for easier maintenance and emergency response
- Digital Process & Instrumentation Diagrams (P&IDs) that provide accurate, up-to-date system information for staff and contractors

Status: In Planning; Staff are evaluating technology platforms, converting existing records, and developing draft digital maps and diagrams.

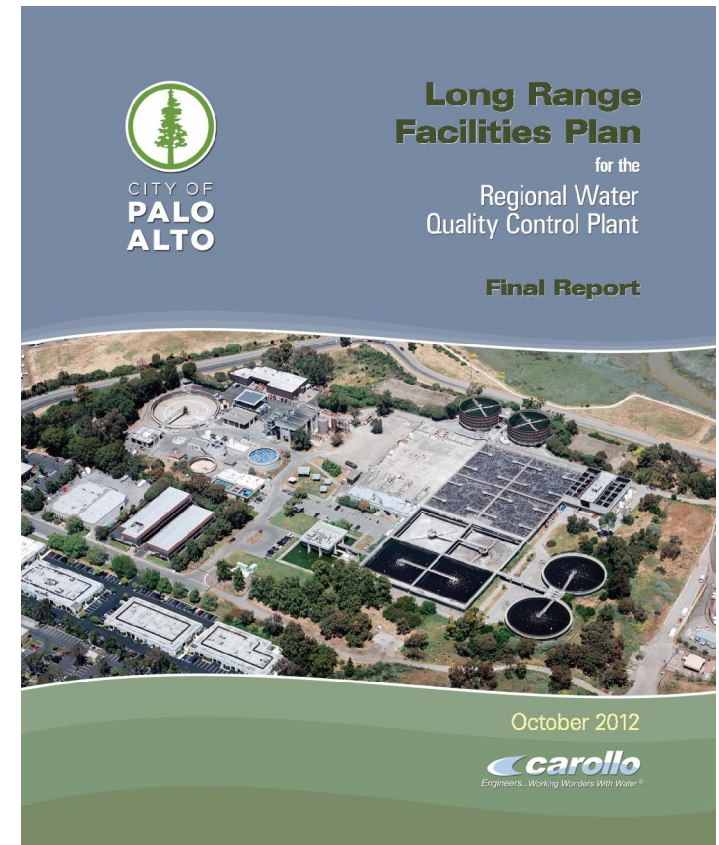
Planned Expense: \$1M (for initial start-up)

Financing: LOC and Utility Revenue Bond



LONG RANGE FACILITIES PLAN UPDATE UNDERWAY

- Completed in 2012 to provide a plan for future capital improvement projects. First comprehensive plan for plant since 1966
- Comprehensive update underway (2024–2027)
 - Reassessing capital priorities for next 50 years
 - Long-term workspace planning
 - Evaluating capital funding and reserve policy approaches
 - Additional projects to address regulatory, growth, climate, and aging infrastructure needs





RECOMMENDATION & ACTION

1. EPASD Advisory Committee to provide comments and recommendations on the EPASD Board adopting Addendum 2 into the partner agreement between the RWQCP and EPASD.



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EAST PALO ALTO SANITARY DISTRICT STAFF REPORT

DATE: July 14, 2026

TO: East Palo Alto Sanitary District Advisory Committee Members

VIA: Melvin E. Gaines, General Manager

BY: Matt Vining, Utility Manager

SUBJECT: EPASD Workplan Presentation Strategy

Recommendation

1. Receive an update from the Utility Manager about the EPASD Work Plan presentation strategy
2. EPASD Advisory Committee to provide comments and recommendations on the EPASD presentation strategy of dividing Workplan Section 1 into Part I and Part II, presented to the advisory committee at two different scheduled meetings.

Alignment with City Council Strategic Plan

This recommendation is primarily aligned with:

Priority: Governance, Organizational Strength, and Fiscal Sustainability

Background

At its May 14, 2026 meeting, the Committee established an Ad Hoc Subcommittee consisting of Committee Members Grace Popple and Vamsi Velagapudi to prepare a proposed work plan identifying key policy topics for future Committee discussion and study. The proposed work plan is intended to assist the Committee in organizing its work over approximately the next twelve months.

At its July 14, 2026 meeting, the Committee adopted the Ad Hoc Committee workplan, and elected to receive and informational report and study session on Section 1 of the workplan. Section 1 of the workplan consists of multiple subsections and topics within the subsections for



study and discussion. The proposed AC Workplan organizes strategic questions into ~4 categories, to be discussed within 12 months of adoption of the AC Workplan. Each category will form the basis of an agendaized study session in a AC Regular Meeting, enabling planned review and engagement by AC members, EPASD staff, and most importantly EPASD customers. Relevant documents will be (re)shared for each study session in the appropriate agenda packet, and made available for discussion in the meeting itself.

Analysis

There is a significant amount of information included in each subsection of Section 1 of the Workplan. In order to go over each item in appropriate detail and provide enough time for discussion, the Utility Manager recommends dividing Section 1 into two different sessions, presented at separate meetings. Section 1 would be divided into Part I: Operations and Costs and Part II: Palo Alto Regional Water Quality Control Plant.

Fiscal Impact

There is no fiscal impact for this item.

Public Notice

The public was provided notice by making the agenda and report available on the City's website and on a bulletin board located at City Hall: 2415 University Avenue, East Palo Alto.

Environmental

The action being considered does not constitute a "Project" within the meaning of the California Environmental Quality Act (CEQA), pursuant to CEQA Guideline section 15378 (b)(5), in that it is a government administrative activity that will not result in direct or indirect changes in the environment.

Government Code § 84308

Applicability of Levine Act: NO.

Analysis of Levine Act Compliance: Not applicable.

Attachments

1. EPASD Ad Hoc Workplan



[DRAFT] Workplan for the EPASD Advisory Committee - June 2026

Preamble

- In November 15, 2023, the San Mateo Local Agency Formation Commission (LAFCo) unanimously approved the City of East Palo Alto's application to designate the East Palo Alto Sanitary District (EPASD or "District") as a subsidiary district of the City. The reorganization took effect on October 1, 2024, when the City Council assumed governance of EPASD.
- The EPASD Advisory Committee (AC) was established as a condition set forth by the San Mateo Local Formation Commission (LAFCo) for the formation of EPASD. The AC is an advisory body, and not a decision-making body; the AC does not have any direct authority or power with respect to EPASD operations.. The AC is involved in relation to administrative and financial matters, and provides guidance on annual budgets, capital improvement planning, and service rates.
- On May 14, 2026, the AC established an ad-hoc subcommittee consisting of two members of the AC: Grace Popple and Vamsi Velagapudi. The purpose of the ad hoc subcommittee is to develop recommendations for an AC Workplan. The first draft of the AC Workplan will be presented to the AC for comments (and possible adoption) in the Jun 24, 2026 regular meeting. If needed, a final draft of the AC Workplan will be presented to the AC for adoption in the Oct 28, 2026 regular meeting.

Intended use of the AC Workplan

- The proposed AC Workplan organizes strategic questions into ~4 categories, to be discussed within 12 months of adoption of the AC Workplan.
- Each category will form the basis of an agendized study session in a AC Regular Meeting, enabling planned review and engagement by AC members, EPASD staff, and most importantly EPASD customers.
- Relevant documents will be (re)shared for each study session in the appropriate agenda packet, and made available for discussion in the meeting itself

Draft AC Workplan

1. Current operations and their costs

- a. What are the key components of current operations? How have these varied over time and how may these vary in the future?
 - i. West Bay - what is the scope of the current contract, SLAs, anticipated spend, and performance?
 1. What are the break points in the contract in which any changes can be made? Does EPASD have any ability to negotiate how we use the services before that?
 2. Does West Bay provide value for money?
 3. What alternatives to West Bay may exist and when and how will this contract be up for renewal? What criteria should we use in evaluating options?

4. How do we prioritize avoidance of overflow, environmentally-friendly choices, and cost?
- ii. Treatment plant - what is the scope of the current contract and anticipated cost increases?
 1. What inputs should EPASD give to the capital plan and capital cost allocation at the treatment plant?
 2. How do we prioritize avoidance of overflow, environmentally-friendly choices, and cost?
- iii. Permit operations:
 1. What are the SLAs that should be offered by EPASD to homeowners, businesses and developers for plan review?
 2. What would reasonable appeals processes look like for rejections/high impact fees?

2. Sewer Master Plan / Capital Improvement Plan

- a. What are the key assumptions driving the plan and what would sensitivity analyses suggest about the range of possible needs?
- b. What elements of the EPA General Plan and proposed developments should be anticipated and planned for, in terms of needs and potential funding sources?
- c. How should capital improvements be sequenced best to support funding of the joint developer/established base upgrades needed, and the desire of the cities to have development happen?
- d. What if anything should EPASD do (possibly with the Cities) to help residents deal with the dilapidated state of sewer laterals and their costs?

3. Funding

- a. Operating budget - how are current operations funded and what options exist to rebalance, excluding capital needs?
 - i. Property Tax flow
 1. What future changes external to EPASD might affect receipts from this source?
 - ii. Rates
 1. How do we balance funding achieved between residential and commercial customers?
 2. How do we balance between existing and new customers?
 3. How appropriate are our rates for commercial customers, especially those where we are not measuring water use today?
- b. Impact fees
 - i. How should incremental charges cover actual incurred costs and can impact fees be used by EPA to incentivize development
 - ii. How should incremental changes (e.g. extra bathrooms) be priced for impact fees vs. larger new-build/infill development?
- c. What is the long-term financial plan that fits with the duration of implementation of the Sewer Master Plan/Capital Improvement Plan?

- d. Grant funding - what instruction/resourcing should EPASD give to Staff to pursue grant funding for upgrades where deferred maintenance exists?

4. Resident engagement

- a. How should we engage current residents, commercial customers and potential developers in this process and future rate reviews?
- b. What will be the process to propose and adopt a rate review?
- c. How can we develop principles informed by residents' viewpoints and interests, on topics such as
 - i. Role of EPASD in gating development proposals, vs. that of the cities
 - ii. Cost allocations amongst different user bases