

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

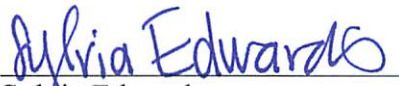
a California municipal corporation

By:  for
Jason Scott
Mayor

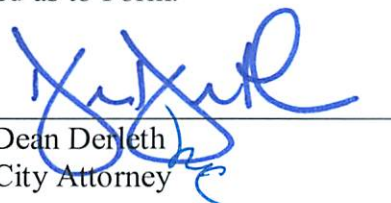
Consent:


Mitchell Lansdell
Acting Executive Director
Corona Utility Authority

Attest:

By: 
Sylvia Edwards
City Clerk


Approved as to Form:

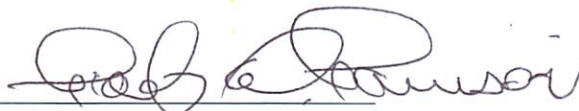
By: 
Dean Derleth
City Attorney

**HGSD'S SIGNATURE PAGE TO
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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