



EAST PALO ALTO CITY COUNCIL REGULAR SESSION AGENDA

Tuesday, October 6, 2026, 6:00 PM
EPA Government Center
2415 University Avenue, First Floor
East Palo Alto, CA 94303

NOTICE

This 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 City Council 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 City Council 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 cityclerk@cityofepa.org, submitting a speaker card at the meeting, or using the **RAISE HAND** feature when the Mayor or City Clerk call 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/88647723576>

Or join by phone:

Dial (for higher quality, dial a number based on your current location):

US: +1 669 900 6833 or
+ 1 346 248 7799 or
+ 1 253 215 8782 or
+ 1 312 626 6799 or
+ 1 929 205 6099 or
+ 1 301 715 8592

Webinar ID: 886 4772 3576

International numbers available: <https://us06web.zoom.us/j/88647723576>

1. **CALL TO ORDER AND ROLL CALL**
2. **APPROVAL OF THE AGENDA**
3. **APPROVAL OF CONSENT CALENDAR**

3.1 Monthly Cash Treasury Report for August 2026

Recommendation:

Accept and file the Cash Treasury Report for the month of August 2026.

3.2 First Contract Amendment for the O'Connor Pump Station Phase I Improvements Project

Recommendation:

Adopt a resolution:

1. Authorizing the City Manager to execute the first contract amendment, in a form approved by the City Attorney, with Harris & Associates, Inc. for professional design services for the O'Connor Pump Station Phase I Improvements Project (CIP Project No. SD-06A) to increase the contract budget by \$86,528.00 for a new not-to-exceed amount of \$443,794.80;
2. Appropriating \$86,528.00 from the U.S. EPA Community Grant;
3. Extending the contract term to December 31, 2028;
4. Finding that the proposed action does not constitute a "project" with the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines sections 15378(b)(4) and (5) in that it is a governmental fiscal, organizational or administrative activity that will not result in direct or indirect changes in the environment.

3.3 On-Call Emergency Contract Services for storm response

Recommendation:

Adopt a Resolution authorizing:

1. The City Manager to execute on-call contracts, in a form approved by the City Attorney, for emergency storm response and related services for a term of three years, each with an amount not to exceed \$225,000 with Badger Daylighting Corporation; and C2R Engineering, Inc.; and
2. An additional appropriation from the General Fund reserve in the amount of \$300,000.

3.4 FY 2026-27 Personnel Update

Recommendation: Approve FY 2026-27 Personnel Update

3.5 Breast Cancer Awareness Month Proclamation

Recommendation: Present the Breast Cancer Awareness Month Proclamation

3.6 Proclamation for Native American Day

Recommendation: Present the Proclamation for Native American Day

3.7 Proclamation for Age Up Day

Recommendation: Present the Proclamation for Age Up Day

3.8 Authorize Contracts for On-call Temp Agency (22nd Century and Robert Half)

Recommendation: Authorize Contracts for On-call Temp Agency (22nd Century and Robert Half)

3.9 Proclamation for Domestic Violence Awareness Month

Recommendation: Present the Proclamation for Domestic Violence Awareness Month

3.10 City Council Meeting Minutes

Recommendation: Adopt September 1, 2026, City Council Meeting minutes for the Regular and Special Meeting

3.11 Proclamation for the Day of Remembrance

Recommendation: Present the Proclamation for the Day of Remembrance

4. CLOSED SESSION

5. PUBLIC COMMENT

6. ADJOURN CITY COUNCIL MEETING AND RECONVENE TO THE EAST PALO ALTO SANITARY DISTRICT MEETING

7. EPASD CONSENT CALENDAR

7.1

Cash Disbursement Report for August 2026

Recommendation:

Accept the cash disbursement report required pursuant to California Health and Safety Code Section 6794.

8. EPASD POLICY AND ACTION

8.1 Addendum 2 to Palo Alto RWQCP Partner Agreement

Recommendation: EPASD Board adopt a resolution to amend the partner

agreement between EPASD and the Palo Alto RWQCP with the proposed Addendum 2 presented here within.

9. **EPASD PUBLIC COMMENT**

10. **ADJOURN EAST PALO ALTO SANITARY DISTRICT BOARD MEETING AND RECONVENE TO THE CITY COUNCIL MEETING**

11. **SPECIAL PRESENTATIONS**

11.1 **Youth Commission Introductions**

Recommendation: Introduce the inaugural members of the Youth Commission

12. **POLICY AND ACTION**

12.1 **Rent Stabilization Board Appointments**

Recommendation: Make board/committee appointments to the Rent Stabilization Board (RSB); and appoint applicants for Regular or Alternate Seats for the body using the selection process recommended by staff.

13. **INFORMATIONAL REPORTS**

13.1 **Citywide Lighting Assessment Project**

Recommendation: Receive an update regarding the Citywide Lighting Assessment Project.

13.2 **Code Enforcement Update**

Recommendation:

Receive an informational report from staff concerning Code Enforcement. Staff requests City Council direction on the potential strategies to better address Tier 3 code violations discussed above. Depending on Council direction, staff may return with funding requests.

13.3 **Update on the City's SAFER Bay Project**

Recommendation: Receive an informational presentation on the City of East Palo Alto's SAFER Bay Project, including an update on the status of the design phase.

14. **PUBLIC HEARINGS**

14.1 **Inclusionary Housing Alternative Compliance Option for West Bayshore-Newell Improvements at Woodland Park ("West Bayshore-Newell Improvements") Residential Project at 1-9 Newell Court, APNs 063-513-820, 063-513-880, and additional locations, described herein.**

Recommendation: Adopt a resolution:

1) Finding the proposed alternative, as set forth in Attachment 2 of the staff report, for the West Bayshore-Newell Improvements residential development project at 1-9 Newell Court (APNs 063-513-820 and 063-513-880) and other locations ("Project"), to provide X rental units, deed-restricted at 80% of Area Median Income ("AMI") meets the Inclusionary Housing Ordinance ("IHO") requirements under Section 18.37.080 of the East Palo Alto Municipal Code ("EPAMC") because:

a) Although the Project is required to provide 49 affordable rental units at affordability levels ranging between 35% to 60% of AMI and 12 affordable ownership/for-sale units at affordability levels ranging from 80% to 120% of AMI, as specified in the IHO, the developer is proposing substantially more affordable units than required, at 80% of AMI; and

b) The Project would rebuild existing rent-stabilized housing, of which a portion will be deed-restricted as affordable and the remaining with continue to be rent-stabilized as required by state and local law.

2) Finding that the action being considered does not constitute a "Project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines sections 15378(b)(4) and (5) in that it is a governmental fiscal, organizational or administrative activity that will not result in direct or indirect changes in the environment.

14.2 Inclusionary Housing Alternative Compliance Option for the O'Keefe-Manhattan Improvements at Woodland Park ("O'Keefe-Manhattan Improvements") Residential Project at 300 O'Keefe Street, APN 063-441-240, and additional locations, described herein.

Recommendation: Adopt a resolution:

1. Finding the proposed alternative, as set forth in Attachment 2 of the staff report, for the O'Keefe-Manhattan Improvements residential development project at 300 O'Keefe Street, APN 063-441-240, and additional locations described herein ("Project"), to provide 172 rental units, deed-restricted at 80% of Area Median Income ("AMI") meets the Inclusionary Housing Ordinance ("IHO") requirements under Section 18.37.080 of the East Palo Alto Municipal Code ("EPAMC") because:

a) Although the Project is required to provide 60 affordable rental units at affordability levels ranging between 35% to 60% of AMI and 23 affordable ownership/for-sale units at affordability levels ranging from 80% to 120% of AMI, as specified in the IHO, the developer is proposing substantially more affordable units than required, at 80% of AMI; and

b) The Project would rebuild existing rent-stabilized housing, of which a portion will be deed-restricted as affordable and the remaining with continue to be rent-stabilized, as required by state and local law.

2. Finding that the action being considered does not constitute a "Project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines sections 15378(b)(4) and (5) in that it is a governmental fiscal, organizational or administrative activity that will not result in direct or indirect changes in the environment.

15. COUNCIL REPORTS

16. ADJOURNMENT

Upcoming meetings:

Regular Meeting	October 20, 2026	6:00 PM
Special Meeting	November 10, 2026	6:00 PM
Regular Meeting	November 17, 2026	6:00 PM

This AGENDA is posted in accordance with Government Code Section 54954.2(a)

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 City Council 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 City Council. 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 City Council 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 City Council 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 Council at the Council 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 25, 2026

ATTEST:

James Colin

City Clerk



EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: October 06, 2026

TO: Honorable Mayor and Members of the City Council

VIA: Melvin E. Gaines, City Manager

BY: Tomohito Oku, Finance Director
Esther Aguirre, Senior Accountant

SUBJECT: Monthly Cash Treasury Report for August 2026

Recommendation

Accept and file the Cash Treasury Report for the month of August 2026.

Alignment with City Council Strategic Plan

This recommendation is primarily aligned with:

Priority: Governance, Organizational Strength, and Fiscal Sustainability

Background

Pursuant to Section 53646 of the Government Code of the State of California, the City Treasurer may submit a quarterly report to the City Council regarding the funds and investments of the City. Further, City Investment Policy Section XVIII requires monthly reporting of investment transactions, as specified. Because the City participates in State and County investments pools and does not independently broker or engage outside investment advisors to transact investments, the monthly reporting provides a snapshot of overall cash receipts, transfers, and disbursements.

Analysis

The Monthly Cash Treasury Report ("Report") covers cash and investments of the City in the four cash and investment accounts: Wells Fargo Bank, San Mateo County Pool, California State Local Agency Investment Fund, and the California Asset Management Program (CAMP). The Report does not include petty cash, or the California State Community Infrastructure Program

(SCIP) bond proceeds held by a trustee in the name of the City. For investment purposes, City cash is pooled, except for bond proceeds held by a trustee. The City does not have, nor is it legally required to have, separate bank accounts for each individual fund. However, all cash is segregated in the City's accounting records. Monthly cash transactions for the monthly period ending August 31, 2026 are as follows:

Account	Beginning Balance	Receipts	Disbursements	Interest Allocation	Inter-Account Transfers	Ending Balance
Wells Fargo Bank	2,816,616.64	6,732,031.35	(9,179,310.51)		2,000,000.00	2,369,337.48
LAIF	24,728,625.68	-	-	-	-	24,728,625.68
San Mateo County Pool	64,452,251.97	898,297.68	-	-	-	65,350,549.65
CAMP	92,474,053.50	-	-	295,359.81	(2,000,000.00)	90,769,413.31
Total	184,471,547.79	7,630,329.03	(9,179,310.51)	295,359.81	-	183,217,926.12

The Wells Fargo cash balance reflects the book value balance (i.e., total outstanding checks not cashed are deducted from the account balance). The month-to-date cash and investment balance decreased by approximately \$1.3M compared to the balance as of July 31, 2026.

August receipts totaled approximately \$7.6M, consisting primarily of grant reimbursements and donations related to the Large Trash Capture Project (\$1.2M), Stanford University for the University Avenue Crossing Project (\$1.0M), Silicon Valley Community Foundation for the Civic Center Project (\$1.0M), sales tax revenue (\$0.6M), TDA funding for the Pulgas Avenue Mini-Roundabout Project (\$0.4M), Safer Bay Mitigation Project reimbursement (\$0.4M), University Avenue Crossing Project reimbursement (\$0.3M), Transient Occupancy Tax from the Four Seasons Hotel (\$0.3M), Veolia payments (\$0.2M), Nairobi Housing loan receivable payment (\$0.2M), and various other receipts.

August disbursements totaled approximately \$9.2M, consisting primarily of 2015A Refunding Bonds debt service payments (\$1.3M), payroll costs (\$1.2M), FY27 Plan JPA contribution (\$1.1M), Sherwood Design Engineers for the Safer Bay Project (\$0.9M), payments to J.J.R. Construction, Inc. for the East Bayshore Project (\$0.8M), City of Palo Alto for first-quarter FY27 operations and maintenance (O&M) costs for the Regional Water Quality Control Plant (RWQCP) (\$0.7M), Kaiser Foundation Health Plan for August and September medical benefits (\$0.3M), General Lighting Service, Inc. for the Citywide Lighting Assessment Project (\$0.3M), CSWST2 for the University Avenue Grand Corridor Project (\$0.3M), and other recurring operating expenditures.

The table below reflects recent treasury yield comparisons up to five-year notes since that is the maximum maturity the City may invest¹:

	Aug-26	Jul-26	Aug-25
6-Month Treasury Bill	3.89	3.82	3.86
2-Year Treasury Note	4.34	4.28	3.59
5-Year Treasury Note	4.49	4.45	3.68

Local Agency Investment Fund (LAIF) average monthly effective yields were 3.86% in August 2026 compared to 3.84% in July 2026. San Mateo County monthly gross earnings for August

¹ Daily US Treasury Yield Curve. Treasury.gov

2026 were 4.00% compared to 4.46% in July 2026. The estimated County Pool earnings for FY 26-27 are 3.75%. As of August 2026, the current annualized yield for California Asset Management Program (CAMP) is 3.80% compared to 3.78% in July 2026.

Staff believes the City has investment liquidity and anticipated revenues to meet the City's anticipated expenditure requirements for the ensuing six months. The following table shows a breakdown of cash and investment balance by fund type.

Summary August 31, 2026		
	Deposit Value	Market Value
General Fund (Inc. Petty cash of \$10,800)	\$ 26,230,606	\$ 26,230,606
General Sub-Funds (Committed/Restricted)	\$ 37,157,384	\$ 37,157,384
City Funds Restricted and Committed	\$ 121,702,679	\$ 121,702,679
Successor Agency Trust	\$ 472,899	\$ 472,899
Unrealized Gain/(Loss) on Investment Pools	\$ -	\$ 197,117
	\$ 185,563,568	\$ 185,760,685

The deposit market value totals \$185,760,685 including an unrealized gain² of \$197,117, reflecting treasury yields during the calendar year. All except for the General Fund balance is restricted by either City Council or external parties for specific purposes. Unrestricted cash and investment balance under General Fund (\$26,230,606) may be used at Council discretion.

Fiscal Impact

There is no fiscal impact for this item. This report is informational.

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 by the City Council is exempt from the California Environmental Quality Act (CEQA) because it is not a "project" pursuant to 15378(b)(4) because it is a fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant impact on the environment.

Government Code § 84308

Applicability of Levine Act: No, as the proposed action does not involve an entitlement.

Analysis of Levine Act Compliance: Not applicable.

² Investment Fair Market Value (FMV) factor is provided on a quarterly basis. Thus, as of June 30, 2026, FMV factor is used to calculate Unrealized Gain/(Loss) on Investments.



EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: October 6, 2026

TO: Honorable Mayor and Members of the City Council

VIA: Melvin E. Gaines, City Manager

BY: Michael Cortez, Associate Engineer
Batool Zaro, Senior Engineer
Humza Javed, Public Works Director

SUBJECT: First Contract Amendment to the O'Connor Pump Station Phase I Improvements Project (CIP Project No. SD-06A) Design Contract

Recommendation

Adopt a resolution:

1. Authorizing the City Manager to execute the first contract amendment, in a form approved by the City Attorney, with Harris & Associates, Inc. for professional design services for the O'Connor Pump Station Phase I Improvements Project (CIP Project No. SD-06A) to increase the contract budget by \$86,528.00 for a new not-to-exceed amount of \$443,794.80;
2. Appropriating \$86,528.00 from the U.S. EPA Community grant;
3. Extending the contract term to December 31, 2028;
4. Finding that the proposed action does not constitute a "project" with the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines sections 15378(b)(4) and (5) in that it is a governmental fiscal, organizational or administrative activity that will not result in direct or indirect changes in the environment.

Alignment with City Council Strategic Plan

This recommendation is primarily aligned with:

Priority: Public Health, Safety, and Quality of Life
Priority: Public Infrastructure and Utilities

Background

The O'Connor Pump Station, located along the San Francisquito Creek Levee at the eastern end of O'Connor Street, was originally constructed in 1984. The pump station currently serves as the City's only stormwater runoff pump station, and it drains the majority of the runoff captured by the City's storm drainage system.

In 2017, the City contracted Schaaf & Wheeler, an engineering consulting firm, to prepare a memorandum assessing the condition of the O'Connor Pump Station. The memorandum outlined the recommended improvements for bringing the pump station to up-to-date standards, increasing the pump station's pumping capacity, as well as other miscellaneous safety improvements. The memorandum provided recommendations for short-term and long-term improvements. The City then utilized the information in the memorandum to add two projects to the Capital Improvement Program, namely, the Phase I and Phase II improvements projects at the O'Connor Pump Station.

In 2022, the City received \$800,000 for rehabilitation of the O'Connor Pump Station from the United States Environmental Protection Agency (U.S. EPA) through the FY 2022 Omnibus Appropriations Bill. An additional amount of \$800,000 from the U.S. EPA Community Grant was also received for water infrastructure, totaling \$1,600,000 that has been granted for the O'Connor Pump Station project. The funds will be used to entirely fund the project design and a portion of the construction phase.

On March 18, 2025, the City executed an agreement with Harris & Associates, Inc. in the amount not-to-exceed \$357,266.80 for professional engineering services to design the O'Connor Pump Station Phase I Improvements project (CIP Project No. SD-06A) via Resolution No. 20-2025. The scope of services for the Phase I Improvements included underground diesel tank upgrades, pumping capacity upgrades, hydraulics improvements, ventilation upgrades, and electrical capacity upgrades.

Analysis

As the design of the Phase I improvements at the O'Connor Pump Station progressed, additional design considerations based on the electrical capacity upgrades were identified.

As pump selection and electrical loads were finalized, it was determined that the cabinets necessary to house the electrical equipment would not meet clearance requirements without changing the layout of the new electrical motors. As such, additional structural, civil, and electrical analyses are to be performed to explore options for maintaining all electrical equipment within the existing building. Regardless of the outcomes of said analyses, the main switchboard (MSB) will need to be relocated outside of the existing building.

The original project scope assumed that the new transformer would be pole-mounted. However, upon further investigation it was determined that the transformer required by PG&E for the electrical demands will be too large to pole mount and would need to be located on an elevated

concrete slab that adheres to FEMA base flood elevation requirements. This concrete slab is to be built in the sloped landscaped area between the two existing driveways adjacent to the existing pumphouse building. As mentioned in the foregoing discussion, the MSB will also be relocated to this concrete slab. Additional structural and civil analyses will need to be performed for the design of this concrete slab.

Since the MSB is now being relocated to outside of the existing building, electrical conduit will need to connect the new elevated MSB and the building. As such, an overhead tray will need to be designed to accommodate the conduit routing to the new MSB and transformer locations.

A detailed description of additional services can be found in Attachment 2: Harris & Associates Additional Design Services Memorandum to this report.

Staff recommends amending the design contract to appropriate additional funds and include the additional services as described in Attachment 2 of this report.

Fiscal Impact

An additional appropriation in the amount of \$86,528.00 will be fully funded and reimbursed by the U.S. EPA community grant, hence there is no ultimate impact to the City's capital fund.

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 proposed action does not constitute a "project" with the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines sections 15378(b)(4) and (5) in that it is a governmental fiscal, organizational or administrative activity that will not result in direct or indirect changes in the environment.

Government Code § 84308

Applicability of Levine Act: Yes.

Analysis of Levine Act Compliance: The signatory for the agreement is Marcus Fuller, Vice President of Engineering of Harris & Associates, Inc. Staff is unaware of any other parties or participants relevant to the Council's consideration of this item.

Attachments

1. Resolution
2. Harris & Associates Additional Design Services Memorandum

RESOLUTION NO. XX– 2026

**A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF EAST PALO ALTO**

AUTHORIZING THE CITY MANAGER TO EXECUTE THE FIRST CONTRACT AMENDMENT, IN A FORM APPROVED BY THE CITY ATTORNEY, WITH HARRIS & ASSOCIATES, INC. FOR PROFESSIONAL DESIGN SERVICES FOR THE O’CONNOR PUMP STATION PHASE I IMPROVEMENTS PROJECT (CIP PROJECT NO. SD-06A) TO INCREASE THE CONTRACT BUDGET BY \$86,528.00 FOR A NEW NOT-TO-EXCEED AMOUNT OF \$443,794.80, AND APPROPRIATING \$86,528.00 OF CAPITAL FUNDS TO FUND THE FIRST CONTRACT AMENDMENT.

WHEREAS, the O’Connor Pump Station was originally constructed in 1984; and

WHEREAS, in 2017, Schaaf & Wheeler, the City’s engineering consultant, recommended certain improvements to the O’Connor Pump Station, including those relayed to industry flow standards and minor safety improvements; and

WHEREAS, in 2022, the City received \$800,000 from the U.S. EPA FY 2022 Omnibus Appropriations Bill for rehabilitation of the O’Connor Pump Station, plus an additional \$800,000 from the U.S. EPA Community Grant for water infrastructure, totaling \$1,600,000 in project grants; and

WHEREAS, on March 18, 2025, the City executed an agreement with Harris & Associates, Inc. in the amount not-to-exceed \$357,266.80 for professional engineering design services to design the O’Connor Pump Station Phase I Improvements Project (CIP Project No. SD-06A) via Resolution No. 20-2025; and

WHEREAS, as the design of the improvements progressed, additional unanticipated civil, structural, and electrical design considerations based on the electrical capacity upgrades were identified; and

WHEREAS, staff recommends amending the design contract to appropriate additional funds to include the additional civil, structural, and electrical design services in order to complete the design of the Phase I improvements at the O’Connor Pump Station.

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF EAST PALO ALTO HEREBY:

1. Finds that the foregoing recitals are true and correct, and are incorporated by this reference into this action; and
2. Authorizes the City Manager to execute the first contract amendment, in a form approved by the City Attorney, with Harris & Associates, Inc. for professional design services for the O’Connor Pump Station Phase I Improvements Design Contract to increase the contract budget by \$86,528.00 for a new not-to-exceed amount of \$443,794.80; and
3. Appropriates \$86,528.00 from the U.S. EPA Community Grant to fund the first contract amendment; and
4. Finds that the proposed action does not constitute a “project” within the meaning of the California

Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15378(b)(4) in that it is a governmental fiscal activity that does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

PASSED AND ADOPTED this 6th day of October 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Webster Lincoln, Mayor

ATTEST:

APPROVED AS TO FORM:

James Colin, City Clerk

John D. Lê, City Attorney



EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: October 6, 2026

TO: Honorable Mayor and Members of the City Council

VIA: Melvin E. Gaines, City Manager

BY: Jessica Felix, Management Analyst
Humza Javed, P.E., Public Works Director

SUBJECT: On-Call Emergency Contract Services for storm response

Recommendation

Adopt a resolution authorizing:

1. The City Manager to execute on-call contracts, in a form approved by the City Attorney, for emergency storm response and related services for a not-to-exceed amount of \$75,000 and a term of three years, each with Badger Daylighting Corporation; and C2R Engineering, Inc.; and
2. Finding that awarding this contract is not a project under the California Environmental Quality Act (Section 21000, et seq. of the California Public Resources Code, hereafter CEQA) because the action has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

Alignment with City Council Strategic Plan

This recommendation is primarily aligned with:

Priority: Public Infrastructure and Utilities
Priority: Public Health, Safety, and Quality of Life

Background

Due to East Palo Alto's geography, its storm drain system is heavily impacted during the winter rainy season. The City sits between San Francisquito Creek and San Francisco Bay and receives storm runoff from entire upper watershed. The Public Works Maintenance Division prioritizes storm preparation by clearing drain inlets and valley gutters, hauling out debris and sediment from the San Francisquito Creek, pumping standing stormwater, repairing failed drainage structures, and supporting flood-prevention and levee work along the Creek.

In order to prepare itself for future weather events, the City has taken a proactive stance to bolster its storm response capabilities. The Public Works Department needs to execute contracts with contractors equipped with the necessary heavy machinery and skilled operators to be able to support staff responding to storm-related emergency as well as preventative work. These contractors will be added to the Public Works roster and will be on standby to address emergencies, ensuring flood prevention and efficient management of storm-related issues. Their responsibilities will encompass repairing and installing drainage inlets, pumping excessive water, performing valley gutter cleanup and repair, debris removal, and undertaking various storm drain construction work, all aimed at averting local flooding incidents throughout the City.

An on-call agreement gives the City the ability to swiftly respond to emergencies as the contractors are already qualified, their rates are already set, and Public Works can issue a task order and get a crew out without delay.

Analysis

A request for proposals (RFP) for on-call storm response was issued on December 12, 2025.

The scope of work covers:

- Installation and repair of drainage inlets
- Pumping and removal of accumulated stormwater
- Cleaning of valley gutters and removal of debris
- Flood-prevention support at San Francisquito Creek
- Levee repair and stabilization
- Other related work necessary to protect public infrastructure

Proposers were asked to submit their rates on a pricing sheet along with a firm description, relevant experience in storm drain work, debris removal, pumping and outfall stabilization, key personnel qualifications, public agency references, and proof of licensing and insurance.

Proposals were due by 2:00 p.m. on Wednesday, February 11, 2026. The City received five proposals. One proposal, from Miabella Expert Tree Services, was outside the scope of the solicitation and was not evaluated further.

The remaining four proposals were reviewed and scored against the criteria which included qualifications, manpower, and experience in the RFP by three staff members from the Public Works Department. Average scores of the proposers are shown in the table below:

Proposer	Average Score
Badger	17
C2R	18
Pipe & Plant	16.7
Yerba Buena	13.7

All four proposers were found responsive; C2R Engineering, Inc. and Badger Daylighting Corp. scored highest.

Staff recommends awarding to the two highest-scoring proposers, C2R Engineering and Badger Daylighting. Beyond their scores, the two firms cover the two halves of the work the City actually needs. Badger brings the hydro-vacuum equipment for cleaning inlets and catch basins and pumping standing water. C2R brings the crews and excavation equipment for repairing and replacing failed storm drain structures. Neither firm covers the other's scope well on its own, so awarding to both gives Public Works the full range without duplicating capability. Moreover, two contractors rather than one also gives Public Works options during a storm. Storm work comes in bursts, and those bursts are usually regional, so some flexibility is beneficial.

C2R Engineering, Inc. (Los Altos; CA License #994397) is an underground utilities contractor that handles storm drain, sewer, and water line repair and replacement. C2R has been the City's storm drain on-call contractor for the past three years and recently finished the University Avenue and Weeks Street 12-inch Watermain Project. The firm started in 2014 and reports more than 200 completed projects.

Badger Daylighting Corp. (San Jose; CA License #945499) supplies hydro-vacuum units with operators to clean storm inlets, catch basins, and similar structures. Badger already does this work for the City and services the Newbridge trash capture device.

Work would be assigned by written task order. The Public Works Director or designee would select the contractor for each task order based on what the job requires, what equipment is needed, and who is available, and would authorize work only at the rates in that contractor's agreement. Neither firm is promised any minimum amount of work.

Fiscal Impact

The adopted FY 2026-27 budget includes \$150,000 in the Public Works Maintenance Division for storm response contractor services. Approval of the proposed on-call flood response contract does not require an additional appropriation at this time for the current fiscal year. \$75,000 is for C2R Engineering, Inc. and \$75,000 for Badger Daylighting Corporation.

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

Awarding this contract is not a project under the California Environmental Quality Act (Section 21000, et seq. of the California Public Resources Code, hereafter CEQA) because the action has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. Individual task orders issued under these agreements will be evaluated for CEQA applicability, including any required exemption determination, before work commences.

Government Code § 84308

Applicability of Levine Act: No, as the entitlement was competitively bid.
Analysis of Levine Act Compliance: Not applicable.

Attachments

1. Resolution

RESOLUTION NO. XX- 2026

**A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF EAST PALO ALTO**

**AWARDING ON-CALL FLOOD PREVENTION CONTRACTOR SERVICES AGREEMENTS TO
C2R ENGINEERING, INC. AND BADGER DAYLIGHTING CORP., EACH FOR A TERM OF
THREE YEARS AND EACH IN AN AMOUNT NOT TO EXCEED \$75,000, FOR A COMBINED
TOTAL NOT TO EXCEED \$150,000.**

WHEREAS, the City of East Palo Alto owns and maintains a storm drain system that requires routine maintenance and emergency response during storm events, including the installation and repair of drainage inlets, pumping and removal of accumulated stormwater, cleaning of valley gutters, removal of debris, levee repair and stabilization, and flood-prevention support at San Francisquito Creek; and

WHEREAS, much of this work arises without advance notice, frequently outside of normal business hours, and requires specialized equipment that the City does not own; and

WHEREAS, on December 12, 2025, the City issued a request for proposals (RFP) for On-Call Flood Prevention Contractor Services in order to enter into contracts for as-needed work at rates fixed in advance; and

WHEREAS, the City received five proposals in response to the RFP, one of which was determined to be outside the scope of the solicitation, and an evaluation panel of City staff reviewed and scored the four remaining proposals in accordance with the stated criteria; and

WHEREAS, the evaluation panel determined that the remaining four proposals were responsive and that C2R Engineering, Inc. and Badger Daylighting Corp. received the highest scores; and

WHEREAS, awarding agreements to both C2R Engineering, Inc. and Badger Daylighting Corp. provides the City with complementary capabilities in that C2R Engineering, Inc. furnishes crews and excavation equipment for the repair and replacement of storm drain structures and Badger Daylighting Corp. furnishes hydro-vacuum equipment for the cleaning of inlets and catch basins and the pumping of accumulated stormwater; and

WHEREAS, the adopted Fiscal Year 2026-27 budget includes an appropriation of \$150,000 in the Public Works Department for storm response contractor services; and

WHEREAS, the City Council finds that awarding these agreements is not a project under the California Environmental Quality Act (Public Resources Code section 21000 et seq.) because the action has no potential for resulting in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. Individual task orders issued under these agreements will be evaluated for CEQA applicability, including any required exemption determination, before work commences.

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF EAST PALO ALTO HEREBY:

1. Finds that the recitals set forth above are true and correct and are incorporated herein by reference.

2. Authorizes the City Manager, or designee, to negotiate and execute agreements, in a form approved by the City Attorney, with each of C2R Engineering, Inc. and Badger Daylighting Corp. for On-Call Flood Prevention Contractor Services, each for an amount not to exceed Seventy-Five Thousand Dollars (\$75,000) and a term of three years.
3. Authorizes the City Manager, or designee, to assign work under the agreements by written task order at the rates set forth in each agreement, and to execute such task orders, amendments, and related documents as may be necessary to carry out the purposes of this Resolution, subject to the not-to-exceed amounts authorized above.
4. Provides that neither contractor is guaranteed any minimum amount of work under its agreement.
5. Provides that this Resolution shall take effect immediately upon adoption.

PASSED AND ADOPTED this 6th day of October, 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Webster Lincoln, Mayor

ATTEST:

APPROVED AS TO FORM:

James Colin, City Clerk

John D. Lê, City Attorney

3.4 FY 2026-27 Budget Personnel Staffing Changes

A STAFF REPORT IS FORTHCOMING.



EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: October 6, 2026

TO: Honorable Mayor and Members of the City Council

VIA: Melvin E. Gaines, City Manager

BY: James Colin, City Clerk

SUBJECT: Breast Cancer Awareness Month Proclamation

Recommendation

Present the Breast Cancer Awareness Month Proclamation

Attachments

1. Proclamation

PROCLAMATION OF THE CITY OF EAST PALO ALTO DECLARING OCTOBER 2026 AS BREAST CANCER AWARENESS MONTH

WHEREAS, Breast Cancer Awareness Month, observed each October, provides an opportunity to increase awareness of breast cancer, encourage early detection and screening, and recognize the individuals, families, healthcare professionals, researchers, and organizations working to prevent and treat this disease; and

WHEREAS, breast cancer is one of the most commonly diagnosed cancers among women, and early detection through recommended screening and timely follow-up can improve treatment options and outcomes; and

WHEREAS, breast cancer affects people of all backgrounds and communities, while disparities in access to screening, diagnosis, treatment, and supportive services can contribute to differences in health outcomes; and

WHEREAS, increasing awareness and access to reliable health information can empower individuals to speak with their healthcare providers about breast health, understand their personal risk factors, and make informed decisions regarding screening and preventive care; and

WHEREAS, those affected by breast cancer, including survivors, individuals currently undergoing treatment, caregivers, families, and loved ones, deserve compassion, support, and access to quality healthcare and community resources; and

WHEREAS, the City of East Palo Alto recognizes the importance of education, prevention, early detection, research, and equitable access to healthcare services in the effort to reduce the impact of breast cancer on individuals and families; and

WHEREAS, Breast Cancer Awareness Month serves as a time to honor those whose lives have been affected by breast cancer, remember those who have lost their lives to the disease, and recognize the ongoing efforts to improve prevention, treatment, and survivorship.

NOW, THEREFORE, BE IT PROCLAIMED, that the City Council of the City of East Palo Alto hereby recognizes **October 2026 as Breast Cancer Awareness Month** in the City of East Palo Alto and encourages residents to learn about breast cancer, discuss breast health and screening with their healthcare providers, support those affected by breast cancer, and participate in efforts that promote awareness, prevention, early detection, and equitable access to care.

Date: October 6, 2026



Webster Lincoln, Mayor



EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: October 6, 2026

TO: Honorable Mayor and Members of the City Council

VIA: Melvin E. Gaines, City Manager

BY: James Colin, City Clerk

SUBJECT: Proclamation for Native American Day

Recommendation

Present the Proclamation for Native American Day.

Attachments

1. Proclamation

PROCLAMATION OF THE CITY OF EAST PALO ALTO DECLARING SEPTEMBER 25, 2026 AS NATIVE AMERICAN DAY

WHEREAS, Native American Day is observed in California to recognize and honor the rich history, cultures, traditions, and contributions of Native American peoples; and

WHEREAS, Native peoples have lived on and cared for the lands now known as California since time immemorial, maintaining deep cultural, spiritual, and familial connections to the land, waterways, and natural environment; and

WHEREAS, the lands that encompass the City of East Palo Alto and the surrounding San Francisco Bay Area are part of the ancestral homelands of Indigenous peoples, whose communities, traditions, and stewardship continue to shape the region; and

WHEREAS, Native American communities have made significant contributions to the cultural, social, economic, educational, environmental, and civic life of California and the United States; and

WHEREAS, Native American Day provides an opportunity to recognize the resilience and strength of Native peoples, celebrate their diverse cultures and traditions, and acknowledge the importance of preserving Indigenous languages, histories, arts, and cultural practices for future generations; and

WHEREAS, it is important to promote greater understanding and awareness of Native American history, including the experiences of Indigenous peoples throughout California and the enduring impacts of historical policies and actions on Native communities; and

WHEREAS, the City of East Palo Alto recognizes the importance of honoring Indigenous peoples and supporting efforts that promote respect, education, cultural preservation, and meaningful understanding of Native American communities and their contributions; and

WHEREAS, Native American Day encourages all residents to learn more about the histories and cultures of Native peoples and to recognize the continuing presence and contributions of Native American communities.

NOW, THEREFORE, BE IT PROCLAIMED, that the City Council of the City of East Palo Alto hereby recognizes **September 25, 2026, as Native American Day** in the City of East Palo Alto and encourages all residents to honor and celebrate the rich histories, cultures, traditions, resilience, and contributions of Native American peoples.

Date: October 6, 2026



Webster Lincoln, Mayor



EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: October 6, 2026

TO: Honorable Mayor and Members of the City Council

VIA: Melvin E. Gaines, City Manager

BY: James Colin, City Clerk

SUBJECT: Proclamation for Age Up Day

Recommendation

Present the Age Up Day Proclamation

Attachments

1. Proclamation

PROCLAMATION OF THE CITY OF EAST PALO ALTO DECLARING OCTOBER 8, 2026 AS AGEUP DAY

WHEREAS, AgeUp has served older adults and people with disabilities living in long-term care facilities throughout San Mateo County, including the City of East Palo Alto, for 25 years; and

WHEREAS, AgeUp's Long-Term Care Ombudsman Program is a mandated, free, and confidential service that advocates for residents' rights, investigates complaints of abuse and neglect, and resolves concerns on behalf of residents who cannot always advocate for themselves; and

WHEREAS, in the past year alone, AgeUp held 281 events reaching 4,687 people through its Kindness Crew, Friendly Visitor, and community education programs and made 4,067 facility visits through its Ombudsman Program; and proclamation

WHEREAS, AgeUp's community programs — including Friendly Visitors, Phone Buddies, Kindness Crew, Camp AgeUp, and Advanced Healthcare Directive workshops — address social isolation and support older adults in staying active, informed, and connected; and

WHEREAS, AgeUp's 25 years of advocacy, protection, and resolution have given residents of long-term care facilities and their families a voice and a safeguard when they need one most; and

WHEREAS, AgeUp Day provides an opportunity to recognize and celebrate AgeUp's longstanding commitment to protecting the dignity, rights, independence, and well-being of older adults and people with disabilities, while raising awareness of the vital services available to individuals and families throughout our community; and

WHEREAS, the City of East Palo Alto is proud to recognize AgeUp's 25 years of dedicated service and encourages residents to join in celebrating the organization's contributions to creating a more connected, compassionate, and supportive community for older adults and people with disabilities;

NOW, THEREFORE, I, Webster Lincoln, Mayor of the City of East Palo Alto, on behalf of the City Council, do hereby proclaim October 8, 2026, as "**AGEUP DAY**" in the City of East Palo Alto, and encourage all residents to recognize and celebrate AgeUp's 25 years of service to older adults and people with disabilities in our community.

Date: October 6, 2026

Webster Lincoln, Mayor



3.8 Authorize Contracts for On-call Temp Agency (22nd Century and Robert Half)

A STAFF REPORT IS FORTHCOMING.



EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: October 6, 2026

TO: Honorable Mayor and Members of the City Council

VIA: Melvin E. Gaines, City Manager

BY: James Colin, City Clerk

SUBJECT: Proclamation for Domestic Violence Awareness Month

Recommendation

Present the Proclamation for Domestic Violence Awareness Month

Attachments

1. Proclamation

PROCLAMATION OF THE CITY OF EAST PALO ALTO DECLARING OCTOBER 2026 AS DOMESTIC ProclamationVIOLENCE AWARENESS MONTH

WHEREAS, more than one in three women, one in four men, and one in two transgender individuals experience some form of physical or sexual violence and/or stalking by their intimate partner in their lifetime; and

WHEREAS, CORA provided 18,380 services across its programs, connecting survivors and their families to safety, advocacy, and healing; and

WHEREAS, CORA's safe house and hotel programs provided 5,193 nights of emergency shelter, with 103 adults and children entering shelter during the year; and

WHEREAS, CORA provided more than \$1.34 million in rental assistance and security deposits for 174 adults and children, helping survivors and their families move toward safe, stable housing; and

WHEREAS, CORA served 624 adults and children through its mental health programs, provided 3,043 counseling and therapy sessions, and

WHEREAS, CORA provided legal services to 925 survivors, including assistance with restraining orders and complex family-law matters, represented clients in 181 court hearings, accompanied survivors 117 times to court hearings, mediation, or law-enforcement appointments, and responded to 1,928 requests for legal assistance; and

WHEREAS, CORA educated 6,000 middle and high school students about healthy relationships and reached 3,000 adults through community education presentations, training, and tabling events; and

WHEREAS, the City of East Palo Alto recognizes that an effective response to domestic violence requires a countywide continuum of prevention, crisis intervention, shelter, housing, legal advocacy, and mental health support; and

WHEREAS, intimate partner violence continues to be among the most under-reported crimes and San Mateo County is committed to eliminating all forms of intimate partner abuse.

NOW, THEREFORE, BE IT PROCLAIMED that the City Council, hereby designates the month of **October 2026 as Domestic Violence Awareness Month**, to raise awareness about and encourage all residents of San Mateo County to do their part to help rid our community of intimate partner violence.



Date: October 6, 2026

Webster Lincoln, Mayor





EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: October 6, 2026

TO: Honorable Mayor and Members of the City Council

VIA: Melvin E. Gaines, City Manager

BY: Marissa Silva, Assistant City Clerk

SUBJECT: City Council Meeting Minutes

Recommendation

Adopt the September 15, 2026 City Council Meeting Minutes.

Attachments

1. September 15, 2026, Regular Meeting Minutes
2. September 15, 2026 Special Meeting Minutes



EAST PALO ALTO CITY COUNCIL REGULAR MEETING MINUTES

Tuesday, September 15, 2026, 6:00 PM
EPA Government Center
2415 University Avenue, First Floor
East Palo Alto, CA 94303

1. CALL TO ORDER AND ROLL CALL

Mayor Lincoln called the East Palo Alto City Council Regular Meeting to order at 6:09 PM. City Clerk James Colin confirmed a quorum was present.

Attendee Name	Title	Status	Arrived
Webster Lincoln	Mayor	Present	
Ruben Abrica	Vice Mayor	Present	
Carlos Romero	Councilmember	Present	
Mark Dinan	Councilmember	Present	
Martha Barragan	Councilmember	Present	

2. APPROVAL OF THE AGENDA

Motion: Councilmember Romero moved to request that Item 3.4 be pulled; Councilmember Dinan moved and seconded by Councilmember Romero. Motion carried unanimously (5-0).

3. APPROVAL OF THE CONSENT CALENDAR

Motion: Councilmember Romero moved to request that Item 3.4 be pulled; Councilmember Dinan moved and seconded by Councilmember Romero that the consent calendar be approved, excluding 3.4. Motion carried unanimously (5-0).

- 3.1 Woodland Avenue Street Improvements (ST-33) Design Contract Award
- 3.2 Establishment of Limited Parking Zones at Various Locations
- 3.3 4. Monthly Cash Treasury Report for July 2026
- 3.4 Annual Internal Control Report
- 3.5 City Council Meeting Minutes
- 3.6 Childhood Cancer Awareness Month

Motion: Councilmember Romero moved; Vice Mayor Abrica seconded to approve Item 3.4. Motion carried unanimously (5-0).

4. CLOSED SESSION

No closed session was held.

5. PUBLIC COMMENT

The following speakers provided public comments: Deborah Lewis-Virges, Gail Dixon, Luis Rosas, Mario, Betsy Yanez, and Ofelia Bello.

6. INFORMATIONAL REPORTS

6.1 Minor Home Repair Program Launch

No action was taken; the report was received for information.

7. SPECIAL PRESENTATIONS

7.1 Reimagine Dumbarton Project Update

8. PUBLIC HEARINGS

9. POLICY AND ACTION

9.1 Major Home Repairs Program

Staff received direction from council regarding 4 key policy questions. There were public comments regarding this item from Gail Dixon and Mario.

9.2 PWTC Appointments

Council interviewed Emanuel Jimenez, Betsy Yanez, Juany Jimenez, Rafael Avendano, and Ray Zhu.

Ballot Results – Regular Seat:

The council voted by written ballot for the regular seat. Councilmember Romero, Vice Mayor Abrica, Councilmember Dinan, and Councilmember Barragan voted for Rafael Avendano. Mayor Lincoln voted for Betsy Yanez. Rafael Avendano was appointed to the regular seat on the Public Works and Transportation Commission by a vote of 4-1.

Ballot Results – Alternate Seat (First Round):

The council voted by written ballot for the alternate seat. Vice Mayor Abrica, Councilmember Romero, and Mayor Lincoln voted for Betsy Yanez; Councilmember Dinan and Councilmember Barragan voted for Ray Zhu. Betsy Yanez received 3 votes; Ray Zhu received 2 votes. Following Ms. Yanez's public withdrawal, the council proceeded to a second ballot.

Ballot Results – Alternate Seat (Second Round, following Betsy Gaines' withdrawal):

The council voted again for the alternate seat. Vice Mayor Abrica, Councilmember Dinan, and Councilmember Barragan voted for Ray Zhu; Council Member Romero voted for Emmanuel Jimenez; Mayor Lincoln voted for Juan Jimenez. Ray Zhu was appointed to the alternate seat on the Public Works and Transportation Commission by a vote of 3-1-1.

10. ADJOURN CITY COUNCIL SPECIAL MEETING AND RECONVENE TO THE JOINT SUCCESSOR AGENCY SPECIAL BOARD MEETING

11. JOINT SUCCESSOR AGENCY BOARD CONSENT CALENDAR

11.1 Approval of San Mateo County Community College District Obligation

Motion: Councilmember Romero moved, and Vice Mayor Abrica seconded to approve the Consent Calendar. Motion carried 5-0.

12. **ADJOURN JOINT SUCCESSOR AGENCY BOARD MEETING AND RECONVENE THE EAST PALO ALTO SANITARY DISTRICT MEETING**

13. **EPASD CONSENT CALENDAR**

13.1 Cash Disbursement Report of July 2026

Motion: Mayor Lincoln (Vice President) moved, and Vice Mayor Abrica (President) seconded to approve the Consent Calendar. Motion carried 5-0.

14. **EPASD PUBLIC COMMENT**

15. **ADJOURN THE EAST PALO ALTO SANITARY DISTRICT MEETING AND RECONVENE THE CITY COUNCIL SPECIAL MEETING**

16. **COUNCIL REPORTS**

Vice Mayor Abrica: Reported on the combined State of the City address with comments from councilmember Romero and Mayor Lincoln.

17. **ADJOURNMENT**

Mayor Lincoln adjourned the meeting at 9:10 PM



EAST PALO ALTO CITY COUNCIL SPECIAL MEETING MINUTES

Tuesday, September 15, 2026, 7:00 PM
EPA Government Center
2415 University Avenue, First Floor
East Palo Alto, CA 94303

1. CALL TO ORDER AND ROLL CALL

Mayor Lincoln called the East Palo Alto City Council Special Meeting to order at 9:10 PM. City Clerk James Colin confirmed a quorum was present.

Attendee Name	Title	Status	Arrived
Webster Lincoln	Mayor	Present	
Ruben Abrica	Vice Mayor	Present	
Carlos Romero	Councilmember	Present	
Mark Dinan	Councilmember	Present	
Martha Barragan	Councilmember	Present	

2. SPECIAL PRESENTATION

2.1 Presentation for Sister City Relationship with Dazu District, Chongqing, China

No action was taken as this was just an informational presentation by Victor Wang.

3. ADJOURNMENT

Mayor Lincoln adjourned the meeting at 9:52 PM



EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: October 6, 2026

TO: Honorable Mayor and Members of the City Council

VIA: Melvin E. Gaines, City Manager

BY: James Colin, City Clerk

SUBJECT: Proclamation for the Day of Remembrance

Recommendation

Present the Proclamation for the Day of Remembrance.

Attachments

1. Proclamation

PROCLAMATION OF THE CITY OF EAST PALO ALTO DESIGNATING OCTOBER 7, 2026 AS DAY OF REMEMBRANCE

WHEREAS, on October 7, 2023, Hamas and Palestinian Islamic Jihad (PIJ), both designated by the United States as Foreign Terrorist Organizations, carried out a devastating attack in Israel that resulted in the deaths of nearly 1,200 people, including 46 Americans, and the kidnapping of approximately 250 people, including at least 12 Americans, forever changing the lives of victims, survivors, and their families; and

WHEREAS, the October 7 attack was the deadliest attack against Jews since the Holocaust and has had a profound impact on Jewish communities in the United States and around the world, while contributing to heightened concerns about antisemitism and hate; and

WHEREAS, remembering the victims of October 7 and honoring the survivors and families whose lives were forever changed provides an opportunity to reflect on the human cost of terrorism, violence, and hatred; and

WHEREAS, the City of East Palo Alto recognizes the importance of standing against antisemitism, hate, and violence in all forms and of promoting a community founded upon respect, understanding, dignity, and the protection of all people; and

WHEREAS, the City of East Palo Alto joins communities across the nation and around the world in remembering those who lost their lives on October 7, 2023, honoring the survivors and families affected by the attack, and recognizing the importance of rejecting antisemitism and hate.

NOW, THEREFORE, BE IT PROCLAIMED, that the City Council of the **City of East Palo Alto** hereby recognizes **October 7, 2026, as a Day of Remembrance** in the City of East Palo Alto and encourages residents and community members to remember the victims, honor the survivors and families, and stand together against antisemitism, hate, and violence.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the City of East Palo Alto to be affixed this **7th day of October, 2026. Remembrance Proclamation**



Date: October 6, 2026

Webster Lincoln, Mayor





EAST PALO ALTO SANITARY DISTRICT STAFF REPORT

DATE: October 6, 2026

TO: Honorable Members of the City of East Palo Alto City Council, Governing Board to the East Palo Sanitary District, a Subsidiary of the City of East Palo Alto

VIA: Melvin E. Gaines, General Manager

BY: Tomohito Oku, District Treasurer
Jessica Y Caballero, Financial Services Manager

SUBJECT: Cash Disbursement Report for August 2026

Recommendation

Accept the cash disbursement report required pursuant to California Health and Safety Code Section 6794.

Alignment with City Council Strategic Plan

This recommendation is primarily aligned with:

Priority: Governance, Organizational Strength, and Fiscal Sustainability
Priority: Public Health, Safety, and Quality of Life

Background

On November 15, 2023, the San Mateo Local Area Formation Commission (“LAFCo”) unanimously approved the City of East Palo Alto’s application requesting that the East Palo Alto Sanitary District (“District” or “EPASD”) be made a subsidiary of the City of East Palo Alto.

On October 1, 2024, the reorganization of the District as a subsidiary of the City of East Palo Alto (City), and the City Council its governing board, became effective. Prior to and since that time, staff has worked diligently toward a peaceful and smooth transition. To that end, one aspect of that transition has required staff to review local rules and regulations of EPASD that may require amendment in light of the reorganization.

California Health and Safety Code (H&S) Section 6794 allows the Board to adopt a procedure

EPASD BOARD MEETING CONSENT CALENDAR 7.1

that provides for checks or warrants to pay claims and demands without approval by the Board of Directors before payment if the District Treasurer determines that the demands are payable within the District's approved budget.

On December 3, 2024, the Board adopted an ordinance amending various provisions of the Sanitary District Code including Section 303 Appointed Positions, which authorizes District Treasurers to perform duties including the deposit and withdrawal of funds of the District, issuance of checks or warrants to pay claims and demands without approval by the Board before payment if the District Treasurer determines that the demands are payable within the District's approved budget.

Furthermore, H&S Section 6794 requires staff to present cash disbursements to the Board at the next regular Board meeting and seek Board approval if demands exceed the District's approved budget.

This staff report is provided for informational purposes and details all cash disbursements for the month ending August 2026, as approved by the District Treasurer. As of August 31, 2026, actual expenses remain within the District's approved budget. Year-to-date expenditures total \$0.8 million, compared to the adopted budget of \$9.8 million, representing 9% of the budget spent to date.

Analysis

The following cash disbursements have been approved by the District Treasurer pursuant to the District Code Section 303, and are hereby reported to the Board:

EPASD Cash Disbursement Reports For Period Ending August 31, 2026

Vendor Name	Invoice Number	Description	Check Amount	Check Issue Date
AppleOne, Inc	01-72558 94	Staffing Services	\$ 4.00	8/7/2026
AppleOne, Inc	01-72642 11	Staffing Services	\$ 4.00	8/7/2026
AppleOne, Inc	01-73071 20	Staffing Services	\$ 416.91	8/7/2026
AppleOne, Inc	01-7332828	Staffing Services	\$ 1,925.60	8/3/2026
AppleOne, Inc	01-7336679	Staffing Services	\$ 1,925.60	8/7/2026
AppleOne, Inc	01-7342316	Staffing Services	\$ 1,913.57	8/7/2026
AppleOne, Inc	01-7348573	Staffing Services	\$ 1,925.60	8/14/2026
AppleOne, Inc	01-7350470	Staffing Services	\$ 1,925.60	8/21/2026
CALIF PUBLIC EMPLOYEES'	H911	EPASD HEALTH PREMIUM	\$ 9,634.12	8/31/2026
CITY OF PALO ALTO	7800007745	1st Qtr FY26-27 Primary Sedimentaiton Tank & Electrical Upgrade SR	\$ 677,640.28	8/14/2026
Degree HVAC, Inc	43897	Quarterly Maintenance	\$ 250.00	8/14/2026
Islas Maintenance Cleaning, LLC	2983	EPASD Janitorial Services	\$ 2,050.00	8/7/2026
MacLeod Watts Inc	070726EPASD	Actuarial Valuation of Other Post-Employment Benefit Programs as of June 30,2025	\$ 7,300.00	8/14/2026
PACIFIC GAS & ELECTRIC	2205881930-5 07/2026	PACIFIC GAS & ELECTRIC EPASD 2205881930-5 FOR 6/13/26-7/14/26	\$ 20.21	8/7/2026
SAN MATEO DAILY JOURNAL	17944	Notice of Public Hearing 6/15/2026	\$ 1,008.00	8/28/2026
			\$ 707,943.49	

EPASD BOARD MEETING CONSENT CALENDAR 7.1

Fiscal Impact

There is no budget impact by this action as the year-to-date cash disbursements did not exceed the District's approved budget.

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 proposed action is not a "project" under California Environmental Quality Act (CEQA) pursuant to CEQA Guideline section 15378(b)(4) because it is a fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant impact on the environment.

Government Code § 84308

Applicability of Levine Act: No, as the proposed action involves no entitlement.

Analysis of Levine Act Compliance: Not applicable.

Attachments: None.



EAST PALO ALTO SANITARY DISTRICT STAFF REPORT

DATE: October 6, 2026

TO: East Palo Alto Sanitary District Board

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. Adopt a resolution approving Addendum 2 to the partner agreement between the Palo Alto Regional Water Quality Control Plant (RWQCP) and EPASD and authorizing Palo Alto to utilize an interim line of credit to finance EPASD's allocated share of the Addendum 2 project costs, following review and comment on the proposal by the EPASD Advisory Committee.

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 Palo Alto Regional Water Quality Control Plant (RWQCP) is currently implementing over \$460 million in capital improvements identified in its 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, currently anticipated to run approximately five years, though Addendum Two does not itself fix a maximum term and instead authorizes Palo Alto to negotiate repayment terms directly, 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 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 is anticipated at some future date to 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.

EPASD Advisory Committee Input

The EPASD Advisory Committee received a presentation and provided feedback on this proposed Addendum at a September 24, 2026 Special Meeting. The EPASD AC passed a unanimous vote to recommend that the EPASD Board accept the terms of Addendum 2 to the RWQCP Partners Agreement, with the comment that the Advisory Committee and Board look further into how EPASD's allocation and capacity maximum are calculated and determined by the RWQCP and City of Palo Alto Finance Committee.

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 ($\$31 \text{ million} \times 7.64\%$).

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, as the proposed does not involve an entitlement.

Analysis of Levine Act Compliance: Not applicable.

Attachments

1. Resolution
2. RWQCP Proposed Addendum 2 Draft
3. RWQCP Amended Agreement with EPASD
4. Partner's Meeting Slides September 2, 2026

RESOLUTION NO. XX– 2026

**A RESOLUTION OF THE BOARD
OF THE EAST PALO ALTO SANITARY DISTRICT**

**APPROVING ADDENDUM TWO TO THE PARTNER AGREEMENT WITH THE PALO
ALTO REGIONAL WATER QUALITY CONTROL PLANT (RWQCP) AUTHORIZING THE
USE OF AN INTERIM LINE OF CREDIT FOR CAPITAL IMPROVEMENTS**

WHEREAS, the East Palo Alto Sanitary District (EPASD) is a partner agency utilizing the Palo Alto Regional Water Quality Control Plant (RWQCP) for wastewater treatment services; and

WHEREAS, the RWQCP is currently implementing over \$460 million in critical capital improvements identified in its Long Range Facilities Plan (LRFP) to modernize infrastructure, replace aging facilities, and ensure regulatory compliance; and

WHEREAS, several remaining process upgrades and facility replacements do not currently have State Revolving Fund (SRF) loan commitments, and updated cost estimates reflect increased construction costs and inflation; and

WHEREAS, the RWQCP has proposed "Addendum Two" to the existing partner agreement, which authorizes a Line of Credit (LOC) mechanism, currently anticipated to run approximately five (5) years though Addendum Two does not itself fix a maximum term and instead gives Palo Alto authority to negotiate repayment terms, to serve as an interim financing tool to maintain project momentum while long-term permanent financing is secured; and

WHEREAS, under the established proportional cost allocation methodology (Exhibit H), EPASD's capacity allocation is 7.64%, making its estimated maximum share of the authorized project costs approximately \$2.37 million; and

WHEREAS, EPASD will be responsible for its proportionate share of interim interest costs incurred on amounts drawn from the LOC, which will be billed quarterly and subsequently refinanced through a long-term utility revenue bond under a future separate addendum; and

WHEREAS, the EPASD Advisory Committee has reviewed the proposal and provided its comments and recommendations regarding the adoption of Addendum Two; and

WHEREAS, this action is a government administrative activity that does not constitute a "Project" under the California Environmental Quality Act (CEQA) pursuant to CEQA Guideline section 15378(b)(5).

**NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD OF THE EAST PALO ALTO
SANITARY DISTRICT HEREBY:**

1. **Approval of Addendum Two:** The Board of Directors hereby approves Addendum Two to the partner agreement with the Palo Alto Regional Water Quality Control Plant (RWQCP).

2. **Authorization of Interim Financing:** The Board authorizes the City of Palo Alto to utilize the Line of Credit (LOC) mechanism to finance EPASD's allocated 7.64% share of the authorized capital project costs, up to a maximum total project authorization of \$31 million.
3. **Execution of Documents:** The Board authorizes the General Manager, or their designee, to execute Addendum Two and take all necessary administrative actions to implement the terms of the agreement.
4. **Financial Integration:** Staff is directed to incorporate these additional capital and interim financing obligations into the District's long-range financial planning and the upcoming sewer rate study.

PASSED AND ADOPTED this 6th Day of October 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Ruben Abrica, Board President

ATTEST:

APPROVED AS TO FORM:

James Colin, Secretary

John D. Lê, District Counsel

**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 amend 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]

**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°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.

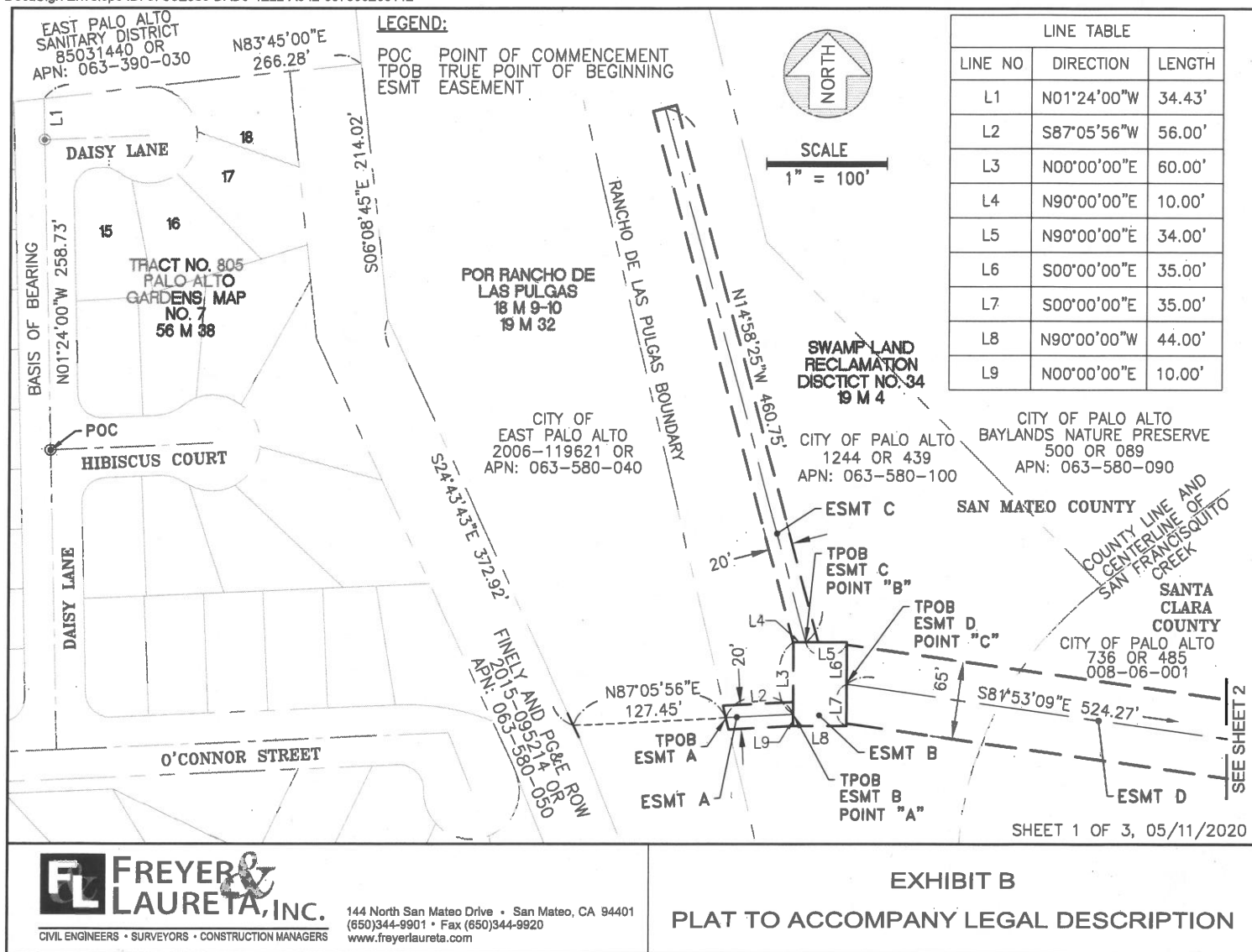
Containing 115,754 square feet (2.66 acres) more or less.

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.



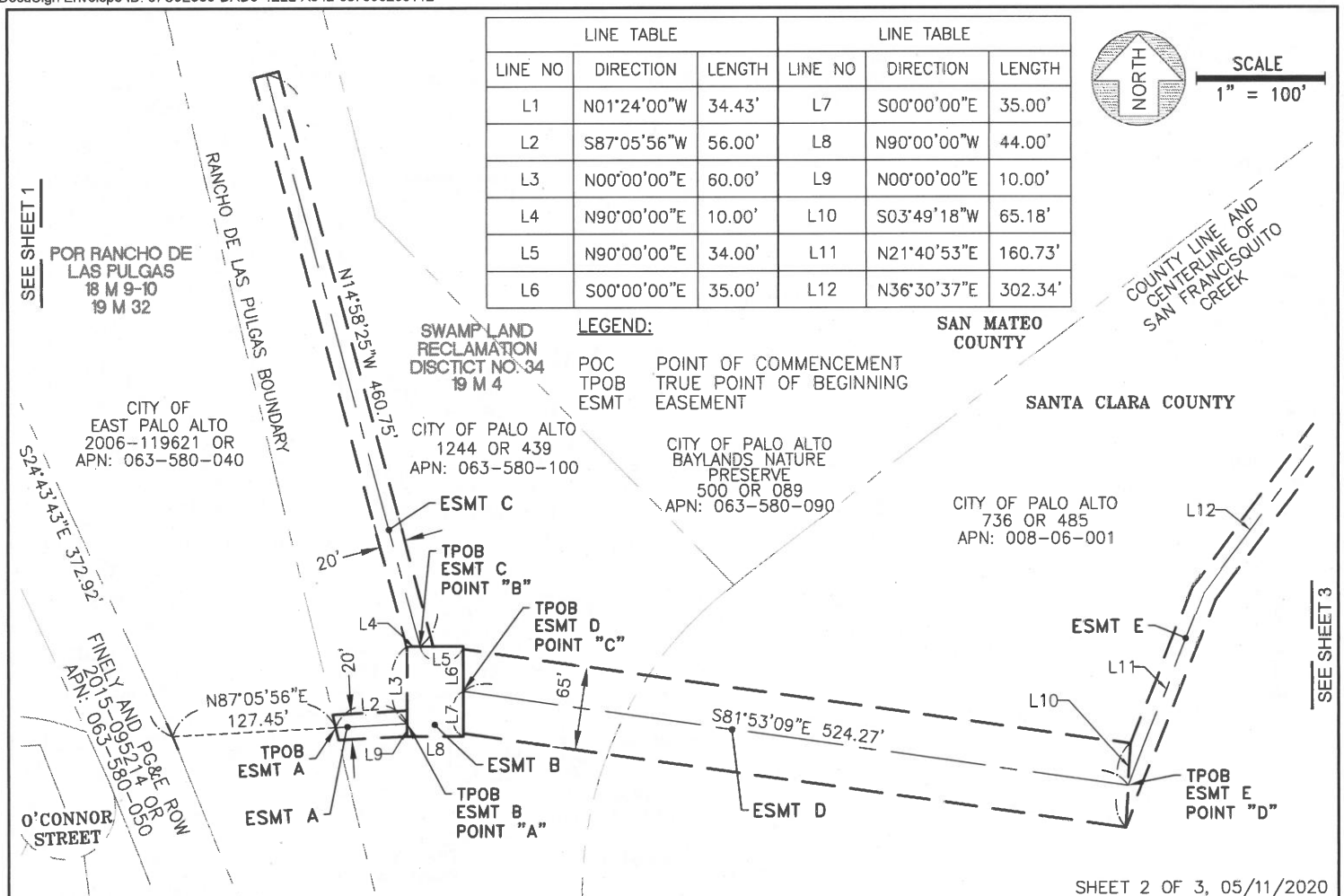
May 11, 2020



FL FREYER & LAURETA, INC.
CIVIL ENGINEERS • SURVEYORS • CONSTRUCTION MANAGERS

144 North San Mateo Drive • San Mateo, CA 94401
(650)344-9901 • Fax (650)344-9920
www.freyerlaureta.com

EXHIBIT B
PLAT TO ACCOMPANY LEGAL DESCRIPTION



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EXHIBIT B
PLAT TO ACCOMPANY LEGAL DESCRIPTION

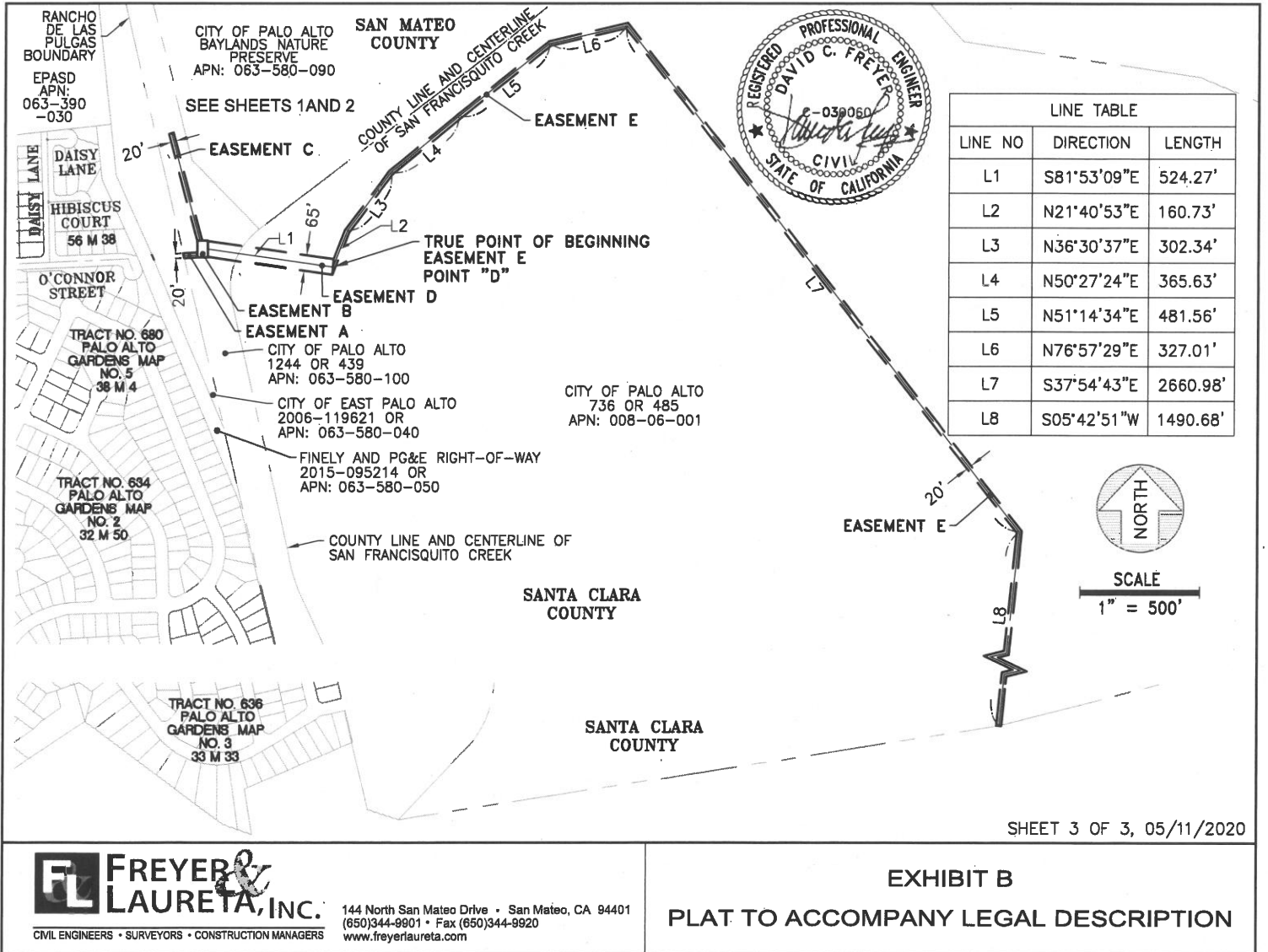


EXHIBIT C**ALLOCATION, BILLING, AND PAYMENT
OF PALO ALTO REGIONAL WATER QUALITY CONTROL PLANT
OPERATION AND MAINTENANCE EXPENSES**

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		
	PRINCIPAL	INTEREST	TOTAL DEBT	PRINCIPAL	INTEREST	TOTAL DEBT	PRINCIPAL	INTEREST	TOTAL DEBT	PRINCIPAL	INTEREST	TOTAL DEBT
			SERVICE			SERVICE			SERVICE			SERVICE
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	\$289,558.74	\$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	\$83,418.22	\$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	\$946,641.22	\$145,220.48	\$1,091,861.									

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)

Welcome

Please grab some food and your seats!

We would also like to extend a special welcome to any new attendees



RWQCP PARTNERS SEPTEMBER MEETING

RWQCP,
ADMIN BUILDING

SEPTEMBER 2, 2026

RWQCP – RWQCP PARTNERS JUNE MEETING

Agenda

- Introduction and Schedule
- Reserves Policy Study
- Line of Credit

Break

- 1900 Embarcadero Way
- Long Range Facilities Plan Update
 - 10-Year Capital Improvement Projects
- Annual Budget Forecast Preparation
- Capital Program Updates
 - Ongoing Project Overview

Objectives

- Communicate Developments Since June 2026 Meeting
- Prepare the Plant and the Partners for Future Needs
 - Reserve Policy Update
- Provide Transparency on Long Range Facilities Plan Update (LRFPU)

UPCOMING SCHEDULE

AUGUST

8/7: Climate Action and Sustainability Committee for Biosolids Facility Plan Update
8/10: Council Items
Carollo LRFPU Amendment; LOC Approval
8/12 : August Strategies & Challenges
8/24: 2470 Lab Pivot Furniture Contract PA Council Approval

SEPTEMBER

Today 9/2: Partners Mtg
9/TBD: Initial Mgmnt Review of FY28 Operating Expenses(OPEX) Budget

OCTOBER

10/6: Finance Committee for Reserve Policy Study
10/TBD: Next Strategies & Challenges Mtg
10/19: Partner amendments for LOC to Palo Alto Council
10/TBD: Council Mtg for 1900 for Embarcadero Purchase after purchase negotiated

NOVEMBER

11/16: City Council Acceptance of Biosolids Facility Plan and Park Dedication Ordinance
11/19: Annual Partners Forecast Mtg
11/TBD: Headwork Design Amendment to Council
11/TBD: Outfall Design Amendment to Council
11/TBD: Construction Management Amendment for Gravity Thickener



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:

10%-20% 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 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

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

Partner	Rate of Increase	FY 29	FY 30	FY 31	FY 32	FY 33	Total Target
<i>Forecasted Plant Budget for Ref.*</i>	-	\$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

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:**

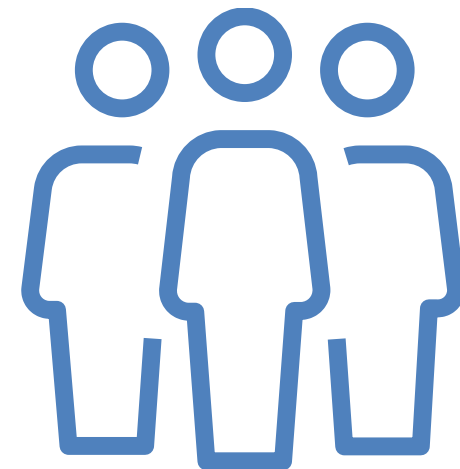
Operations Outlay: Cover working capital for operations and maintenance expenses + any unexpected increases in operating costs during year

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)**



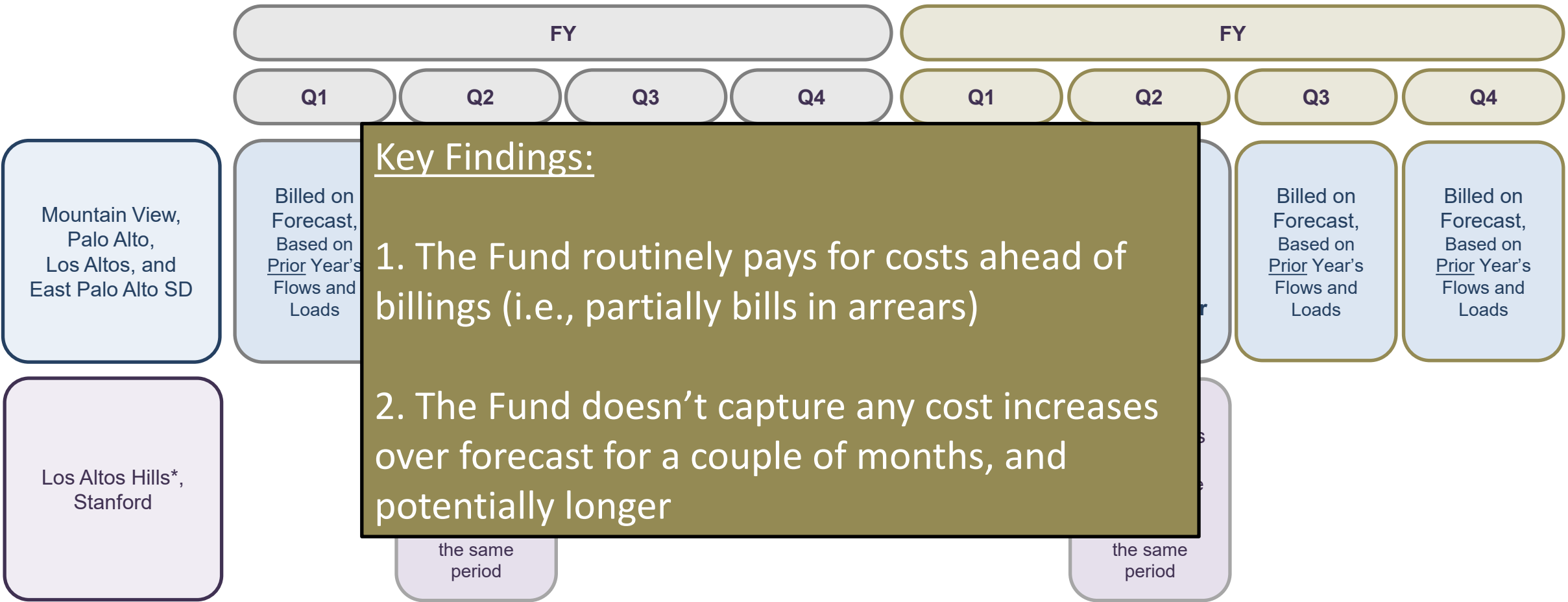
BACKGROUND: PARTNER BILLING SCHEDULE

	FY				FY			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Mountain View, Palo Alto, Los Altos, and East Palo Alto SD	Billed on Forecast, Based on Prior Year's Flows and Loads	Billed on Forecast, Based on Prior Year's Flows and Loads + Prior Year True Up	Billed on Forecast, Based on Prior Year's Flows and Loads	Billed on Forecast, Based on Prior Year's Flows and Loads	Billed on Forecast, Based on Prior Year's Flows and Loads	Billed on Forecast, Based on Prior Year's Flows and Loads + Prior Year True Up	Billed on Forecast, Based on Prior Year's Flows and Loads	Billed on Forecast, Based on Prior Year's Flows and Loads
Los Altos Hills*, Stanford		Billed on Prior Year's Actuals Based on the Flows and Loads from the same period				Billed on Prior Year's Actuals Based on the Flows and Loads from the same period		

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

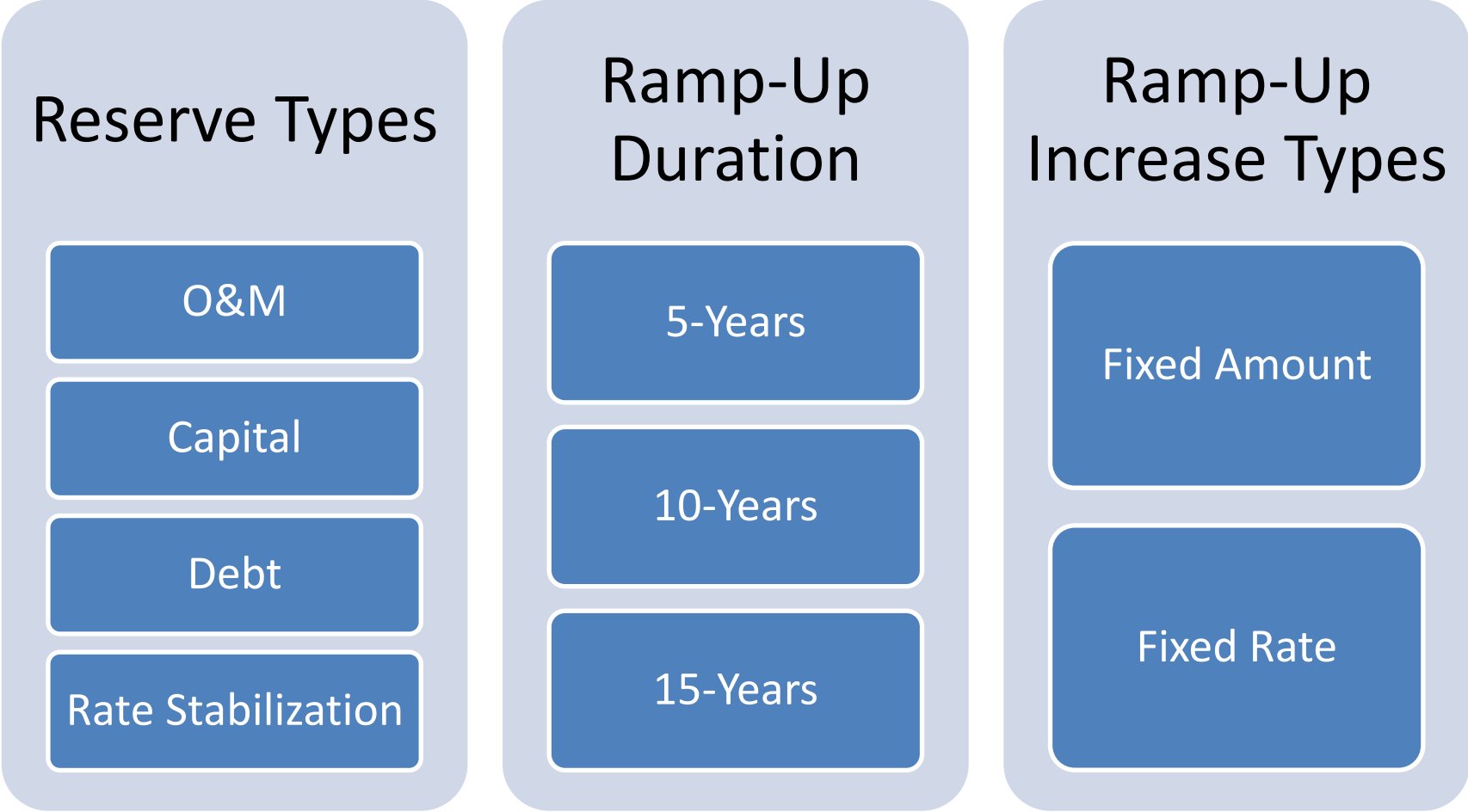


BACKGROUND: PARTNER BILLING SCHEDULE

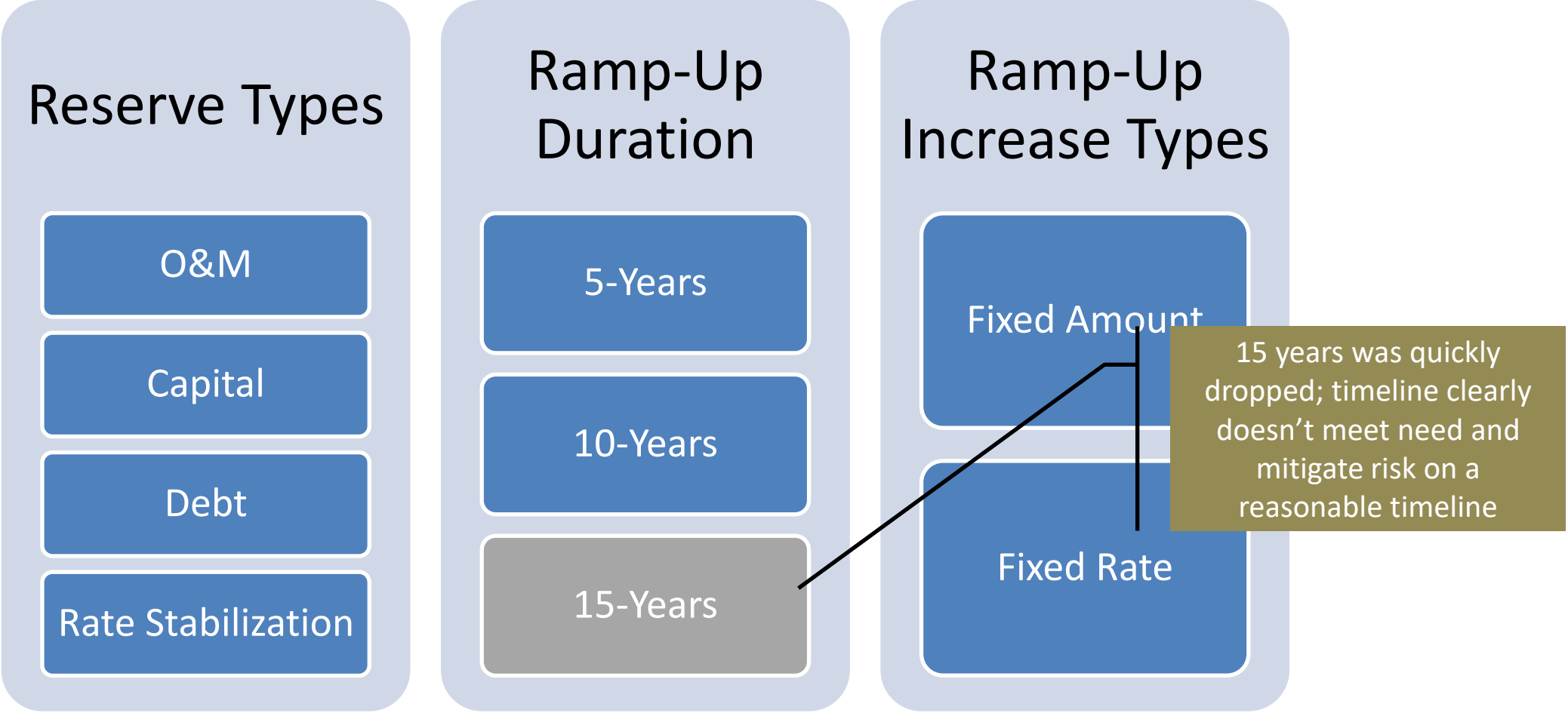


* By agreement, Los Altos Hills flows are determined by calculation, not by metered measurement like other partners

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:

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

Future policy will determine target between 10% and 20%.

Debt Reserves:

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

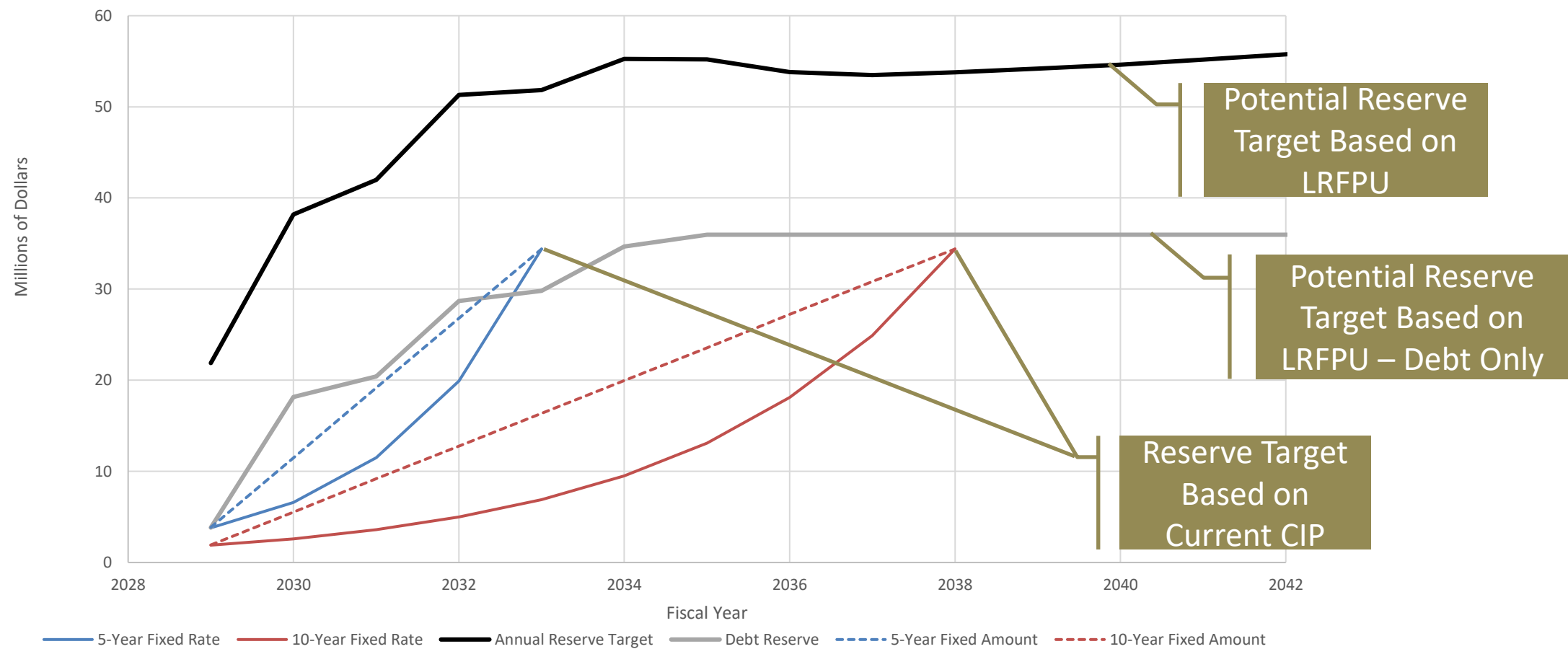
~~Rate Stabilization Reserves:~~

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

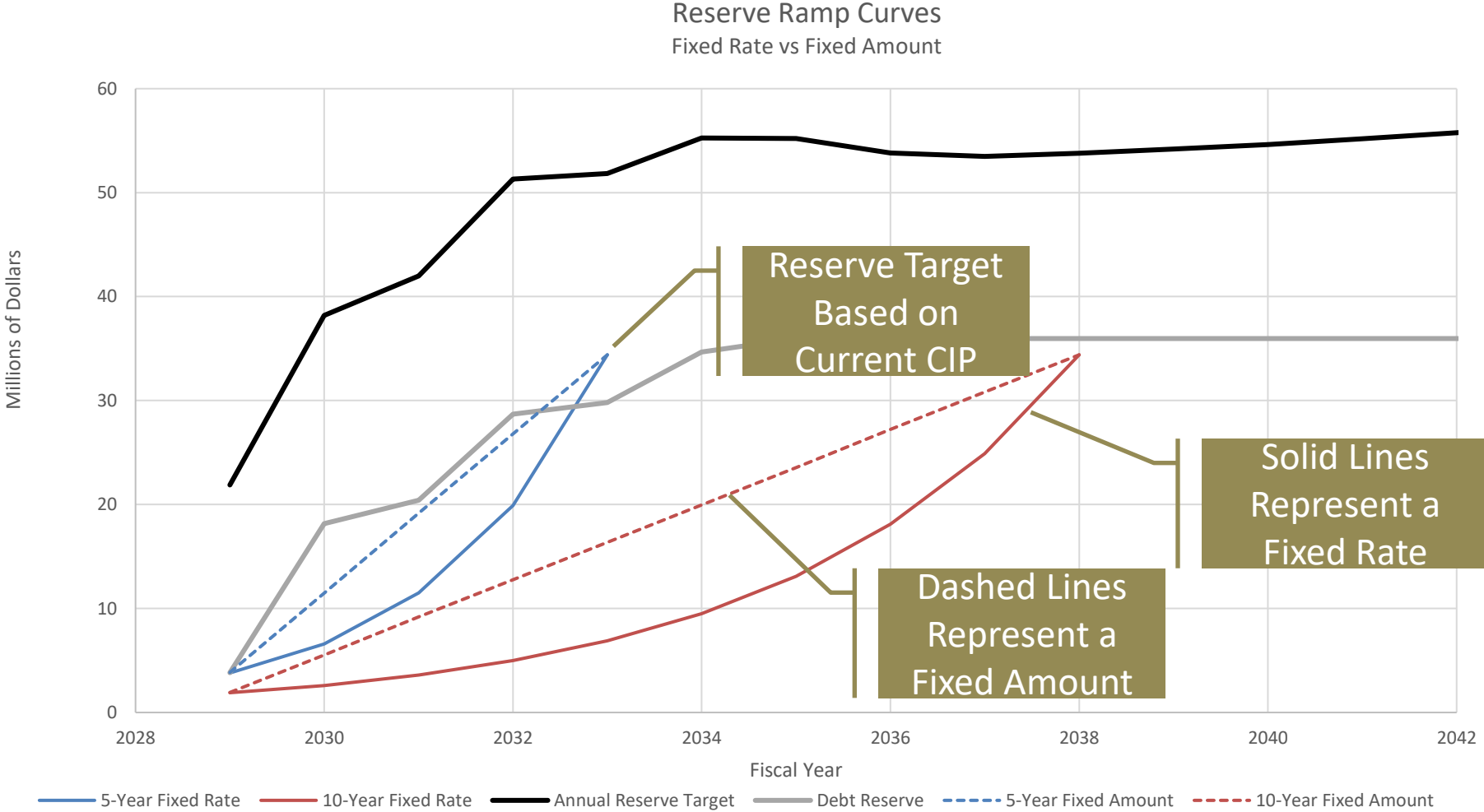
Estimated Reserves When Fully Funded based on FY33 = \$34.4M*

*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

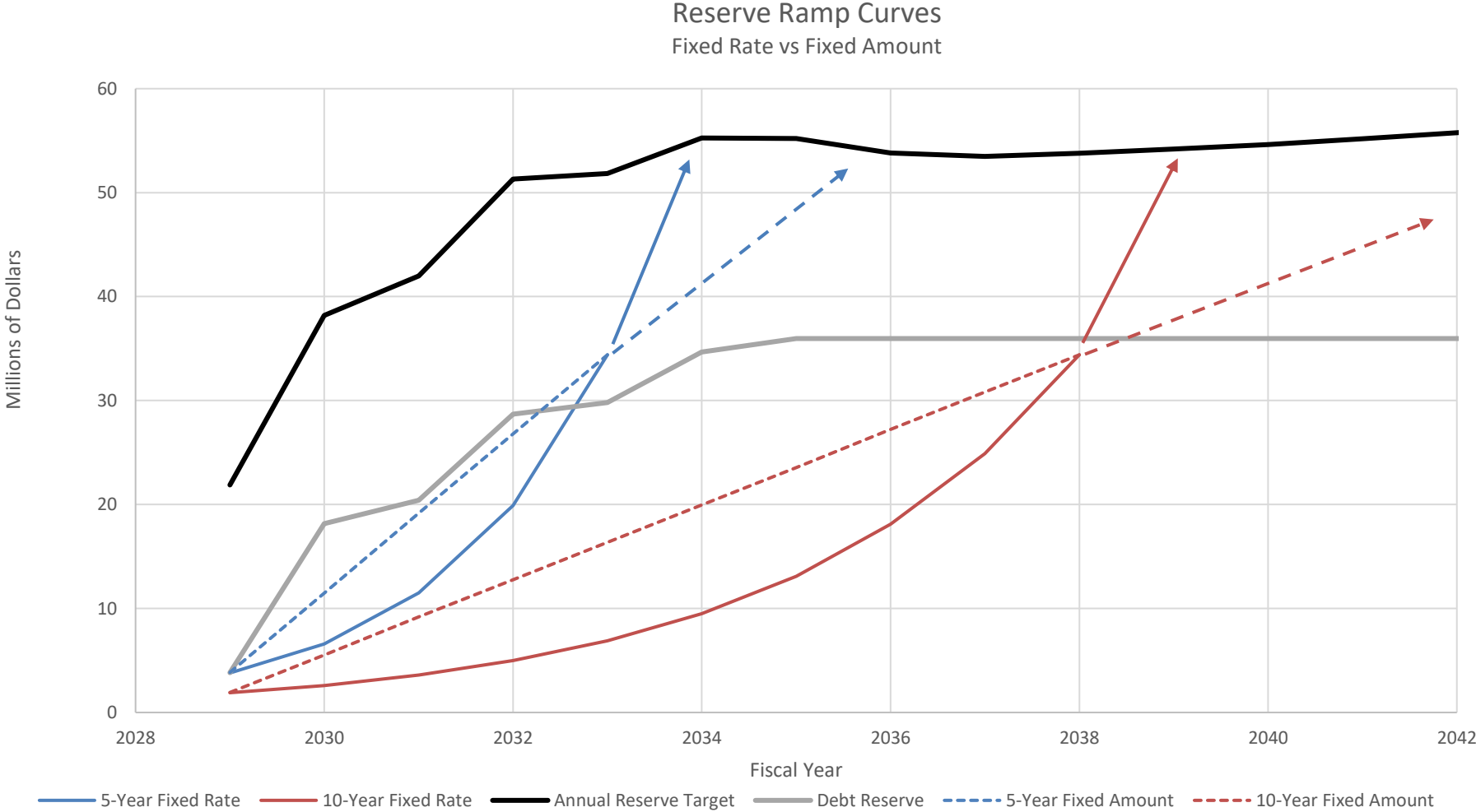
☐ 5-yr Ramp-up Duration

- Allow Plant to meet it's 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

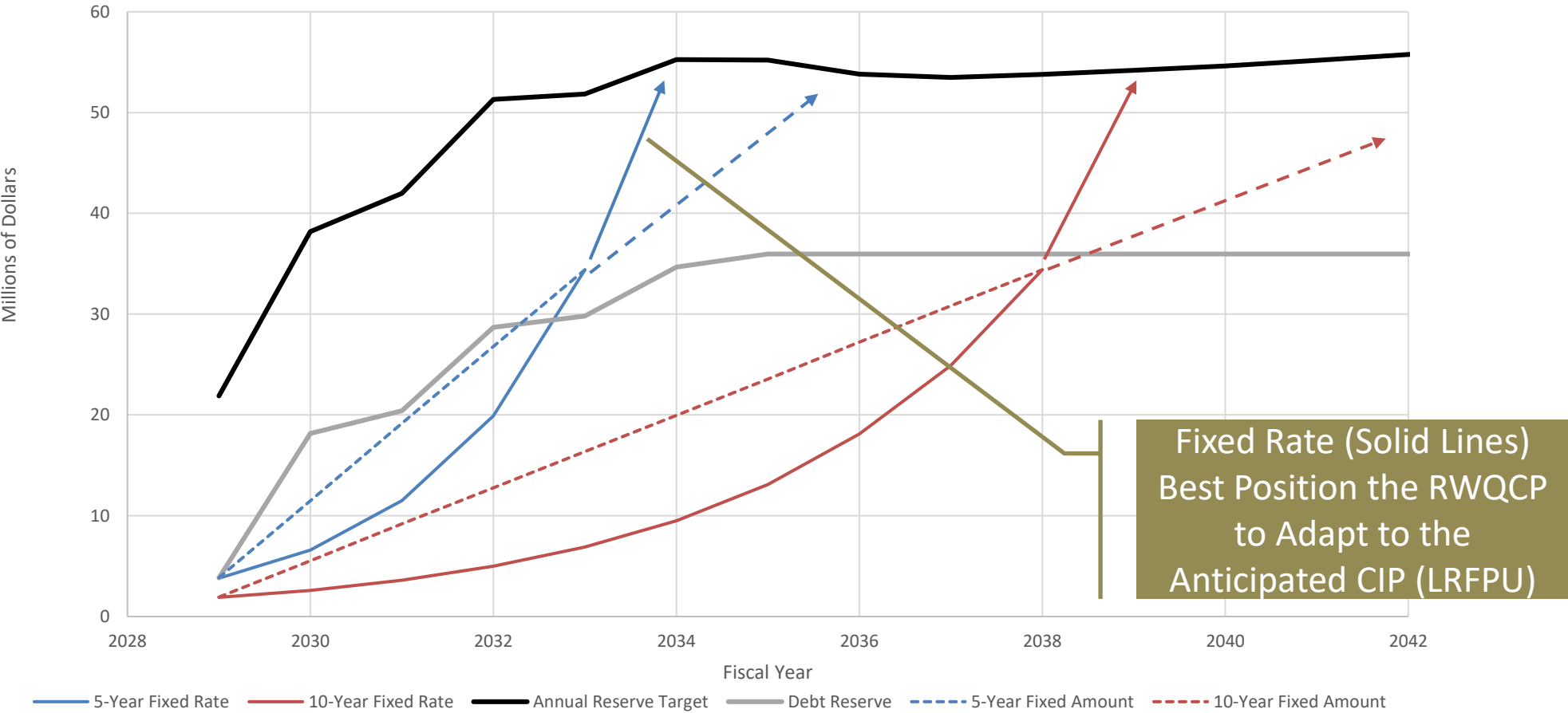


FIXED RATE VS FIXED AMOUNT RAMP UP

Ramp-up
Increase
Types

Fixed
Amount

Fixed
Rate



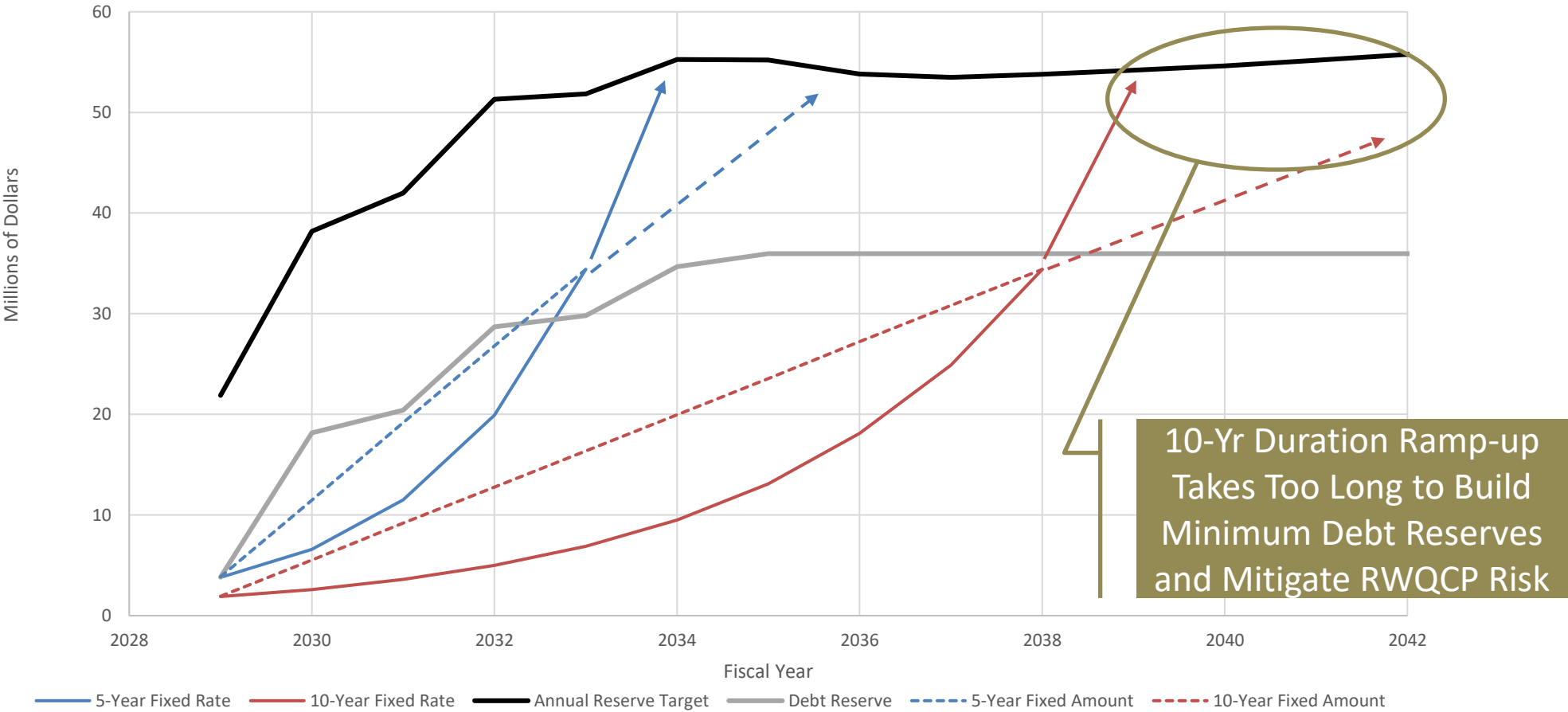
RAMP-UP DURATION

Ramp-Up
Duration

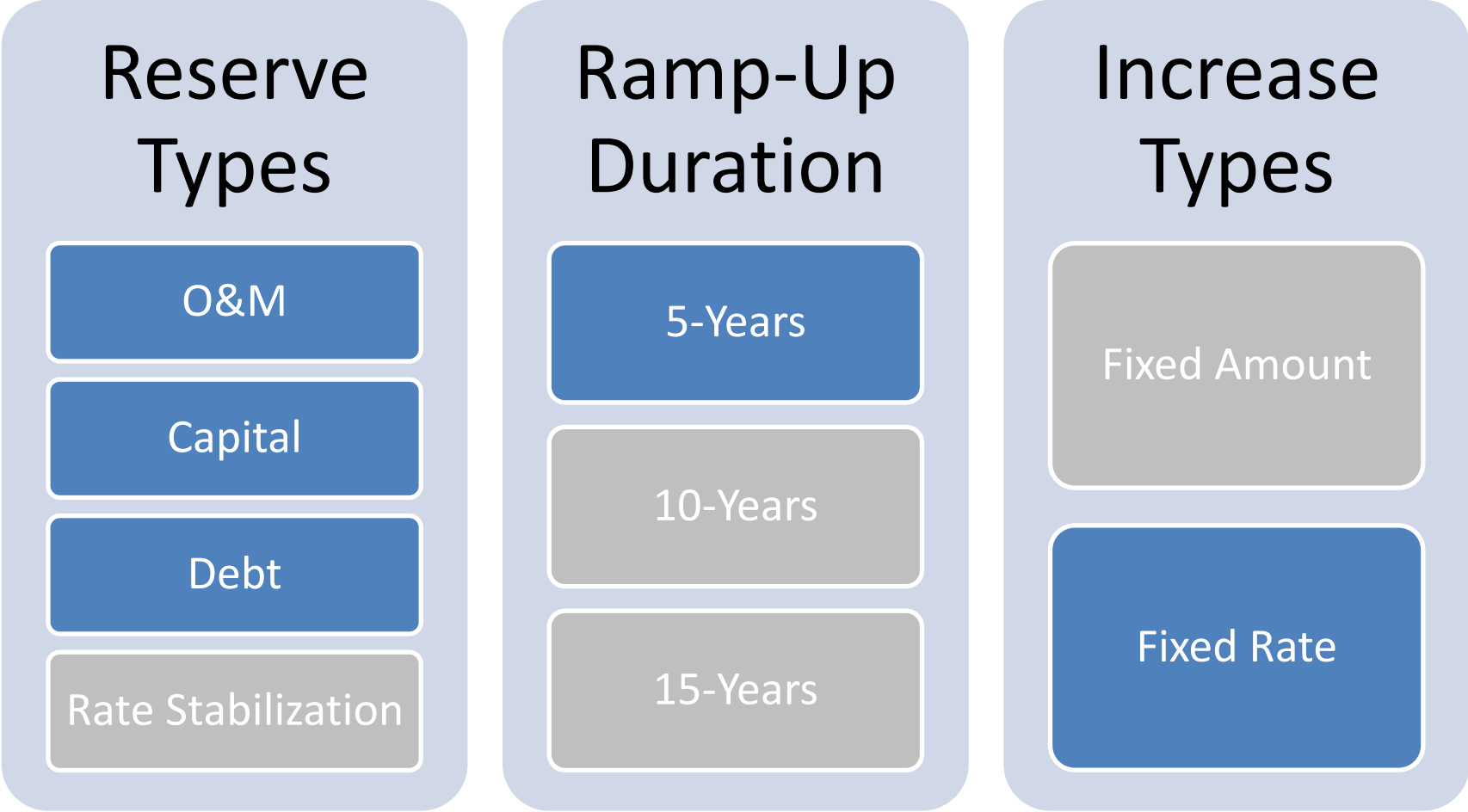
5-Years

10-Years

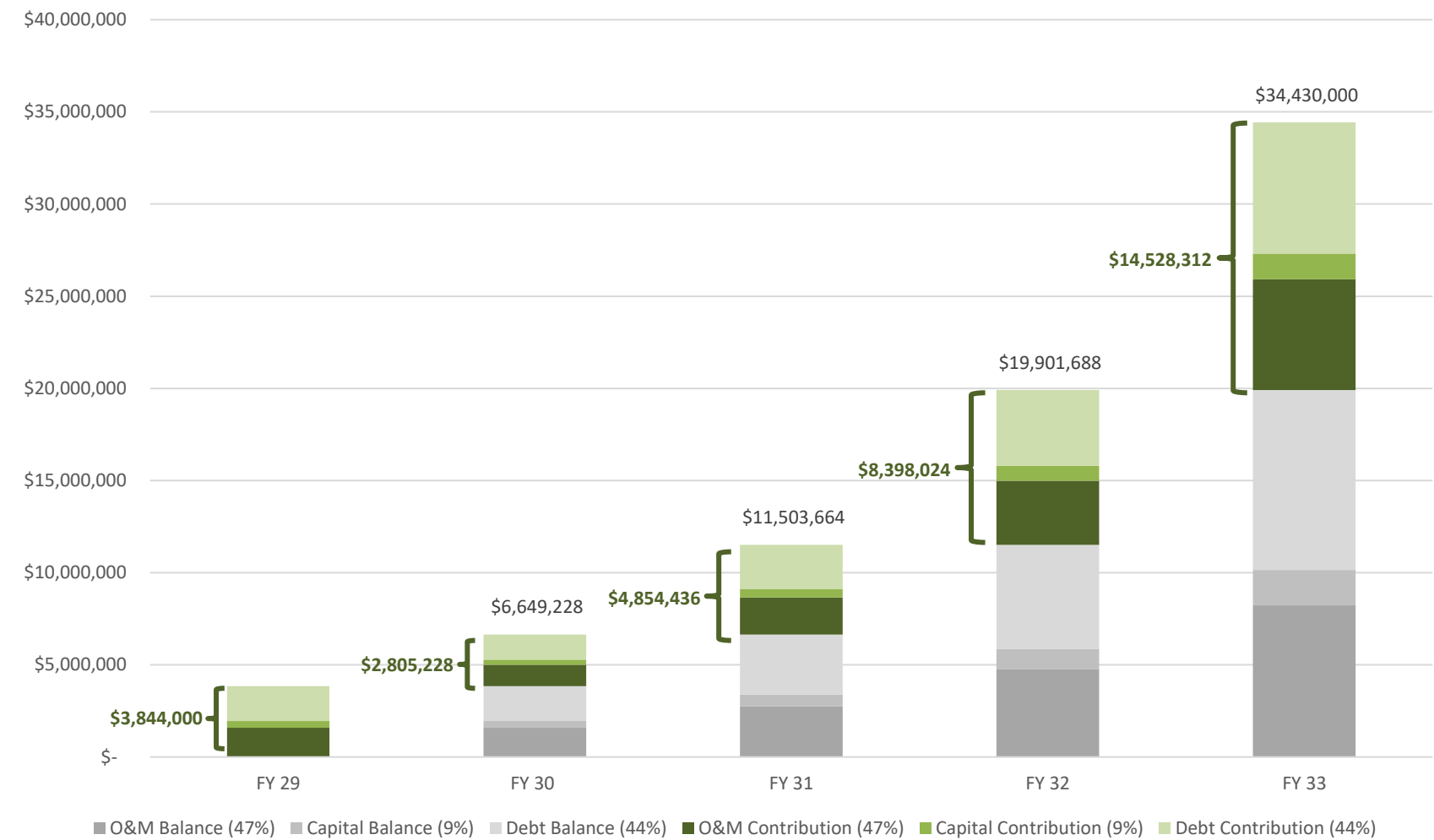
15-Years



STAFF RESERVE RECOMMENDATIONS SUMMARY



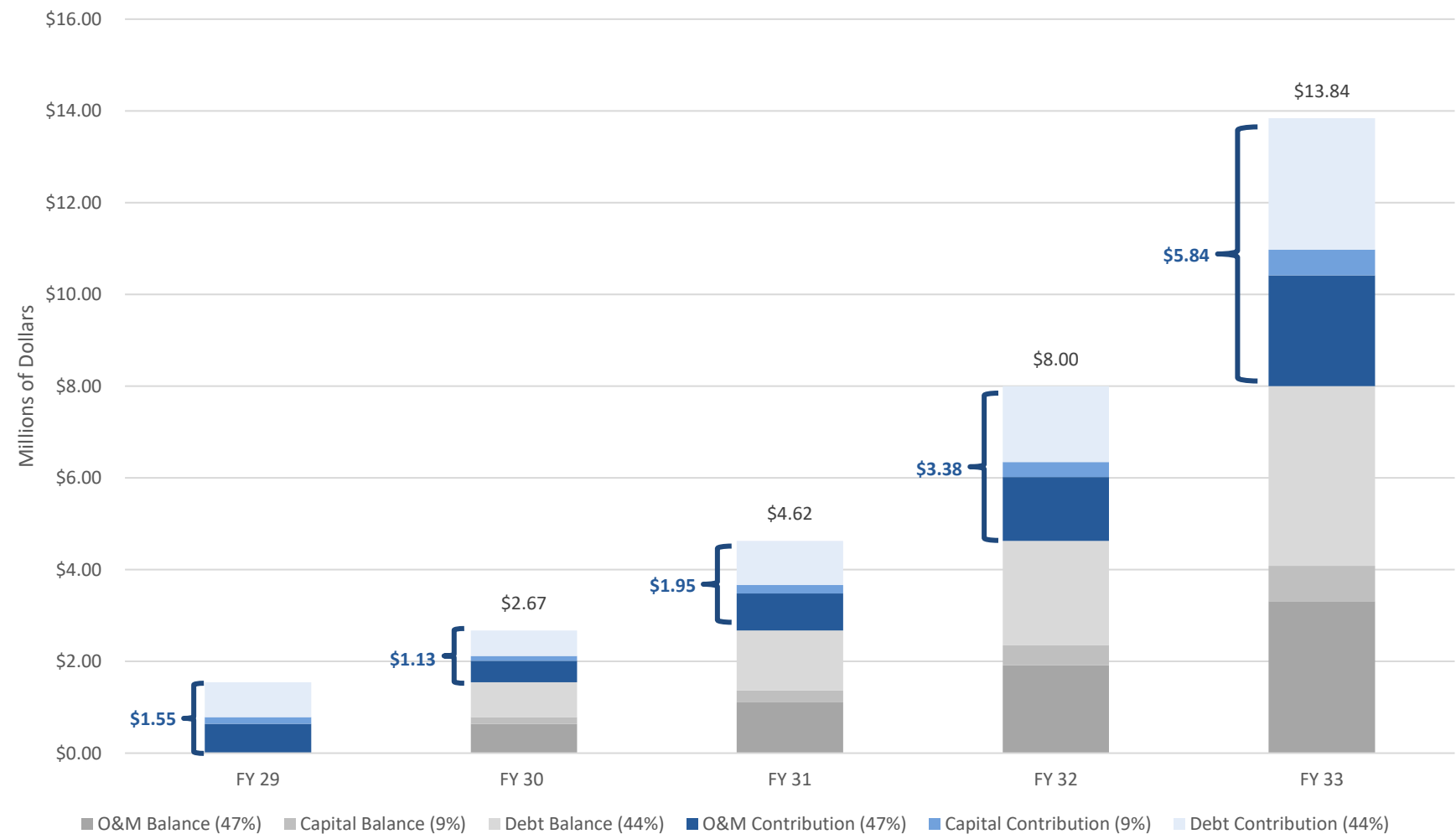
RAMP UP IMPLEMENTATION, 5-YEAR FIXED RATE - TOTAL



Reserve Types

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

MOUNTAIN VIEW PARTNER SPECIFIC VALUE LINKS

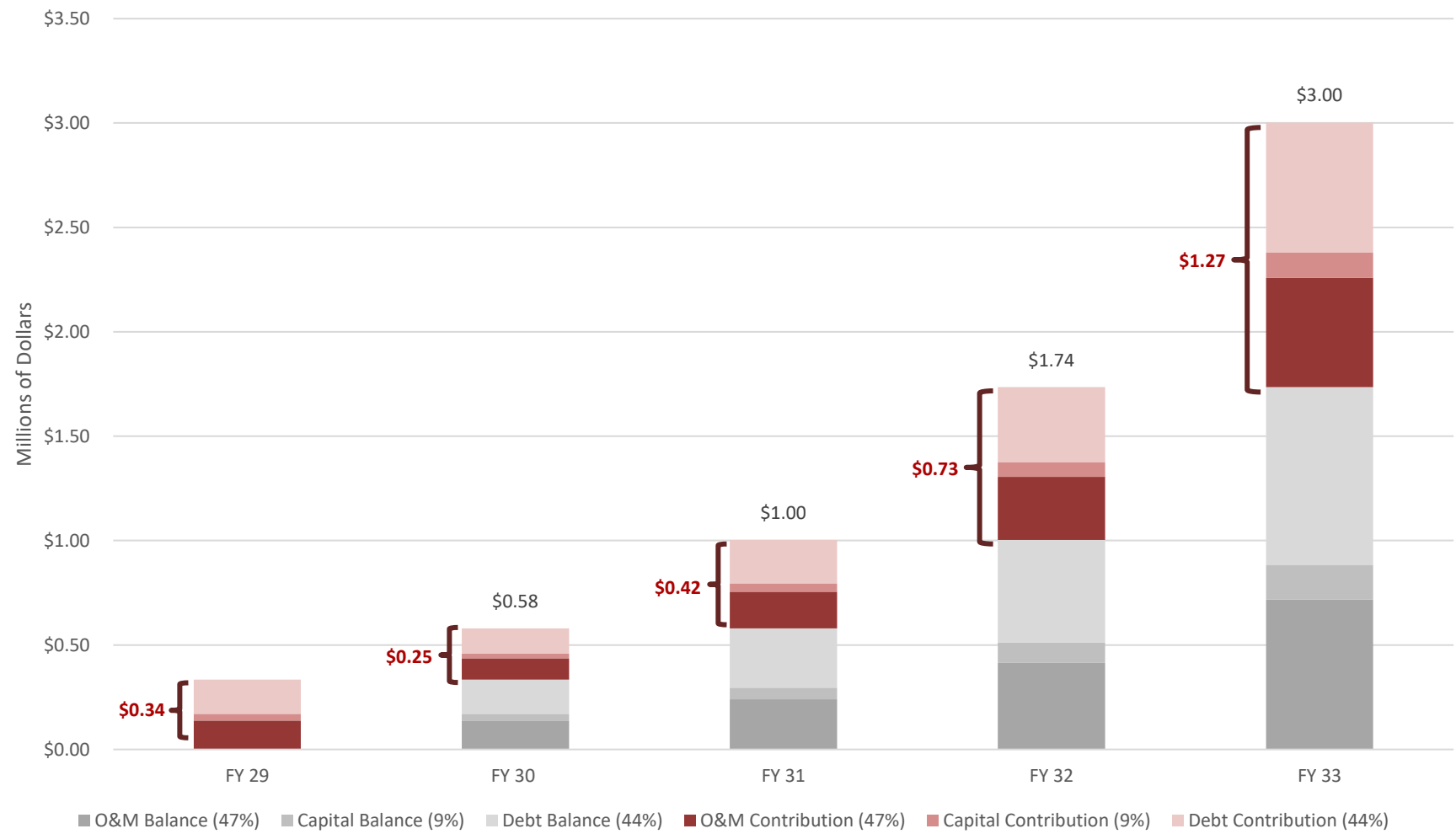


Includes AWPS Debt Payment (30-Year Total \$13,419,716).

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

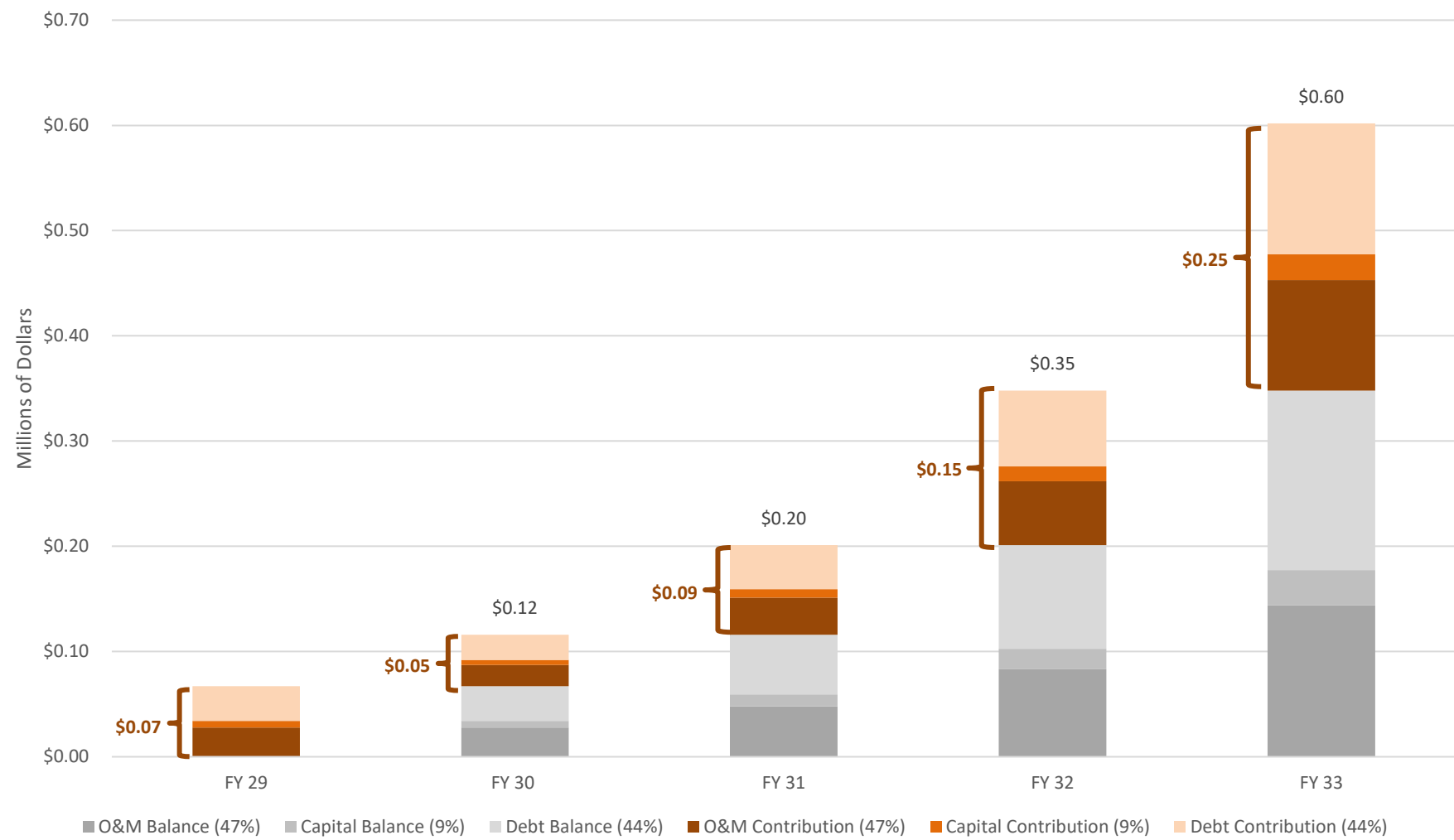
Fixed Share = 37.89%

LOS ALTOS PARTNER SPECIFIC VALUE LINKS



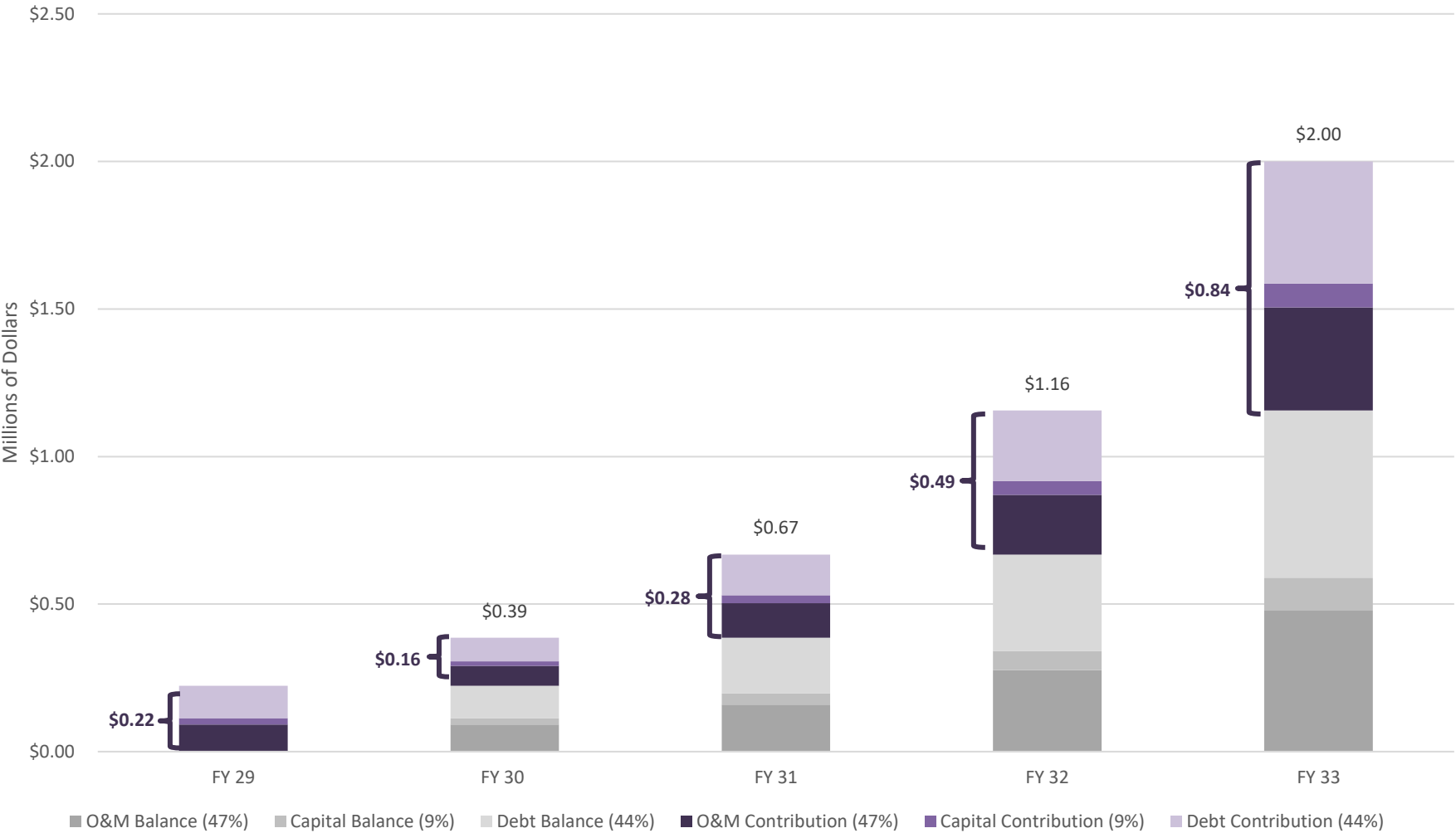
Fixed Share = 9.47%

LOS ALTOS HILLS PARTNER SPECIFIC VALUE LINKS



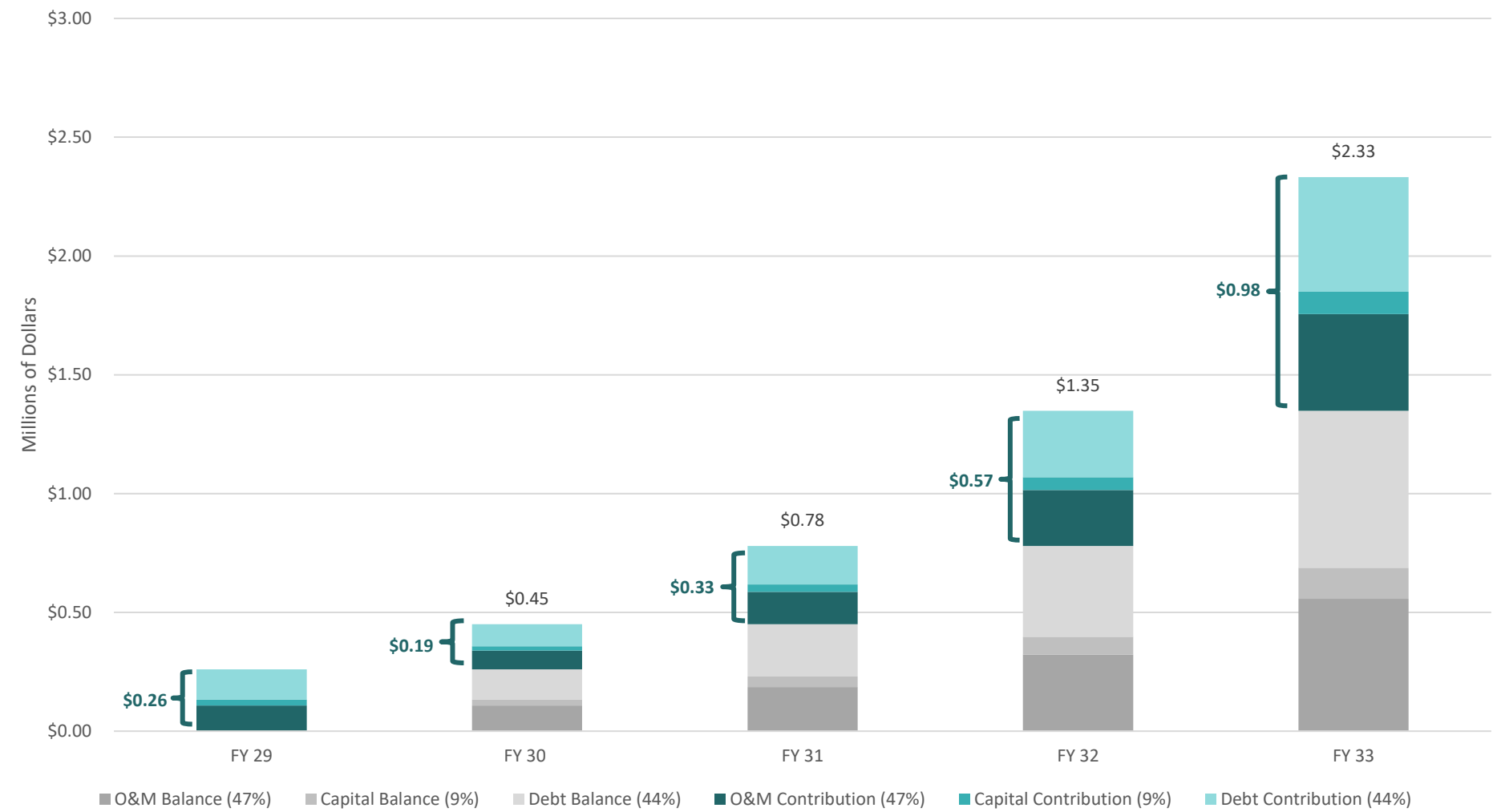
Fixed Share = 1.58%

STANFORD PARTNER SPECIFIC VALUE LINKS



Fixed Share = 5.26%

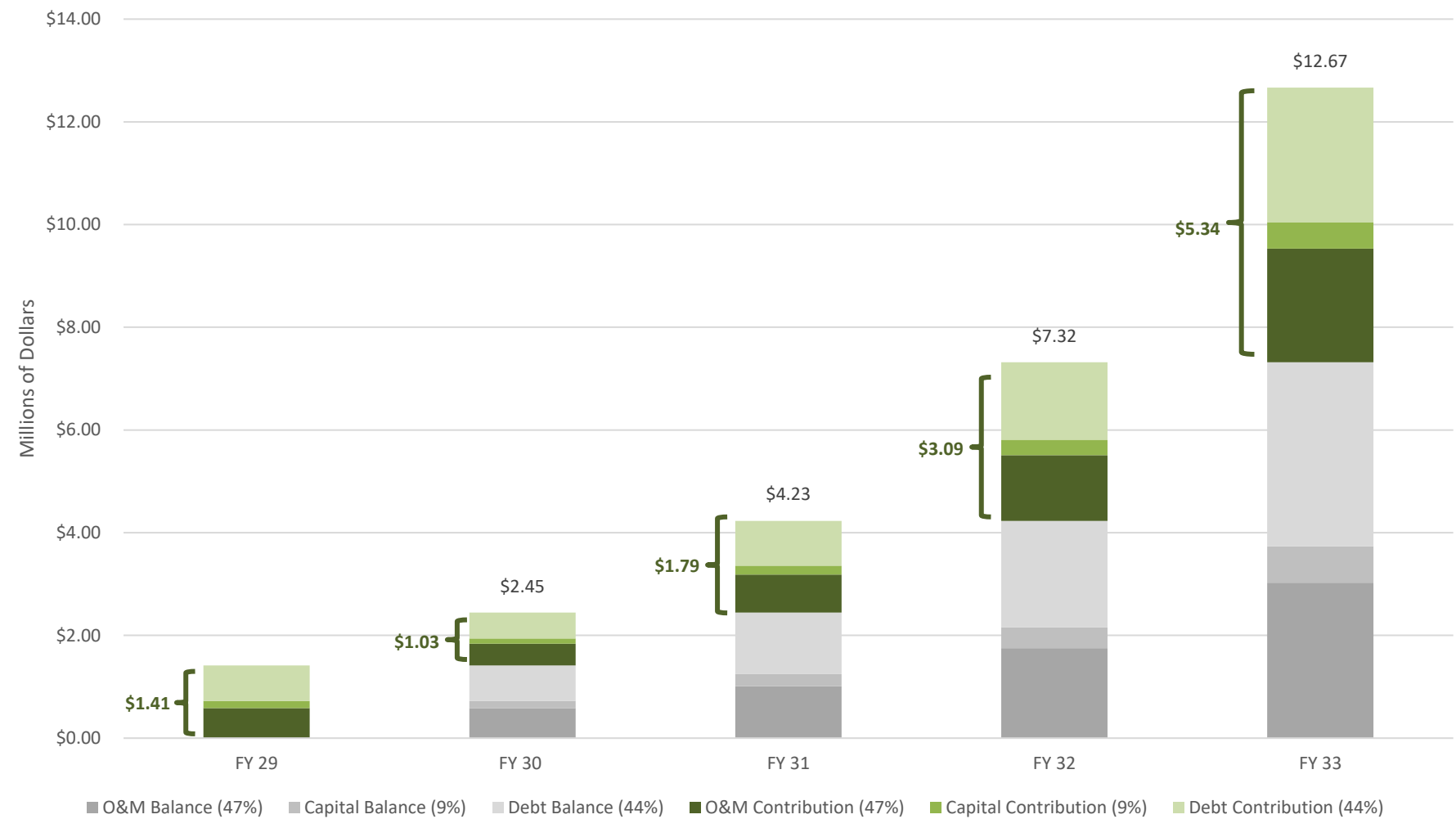
EAST PALO ALTO PARTNER SPECIFIC VALUE LINKS



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

Line of Credit



LINE OF CREDIT (LOC) - SCHEDULE

Next Steps

- August 10 Palo Alto Council Action 
- Internal process controls for LOC usage
- Partner Amendments
 - Drafts sent; need to negotiate/address comments
 - Mountain View and Los Altos target Sept 22nd
 - EPASD target October 6th
 - Stanford ?
 - Palo Alto council target date October 19th

LOC “Projects” and Usage

- Headworks Design
- Gravity Thickener
- 1900 Embarcadero Property Acquisition [Palo Alto only]
- Outfall Project Design
- Ventilation Improvement
- Minor Capital Projects (Other)
- Emergency Draw

Provide Partners Update (Early September)



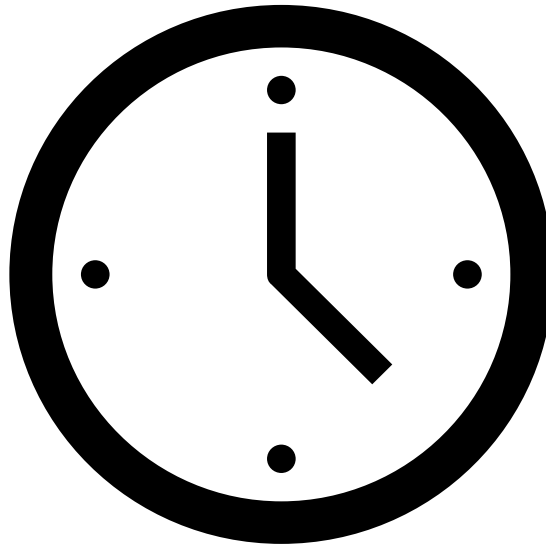
FY2027 – ADDITIONAL CAPITAL (CASH OR LOC) FOR INITIAL PROJECT (NEEDS PARTNER AGREEMENT)

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.

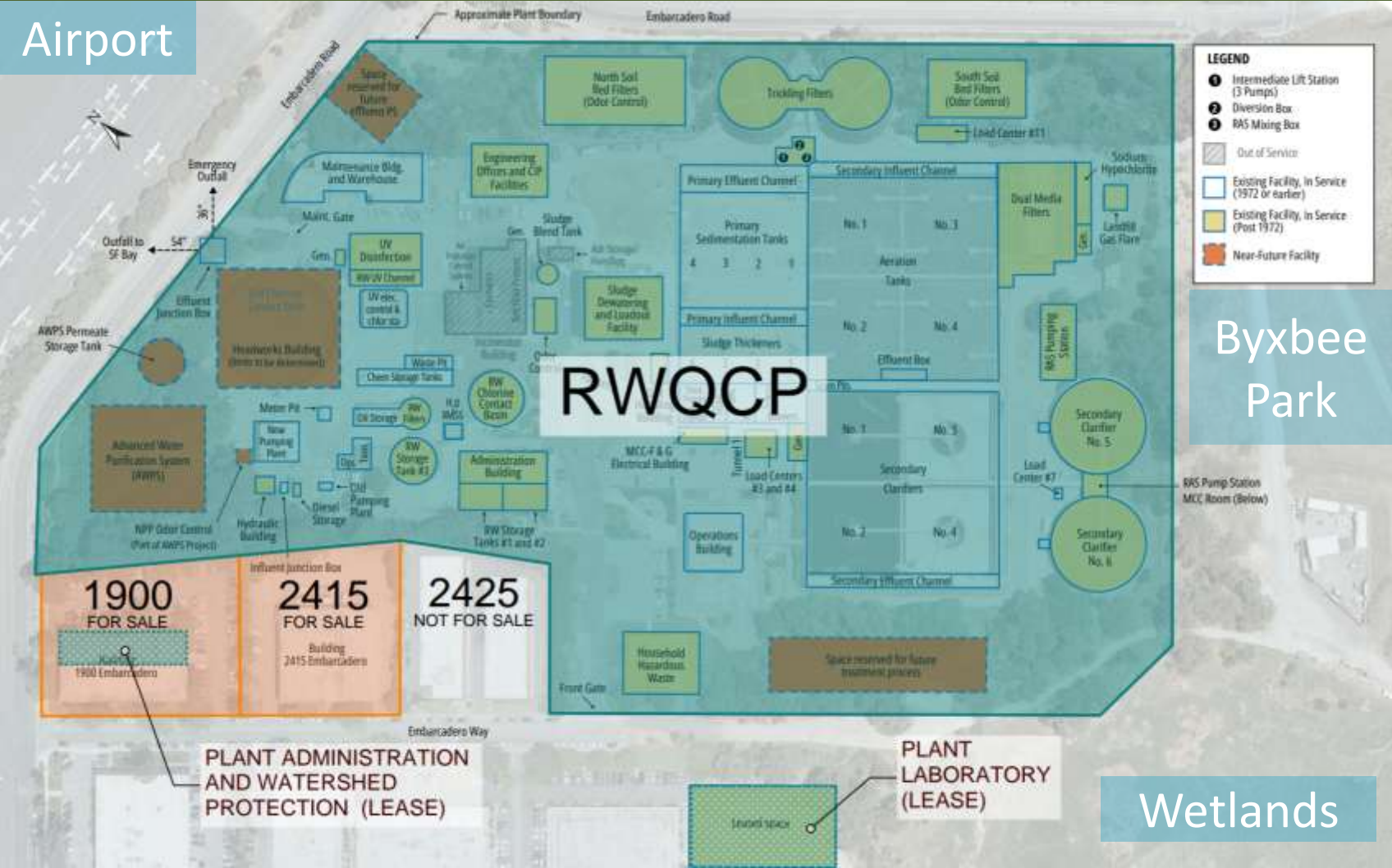
TIME CHECK AND BIO BREAK



1900 Embarcadero Update



WORKSPACE PLANNING: SPACE FOR STAFF IS HIGHLY CONSTRAINED



HOW 1900 EMBARCADERO COULD BE UTILIZED

RWQCP Expansion and Enhancements

- Construction & Capital Project Support
 - Contractor staging area and overflow parking
 - Construction management offices (replacing temporary on-site trailers).
 - Expansion of RWQCP footprint and removal of property fence to improve site integration.
- Workforce Safety
 - Removes the liability of staff and visitors visiting RWQP site during construction.
- Operational & Workforce Improvements
 - New employee locker rooms and upgraded facilities
 - Relocation of other Public Works ESD staff to consolidate operations near RWQCP.
- Utilization of All Hands Meeting Space in 1900 Embarcadero Way saves a \$6 million capital improvement project to renovate the Admin Building.
 - Allows for separation of treatment processes usage in the Admin Building from future workspace usage.

Community & Public Interface

- Dedicated public-facing space for RWQCP meetings, tours, and bid walks.
- Space for programming with Palo Alto Unified School District.
- Community Meeting Room

Potential Collocation with Other City Groups

- Utilities, Zero Waste, Airport, CSD Baylands

1900 EMBARCADERO UPDATE

- Costs will continue to be treated as RWQCP operating expenses and fall within the existing cost allocation framework—no agreement amendments needed.
- Funding will come from a combination of the Palo Alto's Line of Credit and Wastewater Treatment fund balance, later rolled into utility revenue bonds.
- Financial impact to partners projected at an annual average of \$1.76M over 35 years; current leasing cost (~\$0.40M/year) will be eliminated.

Table 1: Acquisition Average Annual Fiscal Impact per Partner

Partner	%	Estimated Fiscal Impact
PA	36.01%	\$634,000
MV	41.50%	\$731,000
LA	7.94%	\$140,000
EPASD	5.78%	\$102,000
SU	6.75%	\$119,000
LAH	2.02%	\$36,000
Annualized Total	100.00%	\$1,760,000
<i>Total over 35 Years</i>	<i>100.00%</i>	<i>\$61,715,000</i>

Long Range Facility Plan Update

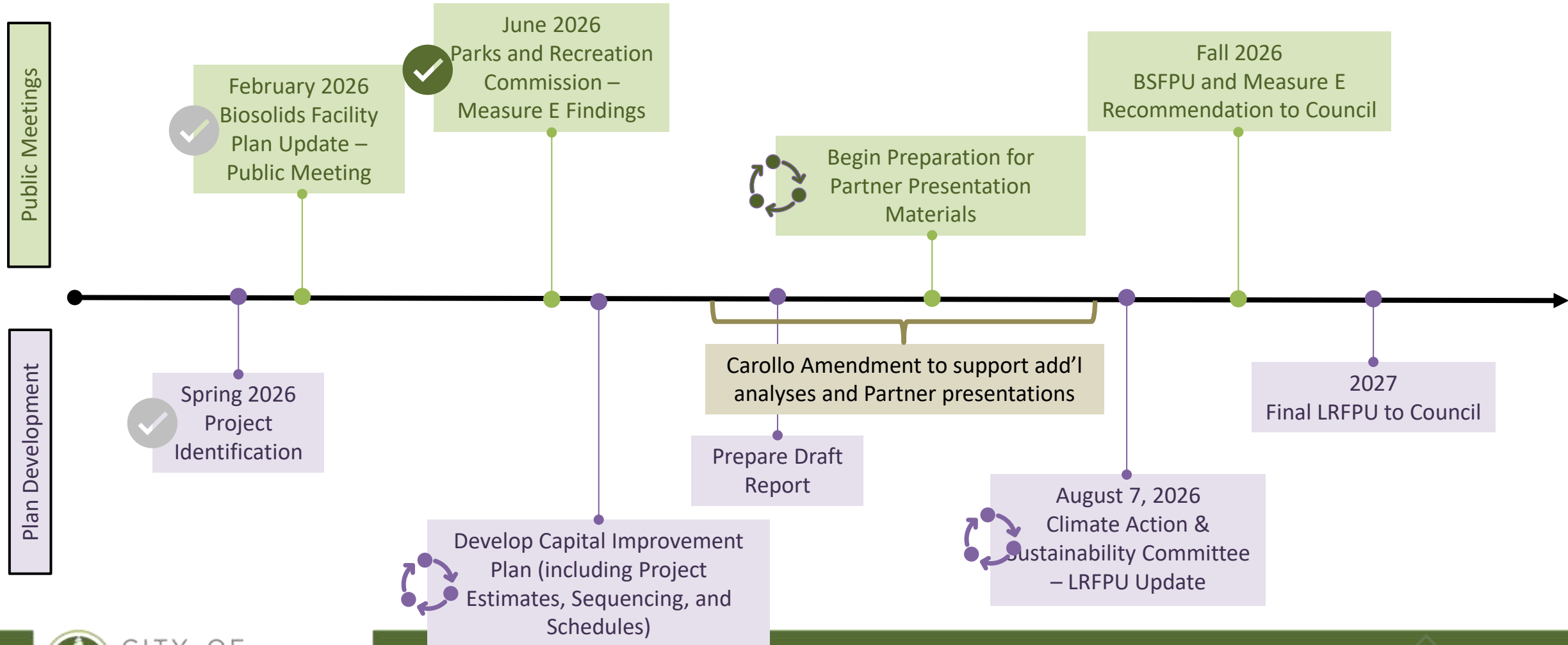
- Status Update
- 10-Year Capital Improvement Projects

There will be a separate meeting for Partners to go over the LRFPU in detail.

The Long Range Facility Plan Update (LRFPU) builds on the previous LRFP (2012) to anticipate the RWQCP needs over the next **50 years**. The LRFPU includes:

- Current and projected **treatment requirements**,
- **Workspace plan**,
- **Biosolids facility plan update**; and
- **Updated CIP program**.

LRFPU 2026-27 TIMELINE



APPROACH FOR IDENTIFYING CIP PROJECTS

Project Drivers



Capacity



Condition
Assessment



Regulatory

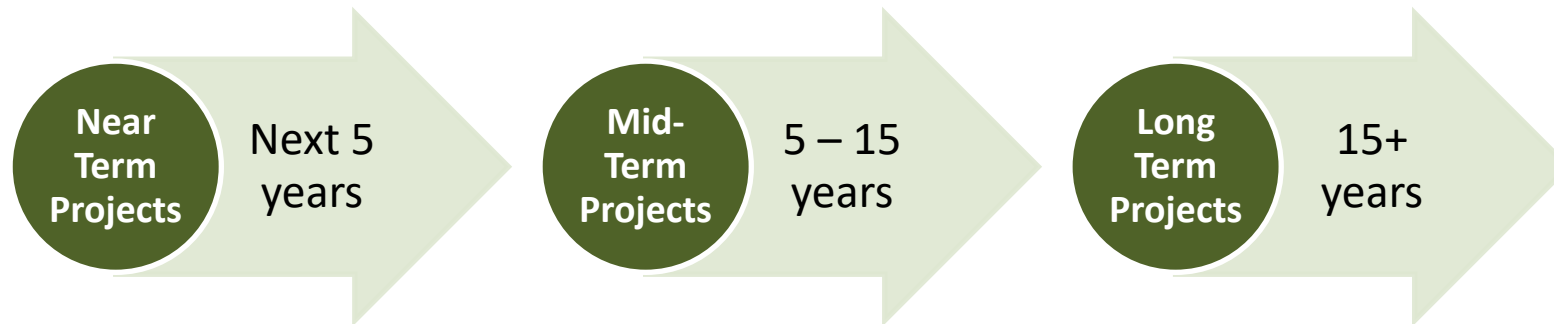


Policy



City Needs

Implementation Timeline



We are looking at the 10-year CIP for forecasting purposes.

LRFPU: 10-YEAR CIP IDENTIFICATION

Major Capital

Liquids Treatment

- New Effluent Outfall Discharge System
- New Headworks Facility
- **New Tertiary Filtration Facility**
- **Effluent Discharge UV Dinsinfection Upgrades**

Recycled Water

- **Recycled Water Storage & Distribution Evaluation**
- **New Recycled Water Disinfection System**

Solids Management

- **Gravity Thickener Rehabilitation**
- **New Thickening Facility**

Plantwide Infrastructure

- **Operations Building Rehabilitation**
- **Plant Water System Improvements**
- **New GIS System Development**

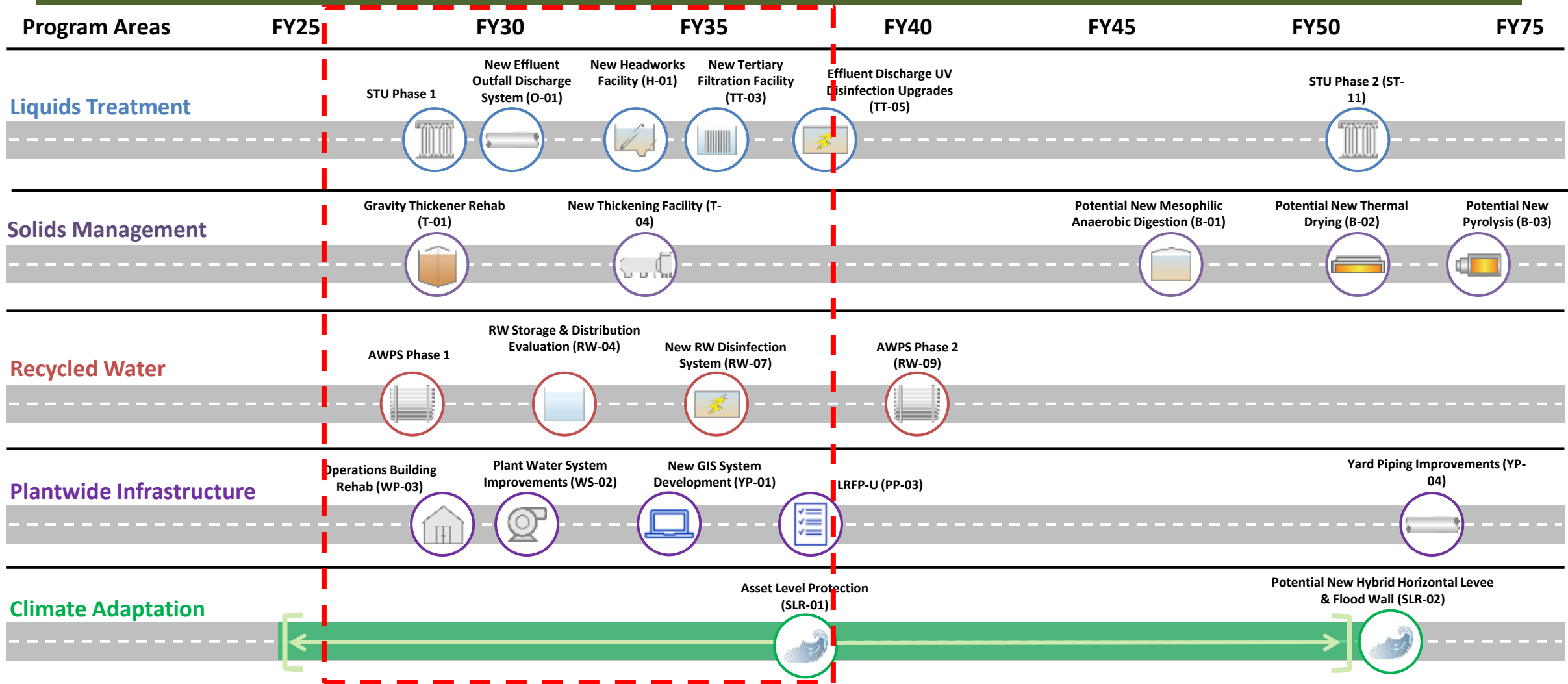
Project Drivers

- Capacity
- Condition Assessment
- Regulatory
- Policy
- City Needs



50-YEAR CIP AT A GLANCE (BY PROGRAM AREA)

 10-Year CIP



Annual Budget Forecast Preparation

ANNUAL RWQCP BUDGET FORECAST PREPARATION SCHEDULE

Task	Start	End
May Dry Weather Partner Wastewater Sampling Analyses	5/3	7/24
Flowmeter Data Collection and Analysis	7/1	7/20
Minor CIP Prioritization	7/15	9/10
Major CIP Debt Assumptions	8/19	9/17
Flow and Load Share Calculations	7/27	8/21
End of Year Calculations as Part of City's Annual Comprehensive Financial Reporting	8/24	12/1
City Budget Activities	7/1	12/1
Partner's Meeting Presentation Development	9/21	11/6
Quarter Two True-Up Billing	10/1	11/15
Development of Partner Specific Forecasts based on FY25 Actuals	10/8	10/29
Annual November Partner's Meeting (Thursday before Thanksgiving)	11/19	11/19
Overall timeline	5/3	12/1

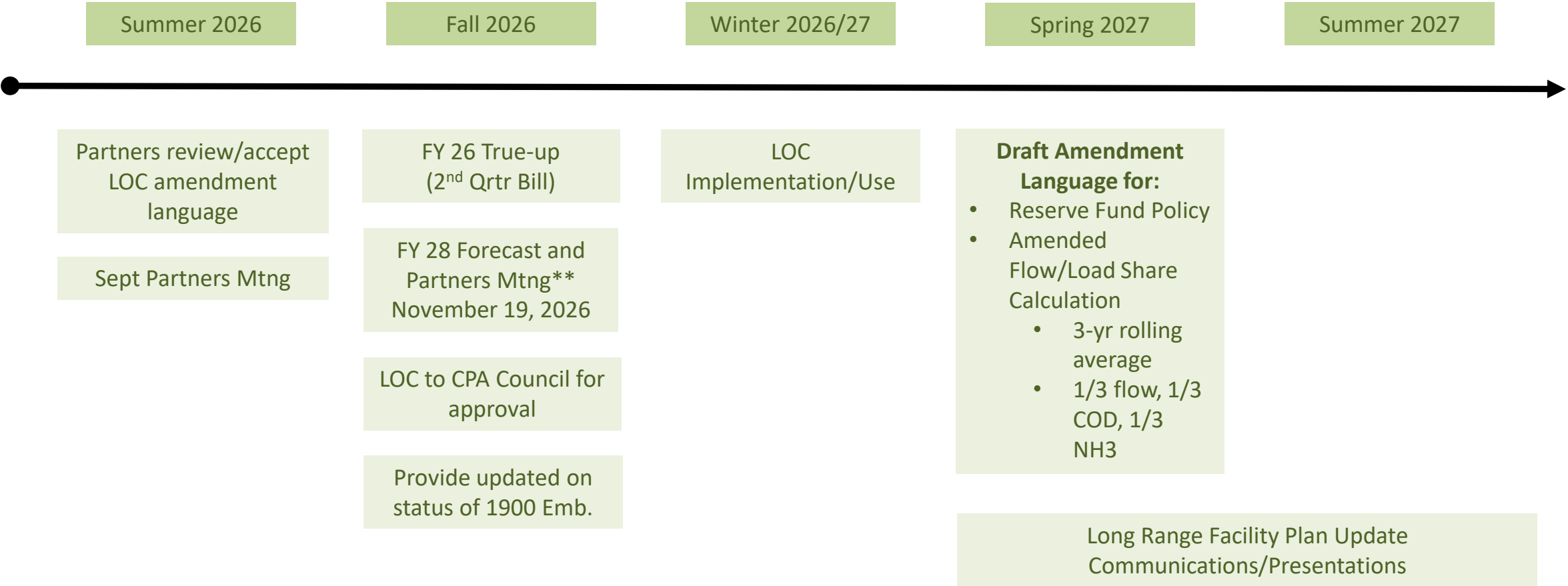
- Reflects change to dry-season sampling

Applies to
Mountain
View, Palo
Alto, Los
Altos, and
East Palo
Alto SD →

FLOW AND LOAD SHARE CALCULATIONS

	MV	PA	LA	EPASD	SU	LAH	TOTAL
Previously Forecasted Flow and Load Share Split for FY 26 (Based on FY 24 Actual Flows and Load Data)	39.31%	36.66%	10.14%	5.56%	6.35%	1.98%	100%
Final Calculated Flow and Load Share for FY 26	42.26%	35.36%	8.40%	5.39%	6.41%	1.98%	100%

SUMMARY OF ANTICIPATED FORECAST/BUDGET ITEMS



** 10-year forecast will include anticipated reserve policy, with ramp up funds starting in FY 29



Capital Program Updates

- Ongoing Project Overview

STU PROJECT (BLOWER ROOM BEFORE / AFTER)



STU PROJECT (NEW RAS PUMP STATION & LC-11)



STU PROJECT (CURRENT PROGRESS, AERATION BASIN #2)



12-KV LOOP PHASES 2 THRU 7

- Installation of new electrical service entrance cabinet from CPAU (cabinet is elevated to account for SLR)
- Installation of five (5) new switchboxes
- All equipment is installed
- Coordinating with Operations for 12-KV cable pulls / terminations to integrate new equipment into the 12-KV Loop
- Scheduled for August / Sept.



12-KV LOOP PHASES 2 THRU 7



NEW CPAU #2 CABINET & 1 OF 5 NEW SWITCHBOXES

12-KV LOOP SUPPORT AGREEMENT (PENDING)

RWQCP / CPAU-E working towards agreement for CPAU-E emergency support

- ☐ RWQCP electricians not qualified to perform switching or service on 12-KV equipment
- ☐ Agreement provides for emergency and afterhours response
- ☐ Equipment Isolation: safety, de-energization, switching operations, troubleshooting
- ☐ Peer Reviews: analyses, designs, procedures, calculations, and reports

12-KV LOOP & STU PROJECTS SHUTDOWNS IN 2026

- Shutdowns required for mechanical, process, electrical, and full RWQCP shutdowns to support construction to integrate new equipment, processes into the existing, operating RWQCP
 - Many times this work must be done at minimal flow to minimize the disruption to the RWQCP to reduce Plant risk and to reduce contractor costs
 - Full RWQCP Shutdowns typically begin at midnight to 2 am and can only last until about 8 am before flows increase and contractors need to vacate work areas as the RWQCP is returned to service
-
- ❑ 33 Mechanical / process shutdowns (piping tie-ins / equipment integration)
 - ❑ 4 of Electrical shutdowns (3 on STU / 1 on 12-kV Loop)
 - ❑ 1 full RWQCP shutdown (backing up the sewer)

AWPS PROJECT (ODOR CONTROL UNIT)

- Provides odor control for NPP
- Required to replace NPP in-ground biofilter odor control unit
- Biofilter demolition required to allow construction of the AWPS
- Commissioned and put into service in Jan / Feb 2026



AWPS PROJECT (CURRENT PROGRESS)

- Installation of interconnecting piping for MF Feed line and RO Permeate line
- Underground conduits and process piping being installed under slab
- Electrical ductbanks to encase conduits are on-going
- Working towards slab pours for the AWPS main process area and Permeate Tank in Sept / Oct



OUTFALL PIPELINE PROJECT NEXT STEPS

- Gain FAA concurrence for pipelines easements appraisals for FMV (annual rental fees)
- Draft / approve MOUs between PAO and PWE, RWQCP, and EPA
- Amend designer contract for redesign and revised SOW



PROGRAM SCHEDULE UPDATE

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

End of Slides

We appreciate your participation and feedback!



EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: October 6, 2026
TO: Honorable Mayor and Members of the City Council
VIA: Melvin E. Gaines, City Manager
BY: James Colin, City Clerk
SUBJECT: Commission Appointments

Recommendation

Interview applicants for the following open seats on the Rent Stabilization Board (2), and appoint applicants for the seats for the board using the selection process recommended by staff.

Alignment with City Council Strategic Plan

This recommendation is primarily aligned with:

Priority No. 1: Promote Housing, Economic and Workforce Development
Priority No. 3: Promote Health & Public Safety
Priority No. 4: Ensure Our Financial and Organizational Health

Government Code § 84308

Applicability of Levine Act: No

Analysis of Levine Act Compliance: Not applicable

Background

The City Council of the City of East Palo Alto is seeking candidates to make appointments for the following seats:

Rent Stabilization Board appointments for the following terms:

Regular Seat No. 3: From May 31, 2024, through May 31, 2027
Alternate Seat No. 8: From May 31, 2025, through May 31, 2028

The application period has been held open from July 8 through September 25, 2026; however, these positions remain open until filled. The City accepted applications electronically via the SurveyMonkey platform and offered to assist anyone who needed help submitting the application. The City conducted outreach, including in-person efforts and through its social media outlets to ensure a comprehensive approach to the outreach process. Social media outlets included various newsletters disseminated to over 4,000 residents, Facebook ads, and the City website.

Selection Process

In order to ensure an efficient and transparent Brown Act-compliant selection process, the procedure for review is as follows:

1. City Council will review the applications attached to the October 6, 2026, agenda.
2. City Council will be provided a voting form at the beginning of the agenda item from the City Clerk.
3. City Council will conduct interviews.
4. City Council will make its selections by ballot vote.

Attachments

1. Rent Stabilization Board Applications (redacted)

#2

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Wednesday, September 02, 2026 7:48:11 PM
Last Modified: Wednesday, September 02, 2026 7:59:22 PM
Time Spent: 00:11:11
IP Address: 50.207.0.170

Page 1: Rent Stabilization Board Application

Q1

Name

Jose Sanchez

Q2

Home Address

1675 Woodland Ave

Q3

City

East Palo Alto

Q4

E-mail Address

jfsanchez79@live.com

Q5

Phone Number

650-391-5979

Q6 Yes

Are you available to attend regular Board meetings
scheduled for the second Wednesday of every month at
7:00 pm?

Q7

Why would you like to serve on the Rent Stabilization Board?

I would like to support and contribute in any way to a community I was a part in.

#4

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Thursday, September 10, 2026 12:19:55 PM
Last Modified: Thursday, September 10, 2026 12:51:10 PM
Time Spent: 00:31:15
IP Address: 67.169.48.212

Page 1: Rent Stabilization Board Application

Q1

Name

Uhila Makoni

Q2

Respondent skipped this question

Home Address

Q3

City

East Palo Alto

Q4

E-mail Address

umakoni@gmail.com

Q5

Respondent skipped this question

Phone Number

Q6

Yes

Are you available to attend regular Board meetings
scheduled for the second Wednesday of every month at
7:00 pm?

Q7

Why would you like to serve on the Rent Stabilization Board?

I have served diligently on PTWC for the past four years and I have gained valuable knowledge on how the city works from the perspective of Public Works. I would like to expand on this from the Rent Stabilization Board perspective. I do believe in affordable housing and protections for our residents. I would like to understand the nuisance of housing dynamics in City of EPA and support its residents.

#5

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Thursday, September 24, 2026 11:37:23 AM
Last Modified: Thursday, September 24, 2026 11:42:42 AM
Time Spent: 00:05:18
IP Address: 172.56.46.230

Page 1: Rent Stabilization Board Application

Q1

Name

Colina Williams

Q2

Home Address

1650 Bay rd

Q3

City

E.Palo Alto

Q4

E-mail Address

colinawilliams@yahoo.com

Q5

Phone Number

6509219517

Q6 Yes

Are you available to attend regular Board meetings
scheduled for the second Wednesday of every month at
7:00 pm?

Q7

Why would you like to serve on the Rent Stabilization Board?

I want to serve because safe, stable housing is foundational. And I want to help make decisions that are fair, transparent, and grounded in lived experience, as well as respectful of residents.

#1

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Friday, April 17, 2026 9:39:20 PM
Last Modified: Friday, April 17, 2026 9:41:38 PM
Time Spent: 00:02:18
IP Address: 108.147.93.38

Page 1: Rent Stabilization Board Application

Q1

Name

Jose

Q2

Home Address

Sanchez

Q3

City

East Palo Alto

Q4

E-mail Address

jfsanchez79@live.com

Q5

Phone Number

650-391-5979

Q6 Yes

Are you available to attend regular Board meetings
scheduled for the second Wednesday of every month at
7:00 pm?

Q7

Why would you like to serve on the Rent Stabilization Board?

I would like to serve on the Rent Stabilization Board because I believe stable housing is essential to the well-being of families in East Palo Alto. In my work with youth and families, I see how housing instability directly impacts education, health, and overall quality of life.

I am interested in contributing to fair, balanced decisions that reflect the realities of the community. I value the importance of both protecting tenants and recognizing the responsibilities of property owners, and I would approach this role with a commitment to listening, careful review, and thoughtful decision-making.

I am motivated to serve and support a stable and equitable community for all residents.

#2

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Saturday, April 18, 2026 12:39:29 PM
Last Modified: Saturday, April 18, 2026 12:45:33 PM
Time Spent: 00:06:03
IP Address: 23.124.107.33

Page 1: Rent Stabilization Board Application

Q1

Name

Goolrukh A. Vakil

Q2

Home Address

1875 Woodland Avenue

Q3

City

East Palo Alto

Q4

E-mail Address

goolrukvh@comcast.net

Q5

Respondent skipped this question

Phone Number

Q6

Yes

Are you available to attend regular Board meetings
scheduled for the second Wednesday of every month at
7:00 pm?

Q7

Why would you like to serve on the Rent Stabilization Board?

I would like to continue serving on the Rent Stabilization Board because I believe in service and I care about this city. I feel that because I have served on this board for 20 years, I can contribute to the issues that arise before the board. I am on the Rules and Regulations subcommittee as I have always been; I also teach Law and Ethics in psychology. Often the tenant is considered the underdog and is focused upon, however, I am aware that both sides of a dispute need to be fairly considered. This is also true in the case of ensuring that terms and conditions going forward are fair to both landlord and tenant. I would be honored to continue serving on the Rent Stabilization Board.

Goolrukh A. Vakil

#3

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Sunday, April 19, 2026 10:12:08 PM
Last Modified: Sunday, April 19, 2026 10:15:15 PM
Time Spent: 00:03:07
IP Address: 99.24.48.5

Page 1: Rent Stabilization Board Application

Q1

Name

Stephanie Hinckley

Q2

Home Address

1729 Woodland AVE

Q3

City

East Palo Alto

Q4

E-mail Address

sfhinckley@gmail.com

Q5

Phone Number

6507875488

Q6 Yes
Are you available to attend regular Board meetings
scheduled for the second Wednesday of every month at
7:00 pm?

Q7

Why would you like to serve on the Rent Stabilization Board?

My passion is to help others. My skills in communication and education make me a great asset to this Rent Stabilization board. I would like to mention that I am fluent in Spanish.

#4

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Friday, May 08, 2026 2:11:02 PM
Last Modified: Friday, May 08, 2026 2:15:51 PM
Time Spent: 00:04:49
IP Address: 76.217.55.105

Page 1: Rent Stabilization Board Application

Q1

Name

Nimish Vora

Q2

Home Address

871 Willow Glen Way

Q3

Respondent skipped this question

City

Q4

E-mail Address

nvora@yahoo.com

Q5

Respondent skipped this question

Phone Number

Q6

Yes

Are you available to attend regular Board meetings
scheduled for the second Wednesday of every month at
7:00 pm?

Q7

Why would you like to serve on the Rent Stabilization Board?

I am a landlord (preferably called "homeowner") of a single family house in East Palo Alto. It is important to have a Balanced Board that will maintain interests and stewardship for both Tenants and Landlords.

#6

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Friday, May 08, 2026 1:27:25 PM
Last Modified: Tuesday, May 12, 2026 11:06:40 AM
Time Spent: Over a day
IP Address: 174.62.81.24

Page 1: Rent Stabilization Board Application

Q1

Name

Luis Rosas

Q2

Home Address

2310 Glen Way

Q3

City

East Palo Alto

Q4

E-mail Address

luisenrique00.r@gmail.com

Q5

Phone Number

6506691146

Q6 Yes

Are you available to attend regular Board meetings
scheduled for the second Wednesday of every month at
7:00 pm?

Q7

Why would you like to serve on the Rent Stabilization Board?

I would like to serve on the Rent Stabilization board to provide more perspective on the everyday experience of residents that rent in East Palo Alto. I have many friends, family, and neighbors who rent in East Palo Alto. I would like to collaborate with the rent board and help inform the decisions that directly impact my community around me.



EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: October 6, 2026

TO: Honorable Mayor and Members of the City Council

VIA: Melvin E. Gaines, City Manager

BY: Cartier Pham, Assistant Engineer
Batool Zaro, Senior Engineer
Humza Javed, Public Works Director

SUBJECT: Citywide Lighting Assessment Project Update

Recommendation

Receive an update regarding the Citywide Lighting Assessment Project.

Alignment with City Council Strategic Plan

This recommendation is primarily aligned with:

- Promote Health & Public Safety

Background

The City of East Palo Alto Citywide Lighting Project, CIP ST-04 is a city council priority project included in the City's Capital Improvement Plan. The project includes a lighting analysis to improve citywide lighting. At the February 3rd 2026 city council meeting, city council awarded a contract to General Lighting Services for the Citywide Lighting Project (project). In addition to a citywide lighting analysis, the project also will provide recommendations to improve lighting to meet current lighting industry standards.

Analysis

General Lighting Services, (GLS) began work on the project in May 2026. The project began with a comprehensive neighborhood by neighborhood evaluation of existing lighting levels, number of streetlights, coverage, infrastructure conditions, and areas where additional or upgraded lighting may be beneficial. The project is 90% complete.

Following completion of the assessment and recommendations, the City will coordinate with GLS on the preparation of plans, specifications, cost estimates, and construction bid documents. Staff will also be working closely with PG&E for electrical upgrades to PG&E owned light poles as well as other underground utility companies in order to implement the project.

Separately, the Community Services Division is proceeding with park priority projects which include lighting improvements at Bell Street Park, Jack Farrell Park, and Martin Luther King Junior Park. The improvements at Martin Luther King Junior Park include high mast “stadium lighting” improvements which are funded separately through City Council appropriation and pending acceptance of Stanford Recreation Mitigation Fund. Both projects are slated to begin in December 2027.

Next Steps:

- Citywide Lighting Assessment (Phase I) Study Completion - December 2026
- Finalize the citywide lighting construction schedule/ program (Phase II) - February 2027
- Bid/award - May 2027

Fiscal Impact

No fiscal impact.

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.

Environmental review of the project will be performed as part of this contract during the design phase.

STAFF INFORMATIONAL REPORT 13.1

Government Code § 84308

Applicability of Levine Act: No, as the proposed action does not involve an entitlement.

Analysis of Levine Act Compliance: Not applicable.



EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: October 6, 2026

TO: Honorable Mayor and Members of the City Council

VIA: Melvin E. Gaines, City Manager

BY: Don C. Jeppson, Chief Building Official
Elena Lee, Community and Economic Development Director

SUBJECT: Code Enforcement Update

Recommendation

Receive an informational report from staff concerning Code Enforcement.

Alignment with City Council Strategic Plan

This recommendation is primarily aligned with:

- Priority: Public Health, Safety, and Quality of Life

Background

On March 16, 2021, staff presented a report and overview of code enforcement activities, policy, and practices. The City Council unanimously agreed to continue the practice of a tiered system to prioritize complaints based on severity, and decided to not allow anonymous submittal of Priority Two (Medium) and Priority Three (Low) Tier complaints.

On April 20, 2021, the City Council adopted Resolution 57-2021 updating the priorities for code enforcement implementation including a revised "Priorities for Code Enforcement." The April 2021 staff report is attached for reference.

On January 21, 2025, staff presented a report and overview of code enforcement activities. City Council voted for staff to study options on Tier Three priorities. On April 15, 2025, the City Council reviewed the potential strategies for the City to better address Tier Three Code violations and provide direction on the Council's preferred strategy or alternatives. In the Fiscal Year 2025-2026 Budget, the City Council appropriated a one-time \$150,000 to Code Enforcement above its prior appropriations to specifically address Priority Three Code violations.

INFORMATIONAL ITEM 13.2

The purpose of this informational report is to provide an update to the City Council on the Code Enforcement program, including accomplishments, challenges, and possible solutions.

Analysis

The City of East Palo Alto responds to a mix of complaints submitted by residents and generated by limited proactive code enforcement action. In all cases, the staff seeks primarily to achieve voluntary compliance to resolve violations, but can escalate as appropriate with additional notices, citations, and fines. Code Enforcement cases often involve illegal/unpermitted construction, debris/storage accumulation, garbage, unpaved parking, nuisances, and other types of violations of the Municipal Code, including street food vending. The chart below shows the major categories of Code Enforcement cases:

Code Enforcement Cases

Type	2026*		2025		2024		2023		2022	
	Cases	Open	Cases	Open	Cases	Open	Cases	Open	Cases	Open
Animal	9	2	7	0	24	4	8	0	8	0
Debris/Storage Yard	95	30	128	24	10	2	3	0	9	0
Garbage	17	4	10	0						
Mold	4	0	2	1	5	1			1	0
Noise	3	0	6	0						
Nuisances	42	12	80	20	42	7	45	3	30	6
Public Dumping	1	0	1	0					3	0
Tree Trim/Removal	4	0	10	2	8	0	8	0	3	0
Unpaved parking	13	8	32	0						
Unpermitted Structures	46	30	107	30	65	21	74	17	62	12
Vehicles	46	20	92	26	8	1	5	3	5	0
Weeds	20	5	33	0			3	0	8	1
Total:	300	111	508	101	162	36	146	23	129	19

**First Six Months*

As shown in the chart above, in the 18 months before January 2025, Code Enforcement opened 308 cases and closed more than 240 cases. In the 18 months since January 2025, Code Enforcement opened 808 cases and closed more than 600 cases. This is nearly 263% increase in open cases and 294% increase in closed cases with a closed rate remaining nearly the same at 74%. The breakdown of how long it took to close cases is in the following chart:

INFORMATIONAL ITEM 13.2

Code Enforcement Cases

	2026	2025	2024	2023	2022
	Cases	Cases	Cases	Cases	Cases
Duration	300*	508	162	146	129
0-1 Day	12	16	11	1	4
1 Week	4	5	4	2	7
1 Month	18	62	24	21	26
3 Months	97	78	34	27	24
6 Months	9	72	20	23	10
9 Months	39	76	8	20	8
1 Year		47	9	16	4
Greater 1 Year		51	16	13	27
Open	111	101	36	23	19

**First Six Months*

As shown in the chart above, 10 to 16% of the cases are closed within 30 days and 33 to 43% of the cases are closed within 90 days. Code Enforcement is on track to exceed six hundred cases this calendar year with a similar close rate. Staff heard the Council's clear direction to address more Code Enforcement around the community, and Council's budgetary addition has been spent toward this goal.

Code Enforcement Priorities

Code enforcement complaints are prioritized as set by Resolution Numbers 57-2021 and 4610 (from 2015), both of which are attached to this report. The priorities are summarized below.

1. **Priority One (High):** Imminent/Immediate threat to health, safety, or environmental resources. Priority One violations are those actions which require immediate attention to address a significant threat or threats to public health and safety or to environmental resources. Examples of such violations include but not limited to:
 - Housing conditions where faulty structural, electrical systems, gas fuel systems, and/or lack of sanitary facilities and other violations of the California Health and Safety Code and/or Title 8 of the East Palo Alto Municipal Code, or violations of conditions of approval, such as noise or traffic mitigations, specifically designed to protect the public exist and pose an immediate threat to public health, welfare or safety.
 - Significant environmental issues including, but not limited to, dumping of hazardous materials, alteration of Baylands and/or San Francisquito Creek, removal of significant vegetation, and grading in environmentally sensitive areas.

Response Time: Staff will respond within 1 business day after a complaint is received.

2. **Priority Two (Medium):** Potential threat to health, safety, or environmental resources. Unlike Priority One violations, Priority Two violations are those actions that have the potential to cause damage to public health and safety or to the environment:

INFORMATIONAL ITEM 13.2

- Violations in this category are essentially the same as Priority One, except that the potential for damage does not pose an immediate threat to public health, welfare or safety.
- Generally, this means that property owners may implement immediate repairs and/or mitigation measures that reduce the immediate threat.
- Failure to fully address the potential threats will often result in the enforcement action escalating to a Priority One case.

Response Time: Staff will attempt to respond to Priority Two issues initially within 3- 5 business days after a complaint is received.

3. **Priority Three (Low):** Technical code violations. Priority Three violations are those violations that do not pose an imminent or potential threat to the public health or safety or the environment, but which may, if not abated, compromise the welfare of the community and reduce the quality of life for residents and businesses:

- Violations in this category include activities which are violations of various municipal and zoning codes but pose no near-term threat to the public health and safety or the environment.
- Violations might include illegally parked vehicles, debris accumulation on properties, sign code violations and various other zoning code violations.
- If Priority Three violations are noted in conjunction with Priority One or Two cases, compliance efforts will include Priority Three issues as well.

In addition, the number of open complaints submitted by anyone is limited to five complaints at a time. This limit of five does not apply to Priority One (High) Tier complaints.

Code Enforcement Staffing & Resources

The Code Enforcement team has two very capable, well-trained, and dedicated officers who have a deep understanding of the community. The Code Enforcement team currently has a vacant hybrid code enforcement/building inspector position. The position has been difficult to recruit and may evolve into a different position to support code enforcement activities. The Chief Building Official (CBO) position was filled at the end of May 2026 and supervises the team and consultants; prior to this, the CBO role was vacant for nearly three years.

Since 2025, the City has contracted with West Coast Code Consultants (WC3) and CSG Consultants to provide code enforcement augmentation. Currently, CSG has a part-time code enforcement officer focused on proactive enforcement on Priority Three violations while our two City code enforcement officers work on all priorities.

The increased volume of cases, combined with staffing limitations, has made investigating, addressing, and escalating code enforcement cases challenging. To better address code enforcement challenges, the code enforcement team will need to invest in better technology to manage and automate case workflows, set up and develop processes for hearing officers, and potentially expand support staff.

Potential Strategies

Staff has identified the following areas to continue research and explore for improvements:

- Code Enforcement Officers spend a lot of time and effort just processing paperwork and scheduling inspections. Subscribing to code enforcement specialty software and adding or contracting for office support would improve efficiency. This could boost production by more than 25% and make workflow processes more refined and consistent. Staff will raise this software option at the next round of considerations for the IT Strategic Plan such that they are included in one of the upcoming fiscal years. We anticipate such software will not exceed \$70,000 collectively in annual licenses but may cost more to implement. When such projects are prioritized, they will return to the Council as IT project budgets. The office support contracting will cost approximately \$75,000 annually, which would return to you as a future budgetary request.
- Equally challenging is determining and analyzing the kind of code violations that exist in the community and the effectiveness of code enforcement actions. Additional software could help gather and analyze violations, produce heat maps and then document the effectiveness of different code enforcement actions. In combination with code enforcement specialty software, some communities have seen over 70% compliance on courtesy notices alone with noticeable improvements in the community.
- With the number of cases and workload, converting the existing vacant hybrid code enforcement/building inspector position to a code enforcement position or continuing a contract for part-time code enforcement officer would ensure timely processing and closing of code enforcement cases. The current part-time code enforcement officer contract has processed more than 210 cases between January 2025 and July 2026. The funding approved for that contract will be exhausted in December. The contract costs approximately \$150,000 annually and would return to the City Council as a budgetary request.
- Difficult cases require issuing citations and having a process for the applicant to appeal those citations to a hearing officer. Currently, we do not have this process established. We need to develop the process, issue a request for proposals (RFP), and then contract with hearing officers, which would likely cost approximately \$50,000 annually.
- Some cases are especially difficult to enforce and close. Some examples are front yard fences that exceed 48 inches and paved-over front yards used for additional parking. We know there are hundreds of these violations, but perhaps a different approach is required. One would be to realign the Municipal Code to reflect closer what is actually happening in the community. Another is to establish a policy that would allow existing violations to continue, but any improvements after a certain date would be acted on and enforced. Of course, a third option is to enforce the requirements as they currently stand.

INFORMATIONAL ITEM 13.2

CE Specialty Software	Annual Subscription	\$15,000
Analytic Software	Annual Subscription	\$55,000
Office Support Contract*	Part-Time (1,000 hrs.)	\$75,000
Code Enforcement Officer Contract*	Part-Time (1,000 hrs.)	\$150,000
Hearing Officer Contract	Part-Time (As needed)	\$50,000

**May be able to reclassify existing vacant position to fill or supplement*

Summary and Next Steps

Staff is following up on the potential strategies to better address Tier Three code violations discussed above. As staff is able to gather more data, such as approximations of how many such violations are occurring around the City, we will return to the City Council with proposed solutions and requests that the Council prioritize which cases to address within Tier Three so that staff may focus our time and efforts according to your priorities. In certain situations, staff may also request appropriate revisions to the Municipal Code. Finally, staff may also return with proposed changes to the Position Control Resolution to repurpose the vacant hybrid code enforcement/building inspector position.

These changes will not happen overnight. Staff will return to you with sizable portions to consider, but making critical changes like these will happen over the next few years. It will be some time before anyone sees critical change in the community, but change is already happening given we anticipate opening over six hundred Code Enforcement cases this year.

Fiscal Impact

There is no fiscal impact on this item at this time.

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, as the proposed action does not involve an entitlement.

Analysis of Levine Act Compliance: Not applicable.

Attachments

1. Resolution No. 57-2021
2. Resolution No. 4610 (2015)

RESOLUTION NO. 57 – 2021

**A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF EAST PALO ALTO**

UPDATING THE PRIORITIES FOR CODE ENFORCEMENT IMPLEMENTATION

WHEREAS, the City of East Palo Alto Building Division ("Building Division") of the Community and Economic Development Department ("CEDD") is responsible for implementing and enforcing laws, codes and regulations that maintain public health and safety; and

WHEREAS, the Building Division, through its code enforcement officers, enforces the East Palo Alto Municipal Code, Zoning Code, and the State Health and Safety Codes including, but not limited to, the California Building Code (Title 24), and Substandard Buildings and Unpermitted Occupancies (Title 25); and

WHEREAS, the City Council's Adopted Priority Areas include: Priority #3 to "Increase Organizational Effectiveness and Efficiency" and Priority #6 to "Create a Healthy and Safe Community;" and

WHEREAS, the City Council allocates funding and staffing to implement a code enforcement program to assure compliance with City and State building, and zoning regulations, provide for a healthy and safe community, and to reduce blight throughout the City; and

WHEREAS, on April 21, 2015, the City Council adopted Resolution No. 4610 establishing "Priorities for Code Enforcement" to guide the allocation of staff and other resources to most efficiently carry out code enforcement activities in the City; and

WHEREAS, at the March 16, 2021 City Council meeting, the City Council considered programmatic updates to the City's existing Code Enforcement program and Resolution No. 4610; and

WHEREAS, after deliberation, the City Council directed City staff to return with a revised "Priorities for Code Enforcement" that imposes a limit on anonymous code enforcement complaints for Priority Two (Medium) and Priority Three (Low) Tier complaints; and

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF EAST PALO ALTO HEREBY:

1. Rescinds Resolution No. 4610; and
2. Adopts the attached revised "Priorities for Code Enforcement," as set forth in Exhibit A, attached hereto and incorporated herein by this reference, to guide the allocation of staff and other resources to most efficiently carry out code enforcement activities in the City.

PASSED AND ADOPTED this 20th day of April 2021, by the following vote:

AYES: Abrica, Gauthier, López, and Romero

NOES: Wallace-Jones

ABSENT:

ABSTAIN:



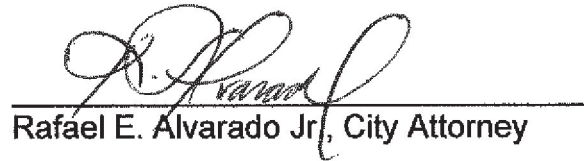
Carlos Romero, Mayor

ATTEST:



Walfred Solorzano, City Clerk

APPROVED AS TO FORM:



Rafael E. Alvarado Jr, City Attorney

Exhibit A

PRIORITIES FOR CODE ENFORCEMENT

Priority One: Imminent/Immediate threat to health, safety, or environmental resources.

Priority One violations are those actions which require immediate attention to address a significant threat or threats to public health and safety or to environmental resources. Examples of such violations include but are not limited to:

- Housing conditions where faulty structural, electrical systems, gas fuel systems, and/or lack of sanitary facilities and other violations of the California Health and Safety Code and/or Title 8 of the East Palo Alto Municipal Code, or violations of conditions of approval, such as noise or traffic mitigations, specifically designed to protect the public exist and pose an immediate threat to public health, welfare or safety.
- Significant environmental issues including, but not limited to, dumping of hazardous materials, alteration of Baylands and/or San Francisquito Creek, removal of significant vegetation, and grading in environmentally sensitive areas.

Response Time: Staff will respond within 1 business day after a complaint is received.

Priority Two: Potential threat to health, safety, or environmental resources.

Priority Two violations are those actions that have the potential to cause damage to the public health and safety or to the environment:

- Violations in this category are essentially the same as Priority One, except that the potential for damage does not pose an immediate threat to public health, welfare or safety.
- Generally this means that property owners may implement immediate repairs and/or mitigation measures that reduce the immediate threat.
- Failure to fully address the potential threats will often result in the enforcement action escalating to a Priority One case.

The City shall not accept anonymous complaints for Priority Two matters. Furthermore, the City shall not accept any more than five complaints at a time from one individual complainant for Priority Two matters.

Response Time: Staff will attempt to respond to Priority Two issues initially within 3-5 business days after a complaint is received.

Priority Three: Technical code violations.

Priority Three violations are those violations that do not pose an imminent or potential threat to the public health or safety or the environment, but which may, if not abated, compromise the welfare of the community and reduce the quality of life for residents and businesses:

- Violations in this category include activities which are violations of various municipal and zoning codes, but pose no near-term threat to the public health and safety or the environment.
- Violations might include illegally parked vehicles, debris accumulation on properties, sign code violations and various other zoning code violations.
- If Priority Three violations are noted in conjunction with Priority One or Two cases, compliance efforts will include Priority Three issues as well.

The City shall not accept anonymous complaints for Priority Three matters. Furthermore, the City shall not accept any more than five complaints at a time from one individual complainant for Priority Three matters.

Response Time: Staff will address Priority Three issues as time allows and circumstances demand when complaints are received. Staff may, however, in coordination with other partners and the community, choose to emphasize enforcement on a certain issue (e.g., neighborhood parking, setback violation).

Implementation and Methods of Enforcement

Establishment of these Priorities for Code Enforcement shall not be construed as a waiver or limitation on the City's ability to pursue any and all violations of building, fire, and zoning codes to the full extent allowed by law.

City code enforcement officers may use a variety of methods to gain compliance from property owners, tenants, business owners and others with the East Palo Alto Municipal Code and state law. Potential code enforcement actions include, but are not limited to, working cooperatively with applicants/owner to obtain voluntary compliance, requiring appropriate permits be obtained, withholding, suspending to revoking City issued permits, levying fines and fees, recordation of notices of violation, issuing criminal complaints, taking abatement actions to remove or correct violations, initiating civil lawsuits (e.g., injunctions, placing a property into receivership), and other remedies as permitted by law.

RESOLUTION NO. 4610

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EAST PALO ALTO ESTABLISHING PRIORITIES FOR CODE ENFORCEMENT IMPLEMENTATION

WHEREAS, the City of East Palo Alto Building Division of the Community and Economic Development Department (C&EDD) is responsible for implementing and enforcing the California Building Codes (Title 24 of State law); and

WHEREAS, the City of East Palo Alto Building Division of the C&EDD, in coordination with the Menlo Park Fire District, is responsible for implementing and enforcing the Fire Code (Part 9 of Title 24); and

WHEREAS, the City of East Palo Alto Building Division and Planning and Housing Division of C&EDD are responsible for implementing and enforcing the City's Zoning Code; and

WHEREAS, the City of East Palo Alto Building Division is further responsible for implementing and enforcing other select provisions of State law, including but not limited to the Health and Safety Code (Title 25) regarding Substandard Buildings and Unpermitted Occupancies, and the Public Safety Code (Title 19); and

WHEREAS, the City Council's Adopted Priority Areas include: #3 to "Increase Organizational Effectiveness and Efficiency" and #6 to "Create a Healthy and Safe Community;" and

WHEREAS, the City Council allocates funding and staffing to implement a code enforcement program to assure compliance with City and State building, fire, and zoning regulations, provide for a healthy and safe community, and to reduce blight throughout the City.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of East Palo Alto does hereby adopt the attached Priorities for Code Enforcement as set forth in Exhibit A, attached hereto and incorporated herein by this reference, to guide the allocation of staff and other resources to most efficiently carry out code enforcement activities in the City.

PASSED AND ADOPTED this 21st day of April 2015, by the following vote:

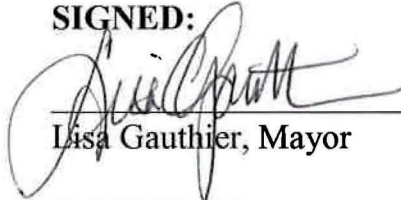
AYES: RUTHERFORD, ABRICA, GAUTHIER, MOODY

NAES:

ABSENT:

ABSTAIN:

SIGNED:



Lisa Gauthier, Mayor

ATTEST:



Terrie Gillen, Interim Deputy City Clerk

APPROVED AS TO FORM:



John A. Nagel, City Attorney

Exhibit A

PRIORITIES FOR CODE ENFORCEMENT

Priority One: Imminent/Immediate threat to health, safety, or environmental resources.

Priority One violations are those actions which require immediate attention to address a significant threat or threats to public health and safety or to environmental resources. Examples of such violations include but are not limited to:

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Priority Two violations are those actions that have the potential to cause damage to the public health and safety or to the environment:

- Violations in this category are essentially the same as Priority One, except that the potential for damage does not pose an immediate threat to public health, welfare or safety.
- Generally this means that property owners may implement immediate repairs and/or mitigation measures that reduce the immediate threat.
- Failure to fully address the potential threats will often result in the enforcement action escalating to a Priority One case.

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- Violations might include illegally parked vehicles, debris accumulation on properties, sign code violations and various other zoning code violations.
- If Priority Three violations are noted in conjunction with Priority One or Two cases, compliance efforts will include Priority Three issues as well.

Response Time: Staff will address Priority Three issues as time allows and circumstances demand when complaints are received. Staff may, however, in coordination with other partners and the community, choose to emphasize enforcement on a certain issue (e.g., neighborhood parking, setback violation).

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Establishment of these Priorities for Code Enforcement shall not be construed as a waiver or limitation on the City's ability to pursue any and all violations of building, fire, and zoning codes to the full extent allowed by law.

City code enforcement officers may use a variety of methods to gain compliance from property owners, tenants, business owners and others with the East Palo Alto Municipal Code and state law. Potential code enforcement actions include, but are not limited to, working cooperatively with applicants/owner to obtain voluntary compliance, requiring appropriate permits be obtained, withholding, suspending or revoking City issued permits, levying fines and fees, recordation of notices of violation, issuing criminal complaints, taking abatement actions to remove or correct violations, initiating civil lawsuits (e.g., injunctions, placing a property into receivership), and other remedies as permitted by law.



EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: October 6, 2026

TO: Honorable Mayor and Members of the City Council

VIA: Melvin E. Gaines, City Manager

BY: Alec Nicholas, Special Projects Manager
Humza Javed, Public Works Director

SUBJECT: Update on the City's SAFER Bay Project

Recommendation

Receive an informational presentation on the City of East Palo Alto's SAFER Bay Project, including an update on the status of the design phase.

Alignment with City Council Strategic Plan

This recommendation is primarily aligned with:

- Public Infrastructure and Utilities
- Public Health, Safety, and Quality of Life

Background

The SAFER Bay Project (Strategy to Advance Flood protection, Ecosystems and Recreation along San Francisco Bay) is a regional shoreline flood protection program extending along approximately seven miles of San Francisco Bay shoreline in East Palo Alto and Menlo Park. The San Francisquito Creek Joint Powers Authority (SFCJPA) developed the program through feasibility analysis, preliminary design and environmental review, establishing the alignment, the level of flood protection, and the habitat and public access elements. Construction-level final design is then carried out by each city within its own jurisdiction. This report concerns the City of East Palo Alto's portion of that program.

The City's project consists of two reaches. The South of Bay Road (SOBR) reach runs approximately one mile along the Bay Trail from San Francisquito Creek to Bay Road and

STAFF INFORMATIONAL REPORT 13.3

consists of an earthen levee with an embedded floodwall and an ecotone slope, together with habitat restoration and public access improvements. The second reach, North of Bay Road (NOBR), extends from Bay Road to high ground near Tara Street. Completing both reaches delivers the full extent of flood protection analyzed in the Federal Emergency Management Agency (FEMA) Benefit Cost Analysis that supports the project's grant funding.

The project is funded primarily through FEMA Hazard Mitigation Grant Program (HMGP), under a 75 percent federal and 25 percent local cost share. The current design phase is scheduled to be completed by the end of October 2026 in accordance with the grant schedule.

Following a competitive procurement initiated by the City's Request for Proposals (RFP) process on December 13, 2024; and conducted in accordance with 2 CFR Part 200, the City executed an agreement with Sherwood Design Engineers on August 11, 2025 for design, permitting and bid support of the SOBR reach. Sherwood's team includes specialty subconsultants in structural and marine engineering, geotechnical engineering, habitat restoration, survey, cost estimating, and community engagement. The City then initiated a separate competitive procurement, issuing a Request for Proposals on February 4, 2026, and on May 19, 2026 the City Council authorized an agreement with Sherwood Design Engineers to advance the NOBR reach from its existing preliminary design level through final design and bid support.

Design of the South of Bay Road reach began in mid-2025. The design team completed utility research, topographic and boundary survey, and geotechnical investigation along the alignment, then established the design criteria and basis of design governing the work. Successive design submittals followed, with 60 percent plans, specifications and engineer's estimate issued in June 2026. The North of Bay Road reach advanced from its preliminary design level through a 30 percent submittal in early summer 2026. The City completed a full technical review of each submittal and issued consolidated comments, which the design team resolved and carried forward. The two reaches have since been combined, and the City reviewed the 90 percent plans, specifications, estimate and related deliverables and issued consolidated comments in September 2026.

Environmental review and permitting have proceeded in parallel with design. The SFCJPA circulated the Draft Environmental Impact Report (EIR) in December 2025 and certified the final EIR in May 2026. The City has prepared a draft California Environmental Quality Act (CEQA) Addendum addressing design refinements within both reaches that have occurred since the environmental document was prepared.

Coordination is ongoing with the agencies that will issue project permits, including the U.S. Army Corps of Engineers, the San Francisco Bay Regional Water Quality Control Board, the Bay Conservation and Development Commission (BCDC), the California Department of Fish and Wildlife, and the federal resource agencies. The project was presented to the BCDC Design Review Board and Engineering Criteria Review Board in June 2026, and revisions responding to BCDC comments will be presented to both boards in fall 2026. The City has also held two public workshops in East Palo Alto, and community input from those workshops has been incorporated into the design.

Analysis

STAFF INFORMATIONAL REPORT 13.3

The project is on schedule to complete 100% design by the end of October 2026 and provide the required deliverables to California Governor's Office of Emergency Services (CalOES) and FEMA for their review in compliance with the HMGP grant deadline.

Fiscal Impact

There is no fiscal impact associated with receiving this informational update. Design of the SAFER Bay Project is funded through the FEMA Hazard Mitigation Grant Program under a 75 percent federal and 25 percent local cost share, with the local share provided through previously appropriated City funds. Any future contract actions or appropriations required to complete final design, permitting or construction will be brought to City Council for consideration under separate items.

Public Notice

The public was provided notice of this agenda item by posting the City Council 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 Co. Library located at 2415 University Avenue, East Palo Alto.

Environmental

The proposed action does not constitute a "project" with the meaning of the CEQA pursuant to CEQA Guidelines sections 15378(b)(4) and (5) in that it is a governmental fiscal, organizational or administrative activity that will not result in direct or indirect changes in the environment.

14.1 Inclusionary Housing Alternative Compliance Option for West Bayshore-Newell Improvements at Woodland Park

A STAFF REPORT IS FORTHCOMING.

14.2 Inclusionary Housing Alternative Compliance Option for the O’Keefe-Manhattan Improvements at Woodland Park

A STAFF REPORT IS FORTHCOMING.