

Appendix B: Los Altos Hills Agreement

THIS PAGE INTENTIONALLY LEFT BLANK

STAFF REPORT

To: Los Altos City Council Date: March 26, 1985
From: Bruce Bane, Assistant City Engineer *BB*
Subject: Sewer Maintenance Agreement with Los Altos Hills

RECOMMENDATION

Staff recommends that the City Council approve the attached Sewer Agreement between the City of Los Altos and the City of the Town of Los Altos Hills and authorize the Mayor to execute the agreement on behalf of the City of Los Altos.

BACKGROUND

The attached sewer maintenance agreement will replace an earlier agreement between the City and the Town dating back to 1961. This agreement has been the subject of extensive negotiations during the past few years and was approved by the Los Altos Hills City Council on March 6, 1985.

DISCUSSION

The recent approval by the Town included three minor revisions. The first revision is at the top of page 15 and is intended to clarify that the Town would send the City monthly sewer connection reports only for that portion of the Town served by Los Altos maintained sewers.

The second revision is at the bottom of page 15 and provides that the City would not increase the schedule of Capacity Acquisition charges before the year 2000 without the Town's prior approval. The current schedule of charges was adopted last summer and includes a yearly increase through the year 2000, Staff does not foresee the need to increase this schedule before the year 2000.

The third revision is near the bottom of Exhibit "E" and deletes a note regarding the property owner being responsible for cleaning and maintaining the sewer lateral, including that portion in the public right of way. This does not change the City's maintenance obligation which does not include any cleaning or maintaining of sewer laterals. Apparently the Town felt that this was a policy matter between the Town and its residents and did not belong in an agreement between the City and the Town.

Staff sees no reason to object to the three revisions and recommends approval of the agreement as revised and approved by the Town.

Copy

SEWER AGREEMENT

BETWEEN

THE CITY OF LOS ALTOS

AND

THE CITY OF THE TOWN OF LOS ALTOS HILLS

The following is an agreement between the CITY OF LOS ALTOS, a Municipal Corporation, hereinafter referred to as "CITY", and the CITY OF THE TOWN OF LOS ALTOS HILLS, a Municipal Corporation, hereinafter referred to as "TOWN", specifying the terms by which CITY shall maintain certain sanitary sewer facilities within the TOWN and accept sewage from a portion of the TOWN:

RECITALS

1. On or about July 11, 1961, CITY and TOWN entered into an agreement providing for the transportation and treatment of sewage emanating from within a portion of the territorial limits of TOWN and for the normal maintenance of a portion of TOWN's system (herein called the "1961 AGREEMENT").

2. (a) CITY has purchased capacity in a Regional Waste Water Treatment Plant and has constructed a sanitary sewer system within CITY; and the plant and CITY system have sufficient capacity to handle sewage effluent from a portion of TOWN.
(b) TOWN has the potential of ultimately having approximately 2,100 sewer connections in its "Los Altos" drainage basin including unincorporated areas within this portion of TOWN's sphere of influence, and TOWN projects 1,100 total residential connections within said drainage basin during the next five years. Provided, however, in the event of added capacity becoming available as described hereinafter, connections up to a total of 1,500 could be committed.

3. The parties had authority to enter in to the 1961 AGREEMENT and have authority to enter into this substitute Agreement under the Joint Exercise of Powers Act, Title 1, Division 7, Chapter 5, Article 1 of the Government Code of California.

AGREEMENT

The parties hereby agree as follows:

1. Administration This agreement shall be administered by CITY, there being no necessity to establish a separate commission.

2. Right to Use The TOWN's existing right to discharge into CITY's

sewer lines domestic sewage emanating from within that portion of TOWN shown on Exhibit "D", attached hereto and incorporated herein by reference, shall continue and be subject to all conditions, limitations, restrictions, terms and provisions contained in this Agreement.

3. Interim Limit on Connections In order to maintain sewage flow from TOWN within limits of CITY's current capacity rights at the treatment plant, TOWN shall be permitted to connect a maximum of 1,100 residential units, or their equivalent, as an interim limit of use. The total number of connections could be adjusted up to 1,500 if the CITY's capacity rights are increased as a result of the purchase of additional capacity rights or correction of infiltration makes additional capacity available. This interim limit may be adjusted by mutual agreement of both parties by a written amendment to this Agreement. Under either or both of the following circumstances the interim limit shall be reviewed for adjustment; (1) when the number of residential units connected reaches 900; and (2) whenever changes in the capacity of the treatment plant are being proposed.

As of the execution of this agreement, of the 1100 units of capacity rights available to TOWN, approximately 970 units of capacity rights have already been acquired in CITY's sewer system by property owners in TOWN. TOWN has made no separate purchase of capacity rights from CITY and nothing in this agreement obligates TOWN to purchase capacity rights.

4. Regulation With respect to said sewage, TOWN shall adopt and enforce the regulations contained in Title 5, Chapter 5, Article 6 - Use of Public Sewers, of the City of Los Altos Municipal Code, and any subsequent revisions thereto.
5. Ownership of Sewers All easements and rights-of-way for main trunk sewers and collector systems and the pipes themselves and appurtenances thereto that presently vest in CITY that lie within the corporate limits of TOWN shall hereafter vest in and be the property of TOWN, EXCEPTING THAT:

(a) The sewer mains and appurtenances, thereto, exclusive of laterals serving TOWN residents and exclusive of mains entering from TOWN, that lie within Summerhill Avenue and that portion of Magdalena Avenue northerly of Interstate 280 shall vest in and be the property of CITY.

(b) All easements and rights of way and the pipes and appurtenances thereto, exclusive of laterals serving TOWN residents, in the El Monte Trunk Sewer (City Project 1959-8) running from University Avenue in the City of Los Altos southerly through the Town of Los Altos Hills and Foothill College to the intersection of South El Monte Avenue with Moody Road, shall vest in and be the property of CITY.

(c) All easements and rights of way and the pipes and appurtenances thereto, exclusive of laterals serving TOWN residents, in the Adobe Creek Sewer (City Project 1962-18) running generally along Adobe Creek downstream of O'Keefe Lane and upstream of West Edith Avenue shall vest in and be the property of CITY.

10/12/88
This section
needs to be
revised

(d) The sewer mains and appurtenances thereto, exclusive of laterals serving TOWN residents, that lie within O'Keefe Lane easterly of Adobe Creek shall vest in and be the property of CITY.

TOWN shall assume ownership of any sanitary sewer system, including easements, now or henceforth belonging to CITY in an unincorporated area at such time as TOWN annexes such unincorporated territory containing a CITY owned system excepting as set forth in Subparagraphs (a) through (d) above. Upon such annexation and assumption of ownership by TOWN, CITY shall provide TOWN with copies of available construction plans and other pertinent documents.

TOWN's sewer system within TOWN shall vest in and be the property of TOWN except as noted above.

6. Foothill College CITY shall continue to be the sole provider of sewer service to Foothill College and shall handle all billings for said service. The volume of sewage generated by the College shall not be included in computations relative to flow or capacity rights of TOWN.

7. Maintenance of Sewers CITY shall provide normal maintenance including, but not limited to, routine inspection, rodding, unplugging or flushing of the TOWN's system which connects to the CITY's system. Said normal maintenance shall pertain only to sewer mains and manholes. CITY shall have no obligation to maintain, repair or replace sewer laterals within TOWN.

8. Lateral Rodding Service In those cases where CITY maintenance forces have responded to a request to inspect a sewer main for possible stoppage in TOWN, said CITY forces will furnish a lateral rodding service provided that the following conditions are met:
 - (a) The request to rod the lateral is received while the CITY forces are in the immediate vicinity of the subject lateral.

 - (b) The lateral to be rodded is that portion within the street right of way.

 - (c) A sewer cleanout exists that is to grade, is accessible and is in immediate proximity to the street right of way line.

The purpose of the lateral rodding service shall be to determine if the lateral within the street right of way contains a blockage. If such a blockage is found and the rodding operation does not eliminate the blockage, CITY shall notify TOWN and any further action to eliminate the blockage shall be the responsibility of TOWN. Exhibit E, attached hereto and incorporated by reference, defines the limits for the sewer lateral rodding service.

9. Repair of Sewers The repair of sewer mains and manholes owned by TOWN shall be the obligation of TOWN. Whenever it is determined by CITY that a problem exists within the TOWN's sewer main system, exclusive of emergencies, which requires more than normal maintenance by CITY and which can be eliminated by performing the appropriate repairs, CITY shall notify the TOWN in writing, describing the problem, its location and a recommended course of action. Except in emergency situations, CITY shall have no obligation to make repairs to TOWN owned sewers. Only in emergency situations affecting the operation of the TOWN's sewer main system will CITY be obligated to perform repairs involving excavations and pipe replacement. An emergency is defined as a situation requiring immediate attention in order to keep the sewer line in service or to prevent a health hazard. CITY shall be under no obligation to make emergency repairs in cases where CITY has previously notified TOWN in writing of problems needing repair and TOWN has not taken corrective action within 60 days of receiving written notification.

10. Sewer Service Charge The annual sewer service charge shall reimburse CITY for its costs incurred in transporting and treating sewage emanating from TOWN and costs associated with maintaining and operating a portion of TOWN's sewer system, Pine Lane Lift Station, and certain shared sewer mains and truck lines. For the service and use to be provided by the CITY under terms hereof, CITY shall charge an annual sewer service charge to properties within the corporate limits of TOWN in accordance with Exhibit "C" attached hereto and incorporated herein by reference. Upon determining the amount of the annual sewer service charge for the next fiscal year, CITY shall notify TOWN in writing no later than May 15th of each year. The CITY may include the annual sewer service charges on the County property tax billings for properties within TOWN by submitting the individual charges directly to the County Tax Collector by CITY only after TOWN has had a reasonable opportunity to review the proposed annual sewer service charge. If the TOWN has not approved by resolution the amount of the proposed annual sewer service charge by June 15, of any year, CITY may process charges to Tax Collector subject to a mutually agreed upon adjustment to the following year's sewer service charge.

(a) Calculation of Sewer Service Charge It is mutually agreed that for each single family residential connection, a per connection flow rate of 300 gallons per day, as shown on Exhibit "C", will be used in determining the volume of sewage generated in the portion of TOWN served by CITY. The single family residential connection shall be the basic unit for determining annual charges. For all connections other than single family residential, the annual volume of sewage will be mutually agreed upon by CITY and TOWN, except where an agreement with the CITY already exists stipulating the method for determining either the annual charge or the annual volume of sewage. No later than June 1, 1987, the City Engineers of CITY and TOWN shall jointly review and establish criteria and methods to determine the connection flow rate in gallons per day as shown in Exhibit "C" per single family residential connection and shall jointly determine if a different volume of flow should be used for computing subsequent annual charges.

(b) Rate Adjustment Postponement Option CITY shall have the option to postpone to the following year the adjustment of the annual sewer service charge applied to properties in TOWN. However, any revenues lost or gained as a result of such a postponement shall be carried over and used in the computation of subsequent annual sewer service charges in such a manner that the net revenues to the CITY are essentially the same as if a postponement had not occurred.

11. Sewer Reserve Fund The annual sewer service charge shall include a charge for the TOWN's Sewer Reserve Fund at the written request of TOWN. The amount shall be established by TOWN and shall be included by CITY in the annual sewer service charge. CITY may decline to include reserve funds in years in which no rate changes are proposed but in the third consecutive year with no change, CITY shall include funds for reserve if so requested. Funds received by CITY are to be paid to TOWN by January 31 and May 31 in tax year collected.

12. Pine Lane Lift Station All of the costs related to operating the Pine Lane lift station shall be shared between CITY and TOWN based on the number of single family residential connections and equivalent single family connections served in each jurisdiction. TOWN's proportionate share shall be included in the annual sewer service charge. In the event that TOWN is eventually able to physically divert its sewage away from the Pine Lane lift station, upon such diversion the TOWN's obligation to share in the costs of the lift station shall cease.

13. Minor Capital Improvements Included in the calculation of the above mentioned annual sewer service charge is an amount representing the cost of "minor" capital improvements at the Palo Alto Regional Water Quality Control Plant (RWQCP). Minor capital improvements are hereby defined as capital improvements which are

accomplished using funds shown in each year's operating budget for the Regional Water Quality Control Plant and identified as being for Minor Capital Improvements.

14. Major Capital Improvements Capital improvements at the RWQCP that are billed to the CITY by Palo Alto separately from the budgeted funds identified as being for Minor Capital Improvements shall be considered to be Major Capital Improvements.

(a) Share Payable by TOWN TOWN shall share in the actual costs to CITY of major capital improvements to the RWQCP as follows:

(1) When Revenue Bonds are used for financing capital improvements, the annual debt service shall be included in the annual Treatment Plant Expenses (Item 1 in Exhibit "C").

(2) For improvements that are financed by lump sum cash payments, CITY and TOWN shall mutually agree on the amount of TOWN's share and on the method of payment by a subsequent written agreement.

(b) Funding from Outside Sources Each party agrees to cooperate with the other in applications for grants or funds from outside sources to cover expansion, repair, or maintenance of facilities covered by this Agreement.

15. Approval of Sewer Main Extensions All sewer extensions involving mains and manholes within TOWN that are to be maintained pursuant to this Agreement shall be constructed in accordance with the CITY's Standard Specifications and in accordance with the minimum design standards of the CITY. Engineering plans for such sewer construction shall be sent by TOWN to CITY upon their receipt by TOWN. The City's Engineering Department shall promptly review such plans and submit comments thereon to the Los Altos Hills City Engineer. Final engineering plans for such sewer construction shall be approved by the Los Altos City Engineer prior to approval by the Los Altos Hills City Engineer.

16. Inspection of Sewer Main Extensions TOWN shall have the primary responsibility for the inspection and acceptance of sewer main extensions in TOWN. CITY retains the right to make construction inspections and to witness the balling and testing of all collector sewers constructed within TOWN if such sewers are to be maintained by CITY. CITY is to be notified when construction commences to assure the opportunity for inspections. CITY may reject responsibility for maintenance of sewer mains constructed without CITY's prior approval of construction plans or where the opportunity for inspections was not provided by TOWN.

17. Inspection of Sewer Lateral Construction TOWN shall have the primary responsibility for the inspection of individual sewer lateral construction in TOWN both on private property and in public rights of way. For laterals constructed in public rights of way or public sewer easements, TOWN shall provide CITY with information regarding exact location, date, and type of connection within ten (10) days of completion.
18. Connections to Existing CITY Maintained Sewers CITY retains the right to inspect all future direct connections to existing sewer mains maintained by CITY when such connections are being made. Not less than 24 hours advance notice of any proposed direct connection to a CITY maintained sewer main shall be furnished to CITY by TOWN prior to commencement of work on any such connection so as to provide CITY with the opportunity to inspect the actual connection to the sewer main.
19. Connections to CITY Owned Sewers CITY shall have the primary responsibility for the inspection of all connections made directly to sewer mains owned by CITY. The inspection of the sewer lateral construction, exclusive of the actual connection to the main, shall be as set forth in Section 17 above.
20. Backflow Prevention Devices TOWN shall require the installation of backflow prevention devices for all new sewer connections where the building served by the public sewer is so situated that

the lowest drain opening in the building is less than two (2) feet above the rim of the nearest upstream manhole. Such devices shall be installed so as to prevent the flow of sewage from publicly owned and maintained sewer mains into any building or structure.

21. Sewer Connection Permits Before connecting any individual dwelling or other structure in TOWN to any sewer facility that is or that eventually connects to a CITY maintained sewer, a CITY sewer connection permit must first be obtained for said connection from CITY. A sewer connection permit issued by the CITY shall be recognized as a TOWN sewer connection permit and the obtaining of a separate sewer connection permit from the TOWN shall not be required, except that the TOWN may notify the CITY in writing that after a specific date TOWN sewer connection permits must be obtained from the TOWN.

In order to obtain a CITY sewer connection permit, applicants must pay all appropriate fees established by CITY and TOWN. TOWN shall furnish CITY with all of its established fee schedules relating to sewers and shall send CITY written notification of any revisions affecting TOWN's sewer fees. CITY shall be responsible for collecting only those TOWN sewer fees that are in accordance with established fee schedules furnished to CITY by TOWN. TOWN fees shall be forwarded to TOWN by CITY on a quarterly basis. No administrative charge shall be applied to TOWN's fees.

in the area covered by this contract
TOWN shall send monthly reports of final building inspections, /
including sewer hook ups, on primary and secondary dwellings to
CITY to ascertain that all appropriate connections have obtained
permits from CITY.

CITY sewer permit fees shall be collected in accordance with the
Los Altos Municipal Code and this Agreement.

22. Fees Due Prior to Connection In addition to the sewer fees
established by the TOWN, the following fees shall be paid to CITY
by property owners or developers prior to issuance of a CITY
sewer connection permit:

- a. "Connection" fees shall be charged in accordance with
Section 5-6.103 (a) (1) of the Los Altos Municipal Code plus
an additional ten percent (10%). (Copy of current Municipal
Code Section attached as Exhibit "A")
- b. "Capacity Acquisition" fees shall be charged in accordance
with City of Los Altos Resolution No. 84-52 (Exhibit "B"
attached hereto) and any subsequently adopted City
resolutions establishing a schedule of capacity acquisition
charges. CITY shall not adopt any schedule of acquisition
charges which would increase the charge ~~until TOWN has had a
reasonable opportunity to review and comment on the proposed
new schedule of charges.~~ before the year 2000 without Town's prior
approval. Thereafter City shall not adopt any schedule of acquisition
charges until Town has had a reasonable opportunity to review and comment
on the proposed new schedule of charges.

c. "In Lieu of Assessment" fees shall be paid to CITY by properties connecting to a CITY owned sewer main if that property was either not in an assessment district or was assessed for a lesser number of connections than is subsequently proposed. The amount of the fee shall be computed by the Los Altos City Engineer based upon the share of the cost of said sewer main and facilities the connecting property would have paid had it been assessed by an assessment district. Properties connecting to sewer mains constructed by Town administered assessment districts shall not be required to pay "In Lieu of Assessment" fees to CITY, but may be required to pay such fees to the TOWN if such fees have been established by TOWN.

23. Unpaid Fees Upon learning that any person in TOWN has connected to the sewer system without having paid all appropriate fees due TOWN and/or CITY under the terms of this Agreement, either party to this Agreement shall promptly notify the other and furnish any information concerning the connection and the identity of the person making the connection which the notifying party has obtained.

TOWN and CITY shall cooperate in efforts to collect unpaid sewer fees and TOWN shall make every reasonable effort to see that CITY is paid all appropriate sewer fees due from persons in TOWN.

24. Determination of Unreported Connections It shall be the responsibility of TOWN to control and manage sewer connections from properties within TOWN. In cases where CITY has reason to believe that certain properties in TOWN may be connected to the public sewer system, but such connections have not been adequately verified and reported to CITY, an investigation may be requested by CITY. Upon receiving such a request, TOWN shall promptly investigate the connection status of a subject property and shall verify whether or not the subject property is in fact connected to the public sewer system. CITY forces shall cooperate with TOWN in such investigations by performing dye tests and making other physical inspections under the supervision of TOWN.

TOWN shall cooperate with CITY regarding the adoption by TOWN of any appropriate ordinances concerning sewer fees and service charges which would enable CITY and TOWN to collect any unpaid monies from the owners of property in TOWN whose connection to TOWN's/CITY's sewer system is discovered after the connection was made.

25. Street Work The raising to grade of sewer manhole frames and covers, owned by TOWN, required in connection with street resurfacing projects within TOWN shall be accomplished promptly by TOWN.

26. Sewer Master Plan TOWN shall adopt a Master Plan for the present and future development of the collector system to serve the area of TOWN covered by this Agreement (area within TOWN's Sewer Assessment District No. 4 and area served by Pine Lane lift station) within three (3) years from the effective date of this Agreement. Future construction of sewers shall be in conformance with the Master Plan to assure adequacy of system design and maintenance.

27. Limited Rights Except as expressly provided herein, nothing contained in this Agreement shall be deemed to give CITY or TOWN any ownership rights or any other right, title or interest in or to the other party's sanitary sewerage system, or any part thereof.

28. Breach and Remedies

(a) Breach of Covenants In case of a breach or alleged breach on the part of either party in the performance of any of its obligations hereunder, notice of said breach shall be given to it in writing by the other party, delivered to the office of the Clerk thereof, or mailed to said office registered mail, postage prepaid, and said party shall have seventy-five (75) days from the date of delivery to cure said breach.

(b) Remedies

(1) Cumulative Each remedy conferred hereby or by the law shall be cumulative and may be exercised without regard to any other remedy conferred hereby or by the law.

(2) Waiver No waiver of any default or breach of duty or contract shall affect any subsequent default or breach of duty or contract or shall impair any rights or remedies herein.

(3) Delays No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be constructed to be a waiver of any such default.

29. Term of Agreement The term of this Agreement shall commence on July 1, 1984, and shall continue thereafter from year to year until terminated by either party hereto. Either party may terminate this Agreement on June 30th of any year by the giving of at least six (6) months written notice to the other party.

30. Insurance CITY shall maintain insurance covering the operations of CITY, its equipment and personnel, both within the limits of CITY and the limits of TOWN, and said insurance policies shall provide that they may not be cancelled without thirty (30) days written notice to TOWN. TOWN shall maintain insurance covering the operations of TOWN, its equipment and personnel, both within

the limits of CITY and the limits of TOWN, and said insurance policies shall provide that they may not be cancelled without thirty (30) days written notice to CITY. The insurance carried by each party pursuant to this paragraph shall name the other party as an additional insured, and a certificate stating coverage shall be sent to each party yearly.

31. Indemnification TOWN and CITY agree to each defend, save and hold harmless the other municipal corporation, and its respective officers, agents and employees from and against any and all claims, demands, suits, causes of actions, orders, decrees, or judgements for injury, or death, or damage to person or property, loss, damage and liability (including all costs and attorney's fees incurred in defending any claim, demand or cause of action) regardless of the theory or basis upon which the same may be instituted or brought, occasioned by, growing out of, or arising or resulting from any negligent error, omission or act on the part of TOWN or CITY, or its respective agents or employees as a result of the performance by TOWN or CITY of any acts required to be performed by TOWN or CITY, as the case may be, under this Agreement.

32. Records Each party hereto shall have the right to audit the books and records of the other pertaining to the matters covered by this Agreement.

33. 1961 Agreement From and after the effective date hereof, the 1961 Agreement shall be terminated, suspended, and of no further force or effect.

34. General Provisions This writing constitutes the entire Agreement between the parties hereto and no oral modifications may be made. Any and all prior oral agreements between the parties have been incorporated in full into this Agreement. If any provision of this Agreement is held invalid, void or unenforceable by a court of competent jurisdiction, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated. This Agreement may be modified only by an instrument signed and executed by duly authorized executives and ratified by respective City Councils of CITY and TOWN.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the _____ day of _____, 198__.

ATTEST:

CITY OF LOS ALTOS
A Municipal Corporation,

Annie Thomson
City Clerk

BY Harry Kallshorn
Mayor

APPROVED AS TO FORM:

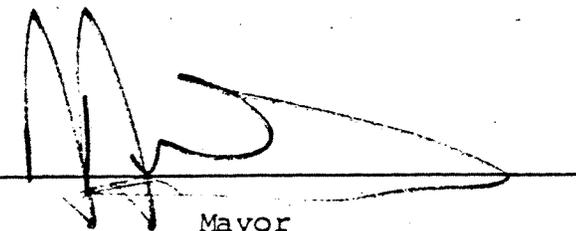
/s/ Robert K. Booth, Jr.
Los Altos City Attorney

CITY OF THE TOWN OF LOS ALTOS HILLS,
A Municipal Corporation,

ATTEST:



City Clerk

By 

Mayor

APPROVED AS TO FORM:

Los Altos Hills City Attorney

EXHIBIT A

Sec. 5-6.100. Connection charges.

(a) *Los Altos Sewer System.*

(1) Connection charges to connect to the Los Altos Sewer System for property located in the City limits shall be Ninety-Five and no/100ths (\$95.00) Dollars per connection unit.

(2) Connection charges to connect to the Los Altos Sewer System for property located outside the City limits shall be One Hundred Ninety and no/100ths (\$190.00) Dollars per connection unit unless another rate is specifically agreed upon prior to connection by resolution of the Council.

(b) *Capacity rights.* No charge shall be made by the City for connections to the sanitary sewer system where the property has been assessed for, and has paid, or a lien has been established for capacity rights in the system in connection with assessment proceedings conducted by the City. Such charge for capacity rights shall be at least equal to the amount which would otherwise be charged pursuant to this section for each connection unit. Any connections over and above the number charged for the parcel in the assessment proceedings shall be paid, prior to issuance of a permit, in accordance with the then established connection charge.

(c) *Determination of connection units.* Connection units shall be determined in accordance with the following schedule:

<i>Type of Connection</i>	<i>Number of Connection Units</i>
Residential	1 per residence, residential unit, or apartment
All other	1 plus 1 additional unit for each 10 plumbing fixtures or fraction thereof over 10 ("plumbing fixtures" shall be as defined in the Uniform Plumbing Code)

(d) *St. Joseph Sewer System.* Connection charges for connections to the St. Joseph Sewer System and tributary sewers covered by reimbursing contracts, including, but not limited to, the Vista Los Altos Sewer System, shall be as follows:

(1) For each single-family residence connection, Ninety-Five and no/100ths (\$95.00) Dollars;

(2) For other than residence connections, Two Hundred Fifty and no/100ths (\$250.00) Dollars per acre, or fraction thereof;

(3) In the event such system is used as a collector by the individual connecting, an additional connection charge of Two and no/100ths (\$2.00) Dollars per lineal foot of frontage shall be made for each connection from property directly fronting on such sewer line extension; provided, however, the minimum charge for each connection with any such property having a frontage of eighty (80') feet or less shall be One Hundred Sixty and no/100ths (\$160.00) Dollars; the maximum charge for each connection with any such property having a frontage greater than eighty (80') feet but less than 200 feet shall be Four Hundred and no/100ths (\$400.00) Dollars; and the charge for each connection with any such property having a frontage of more than 200 feet shall be fixed by negotiation at the time of connection. In the event any system or tributary is used as a trunk rather than as a collector, the only charge shall be Ninety-Five and no/100ths (\$95.00) Dollars for each single-family residence connection or for all others Two Hundred Fifty and no/100ths (\$250.00) Dollars per acre, or fraction thereof.

(§§ 3, 4, Ord. 138, as amended by § 2, Ord. 323, eff. June 24, 1965, and § 1, Ord. 350, eff. April 21, 1966)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ALTOS
ESTABLISHING A SCHEDULE OF SEWER CAPACITY ACQUISITION CHARGES

WHEREAS, the City of Los Altos by virtue of Resolution 67-52 has indicated its willingness to accept connections for sewer service from outside its incorporated limits, and

WHEREAS, the City of Los Altos by virtue of Resolution 69-7, a copy of which is hereto attached as Exhibit 'A', established a schedule of capacity acquisition charges for sewer service, and

WHEREAS, said schedule does not specify amounts beyond 1984, and

WHEREAS, the City of Los Altos will continue to accept connections for sewer service from outside its incorporated limits beyond 1984.

NOW, THEREFORE, BE IT HEREBY RESOLVED that, in equity, the following schedule of capacity acquisition charges for the calendar years through 2000 be adopted:

Calendar Year	1985	\$ 713.20
	1986	784.52
	1987	862.97
	1988	949.26
	1989	1,044.19
	1990	1,148.61
	1991	1,263.47
	1992	1,389.82
	1993	1,528.80
	1994	1,681.68
	1995	1,849.85
	1996	2,034.83
	1997	2,238.31
	1998	2,462.15
	1999	2,708.36
	2000	2,979.20

* * * *

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Council of the City of Los Altos at a meeting of said Council held on the 17th day of July, 1984, by the following roll call vote:

AYES: Mayor Kallshian, Councilmen Cullinan, Eng, Verlot,
and Councilwoman Reed

NOES: None

ABSENT: None

Darryl Kallshian
Mayor

EXHIBIT "C"

DETERMINATION OF ANNUAL SEWER CHARGES FOR TOWN OF LOS ALTOS HILLS

The CITY shall prepare an estimate of costs no later than May 15 of each year for the purpose of determining the annual charge for sewer service in TOWN for the following fiscal year (July 1 - June 30). The background for the cost estimation and the proposed Resolution fixing the annual charge shall be submitted to TOWN. CITY shall notify TOWN if no rate adjustment is to occur. When a delay occurs in receiving information from the City of Palo Alto, CITY shall submit the information available and shall furnish the Palo Alto information when received. For purposes of the historical cost data relative to Items 3 and 4, prior service years shall cover the period of April 1 through March 31, and TOWN shall be notified if any changes in these dates are proposed.

This estimate will include the following seven items:

ITEM 1 - TREATMENT PLANT EXPENSES

Annual Treatment = 300 gal. per day X 365 days X cost of
 Cost per Unit treatment per gal.*

*Cost of treatment per gallon shall be based on estimates prepared by the City of Palo Alto and shall be on the total estimated treatment cost to Los Altos divided by the total estimated flow from the Los Altos service area.

The projected cost per unit shall be adjusted by the difference between the actual and estimated cost per unit for the previous complete fiscal year (for example, in computing the cost for FY 85-86 in May of 1985, the adjustment will be based on the difference between actual and estimated costs for FY 83-84).

ITEM 2 - TRUNK SEWER MAINTENANCE COSTS

Annual Trunk Maintenance = $\frac{300 \text{ gal/day}}{\text{Total Trunk Flow per day}}$ X Estimated total
 Cost per Unit annual trunk
 maintenance cost*

*Cost to be estimated by Los Altos City Engineer and identified in each year's operating budget.

ITEM 3 - COLLECTION SYSTEM MAINTENANCE COSTS

Cost of collection system maintenance in TOWN shall be based on actual services provided.

$$\text{Cost of Collection System Maintenance per Unit} = \frac{1}{\text{Total No. of Town Units}} \times \text{Estimated collection system maintenance cost in TOWN*}$$

*Based on hours of service and at an hourly rate including labor, fringe benefits, equipment, materials, and incidental services. The hourly rate shall be determined each year by the Los Altos City Engineer and shall be identified in the CITY's operating budget.

The number of hours of service shall be estimated by averaging the hours of service for the previous three years. In years prior to FY 82-83, the hours of service shall be estimated and from FY 82-83 and beyond, actual time records of hours of service will be used. If in the previous service year the City incurred "outside" costs (i.e. emergency repair work by contractors, sewage backup damages, etc.), the maintenance cost estimate based on hours of service shall be adjusted so as to reimburse the CITY for "outside" costs.

ITEM 4 - PINE LANE LIFT STATION EXPENSES

$$\text{Cost of Pine Lane Lift Station per Unit} = \frac{1}{\text{Total Number of TOWN units}} \times \frac{\text{No. of TOWN units through station}}{\text{Total Units through station}} \times \text{Estimated annual cost of maintenance and operation*}$$

*Cost to include labor, fringe benefits, equipment, materials, electricity, alarm system costs, an allocation for future equipment replacement, and any other services directly related to the lift station. Labor hours shall be estimated using the average of the previous three years of actual hours of service.

ITEM 5 - INCIDENTAL COSTS

Item 5a - Engineering and Supervision

A fee of 7% of Items 1 through 4 shall be included in the annual charge for Engineering and Supervision.

Item 5b - General Overhead Expenses

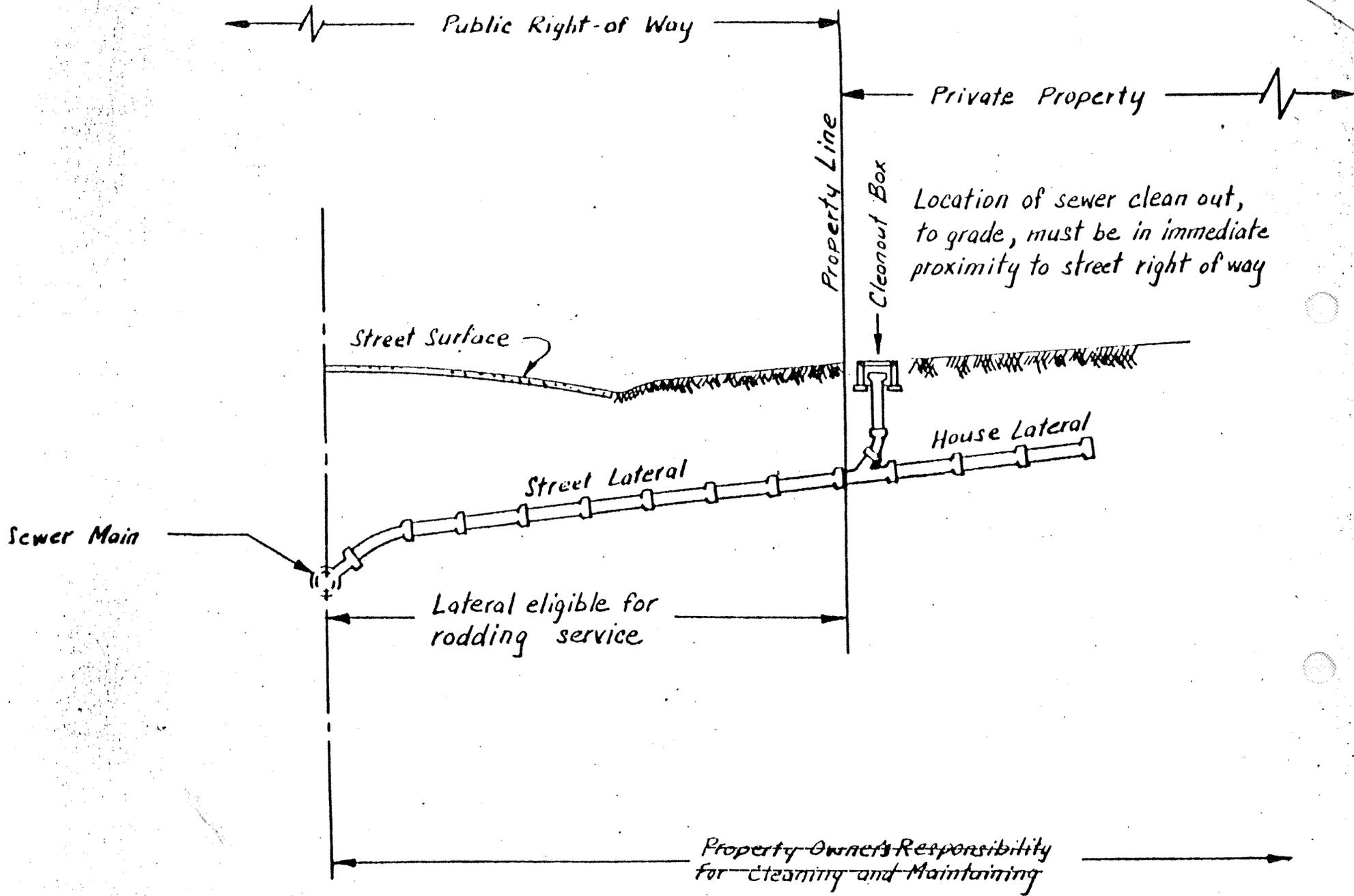
A fee of 8% of Items 1 through 4 shall be included in the annual charge for General Overhead Expenses.

ITEM 6 - TOWN'S SEWER RESERVE FUND

The annual sewer service charge shall include a charge for the TOWN's Sewer Reserve Fund at the written request of TOWN. The amount shall be established by TOWN and shall be included by CITY in the annual sewer service charge. CITY may decline to include reserve funds in years in which no rate changes are proposed but in the third consecutive year with no change, CITY shall include funds for reserve if so requested. Funds are to be paid to TOWN by January 31 and May 31 in tax year collected.

SUMMARY

The total annual sewer service charge per unit for TOWN properties served by CITY shall be the sum of Items 1 through 6.



CROSS SECTION

DEFINING LATERAL RODDING SERVICE

RESOLUTION NO. 16-85

RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF
SEWER AGREEMENT BETWEEN THE CITY OF THE TOWN OF
LOS ALTOS HILLS AND THE CITY OF LOS ALTOS

RESOLVED, by the City Council of the City of the Town of Los Altos Hills, County of Santa Clara, State of California, that

WHEREAS, heretofore on or about July 11, 1961 the City Council of the City of the Town of Los Altos Hills (herein called "The Town") and the City of Los Altos entered into an agreement relating to the transportation and treatment of sewage emanating from a portion of the Town; and

WHEREAS, the City Council of the City of the Town of Los Altos Hills has read and considered that certain "Sewer Agreement between the City of Los Altos and the City of the Town of Los Altos Hills" (herein called "The Agreement") wherein the 1966 Sewer Service Agreement would be replaced,

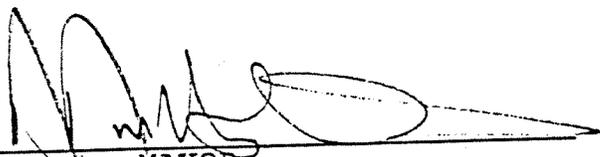
NOW, THEREFORE, IT IS HEREBY FOUND, ORDERED AND DETERMINED as follows:

1. Public interest and convenience require the entering into of the Agreement described above and the City of the Town of Los Altos Hills hereby approves the above described Agreement.

2. The City of the Town of Los Altos Hills shall enter into and the Mayor and the City Clerk of the City of the Town of Los Altos Hills, and they and each of them hereby is, authorized and directed

on behalf of said City, respectively, to execute and attest the Agreement between the City of Los Altos and the City of the Town of Los Altos Hills.

REGULARLY PASSED and ADOPTED this 6th day of March 1985.


MAYOR

ATTEST:


CITY CLERK

JUL 21 1993

SEWER AGREEMENT BETWEEN THE CITY OF LOS ALTOS AND THE CITY OF THE
TOWN OF LOS ALTOS HILLS

FIRST AMENDMENT TO AGREEMENT

This is the first amendment to that certain agreement between the City of Los Altos (City) and the City of the Town of Los Altos Hills (Town) entitled SEWER AGREEMENT BETWEEN THE CITY OF LOS ALTOS AND THE CITY OF THE TOWN OF LOS ALTOS HILLS, entered into on March 26, 1985.

The parties agree that:

1. Section 3, Interim Limit on Connections, is amended by adding the following sentence to the end of this section:

Furthermore, nothing in this Agreement obligates Town to provide sewer connections to those who have acquired capacity rights or to those who have not.

2. Section 5d, Ownership of Sewers, is amended in full to read:

The sewer mains and appurtenances thereto, exclusive of laterals serving TOWN residents, that lie within O'Keefe Lane from and including the manhole from 350 feet, more or less, easterly of Dianne Drive to El Monte Avenue, shall vest in and be the property of CITY.

3. Section 10, Sewer Service Charge is amended in full to read:

The annual sewer service charge shall reimburse CITY for its costs incurred in transporting and treating sewage emanating from TOWN and costs associated with maintaining and operating a portion of TOWN's sewer system, Pine Lane Lift Station, O'Keefe Lift Station, and certain shared sewer mains and trunk lines. For the service and use to be provided by the CITY under terms hereof, CITY shall charge an annual sewer service charge to properties within the corporate limits of TOWN in accordance with revised Exhibit "C" attached hereto and incorporated herein by reference. Upon determining the amount of the annual sewer service charge for the next fiscal year, CITY shall notify TOWN in writing no later than April 15th of each year. The CITY may include the annual sewer service charges on the County property tax billings for properties within TOWN by submitting the individual charges directly to the County Tax Collector by CITY only after TOWN has had a reasonable opportunity to review the proposed annual sewer service charge. If the Town has not approved by resolution the amount of the proposed annual sewer service charge by May 15, of any year, CITY may process charges to Tax Collector subject to a mutually agreed upon adjustment to the following year's sewer service charge.

4. Section 12, Pine Lane Lift Station is amended in full to read:

12. Pine Lane Lift Station and O'Keefe Lift Station All of the costs related to operating the Pine Lane Lift Station and O'Keefe Lift Station shall be shared between CITY and TOWN based on the number of single family residential connections and equivalent single family connections served in each jurisdiction. TOWN's proportionate share shall be included in the annual sewer service charge. In the event that TOWN is eventually able to physically divert its sewage away from the Pine Lane Lift Station, upon such diversion the TOWN's obligation to share in the costs of the lift station shall cease.

5. Section 21, Sewer Connection Permits, is amended in full to read:

Before connecting any individual dwelling or other structure in Town to any sewer facility that is or that eventually connects to a City maintained sewer, in addition to any permits required by Town, a City sewer connection permit must first be obtained for said connection from City. In order to obtain a City sewer connection permit, applicants must pay all appropriate fees established by City. In order to obtain any necessary Town permits, applicants must pay all appropriate fees established by Town.

Town shall send quarterly reports of final building inspections, including sewer hook-ups on primary and secondary dwellings, in the geographical area covered by this Agreement, to City to ascertain that all appropriate connections have obtained permits from City.

City sewer permit fees shall be collected in accordance with the Los Altos Municipal Code and this Agreement.

6. Exhibit "C", DETERMINATION OF ANNUAL SEWER SERVICE CHARGES FOR TOWN OF LOS ALTOS HILLS first paragraph is amended as shown on the revised Exhibit C attached hereto.

7. Except as amended herein, all terms and conditions of said agreement shall remain in full force and effect.

JUL 21 1993

WHEREFORE the parties have entered into this amendment to agreement on the dates shown below:

"TOWN"

"CITY"

CITY OF TOWN OF LOS ALTOS
HILLS, a municipal corporation.

CITY OF LOS ALTOS, a municipal
corporation.

DATE April 7, 1993

DATE 6-24-93

By:

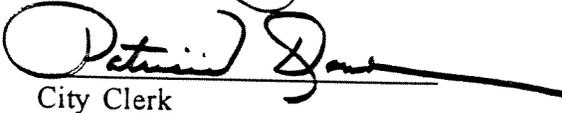


City Manager

By:



City Manager

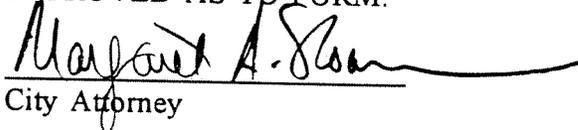


City Clerk



City Clerk

APPROVED AS TO FORM:



City Attorney

APPROVED AS TO FORM:



City Attorney

Revised January 14, 1993

EXHIBIT "C"

DETERMINATION OF ANNUAL SEWER CHARGES FOR TOWN OF LOS ALTOS
HILLS

The CITY shall prepare an estimate of costs no later than April 15th of each year for the purpose of determining the annual charge for sewer service in TOWN for the following fiscal year (July 1 - June 30). The background for the cost estimation and the proposed Resolution fixing the annual charge shall be submitted to TOWN. City shall notify TOWN if no rate adjustment is to occur. When a delay occurs in receiving information from the City of Palo Alto, CITY shall submit the information available and shall furnish the Palo Alto information when received. For purposes of the historical cost data relative to Items 3 and 4, prior service years shall cover the period of March 1 through February 28 (or February 29 in leap years), and TOWN shall be notified if any changes in these dates are proposed.

This estimate will include the following seven items:

ITEM 1 - TREATMENT PLANT EXPENSES

Annual Treatment Cost per unit =

300 gallons per day x 365 days x cost of treatment per gallon *

* Cost of treatment per gallon shall be based on estimates prepared by the City of Palo Alto and shall be on the total estimated treatment cost to Los Altos divided by the total estimated flow from Los Altos service area.

The projected cost per unit shall be adjusted by the difference between the actual and estimated cost per unit for the previous complete fiscal year (for example, in computing the cost for FY 93-94 in April of 1993, the adjustment will be based on the difference between actual and estimated costs for FY 91-92).

ITEM 2 - TRUNK SEWER MAINTENANCE COSTS

Annual Trunk Maintenance Cost per Unit =

300 gallons per day x Estimated total annual trunk maintenance cost *
Total Trunk Flow per day

* Cost to be estimated by Los Altos City Engineer and identified in each year's operating budget.

ITEM 3 - COLLECTION SYSTEM MAINTENANCE COSTS

Cost of collection system maintenance in TOWN shall be based on actual services provided.

Cost of Collection System Maintenance per Unit =

$$\frac{\text{Estimated collection system maintenance cost in TOWN}^*}{\text{Total Number of Town Units}}$$

* Based on hours of service and at an hourly rate including labor, fringe benefits, equipment, materials, and incidental services. The hourly rate shall be determined each year by the Los Altos City Engineer and shall be identified in the City's operating budget.

The number of hours of service shall be estimated by averaging the hours of service for the previous three years. In years prior to FY 82-83, the hours of service shall be estimated and from FY 82-83 and beyond, actual time records of hours of service will be used. If in the previous service year the City incurred "outside" costs (i.e. emergency repair work by contractors sewage backup damages, etc.), the maintenance cost estimate based on hours of service shall be adjusted so as to reimburse the CITY for "outside" costs.

ITEM 4 - LIFT STATION EXPENSES

Cost of lift station expenses per unit =

$$\frac{\text{TOWN's cost of Pine Lane} + \text{TOWN's cost of O'Keefe}}{\text{total number of TOWN units in the Los Altos Basin}}$$

Item 4a - where TOWN's Cost of Pine Lane-Lift Station-per-Unit =

Number of TOWN units using through Pine Lane Lift Station Total number of TOWN units using Pine Lane Lift Station	x	Estimated annual cost of maintenance and operation* of Pine Lane Lift Station Total-units-through-station
---	---	---

* Cost to include labor fringe benefits, equipment, materials, electricity, alarm system costs, an allocation for future equipment replacement, and any other services directly related to the lift station. Labor hours shall be estimated using the average of the previous three years of actual hours of service.

Item 4b - and TOWN's Cost of O'Keefe Lift Station per Unit =

Number of TOWN units using through O'Keefe Lift Station x Total number of TOWN -units using O'Keefe Lift Station	Estimated annual cost of maintenance and operation* <u>of O'Keefe Lift Station</u> Total units through station
---	---

* Cost to include labor fringe benefits, equipment, materials, electricity, alarm system costs, an allocation for future equipment replacement, and any other services directly related to the lift station. Labor hours shall be estimated using the average of the previous three years of actual hours of service.

ITEM 5- INCIDENTAL COSTS

Item 5a - Engineering and Supervision

A fee of 7% of Items 1 through 4 shall be included in the annual charge for Engineering and Supervision.

Item 5b - General overhead Expenses

A fee of 7.8% of Items 1 through 4 shall be included in the annual charge for General Overhead Expenses

ITEM 6- TOWN'S SEWER RESERVE FUND

The annual sewer service charge shall include a charge for the TOWN's Sewer Reserve Fund at the written request of TOWN. The amount shall be established by TOWN and shall be included by CITY in the annual sewer service charge. CITY may decline to include reserve funds in years in which no rate changes are proposed but in the third consecutive year with no change, CITY shall include funds for reserve if so requested. Funds are to be paid to TOWN by January 31 and May 31 in tax year collected.

SUMMARY

The total annual sewer service charge per unit for TOWN properties served by CITY shall be the sum of Items 1 through 6.

**AGREEMENT BETWEEN THE CITY OF LOS ALTOS AND THE TOWN OF LOS
ALTOS HILLS FOR TRANSPORTATION, TREATMENT AND DISPOSAL OF
SEWAGE**

This agreement is made and entered into this 26th day of January 2007 by and between the **CITY OF LOS ALTOS**, hereinafter called "CITY," and the **TOWN OF LOS ALTOS HILLS**, hereinafter called "TOWN."

RECITALS

A. CITY is a partner of the Palo Alto Regional Water Quality Control Plant, hereinafter called "PARWQCP," and has constructed a sanitary sewer system within CITY, and a trunk main from CITY to a flow metering station located at or near the former Los Altos sewage treatment plant property at 1275 North San Antonio Road, Los Altos, CA.

B. CITY and TOWN are parties to an agreement, dated March 26, 1985 and amended June 24, 1993 (copies of which agreement and amendment are attached hereto as Exhibit A and Exhibit B), that, in part, provides for the transportation, treatment, and disposal of sewage emanating from a portion of the TOWN known as the "LOS ALTOS BASIN" ("the Previous Agreement").

C. The Previous Agreement limited the number of residential sewer connections, or "capacity units," to 1,100. A "capacity unit" was defined as the total flow generated from each single family residential connection, which was 300 gallons per day. Thus, it was estimated that upon the connection of all 1,100 residential units the TOWN would discharge approximately 330,000 gallons per day.

D. All 1,100 capacity rights available to residents and property owners in the TOWN have been acquired, but only approximately 900 connections to the system have been made.

E. When all 1,100 capacity rights had been acquired, it imposed a de facto moratorium on new sewer connections, since no capacity rights were available. Therefore, on March 13, 2001, and on February 15, 2006, the parties entered into agreements, which, as an interim measure, allowed the TOWN to authorize, respectively, 125 capacity units and 25 capacity units, for a total of 1,250 capacity units. In exchange, TOWN agreed to accept responsibility for any liability associated with the additional capacity rights acquired in the TOWN

F. The parties now desire, pursuant to the terms and conditions set forth in this Agreement, to alter their relationship to an arrangement whereby the TOWN is entitled to discharge 339,900 gallons per day, as measured by to-be-installed flow meters, to the CITY's sewer system (notwithstanding the number of capacity rights previously issued either by the TOWN or the CITY) and whereby the TOWN will allocate capacity rights and sewer connections among the residents and property owners in the TOWN.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Effect of Agreement; Term.

(a) The Previous Agreement had limited the amount of flow from the TOWN by limiting the number of capacity units available. This agreement instead allocates a certain amount of flow to the TOWN, which will be measured by to-be-installed flow meters, and permits the TOWN to allocate that flow among its customers in any manner it sees fit

(b) This agreement shall supersede all previous joint sanitary sewerage system maintenance and operations agreements and amendments thereto that have been entered into between the parties. Said agreements are hereby terminated as of the Effective Date.

(c) This agreement shall commence on January 26, 2007 ("the Effective Date") and shall continue thereafter from year to year until termination by either party hereto. Either party may terminate this agreement by providing notice. Termination will be effective three (3) years from the date of notice.

2. TOWN'S Responsibilities Concerning Capacity Rights

(a) Under the Previous Agreement, some residents and property owners in the TOWN had purchased capacity units from CITY. TOWN hereby accepts responsibility for, and any liability associated with, all sewer capacity rights purchased and fees paid by customers in the TOWN's Urban Service Area prior to the Effective Date, with the exception of any sewer capacity right within the area served by the Summerhill Avenue main as shown on Exhibit C. CITY shall provide copies to TOWN of all records in its possession relating to the sale of sewer capacity rights to customers in TOWN's Urban Service Area. TOWN agrees to defend and hold harmless CITY from all actions taken against CITY relating to the transfer of these capacity rights to TOWN and for all claims arising from the prior issuance of permits and capacity rights and fees collected. Following the Effective Date, TOWN shall be solely responsible for allocating sewer capacity rights and issuing sewer connection permits for connections to TOWN's sewer system. TOWN will provide a summary and supply CITY copies of all sewer permits issued, including number of connections, number of living units for each connection, and new second living unit permits issued for current connections.

3. Ownership, Maintenance, and Regulation of Collection Systems.

(a) Except as noted below, TOWN shall continue to own those portions of the sewer system within TOWN and within its Urban Service Area, and ownership of all CITY-owned sewer facilities (including pipes and other appurtenances) within TOWN and within its Urban Service Area hereby transferred from CITY to TOWN. By July 1, 2007, CITY shall deed (or otherwise provide a permanent right to use) any easements and rights-of-way in which the CITY-owned facilities exist to TOWN. In the meantime, CITY hereby grants an irrevocable license to TOWN for the purposes of operating and maintaining the existing sewer facilities.

(b) Notwithstanding the previous subsection, the following facilities within the TOWN's Urban Service Area shall be owned by CITY and not by the TOWN, and to the extent the facilities are presently owned by TOWN they shall be transferred to CITY.

(i) The sewer mains and appurtenances thereto, exclusive of mains and laterals serving TOWN residents and entering from TOWN, that lie within Summerhill Avenue and that portion of Magdalena Avenue between Summerhill Avenue and Hillview Avenue shall vest in and be the property of CITY. The location and property served by these sewer mains are shown on Exhibit C.

(ii) All easements and rights of way and the pipes and appurtenances thereto, exclusive of laterals serving TOWN residents, in the El Monte Trunk Sewer as defined by City Project No. 1959-8 running from University Avenue in CITY southerly through TOWN to the intersection of Moody Road and Elena Road. The location and property served by these sewer mains are shown on Exhibit D.

(iii) All easements and rights of way and the pipes and appurtenances thereto, exclusive of laterals serving TOWN residents, in the Adobe Creek Sewer as defined by City Project No. 1962-18 running generally along Adobe Creek downstream of O'Keefe Lane and Upstream of West Edith Avenue, shall vest in and be the property of CITY. The location and property served by these sewer mains are shown on Exhibit E.

(iv) The sewer mains and appurtenances thereto, exclusive of laterals serving TOWN residents, that lie within O'Keefe Lane easterly of Adobe Creek shall vest in and be the property of CITY. The location and property served by these sewer mains are shown on Exhibit F.

(c) By July 1, 2007, TOWN shall deed (or otherwise provide a permanent right to use) any necessary easements and rights-of-way in which the transferred TOWN-owned facilities exist to CITY. In the meantime, TOWN hereby grants an irrevocable license to CITY for the purposes of operating and maintaining the existing sewer facilities within the CITY.

The portions of the sewer collection system within TOWN's Sphere of Influence owned by TOWN are hereinafter referred to as "the TOWN Collection System," and the portions of the sewer collection system within TOWN's Sphere of Influence owned by City and the sewer collection system within CITY and CITY's Sphere of Influence are hereinafter referred to as "the CITY Collection System."

(d) CITY shall continue to be the sole provider of sewer service to Foothill College and shall be responsible for all billings for said service. City will fund the design, construction and maintenance of flow meters to measure flow emanating from Foothill College.

(e) Effective July 1, 2007, TOWN will assume responsibility for maintenance and operation of the TOWN Collection System. Until July 1, 2007, CITY will bill TOWN for the maintenance and operation of the TOWN Collection System based on the terms and conditions of the Previous Agreement. CITY shall cease such billing upon TOWN's assumption of maintenance responsibilities of the TOWN Collection System on July 1, 2007.

(f) Effective July 1, 2007, TOWN will assume responsibility for making all necessary arrangements with Santa Clara County to distribute TOWN's sewer user fees to the TOWN. Until such time, CITY shall make such arrangements as had been made under the Previous Agreement and bill TOWN under the terms and conditions of the Previous Agreement.

(g) TOWN shall be responsible for complying with all local, state, and federal regulations related to the TOWN sewer collection system.

4. Right to Discharge. The TOWN's existing right to discharge into CITY's sewer lines domestic sewage emanating from the LOS ALTOS BASIN, which is the territory shown on Exhibit G, attached hereto and incorporated herein by reference, and which includes territory both within and without the TOWN, shall continue and be subjected to all conditions, limitations, restrictions, terms and provisions contained in this Section.

(a) Maximum Allowable Volume of Discharge. TOWN shall be allowed 339,900 gallons per day total flow ("the Maximum Daily Flow"), or 124.06 million gallons per year ("the Maximum Annual Flow"), as measured by the combination of all flow meters in the LOS ALTOS BASIN, excepting the flow meters installed by CITY to measure flow from Foothill College. This total flow amount is inclusive of base sanitary flow, groundwater infiltration, and rainfall dependent infiltration and inflow. When the sewage flow from the LOS ALTOS BASIN reaches eighty percent (80%) of the allowable maximum volume of discharge, TOWN agrees to notify CITY and to perform an engineering study (Master Plan) to address future capacity needs, which shall include implementation systems to meet the future capacity needs. TOWN and CITY shall agree upon the scope of work for the engineering study (Master Plan) prior to beginning the study.

(b) Wet Weather Flow Allowance. TOWN will be allowed to exceed the maximum allowable daily flow during wet weather periods in the same proportion as CITY wet weather flow exceeds CITY dry weather flow during the wet weather flow periods. The proportional allowance shall be determined by comparing CITY flow during the wet weather periods versus CITY dry weather flow from the previous summer months, both of which shall be measured at the metering station at the PARWQCP. CITY dry weather flow base line will be established by using the average flow volume during the months of July through September as measured by the metering station at the PARWQCP.

(c) The formula used to determine the TOWN's wet weather flow allowance shall be:

$$\frac{\text{TOWN daily wet weather flow}}{\text{TOWN'S Maximum Daily Flow}} < \text{ or } = \frac{\text{CITY daily wet weather flow}}{\text{CITY avg. daily flow (July through Sept.)}}$$

This wet weather flow allowance does not provide the TOWN with any additional right to capacity, and TOWN is not permitted to exceed its Maximum Annual Flow of 124.06 million gallons per year.

(d) TOWN Limitation on Sewer Connection and/or Sewer Connection Permits if Maximum Allowable Flow is Exceeded. If TOWN exceeds (a) the Maximum Daily Flow on any day during a non-wet weather period, (b) the Maximum Daily Flow plus the wet weather flow allowance during a wet weather period, or (c) the Maximum Annual Flow, TOWN will immediately suspend the issuance of sewer connections and/or sewer connection permits

from the date the Maximum Daily Flow or Maximum Annual Flow is exceeded until the flow volume is less than or equal to the maximum allowable flow. Financial penalties for exceeding the Maximum Daily Flow or Maximum Annual Flow will not be assessed unless sewer connections and/or sewer connection permits are allowed by TOWN during the period in which the Maximum Daily Flow or Maximum Annual Flow is exceeded.

(e) Financial Penalty for Exceeding Maximum Allowable Volume of Flow. If TOWN allows new connections to the sewer system and/or issues sewer connection permits during the period in which the Maximum Daily Flow or Maximum Annual Flow is exceeded, TOWN will pay a fine as outlined in the table below, and 100% of actual costs associated with exceeding capacity including, but not limited to, additional treatment costs, entire cost of upsizing mains, entire cost of fines and/or penalties from the PARWQCP, including any fines and/or penalties from any state or federal agencies, and notwithstanding paragraph 12, TOWN shall be responsible for indemnifying, defending and holding harmless CITY for claims arising from overflows caused by TOWN's excessive sewage discharge. Penalties will begin accruing from the date that the Maximum Daily Flow or Maximum Annual Flow is exceeded and will cease when the flow volume is less than or equal to the Maximum Daily Flow or Maximum Annual Flow.

Days of Exceeding Max. Allowable Flow	Daily Financial Penalty
0-90 days	Double the cost of sewage treatment ¹ per day
90-180 days	Four times the cost of sewage treatment ¹ per day
More than 180 days	Eight times the cost of sewage treatment ¹ per day

Note 1. Cost of sewage treatment per day will be the total of sewage treatment costs for the preceding six months divided by 182.5 days.

If the Town exceeds its maximum allowable flow volume at any time during the first six months from the time that flow meter data is available from the metering stations, the City will allow the Town to correct the flow violation and waive any financial penalties accrued during this period. Financial penalties will be imposed if necessary following the initial six month period that the flow meters are in operation.

(f) Notwithstanding the provisions of this Section 4d. above, TOWN will not be assessed financial penalties for exceeding maximum allowable flow volume prior to January 1, 2009.

(g) Cost of Sewage Treatment. CITY shall bill TOWN for the actual costs of treatment of TOWN flow based upon measured flow from metering stations ("TOWN Costs of Treatment"). Actual costs of treatment shall include all costs that PARWQCP bills CITY including, but not limited to plant operations and maintenance, minor and major capital improvements, source control program, public outreach, permitting and enforcement, and bond debt service ("Total Costs of Treatment"). TOWN Costs of Treatment shall be determined by the following formula based on the billing period:

TOWN Cost of Treatment = (TOWN flow/Total flow CITY and TOWN at master meter)
multiplied by (Total Cost of Treatment based on PARWCQP billings)

5. Acquisition of Additional Flow Capacity. In the event that TOWN requires additional flow capacity, TOWN will be responsible for securing the additional capacity from one or more of the partners in the PARWQCP, that is, the City of Palo Alto or the City of Mountain View. Any agreement between TOWN and one or more of the PARWQCP partners which transfers capacity for the TOWN's use will be accepted by CITY as part of their PARWQCP partnership ratio. Said capacity will be added to the maximum allowable volume of discharge established in Section 4 for the exclusive use of TOWN following mutual written agreement of the PARWQCP partner cities and amendment of this agreement.

6. Measurement of Volume of TOWN Flow. TOWN Flow shall be measured continuously at flow meter stations where TOWN sewage flow enters CITY's collection system.

(a) CITY will design, construct, operate and maintain flow metering stations at the following locations:

- (i) Eastbrook Avenue/Westbrook Avenue
- (ii) Putter Way/Niblick Avenue at I-280,
- (iii) O'Keefe Lane at El Monte Road,
- (iv) Summerhill Avenue at Magdalena Avenue,
- (v) Edith Avenue at City Limits,

(vi) West of Pine Lane Lift Station near Foothill Expressway. This flow meter will be eliminated if TOWN transfers flow anticipated at this location to the City of Palo Alto collection system.

CITY will provide TOWN with data from the meters and, upon request, provide TOWN with the ability to verify calibration of meters.

(b) TOWN will fund costs of design, construction, operation, and maintenance of the flow metering stations. Within 30 days of execution of this agreement, TOWN shall deposit with CITY an amount not less than \$50,000 for design of the flow metering stations. Any unused portion of this amount will be used to fund the construction, inspection, and contract administration of the flow meter installations. If there is a shortfall of funds for design, CITY will notify TOWN of the shortfall. TOWN will remit shortfall to CITY within 30 days of notification. Within 30 days of construction contract bid opening, TOWN shall deposit with CITY an amount equal to 100% of the lowest responsible bidder amount plus an additional 20% of the bid amount to fund construction contingencies (in an amount estimated at 10% of bid amount) and construction inspection and administration (in an amount estimated at 10% of bid amount). Any unused TOWN funds will be returned to TOWN following acceptance of the project and release of retention. TOWN will remit any funding shortfall for total project costs to

CITY within 30 days of notice and invoice. TOWN shall be permitted to inspect CITY project accounting documents at TOWN's request.

(c) For each day TOWN fails to meet the schedule or milestones set forth in Section 6.b above and Section 7.a.i below, TOWN shall be subject to the daily penalties set forth below:

Schedule Lapse	Daily Financial Penalty
0-90 days	Two times the daily TOWN Cost of Treatment per day
90-180 days	Four times the daily TOWN Cost of Treatment per day
More than 180 days	Eight times the daily TOWN Cost of Treatment per day

7. Joint-Use and Parallel Mains. There currently exist a number of sewer mains in and owned by the City that carry flow of both CITY and TOWN. These sewer mains are referred to as "Joint Use Mains." The term Joint-Use Main shall also include associated appurtenances such as manholes.

(a) New or Parallel Sewer Mains. Parallel sewer mains or new sewer mains will be installed to minimize the number of meter stations and separate CITY and TOWN flow currently carried in Joint-Use Mains.

(i) Within 18 months of the Effective Date, TOWN shall install a parallel and/or new sewer main at the following location:

(1) Eastbrook Avenue between Mora Drive and southeast end of Eastbrook.

(ii) CITY shall install parallel and/or new sewer mains at the following locations

(1) Magdalena Avenue between Summerhill and easement main west of Hillview Road.

(b) Maximum TOWN Flow in Joint Use Mains. If the capacity of a joint use sewer main is exceeded as a result the flow contribution from TOWN, TOWN will be responsible for 100% of costs for increasing the size of the joint use main to accommodate the current and future projected flow from TOWN. TOWN flow will be determined by measuring actual flow as determined by the nearest upstream meter(s). Maximum allowable TOWN flow will be determined by calculating the maximum flow capacity of the main and subtracting the calculated maximum future CITY flow, including peaking factor based on General Plan projects for CITY "build out" (as of the Effective Date) at and upstream of the problem area. TOWN shall hold CITY harmless for all claims and local, state, and federal regulatory penalties arising from any sanitary sewer overflow resulting from TOWN's flow exceeding the capacity of a joint use main.

8. Operation, Repair, and Maintenance of City-Owned Facilities.

(a) Cost of Operation and Maintenance of CITY-Owned Facilities. When all flow meter stations and parallel mains, required to be installed by Sections 6.a and 7.a, become operational, operation and maintenance costs for the collection system within CITY that carries sewage from CITY and TOWN (including flow meter stations) shall be invoiced on a quarterly basis for remittance by TOWN. The amount invoiced shall be equal to fifty percent (50%) of TOWN Costs of Treatment (as determined pursuant to Section 4 e above) during the billing period. CITY shall have the right to renegotiate or terminate the agreement if CITY's operating costs exceed 50% of TOWN Costs of Treatment. Prior to all flow meter stations and parallel mains, required to be installed by Sections 6.a and 7.a, become operational, CITY shall bill TOWN for operation and maintenance of CITY-owned facilities pursuant to the Previous Agreement.

(b) Repair of Joint-Use Mains. CITY shall be responsible for the repair of Joint-Use Mains. Repairs under \$10,000 shall be considered minor, and the costs of such minor repairs shall be deemed included in the fee collected pursuant to Section 8.a above. Repairs to Joint-Use Mains over \$10,000 will be considered Capital Improvements, and the costs of such repairs will be shared in accordance with Section 8.d below.

(c) Maintenance and Repair of Lift Stations. Maintenance and repair of Pine Lane lift station shall be the responsibility of CITY. Maintenance and repair of O'Keefe lift station shall be the responsibility of TOWN. Costs for maintenance and repairs will be allocated to CITY and TOWN based on proportion of connections of each jurisdiction entering the lift station.

(d) Capital Improvements. Capital Improvements are defined as repair or construction work on sewer mains, manholes, or lift stations that are equal to or greater than \$10,000 in cost.

(i) CITY shall be responsible for design and construction of all capital improvements for Joint-Use Mains within CITY's sewer system. TOWN's cost share for improvements will be based on the proportion of metered flow of TOWN contribution as determined by the nearest upstream meter(s) of TOWN flow contributing to the sewer main and the total flow at the downstream location of the improvement. CITY will be responsible for measuring flow and determining the duration that the meter will be in place for such measurement. TOWN has the right to participate in the physical flow measurement and will be provided data from the flow measurement. TOWN's cost share will include direct costs for design, construction, inspection, and construction administration as well as CITY standard overhead charge.

(ii) TOWN shall deposit with CITY its share of design costs within 30 days of notification by CITY. Any unused portion of this amount will be used to fund the construction, inspection, and contract administration of the capital improvement. If there is a shortfall of funds for design, CITY will notify TOWN of the shortfall. TOWN will remit shortfall to CITY within 30 days notification. Within 30 days of construction contract bid opening, TOWN shall deposit with CITY their share of the lowest responsible bid amount plus

an additional 20% of their share of the bid amount to fund construction contingencies (in an amount estimated at 10% of bid amount) and construction inspection and administration (in an amount estimated at 10% of bid amount). Any unused TOWN funds will be returned to TOWN following acceptance of the project and release of retention. TOWN will remit any funding shortfall for total project costs to CITY within 30 days of notice and invoice. TOWN shall be permitted to inspect CITY project accounting documents at TOWN's request.

(iii) TOWN's share of costs for all capital improvements related to the PARWQCP will be paid for as part of the TOWN Costs of Treatment as determined in Section 4 e above.

(iv) If TOWN requests to increase the capacity of Joint-Use Sewer Main(s) to accommodate TOWN flow through CITY's system, CITY will be responsible for design and construction of the improvements. TOWN will fund 100% of capital improvement costs. CITY will prepare a request for proposal (RFP) to retain a qualified design consultant within 60 days of written notification by TOWN. If City fails to meet this schedule, CITY will be subject to a penalty to the daily penalties set forth Section 6 c above.

(v) TOWN shall be responsible for design and construction of all capital improvements on TOWN's sewer system. TOWN shall be responsible for 100% of the cost of capital improvements on sewer mains and manholes in the TOWN's sewer system.

(vi) CITY will provide TOWN a list of capital projects as it becomes available for projects that involve Joint-Use Mains.

9. Funding from Outside Sources. Each party agrees to cooperate with the other in applications for grants or funds from outside sources to cover expansion, repair, or maintenance of facilities covered by this agreement.

10. Limited Rights. Except as expressly provided herein, nothing contained in this agreement shall be deemed to give CITY or TOWN any ownership rights or any other right, title or interest in or to the other party's sanitary sewer system, or any part thereof.

11. Insurance. CITY and TOWN shall, at its own expense, maintain a program of self-insurance. CITY and TOWN shall be named as an additional insured.

12. Indemnification. In lieu of and notwithstanding the pro rata risk allocation which might otherwise be imposed between CITY and TOWN pursuant to Government Code section 895.6, CITY and TOWN agree that all losses or liabilities incurred by CITY or TOWN shall not be shared pro rata but instead CITY and TOWN agree that pursuant to Government Code Section 895.4, CITY and TOWN shall fully indemnify and hold each other, its officers, board members, employees and agents, harmless from any claim, expense or cost, damage or liability imposed for injury (as defined by Government Code Section 810.8) occurring by reason of the negligent acts or omissions or willful misconduct of CITY or TOWN, its officers, employees or agents, under or in connection with or arising out of any work, authority or jurisdiction delegated to such party under this Agreement. CITY or TOWN, or any officer, board, member, employee or agent thereof, shall be responsible for any damage or liability occurring by reason of the negligent acts or omissions or willful misconduct of CITY or TOWN, its officers, board

members, employees or agents, under or in connection with or arising out of any work authority or jurisdiction delegated to each other under this Agreement.

13. Notices. Any notices to be given under this Agreement by either party to the other shall be in writing and may be effected either by personal delivery or by mail, registered or certified, postage prepaid with return receipt requested. Mailed notices shall be addressed as follows:

CITY:

City Manager
City of Los Altos
One North San Antonio Road
Los Altos, CA 94022

TOWN:

City Manager
Town of Los Altos Hills
26379 Fremont Road
Los Altos Hills, CA 94022

14. Partial invalidity. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

15. Binding. This Agreement shall be binding upon and shall inure to the benefit of the heirs, executors, administrators, assigns and successors-in-interest to the parties hereto.

16. No implied waivers. The failure of either party at any time to require performance by the other party of any provisions hereof shall not affect in any way the full right to require such performance at any time thereafter. Nor shall the waiver by either party of a breach of any provision hereof be taken or held to be a waiver of the provision itself.

17. Applicable law and forum. This Agreement shall be construed and interpreted according to the laws of the State of California in any action to enforce the terms of this Agreement or for the breach thereof, and shall be brought and tried in the County of Santa Clara, California.

18. Construction. To the fullest extent allowed by law, the provisions of this Agreement shall be construed and given effect in the manner that avoids any violation of statute, ordinance, regulation or law.

19. Integration. This Agreement, including the Exhibits listed in Section 20 below, supersedes any and all agreements, either oral or written, between the parties hereto with respect to the rendering of services by CITY for TOWN, and contains all the covenants and agreements between the parties with respect to the rendering of such services in any manner whatsoever. Each party to this Agreement acknowledges that no representations, inducements, promises or

agreements, orally or otherwise, have been made by any party or anyone acting on behalf of any party, which are not embodied herein, and that no other agreement, statement, or promise not contained in this Agreement shall be valid or binding. Any modification of this Agreement shall be effective only if it is in writing, signed by the party to be charged.

20. Exhibits. The exhibits to this Agreement consist of the following:

(a) Exhibit A. Sewer Agreement between the City of Los Altos and the City of the Town of Los Altos Hills, dated March 26, 1985.

(b) Exhibit B. First Amendment to Sewer Agreement between the City of Los Altos and the City of the Town of Los Altos Hills, dated June 24, 1993.

(c) Exhibit C. Diagram of TOWN area served by Summerhill Avenue Main

(d) Exhibit D. Diagram of TOWN area served by El Monte Trunk Sewer

(e) Exhibit E. Diagram of TOWN area served by Adobe Creek Sewer

(f) Exhibit F. Diagram of TOWN area served by O'Keefe Avenue Sewer

(g) Exhibit G. Diagram showing boundaries of Los Altos Basin within the Town of Los Altos Hills and its Sphere of Influence.

///

///

///

///

///

///

///

///

///

///

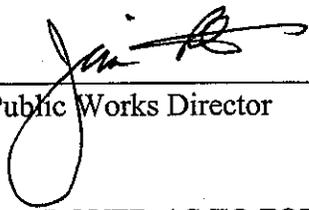
///

21. Quarterly Reports. TOWN shall continue to provide to CITY quarterly reports certifying the number of sewer connections and/or sewer connections permits issued by the TOWN.

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed as of the date first written above.

CITY OF LOS ALTOS:

APPROVED AS TO CONTENT:



Public Works Director

APPROVED AS TO FORM
AND LEGALITY:



City Attorney

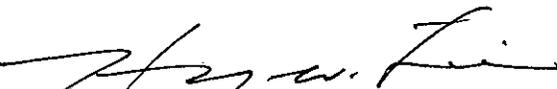
AGREED



City Manager

TOWN OF LOS ALTOS HILLS

APPROVED AS TO CONTENT:



Public Works Director

APPROVED AS TO FORM
AND LEGALITY:



City Attorney

AGREED



City Manager

SEWER AGREEMENT

BETWEEN

THE CITY OF LOS ALTOS

AND

THE CITY OF THE TOWN OF LOS ALTOS HILLS

The following is an agreement between the CITY OF LOS ALTOS, a Municipal Corporation, hereinafter referred to as "CITY", and the CITY OF THE TOWN OF LOS ALTOS HILLS, a Municipal Corporation, hereinafter referred to as "TOWN", specifying the terms by which CITY shall maintain certain sanitary sewer facilities within the TOWN and accept sewage from a portion of the TOWN:

RECITALS

1. On or about July 11, 1961, CITY and TOWN entered into an agreement providing for the transportation and treatment of sewage emanating from within a portion of the territorial limits of TOWN and for the normal maintenance of a portion of TOWN's system (herein called the "1961 AGREEMENT").

2. (a) CITY has purchased capacity in a Regional Waste Water Treatment Plant and has constructed a sanitary sewer system within CITY; and the plant and CITY system have sufficient capacity to handle sewage effluent from a portion of TOWN.
(b) TOWN has the potential of ultimately having approximately 2,100 sewer connections in its "Los Altos" drainage basin including unincorporated areas within this portion of TOWN's sphere of influence, and TOWN projects 1,100 total residential connections within said drainage basin during the next five years. Provided, however, in the event of added capacity becoming available as described hereinafter, connections up to a total of 1,500 could be committed.
3. The parties had authority to enter in to the 1961 AGREEMENT and have authority to enter into this substitute Agreement under the Joint Exercise of Powers Act, Title 1, Division 7, Chapter 5, Article 1 of the Government Code of California.

AGREEMENT

The parties hereby agree as follows:

1. Administration This agreement shall be administered by CITY, there being no necessity to establish a separate commission.
2. Right to Use The TOWN's existing right to discharge into CITY's

sewer lines domestic sewage emanating from within that portion of TOWN shown on Exhibit "D", attached hereto and incorporated herein by reference, shall continue and be subject to all conditions, limitations, restrictions, terms and provisions contained in this Agreement.

3. Interim Limit on Connections In order to maintain sewage flow from TOWN within limits of CITY's current capacity rights at the treatment plant, TOWN shall be permitted to connect a maximum of 1,100 residential units, or their equivalent, as an interim limit of use. The total number of connections could be adjusted up to 1,500 if the CITY's capacity rights are increased as a result of the purchase of additional capacity rights or correction of infiltration makes additional capacity available. This interim limit may be adjusted by mutual agreement of both parties by a written amendment to this Agreement. Under either or both of the following circumstances the interim limit shall be reviewed for adjustment; (1) when the number of residential units connected reaches 900; and (2) whenever changes in the capacity of the treatment plant are being proposed.

As of the execution of this agreement, of the 1100 units of capacity rights available to TOWN, approximately 970 units of capacity rights have already been acquired in CITY's sewer system by property owners in TOWN. TOWN has made no separate purchase of capacity rights from CITY and nothing in this agreement obligates TOWN to purchase capacity rights.

4. Regulation With respect to said sewage, TOWN shall adopt and enforce the regulations contained in Title 5, Chapter 5, Article 6 - Use of Public Sewers, of the City of Los Altos Municipal Code, and any subsequent revisions thereto.

5. Ownership of Sewers All easements and rights-of-way for main trunk sewers and collector systems and the pipes themselves and appurtenances thereto that presently vest in CITY that lie within the corporate limits of TOWN shall hereafter vest in and be the property of TOWN, EXCEPTING THAT:
 - (a) The sewer mains and appurtenances thereto, exclusive of laterals serving TOWN residents and exclusive of mains entering from TOWN, that lie within Summerhill Avenue and that portion of Magdalena Avenue northerly of Interstate 280 shall vest in and be the property of CITY.

 - (b) All easements and rights of way and the pipes and appurtenances thereto, exclusive of laterals serving TOWN residents, in the El Monte Trunk Sewer (City Project 1959-8) running from University Avenue in the City of Los Altos southerly through the Town of Los Altos Hills and Foothill College to the intersection of South El Monte Avenue with Moody Road, shall vest in and be the property of CITY.

(c) All easements and rights of way and the pipes and appurtenances thereto, exclusive of laterals serving TOWN residents, in the Adobe Creek Sewer (City Project 1962-18) running generally along Adobe Creek downstream of O'Keefe Lane and upstream of West Edith Avenue shall vest in and be the property of CITY.

(d) The sewer mains and appurtenances thereto, exclusive of laterals serving TOWN residents, that lie within O'Keefe Lane easterly of Adobe Creek shall vest in and be the property of CITY.

TOWN shall assume ownership of any sanitary sewer system, including easements, now or henceforth belonging to CITY in an unincorporated area at such time as TOWN annexes such unincorporated territory containing a CITY owned system excepting as set forth in Subparagraphs (a) through (d) above. Upon such annexation and assumption of ownership by TOWN, CITY shall provide TOWN with copies of available construction plans and other pertinent documents.

TOWN's sewer system within TOWN shall vest in and be the property of TOWN except as noted above.

6. Foothill College CITY shall continue to be the sole provider of sewer service to Foothill College and shall handle all billings for said service. The volume of sewage generated by the College shall not be included in computations relative to flow or capacity rights of TOWN.

7. Maintenance of Sewers CITY shall provide normal maintenance including, but not limited to, routine inspection, rodding, unplugging or flushing of the TOWN's system which connects to the CITY's system. Said normal maintenance shall pertain only to sewer mains and manholes. CITY shall have no obligation to maintain, repair or replace sewer laterals within TOWN.

8. Lateral Rodding Service In those cases where CITY maintenance forces have responded to a request to inspect a sewer main for possible stoppage in TOWN, said CITY forces will furnish a lateral rodding service provided that the following conditions are met:
 - (a) The request to rod the lateral is received while the CITY forces are in the immediate vicinity of the subject lateral.

 - (b) The lateral to be rodded is that portion within the street right of way.

 - (c) A sewer cleanout exists that is to grade, is accessible and is in immediate proximity to the street right of way line.

The purpose of the lateral rodding service shall be to determine if the lateral within the street right of way contains a blockage. If such a blockage is found and the rodding operation does not eliminate the blockage, CITY shall notify TOWN and any further action to eliminate the blockage shall be the responsibility of TOWN. Exhibit E, attached hereto and incorporated by reference, defines the limits for the sewer lateral rodding service.

9. Repair of Sewers The repair of sewer mains and manholes owned by TOWN shall be the obligation of TOWN. Whenever it is determined by CITY that a problem exists within the TOWN's sewer main system, exclusive of emergencies, which requires more than normal maintenance by CITY and which can be eliminated by performing the appropriate repairs, CITY shall notify the TOWN in writing, describing the problem, its location and a recommended course of action. Except in emergency situations, CITY shall have no obligation to make repairs to TOWN owned sewers. Only in emergency situations affecting the operation of the TOWN's sewer main system will CITY be obligated to perform repairs involving excavations and pipe replacement. An emergency is defined as a situation requiring immediate attention in order to keep the sewer line in service or to prevent a health hazard. CITY shall be under no obligation to make emergency repairs in cases where CITY has previously notified TOWN in writing of problems needing repair and TOWN has not taken corrective action within 60 days of receiving written notification.

10. Sewer Service Charge The annual sewer service charge shall reimburse CITY for its costs incurred in transporting and treating sewage emanating from TOWN and costs associated with maintaining and operating a portion of TOWN's sewer system, Pine Lane Lift Station, and certain shared sewer mains and truck lines. For the service and use to be provided by the CITY under terms hereof, CITY shall charge an annual sewer service charge to properties within the corporate limits of TOWN in accordance with Exhibit "C" attached hereto and incorporated herein by reference. Upon determining the amount of the annual sewer service charge for the next fiscal year, CITY shall notify TOWN in writing no later than May 15th of each year. The CITY may include the annual sewer service charges on the County property tax billings for properties within TOWN by submitting the individual charges directly to the County Tax Collector by CITY only after TOWN has had a reasonable opportunity to review the proposed annual sewer service charge. If the TOWN has not approved by resolution the amount of the proposed annual sewer service charge by June 15, of any year, CITY may process charges to Tax Collector subject to a mutually agreed upon adjustment to the following year's sewer service charge.

(a) Calculation of Sewer Service Charge It is mutually agreed that for each single family residential connection, a per connection flow rate of 300 gallons per day, as shown on Exhibit "C", will be used in determining the volume of sewage generated in the portion of TOWN served by CITY. The single family residential connection shall be the basic unit for determining annual charges. For all connections other than single family residential, the annual volume of sewage will be mutually agreed upon by CITY and TOWN, except where an agreement with the CITY already exists stipulating the method for determining either the annual charge or the annual volume of sewage. No later than June 1, 1987, the City Engineers of CITY and TOWN shall jointly review and establish criteria and methods to determine the connection flow rate in gallons per day as shown in Exhibit "C" per single family residential connection and shall jointly determine if a different volume of flow should be used for computing subsequent annual charges.

(b) Rate Adjustment Postponement Option CITY shall have the option to postpone to the following year the adjustment of the annual sewer service charge applied to properties in TOWN. However, any revenues lost or gained as a result of such a postponement shall be carried over and used in the computation of subsequent annual sewer service charges in such a manner that the net revenues to the CITY are essentially the same as if a postponement had not occurred.

11. Sewer Reserve Fund The annual sewer service charge shall include a charge for the TOWN's Sewer Reserve Fund at the written request of TOWN. The amount shall be established by TOWN and shall be included by CITY in the annual sewer service charge. CITY may decline to include reserve funds in years in which no rate changes are proposed but in the third consecutive year with no change, CITY shall include funds for reserve if so requested. Funds received by CITY are to be paid to TOWN by January 31 and May 31 in tax year collected.

12. Pine Lane Lift Station All of the costs related to operating the Pine Lane lift station shall be shared between CITY and TOWN based on the number of single family residential connections and equivalent single family connections served in each jurisdiction. TOWN's proportionate share shall be included in the annual sewer service charge. In the event that TOWN is eventually able to physically divert its sewage away from the Pine Lane lift station, upon such diversion the TOWN's obligation to share in the costs of the lift station shall cease.

13. Minor Capital Improvements Included in the calculation of the above mentioned annual sewer service charge is an amount representing the cost of "minor" capital improvements at the Palo Alto Regional Water Quality Control Plant (RWQCP). Minor capital improvements are hereby defined as capital improvements which are

accomplished using funds shown in each year's operating budget for the Regional Water Quality Control Plant and identified as being for Minor Capital Improvements.

14. Major Capital Improvements Capital improvements at the RWQCP that are billed to the CITY by Palo Alto separately from the budgeted funds identified as being for Minor Capital Improvements shall be considered to be Major Capital Improvements.

(a) Share Payable by TOWN TOWN shall share in the actual costs to CITY of major capital improvements to the RWQCP as follows:

(1) When Revenue Bonds are used for financing capital improvements, the annual debt service shall be included in the annual Treatment Plant Expenses (Item 1 in Exhibit "C").

(2) For improvements that are financed by lump sum cash payments, CITY and TOWN shall mutually agree on the amount of TOWN's share and on the method of payment by a subsequent written agreement.

(b) Funding from Outside Sources Each party agrees to cooperate with the other in applications for grants or funds from outside sources to cover expansion, repair, or maintenance of facilities covered by this Agreement.

15. Approval of Sewer Main Extensions All sewer extensions involving mains and manholes within TOWN that are to be maintained pursuant to this Agreement shall be constructed in accordance with the CITY's Standard Specifications and in accordance with the minimum design standards of the CITY. Engineering plans for such sewer construction shall be sent by TOWN to CITY upon their receipt by TOWN. The City's Engineering Department shall promptly review such plans and submit comments thereon to the Los Altos Hills City Engineer. Final engineering plans for such sewer construction shall be approved by the Los Altos City Engineer prior to approval by the Los Altos Hills City Engineer.

16. Inspection of Sewer Main Extensions TOWN shall have the primary responsibility for the inspection and acceptance of sewer main extensions in TOWN. CITY retains the right to make construction inspections and to witness the balling and testing of all collector sewers constructed within TOWN if such sewers are to be maintained by CITY. CITY is to be notified when construction commences to assure the opportunity for inspections. CITY may reject responsibility for maintenance of sewer mains constructed without CITY's prior approval of construction plans or where the opportunity for inspections was not provided by TOWN.

17. Inspection of Sewer Lateral Construction TOWN shall have the primary responsibility for the inspection of individual sewer lateral construction in TOWN both on private property and in public rights of way. For laterals constructed in public rights of way or public sewer easements, TOWN shall provide CITY with information regarding exact location, date, and type of connection within ten (10) days of completion.

18. Connections to Existing CITY Maintained Sewers CITY retains the right to inspect all future direct connections to existing sewer mains maintained by CITY when such connections are being made. Not less than 24 hours advance notice of any proposed direct connection to a CITY maintained sewer main shall be furnished to CITY by TOWN prior to commencement of work on any such connection so as to provide CITY with the opportunity to inspect the actual connection to the sewer main.

19. Connections to CITY Owned Sewers CITY shall have the primary responsibility for the inspection of all connections made directly to sewer mains owned by CITY. The inspection of the sewer lateral construction, exclusive of the actual connection to the main, shall be as set forth in Section 17 above.

20. Backflow Prevention Devices TOWN shall require the installation of backflow prevention devices for all new sewer connections where the building served by the public sewer is so situated that

the lowest drain opening in the building is less than two (2) feet above the rim of the nearest upstream manhole. Such devices shall be installed so as to prevent the flow of sewage from publicly owned and maintained sewer mains into any building or structure.

21. Sewer Connection Permits Before connecting any individual dwelling or other structure in TOWN to any sewer facility that is or that eventually connects to a CITY maintained sewer, a CITY sewer connection permit must first be obtained for said connection from CITY. A sewer connection permit issued by the CITY shall be recognized as a TOWN sewer connection permit and the obtaining of a separate sewer connection permit from the TOWN shall not be required, except that the TOWN may notify the CITY in writing that after a specific date TOWN sewer connection permits must be obtained from the TOWN.

In order to obtain a CITY sewer connection permit, applicants must pay all appropriate fees established by CITY and TOWN. TOWN shall furnish CITY with all of its established fee schedules relating to sewers and shall send CITY written notification of any revisions affecting TOWN's sewer fees. CITY shall be responsible for collecting only those TOWN sewer fees that are in accordance with established fee schedules furnished to CITY by TOWN. TOWN fees shall be forwarded to TOWN by CITY on a quarterly basis. No administrative charge shall be applied to TOWN's fees.

in the area covered by this contract
TOWN shall send monthly reports of final building inspections, /
including sewer hook ups, on primary and secondary dwellings to
CITY to ascertain that all appropriate connections have obtained
permits from CITY.

CITY sewer permit fees shall be collected in accordance with the
Los Altos Municipal Code and this Agreement.

22. Fees Due Prior to Connection In addition to the sewer fees
established by the TOWN, the following fees shall be paid to CITY
by property owners or developers prior to issuance of a CITY
sewer connection permit:
- a. "Connection" fees shall be charged in accordance with
Section 5-6.103 (a) (1) of the Los Altos Municipal Code plus
an additional ten percent (10%). (Copy of current Municipal
Code Section attached as Exhibit "A")
 - b. "Capacity Acquisition" fees shall be charged in accordance
with City of Los Altos Resolution No. 84-52 (Exhibit "B"
attached hereto) and any subsequently adopted City
resolutions establishing a schedule of capacity acquisition
charges. CITY shall not adopt any schedule of acquisition
charges which would increase the charge ~~until TOWN has had a
reasonable opportunity to review and comment on the proposed
new schedule of charges.~~ before the year 2000 without Town's prior
approval. Thereafter City shall not adopt any schedule of acquisition
charges until Town has had a reasonable opportunity to review and comment
on the proposed new schedule of charges.

c. "In Lieu of Assessment" fees shall be paid to CITY by properties connecting to a CITY owned sewer main if that property was either not in an assessment district or was assessed for a lesser number of connections than is subsequently proposed. The amount of the fee shall be computed by the Los Altos City Engineer based upon the share of the cost of said sewer main and facilities the connecting property would have paid had it been assessed by an assessment district. Properties connecting to sewer mains constructed by Town administered assessment districts shall not be required to pay "In Lieu of Assessment" fees to CITY, but may be required to pay such fees to the TOWN if such fees have been established by TOWN.

23. Unpaid Fees Upon learning that any person in TOWN has connected to the sewer system without having paid all appropriate fees due TOWN and/or CITY under the terms of this Agreement, either party to this Agreement shall promptly notify the other and furnish any information concerning the connection and the identity of the person making the connection which the notifying party has obtained.

TOWN and CITY shall cooperate in efforts to collect unpaid sewer fees and TOWN shall make every reasonable effort to see that CITY is paid all appropriate sewer fees due from persons in TOWN.

24. Determination of Unreported Connections It shall be the responsibility of TOWN to control and manage sewer connections from properties within TOWN. In cases where CITY has reason to believe that certain properties in TOWN may be connected to the public sewer system, but such connections have not been adequately verified and reported to CITY, an investigation may be requested by CITY. Upon receiving such a request, TOWN shall promptly investigate the connection status of a subject property and shall verify whether or not the subject property is in fact connected to the public sewer system. CITY forces shall cooperate with TOWN in such investigations by performing dye tests and making other physical inspections under the supervision of TOWN.

TOWN shall cooperate with CITY regarding the adoption by TOWN of any appropriate ordinances concerning sewer fees and service charges which would enable CITY and TOWN to collect any unpaid monies from the owners of property in TOWN whose connection to TOWN's/CITY's sewer system is discovered after the connection was made.

25. Street Work The raising to grade of sewer manhole frames and covers, owned by TOWN, required in connection with street resurfacing projects within TOWN shall be accomplished promptly by TOWN.

26. Sewer Master Plan TOWN shall adopt a Master Plan for the present and future development of the collector system to serve the area of TOWN covered by this Agreement (area within TOWN's Sewer Assessment District No. 4 and area served by Pine Lane lift station) within three (3) years from the effective date of this Agreement. Future construction of sewers shall be in conformance with the Master Plan to assure adequacy of system design and maintenance.

27. Limited Rights Except as expressly provided herein, nothing contained in this Agreement shall be deemed to give CITY or TOWN any ownership rights or any other right, title or interest in or to the other party's sanitary sewerage system, or any part thereof.

28. Breach and Remedies

(a) Breach of Covenants In case of a breach or alleged breach on the part of either party in the performance of any of its obligations hereunder, notice of said breach shall be given to it in writing by the other party, delivered to the office of the Clerk thereof, or mailed to said office registered mail, postage prepaid, and said party shall have seventy-five (75) days from the date of delivery to cure said breach.

(b) Remedies

(1) Cumulative Each remedy conferred hereby or by the law shall be cumulative and may be exercised without regard to any other remedy conferred hereby or by the law.

(2) Waiver No waiver of any default or breach of duty or contract shall affect any subsequent default or breach of duty or contract or shall impair any rights or remedies herein.

(3) Delays No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be constructed to be a waiver of any such default.

29. Term of Agreement The term of this Agreement shall commence on July 1, 1984, and shall continue thereafter from year to year until terminated by either party hereto. Either party may terminate this Agreement on June 30th of any year by the giving of at least six (6) months written notice to the other party.

30. Insurance CITY shall maintain insurance covering the operations of CITY, its equipment and personnel, both within the limits of CITY and the limits of TOWN, and said insurance policies shall provide that they may not be cancelled without thrity (30) days written notice to TOWN. TOWN shall maintain insurance covering the operations of TOWN, its equipment and personnel, both within

the limits of CITY and the limits of TOWN, and said insurance policies shall provide that they may not be cancelled without thirty (30) days written notice to CITY. The insurance carried by each party pursuant to this paragraph shall name the other party as an additional insured, and a certificate stating coverage shall be sent to each party yearly.

31. Indemnification TOWN and CITY agree to each defend, save and hold harmless the other municipal corporation, and its respective officers, agents and employees from and against any and all claims, demands, suits, causes of actions, orders, decrees, or judgements for injury, or death, or damage to person or property, loss, damage and liability (including all costs and attorney's fees incurred in defending any claim, demand or cause of action) regardless of the theory or basis upon which the same may be instituted or brought, occasioned by, growing out of, or arising or resulting from any negligent error, omission or act on the part of TOWN or CITY, or its respective agents or employees as a result of the performance by TOWN or CITY of any acts required to be performed by TOWN or CITY, as the case may be, under this Agreement.

32. Records Each party hereto shall have the right to audit the books and records of the other pertaining to the matters covered by this Agreement.

33. 1961 Agreement From and after the effective date hereof, the 1961 Agreement shall be terminated, suspended, and of no further force or effect.

34. General Provisions This writing constitutes the entire Agreement between the parties hereto and no oral modifications may be made. Any and all prior oral agreements between the parties have been incorporated in full into this Agreement. If any provision of this Agreement is held invalid, void or unenforceable by a court of competent jurisdiction, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated. This Agreement may be modified only by an instrument signed and executed by duly authorized executives and ratified by respective City Councils of CITY and TOWN.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the 26th day of March, 1985.

ATTEST:

CITY OF LOS ALTOS
A Municipal Corporation,

City Clerk

BY Narry Kaushan
Mayor

APPROVED AS TO FORM:

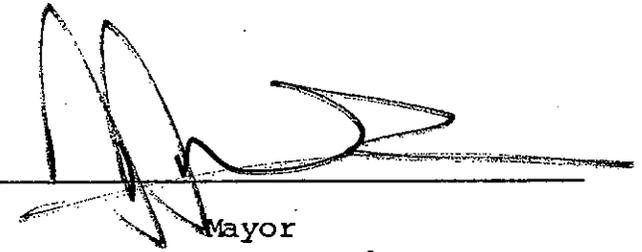
Robert [Signature]
Los Altos City Attorney

CITY OF THE TOWN OF LOS ALTOS HILLS,
A Municipal Corporation,

ATTEST:



City Clerk

By  Mayor

APPROVED AS TO FORM:

Los Altos Hills City Attorney

Sec. 5-6.103. Connection charges.

(a) *Los Altos Sewer System.*

(1) Connection charges to connect to the Los Altos Sewer System for property located in the City limits shall be Ninety-Five and no/100ths (\$95.00) Dollars per connection unit.

(2) Connection charges to connect to the Los Altos Sewer System for property located outside the City limits shall be One Hundred Ninety and no/100ths (\$190.00) Dollars per connection unit unless another rate is specifically agreed upon prior to connection by resolution of the Council.

(b) *Capacity rights.* No charge shall be made by the City for connections to the sanitary sewer system where the property has been assessed for, and has paid, or a lien has been established for capacity rights in the system in connection with assessment proceedings conducted by the City. Such charge for capacity rights shall be at least equal to the amount which would otherwise be charged pursuant to this section for each connection unit. Any connections over and above the number charged for the parcel in the assessment proceedings shall be paid, prior to issuance of a permit, in accordance with the then established connection charge.

(c) *Determination of connection units.* Connection units shall be determined in accordance with the following schedule:

<i>Type of Connection</i>	<i>Number of Connection Units</i>
Residential	1 per residence, residential unit, or apartment
All other	1 plus 1 additional unit for each 10 plumbing fixtures or fraction thereof over 10 ("plumbing fixtures" shall be as defined in the Uniform Plumbing Code)

(d) *St. Joseph Sewer System.* Connection charges for connections to the St. Joseph Sewer System and tributary sewers covered by reimbursing contracts, including, but not limited to, the Vista Los Altos Sewer System, shall be as follows:

(1) For each single-family residence connection, Ninety-Five and no/100ths (\$95.00) Dollars;

(2) For other than residence connections, Two Hundred Fifty and no/100ths (\$250.00) Dollars per acre, or fraction thereof;

(3) In the event such system is used as a collector by the individual connecting, an additional connection charge of Two and no/100ths (\$2.00) Dollars per lineal foot of frontage shall be made for each connection from property directly fronting on such sewer line extension; provided, however, the minimum charge for each connection with any such property having a frontage of eighty (80') feet or less shall be One Hundred Sixty and no/100ths (\$160.00) Dollars; the maximum charge for each connection with any such property having a frontage greater than eighty (80') feet but less than 200 feet shall be Four Hundred and no/100ths (\$400.00) Dollars; and the charge for each connection with any such property having a frontage of more than 200 feet shall be fixed by negotiation at the time of connection. In the event any system or tributary is used as a trunk rather than as a collector, the only charge shall be Ninety-Five and no/100ths (\$95.00) Dollars for each single-family residence connection or for all others Two Hundred Fifty and no/100ths (\$250.00) Dollars per acre, or fraction thereof.

(§§ 3, 4, Ord. 138, as amended by § 2, Ord. 323, eff. June 24, 1965, and § 1, Ord. 350, eff. April 21, 1966)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ALTOS
ESTABLISHING A SCHEDULE OF SEWER CAPACITY ACQUISITION CHARGES

Exhibit A (25 of 29)

WHEREAS, the City of Los Altos by virtue of Resolution 67-52 has indicated its willingness to accept connections for sewer service from outside its incorporated limits, and

WHEREAS, the City of Los Altos by virtue of Resolution 69-7, a copy of which is hereto attached as Exhibit 'A', established a schedule of capacity acquisition charges for sewer service, and

WHEREAS, said schedule does not specify amounts beyond 1984, and

WHEREAS, the City of Los Altos will continue to accept connections for sewer service from outside its incorporated limits beyond 1984.

NOW, THEREFORE, BE IT HEREBY RESOLVED that, in equity, the following schedule of capacity acquisition charges for the calendar years through 2000 be adopted:

Calendar Year	1985	\$ 713.20
	1986	784.52
	1987	862.97
	1988	949.26
	1989	1,044.19
	1990	1,148.61
	1991	1,263.47
	1992	1,389.82
	1993	1,528.80
	1994	1,681.68
	1995	1,849.85
	1996	2,034.83
	1997	2,238.31
	1998	2,462.15
	1999	2,708.36
	2000	2,979.20

* * * *

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Council of the City of Los Altos at a meeting of said Council held on the 17th day of July, 1984, by the following roll call vote:

- AYES: Mayor Kallshian, Councilmen Cullinan, Eng, Verlot, and Councilwoman Reed
- NOES: None
- ABSENT: None

Darry Kallshian
Mayor

ITEM 3 - COLLECTION SYSTEM MAINTENANCE COSTS

Cost of collection system maintenance in TOWN shall be based on actual services provided.

$$\text{Cost of Collection System Maintenance per Unit} = \frac{1}{\text{Total No. of Town Units}} \times \text{Estimated collection system maintenance cost in TOWN*}$$

*Based on hours of service and at an hourly rate including labor, fringe benefits, equipment, materials, and incidental services. The hourly rate shall be determined each year by the Los Altos City Engineer and shall be identified in the CITY's operating budget.

The number of hours of service shall be estimated by averaging the hours of service for the previous three years. In years prior to FY 82-83, the hours of service shall be estimated and from FY 82-83 and beyond, actual time records of hours of service will be used. If in the previous service year the City incurred "outside" costs (i.e. emergency repair work by contractors, sewage backup damages, etc.), the maintenance cost estimate based on hours of service shall be adjusted so as to reimburse the CITY for "outside" costs.

ITEM 4 - PINE LANE LIFT STATION EXPENSES

$$\text{Cost of Pine Lane Lift Station per Unit} = \frac{1}{\text{Total Number of TOWN units}} \times \frac{\text{No. of TOWN units through station}}{\text{Total Units through station}} \times \text{Estimated annual cost of maintenance and operation*}$$

*Cost to include labor, fringe benefits, equipment, materials, electricity, alarm system costs, an allocation for future equipment replacement, and any other services directly related to the lift station. Labor hours shall be estimated using the average of the previous three years of actual hours of service.

ITEM 5 - INCIDENTAL COSTS

Item 5a - Engineering and Supervision

A fee of 7% of Items 1 through 4 shall be included in the annual charge for Engineering and Supervision.

Item 5b - General Overhead Expenses

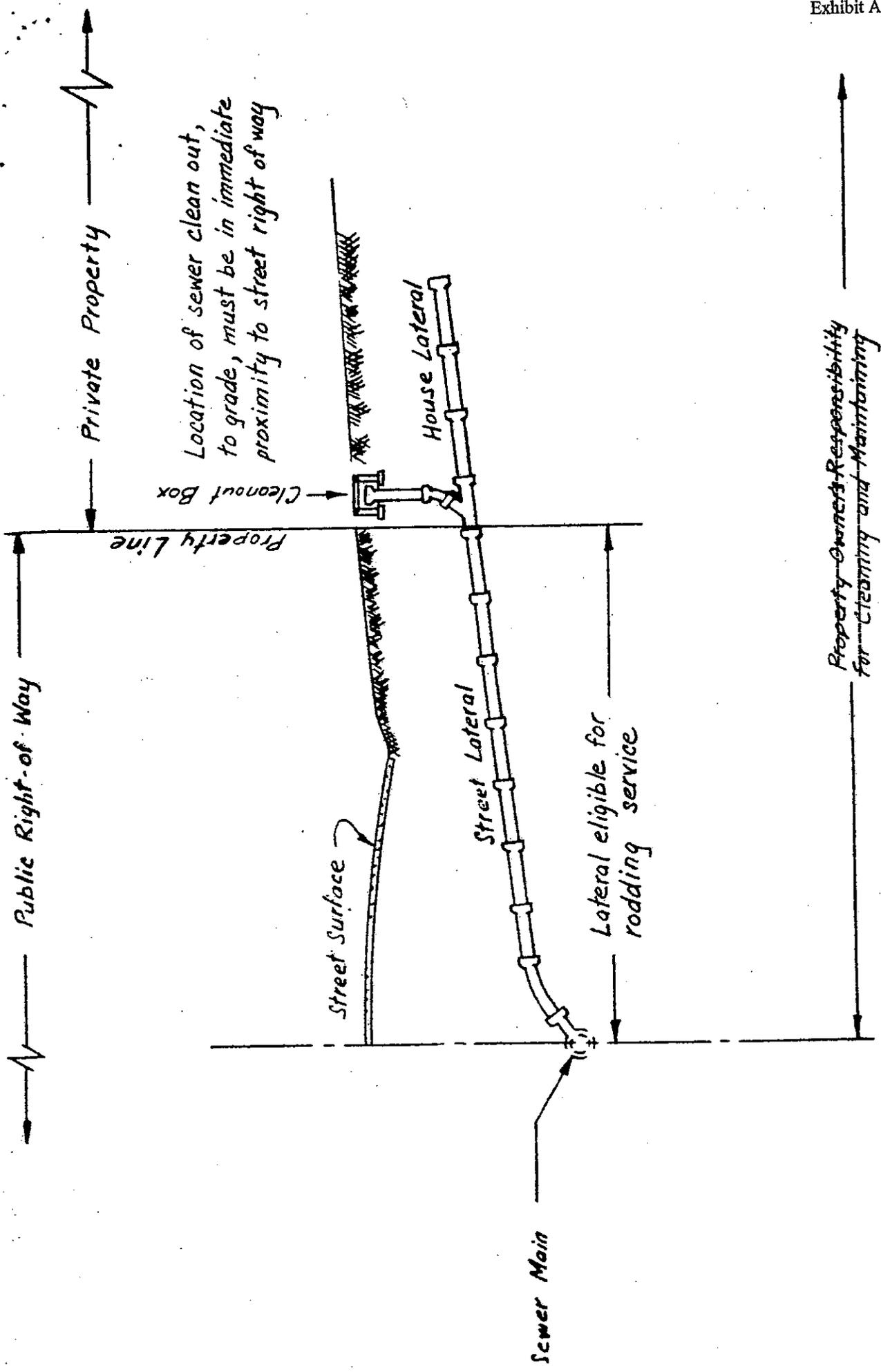
A fee of 8% of Items 1 through 4 shall be included in the annual charge for General Overhead Expenses.

ITEM 6 - TOWN'S SEWER RESERVE FUND

The annual sewer service charge shall include a charge for the TOWN's Sewer Reserve Fund at the written request of TOWN. The amount shall be established by TOWN and shall be included by CITY in the annual sewer service charge. CITY may decline to include reserve funds in years in which no rate changes are proposed but in the third consecutive year with no change, CITY shall include funds for reserve if so requested. Funds are to be paid to TOWN by January 31 and May 31 in tax year collected.

SUMMARY

The total annual sewer service charge per unit for TOWN properties served by CITY shall be the sum of Items 1 through 6.



CROSS SECTION

SEWER LATERAL RODDING SERVICE

SEWER AGREEMENT BETWEEN THE CITY OF LOS ALTOS AND THE CITY OF THE
TOWN OF LOS ALTOS HILLS

FIRST AMENDMENT TO AGREEMENT

This is the first amendment to that certain agreement between the City of Los Altos (City) and the City of the Town of Los Altos Hills (Town) entitled SEWER AGREEMENT BETWEEN THE CITY OF LOS ALTOS AND THE CITY OF THE TOWN OF LOS ALTOS HILLS, entered into on March 26, 1985.

The parties agree that:

1. Section 3, Interim Limit on Connections, is amended by adding the following sentence to the end of this section:

Furthermore, nothing in this Agreement obligates Town to provide sewer connections to those who have acquired capacity rights or to those who have not.

2. Section 5d, Ownership of Sewers, is amended in full to read:

The sewer mains and appurtenances thereto, exclusive of laterals serving TOWN residents, that lie within O'Keefe Lane from and including the manhole from 350 feet, more or less, easterly of Dianne Drive to El Monte Avenue, shall vest in and be the property of CITY.

3. Section 10, Sewer Service Charge is amended in full to read:

The annual sewer service charge shall reimburse CITY for its costs incurred in transporting and treating sewage emanating from TOWN and costs associated with maintaining and operating a portion of TOWN's sewer system, Pine Lane Lift Station, O'Keefe Lift Station, and certain shared sewer mains and trunk lines. For the service and use to be provided by the CITY under terms hereof, CITY shall charge an annual sewer service charge to properties within the corporate limits of TOWN in accordance with revised Exhibit "C" attached hereto and incorporated herein by reference. Upon determining the amount of the annual sewer service charge for the next fiscal year, CITY shall notify TOWN in writing no later than April 15th of each year. The CITY may include the annual sewer service charges on the County property tax billings for properties within TOWN by submitting the individual charges directly to the County Tax Collector by CITY only after TOWN has had a reasonable opportunity to review the proposed annual sewer service charge. If the Town has not approved by resolution the amount of the proposed annual sewer service charge by May 15, of any year, CITY may process charges to Tax Collector subject to a mutually agreed upon adjustment to the following year's sewer service charge.

4. Section 12, Pine Lane Lift Station is amended in full to read:

12. Pine Lane Lift Station and O'Keefe Lift Station All of the costs related to operating the Pine Lane Lift Station and O'Keefe Lift Station shall be shared between CITY and TOWN based on the number of single family residential connections and equivalent single family connections served in each jurisdiction. TOWN's proportionate share shall be included in the annual sewer service charge. In the event that TOWN is eventually able to physically divert its sewage away from the Pine Lane Lift Station, upon such diversion the TOWN's obligation to share in the costs of the lift station shall cease.

5. Section 21, Sewer Connection Permits, is amended in full to read:

Before connecting any individual dwelling or other structure in Town to any sewer facility that is or that eventually connects to a City maintained sewer, in addition to any permits required by Town, a City sewer connection permit must first be obtained for said connection from City. In order to obtain a City sewer connection permit, applicants must pay all appropriate fees established by City. In order to obtain any necessary Town permits, applicants must pay all appropriate fees established by Town.

Town shall send quarterly reports of final building inspections, including sewer hook-ups on primary and secondary dwellings, in the geographical area covered by this Agreement, to City to ascertain that all appropriate connections have obtained permits from City.

City sewer permit fees shall be collected in accordance with the Los Altos Municipal Code and this Agreement.

6. Exhibit "C", DETERMINATION OF ANNUAL SEWER SERVICE CHARGES FOR TOWN OF LOS ALTOS HILLS first paragraph is amended as shown on the revised Exhibit C attached hereto.

7. Except as amended herein, all terms and conditions of said agreement shall remain in full force and effect.

WHEREFORE the parties have entered into this amendment to agreement on the dates shown below:

"TOWN"

"CITY"

CITY OF TOWN OF LOS ALTOS HILLS, a municipal corporation.

CITY OF LOS ALTOS, a municipal corporation.

DATE April 7, 1993

DATE 6-24-93

By:



City Manager

By:



City Manager

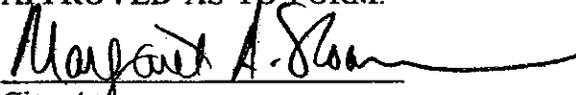


City Clerk



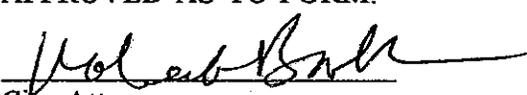
City Clerk

APPROVED AS TO FORM:



City Attorney

APPROVED AS TO FORM:



City Attorney

Revised January 14, 1993

EXHIBIT "C"

DETERMINATION OF ANNUAL SEWER CHARGES FOR TOWN OF LOS ALTOS HILLS

The CITY shall prepare an estimate of costs no later than April 15th of each year for the purpose of determining the annual charge for sewer service in TOWN for the following fiscal year (July 1 - June 30). The background for the cost estimation and the proposed Resolution fixing the annual charge shall be submitted to TOWN. City shall notify TOWN if no rate adjustment is to occur. When a delay occurs in receiving information from the City of Palo Alto, CITY shall submit the information available and shall furnish the Palo Alto information when received. For purposes of the historical cost data relative to Items 3 and 4, prior service years shall cover the period of March 1 through February 28 (or February 29 in leap years), and TOWN shall be notified if any changes in these dates are proposed.

This estimate will include the following seven items:

ITEM 1 - TREATMENT PLANT EXPENSES

Annual Treatment Cost per unit =

300 gallons per day x 365 days x cost of treatment per gallon *

* Cost of treatment per gallon shall be based on estimates prepared by the City of Palo Alto and shall be on the total estimated treatment cost to Los Altos divided by the total estimated flow from Los Altos service area.

The projected cost per unit shall be adjusted by the difference between the actual and estimated cost per unit for the previous complete fiscal year (for example, in computing the cost for FY 93-94 in April of 1993, the adjustment will be based on the difference between actual and estimated costs for FY 91-92).

ITEM 2 - TRUNK SEWER MAINTENANCE COSTS

Annual Trunk Maintenance Cost per Unit =

300 gallons per day x Estimated total annual trunk maintenance cost *
Total Trunk Flow per day

* Cost to be estimated by Los Altos City Engineer and identified in each year's operating budget.

ITEM 3 - COLLECTION SYSTEM MAINTENANCE COSTS

Cost of collection system maintenance in TOWN shall be based on actual services provided.

Cost of Collection System Maintenance per Unit =

Estimated collection system maintenance cost in TOWN *
 Total Number of Town Units

* Based on hours of service and at an hourly rate including labor, fringe benefits, equipment, materials, and incidental services. The hourly rate shall be determined each year by the Los Altos City Engineer and shall be identified in the City's operating budget.

The number of hours of service shall be estimated by averaging the hours of service for the previous three years. In years prior to FY 82-83, the hours of service shall be estimated and from FY 82-83 and beyond, actual time records of hours of service will be used. If in the previous service year the City incurred "outside" costs (i.e. emergency repair work by contractors sewage backup damages, etc.), the maintenance cost estimate based on hours of service shall be adjusted so as to reimburse the CITY for "outside" costs.

ITEM 4 - LIFT STATION EXPENSES

Cost of lift station expenses per unit =

TOWN's cost of Pine Lane + TOWN's cost of O'Keefe
 total number of TOWN units in the Los Altos Basin

Item 4a - where TOWN's Cost of Pine Lane Lift Station per Unit =

Number of TOWN units using <u>through Pine Lane Lift Station</u> Total number of TOWN units using Pine Lane Lift Station	x	Estimated annual cost of maintenance and operation* <u>of Pine Lane Lift Station</u> Total units through station
---	---	---

* Cost to include labor fringe benefits, equipment, materials, electricity, alarm system costs, an allocation for future equipment replacement, and any other services directly related to the lift station. Labor hours shall be estimated using the average of the previous three years of actual hours of service.

Item 4b - and TOWN's Cost of O'Keefe-Lift-Station-per-Unit =

<p>Number of TOWN units using <u>through O'Keefe Lift Station</u> x Total number of TOWN-units using O'Keefe Lift Station</p>	<p>Estimated annual cost of maintenance and operation* <u>of O'Keefe Lift Station</u> Total-units-through-station</p>
--	---

* Cost to include labor fringe benefits, equipment, materials, electricity, alarm system costs, an allocation for future equipment replacement, and any other services directly related to the lift station. Labor hours shall be estimated using the average of the previous three years of actual hours of service.

ITEM 5- INCIDENTAL COSTS

Item 5a - Engineering and Supervision

A fee of 7% of Items 1 through 4 shall be included in the annual charge for Engineering and Supervision.

Item 5b - General overhead Expenses

A fee of 7 8% of Items 1 through 4 shall be included in the annual charge for General Overhead Expenses

ITEM 6- TOWN'S SEWER RESERVE FUND

The annual sewer service charge shall include a charge for the TOWN's Sewer Reserve Fund at the written request of TOWN. The amount shall be established by TOWN and shall be included by CITY in the annual sewer service charge. CITY may decline to include reserve funds in years in which no rate changes are proposed but in the third consecutive year with no change, CITY shall include funds for reserve if so requested. Funds are to be paid to TOWN by January 31 and May 31 in tax year collected.

SUMMARY

The total annual sewer service charge per unit for TOWN properties served by CITY shall be the sum of Items 1 through 6.

TOWN OF LOS ALTOS HILLS

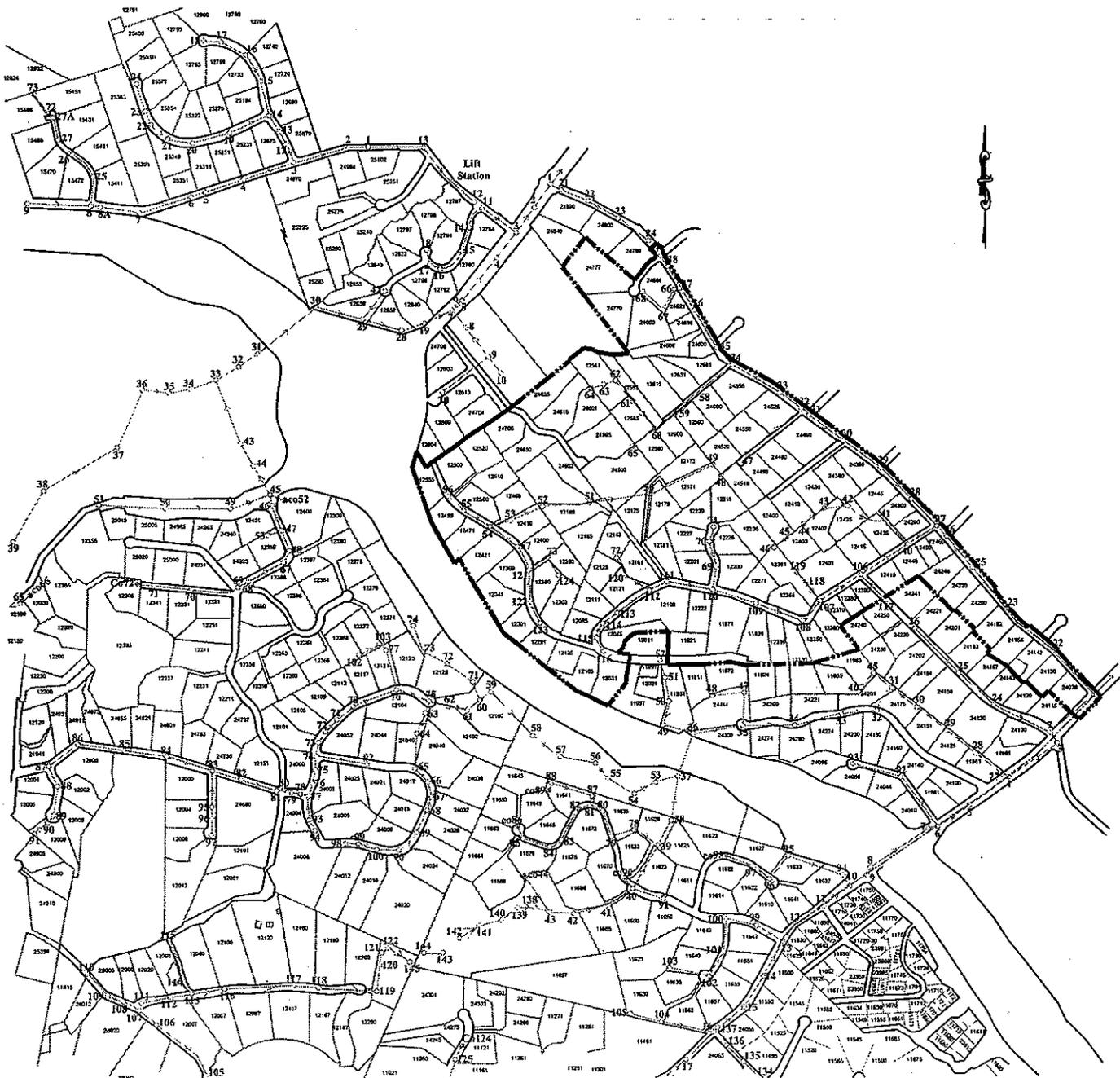


EXHIBIT "C" - TOWN AREA SERVED BY SUMMERHILL AVENUE SEWER MAIN

TOWN OF LOS ALTOS HILLS

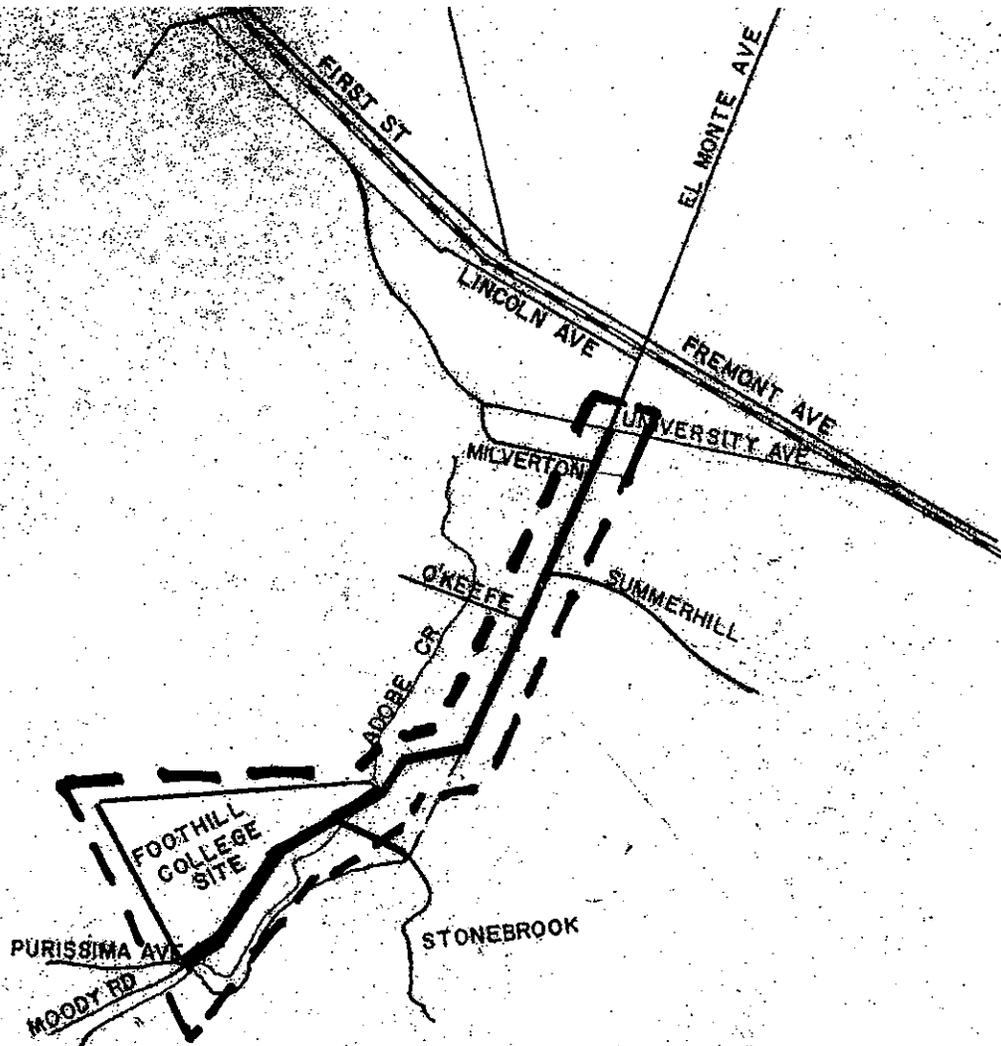


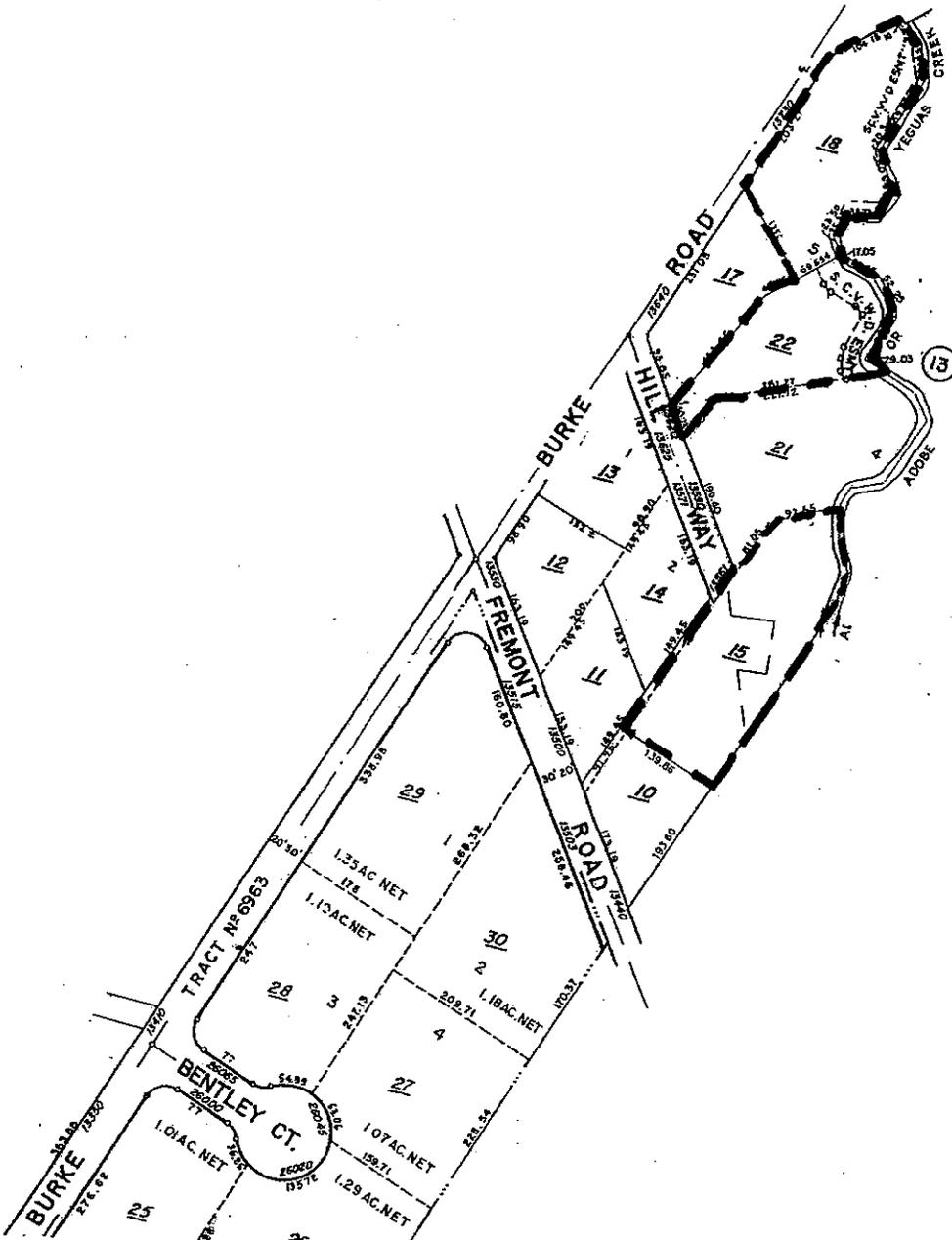
EXHIBIT "D" - TOWN AREA SERVED BY EL MONTE TRUNK SEWER

TOWN OF LOS ALTOS HILLS



**EXHIBIT "E" - TOWN AREA SERVED BY ADOBE CREEK SEWER
(SHEET 1 OF 2)**

TOWN OF LOS ALTOS HILLS



**EXHIBIT "E" - TOWN AREA SERVED BY ADOBE CREEK SEWER
(SHEET 2 OF 2)**

CITY OF LOS ALTOS



EXHIBIT "F" - CITY AREA SERVED BY O'KEEFE LANE SEWER

TOWN OF LOS ALTOS HILLS

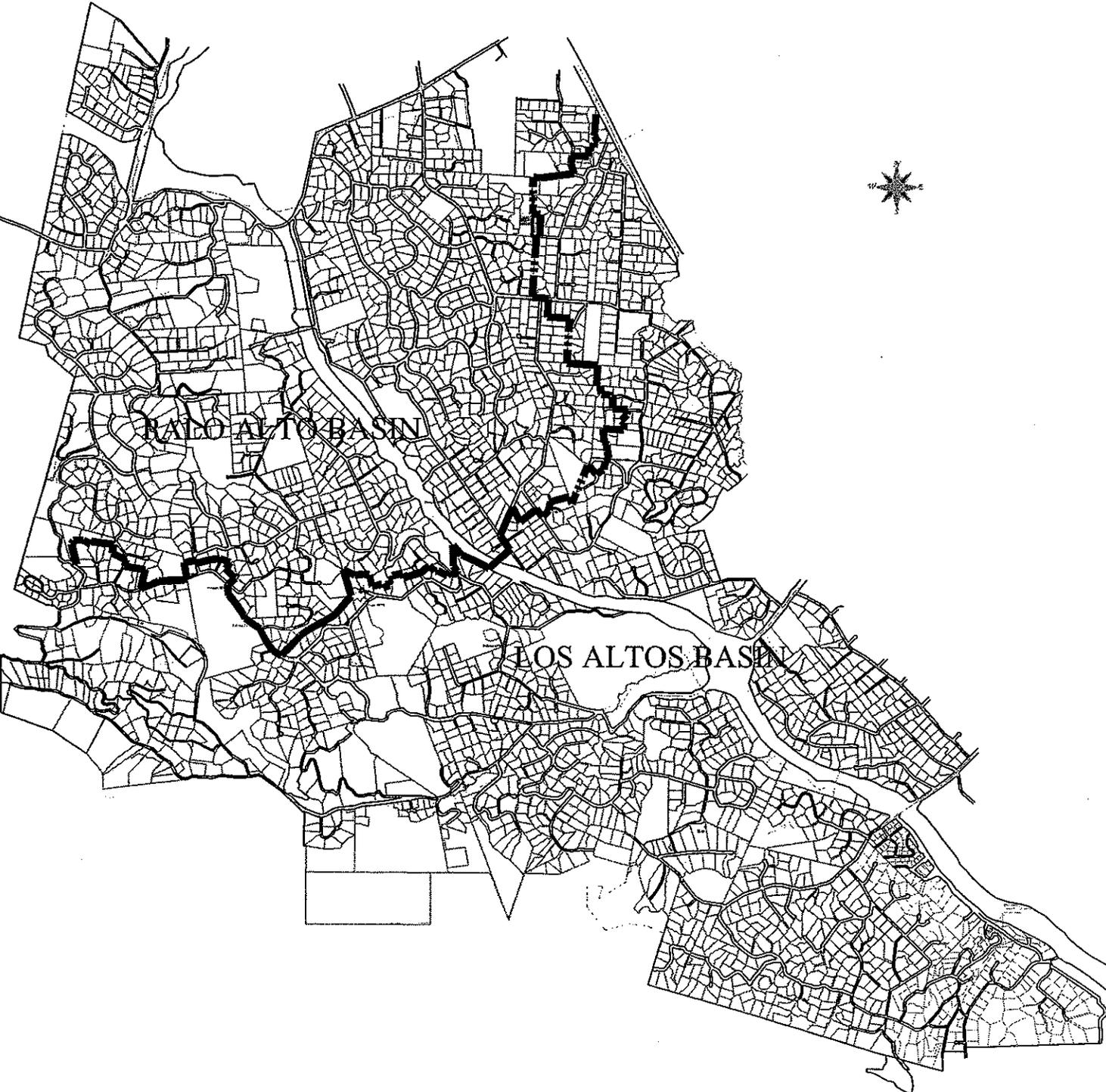


Exhibit "G" - Los Altos Basin Boundaries within the Town of Los Altos Hills and its Sphere of Influence

**AMENDMENT TO AGREEMENT BETWEEN
THE CITY OF LOS ALTOS, CALIFORNIA
AND THE TOWN OF LOS ALTOS HILLS FOR TRANSPORTATION,
TREATMENT AND DISPOSAL OF SEWAGE**

This amendment ("Amendment") by and between the City of Los Altos, California ("CITY") and the Town of Los Altos Hills, California ("TOWN") is dated for references purposes as of July 15th, 2007, with reference to the following facts:

RECITALS

WHEREAS, on January 26, 2007, CITY and TOWN entered into an agreement entitled "Agreement Between the City of Los Altos, California and The Town of Los Altos Hills for Transportation, Treatment and Disposal of Sewage", ("Agreement"); and

WHEREAS, both parties desire to amend the Agreement in order to clarify the ownership of sewer mains south of Summerhill Avenue; and

NOW THEREFORE, In consideration of the covenants, conditions and promises hereinafter contained, to be kept and performed by the parties hereto, CITY and TOWN hereby agree that the following section of the aforesaid agreement dated January 26, 2007, is amended to read as follows:

1. Revision to Section 3

Paragraph (b) (i) of Section 3, "**Ownership, Maintenance, and Regulation of Collection Systems**", shall be deleted and replaced with the following new paragraph:

"The sewer mains and appurtenances thereto, including mains serving TOWN residents and entering from the TOWN, that lie within Summerhill Avenue and that portion of Magdalena Avenue between Summerhill Avenue and Hillview Avenue shall vest in and be the property of CITY. The location and property served by these sewer mains are shown on Exhibit C.

2. General Provisions

- A. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns.
- B. Except as modified hereby, the terms and provisions of the Agreement shall remain unmodified and in full force and effect.
- C. Capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Agreement.
- D. In case of any conflict between any term or provision of this Amendment and any term or provision of the Agreement, the term or provision of this Amendment shall govern.

E. This Amendment shall be deemed to be made in, and construed in accordance with, the laws of the State of California. In the event suit is brought by either party hereunder, the Parties agree that venue for such action shall be vested in the state courts of California in the County of Santa Clara or in the United States District court in the Northern District of California.

F. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one agreement.

IN WITNESS WHEREOF, this Amendment has been executed as of the date set forth above.

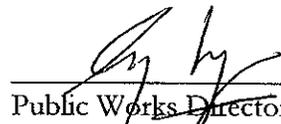
CITY OF LOS ALTOS
A California municipal corporation

TOWN OF LOS ALTOS HILLS
A California municipal corporation

APPROVED AS TO CONTENT:


Assistant Public Works Director

APPROVED AS TO CONTENT:


Public Works Director

APPROVED AS TO FORM
AND LEGALITY:


City Attorney

APPROVED AS TO FORM
AND LEGALITY:


City Attorney

AGREED:


City Manager

AGREED:


City Manager

THIS PAGE INTENTIONALLY LEFT BLANK