



Agenda Report

File #: 19-0528

**AGENDA REPORT
REQUEST FOR CITY COUNCIL AND
CORONA UTILITY AUTHORITY ACTION**

DATE: June 5, 2019

TO: Honorable Mayor and City Council Members
Honorable President and Board Members

FROM: Department of Water and Power

SUBJECT:

City Council and Corona Utility Authority consideration of the Western Riverside County Regional Wastewater Authority Fiscal Year 2019-20 budget.

RECOMMENDED ACTION:

That the:

1. City Council approve the proposed Western Riverside County Regional Wastewater Authority Fiscal Year 2019-20 budget.
2. Corona Utility Authority (CUA), review, ratify and to the extent necessary direct that the City Council take the above action.

ANALYSIS:

The Western Riverside County Regional Wastewater Authority (WRCRWA) exists for the purposes of planning, constructing, and operating a cost-effective regional water reclamation treatment system for the benefit of its member agencies.

The City of Corona Department of Water and Power (DWP) is part of WRCRWA. WRCRWA also consists of the City of Norco, Jurupa Community Services District, Home Gardens Sanitary District and Western Municipal Water District.

On July 18, 2012, the City Council and the Corona Utility Authority approved the Project and Capacity agreement for the expansion of the treatment facility from eight million gallons per day (MGD) to fourteen million gallons per day. The expansion provided the operational capacity required by Corona and other member agencies. The WRCRWA treatment plant expansion was completed in Fiscal Year 2017-18 and according to Addendum No. 6 to the Joint Exercise of Powers Agreement creating the

Western Riverside County Regional Wastewater Authority (City of Corona Membership), the City of Corona will now assume its fair share responsibility of administrative costs of the plant. The City's original owned capacity was 2.37 MGD but the recent Capacity Transfer Agreement with Home Gardens Sanitary District (approved by City Council on April 17, 2019) increases capacity to 2.62 MGD. Corona's 2019-20 obligation is outlined in the following table:

Expenditure Category	Amount	Fund Name
<u>Operations:</u>		
Treatment System	\$924,756	Water Reclamation
Conveyance System	\$0	
General & Administration	\$260,600	Water Reclamation
<u>Debt Service:</u>		
SRF Loan Principal	\$1,332,238	Water Reclamation Capacity
SRF Loan Interest	\$572,745	Water Reclamation Capacity
<u>Capital</u>		
Non-Replacement Capital	\$1,145,858	Water Reclamation
Asset Replacement Reserve	\$55,450	Water Reclamation
Total Member Contribution	\$4,291,647	

WRCRWA's Fiscal Year 2019-20 proposed budget was approved by the Board of Directors on April 25, 2019. The approved budget requires ratification by each member agency's governing body. Staff has reviewed the budget documents and recommends that the City Council approve the item.

COMMITTEE ACTION:

Not applicable.

STRATEGIC PLAN:

Not applicable.

FISCAL IMPACT:

As a member agency of WRCRWA, the City of Corona is responsible for the operation and maintenance costs of the plant for 2.62 MGD (of the total 14.0 MGD plant capacity) and the debt service related to the State Revolving Fund (SRF) loan for 2.62 MGD (of the 6.0 MGD) associated with the treatment plant expansion. The City's current obligation, as outlined above, is \$4,291,647 for Fiscal Year 2019-20 based on WRCRWA's budget. The amount has been planned for and is included in the City of Corona's Water Reclamation Utility's proposed operating budget for Fiscal Year 2019-20.

ENVIRONMENTAL ANALYSIS:

No environmental review is required because the proposed action is not a project governed by the California Environmental Quality Act.

PREPARED BY: KATIE HOCKETT, ASSISTANT GENERAL MANAGER

REVIEWED BY: TOM MOODY, GENERAL MANAGER

REVIEWED BY: KIM SITTON, FINANCE MANAGER

REVIEWED BY: KERRY D. EDEN, ASSISTANT CITY MANAGER/ADMINISTRATIVE SERVICES DIRECTOR

REVIEWED BY: MICHELE NISSEN, ASSISTANT CITY MANAGER

SUBMITTED BY: MITCHELL LANSDELL, ACTING CITY MANAGER & EXECUTIVE DIRECTOR

Attachments:

- WRCRWA's Fiscal Year 2019-20 proposed budget
- Project and Capacity Agreement for the expansion of the Western Riverside County Regional Wastewater Authority Treatment Plant
- Addendum No. 6 to the Joint Exercise of Powers Agreement creating the Western Riverside County Regional Wastewater Authority (City of Corona Membership)
- City of Corona and Home Gardens Sanitary District Capacity Transfer Agreement

WRCRWA Budget Schedule
Fiscal Year 2019-2020
Member Contribution Summary Year-to-Year Comparison

Proposed Fiscal Year 2019-2020 Budget						
Expenditure Category	WMWD	JCSD	Norco	HGSD	Corona	Total
<u>Operations:</u>						
Treatment System	779,386	3,225,323	1,392,098	441,340	924,756	6,762,903
Conveyance System	155,965	-	129,690	42,381	-	328,036
General & Administration	191,969	596,795	268,558	74,599	260,600	1,392,521
Total Operating Contributions	1,127,320	3,822,118	1,790,346	558,320	1,185,356	8,483,460
<u>Debt Service:</u>						
SRF Loans	38,584	2,064,704	407,377	70,887	1,904,983	4,486,536
<u>Capital:</u>						
Non-Replacement Capital	890,100	2,624,134	1,203,203	334,705	1,145,858	6,198,000
Asset Replacement Reserve	252,653	126,985	159,963	46,718	55,450	641,769
Less Asset Replacement Reserve Credit	-	(56,912)	(36,558)	-	-	(93,470)
Total Capital Contributions	1,142,753	2,694,207	1,326,608	381,423	1,201,308	6,746,299
Total Member Contributions	\$ 2,308,657	\$ 8,581,029	\$ 3,524,331	\$ 1,010,630	\$ 4,291,647	\$ 19,716,295
Adopted & Amended Fiscal Year 2018-2019 Budget						
Expenditure Category	WMWD	JCSD	Norco	HGSD	Corona	Total
<u>Operations:</u>						
Treatment System	815,012	3,381,472	1,378,658	466,831	887,713	6,929,686
Conveyance System	149,926	-	125,027	38,185	-	313,138
General & Administration	189,443	588,943	265,026	98,158	232,630	1,374,200
Total Operating Contributions	1,154,381	3,970,415	1,768,711	603,174	1,120,343	8,617,024
<u>Debt Service:</u>						
SRF Loans	41,797	2,067,823	410,778	253,028	1,720,864	4,494,290
<u>Capital:</u>						
Non-Replacement Capital	815,106	2,305,286	1,073,092	394,928	910,588	5,499,000
Asset Replacement Reserve	192,352	238,555	163,475	56,596	94,229	745,207
Less Asset Replacement Reserve Credit	(175,520)	(238,555)	(163,475)	(56,373)	-	(633,923)
Total Capital Contributions	831,938	2,305,286	1,073,092	395,151	1,004,817	5,610,284
Total Member Contributions	\$ 2,028,116	\$ 8,343,524	\$ 3,252,581	\$ 1,251,353	\$ 3,846,024	\$ 18,721,598
Total Member Contribution YTY Change	\$ 280,541	\$ 237,505	\$ 271,750	\$ (240,723)	\$ 445,623	\$ 994,697

WRCRWA Budget Schedule
Fiscal Year 2019-2020
Capacity, Rates, and Contributions
Fixed and Variable

	Treatment Plant		Conveyance		General & Administrative		
Fixed Rate per	\$19,952		\$2,055		\$8,289		
MGD:	Capacity	Contribution	Capacity	Contribution	Capacity	Contribution	Total by Agency
Corona	2.62	\$ 627,285	-	\$ -	2.62	\$ 260,600	\$ 887,885
HGSD	0.75	\$ 179,566	0.75	\$ 18,498	0.75	\$ 74,599	\$ 272,663
JCSD	6.00	\$ 1,436,530	-	\$ -	6.00	\$ 596,795	\$ 2,033,325
Norco	2.70	\$ 646,438	2.50	\$ 61,659	2.70	\$ 268,558	\$ 976,655
WMWD	1.93	\$ 462,084	5.15	\$ 127,016	1.93	\$ 191,969	\$ 781,069
Total	14.00	\$ 3,351,903	8.40	\$ 207,172	14.00	\$ 1,392,521	\$ 4,951,597
Variable Rate	\$1,087		\$99		\$0		
per MGD:	Est. Flows	Rate	Est. Flows	Rate	Est. Flows	Rate	Total by Agency
Corona	0.75	\$ 297,471	-	\$ -	-	\$ -	\$ 297,471
HGSD	0.66	\$ 261,774	0.66	\$ 23,883	-	\$ -	\$ 285,657
JCSD	4.51	\$ 1,788,792	-	\$ -	-	\$ -	\$ 1,788,792
Norco	1.88	\$ 745,660	1.88	\$ 68,031	-	\$ -	\$ 813,691
WMWD	0.80	\$ 317,302	0.80	\$ 28,950	-	\$ -	\$ 346,252
Total	8.60	\$ 3,411,000	3.34	\$ 120,864	-	\$ -	\$ 3,531,863
Grand Totals	<u>\$ 6,762,903</u>		<u>\$ 328,036</u>		<u>\$ 1,392,521</u>		<u>\$ 8,483,460</u>

WRCRWA Budget Schedule

Fiscal Year 2019-2020

Rate Calculation

Fixed Rates:

Based on Million Gallons Per Day (MGD) per Month

				<u>FY 2019-2020</u>	<u>FY 2018-2019</u>
	$\frac{\text{Total Fixed Expenses}}{\text{Capacity}} \div 12 =$			Fixed Rate	Fixed Rate
Treatment Plant	$\frac{\$3,351,903}{14 \text{ MGD}} \div 12 =$			\$19,952	\$20,189
Conveyance	$\frac{\$207,173}{8.40 \text{ MGD}} \div 12 =$			\$2,055	\$1,898
General and Administrative	$\frac{\$1,392,521}{14 \text{ MGD}} \div 12 =$			\$8,289	\$8,180

Variable Rates:

Based on Million Gallons Day (MGD) of Estimated Flows per Day

				Variable Rate	Variable Rate
	$\frac{\text{Total Variable Expenses}}{\text{Estimated Flows}} \div 365 =$				
Treatment Plant	$\frac{\$3,411,000}{8.60 \text{ MGD}} \div 365 =$			\$1,087	\$1,161
Conveyance	$\frac{\$120,863}{3.34 \text{ MGD}} \div 365 =$			\$99	\$109

WRCRWA Budget Schedule
Fiscal Year 2019-2020
Year-to-Year Comparison

	2018-2019	2019-2020	Change	
	Budget	Budget	Amount	% Change
Treatment System				
<u>Treatment Plant</u>				
Labor Costs	2,289,934	2,417,333	127,399	5.6%
Outside Services (Laboratory)	150,000	150,000	-	0.0%
Facility Maintenance	1,151,000	911,000	(240,000)	-20.9%
Vehicles/Equipment Rental	70,000	91,692	21,692	31.0%
Utilities (Electric, Gas, Water)	1,200,000	1,200,000	-	0.0%
Chemicals	1,317,500	1,360,500	43,000	3.3%
Solids Disposal/Sludge	350,000	300,000	(50,000)	-14.3%
Permits and Fees	184,000	120,000	(64,000)	-34.8%
Facility Maintenance - Bldg & Yard	74,336	62,780	(11,556)	-15.5%
Supplies	95,000	95,000	-	0.0%
Total Treatment Plant	6,881,770	6,708,305	(173,465)	-2.5%
<u>Pre-treatment</u>				
Labor Costs	38,416	47,304	8,888	23.1%
Vehicle/Equipment Rental	4,000	1,794	(2,206)	-55.2%
Laboratory - Quality Testing	4,500	4,500	-	0.0%
Supplies	1,000	1,000	-	0.0%
Total Pre-treatment	47,916	54,598	6,682	13.9%
Total Treatment System	6,929,686	6,762,903	(166,783)	-2.4%
Conveyance System				
Labor Costs	112,745	154,628	41,883	37.1%
Facility Maintenance	100,000	90,000	(10,000)	-10.0%
Vehicle/Equipment Rental	26,000	5,865	(20,135)	-77.4%
Utilities	65,863	65,863	(0)	0.0%
Facility Maintenance - Bldg & Yard	2,530	1,680	(850)	-33.6%
Misc. Supplies/Operating Expenses	6,000	10,000	4,000	66.7%
Total Conveyance System	313,138	328,036	14,898	4.8%
General and Administration				
Labor	285,200	367,562	82,362	28.9%
Outside Services (Consulting)	724,000	613,557	(110,443)	-15.3%
Insurance Expense	89,000	191,000	102,000	114.6%
Audit Expense	13,936	13,940	4	0.0%
Mercury Monitoring - SARDA	7,000	6,600	(400)	-5.7%
Basin Monitoring Program	22,279	18,000	(4,279)	-19.2%
Cyanide Sampling	2,060	2,060	-	0.0%
EC Sampling	7,725	6,000	(1,725)	-22.3%
Vehicle/Equipment Rental	-	3,802	3,802	
Bank Charges	1,000	1,000	-	0.0%
General Supplies	10,000	10,000	-	0.0%
Legal Costs - General	212,000	159,000	(53,000)	-25.0%
Total General and Administration	1,374,200	1,392,521	18,321	1.3%
Total Operating Expenses	8,617,024	8,483,460	(133,564)	-1.6%

Attachment 5
WRCRWA Budget Schedule
Fiscal Year 2019-2020
Fixed & Variable Cost Allocation

	Total Costs	Fixed Costs	Variable Costs
Treatment System			
<u>Treatment Plant</u>			
Labor	2,417,333	2,417,333	-
Laboratory	150,000	150,000	-
Facility Maintenance	911,000	455,500	455,500
Vehicle/Equipment Rental	91,692	91,692	-
Utilities	1,200,000	-	1,200,000
Chemicals	1,360,500	-	1,360,500
Solids Disposal/Sludge	300,000	-	300,000
Permits and Fees	120,000	120,000	-
Landscape	62,780	62,780	-
Supplies	95,000	-	95,000
Subtotal Treatment Plant	6,708,305	3,297,305	3,411,000
<u>Pre-treatment</u>	54,598	54,598	-
Total Treatment Operations	6,762,903	3,351,903	3,411,000
Conveyance System			
Labor	154,628	154,628	-
Facility Maintenance	90,000	45,000	45,000
Vehicle/Equipment Rental	5,865	5,865	-
Utilities	65,863	-	65,863
Outside Services-Landscape	1,680	1,680	-
Supplies	10,000	-	10,000
Total Conveyance System	328,036	207,173	120,863
General and Administrative	1,392,521	1,392,521	-
Total Operating Budget used for Rate Calculation	8,483,460	4,951,597	3,531,863
<u>Fixed and Variable Rates per MGD</u>			
	Fixed Per MGD Per Month	Variable Per MG	
Fiscal Year 2019-2020 Rates			
Treatment	19,952	1,087	
Conveyance	2,055	99	
General and Administration	8,289		
Total	30,296	1,186	
Fiscal Year 2018-2019 Rates			
Treatment	20,189	1,161	
Conveyance	1,898	109	
General and Administration	8,180		
Total	30,267	1,270	
Amount of Increase/(Decrease) From 2018-2019 Rates			
Treatment	(237)	(74)	
Conveyance	157	(10)	
General and Administration	108	-	
Total Increase/(Decrease)	28	(84)	
Percent Increase/(Decrease)	0.1%	-6.6%	

WRCRWA Budget Schedule
Fiscal Year 2019-2020
Debt Service Expenditures

				Debt Service			Outstanding Balance
SRF Loan	Due Date	Member Agency	Allocation Percentage	Interest	Principal	Payment	6-30-2019
Plant Expansion	12/31/2019	Corona	42.460%	\$ 572,745	\$ 1,332,238	\$ 1,904,983	\$ 30,144,512
		HGSD	1.580%	\$ 21,313	\$ 49,574	\$ 70,887	\$ 1,121,722
		JCSD	46.020%	\$ 620,767	\$ 1,443,937	\$ 2,064,704	\$ 32,671,937
		Norco	9.080%	\$ 122,481	\$ 284,897	\$ 407,378	\$ 6,446,353
		Western	0.860%	\$ 11,600	\$ 26,984	\$ 38,584	\$ 610,558
			100.000%	\$ 1,348,906	\$ 3,137,630	\$ 4,486,536	\$ 70,995,082

Attachment 7

WRCRWA Budget Schedule
Fiscal Year 2019-2020
Capital Budget

Description	Agency Amounts to be Expended					
	Total	Corona	HGSD	JCSD	Norco	Western
Non-Replacement Capital						
<u>Treatment System</u>						
Anaerobic Digester #3 (planning and design)	1,449,000	271,166	77,623	620,998	279,454	199,759
Grit Washing Equipment	130,000	24,328	6,964	55,714	25,072	17,922
Low Voltage Switch Gear	2,660,000	497,792	142,496	1,139,996	513,008	366,708
Secondary Clarifier Rehabilitation	1,784,000	333,858	95,569	764,569	344,062	245,942
Digester Area Concrete Installation	40,000	7,486	2,143	17,143	7,714	5,514
Chemical Feed Improvements	60,000	11,228	3,214	25,714	11,572	8,272
Total Treatment Plant	6,123,000	1,145,858	328,009	2,624,134	1,180,882	844,117
<u>Conveyance-South Regional Pump Station</u>						
Ferric Chloride Secondary Containment (Design)	75,000	-	6,696	-	22,321	45,983
Total Conveyance	75,000	-	6,696	-	22,321	45,983
<u>Asset Replacement Reserve</u>						
Treatment	296,301	55,450	15,873	126,985	57,145	40,848
Conveyance	345,468	-	30,845	-	102,818	211,805
Total Asset Replacement Reserve Contribution	641,769	55,450	46,718	126,985	159,963	252,653
Total Capital Expenditures	6,839,769	1,201,308	381,423	2,751,119	1,363,166	1,142,753
Less Asset Replacement Reserve Credit	(93,470)	-	-	(56,912)	(36,558)	-
Net Capital Expenditures	\$ 6,746,299	\$ 1,201,308	\$ 381,423	\$ 2,694,207	\$ 1,326,608	\$ 1,142,753

WRCRWA Capital Improvement Projects Fiscal Year 2019-2020

Introduction

The WRCRWA Administrator is recommending approval and implementation of various capital improvement projects in Fiscal Year 2019-2020. These projects include:

- Low-Voltage Switchgear Replacement
- Secondary Clarifier Replacement (2 units)
- Anaerobic Digester (planning and design)
- Grit Washing Equipment
- Digester Area Concrete Installation
- Chemical Feed Improvements
- Ferric Chloride Secondary Containment (design)

Capital projects are critical to the successful operation of the WRCRWA Plant. Projects are described on the following pages with pertinent information.

Project Descriptions

Capital Project No. 1: Low Voltage Switch Gear Replacement

Allocation: Treatment

Budget request: \$2,660,000 (including \$2,660,000 carryover from Fiscal Year 2018-2019)

Summary

This project is to replace the Low Voltage Switch Gear (LVSG) and Programmable Logic Controller (PLC) at the Treatment Plant, and construct a CMU building to protect the equipment.

Justification

The LVSG is the power distribution center to all Motor Control Centers (MCC) within the treatment process. The switchgear is past its life cycle, is no longer supported, and requires replacement as it has been deemed unsafe, unreliable, and is at risk for failure. The existing PLC and controls are also in need of replacement as they are beyond their useful life expectancy. The PLC controls the automatic transfer from utility power to generator power and vice versa once power has been restored. Without this automated process, the LVSG will fail to switch over to generator power during utility power outages, which could result in regulatory violations. The design for the new LVSG also includes construction of a CMU building to house the LVSG, which will keep the LVSG out of the elements and extend its life expectancy.

This project also provides additional reliability to WRCRWA's operation and supports a proactive solution to minimize spill potential, as outlined in WRCRWA's Sewer System Management Plant (SSMP). Additionally, this project supports the standardization of equipment at WRCRWA. With the recent expansion, existing PLC's were replaced with Allen-Bradley brand PLC's. The proposed replacement of the LVSG PLC uses identical equipment, which will seamlessly integrate with the new PLC equipment, allowing for better operational efficiency.

Background

In 2015, as part of the Treatment Plant Expansion Project, a new circuit breaker was added to the LVSG. During the course of the circuit breaker addition, it was determined by the manufacturer's field representative that the LVSG was beyond its expected life cycle, unsafe and unreliable.

The Fiscal Year 2017-2018 budget included funding for project design and the WRCRWA Board awarded the construction contract in February 2019.

Schedule

It is anticipated that the construction phase of the project will be completed in Fiscal Year 2019-2020.

Capital Project No. 2: Secondary Clarifier Rehabilitation (Units 1 and 2)

Allocation: Treatment

Budget request: \$1,784,000 (including \$934,000 carryover from Fiscal Year 2018-2019)

Summary

This project request is to rehabilitate and extend the useful life of the secondary clarifiers (Units 1 and 2).

Justification

The two existing secondary clarifiers are in need of extensive rehabilitation. Metal structures are showing signs of corrosion, and existing coatings are beginning to degrade. Additionally, the inner rings of the clarifiers were originally installed at an improper elevation, causing short-circuiting to occur during high wind events, which produces odors. The rehabilitation will include sandblasting and evaluating all steel structures, repairing or replacing of any steel that shows signs of degradation, and recoating the steel to ensure proper corrosion protection. The rehabilitation will also include replacement of any damaged steel members on the clarifiers' walkways and installation of a new baffle.

Background

Secondary clarifier rehabilitation has been a priority of WRCRWA Treatment Plant staff. Design was completed in Fiscal Year 2018-2019.

Schedule

It is anticipated that the construction phase of the project will be completed in Fiscal Year 2019-2020.

Capital Project No. 3: Anaerobic Digester No. 3 (design and construction)

Allocation: Treatment

Budget request: \$1,449,000 (including \$249,000 carryover from Fiscal Year 2018-2019)

Summary

This request is to complete the design and begin construction for a third digester at the WRCRWA Treatment Plant.

Justification

The recent expansion included the conversion of two exiting aerobic digesters to anaerobic digestion. The two newly converted digesters provide the critical solids digestion and treatment process prior to sludge being dewatered and disposed. While addition of the new anaerobic digesters is a welcome enhancement to the treatment plant, the minimal design capacity of the digesters does not provide the redundancy and back up needed in case of emergency or planned and un-planned major maintenance of either of the new digesters. Further, addition of a new third anaerobic digester will provide necessary solids digestion and treatment capacity as projected flow increases reach 10 million gallons per day in the next 1-2 years.

Background

Based on the capacity review by both the Designer (Webb/Aqua) and an Operations Consultant (WT Troxel & Associates), as influent flows gradually increase at WRCRWA, the projected hydraulic and organic loading on the two in-place digesters will begin to stress their performance. The projected point at which overall treatment plant performance will be impacted is 10 million gallons per day (MGD).

During last year's commissioning of the two new anaerobic digesters (Digesters No. 1 and 2), staff stress tested one digester at 7.0 MGD and saw degradation in digestion (increase in the volatile solids/alkalinity ratio and decreasing pH). With the current operation at approximately 8.4 MGD, it is necessary to use both existing (new) digesters.

As flows increase and without the addition of a third digester unit, there will be no capacity or redundancy available to take a digester out of service for cleaning and maintenance, or during an emergency. This will increase the risk of the plant's ability to comply with its NPDES Effluent Permit requirements. Thus, staff is recommending proceeding now with the planning and design phase for Digester No. 3.

The WRCRWA Board awarded a design contract in March 2019.

Schedule

It is anticipated that the design for this project will be completed in Fiscal Year 2019-2020. Construction is also scheduled to begin Fiscal Year 2019-2020 and will continue into Fiscal Year 2020-2021. Additional funding will be requested in Fiscal Year 2020-2021 to complete construction of the digester.

Capital Project No. 4: Grit Washing Equipment

Allocation: Treatment

Budget request: \$130,000 (including \$130,000 carryover from Fiscal Year 2018-2019)

Summary

This request is to install grit washing equipment at the WRCRWA Treatment Plant headworks.

Justification

This project is part of WRCRWA's effort to control odor sources at the WRCRWA Treatment Plant. The addition of grit washing equipment at the headworks will remove 95% of the organic material from the grit, producing grit that is virtually odorless. The grit washing equipment also removes approximately 90% of water from the grit, which produces drier grit and keeps grit bins cleaner and reduces odors. In addition, removal of more water from the grit produces lighter grit (mass and volume can be reduced by up to 50%), which reduces haul away and disposal costs.

Background

The headwork's proximity to the fence line and neighboring community makes odor control at the headworks a priority for WRCRWA. Grit is made up of many materials including sand, gravel, eggshells, seeds, coffee grounds, and large organic particles. Grit is removed at the headworks to prevent unnecessary abrasion and wear of mechanical equipment, grit deposits in pipelines and channels, and accumulation of grit in anaerobic digesters and aeration basins. Even after conventional grit classifying at the headworks, the grit still contains high organic content (which causes odors) and is polluted with waste. Grit can be odorous, wet and heavy, and attract insects.

Design for the grit washer installation and the purchase order for the material unit was completed in Fiscal Year 2018-2019.

Schedule

It is anticipated that the construction phase of this project will be completed in Fiscal Year 2019-2020.

Capital Project No. 5: Digester Area Concrete Installation

Allocation: Treatment

Budget request: \$40,000 (new project)

Summary

This project is to replace gravel with concrete between the digesters to provide ease during clean-up of possible sludge spill and reduce odor potential. In addition, a hard surface will allow maintenance crews to better position vehicles and equipment closer when performing maintenance tasks that will mitigate possible safety risks to staff.

Description

The area between the digesters was initially slated to be filled in with gravel during construction. There are two emergency overflows from the digesters as well as two digester mixing pumps that could spill sludge on the ground. Concrete will allow for easier clean-up and reduced odor potential.

Schedule

It is anticipated that the project will be completed in Fiscal Year 2019-2020.

Capital Project No. 6: Chemical Feed Improvements (Phase I: Sodium Bisulfite Storage Tank)

Allocation: Treatment

Estimated Cost: \$60,000 (new project)

Summary

Phase I of this project is to install an additional tank for sodium bisulfite storage.

Description

Due to the anticipated increased chemical use for the scrubber, the chemical feed facilities need larger tanks and associated foundation, secondary containment in case of chemical leaks, pumps, SCADA, and chemical feed pipes. The tanks have already been purchased as part of the expansion; however, the final chemical feed facilities have not yet been constructed. The phase I of the project is to install an additional sodium bisulfite storage tank.

Schedule

It is anticipated that the phase I of the project will be completed in Fiscal Year 2019-2020. This will be a two year project with estimated completion in Fiscal Year 2020-2021. Funding will be requested on a yearly basis until the project is complete.

Capital Project No. 7: Ferric Chloride Secondary Containment (Design)

Allocation: Conveyance
Budget request: \$75,000 (new project)

Summary

This project is to design a permanent dosing station with secondary containment and permanent power.

Description

Ferric Chloride is currently stored in an above ground poly tank with temporary spill containment. A permanent dosing station (secondary containment & permanent power) is needed to improve reliability and reduce potential of spillage.

Schedule

It is anticipated that the design phase of the project will be completed in Fiscal Year 2019-2020. This will be a two year project with estimated completion in Fiscal Year 2020-2021. Funding will be requested on a yearly basis until the project is complete.

WRCRWA FY 2019-2020 Annual Purchase Orders over \$60,000

All estimated PO amounts below are included in the proposed FY 2019-2020 WRCRWA budget

Vendor	Estimated PO Amount	Description of Services
Babcock Laboratories, Inc.	\$120,000	Lab services for pre-treatment and conveyance system sampling
David L. Wysocki	\$75,000	Legal services to WRCRWA Executive Committee and WRCRWA Board of Directors
New Earth USA, LLC	\$200,000	Biosolids management services for biosolids generated at the WRCRWA treatment plant
Olin Corporation	\$570,000	Sodium Hypochlorite (12.5% bleach) used at the WRCRWA treatment plant
Pencoco, Inc.	\$125,000	Sodium Bisulfite, Sodium Hydroxide, Sulfuric Acid, & Ferric Chloride used at the WRCRWA treatment plant
Royal Wholesale Electric	\$85,000	Electrical components and material used at the WRCRWA treatment plant and pump stations
Solenis LLC	\$400,000	Sludge Dewatering Polymer used at the WRCRWA treatment plant
Univar	\$80,000	Sodium Bisulfite, Sodium Hydroxide, Sulfuric Acid, & Ferric Chloride used at the WRCRWA treatment plant
FY 2019-2020 Estimated Annual POs over \$60,000	\$1,655,000	

RESOLUTION 19-003

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
WESTERN RIVERSIDE COUNTY REGIONAL WASTEWATER
AUTHORITY ESTABLISHING RATES TO BE CHARGED
FOR THE CONVEYANCE, TREATMENT AND DISPOSAL
OF WASTEWATER

WHEREAS, the WESTERN RIVERSIDE COUNTY REGIONAL WASTEWATER AUTHORITY ("the AUTHORITY") owns and operates a wastewater conveyance, treatment and disposal system ("system"); and

WHEREAS, the agencies having the right to discharge to the AUTHORITY's system are the AUTHORITY's Member Agencies: The Home Gardens Sanitary District, the Jurupa Community Services District, the City of Norco, the Western Municipal Water District of Riverside County, and the City of Corona (Corona); and

WHEREAS, in order to defray the costs of operating and maintaining its system, the AUTHORITY must establish, from time-to-time, rates to be charged to its Member Agencies for the operation and maintenance of the system.

NOW, THEREFORE, the Board of Directors of the WESTERN RIVERSIDE COUNTY REGIONAL WASTEWATER AUTHORITY hereby resolve as follows:

Section 1. Rate Components The rate to be charged to use the system shall consist of the following components:

a. A fixed rate component, which shall defray system operation and maintenance costs and expenses which do not vary significantly in proportion to the wastewater flow delivered to the system. The fixed rate component consists of the following sub-components:

- Treatment
- Conveyance
- Administration

b. A variable rate component, which shall defray the system operation and maintenance costs and expenses which vary generally in proportion to the wastewater flow delivered to the system. The variable rate component shall consist of the following sub-components:

- Treatment
- Conveyance

c. An Excess Capacity Surcharge Rate Component, which shall include the above Fixed and Variable Rate Components together with Annualized Capital Costs. This Excess Capacity Surcharge Rate Component shall be charged to a member agency for discharges in excess of that agency's owned capacity. The Surcharge Rate Component shall consist of the following sub-components:

- Treatment
- Conveyance

Section 2. Fixed Rate There is hereby established, and each Member Agency shall pay, whether or not any wastewater is delivered to the system, the total of the following fixed rate sub-components, per million gallons per day ("MGD") of capacities owned by the Member Agency:

Fixed Rates:	MGD per month
Treatment	19,952
Conveyance	<u>2,055</u>
Subtotal	\$22,007
Administration	<u>8,289</u>
Grand Total Fixed	<u><u>\$30,296</u></u>

Section 3. Variable Rate In addition to paying the total fixed rate provided for above, each Member Agency shall pay for

each million gallons of wastewater actually delivered by the Member Agency to the system the following variable rate sub-components:

Variable Rates:	MG Discharged
Treatment	1,087
Conveyance	99
Grand Total Variable	<u>\$1,186</u>

Section 4. Allocation of Capacity for Fixed Rate Calculation Purposes Fixed rates due hereunder shall be calculated on the basis of the following allocation of capacity in the system:

- a. To calculate the fixed rate for the Treatment and Administration sub-components, the following capacities are hereby allocated to the Member Agencies using 14.0 MGD existing capacity:

Agency	MGD
HGSD	0.75
JCSD	6.00
NORCO	2.70
WMWD	1.93
Corona	2.62
	<hr/>
Total	14.00

- c. To calculate the fixed rate Conveyance sub-component, the following capacities are hereby allocated to the Member Agencies using 8.4 MGD existing capacity:

Agency	MGD
HGSD	0.75
JCSD	0.00
NORCO	2.50
WMWD	5.15
Corona	<u>0.00</u>
Total	8.40

Section 5. Excess Capacity Management Service Rates

Excess capacity rate methodology was adopted by the Board on March 27, 2013 along with the Excess Capacity Management Service that allows Members in need of capacity to temporarily use capacity excess to the needs of another Member. The rate consists of the above Fixed and Variable rate components together with a Capital/Carry component calculated as a return on investment for capital and ongoing carrying costs paid by Members for ownership of capacity excess to their current needs. The Variable component is invoiced at the time capacity is used. The Fixed component and Capital/Carry component are billed separately throughout the year.

a. Excess Capacity Treatment Surcharge Rate

	MG Discharged
Fixed	928
Variable	1,087
Cap/Carry	<u>626</u>
Total Surcharge	\$2,641

b. Excess Capacity Conveyance Surcharge Rate

	MG Discharged
Fixed	68
Variable	99
Capital/Carry Costs	170
Total Surcharge	\$337

Section 6. Payment Due Date Invoices for Fixed Rates shall be paid monthly, in advance. The Fixed Rate invoice will be billed by approximately the 21st of the prior month and shall be considered delinquent if not paid by the 15th of the month for which the charge is being paid.

The variable charge shall be paid monthly, in arrears. The variable charge will be based on actual flows and will be billed on approximately the 21st of the month following the actual flows. Payment will be considered delinquent if not paid by the 15th of the following month.

Invoices for Excess Capacity Surcharge Rates shall be paid upon receipt, based on capacity used that exceeds capacity owned. The Excess Capacity Surcharge Rate Invoice will be based on actual flows and will be billed throughout the year based on Excess Capacity use activity. Payment will be considered delinquent if not paid by the 15th of the following month.

Section 7. Effective Date The rates established by this Resolution shall be effective on July 1, 2019. Resolution 18-004 is hereby superseded.

ADOPTED this 25th day of April 2019.

WESTERN RIVERSIDE COUNTY REGIONAL
WASTEWATER AUTHORITY

TOM MOODY
Chair

I hereby certify that the foregoing is a full, true, and correct copy of Resolution 19-003 adopted by the Board of Directors of WESTERN RIVERSIDE COUNTY REGIONAL WASTEWATER AUTHORITY at a special meeting held April 25, 2019.

TED HOFFMAN
Secretary-Treasurer

**PROJECT AND CAPACITY AGREEMENT FOR THE EXPANSION OF THE
WESTERN RIVERSIDE COUNTY REGIONAL WASTEWATER AUTHORITY
TREATMENT PLANT**

THIS AGREEMENT is made and entered into this 8th day of March, 2012, (the "effective date") by and between the HOME GARDENS SANITARY DISTRICT, a sanitary district (hereinafter "Home Gardens"), the CITY OF CORONA, a municipal corporation (hereinafter "Corona"), the CITY OF NORCO, a municipal corporation (hereinafter "Norco"), JURUPA COMMUNITY SERVICES DISTRICT, a community services district (hereinafter "Jurupa"), SANTA ANA WATERSHED PROJECT AUTHORITY, a joint powers public agency (hereinafter "SAWPA"), and WESTERN MUNICIPAL WATER DISTRICT OF RIVERSIDE COUNTY, a municipal water district (hereinafter "Western") (sometimes hereinafter collectively referred to as the "Parties"), and is effective only upon adoption by all of the PARTIES.

RECITALS

A. WHEREAS, Western Riverside County Regional Wastewater Authority (hereinafter "the Authority") was formed as a Joint Powers Authority in 1992 to construct and operate a regional wastewater conveyance, treatment and disposal system to serve its member agencies: Home Gardens, Norco, Jurupa, SAWPA and Western.

B. WHEREAS, the Authority's existing treatment plant is currently being upgraded to ensure it will have the capability of treating and disposing 8 million gallons per day ("mgd"), but will need to be expanded by 4 mgd to meet the near term needs of some member agencies.

C. WHEREAS, this Project and Capacity Agreement is intended to address the construction of such a 4 mgd treatment plant expansion from its current upgraded capacity of 8 mgd to the proposed capacity of 12 mgd (the "Project") and to memorialize capacity allocation upon completion of the Project, with "Capacity" being defined as "average daily flow."

D. WHEREAS, the Parties needing the Project include Jurupa, Norco, and Corona, and are known collectively as the "Expanders." Jurupa and Norco are "Member Expanders."

E. WHEREAS, the Authority's member agencies with sufficient capacity rights that have no need for further expansion are Western and Home Gardens and are known as the "Non-Expanders."

F. WHEREAS, SAWPA has no need for the Authority's wastewater disposal services and, therefore, is neither an Expander nor Non-Expander. Rather, SAWPA was instrumental in financing the construction of the original conveyance, treatment, and disposal facilities for the Authority to meet SAWPA's obligation to provide alternative facilities for disposal of wastewater that was removed from the Inland Empire Brine Line (formerly SARI) system. SAWPA's primary role in the Authority JPA is to make debt service payments on the loan in its name that was used to fund the construction of such original facilities.

G. WHEREAS, Corona is not a member agency of the Authority but has a need to become a member and is in need of capacity rights in the Project.

H. WHEREAS, Non-Expanders and Expanders have provided cash advances to the Project to finance expenses for the EIR, engineering studies, planning and cost allocation work associated with the expansion of the treatment plant, the details of which are provided in Exhibit "A" attached hereto and made a part of this Agreement.

I. WHEREAS, future elements of work include final design for the selected alternative, construction contract documents, bidding process, engineering support during construction, construction management services, and construction of the Project.

J. WHEREAS, Member Expanders and Non-Expanders hold certain capacity rights in the original facilities as determined by previous agreements. Such capacity is known as Treatment Disposal capacity and Ultimate Capacity, and South Regional Interceptor and Pump Station capacity all herein defined as Existing Capacity, Ultimate Capacity and Conveyance Capacity respectively.

K. WHEREAS, the disposition, costs, and means of allocating Conveyance Capacity will be addressed in a separate agreement.

L. WHEREAS, there is a need to begin final design now on the Project because the estimated average daily flow to the treatment plant will increase during the time needed for final design, bidding, award of construction contract, and actual construction and, therefore, time is of the essence and funding is needed now to initiate final design.

M. WHEREAS, studies have been prepared by engineering firms including the initial study by Carollo Engineering and subsequent study by the engineering team of Webb/Aqua. Unused Existing Capacity was identified in various facilities as excess to that needed in the operation of the existing 8 mgd treatment plant that would benefit the expansion.

N. WHEREAS, by previous agreement, there is 11.63 mgd Ultimate Capacity at the treatment plant, and all unused Ultimate Capacity excess to the 8 mgd operation will be utilized by the Project, with total Ultimate Capacity defined as 12 mgd.

O. WHEREAS, examples of facilities with unused Existing Capacity include solids handling, the administration building, and facilities with unused Ultimate Capacity include land and outfall.

P. WHEREAS, after developing all inclusive "go forward" costs estimated at approximately \$42 million for the Project (including final design, contract documents, bidding, engineering support during construction, construction management services, inspection, construction costs and contingency), Webb/Aqua developed a preliminary cost allocation plan for the Project based on findings that expansion improvements will improve efficiency and lower annual operation and maintenance costs.

Q. WHEREAS, the Authority's member agencies appointed a Technical Advisory Committee (TAC) to review the work of the engineers.

R. WHEREAS, the conclusion of the TAC was that Expanders and Non-Expanders should contribute to the Project because all will reap Operational Benefits through lower annual Operational Costs. One alternative was the contribution of capital by the Non-Expanders. A second alternative was for the Non-Expanders to make an In-Kind contribution of unused Existing Capacity and Ultimate Capacity, excess to the needs of the Non-Expanders.

S. WHEREAS, the purpose of this Project Agreement is to provide:

- a. An agreement and budget for the Project pursuant to Section 7 of the Authority's Joint Exercise of Powers Agreement;
- b. A cost allocation plan for the Project;
- c. The terms and conditions for the admission of Corona as a member of the Authority;
- d. Indemnification for financial liability and responsibility associated with the Project; and
- e. Reallocation of Existing and Ultimate Capacity upon completion of the Project.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises and covenants contained herein, the Parties agree as follows:

1. The estimated budget for the Project is shown on Exhibit B attached hereto and made a part of this Agreement. Total cost of the Project has been reduced by utilizing unused Existing Capacity and Ultimate Capacity associated with the existing 8 mgd treatment plant. Prior to completion of the Project, total Existing Capacity was 8 mgd and total Ultimate Capacity was 11.63 mgd. However, such Ultimate Capacity is hereby redefined as 12 mgd. Distribution of Existing and Ultimate Capacity before and after the Project is shown in Exhibit C attached hereto and made a part of this Agreement. A diagram depicting contributions by Expanders and Non-Expanders is shown in Exhibit D attached hereto and made a part of this Agreement.
2. Corona shall contribute capital to become a member of the Authority ("Corona's Buy-In"). Corona's Buy-In shall be \$4,000,000.00 and shall constitute Corona's payment-in-full to become a member of the Authority. Corona's Buy-In shall be non-refundable if and when Corona becomes a member of the Authority.
3. Corona's Buy-In cost of \$4,000,000 is based on the depreciated value of the existing treatment plant and Corona's resultant projected share of the proposed expanded 12 mgd treatment plant, and could be calculated by a number of methodologies.

Based on WRCRWA records, the value of the current 8 mgd plant is approximately \$40,000,000. The Congressional Budget Office Depreciation Range is 2.7% to 3.3% for 30 year to 37 year life facility. The Modified Accelerated Cost Recovery System is the current tax depreciation system in the United States. It does not list a wastewater treatment plant as a complete asset but instead relies on a distribution of depreciation component by component. Therefore, the Congressional Budget Office Depreciation formula is used herein.

If the plant is depreciated at:

2.7% x 12 yrs of Operation = 32% or 68% Remaining

3.3% x 12 yrs of Operation = 40% or 60% Remaining

60% x \$40 million = \$24,000,000

68% x \$40 million = \$27,000,000

Corona's share of the expanded plant after it becomes a member of WRCRWA is 2 mgd/12 mgd = 1/6 or approximately 16.67%. Therefore, using CBO Depreciation rates, Corona's Buy-In cost could vary between \$4,000,000 and \$4,500,000 (@ 2.7% \$27M/6 = \$4.5M; @ 3.3% \$24M/6 = \$4M).

The Parties agree and by this Agreement establish Corona's Buy-In cost at \$4,000,000

4. Corona shall deposit its Buy-In into the Authority's work order account established for the Project (the "Project Work Order Fund") in the following installments.

<u>Installment Number</u>	<u>Date the Installment is due and payable</u>	<u>Installment amount</u>
First:	no later than 60 days after the Authority approves the JPA Addendum admitting Corona to the Authority	\$ 700,000.00
Second:	no later than 180 days after the Authority approves the JPA Addendum admitting Corona to the Authority	\$1,300,000.00
Third:	no later than 30 days after the Authority opens bids for construction of The Project	\$2,000,000.00
Corona's Total Buy-In		\$4,000,000.00

5. A portion of Corona's Buy-In shall reduce the actual final cost of the Project for the Expanders and allow Corona to share Existing and Ultimate Capacity. The distribution and reallocation of Existing and Ultimate Capacity after the Project has been completed is shown on the attached Exhibit C under the heading "After the Project." Such distribution and reallocation of Existing and Ultimate Capacity hereby supersedes all prior agreements and resolutions allocating Existing and Ultimate Capacity to the Authority's member agencies.
6. Member Expanders shall provide an initial cash deposit to commence final design no later than 30 days after the Authority's award of the final design contract. The initial deposit shall be accounted for as a part of the Member Expanders total cost for the Project.

<u>Member Expander</u>	<u>Initial Deposit for Final Design</u>
Jurupa	\$225,000
Norco	<u>\$ 75,000</u>
Total	\$300,000

7. Expanders shall contribute unused Existing Capacity and Ultimate Capacity to the Project and shall contribute capital to the Project in proportion to the Expanders' share of the 4 mgd expansion. All Expanders shall pay the same per gallon cost, calculated by first reducing the actual total cost of the Project by Corona's Buy-In amount and then dividing the remainder by 4 mgd, as shown in Exhibit E, attached hereto and made a part of this Agreement.
8. Expanders shall deposit an estimated capital contribution of approximately \$10 per gallon of requested capacity reduced by prior deposits for an approximate Go-Forward total of \$38 million for the 4 mgd expansion (which may be adjusted further after receiving construction bids) into the Project Work Order Fund no later than 30 days after the bid opening for construction of The Project as shown in Exhibit E, attached hereto and made a part of this Agreement.
9. Non-Expanders shall provide an In-Kind Contribution of unused Existing Capacity and Ultimate Capacity to the Project in lieu of a capital contribution and in return share in the benefits of lower annual O&M costs upon completion of the Project. The Non-Expanders' contribution of unused capacity together with the Non-Expanders' pass-through of Corona's capital payment for the Project constitutes payment in full by the Non-Expanders for the Project. No other contributions shall be required of the Non-Expanders in the event upgrades are needed in the future to bring the expansion to a full 4 mgd, for a total of 12 mgd.
10. Expenses related to the prior work of planning, environmental and preliminary design, together with the "go forward" work of final design, construction contract document preparation, bidding process, engineering support during construction, construction management and inspection services, and the labor, equipment, and material necessary for construction of the Project shall be funded from the Project Work Order Fund using the cost allocation plan in this Agreement. Expanders and Non-Expanders shall be provided credit and refunds for cash deposits that were provided to finance Dunbar EIR work, including by example (\$66,000.00), Carollo planning work (\$481,000.00) and Webb/Aqua preliminary design work (not to exceed \$500,000.00) as shown more specifically in Exhibits A and F, attached hereto and made a part of this Agreement.
11. The Authority shall make monthly payments from the Project Work Order Fund to contractors and service providers for "go forward" work based on approved invoices.
12. Construction contract administration, engineering services, legal, administration and other "go forward" costs incurred by the Authority and attributable to The Project shall be paid from the Project Work Order Fund.

13. The Authority's Administrator or engineering and/or financial representatives shall review all service provider invoices prior to approving. Final corrected, approved invoices shall be electronically forwarded to the Administrator or his designee for approval and then to the Authority's finance staff for payment.
14. The Construction Management firm selected by the Authority to manage the Project's construction activities shall review invoices from the Construction Contractor together with daily reports from the inspector prior to approving partial pay requests from the Construction Contractor. Final corrected, approved partial pay requests shall be forwarded to the Administrator or his designee for approval and then to the Authority's finance staff for payment.
15. In the event the Project Work Order Funds are being depleted and additional amounts are needed to complete the Project and the additional amounts do not cause the total anticipated expenditures to exceed the budget in Exhibit B, the Authority finance staff shall invoice the Expanders the amount deemed necessary to complete construction of the Project. The invoice shall show the total amount needed and each Expander's proportionate share calculated by dividing the individual Expander's requested Capacity by the total capacity (4 mgd) for the expansion and multiplying the quotient by the total amount needed in The Project Work Order. The Expanders shall pay any balance due the Authority based on actual cost incurred for the Project, no later than 40 days from receipt of the Authority's invoice.

Example based on a total Capacity expansion of 4 mgd:

<u>Expander</u>	<u>Requested Capacity</u>	<u>Requested Fraction of total Capacity</u>
Norco	0.5 mgd	0.125
Jurupa	1.5 mgd	0.375
Corona	<u>2.0 mgd</u>	<u>0.500</u>
	4.0 mgd	1.0

16. Extra work requests from service providers may be approved by the Administrator if the extra work is less than 12% of the service provider's original contract amount.
17. In the event that the aggregate of all service provider extra work requests exceeds 10% of the aggregate amount of all service provider contracts, each subsequent request for extra work shall be forwarded to the Executive Committee for approval.

18. Construction change orders requested by the Construction Contractor shall be reviewed by the Construction manager after consulting with the inspector.
19. Construction change orders may be approved by the Authority's Administrator if less than \$100,000.
20. Construction change orders of \$100,000 or more and less than \$500,000 shall be considered by the Authority Executive Committee. The Executive Committee may approve the change order or elect to forward the change order to the Authority Board of Directors for consideration.
21. Construction change orders forwarded from the Executive Committee and change orders of \$500,000 or more shall be considered by the Authority Board of Directors.
22. In the event the aggregate amount of all construction change order requests exceeds \$1.0 million (approximately 3% of the anticipated construction contract) each subsequent change order request shall be first reviewed by the Administrator, approved by the Executive Committee and forwarded to the Board of Directors for final approval.
23. In the event the Administrator determines that additional work is urgently needed from either service providers, equipment providers or construction contractors for the protection of life or property or to avoid loss of productivity that is likely to result in a delay claim from the construction contractor, the Administrator - after discussion with two members of the technical advisory committee - may order such urgently needed additional work. The Executive Committee shall be notified of the action by email as soon as practical and a report shall be provided to the Executive Committee at its next meeting.
24. Should any funds deposited by Expanders into the Project Work Order Fund remain upon completion of the Project and all final accountings, the amount shall be paid to individual Expanders in the same proportion as when deposited by Expanders and as shown by the Requested Fraction of Total Capacity in Section 15 of this Agreement. Payments shall be made within 90 days after the issuance of the Notice of Completion for the Project. Expanders shall not earn interest on deposited funds.
25. The Parties hereby authorize the Authority's Board of Directors to order the preparation of an Addendum No. 6 to the Authority's Joint Exercise of Powers Agreement for the purpose of admitting Corona to the Joint Powers Authority as a member agency and for consideration by the Board of Directors and the Authority's member agencies' governing boards no later than 45 days after the Authority's Board of Directors approves this Project Agreement.

26. In the event the Addendum No. 6 is not approved, the amount Corona has deposited, not to exceed, \$4.0 million shall be refunded to Corona without interest earnings, if any, within 40 days of such non-approval. Thereafter, this Agreement shall be terminated and all unexpended funds deposited with the Authority under this Agreement shall be returned to the member agencies making such deposits.
27. The Expanders herewith provide assurance to the Non-Expanders and SAWPA that all costs, expenses, debt repayment obligations, contract and tort liabilities associated with the Project and its appurtenant facilities are solely borne by the Expanders, except to the extent that such costs, expenses, obligations and/or liabilities are incurred as a result of the sole negligence of the Non-Expanders and/or SAWPA.
28. Expanders hereby specifically agree to fully assume and solely bear all financial liability and responsibility of whatever kind or nature for the Project and its appurtenant facilities, including, but not limited to, all costs, expenses, debt repayment obligations and any and all other claims, demands, lawsuits, liabilities, and/or damages arising from, pertaining to, or occasioned by the construction, operation, and/or implementation of the Project and its appurtenant facilities, either directly or indirectly; provided, however, that Expanders shall not be obligated to indemnify Non-Expanders and/or SAWPA if the complained-of act or omission results from Non-Expanders and/or SAWPA sole negligence, and provided further that Expanders shall not provide such indemnification for any obligations, claims, demands, lawsuits, liabilities or other damages to the extent covered by the Authority's liability insurance, if any. This proviso is not intended to, and shall not affect the subrogation rights, if any, of the Authority's liability insurer.
29. Nothing herein is intended to create, nor shall anything herein be construed as creating, any rights in, benefits for or obligations to, any person or entity other than the parties to this Agreement. Nothing herein shall be construed to provide that the Expanders are contracting for or assuming responsibility for any debts, liabilities or obligations of the Authority, and the obligations of the Expanders hereunder shall be limited to the indemnity provided to the Non-Expanders and SAWPA.
30. In the event that a dispute arises under this Agreement, the Parties shall submit the dispute to non-binding mediation before a retired judge or justice paid for by each of the Parties equally.

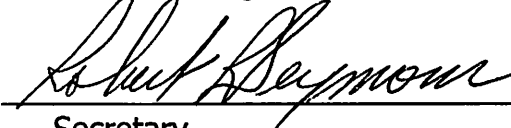
IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the day and year hereinafter indicated.

HOME GARDENS SANITARY DISTRICT

Date: _____

By 
President

Date: _____

By 
Secretary

CITY OF CORONA

Date: _____

By _____
Mayor

Date: _____

By _____
City Clerk

CITY OF NORCO

Date: _____

By _____
Mayor

Date: _____

By _____
City Clerk

JURUPA COMMUNITY SERVICES DISTRICT

Date: _____

By _____
President

Date: _____

By _____
Secretary

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the day and year hereinafter indicated.

HOME GARDENS SANITARY DISTRICT

Dated: _____

By _____
President

Dated: _____

By _____
Secretary

CITY OF CORONA

Dated: _____

By _____
Mayor

Dated: _____

By _____
City Clerk, *chief deputy*

CITY OF NORCO

Dated: _____

By _____
Mayor

Dated: _____

By _____
City Clerk

JURUPA COMMUNITY SERVICES DISTRICT

Dated: _____

By _____
President

Dated: _____

By _____
Secretary

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the day and year hereinafter indicated.

HOME GARDENS SANITARY DISTRICT

Dated: _____

By _____
President

Dated: _____

By _____
Secretary

CITY OF CORONA

Dated: _____

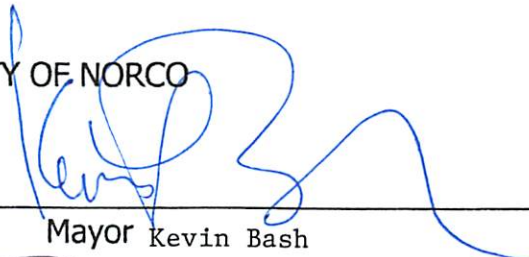
By _____
Mayor

Dated: _____

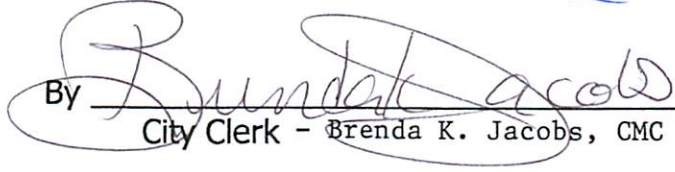
By _____
City Clerk

CITY OF NORCO

Dated: August 1, 2012

By  _____
Mayor Kevin Bash

Dated: August 1, 2012

By  _____
City Clerk - Brenda K. Jacobs, CMC

JURUPA COMMUNITY SERVICES DISTRICT

Dated: _____

By _____
President

Dated: _____

By _____
Secretary

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the day and year hereinafter indicated.

HOME GARDENS SANITARY DISTRICT

Date: _____

By _____
President

Date: _____

By _____
Secretary

CITY OF CORONA

Date: _____

By _____
Mayor

Date: _____

By _____
City Clerk

CITY OF NORCO

Date: _____

By _____
Mayor

Date: _____

By _____
City Clerk

JURUPA COMMUNITY SERVICES DISTRICT

Date: 4/23/12

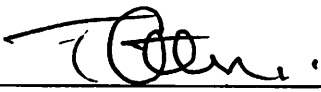
By [Signature]
President

Date: 4/23/12

By [Signature]
Secretary

**SANTA ANA WATERSHED PROJECT
AUTHORITY**

Date: 3/20/12

By 
Chair

Date: _____

By _____
Secretary

**WESTERN MUNICIPAL WATER DISTRICT
OF RIVERSIDE COUNTY**

Date: _____

By _____
President

Date: _____

By _____
Secretary

**SANTA ANA WATERSHED PROJECT
AUTHORITY**

Date: _____

By _____
Chair

Date: _____

By _____
Secretary

**WESTERN MUNICIPAL WATER DISTRICT
OF RIVERSIDE COUNTY**

Date: _____

By _____
President

Date: _____

By _____
Secretary

Exhibit A

WRCRWA Project and Capacity Agreement 4 MGD EXPANSION

Funds Advanced for The Project

June 2009

At its June 2009 meeting the Board of Directors approved Memorandum No. 676 and its funding concept for expenditures related to the Carollo Engineering contract of \$440,000 for preliminary design for treatment plant upgrade and expansion, subsequently amended by the Board May 10, 2010 with an additional \$41,406 to evaluate drop in aerators for a total contract of \$481,406. The contract was terminated with an unused balance of \$17,993 yielding a total expenditure of \$463,413. The Board approved funding on the basis of Existing Capacity owned with final cost to be reconciled after the expansion cost allocation study was complete.

WRCRWA Member Agency	Existing Capacity (mgd)	Percent of total	Pre-Design Allocation 2009	Amended Allocation 2010	Total Contract	Allocation Based on Total Paid
WMWD	1.93	24.125	\$106,150	\$ 9,989	\$116,139	\$111,798
JCSD	3.25	40.625	\$178,750	\$16,821	\$195,571	\$188,261
Norco	2.20	27.500	\$121,000	\$11,387	\$132,387	\$127,439
HGSD	<u>0.62</u>	<u>7.750</u>	<u>\$ 34,100</u>	<u>\$ 3,209</u>	<u>\$ 37,309</u>	<u>\$ 35,915</u>
Total	8.00	100.00	\$440,000	\$41,406	\$481,406	\$463,413

Final reconciliation based on Board Memorandum No. 676 and this Project Agreement provides a credit to JCSD and Norco from The Project Work Order as shown in Exhibits E and F and a refund to WMWD and HGSD payable after construction commences. The Carollo Engineering costs shall become a part of The Project Work Order for purposes of final cost allocation purposes.

Agency	Refund	Agency	Credit
WMWD	\$ 111,798	JCSD	\$188,261
HGSD	<u>\$ 35,915</u>	Norco	<u>\$127,439</u>
Total	\$ 147,713	Total	\$315,700

Exhibit A continued

August 2009

At its August 12, 2009 meeting the Board of Directors approved Memorandum No. 686 and its funding concept for expenditures related to the EIR for treatment plant enhancement and expansion. Funding was initially based on Existing Capacity owned with final cost to be reconciled after the expansion cost allocation study was complete.

WRCRWA Member Agency(mgd)	Existing Capacity	Percent of total	EIR Cost Allocation 2009	EIR Added Allocation 2010	Total EIR Cost 2011
WMWD	1.93	24.125	\$ 14,475	\$1,428	\$15,903
JCSD	3.25	40.625	\$ 24,375	\$2,405	\$26,780
Norco	2.20	27.500	\$ 16,500	\$1,628	\$18,128
HGSD	<u>0.62</u>	<u>7.750</u>	<u>\$ 4,650</u>	<u>\$ 459</u>	<u>\$ 5,109</u>
Total	8.00	100.00	\$ 60,000	\$5,920	\$65,920

Final reconciliation based on Board Memorandum No. 686 and this Project Agreement provides a refund to WMWD and HGSD after construction commences and a credit to JCSD and Norco from The Project Work Order as shown in Exhibits E and F. The EIR costs shall become a part of The Project Work Order for final cost allocation purposes.

Agency	Refund	Agency	Credit
WMWD	\$15,903	JCSD	\$26,780
HGSD	<u>\$ 5,109</u>	Norco	<u>\$18,128</u>
Total	\$ 21,012	Total	\$44,908

March 2011

At its March 31, 2011 meeting the Board of Directors approved Memorandum No. 723 and its funding concept for the first \$500,000 of expenditures for preliminary design to a level of 10% and consideration of at least two alternatives: a 2 mgd expansion and a 4 mgd expansion. Although, due to an oversight, there was no provision for reconciliation of the cost distribution in Memorandum No. 723, reconciliation was intended; therefore, this Agreement provides for that reconciliation based on Expanders deposits, as shown by Exhibits E and F of this Agreement.

	Percent <u>Of total</u>	Initial <u>Maximum</u>	Webb/Aqua <u>Contracts</u>
HGSD	0	0	0
WMWD	0	0	0
SAWPA	0	0	0
JCSD	80%	\$400,000	\$326,537
Norco	10%	\$ 50,000	\$ 40,817
Corona	<u>10%</u>	<u>\$ 50,000</u>	<u>\$ 40,817</u>
	100%	\$500,000	\$408,171

Exhibit B

WRCRWA Project and Capacity Agreement

4 MGD EXPANSION

The Project Budget

Construct additional facilities and utilize unused Existing Capacity and Ultimate Capacity to expand the existing, upgraded 8 mgd treatment plant by 4 mgd in Capacity to a 12 mgd treatment plant Capacity based on average daily flow (ADF) rates. These are Project estimates as of March 2012 and may be adjusted as the Project progresses with WRCRWA Board of Directors approval.

Construction Total	\$30 million
Contingency & EIR	\$ 8 million
Design, CM etc	<u>\$ 5 million</u>
Total "Go Forward" Budget for the Project	\$43 million
Cash Advances prior to approval of this Project Agreement	\$ 1 million
Total Estimated Budget	\$44 million

Exhibit C

WRCRWA Project and Capacity Agreement

4 MGD EXPANSION

Distribution of Existing and Ultimate Capacity

Before the Project

	<u>Upgraded Existing Capacity</u>	<u>Previous Ultimate Capacity</u>	<u>Ultimate Capacity Defined Herein</u>
HGSD	.62	.75	.78
JCSD	3.25	3.23	3.33
Norco	2.20	2.50	2.58
WMWD	1.93	5.15	5.31
Corona	0	0	0
SAWPA	0	0	0
Total	8.0	11.63*	12.00**

*Ultimate Capacity by
Previous agreements.

**Ultimate Capacity defined herein
as 12.00 MGD.

After the Project

	<u>Existing Capacity</u>	<u>Ultimate Capacity</u>
HGSD	.62	.62
JCSD	4.75	4.75
Norco	2.70	2.70
WMWD	1.93	1.93
Corona	2.00	2.00
SAWPA	0	0
Total	12.00	12.00

Exhibit D **WRCRWA Project and Capacity Agreement** **4 MGD EXPANSION**

COST ALLOCATION DIAGRAM

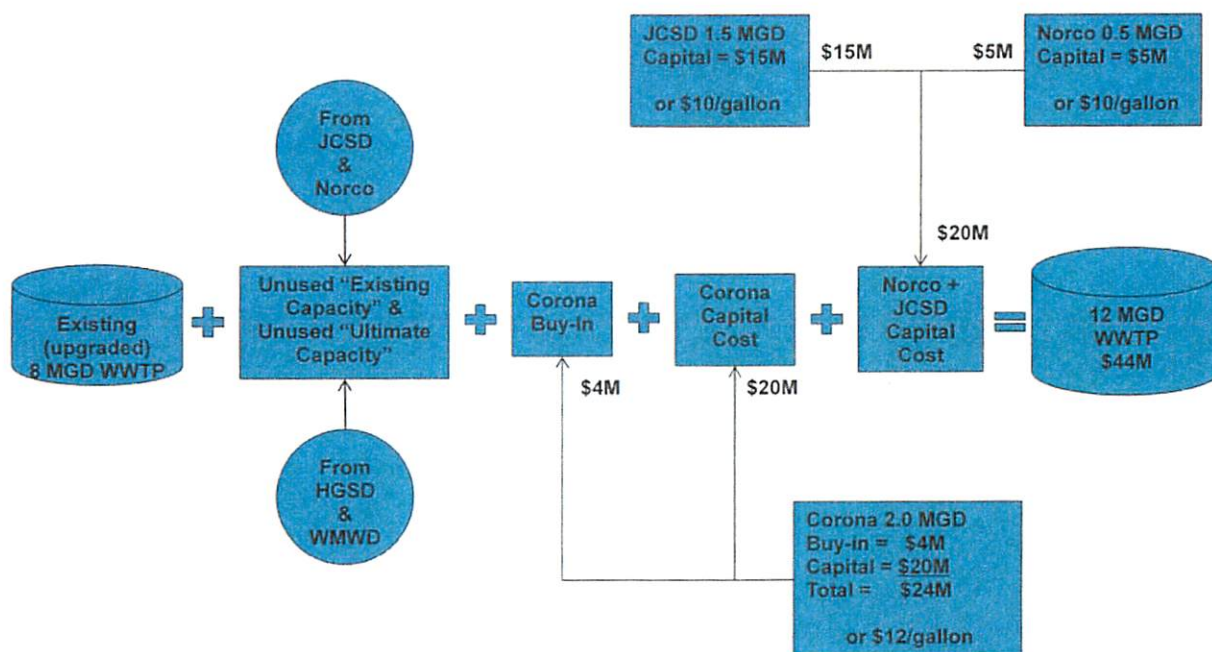


Exhibit E

WRCRWA Project and Capacity Agreement

4 MGD EXPANSION

Expanders Capital Cost Allocation Plan

Expanders shall pay the same cost per gallon, calculated by first reducing the actual cost of The Project by Corona's Buy-In amount and then dividing the remainder by 4 mgd of Capacity.

The following example calculation uses \$42,000,000 as the "go forward" cost of The Project, an estimated project cost (construction costs & soft costs related to construction) for new facilities after fully utilizing Existing Capacity and Ultimate Capacity associated with the existing 8 mgd.

Corona's Buy-In (to become a member of WRCRWA) \$ 4,000,000

Capital Contributions from Expanders

\$42,000,000 Total Estimated "Go Forward" Cost of The Project

\$ 1,167,918 Total Cash Advances from Expanders

\$43,167,918 Approximate Project Total Cost

\$ 4,000,000 Less Corona Buy-In

\$39,167,918 Approximate Total to Share Among Expanders

Approximate Cost Per Gallon

$(\$38,000,000 + \$1,167,918 = \$39,167,918 / 4 \text{ mgd} = \$9.79/\text{gallon})$

Expanders Share of Cost: (Requested Capacity multiplied by \$9.792/gallon)

Expander	Requested Capacity	Expanders Approximate Share of Costs	Expanders Early Deposits	Expanders Go-Forward Deposit Estimate
JCSD	1.5 mgd	\$14,687,969	\$ 847,351	\$13,840,618
Norco	0.5 mgd	\$ 4,895,990	\$ 270,567	\$ 4,625,433
Corona	2.0 mgd	<u>\$19,583,959</u>	<u>\$ 50,000</u>	<u>\$19,533,959</u>
Sub total		\$39,167,918	- \$1,167,918 =	\$38,000,000
Corona's Buy-In		<u>\$ 4,000,000</u>		
Reconciled Total:		\$43,167,918		

For budget purposes, the total has been rounded to \$44,000,000 in accordance with Exhibit "B".

Exhibit F

WRCRWA Project and Capacity Agreement

4 MGD EXPANSION

Expanders Early Capital Deposits and Final Credits

June 2009 Carollo Planning Work

Expander	Carollo Contract Allocation	Distribution of Funds Paid Out	Credit Due the Expander	*If the Expander deposited the full amount of the Carollo Contract Allocation the Credit Due shall be:
JCSD	\$195,571	\$188,261	\$188,261*	\$195,571
Norco	\$132,387	\$127,439	\$127,439*	\$132,387
Corona	0	0	0	0

August 2009 Dunbar EIR Work

Expander	Dunbar Contract Allocation	Distribution of Funds Paid Out	Credit Due the Expander
JCSD	\$26,780	\$26,780	\$26,780
Norco	\$18,128	\$18,128	\$18,128
Corona	0	0	0

March 2011 Webb/Aqua Preliminary Design Work

Expander	Board Max Budget Allocation March 2011 Memo 723	Estimated Funds Paid Out Based on Webb/Aqua Contract	Credit due the Expander	*If the Expander deposited the full amount of the Board Max Budget Allocation, the credit due shall be:
JCSD	\$400,000	\$326,537	\$326,537 *	\$400,000
Norco	\$ 50,000	\$ 40,817	\$ 40,817 *	\$ 50,000
Corona	<u>\$ 50,000</u>	<u>\$ 40,817</u>	<u>\$ 40,817 *</u>	<u>\$ 50,000</u>
	\$500,000	\$408,171	\$408,171	\$500,000

Exhibit F continued

2012 Deposit of funds needed for Final Design

Expander	Webb/Aqua Final Design Contract Allocation	Distribution of Funds to be Paid Out	Credit Due the Expander
JCSD	\$225,000	\$225,000	\$225,000 **
Norco	\$ 75,000	\$ 75,000	\$ 75,000 **
Corona	0	0	0

** Since these are "Go Forward" funds needed to start Final Design they are already a part of the overall budget cost estimate. However the amounts shall be credited as shown in Exhibit E, in The Project Work Order to JCSD and Norco for redistribution using the final cost allocation.

**ADDENDUM NO. 6
TO THE JOINT EXERCISE OF POWERS AGREEMENT
CREATING THE
WESTERN RIVERSIDE COUNTY REGIONAL WASTEWATER AUTHORITY
(CITY OF CORONA MEMBERSHIP)**

THIS ADDENDUM NO. 6 is made and entered into by and between HOME GARDENS SANITARY DISTRICT, a sanitary district, JURUPA COMMUNITY SERVICES DISTRICT, a community services district, the CITY OF NORCO, a municipal corporation, SANTA ANA WATERSHED PROJECT AUTHORITY, a joint powers public agency, WESTERN MUNICIPAL WATER DISTRICT OF RIVERSIDE COUNTY, a municipal water district, and the CITY OF CORONA, a municipal corporation (sometimes hereinafter collectively referred to as the "PARTIES"), and is effective only upon adoption by all of the PARTIES.

RECITALS

A. Each of the PARTIES to this Addendum No. 6 is a public agency authorized to enter into a joint exercise of powers agreement pursuant to Government Code, Section 6500 et seq.; and

B. Except for the City of Corona, each of the PARTIES to this Addendum No. 6 entered into that certain "Joint Exercise of Powers Agreement Creating the Western Riverside County Regional Wastewater Authority" in 1992 (hereinafter "the AGREEMENT"); and

C. Section 12 of the AGREEMENT provides that other public entities may become members of the AUTHORITY upon the execution of a written addendum to the AGREEMENT signed by the Member Agencies and each public entity seeking to become a Member Agency of the AUTHORITY; and

D. The AUTHORITY and its Members Agencies have received a request from the City of Corona to become a Member Agency of the AUTHORITY; and

E. It is the purpose of this Addendum No. 6 to set forth the terms and conditions by which the City of Corona will become a Member Agency of the AUTHORITY.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the PARTIES to this Addendum No. 6 agree as follows:

1. Addition of City of Corona as Member Agency. As of the effective date of this Addendum No. 6, the City of Corona shall become a Member of the AUTHORITY, and by execution of this Addendum No. 6, the City of Corona agrees to be bound by the provisions of the AGREEMENT and fulfill the conditions of admission as a Member Agency set forth in paragraph 2 below.

2. Conditions of Admission. As a condition of admission to the AUTHORITY, the City of Corona shall fund its proportionate share of the AUTHORITY's budget commencing in fiscal year 2011-2012 and each year thereafter. As a further condition of admission to the AUTHORITY, the City of Corona shall abide by the terms and conditions of that certain Project and Capacity Agreement for the Expansion of the Western Riverside County Regional Wastewater Authority Treatment Plant including the capital contributions required of the City of Corona by that Project and Capacity Agreement.

3. Effective Date. This Addendum No. 6 shall become effective when the governing bodies of all of the PARTIES to this Addendum have authorized the execution of, and subsequently executed, this Addendum No. 6.

IN WITNESS WHEREOF, the PARTIES hereto have executed this Addendum No. 6 on the day and year hereinafter indicated.

HOME GARDENS SANITARY DISTRICT

Date: _____

By _____
President

Date: _____

By _____
Secretary

JURUPA COMMUNITY SERVICES DISTRICT

Date: _____


By _____
President

Date: _____

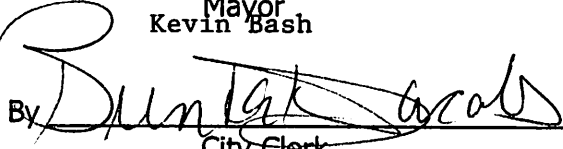
By _____
Secretary

CITY OF NORCO

Date: June 6, 2012

By 
Mayor
Kevin Bash

Date: June 6, 2012

By 
City Clerk
Brenda K. Jacobs, CMC

SANTA ANA WATERSHED PROJECT AUTHORITY

Date: _____

By _____
Chair

Date: _____

By _____
Secretary

**WESTERN MUNICIPAL WATER DISTRICT OF
RIVERSIDE COUNTY**

Date: _____

By _____
President

Date: _____

By _____
Secretary

CITY OF CORONA

Date: _____

By _____
Mayor

Date: _____

By _____
City Clerk

CITY OF CORONA AND HOME GARDENS SANITARY DISTRICT CAPACITY TRANSFER AGREEMENT

This Capacity Transfer Agreement ("Agreement") is made and entered into this 17th day of April, 2019, ("Effective Date") by and between the City of Corona, a California municipal corporation ("Corona"), and Home Gardens Sanitary District, a sanitary district organized and existing pursuant to the Sanitary District Act of 1923 (Health & Safety Code §§ 6400 *et seq.*) ("HGSD"). All parties are at times referred to collectively as "Parties" and individually as "Party" herein.

RECITALS

WHEREAS, Western Riverside County Regional Wastewater Authority ("WRCRWA") was formed as a Joint Powers Authority in 1992 to construct and operate a regional wastewater conveyance, treatment and disposal system to serve its member agencies; and

WHEREAS, HGSD and Corona are member agencies of WRCRWA; and

WHEREAS, WRCRWA is expanding the existing capacity in WRCRWA's Treatment Plant from 8.0 million gallons per day ("MGD") to 14.0 MGD ("Project"); and

WHEREAS, the member agencies of WRCRWA have entered into that certain Project and Capacity Agreement for the Expansion of WRCRWA's Treatment Plant ("Project Capacity Agreement"), originally dated March 8, 2012, as subsequently amended, to define the allocation of each member agency's treatment capacity rights in WRCRWA's Treatment Plant and each member agency's construction funding obligations for the Project; and

WHEREAS, WRCRWA has applied for and obtained a State Revolving Fund ("SRF") loan from the State of California, State Water Resources Control Board, Division of Financial Assistance for the purpose of funding the capital costs of the Project; and

WHEREAS, WRCRWA applied for and was awarded SRF loan forgiveness grant funds on behalf of HGSD in the amount of \$580,794 ("SRF Loan Forgiveness Funds"); and

WHEREAS, on or about September 25, 2013, WRCRWA and the member agencies of WRCRWA entered into that certain Agreement between Western Riverside County Regional Wastewater Authority and its Member Agencies for the Repayment of State Revolving Fund Loan ("Repayment Agreement") whereby each member agency of WRCRWA pledged and dedicated a source of revenue equivalent to their cost obligations to WRCRWA for the timely repayment of the SRF loan; and

WHEREAS, pursuant to the Project Capacity Agreement, HGSD is allocated a treatment capacity right of 1.00 MGD at the WRCRWA Treatment Plant and Corona is allocated a treatment capacity right of 2.37 MGD at the WRCRWA Treatment Plant; and

WHEREAS, pursuant to the Repayment Agreement, HGSD is responsible for 6.33% of the costs of the Project based upon the treatment capacity right in the WRCRWA Treatment Plant allocated to HGSD; and

WHEREAS, pursuant to the Repayment Agreement, Corona is responsible for 39.50% of the costs of the Project based upon the treatment capacity right in the WRCRWA Treatment Plant allocated to Corona; and

WHEREAS, HGSD has 0.25 MGD of excess treatment capacity in the WRCRWA Treatment Plant (“HGSD’s Excess Capacity”) based on HGSD’s existing and anticipated future sewer demands and Corona has a need for additional capacity for anticipated future sewer demands and a desire to purchase HGSD’s Excess Capacity.

AGREEMENT

NOW THEREFORE, in consideration of the preceding recitals and the mutual covenants and consideration contained herein, the Parties agree as follows:

1. **Incorporation of Recitals.** The Parties acknowledge that the above recitals are true and correct, and incorporate those recitals by reference into this Agreement.
2. **Effective Date.** This Agreement shall be effective as of April 1, 2019.
3. **Amendment to Project Capacity Agreement.** The Parties understand, acknowledge and agree that it will be necessary to amend the Project Capacity Agreement to reflect the transfer of HGSD’s Excess Capacity from HGSD to Corona and the revised treatment capacity allocation for HGSD and Corona, as set forth in Section 4 of this Agreement. The Parties also understand, acknowledge and agree that it will be necessary to amend the Repayment Agreement to reflect the revised percentage of financial obligation for the costs of the Project assigned to HGSD and Corona as a result of the transfer of HGSD’s Excess Capacity from HGSD to Corona, as set forth in Section 5(A) of this Agreement. The Parties shall fully cooperate with one another to amend the Project Capacity Agreement and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.
4. **Assignment and Transfer of Excess Capacity.** As of the Effective Date, HGSD hereby assigns and transfers HGSD’s Excess Capacity in the WRCRWA Treatment Plant to Corona. From and after the Effective Date, the treatment capacity in WRCRWA’s Treatment Plant allocated to HGSD shall be 0.75 MGD and the treatment capacity in WRCRWA’s Treatment Plant allocated to Corona shall be 2.62 MGD.
5. **Project Costs and SRF Loan Obligations.** Upon the transfer of HGSD’s Excess Capacity to Corona, the costs of the Project and the obligations to repay the SRF loan shall be reallocated as follows (subject to minor percentage changes due to final project cost reconciliation and allocation):

- A. HGSD shall be responsible for 2.38% of the total costs of the Project and Corona shall be responsible for 41.99% of the total costs of the Project.
- B. HGSD's debt service obligations for the SRF loan shall be decreased to account for the transfer of HGSD's Excess Capacity to Corona and Corona's debt service obligations for the SRF loan shall be increased to account for the transfer of HGSD's Excess Capacity to Corona.
- C. HGSD's obligations to pay for costs of the Project that are not reimbursed by the SRF loan shall be decreased to account for the transfer of HGSD's Excess Capacity to Corona and Corona's obligations to pay for costs of the Project that are not reimbursed by the SRF loan shall be increased to account for the transfer of HGSD's Excess Capacity to Corona.
- D. The SRF Loan Forgiveness Funds shall be retained by HGSD and no amount shall be transferred to Corona as a result of the transfer of HGSD's Excess Capacity to Corona.

6. **Entire Agreement.** This Agreement contains the entire Agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements.

7. **Modification.** This Agreement may be modified only in writing, signed by both parties.

8. **Notice.** Written notice, whenever required by this Agreement, shall become effective upon personal service or deposit in the United States mail, postage prepaid, addressed to the following:

CITY:

General Manager –DWP
City of Corona
755 Public Safety Way
Corona, CA 92880

HGSD:

General Manager
Home Gardens Sanitary District
13538 Magnolia Ave
Corona, CA 92879

9. **Venue.** This Agreement shall be interpreted according to the laws of the State of California. Venue shall be in Riverside County, California.

10. **Counterparts.** This Agreement may be executed in counterparts, all of which, taken together, shall be deemed one original.

11. **Corona Utility Authority.** HGSD understands that Corona has entered into a Water Enterprise Management Agreement and a Wastewater Enterprise Management Agreement, both dated as of February 6, 2002, with the Corona Utility Authority (“CUA”) for the maintenance, management and operation of those utility systems (collectively, the “CUA


Management Agreements”). To the extent that this Agreement is deemed to be a “material contract” under either of the CUA Management Agreements, Corona enters into this Agreement on behalf of the CUA and subject to the terms of the applicable CUA Management Agreement (s).

[SIGNATURES ON NEXT PAGES]

**CITY'S SIGNATURE PAGE TO
CITY OF CORONA AND HOME GARDENS SANITARY DISTRICT
CAPACITY TRANSFER AGREEMENT**

CITY OF CORONA

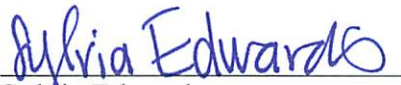
a California municipal corporation

By: 
Jason Scott
Mayor


Consent:


Mitchell Lansdell
Acting Executive Director
Corona Utility Authority

Attest:

By: 
Sylvia Edwards
City Clerk


Approved as to Form:

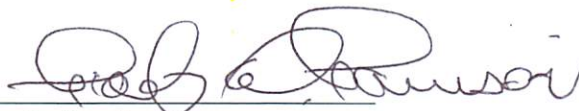
By: 
Dean Derleth
City Attorney

**HGSD'S SIGNATURE PAGE TO
CITY OF CORONA AND HOME GARDENS SANITARY DISTRICT
CAPACITY TRANSFER AGREEMENT**


HOME GARDENS SANITARY DISTRICT

a sanitary district organized and existing pursuant to the Sanitary District Act of 1923 (Health & Safety Code §§ 6400 *et seq.*)

By: 
Efraim Barajas
President of the Board of Directors

By: 
Grady Garrison
Secretary-Treasurer of the Board of Directors

Approved as to Form:

By: 
Colin Burns
Harper & Burns LLP
District Counsel