

SCHEDULE 2 OPERATION AND MAINTENANCE STANDARDS

2.1 GENERAL

The Company shall operate, maintain and manage the Facility in accordance with accepted industry standards and pursuant to the terms and provisions set forth herein. Operational decision-making shall always be based on the following overall objectives:

- Protection of public health and safety
- Protection of the health and safety of the Facility operating staff
- Preservation of the long-term capability to supply wastewater treatment services
- Protection of the environment and meeting all regulatory requirements
- Protection and preservation of the Facility Equipment and facilities
- Maximization of Facility operational efficiency and minimization of operational costs

2.2 OPERATIONS AND MAINTENANCE

The Company shall maintain the Facility in good working order and repair and in a neat and orderly condition. The Company shall maintain the aesthetic quality of the Facility (~~including existing facilities and new facilities~~) as conveyed to the Company at the time of such conveyance, with due allowance for reasonable wear and tear and depreciation. The Company shall maintain on behalf of the District all manufacturers' warranties on new facilities and Equipment purchased, and shall fully cooperate and assist the District, at the Company's sole cost and expense, in enforcing existing and new Equipment warranties and guaranties relative to the Facility.

The Service Fee shall be adjusted on an annual basis per the “blended adjustment index” methodology specified in Schedule 8, Section 8.1

The Service Fee shall be based on treating all wastewater within $\pm 20\%$ of the average dry weather flow and BOD and TSS loading values presented in Schedule 1. Should the average ranges (either for an individual component, i.e. flow, BOD or TSS, or a combination of components), as measured by a ~~twelve (12)~~ **thirty six (36)** month moving average, fall outside the $\pm 20\%$ range, the Company and the District shall negotiate in good faith to adjust upward or downward the Service Fee per the adjustment methodology specified in Schedule 8, Section 8.2.

Table S2-1 Wastewater Influent Average ¹	
Parameter	12-36-Month Average (April 1, 2008, to March 31, 2009 November 1, 2010 to October 21, 2013)
Flow, mgd	4.72 5.04
BOD ₅ , lbs/day	—11,307 9,849 lbs / day
TSS, lbs/day	20,181 13,471 lbs / day

¹ Average of monthly average values over a 36-month period from November 1, 2010 through October 31, 2013

~~** Both the Company and the District acknowledge that the relocation of the Novato Treatment Plant (NTP) influent sampler to a new location during July 2009 will result in reduced loading measurements as the previous influent sampler location included recycle flows as well as the Ignacio Treatment Plant effluent. The Company and the District shall cooperatively work to develop a correlation methodology for the loadings at the new location and subsequently develop an updated loadings profile and number for the BOD lbs / day and TSS lbs / day. Such correlation and revised lbs / day to be completed within thirteen (13) months following the completion of the upgrades relocating sampling locations and equipment and commissioning of new facilities (final Acceptance of all new facilities). Substitution of the revised / updated BOD and / or TSS loadings number shall not result in any revision to existing compensation unless the current 12 Month Average provided in Table S2-1 reflects the required +/- 20% change.~~

~~The Company shall continue to meet the performance standards specified in Schedule 1 if the influent flows and/or loadings fail to fall within the ±20% range on a daily, monthly, or other short-term basis. The ±20% influent flow and loading range is intended to protect the District and the Company from extraordinary changes, on an annual average basis, over the Term of the Agreement.~~

~~Influent wastewater within design criteria and flow and loading parameters established by the design criteria specified in Schedule 1 shall be treated to meet all regulatory requirements, including effluent discharge standards, without adjustment to the Service Fee or Utility Caps unless the twelve (12) month moving averages for maximum and minimum flow loadings are exceeded. Provided the flows and loadings do not exceed design criteria, short term excursions of flows and / or loadings above or below the maximum and minimum flow and loadings established for the Service Fee and Utility Caps, but within the design criteria, shall not constitute an Uncontrollable Circumstance and shall not be eligible for compensation adjustment to the Service Fee or adjustments to the Utility Caps.~~

The subsequent sections set forth requirements for the operation and maintenance (O&M) of Facility components, and are intended to address the major activities required. The following

sections, however, are not intended to include all specific activities that are necessary for meeting the performance requirements set forth in the Agreement.

In addition to the general requirements of the Agreement, the Company is responsible for the specific performance requirements below. The Company shall refer to the Operations Manual, as updated by the Company, and associated operation and maintenance manuals to understand additional operations and maintenance requirements.

The Facility shall at all times be operated, controlled, and supervised by a qualified manager and with supervisory controls capable of responding immediately and effectively to any and all anticipated and unanticipated circumstances. The combination of automated and human oversight shall assure compliance with the Agreement.

2.2.1 Existing SCADA System Capability and Usage

The District currently utilizes the Invensys Wonderware family of software for its Supervisory Control and Data Acquisition (SCADA) functions. Wonderware provides many different system components for SCADA functions. The District uses three main components. The first, InTouch Software (version 10.1-9.5) is the primary interface for engineering and operations. It collects (via **redundant** DA Server) and displays process data collected from the field and allows control changes. It displays and manages alarm presentation, trends and pager callouts (via **redundant** SCADA Alarm). The existing main Intouch nodes are licensed for 60,000 tags.

The second component is the InSQL servers. This is the repository for all archived data. Within InSQL, process data, historical alarms and events are stored and made available for trends, searches and reports. The ~~existing~~ InSQL server is licensed for 5000 ~~500~~-tags. ~~There are 480 tags in use but the new plant SCADA system will be off loading our existing plant SCADA system which will allow some additional expansion capacity as the primary focus for this existing system shifts to collections (primarily pump stations).~~

The final component concerns the ability to present the InTouch screens to a user located either onsite or offsite and have increased flexibility regarding number of licensed user requirements. Utilizing Microsoft Terminal Services and InTouch for Terminal Services we provision a thin client version of the same screens and control functions available on the primary node. **Eleven Wonderware Operator Interfaces are placed around the plant (two are placed at Ignacio TPS). Three Terminal Service clients provide additional offsite access.**

~~The District NTP currently polls 8 IP based (Ethernet) slaves over a dual-fiber self-healing network plus 1 IP slave (Ignacio TPS) over dual radio links. There are also two large package systems, Aeration and UV Disinfection. The first uses Wonderware and similar slaves that exist elsewhere in the plant. The latter utilizes Wonderware and different PLC supplier. There are also several small package systems such as GBT, Grinder/Compactor, and septage 13 Leased Line slaves and 24 radio-based slaves. The District is in the process transitioning away from Leased Lines where possible.~~

~~A very similar overall system will be provided (also Wonderware) as part of the new facility upgrades. A node/PLC was recently provided as part of the Ignacio Transfer Pump Station~~

Project as well as nodes/PLCs for GBT and Headworks. These nodes will ultimately be integrated into the new facility system.

2.2.2 New Facility SCADA System Capability and Usage [Reserved]

The District will continue to utilize the Invensys Wonderware family of software for its SCADA functions at the new NTP Plant. As on the existing system, the District will use three main components. The first, InTouch Software (version 10) is the primary interface for engineering and operations. It collects (via new redundant DA Servers) and displays process data collected from the field and allows control changes. It displays and manages alarm presentation, printing, trends and pager callouts (via SCADAAlarm). The District's main InTouch nodes will be licensed for sixty thousand (60,000) tags.

The second component is new fault tolerant, redundant InSQL servers. These provide the repository for archived data. Within InSQL, process data, historical alarms and events are stored and made available for trends, searches and reports. The District's InSQL servers will be licensed for 500 tags. We anticipate 400+ tags to be in use in the new plant Historian.

The final component concerns the ability to present InTouch screens to a user located either onsite or offsite. Eleven Wonderware Operator Interfaces will be placed around the plant. Terminal Service Clients will provide additional offsite access. As on the existing SCADA system, Terminal Services and InTouch for Terminal Services will provision a thin client version of the same screens and control functions available on the primary node.

The District will poll 8 IP based (Ethernet) Modicon Quantum slaves over a dual fiber self healing network plus 1 IP slave (Ignacio TPS) over dual radio links.

As previously noted, the District will provide a SCADA system at the Facility that shall be utilized for the purpose of managing and improving operational monitoring, operational performance, establishment of unattended operations, and efficiency. Within thirty (30) days of the Commencement Date, the Company shall provide the District with written confirmation of its acceptance of the SCADA system capabilities and performance. Development of SCADA upgrades to be provided by others and the related Acceptance of ongoing SCADA upgrades associated with the facility improvements currently underway shall be addressed along with other Acceptance processes included herein along with commensurate thirty (30) day and ninety (90) day acceptance periods for non-biological and biological upgrades respectively. Should operational issues occur that the Company represents were caused by the SCADA system after the contract Commencement Date, but before written acceptance by the Company, the burden of proof regarding SCADA system operation shall be the Company's responsibility. The Company shall be responsible for ongoing integration of such SCADA system with Facility operations, including the associated staff training required. The Company shall propose to the District, for District review and acceptance, any modification and/or reconfiguration of the SCADA system, as deemed necessary by the Company. Such updates are anticipated to occur consistent with the Company's major maintenance schedule for the five (5) year Contract Term.

The Facility SCADA system (hardware and software) and any modifications to the system shall utilize tested and proven technology that results in a complete system that remains capable of ensuring efficient and effective monitoring and control of the facility throughout the period of

the Agreement. Currently, the SCADA system is comprised of a PLC based control system utilizing remote PC's, fiber optic communication and Wonderware InTouch and InSQL software. The Quantum PLC's and fiber optics are anticipated to have a life beyond the five (5) year term of this Agreement. The Company is encouraged to suggest and the District shall not unreasonably withhold approval of improved technology as requested by the Company. The use of unproven, "cutting edge," technology will only be implemented with the written concurrence of the District and the District reserves the right to unilaterally reject such "leading edge" technology consistent with this section of the Agreement.

2.2.3 Computerized Maintenance Management System

The Company shall provide a CMMS to develop and implement a comprehensive computer-based maintenance management program that contains readily available historical data, including an inventory of spare parts and provisions for enforcing existing Equipment warranties and guarantees and maintaining all warranties on new Equipment purchased after the Commencement Date. As part of the overall Asset Management Program for the Facility, the Company shall implement such a maintenance management program to include Preventive, Predictive, and corrective maintenance for all components of the Facility, including but not limited to:

- Buildings, grounds, and structures (other than the Administration Building)
- Electrical systems and instrumentation (excluding those for the Administration Building, but including the standby generator for the Administration Building)
- Mechanical Equipment (excluding that for the Administration Building, but including the standby generator for the Administration Building)
- Odor control systems
- All safety systems (including but not limited to fire alarm and suppression systems, combustible gas detection systems, fall prevention and protection systems, etc., excluding those within the Administration Building)
- Heating, ventilation, and air conditioning (excluding such systems for the Administration Building)
- Communication equipment (i.e. telephones, facsimiles, etc.) (other than that located within the Administration Building, but including any such equipment related to the SCADA system)
- Chemical feed systems
- Pumping systems
- Auxiliary power facilities
- Air pollution control devices (to the extent such devices are present at the Facility)

- SCADA facilities (including but not limited to Computer equipment (all software and hardware))
- Other facilities, Equipment, and systems contained within the Facility (excluding the Administration Building unless such Administration building items are specifically referenced herein)
- Other specialized tools and equipment

2.2.4 Odor Control Facilities

The Company shall use reasonable efforts consistent with best industry practices and the Agreement to control odors from the Facility so that the odors at the Site boundary do not prompt public complaints. The Company's commitment shall be to achieve zero odor incidents, and the Company, in conjunction with the District, shall develop a program that identifies procedures for certifying and documenting odor complaints, and shall establish procedures to address recurrent failures of the odor control program. Additional provisions with respect to odor control facilities and their operations are provided below.

The Company shall be responsible for optimizing the operation of existing and future odor control equipment so that it performs to its designed capacity and capability.

2.2.4.1 Odor Response Plan

The Company shall establish a response plan based on the Facility's current response procedures. The complainant should be contacted as soon as possible, at a reasonable time of day, and the site of the odor source visited to obtain more information on the location and characteristic of the odor complaint. The Company shall obtain hydrogen sulfide (H₂S) measurements at the Facility and at the location of the complaint using a hand held meter to establish the presence of odorous compounds at different locations in the Facility, including the wet stream and Biosolids handling processes and the odor control system exhausts. The odor complaint log form shall be completed, including wind speed and direction at time of the call, the status of process units, and action taken by the Company to rectify the odor complaint. A written report on the odor complaint investigation shall be provided to the District.

If the results of the H₂S monitoring and other investigations establish the continued presence of odorous compounds, then the Company shall (1) review and, as appropriate, adjust current operations and maintenance practices concerning odor control, and at its direction, subject to the provisions of the Agreement, make recommendations to the District, for the District's review and acceptance, for capital Equipment to be provided by the District to address odors, in lieu of or in addition to proposed adjustments to current operations and maintenance practices, and (2) in connection therewith, make reasonable efforts to determine and implement, at the sole cost and expense of the Company, a corrective action plan within a reasonable time period. If the initial H₂S levels are below detection threshold levels, and the odor complaints persist, the District may request the Company to perform odor evaluations. Should the evaluation results indicate the presence of odors above the detection threshold levels, then the Company shall conduct and pay for such odor evaluations and shall use all reasonable efforts to determine and implement a corrective action plan in a timely manner, subject to the District's

review and comment. The first phase of such corrective action plan shall include a reasonable time period for the Company to determine the cause of the odors.

2.2.5 (Reserved)

2.2.6 Equipment and Chemicals

The Company shall keep all tools, spare parts, and any and all required and related items in good operating condition and maintain tools, spare parts, and other relevant items in inventory to facilitate the repair and replacement of used or useful Equipment, as necessary, in a timely fashion so as not to disrupt the operation of the Facility. Such Equipment shall be of a quality and durability equal to or greater than the Equipment being used, in inventory, or required herein to be secured as of the Commencement Date; and shall meet the specification provided for in the Operations Manual or future operations manuals issued with new equipment.

The Company shall operate all used or useful Equipment, including Equipment placed in service, and perform all tests and testing as may be required or recommended pursuant to applicable warranties, commercial or industrial standards and federal, State, and local laws, regulations and Permits. The Company shall promptly notify the District in the event of any major Equipment failure.

All Equipment and chemicals provided by the District on and after the Contract Date, including any Equipment permanently affixed to the Facility or chemical ordered by the Company or the District for the Facility, shall be deemed to be owned by the District and shall remain a part of the Facility upon termination or expiration of the Agreement. All such Equipment shall be in good operating condition, as adjusted for normal wear and tear. All property, Equipment and chemicals designated for disposal or replacement shall be replaced or disposed of as defined in the Agreement.

2.2.7 Company Vehicle Maintenance

The Company shall maintain its vehicles in a professional manner consistent with industry and safety standards.

2.2.8 Buildings Services (except Administration Building)

The Company shall perform buildings services to maintain the current condition of the Facility, for those buildings and facilities located at the wastewater treatment plant site and pump stations listed in Schedule 4.2, and used by the Company for the operation and maintenance of the Facility throughout the term of the Agreement. Housekeeping and grounds shall be maintained in an acceptable manner consistent with the District's objectives for high quality services, facilities, and appearance. The Facility structures shall be maintained at a level adequate for the efficient, long-term reliability and preservation of the capital investment with the buildings, grounds, and landscaping in an aesthetically attractive and clean condition. The District shall remain responsible for building services for the Administration Building.

2.2.9 Utilities

The cost for electricity, natural gas and diesel fuel shall be a Pass Through Cost up to the maximum limits specified in Schedule 11. The District shall pay for the costs of electricity, natural gas and diesel fuel up to the maximum usage levels specified in Schedule 11. Any additional usage shall be paid by the Company to the District without reimbursement by the District. The District shall report the usage of electricity, natural gas, and diesel fuel used by the Company on a ~~monthly~~ annual basis and shall invoice the Company ~~monthly~~ annually for payment by the Company to the District for any usage of electricity, natural gas, or diesel fuel above the maximum usage levels of Schedule 11.

2.2.10 Sewers and Collection System

The District will retain responsibility for maintenance, cleaning, repair, and construction of the District sewers and Collection System. The District will ~~provide~~ permit new sewer connections and/or laterals to properties along the existing Collection System. The Company shall coordinate its activities at the Facility with the District, as directed by the District, to minimize disruption of the Facility operation and maintenance and to prevent any interference with sewer cleaning and maintenance activities.

2.3 Operations and Maintenance Costs

The Company shall provide, at its sole cost and expense, all labor, materials, machinery, vehicles, ~~except Equipment and Chemicals initially provided by the District for the Company's use and identified in Schedule 12,~~ including, but not limited to office equipment, copiers, computers, fuel, chemicals, supplies, materials, spare parts, expendables, consumables, testing and laboratory analysis, and any items required for the operation, maintenance and management of the Facility in accordance with the terms and provisions of the Agreement.

2.4 OPERATIONS MONITORING AND REVIEW

The District will actively participate in review of Facility management, operation and maintenance throughout the term of the Agreement.

2.4.1 ~~Monthly~~ NPDES and WDR Reports

The Company shall prepare ~~all~~ operating reports - **Self-Monitoring Reports (SMRs) and Discharge Monitoring Reports (DMRs)**, ~~(Monthly Reports)~~ summarizing the operations of the Facility for submission to the California Regional Water Quality Control Board (RWQCB) and NPDES & WDR Reporting. The ~~Monthly Reports~~ **SMRs and DMRs** shall be prepared by the 15th or other date, as applicable, of every month for the previous month of Facility operation. The ~~Monthly Reports~~ **SMRs and DMRs** shall be submitted to the District for review prior to submission. The Company shall prepare the ~~Monthly Reports~~ **SMRs and DMRs** in a format subject to approval by the District and Report Agency. The ~~Monthly Reports~~ **SMRs and DMRs** shall include data pertaining to the Facility performance, analyses required by the NPDES Permit, wastewater flows, and other pertinent information. ~~Company shall include data, such as but not limited to the items listed below in the Monthly Reports and any other information necessary for compliance with Applicable Law and / or Agreement requirements:~~

~~Monthly Discharge Monitoring Reports (DMRs) requirements (flow, influent and effluent BOD, COD and suspended solids, effluent pH, metals and toxicity testing results, etc.)~~

- ~~▪ Facility operations report to show daily process operations information including all process flows (i. e. wastewater, primary Biosolids, aeration tank influent, return Biosolids, waste Biosolids), primary and return Biosolids concentrations, secondary treatment process parameters (i.e. aeration tank dissolved oxygen levels, Biosolids settling tests, Biosolids production, Biosolids age, oxygen uptake rates), process unit hydraulic and solids loading rates, process unit detention times and process performance calculations.~~
- ~~▪ Summary of maintenance work performed, backlog, and anticipated major maintenance work for the next month.~~
- ~~▪ Summary of utility and chemical usage for the prior month.~~
- ~~▪ Summary of odor complaints and action taken.~~
- ~~▪ Summary of the operational staff time spent at each major process location of the Facility.~~
- ~~▪ Within sixty (60) days of Commencement, District and Company shall jointly develop a template for Monthly Reports and attach it hereto as an exhibit.. District and Company may from time to time modify this template, approval of changes to which shall not be unreasonably withheld.~~

2.4.2 Other Regulatory Reports and Permits

The Company shall prepare all other regulatory reports and permit documents as required, including but not limited to the following agencies: BAAQMD, Certified Unified Program Agency (CUPA), CalOSHA.

2.4.3 Monthly Client Reports

The Company shall prepare a monthly operating report for the previous month for presentation to the District's Wastewater Operations Committee each month. The Company shall prepare the report in a format subject to approval by the District. The report shall include at least:

- Regulatory compliance summary
- Facility operations report to show daily process operations information including all process flows (i. e. wastewater, primary Biosolids, aeration tank influent, return Biosolids, waste Biosolids), primary and return Biosolids concentrations, secondary treatment process parameters (i.e. aeration tank dissolved oxygen levels, Biosolids settling tests, Biosolids production, Biosolids age, oxygen uptake rates), process unit hydraulic and solids loading rates, process unit detention times and process performance calculations.

- Summary of maintenance work performed, backlog, and anticipated major maintenance work for the next month.
- Summary of utility and chemical usage for the prior month.
- Summary of odor complaints and action taken.
- Summary of the operational staff time spent at each major process location of the Facility.

2.4.4 Annual Operation and Maintenance Report

The Company shall prepare an annual operation and maintenance report (Annual Report). This report shall include detailed information about the completed ~~billing~~ **calendar** year's operation and maintenance of the Facility and current Facility conditions. The Annual Report shall be finalized by the Company and issued within ~~60~~ **ninety (90)** days after the end of the ~~Fiscal~~ **Calendar** Year. Company shall include in the Annual Report information, such as but not limited to, the following:

- Summaries of maintenance, repair and replacement activities, **including cost summaries as applicable.**
- An assessment of the condition of the Facility, details of any modifications made (design details and as-built drawings) and an analysis of the effectiveness of any repairs, replacements, or upgrades.
- A summary of the information provided in the monthly reports, including a summary of the overall Facility performance and regulatory compliance.
- A summary of environmental, safety, and regulatory compliance.
- An assessment of outstanding issues, including any recommendations for changes to plant operations.
- ~~Operating budget summary concerning budgetary performance of the Facility.~~
- Notable achievements, awards and/or any performance issues relating to the Facility.

2.4.5 Facility Inspections

The District or its authorized agents and representatives from the governing regulatory agency (e.g., RWQCB) reserves the right to visit or inspect the Facility at any reasonable time, including "blind" inspections without prior notice to the Company. The District or its authorized agents and representatives may call upon the Company at any time for an oral review of any matter pertaining to the Facility. ~~The Company shall provide the District and/or authorized agents and representatives adequate office working space during inspections and reviews as necessary.~~

The District or its authorized agents and representatives ~~anticipate~~ **reserves the right to** performing an annual inspection of the Facility that shall be scheduled at a time of mutual

consent between the Company and the District or its authorized agents or representatives (“Annual Facility Inspection”). The purpose of this Annual Facility Inspection **would be** to verify that Facility operations and maintenance is properly performed in accordance with this Agreement. At least two (2) weeks prior to the annual inspection, the Company shall submit to the District three (3) copies of the Company's Annual Report.

In the event that any such inspections reveal work not in accordance with the Agreement or a lack of repairs or necessary maintenance to the Facility or Facility facilities or Equipment, the District or its authorized agent shall bring to the attention of the Company such items and the Company shall perform the repairs and maintenance activities identified by the District in accordance with the terms and provisions set forth in the Agreement. Failure of the District to identify and notify the Company of any such deficiencies shall not relieve the Company of its obligations as established by the provisions of this Agreement.

The Company shall maintain all records of operating data and information relevant to the capital costs, operation, maintenance, management and related matters of the Facility, including accounting and financial records. The Company shall provide the District access to all such records upon reasonable request.

2.4.6 Operations Records

The Company shall maintain a computerized record keeping system for all operation and maintenance functions performed on the Facility. Records shall include, but not be limited to, records of Facility operation, operation and maintenance costs, maintenance procedures, emergency incidents, personnel, and inventory (Equipment and chemicals).

2.4.7 Monthly Meetings and Annual Report

The District and the Company shall meet at a minimum on a monthly basis at the Facility or other mutually agreed upon location to discuss the prior Monthly Report and Facility performance, including maintenance issues, Facility conditions, environmental and permit compliance, invoicing issues, public relations, and other relevant issues. Copies of documentation of these meetings shall be the responsibility of the Company and shall be distributed to all attendees. The Company shall provide Monthly Reports to the District of the operation and maintenance of the Facility **adequately in advance of the Board Wastewater Operations Committee meeting** for the current month. These status reports shall present the operating and maintenance and financial information for the previous month **as further specified in Schedule 2.4.3.**

~~The Company shall also provide the District the Annual Report as further specified in Schedule 2.4.4.~~

2.4.8 Review at Expiration or Extension of Agreement

Prior to the final Contract Year of a Contract Term, including an extension, the District **reserves the right to conduct a complete Facility audit to determine the condition of the Facility. In such event, the District and the Company shall** mutually select an independent, technically qualified firm (“Auditor”) to conduct **such** Facility audit. The cost of services provided by the Auditor

shall be divided equally between the District and Company-with the Company's share of the cost of such services capped at \$25,000 escalated annually by the Blended Adjustment Index (BAI) of Schedule 8. The Auditor will conduct a detailed, comprehensive survey and inspection of the Facility to identify the physical and operational conditions and general status of repair of all Equipment, buildings, structures, pavements, grounds, utility lines, spare parts inventories, operation and maintenance records, etc. The Auditor will prepare a detailed report ("Auditor's Report") documenting the findings of the survey/inspection during the first six (6) months of the final Contract Year.

A draft version of the Auditor's Report will be provided to the District and Company for review and comment. In the case of disagreement between the District and Company as to the appraised condition of items or portions of the Facility, or estimated cost for repair, renewal, or replacement, the Auditor will make the final decision, which shall be binding to both parties.

Company shall maintain and the District and its authorized representatives shall have access to all books, documents, papers and records of Company which relate to this Agreement for the purpose of making audit, examination, excerpts, and transcripts for a period of three (3) years after final payment. Copies of applicable records shall be made available upon request. Payment for cost of copies is reimbursable by the District.

SCHEDULE 3 FACILITY PLANS AND ASSET MANAGEMENT

As part of the Services required by this Agreement, the Company shall ~~be required to prepare~~ **maintain** several comprehensive plans which document the Company's and District's objectives of continuously improving Facility performance and cost effectiveness. This Schedule outlines the various plans that ~~shall be~~ **are** required. ~~It is recognized that information may not be available to provide all of the details necessary to develop a complete plan. The transition plan and draft customer service and emergency response plan shall be completed prior to the Commencement Date. All other plans shall be completed either thirty (30) or sixty (60) days after the Commencement Date, as applicable. The following plans shall be developed and maintained by the Company:~~

- Customer Service and Emergency Response Plan
- Staffing and Training Plan
- Operations and Maintenance Plan (including Standard Operating Procedures)
- Safety and Security Plan
- ~~Transition Plan~~
- Repair and Replacement Program
- Asset Management System (AMS) Plan
- Environmental Management System (EMS) Plan

A comprehensive list (in electronic format) shall be maintained by the Company, accessible to the District, listing all plans, permits, reports and data that are maintained by the Company. Such list and plans shall be received annually, updated and so confirmed to the District. The electronic list of plans shall indicate the last update date.

3.1 ~~DRAFT~~ Customer Service and Emergency Response Plan

The Company shall respond promptly and in a reasonable manner to all customer odor complaints, and all other operational issues impacting facility performance or resulting in non-compliance with performance requirements and conditions established by this Agreement. Because of the nature of the consequences involved in an operating failure in the Facilities, it is necessary that a qualified Company employee be available during all non-working hours to receive and respond to emergency calls from the public. An employee on stand-by duty must arrange his/her schedule of personal activities so that he/she can be contacted within ten (10) minutes by telephone and can respond to an emergency within thirty (30) minutes after being notified. **Response can be via computer access and or other effective means.**

The Company shall maintain a **local** ~~toll-free~~ twenty-four (24) hour telephone number throughout the Term of the Agreement so that customers of the Facility can report odor complaints and emergencies. The Company shall notify the District of any activity, problem, or circumstance of

which it becomes aware that threatens the safety, health or welfare of the customers of the Facility. The Company shall maintain a complete log with the start and end date and time of all problems and emergencies identified and measures and response time taken by the Company to remedy such problems and emergencies.

The Company shall develop emergency operations procedures, including on-call backup capability to be utilized during an emergency event. As part of the emergency plan, emergency operations procedures shall be developed to address at a minimum:

- Chemical spills
- Personnel emergencies
- Fire and explosions
- Pipe, valve, or pump failure
- Equipment and Process Failure
- Power failure
- Acts of God (~~i.e.~~ including but not limited to, earthquakes, hurricanes, wind storms, and floods)
- Wastewater bypass discharges
- Emergency telephone numbers
- Emergency equipment inventory
- Records preservation including industrial waste sampling and monitoring
- Physical security
- Coordinating instructions with public safety agencies

3.2 Staffing and Training Plan

The Company shall provide staff qualified and experienced in the operation, maintenance, and management of wastewater treatment systems similar in nature and character to the Facility in accordance with the terms and conditions defined in the Agreement. The Company shall also provide additional third party support, on an as needed basis, to perform its duties and obligations of this Agreement. Such third parties shall be qualified for the specific services to be performed. The Company is responsible for maintaining the required number of staff and third party companies as deemed appropriate to operate, maintain and manage the Facility in accordance with the provisions and terms of this Agreement. The Company shall provide:

- Qualified management, supervisory, technical, operations and maintenance personnel.

- Duly licensed and certified personnel as required by the State of California hired or contracted by the Company to perform the services required.
- Office and clerical support staff.
- Technical support to provide on-call backup and process expertise for process control, instrumentation, troubleshooting, management, maintenance and Facility repair, emergency management, as necessary, to support operations and maintenance staff in performing the Services of this Agreement.

~~Within thirty (30) days after the Commencement Date, the Company shall submit to the District a Staffing Plan for the personnel requirements. The Company shall include, at a minimum, the following information, in accordance with the provisions of this Agreement:~~ **The Company shall provide a copy of the current staffing with the annual operations and maintenance report.**

- Organization chart
- List of all personnel assigned to the Facility, with contact telephone numbers
- Job classifications
- Numbers and job classifications of staff required for ~~the first year operations and long term operation~~ **and maintenance of the Facilities.**
- Resumes of personnel employed within the Facility to demonstrate qualifications to perform assignment

3.2.1 Staffing Responsibilities

The Company shall provide adequate staff to meet the requirements of the NPDES Permit, maintain Facility equipment in proper and safe working order, meet reporting requirements, provide a safe workplace, maintain appropriate records of equipment and process effectiveness and provide training as necessary for the effective and efficient operation and maintenance of the Facility. At the Company's sole option any or all of these services may be contracted with a private firm specializing in the needed service, subject to reasonable review and approval by the District, with such written approval provided within ten (10) business days and not unreasonably withheld. All other aspects of the Agreement shall remain in effect and the costs of such outside contracted services shall be the sole responsibility of the Company.

3.2.2 Training

The Company shall provide training programs for all personnel employed. Such training shall include, but not be limited to, wastewater process control, equipment operation, repair, and maintenance, sampling and analytical procedures, regulatory requirements, supervisory skills, and safety and occupational health procedures. It is the District's and the Company's desire to maximize employment opportunities for existing personnel and build the employee skill base to fill future opportunities through skill and safety training. ~~Initial operations shall include training and development of employees to meet the needs of the facility at the completion of the Upgrade~~

Project and have a qualified and motivated staff to meet future facility requirements. The Company shall maintain records of all training programs.

~~It is the Company's desire to provide appropriate and adequate training to all employees of the facility as it relates specifically to the respective position. All new employees will receive training regarding the Company's personnel policies and regulations, as well as a copy of the Company's Employee Handbook that contains specific information regarding how the Company addresses many employment items.~~

General and site-specific safety training will be provided at the outset of operation of the facility by the Company. Safety of the people who perform the work in the facility shall be the first priority of the Company. Regional safety and industrial hygiene personnel will be brought to the facility to evaluate safety issues and recommend repair or procedures to mitigate hazards. All personnel will receive training in relation to hazards identified as specific to this Facility and in general wastewater treatment safety as required.

~~Team building training will also be implemented at an early phase of the project is encouraged in order to build a stronger relationship with co-workers and management at the facility. The Company provides training and instruction to facilitate a cohesive workforce that improves moral and safety in the facility through cooperative work teams.~~

~~No later than ninety (90) days after the Commencement Date, the Company shall submit five copies of a draft Operator Training Plan (Training Plan) as an attachment to the Staffing Plan for review and comment by the District.~~

~~The District will review the draft Training Plan and return one (1) copy with comments and reasonable and acceptable corrections within thirty (30) days of the initial submittal. The Company shall submit five copies of a final version of the Training Plan incorporating requested changes and comments thirty (30) days following the return of the draft version.~~

3.3 Operations and Maintenance Plans

The Company shall ~~prepare and submit to the District for approval~~ **maintain** a comprehensive Operation and Maintenance Plan (O&M Plan). ~~within sixty (60) days after the Commencement Date.~~ The O&M Plan shall specify all procedures and tests to be conducted for the operation and maintenance of the Facility, inclusive of all facilities and Equipment. The O&M Plan shall be a comprehensive manual organized into separate sections addressing each of the unit processes involved, the overall Facility operation and control, auxiliary Facility equipment, and grounds and building maintenance. At a minimum, this O&M Plan shall include the following:

- a. Routine maintenance schedule for all major systems and schedule of expected shutdowns.
- b. Copies of all permits, licenses, and other regulatory documents obtained for the Company's Services, if not previously submitted.
- c. Operation procedures for all major equipment within the Facility during start-up, normal, alternate, and emergency operation modes.

- d. Equipment and Facility manufacturers/suppliers O&M manuals to be supplied, to the extent available, by the District for all existing equipment.
- e. Forms and checklists to be used to monitor equipment and process Facility operation and preventive maintenance.
- f. Monitoring and reporting requirements.
- g. Updates to the O&M Plan.

Each separate unit process, auxiliary Facility processes, grounds /buildings section of the O&M Plan shall include a detailed written explanation of the following:

- The process or Facility including its key components.
- The Facility function including its purpose and normal operating parameters.
- Equipment summary including nameplate data, supplier/local representative, and manufacturer.
- Description of instrumentation and control Facility, including an alarm summary.
- Description of normal Facility operations including startup and shutdown, adjustment of variable speed drives and settings, interface with other plant systems, routine monitoring checklists and record keeping forms.
- Maintenance, including Predictive and Preventive Maintenance for process functions, such as cleaning and hose down, flushing and inspection; mechanical functions, such as changing lubricating fluids and filters, checking rotating Equipment balance, and changing valve seals and packing; electrical functions, such as checking tightness of wiring terminal connections, exercising breakers, and recalibrating meters; instrument and control functions, such as sensor calibration; and structural maintenance, such as crack repairs and restoration of surface corrosion protection systems.
- Troubleshooting Facility malfunctions.

~~The District will review the draft O&M Plan and return one marked-up copy with comments and conditions for approval within thirty (30) days of the initial submittal. The Company shall submit five (5) copies of a final version of the O&M Plan incorporating the District's reasonable and acceptable changes and comments thirty (30) days following the return of the draft O&M Plan.~~

3.4 Safety and Security Plan

The Company shall provide for and maintain security and safety of all **process** facilities and structures contained within the Facility. ~~The Company shall develop and submit to the District a safety plan within thirty (30) days after the Commencement Date.~~ The Company shall be responsible and obligated to enforce all safety, security and health laws, rules, regulations, and/or procedures. Any and all persons entering the Facility shall be identified and provide appropriate

documentation of authorization to have access to the Facility in conformance with Company's standard policies. The Company is responsible for providing the appropriate procedures to maintain a log of any and all persons accessing the Facility. **will ensure that company vendors, visitors, or outside employees sign in at the District Office.**

The structural integrity of the fences shall be maintained and kept in neat order. Gates, access points, and doors to the facilities and structures in the Facility shall be kept locked during non-business hours. Entrance to such facilities and structures shall be protected against unauthorized entry. The Company is responsible for maintaining all **process area** security alarms in working order. To the extent necessary, and as mutually determined by the District and the Company, the Company shall also propose, consistent with industry standards, the upgrade of, the Facility security and alarm systems during the Contract Term for review and authorization by the District. The District will provide funding for any such upgrades authorized by the District.

3.5 — TRANSITION PLAN

~~Prior to the Commencement Date, the Company shall submit for District review and comment a plan for the transition of operations to the Company. Amongst other things, the plan shall address, at a summary level, the following topics:~~

- ~~1) Staffing approach, qualifications, and organizational structure (chart)~~
- ~~2) Permits and certifications~~
- ~~3) Transition of existing District systems~~
- ~~4) Key activities and priorities envisioned for the first thirty (30) and sixty (60) day time periods~~
- ~~5) Company expectations for District services and support at the Commencement Date~~
- ~~6) Any special circumstances or conditions~~

3.6 REPAIR AND REPLACEMENT PROGRAM **Asset Management Program**

As outlined in Section 3.10 of this Agreement and Section 4.1.3G (Operations and Maintenance Plan) of the RFP Document, **an Asset Management** formalized Repair and Replacement Program shall be developed by the Company (with District input) during the first year of the Agreement. The **Asset Management** Repair and Replacement Program shall be mutually agreed to and address a five (5) year timeframe and be updated annually by the Company. Once the **Asset Management** Repair and Replacement Program is developed and accepted by the District, the District shall be responsible for the provision of the funding specified in the resultant plan and will authorize specific Facility Modifications and other activities for implementation by the Company as outlined by the **Asset Management** Repair and Replacement Program. ~~An outline of the envisioned Repair and Replacement Program, shall be included within the O&M Plan, and shall present the Company's approach for repairs and replacements to comply with the Agreement.~~ Throughout the Term of the Agreement, the District shall be responsible for budgeting the funds for the **Asset Management** Repair and

Replacement Program and for authorizing projects that are paid for by the District budgeted fund.

DRAFT

**SCHEDULE 4
WASTEWATER TREATMENT FACILITY**

The Company is responsible for the Services defined in Schedules 1, 2, and 3 and set forth in the Agreement. The following description presents the various components that comprise the Facility, and a description of existing operational conditions.

4.1 WASTEWATER TREATMENT FACILITY

The District owns the land, buildings, and Equipment that constitutes the Facilities of this Agreement. Schedule 4.3 provides schematics of the existing Facility and the Upgrade Project. The Facility currently treats approximately 5.04 MGD average annual flow and 9,849 lbs/day of BOD and 13,471 lbs/day of TSS on a thirty six month average using data from November 1, 2010 to October 31, 2013, 4.72 MGD average annual flow and 11,307 lbs./day of BOD and 20,181 lbs./day of TSS on a twelve (12) month average using data from April 1, 2008, to March 31, 2009 as displayed in Table S4-1.

Table S4-1

FLOWS AND LOADS						
Date	Flow - mgd		BOD - lbs/d		TSS - lbs/d	
	Average	High	Average	High	Average	High
10/01/2013	3.998	4.460	11,018	12,355	13,299	14,916
09/01/2013	3.964	4.390	9,867	10,926	12,945	15,952
08/01/2013	3.960	4.640	9,866	11,151	11,849	14,606
07/01/2013	3.726	4.360	8,434	9,621	10,887	12,616
06/01/2013	4.090	4.460	9,546	12,447	12,362	14,180
05/01/2013	4.228	4.810	10,096	21,845	11,893	14,941
04/01/2013	4.559	6.120	10,573	13,855	12,955	18,896
03/01/2013	4.612	5.440	10,326	13,277	13,534	18,243
02/01/2013	4.592	5.000	11,174	14,354	14,716	20,999
01/01/2013	5.392	6.510	10,409	20,012	16,890	28,009
12/01/2012	8.891	20.270	11,269	21,486	16,769	29,777
11/01/2012	5.490	14.780	12,149	24,530	25,394	59,476
10/01/2012	4.436	5.780	9,149	11,184	12,793	18,635
09/01/2012	4.428	4.960	8,991	10,594	13,215	19,060
08/01/2012	4.134	4.700	9,182	17,139	11,559	15,668
07/01/2012	3.858	4.190	8,243	10,545	10,423	13,202
06/01/2012	3.996	4.330	8,159	9,098	11,155	14,639
05/01/2012	4.288	4.720	8,160	9,783	11,130	20,876
04/01/2012	5.512	7.780	8,827	10,390	11,830	20,198
03/01/2012	6.792	11.970	9,287	12,891	11,579	32,094
02/01/2012	4.690	5.580	9,650	12,238	11,166	16,475
01/01/2012	4.992	10.310	10,056	18,315	10,445	19,021
12/01/2011	4.255	4.420	9,087	13,756	12,491	22,590
11/01/2011	4.603	6.020	8,936	12,030	11,950	16,869
10/01/2011	4.307	5.460	9,470	20,128	11,201	16,784
09/01/2011	4.000	4.480	8,920	11,201	13,404	16,813

08/01/2011	4.219	5.050	9,296	13,939	13,912	18,181
07/01/2011	4.368	4.980	10,979	24,082	17,167	45,543
06/01/2011	4.863	7.890	9,436	13,496	14,410	23,294
05/01/2011	4.804	6.280	9,876	12,032	14,672	24,899
04/01/2011	5.307	6.770	11,544	16,736	16,374	28,413
03/01/2011	10.388	19.970	10,858	16,627	14,831	31,561
02/01/2011	7.107	13.580	12,047	16,036	17,134	31,109
01/01/2011	6.136	12.420	9,154	10,547	12,297	16,971
12/01/2010	7.642	12.590	11,476	18,877	14,709	35,725
11/01/2010	4.788	6.440	9,052	11,973	11,631	22,878
MIN	3.726	4.190	8,159	9,098	10,423	12,616
MAX	10.388	20.270	12,149	24,530	25,394	59,476
AVE	5.039	7.386	9,849	14,430	13,471	22,336

The Facility is currently designed and permitted for a total of 7.05 MGD average dry weather flow as detailed in Schedule 1. ~~Currently the Ignacio Treatment Plant effluent is pumped to the Novato Treatment Plant for further treatment prior to discharge.~~

The Facility following the Upgrade Project is designed for the following:

- Average dry weather Flow – 7.0 MGD
- Average Annual Flow (AAF) - 7.8 MGD
- Average Wet Weather Flow - 10.3 MGD
- Peak Wet Weather Flow, Max Day (PWWF) - 30.7 MGD
- Peak Week - 17.7 MGD
- Normal Peak 3-hour Flow Rate - 34.6 MGD
- Max Peak 3-hour Flow Rate - 52.0 MGD
- Maximum dry weather month BOD – 16,800 lbs
- Maximum dry weather month TSS - 20,200 lbs

The Facility treats wastewater from various industries along with domestic wastewater. Industries that contribute to the Facility influent have variable wastewater flows and characteristics and are subject to the District’s IPP ordinances and requirements.

The District has industrial pre-treatment regulations and the required sampling, inspection, and enforcement programs.

4.2 Recycled Water Facilities

The Recycled Water Facilities are described in Section 5.

4.3 PUMP STATIONS

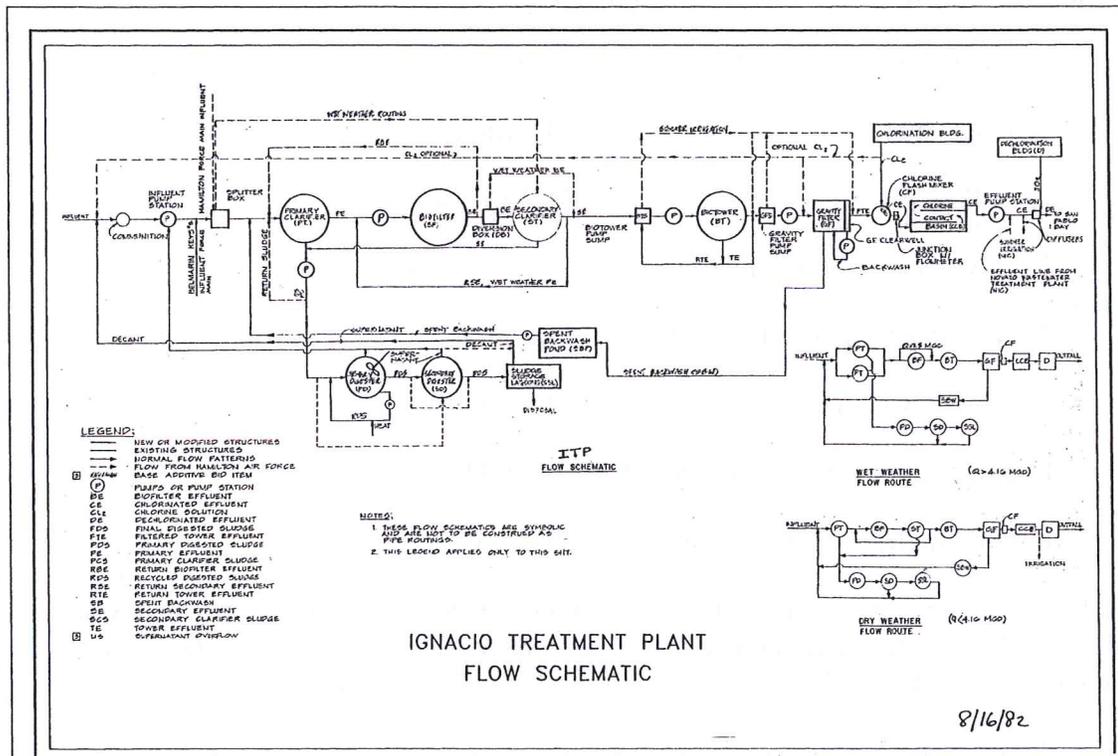
The Company shall be responsible for the Ignacio Transfer Pump Station (ITPS) and operation of the flow equalization basins, and the Decant (supernatant) pump station at the District's reclamation/Biosolids storage facilities only. All other pump stations shall be the responsibility of the District.

4.4 Digested Sludge Transfer and Decant Return Lines

The Company shall employ procedures to enhance reliability of the Digested Sludge Transfer and Decant Return Lines, flushing of the Decant Return Line and procedures to avoid "dead heading" for example. The Company shall not be responsible for repairs or replacement to buried portions of the lines. The Company shall not be responsible for losses caused by interruption of service or related costs due to broken or plugged lines.

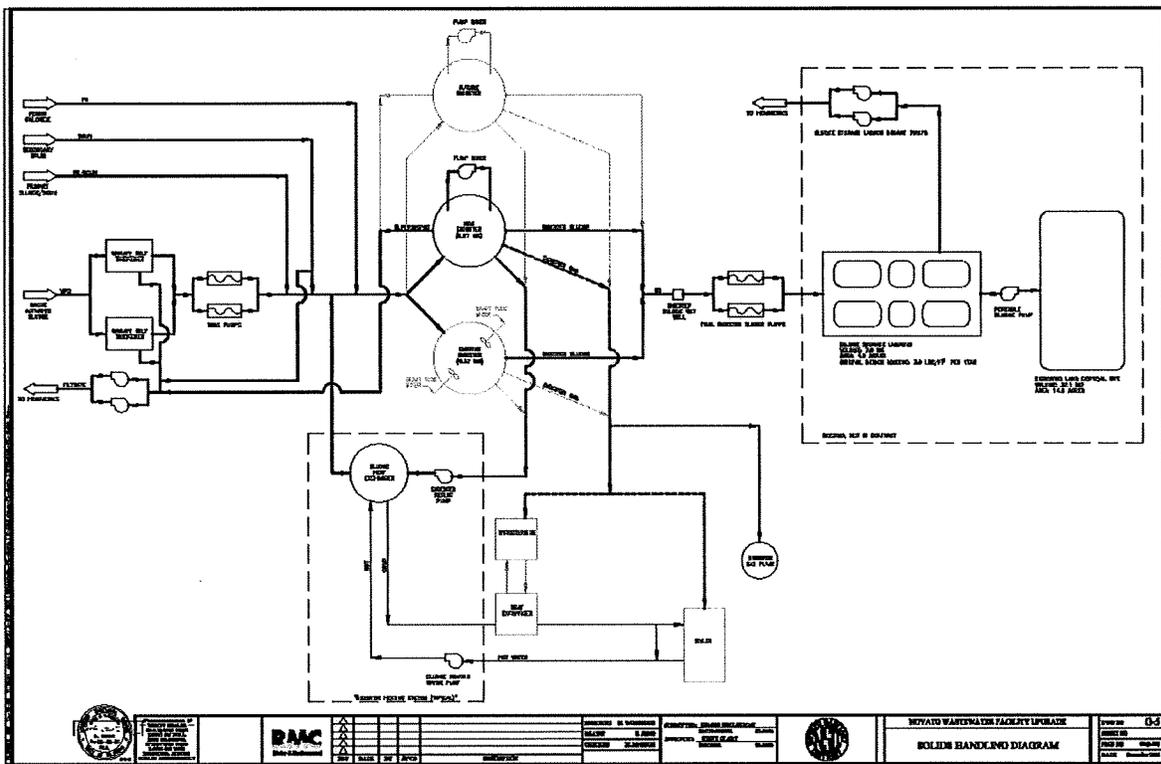
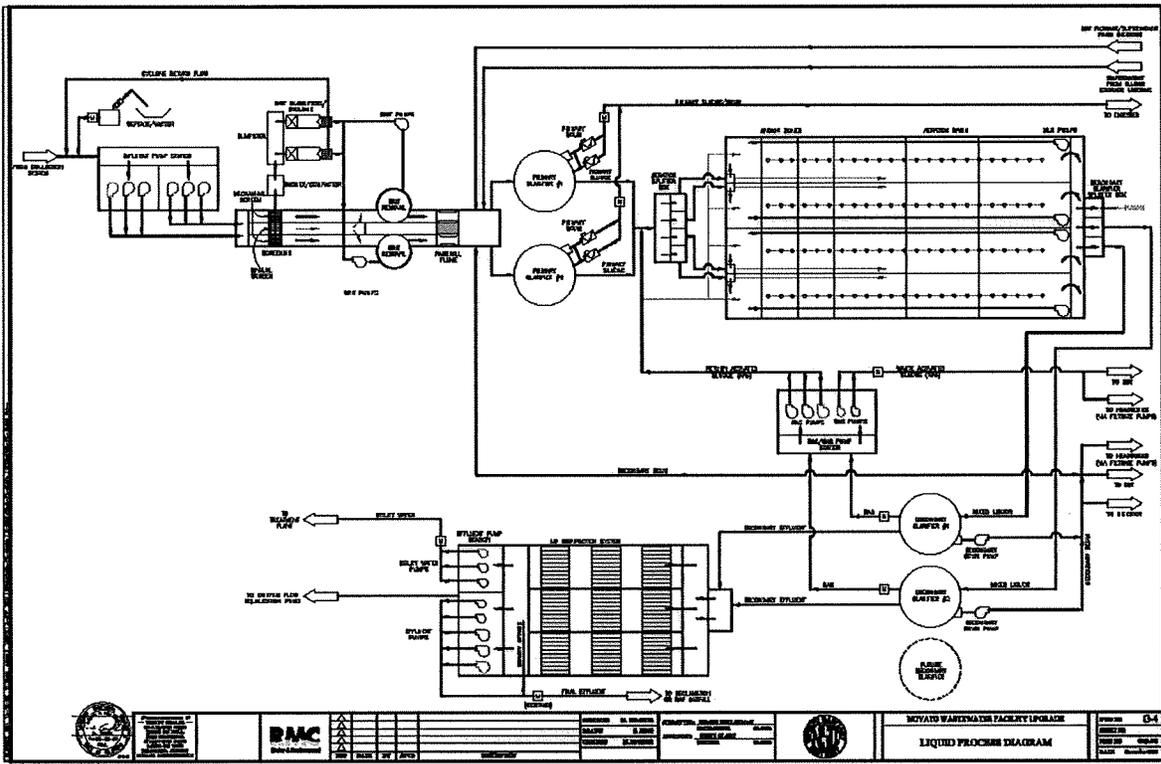
4.5 FACILITY SCHEMATICS

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a. Upgrade Project

b.



**SCHEDULE 5
TRANSITION PLANS FOR 14 AREAS**

A) — Summary List of Tasks (Appendix E of Request for Proposal)

- 1) — Standard Operating Procedures (SOP's)
- 2) — Preventive Maintenance (PM) program to include:
 - Maintenance ————— Initial O&M Plan
 - Predictive ————— Budget & Plan
 - Baseline Conditions ————— Spare Parts
- 3) — Computerized Maintenance Management System (CMMS)
- 4) — Procedures for Equipment warranty protection
- 5) — Operating records and reporting
- 6) — Training: Safety, process (normal and unusual conditions), troubleshooting
- 7) — Maintenance standards
- 8) — Development of job cost system, accounting system, and asset hierarchy system
- 9) — Key Performance Indicators (KPI's): operations, maintenance, personnel
- 10) — Startup planning and implementation of plan
- 11) — Initial budget: next two years and new plant O&M
- 12) — Staffing: skill sets, augmentation for startup, long term
- 13) — Plan elements for first year status and review for new facilities and operations
- 14) — Process Control Plan

B) — Summary of Company's Transition Program Elements

The chart provided below is a summarized approach that details the Company's transition elements to meet the fourteen (14) items listed above:

Transition Elements	Summarized Approach	District Involvement
1. SOPs	Identify SOP needs, prioritize, develop, train staff. SOPs will include, where appropriate, photo documentation.	Review and comment within 15 working days of receipt from Company.
2. Preventive Maintenance (PM) Program will include: —Maintenance —Initial O&M Plan —Predictive Maintenance —Budget & Plan —Baseline Conditions —Spare Parts	Use CMMS (JOB-CAL Plus) program to record baseline condition assessments, as well as preventive and corrective work orders for all assets. Spare parts will be inventoried and entered in CMMS. Work order priorities will be set. Maintenance costs will be tracked in the CMMS.	Review and comment within 15 working days of receipt from Company.

Transition Elements	Summarized Approach	District Involvement
inventory		
3. Computerized Maintenance Management System (CMMS)	Install JOB Cal Plus. System hierarchy will be set and entered into Job Cal Plus.	Provide overview to District staff interested in becoming familiar with JOB Cal Plus.
4. Procedures for Equipment Warranty Protection	Review existing Equipment O&M manuals. Required warranty tasks will be entered and scheduled into Job Cal Plus.	Review and comment within 15 working days of receipt from Company.
5. Lab Data and Usage	Provide capability to enter laboratory data into the Company's operating data management system and produce required regulatory report submittals to the District for electronic reporting. Any modifications required to customize the District's system for sampling, analysis, and reporting requirements including the capability to submit monitoring data will be the responsibility of the Company but must be coordinated and reviewed with the District prior to implementation.	Review and submit reports electronically. Provide Company with hard or electronic copy of information for entry into our system.
6. Operating Records and Reporting	Establish standardized record and reports maintenance program.	Review and comment within 15 working days of receipt from Company.
7. Training: Safety, Process (normal and unusual conditions)	Conduct training on a routine basis and as needed for new process implementation. Safety reminder occurs at most meetings	District staff invited to participate in training.

Transition Elements	Summarized Approach	District Involvement
8 Troubleshooting	and regularly on a monthly basis. As conditions that could jeopardize employee safety arise, special briefings will be held. In addition, should an accident occur, a Root Cause Analysis will be held with senior Company staff and the findings shared with project staff to implement best practices and avoid a recurrence of the incident.	May access through review of JOB-Cal Plus data.
9 Maintenance Standards	Establish standards and requirements that, along with manufacturer warranties and other information, serve as the basis for PM frequency.	Review and comment within 15 working days of receipt from Company.
10 Development of Job Cost System, Accounting System, and Asset Hierarchy System	Review existing Asset hierarchy and then modify and expand to have 100% coverage of all assets.	Review and comment within 15 working days of receipt from Company.
11 Key Performance Indicators (KPIs): Operations, Maintenance, Personnel	Use Job-Cal Plus (CMMS) standard KPI reports. Company will work with District staff to modify or design new KPI reports to meet the District's requirements.	Review and comment within 15 working days of receipt from Company.
12 Startup Planning & Implementation of Plan	Use the transition matrix, a preliminary version of which will be provided at startup. Specific tasks have been developed for each discipline and can be modified as additional information becomes available.	Review and comment within 15 working days of receipt from Company. Regular meetings with District staff to be held to monitor startup progress and issues.
13 Initial budget: next two years and new plant O&M	Develop draft budget based on price submitted with the Proposal.	Review and comment within 15 working days of receipt from Company.

Transition Elements	Summarized Approach	District Involvement
14 Staffing: skill sets, augmentation for startup, long term	Conduct employee skills assessment and establish development plan for each employee as needed to enhance or expand existing skill set.	Review and comment within 15 working days of receipt from Company.
15 Plan Elements for First Year Status and Review for new facilities and operations	Develop O&M procedures including startup, normal and emergency operations.	Review and comment within 15 working days of receipt from Company.
16 Process Control Plan	Implement the Company standard PCMP program. Implement daily data input and weekly process control meetings.	Review and comment within 15 working days of receipt from Company. District staff have a standing invitation to participate in weekly process control meetings as they see fit.
17 Phase Out of Existing Facilities	Develop listing of existing Equipment to be phased out and develop plans for removing them from service.	Review and comment within 15 working days of receipt from Company.
18 Startup of New Facilities	Startup new Facilities utilizing O&M Manuals, established procedures, and available resources.	Review and comment within 15 working days of receipt from Company.
19 Develop Training Activities	Develop routine training schedule in addition to the phase-out of old Equipment and processes and phase-in of new Equipment and processes.	Review and comment within 15 working days of receipt from Company.
20 Perform Scheduled Maintenance on Infrastructure	Use manufacturer suggested maintenance schedules to guarantee Equipment warranties.	Review and comment within 15 working days of receipt from Company.
21 Perform Maintenance Repairs on Infrastructure Components	Use manufacturer suggested maintenance schedules to guarantee Equipment warranties.	Review and comment within 15 working days of receipt from Company.
22 Maintaining O&M	Use manufacturer suggested	Review and comment

Transition Elements	Summarized Approach	District Involvement
Records on Infrastructure Components	maintenance schedules to guarantee Equipment warranties.	within 15 working days of receipt from Company.
23 Maintain Inventory & Records for Consumable Supplies	Develop a tracking form to be completed monthly.	Review and comment within 15 working days of receipt from Company.
24 Grounds Maintenance, include solid waste removal	Schedule grounds maintenance and aesthetics on the monthly Safety Inspection Checklist.	Review and comment within 15 working days of receipt from Company.
25 Equipment and Chemical Inventories	Develop a tracking form to be completed monthly.	Review and comment within 15 working days of receipt from Company.
26 SCADA System Capabilities and Integration with CMMS, operations and laboratory systems.	Review SCADA system and development of runtime based PMs.	Review and comment within 15 working days of receipt from Company.
27 Personnel Transition	Meet with potential employees, and employee spouses at an after-hours gathering. Initial daily meetings, then reduce to two or three per week.	Review and comment within 15 working days of receipt from Company.
28 Union Contract Negotiations	Conduct negotiations with union.	Review and comment within 15 working days of receipt from Company.
29 Obtain Required Insurance and Bonds	Provide information within required timeframe.	Review and comment within 15 working days of receipt from Company.
30 Develop Emergency Response Plans	Develop plans and train staff within the first 30 days.	Review and comment within 15 working days of receipt from Company.
31 Retain Necessary Staff	Retain staff as required by Request for Proposal conditions.	Review and comment within 15 working days

Transition Elements	Summarized Approach	District Involvement
32 Obtain All Necessary Governmental, Regulatory and Union Permits and Approvals required for commencement of operations.	Obtain Board of Certification private license.	of receipt from Company. Review and comment within 15 working days of receipt from Company.
33 Sign Agreement and Deliver Guaranty	Complete process in timely manner.	Review and comment within 15 working days of receipt from Company.
34 Deliver legal opinion from Counsel to the Company and Project Guarantor as to corporate status, no conflict, no material litigation, and the valid, binding, and enforceable nature of the agreement	Participate by providing information and data.	Review and comment within 15 working days of receipt from Company.
35 Acceptance Tests of Capital Equipment	Document acceptance testing process and findings.	Review and comment within 15 working days of receipt from Company.
36 Maintenance Equipment Warranties	Review and use manufacturer suggested maintenance schedules to guarantee Equipment warranties.	Review and comment within 15 working days of receipt from Company.
37 Repair Replacement Tracking Form	Provide for critical Equipment.	Review and comment within 15 working days of receipt from Company.
38 Submittal of Monthly Report on Reimbursement	Develop for monthly submission.	Review and comment within 15 working days of receipt from

Transition Elements	Summarized Approach	District Involvement
Expenses out of the R&R Fund		Company.
39 Annual Overage of R&R Proposal & Annual Recommendation for Major R&R	Track and finalize overage. Format to be established with annual recommendations forwarded to District.	Review and comment within 15 working days of receipt from Company.
40 Transition Costs Tracking	Track qualified items and present final cost to District.	Review and comment within 15 working days of receipt from Company.
41 Pass Through Costs Tracking	Track qualified items and present final cost to District.	Review and comment within 15 working days of receipt from Company.
42 Flow & Load Tracking	Review sampling sites for representative sample site labeling, and SOP development followed by 12-month period of documentation for baseline determination. Track items and present final values to District.	Review and comment within 15 working days of receipt from Company.

**SCHEDULE 5
OPERATION OF RECYCLED WATER FACILITY**

The Recycled Water Facility consists of a filter feed pump station, continuous backwashing sand filters, polymer feed system, hypochlorite feed system, chlorine contact tank, clearwell storage tank, and distribution pump station. The design criteria are given below in Table 5-1. The recycled water facility flow diagram is included in Figure 5-1.

Table 5-1 Recycled Water Treatment Facility Design Criteria

Description	Criteria	Description	Criteria
Max Production	1.7 mgd	HypoCl Feed System	Liquid Sodium Hypo
Ave. Day Demand	1.4 mgd	Solution Strength	12.5%
Influent Ave. Turbidity	5 NTU	Residual required	5 mgL
Filter Feed Pump Sta.		Hypo Storage Tank	
Pump Quantity	2	Number	2
Head	50.8 ft.	Capacity	6,000 gal
Capacity	1180 gpm	Hypo Feed Pump	Diaphragm
Flow Meter	Electromagnetic	Number	4
Polymer Feed System		Capacity, each	12 gph
Coagulant	Liquid emulsion SG 1.2-1.4	Cl Contact Tank	
Storage Totes	275 gal. each	Diameter	75 ft
Pumps	2 diaphragm	Depth	15.5 ft
Capacity, each	0.4 gph	Volume	514,000 gal
Filters	Continuous Backwashing Sand	Min Det Time	90 minutes
No. of Cells	2	Clearwell Storage Tank	
No. of Modules/Cell	3	Volume	514,000 gal
Filter area/cell	150 sq. ft.	Distribution Pump Sta.	Vertical Turbine
Backwash Pumps	Horiz. End suction	Number	2
No. Pumps	2	Design Head	180 ft
Capacity, each	100 gpm	Capacity	1,250 gpm

Veolia will operate and maintain the District's Recycled Water Facility on a time and materials basis.

Services Include:
Startup / Shutdown
Operation
Maintenance

Repair
Chemical Inventory
Hardware Inventory
Recommend Improvements
Reporting – Regulatory
Reporting – Novato Sanitary District and North Marin Water District
Interface with consultants, engineers, or others as needed
Provide data as needed
Preparation and Updating of the Standard Operating Procedures
Maintaining and Updating the Operations and Maintenance Manual

Basis for costs:

Direct labor costs indexed to current Veolia Novato labor rates
Operator Direct Labor - \$90/hr
Employee Overtime
Chemicals at cost plus 5%
Equipment costs (replacement / repair) at cost plus 5%
Outside services (repairs / specialty services) at cost plus 5%
Facility upgrades or improvements at cost plus 5%
Miscellaneous expenses associated with the operation and maintenance of the recycled water facility.

District is responsible for:

Electrical use costs
Capital improvements and / or facility upgrades (including instrumentation / controls / SCADA)

Billing:

Veolia will provide monthly billing with backup

SCHEDULE 6 GUARANTEE

This Guarantee made as of the ___ day of September , 2009, by Veolia Water North America Operating Services, LLC , ("Guarantor"), having its principal place of business at 200 East Randolph Street, Suite 7900, Chicago, Illinois 60601 to and for the benefit of the Novato Sanitary District of Novato, California ("District").

WITNESSETH:

WHEREAS, Veolia Water West Operating Services, Inc., holding California State Contractor License 866429, a Delaware limited liability company (the "Company"), having an office at 2300 Contra Cost Blvd., Suite 350, Pleasant Hill, CA 94523, has entered into an Agreement for Operations, Maintenance and Management Services (the "Agreement") with the District dated as of September, 2009 pursuant to which the Company shall operate, maintain and manage the District's Facility.

WHEREAS, Guarantor is willing to guarantee, as set forth below, the performance of the Company under the Agreement; and

WHEREAS, the District would not enter into the Agreement unless the Guarantor provided this Guarantee;

NOW, THEREFORE, as an inducement to the District to enter into the Agreement, Guarantor agrees as follows:

1. Guarantor hereby absolutely and unconditionally guarantees the full and prompt payment and performance by the Company of all of the Company's obligations under the Agreement, as when due, and in accordance with the terms and conditions therein; provided, however, the Guarantor's liability under this Guarantee shall in no event exceed ~~thirty~~ **fifteen** million dollars (\$~~30~~**15**,000,000) in the aggregate, regardless of whether the action of recovery of damages is sought against the Company and/or the Guarantor is based on contract, tort (including, without limitation, active or passive negligence, gross negligence, intentional misconduct, and strict liability), indemnity, statute, or otherwise.
2. This Guarantee shall be governed by the laws of the State of California exclusive of the choice of law rules thereof, and Guarantor hereby agrees to the service of process in California for any claim or controversy arising out of this Guarantee or relating to any breach hereof, and to submit to the exclusive jurisdiction of any court of competent jurisdiction in the State of California in connection therewith.
3. This Guarantee shall be binding upon and enforceable against the Guarantor, its successors, or assigns and legal representatives (including any successor by merger or consolidation or any transferee of all or substantially all of the properties of Guarantor), whether or not such obligations are expressly assumed by such successor, assignee or transferee and is for the benefit of the District, and any permitted successors and assigns under the Agreement.

4. This Guarantee may be enforced by the District without first resorting to any action against Company or exhausting any other remedies that the District may have; provided, however, the District shall give the Company notice prior to exercising its rights and remedies hereunder against the Guarantor.

5. Each and every Event of Default under the Agreement shall give rise to a separate cause of action hereunder, and separate suits may be brought hereunder by the District as each cause of action arises. Guarantor waives presentment and demand for payment of the obligations, any demand for payment under this Guarantee, until the obligations are fully performed and paid in full and any right of subrogation to any of the District's rights against the Company.

6. No failure or delay by the District in exercising any right, power or privilege hereunder or under the Agreement shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other right, power or privilege. No waiver, amendment, release or modification of this Guarantee shall be established by conduct, custom or course of dealing, but solely by an instrument in writing duly executed by both Parties.

7. Guarantor shall not assign its obligations hereunder without the prior written consent of the District, which consent may be given or withheld in the District's sole discretion.

8. The obligations of Guarantor to the District set forth in this Guarantee are absolute and unconditional, shall not be subject to any requirement that District first enforce any remedies it may have against the Company or any other person, or any requirement to seek to recover from Company hereunder before proceeding against Guarantor hereunder, and shall not be subject to any claim of Guarantor against any other person including the District.

9. During such times as this Guarantee shall be effective, the Guarantor agrees: promptly to furnish the District from time to time with such information in such form, concerning the financial condition of the undersigned, as the District may reasonably request; and (ii) promptly to notify the District of any condition or event which constitutes, or would constitute with the passage of time or giving notice or both, an Event of Default (as defined in the Agreement).

10. This Guarantee may be executed simultaneously in several counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. The invalidity or unenforceability of one or more provisions of this Guarantee shall not affect the validity or enforceability of the remaining portions of this Guarantee. This Guarantee is entered into by Guarantor solely and exclusively for the benefit of the District and any subsequent owners of the Facility, and may be enforced against Guarantor by the District and any subsequent owners of the Facility.

11. Any term used not otherwise defined herein and defined in the Agreement, shall have the meaning attributed to it in the Agreement.

12. Notices given pursuant to this Guarantee unless otherwise stated shall be in writing and shall be served personally or sent by certified mail, return receipt requested, to:

Guarantor at: Veolia Water North America Operating Services, LLC

If by Mail: 200 East Randolph Street, Suite 7900, Chicago, Illinois 60601

If by Hand: Same as above.

District at: Novato Sanitary District, Novato, California
500 Davidson Street, Novato, California 94945

or to such other address as shall be designated by such party in a written notice to the other party hereto. Any notice given pursuant to this Section if transmitted by certified mail shall be effective immediately upon receipt and if delivered by hand upon delivery.

IN WITNESS WHEREOF, Guarantor has executed this instrument the day and year first above written.

ATTEST: Veolia Water North America Operating Services, LLC

By: _____
Entity Representative

ACCEPTED: Novato Sanitary District

By: _____
District Representative

SCHEDULE 7 INSURANCE

All insurance limits as indicated below may be provided through a combination of primary and excess policies.

7.1 WORKERS COMPENSATION

Worker's Compensation insurance in compliance with California requirements. All employers, including Contractor **Company**, that employ subject workers who work under this **Contract Agreement** in the State of California shall comply with these requirements and provide the required Worker's Compensation coverage. Employers Liability will have minimum limits for bodily injury by accident of \$2,000,000 per accident and for bodily injury by disease with a \$2,000,000 policy limit and \$2,000,000 per employee.

7.2 COMPANY'S COMMERCIAL GENERAL LIABILITY

Coverage shall apply to premises and/or operations, products and/or completed operations, independent contractors, contractual liability, and broad form property damage exposures with minimum limits of \$5,000,000 per occurrence, and \$10,000,000 general aggregate.

7.3 COMPANY'S COMMERCIAL AUTOMOBILE LIABILITY

Coverage shall apply to owned vehicles and/or hired and non-owned vehicles and employee non-ownership use with minimum limits of \$5,000,000 CSL (combined single limit).

7.4 COMPANY'S ENVIRONMENTAL IMPAIRMENT INSURANCE

Coverage shall be \$ 2,000,000 per claim and \$10,000,000 excess.

7.5 COMPANY'S CERTIFICATE OF INSURANCE

The District shall be listed as an additional insured and all of its officials, officers, employees, agents and volunteers shall be listed as additional insured with respect to Commercial General Liability, Commercial Automobile Liability, and Environmental Impairment Insurance. The Company shall provide the District with a signed certificate(s) (both electronically and original) and all required endorsements per this Agreement shall be on file with the District risk manager by the Commencement Date. Said certificate shall evidence the required coverages and amounts as contained. Annual renewals and submittals shall be as described elsewhere in this Agreement.

~~The District shall be listed as a certificate holder an additional insured and all of its officials, officers, employees, agents and volunteers shall be listed as additional insured with respect to Commercial General Liability, Commercial Automobile Liability, and Environmental Impairment Insurance. The Company shall provide the District with a signed certificate(s) (both electronically and original) and all applicable and required endorsements shall be on file with and approved by the District risk manager by the Commencement Date. Said certificate shall evidence the required coverages and amounts as contained herein and provide the following notices in the event of cancellation for non-renewal or non-payment: (i) all liability policies~~

(excluding Environmental Impairment) shall provide for a ninety (90) day notice of cancellation for non-renewal or ten (10) days notice for non-payment of premium; and (ii) Environmental Impairment shall provide for a sixty (60) day notice of cancellation for non-renewal or ten (10) days notice for non-payment of premium. Annual renewals and submittals shall be as described elsewhere in this Agreement.

7.6 DISTRICT'S PROPERTY INSURANCE

The District shall maintain all risk property damage insurance on the Facility and Equipment owned by the District and operated by the Company under this Agreement. Any property of the District not properly or fully insured shall be the financial responsibility of the District. . Any damage to District property or Equipment as a result of the Company's fault shall be the Company's responsibility to the participatory extent of its fault. Such policy shall include a waiver of any subrogation rights to pursue claims against the Company and, to the extent possible, name the Company as an additional insured.

7.7 DISTRICT'S GENERAL LIABILITY

Coverage shall apply to premises and/or operations, products and/or completed operations, independent contractors, contractual liability, and broad form property damage exposures with minimum limits of \$5,000,000 per occurrence, and \$10,000,000 general aggregate. Such policy shall name the Company as an additional insured.

~~7.7 COMPANY'S INSURANCE PASS THROUGH COST~~

~~Company will, at District's request, demonstrate that the costs of insurance provided as Pass Through Costs, are at competitive marketplace rates for comparable coverage from insurance carriers of similar A.M. Best ratings. Such demonstration may include the Company obtaining comparable premium quotes from third party insurance carriers of similar A.M. Best ratings as the insurance company used by the Company on the Contract Date, for the Insurance specified herein~~

~~If required as a result of a claim or loss for which an indemnification is owed to the District by Company or to which the Company's insurance would otherwise be applicable, the Company shall also supply the District District's designated legal counsel with certified copies of applicable insurance policies that are providing the specified coverages of this Schedule 7.~~

SCHEDULE 8 COST ADJUSTMENT AND ESCALATION INDICES

The annual Service Fee paid to the Company under the terms of this Agreement shall be adjusted annually using the Blended Adjustment Index (“BAI”) as further defined in this Schedule 8 to establish the “adjustment factor” of Section 8.1. Annual changes in flow and/or loadings exceeding +/- 20% shall be treated as a Change in Scope of Services and the Service Fee adjusted using the specified formulas of this Schedule 8.

As specified in Schedule 14, the Company has proposed a first year annual Service Fee (Service Fee A) for existing operations and transitions until such time as the new Facilities are all completed and on-line. At that time, the Company and the District have agreed to a revised Service Fee (Service Fee B) for the continuation of Company Services described in this Agreement. Service Fee A and B are currently specified in year 201409 dollars and shall be adjusted annually by the BAI to establish the then current year Service Fee. The Company has also specified Usage Caps (Schedule 11) for utilities and diesel fuel for the initial operating period (Cap A) and usage after transition to the new Facilities (Cap B). The Company has further agreed that no additional costs shall be charged to the District for the fourteen (14) Area Transition and Startup Tasks requested by the District and listed in Schedule 5 of this Appendix A.

The Company shall provide the District an overall budget estimate (Service Fee total, Pass Through Costs detail) prior to the start of each Fiscal Year.

8.1 ANNUAL SERVICE FEE ADJUSTMENT FOR BLENDED ADJUSTMENT INDEX FOR ANNUAL INFLATION ADJUSTMENT (BAI Index)

Beginning June 30, 2010 2014, until the expiration or earlier termination of this Agreement, the Service Fee shall be adjusted annually, such adjustment becoming effective on July 1 of each calendar year starting with July 1, 2010 2014. The Blended Adjustment Index (BAI) is comprised of the following:

- (a) 2465% of the year-to-year change in the Consumer Price Index, All Urban Consumers (“CPI-U”), as published by the United States Department of Labor, Bureau of Labor Statistics Not Seasonally Adjusted, US City Average, Series ID: CUUR0000SA0.

Plus

- (b) 6927% of the year-to-year change in the Employment Cost Index (“ECI”) as published by the United States Department of labor, Bureau of Labor Statistics Not Seasonally Adjusted Table 4, Compensation – Civilian Workers – Service Occupations, Series ID: CIU10100003000001.

Plus

(c) 78% of the year to year change in the Producer Price Index (“PPI”) as published by the United States department of labor, Bureau of Labor Statistics Not Seasonally Adjusted, Chemicals and Allied Products – Series ID: WPU06.

For purposes of this Agreement, the indices applicable to the calculation of the annual adjustment to the Service Fee shall be the indices published beginning with in the month of ~~April~~ **March each year.**

Where-as:

A = Blended Adjustment Index (“BAI”)

B = CPI-U Annual Escalation Adjustment Factor

C = ECI Annual Escalation Adjustment Factor

D = PPI Annual Escalation Adjustment Factor

B1 = Previous Year CPI-U Index **for March** of the prior Agreement Year
~~_____ (April to March average)~~

B2 through B12 = **the monthly CPI-U Index reported since the B1 month for March of the current Agreement Year.**

C1 = Previous Year ECI Index **for March** of the prior Agreement Year ~~(April to March average)~~

C2 = **the through C12 = the monthly ECI Index reported since the C1 month for March of the current Agreement Year.**

D1 = Previous Year PPI Index **for March** of the prior Agreement Year
~~_____ (April to March average)~~

D2 through D12 = **the monthly PPI Index reported since the D1 month for March of the current Agreement Year.**

Calculation:

B = **(B2-B1)/B1** Numerator (Year Just Ended) is the Arithmetic Sum of B1 thru B12)

divided by

~~_____~~ Denominator (Prior year) is the Arithmetic Sum of B1 thru B12 for Prior Year

C = **(C2-C1)/C1** Numerator (Year Just Ended) is the Arithmetic Sum of C1 thru C12)

divided by
_____ Denominator (Prior year) is the Arithmetic Sum of C1 thru C12 for Prior Year

D = (D2-D1)/D1 Numerator (Year Just Ended) is the Arithmetic Sum of D1 thru D12)
divided by
_____ Denominator (Prior year) is the Arithmetic Sum of D1 thru D12 for Prior Year

$$A = 1 + (B+C+D)$$

$$\text{Adjusted New Service Fee} = \text{Old Service Fee} \times A$$

Example:

Existing Service Fee = \$ 1,000,000

$$\text{_____ } B = (1295 - 1250) \text{ divided by } 1250 \times .2465 = .0086234$$

$$\text{_____ } C = (1150 - 1100) \text{ divided by } 1100 \times .6927 = .0314123$$

$$\text{_____ } D = (1005 - 970) \text{ divided by } 970 \times .078 = .00259$$

$$\text{_____ } A = 1 + (B+C+D) = 1 + (.0086234 + .0314123 + .00259)$$

$$\text{_____ } A = 1 + (.0425386)$$

$$\text{_____ } A = 1.0425386$$

$$\text{Adjusted Service Fee} = \$ 1,000,000 \times 1.0425386 = 1,042,538.60$$

Provided, however, that if any of such indices or prices is not available at any time that the Annual Service Fee Adjustment for Inflation Index is to be calculated, the calculation shall be made using the Consumer Price Index (CPI-U) as the mutually agreed upon comparable index.

8.2 FLOW & LOADINGS ADJUSTMENT

The Service Fee provided to the Company (Schedule 14) and the maximum utilities and diesel fuel usage quantities CAPs (Schedule 11) to be paid by the District shall be adjusted whenever the twelve-month moving average for wastewater flows and/or loadings falls outside the +/- 20 percent range established for this Agreement. The initial Service Fee established by the Company and the maximum utilities usage and diesel fuel quantities cap specified for payment by the District is for the flows and loadings as specified below in section 8.2.1. The methodology for adjusting the Service Fee and for establishing the adjusted maximum utilities quantities usage cap shall be as specified in Schedule 8.2.2 below.

8.2.1 Initial Contract Basis

Table S2-1 Wastewater Influent Average [†]	
Parameter	12-36-Month Average (April 1, 2008, to March 31, 2009 November 1, 2010 to October 21, 2013)
Flow, mgd	4.72 5.04
BOD ₅ , lbs/day	11,307 9,849 lbs / day
TSS, lbs/day	20,181 13,471 lbs / day

[†]Average of monthly average values over a 36-month period from November 1, 2010 through October 31, 2013

~~** Both the Company and the District acknowledge that the relocation of the Novato Treatment Plant (NTP) influent sampler to a new location during July 2009 will result in reduced loading measurements as the previous influent sampler location included recycle flows as well as the Ignacio Treatment Plant effluent. The Company and the District shall cooperatively work to develop a correlation methodology for the loadings at the new location and subsequently develop an updated loadings profile and number for the BOD lbs / day and TSS lbs / day. Such correlation and revised lbs / day to be completed within thirteen (13) months following the completion of the upgrades relocating sampling locations and equipment and commissioning of new Facilities (final Acceptance of all new Facilities). Substitution of the revised / updated BOD and / or TSS loadings number shall not result in any revision to existing compensation unless the current twelve (12) Month Average provided in Table S2-1 reflects the required +/- 20% change.~~

8.2.2 Adjustment Methodology.

Service Fee costs adjustments for flows and/or loadings greater than twenty percent (20%) above or below those defined above (on a twelve (12) month moving average basis) will be documented by the Company and reimbursed at the current documented costs for Service Fee and Pass Through Cost usages and costs. The examples that follow provide the methodology for adjusting the Service Fee for flow/loading adjustments and for updating the maximum utilities usage quantity cap that the District shall provide and pay for.

INFLUENT WASTEWATER QUANTITY -- i.e. FLOWS

If influent wastewater flows vary beyond the +/- twenty percent (20%) range described above, the corresponding change to the Service Fee and any change to the Pass Through Costs is calculated as presented below.

For twelve (12) month average flows greater than 20% above or below ~~4.72~~ 5.04 MGD a cost adjustment of \$12,711/MG will be extended. For example if the twelve (12) month average flow drops to 4.04 MGD, the cost adjustment made would be: $(5.04 - 4.04) * \$12,711 = \$12,711$

Thus a credit in this amount would be extended to the District in the form of a Service Fee credit.

Electricity adjustments are proposed at 849,720 kWh/MG/year and natural gas adjustments at 4,526 therms/MG/year. No fuel adjustments would be necessary.

INFLUENT WASTEWATER CHARACTERISTICS

If influent wastewater characteristics vary beyond the +/- 20% range described above, the corresponding change to the Service Fee and any change to the Pass Through Costs for each parameter is specified below.

Biochemical Oxygen Demand:

For 12 month average BOD loading greater than twenty percent (20%) above or below 9,849 lbs/day a cost adjustment of \$1,952/1,000 lbs/year will be extended. ~~For example if the twelve (12) month average loading drops to 9,307 lbs/day the cost adjustment made would be:~~

$$((11,307 - 9,307) / 1,000) * \$1,952 = \$3,904$$

Thus a credit in this amount would be extended to the Novato Sanitary District in the form of a Service Fee credit.

Electricity adjustments are proposed at 161,100 kWh/1,000 lbs BOD/year and natural gas adjustments at 1,889 therms/1,000 lbs BOD/year. No fuel adjustments would be necessary.

Total Suspended Solids:

For 12 month average TSS loading greater than twenty percent (20%) above or below 13,471 20,181 lbs/day, a cost adjustment of \$2,071/1,000 lbs/year will be extended. ~~For example if the twelve (12) month average loading drops to 17,181 lbs/day the cost adjustment made would be:~~

$$((20,181 - 17,181) / 1,000) * \$2,071 = \$6,213$$

Thus a credit in this amount would be extended to the District in the form of a Service Fee credit.

Electricity adjustments are proposed at 32,220 kWh/1,000 lbs TSS/year and natural gas adjustments at 1,059 therms/1,000 lbs TSS. No fuel adjustments would be necessary.

~~Note—The upgraded facility design capacity for TSS is 20,200 lbs/day and an increase of 20% would put the influent TSS loading to the facility beyond the design capacity. As such any upward adjustment (+20%) would likely not be possible without special considerations or treatment.~~

TOTAL EFFECT

This section describes the methodology for calculation of the total effect if all three (3) parameters change, as opposed to changes for individual parameters.

In the event that two or more of the parameters above increase or decrease to values outside the twenty percent (20%) range, each parameter which has changed will be given equal weight in determining the cost adjustment calculation. ~~For example if both the flow example and BOD example above are used as a Total Effect example, both would be given equal weight and averaged. Thus for this example:~~

$$(\text{Flow credit of } \$12,711 + \text{BOD credit of } \$3,904) / 2 = \$8,308 \text{ credit}$$

The same averaging procedure would be followed if all three parameters were triggered.

Electricity and natural gas Pass Through Cost adjustments will be handled in the same manner

Notes:

- (1) It is the intent of the District to utilize these adjustment methodologies as a “change in scope of service” and adjust the Service Fee and Pass Through Costs should the annual average of influent wastewater characteristics (flow, loadings) vary significantly, using the “12 month moving average” during the Term of the Agreement. The adjustment will be made at the beginning of the next Fiscal Year with the adjustment date made retroactive to the date when the “12 month moving average” exceeded (+/-) twenty percent (20%) of the baseline amounts for Flow, BOD, or TSS.
- (2) Except for Pass Through Costs, permanent adjustments will be made to the Service Fee, as appropriate, if the changes result in a permanent change.

Note that the above proposed adjustment criteria has been developed based upon the operation and maintenance of the Facility as existing following the Upgrade Project.

RECYCLED WATER FEE

As noted in Schedule 5 operation of the Recycled Water Facility will be on a time and materials basis.

SCHEDULE 9 PERMITS

9.1 RESPONSIBILITIES

The Company shall be responsible for renewing and/or obtaining and maintaining all applicable federal, State and local approvals, licenses, permits (excluding NPDES, air quality, and stormwater), and certifications required for performing the Services in accordance with the terms and provisions of this Agreement.

The Company shall be responsible for preparing all applicable reports in compliance with federal, State and local requirements for submission by the District to the appropriate agencies.

Except as otherwise specified in Section 5.2.4, the Company shall comply with, satisfy, and pay all costs (excluding Capital Costs) and/or fees associated with all regulatory requirements pertaining to the permits (excluding the NPDES Permit, Air Quality permit, and WDR permit), but not limited to, public notification in the event of non-compliance with wastewater treatment standards.

The Company shall comply with all applicable federal, State, and local laws and regulations pertaining to the Facility and shall comply with all permits governing the performance of its Services hereunder issued for or with respect to the Facility. In the event that during the Term of the Agreement, an existing permit must be renewed, or additional permits required, the Company shall be responsible for obtaining the permit(s), including the completion of the required application forms, supplying required data, and payment of required fees for such permits and permit renewals. All permit renewals shall be in the name of the District as the permittee. This provision shall not be construed to require the Company to make repairs beyond those required by the terms and provisions of this Agreement.

The Company shall operate the Facility to meet the requirements of all permits identified including the NPDES Permit requirements provided in Appendix B.

Permit Requirements

The Company will be responsible for maintaining ongoing adherence to all permit requirements of the National Pollution Discharge Elimination System (NPDES) permit under which the Facility operates as specified herein. ~~the District's NPDES Permit. These duties will include, but will not be limited to the maintaining of all permit requirements related to effluent quality. Additionally, the Company will maintain and provide all reports required by the State of California and USEPA of the NPDES Permit.~~ It is expressly acknowledged by the District that the Company's responsibilities do not include storm water systems and / or temperature levels of the wastewater discharged from the Facility and/or special studies required by regulatory agencies. Furthermore, it is acknowledged by the Company and the District that the Company's responsibilities are subject to relief for "Uncontrollable Circumstances" as defined in this Agreement.

**SCHEDULE 10 (RESERVED)
DISTRICT CONTRACTS**

The District has entered into the contracts, without limitation, as listed in Table S10-1. These contracts support the management, operation and maintenance of the System or systems that treat or dispose of by products of the System. The intent of Table S10-1 is to only present a summary of these contracts. The Company shall be responsible for reviewing the terms and provisions of these contracts. The Company is not obligated to use these same contractors, and may terminate or renegotiate such contracts. If termination penalties apply, the Company shall be responsible for all such termination penalties and costs.

It is the responsibility of the Company to investigate the status of this and other contracts not identified herein to determine the impact of such contracts on the proposed Agreement.

District may elect to coordinate with the Company to obtain the most advantageous terms and conditions for its electricity contract and other contracts.

The Company shall not terminate any outside contract prior to its expiration without prior notification to the District. The Service Fee shall not be modified or otherwise adjusted if the Company decides to re-contract, extend, and/or assume responsibility for these outside contracts.

**Table S10-1
Contracts**

Contract¹	Company's Responsibility Prior to Contract Expiration Date	Company's Responsibility Following Contract Expiration Date
None at this time	Not applicable	Not applicable

Notes:

¹Contract, agreement, or other legal arrangement

**SCHEDULE 11
USAGE CAPS: MAXIMUM UTILITIES AND DIESEL FUEL UTILIZATION**

Table S11-1

Maximum Utilities Utilization

CAP A—Initial Operating Period

Item	Maximum Annual Usage (KwH/year)	Maximum Unit Usage (KwH/MGD)
Electricity for WWTP Facility (Total WWTP usage in KwH, excluding pump stations. Such usage shall equal the total of the PGE metered consumption and Co-Gen KwH production, if any)	5,435,866	3,155

NOTE: The deregulation of electric utility has placed additional emphasis on time-of-day usage and demand charges as major determinates of electric power costs. Company will provide, within 15 days of contract commencement, a graphical presentation of the envisioned "Load Profile" of the facility—consistent with their envisioned operations approach. A discussion of the power management strategy to be utilized by the Company shall also be provided as part of this Schedule 11 requirement. Increased electric power costs, if any, experienced by the District as a result of the Company's failure to implement and/or manage facility operations consistent with the specified approach (except to the extent required by actual flows at the Facility) shall make the Company financially responsible for the additional costs (if any) experienced by the District for electric power.

Item	Maximum Annual Usage (BTUs/year)	Maximum Unit Usage (BTUs/MGD)
Natural Gas for WWTP Facility	63,306	36.75

Item	Maximum Annual Usage (gallons/year)	Maximum Unit Usage (gallons/MGD)
Diesel Fuel	4,235	2.5

CAP B—New Novato WWTP Facility and Ignacio Transfer Pump Station Operating Period

~~NOTE: The deregulation of electric utility has placed additional emphasis on time of day usage and demand charges as major determinates of electric power costs. Company will provide, within 15 days of commencement of operation of new facilities a graphical presentation of the envisioned “Load Profile” of the facility—consistent with their envisioned operations approach. A discussion of the power management strategy to be utilized by the Company shall also be provided as part of this Schedule 11 requirement. Increased electric power costs, if any, experienced by the District as a result of the Company’s failure to implement and/or manage facility operations consistent with the specified approach (except to the extent required by actual flows at the Facility) shall make the Company financially responsible for the additional costs (if any) experienced by the District for electric power.~~

Item	Maximum Annual Usage (KwH/year)	Maximum Unit Usage (KwH/MGD)
Electricity for WWTP Facility (Total WWTP usage in KwH, excluding pump stations. Such usage shall equal the total of the PGE metered consumption and Co-Gen production, if any)	4,010,087	2,328

Item	Maximum Annual Usage (BTUsTherms/year)	Maximum Unit Usage (BTUsTherms/MGD)
Natural Gas for WWTP Facility	21,362	12.4

Item	Maximum Annual Usage (gallons/year)	Maximum Unit Usage (gallons/MGD)
Diesel Fuel	2,595	1.6

Note: Administration building costs for electricity, natural gas, water, and other utilities are not included in the above usage caps and are not part of Company’s contract responsibility. District will provide all utilities for the Administrative building.

Influent wastewater within design criteria and flow and loading parameters established by the design criteria specified in **Schedule 1** shall be treated to meet all regulatory requirements,

including effluent discharge standards, without adjustment to the Service Fee or Utility Caps unless the twelve (12) month moving averages for maximum and minimum flow and loadings are exceeded. Provided the flows and loadings do not exceed design criteria, short term excursions of flows and / or loadings above or below the maximum and minimum flow and loadings established for the Service Fee and Utility Caps, but within the design criteria, shall not constitute an Uncontrollable Circumstance and shall not be eligible for compensation adjustment to the Service Fee or adjustments to the Utility Caps.

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**SCHEDULE 12
EQUIPMENT AND CHEMICALS INVENTORY**

Within thirty (30) days after the Commencement Date, the Company, in cooperation with District staff, shall conduct a physical inventory and prepare an up-to-date report of Equipment located throughout the Facilities.

Equipment leased by the Company from the District shall include the following Rolling Stock which is being made available by the District for transfer of ownership and Title to the Company. Failure of Company to accept, in writing, the transfer of this Rolling Stock will allow the District to dispose of such listed Rolling Stock and for the District to retain financial proceeds, if any, of such disposal.

List of Rolling Stock Equipment

Equipment Name & Year	Brief Description
2001 Dodge truck	pick up with utility bed
2001 Dodge truck	pick up
2005 Dodge truck	crew cab pick up
2005 Chevrolet truck	1/2 ton pick up
1 GEM vehicle	maintenance jitneys
1 Forklift (Hyster)	

An inventory report ("Inventory Report") **at time of transition is available upon request.** shall be attached to this Schedule 12 and contain, but is not limited to, the following information relative to any additional Equipment or Chemicals inventory of the Facilities:

- Detailed description of items
- Date of purchase
- Identification number (i.e., serial number), if available
- Manufacturer's name
- Quantity (i.e., gallons of chemicals)

**SCHEDULE 13
PASS THROUGH COSTS**

Pass Through Costs shall be reimbursed to the Company based on the Company's documentation demonstrating that such costs have been incurred and are applicable pursuant to the provisions of this Agreement. Pass Through Costs shall be identified on the Company's monthly invoices as separate line items and shall include the following costs as Pass Through.

Costs pursuant to the Agreement:

1. ~~Performance Bond.~~
2. ~~Insurance costs.~~
3. ~~Opinion Letter from outside legal counsel (Section 2.0 of Agreement) up to a maximum, one time cost of fifteen thousand dollars (\$15,000.00).~~
4. Electricity costs and natural gas costs shall be paid by the District to the extent the maximum usage in Schedule 11 is not exceeded. Company shall be responsible to the District for the cost of any utility usage above the usage caps (quantities).
5. Diesel fuel costs shall be paid by the District for District-owned Equipment for Services to the extent the Usage Cap in Schedule 11 is not exceeded. Company shall be responsible for costs for any usage above the Usage Caps (quantities).

**SCHEDULE 14
SERVICE FEE AND INCENTIVES**

ESTABLISHMENT OF FINALIZED SERVICE FEE:

— The Company and the District have established that the Company’s first year Service Fee includes the transition of seven (7) existing District staff per the conditions and provisions of Appendix C. The Company and the District have further agreed that Transition of additional District staff (up to the maximum eligible of nine (9) or the reduction of District staff transitions to below seven (7) shall result in the adjustment of the first year Service Fee as specified below:

— Change of District staff transitions to above or below seven (7) shall utilize the following dollar adjustment for the specific positions, so that, for example District staff transitions of less than seven (7) will result in a reduction to the Service Fee specified in Tables S14-1 and S14-2 listed below under Service Fee:

— Adjustment of Service Fee for District staff transitions totaling more or less than seven (7)

Number	Position Title	Incremental Cost Difference
1	WW Facilities Manager	\$ 25,870 / year
2	Operations Leadworker	\$ 19,271 / year
3	WWTP Operator I	\$ 16,347 / year
4	WWTP Operator II	\$ 17,383 / year
5	Mech. Tech II	\$ 16,688 / year
6	WWTP Operator II	\$ 17,383 / year
7	Mech. Tech II	\$ 16,688 / year
8	Mech. Tech Leadworker	\$ 18,846 / year
9	WWTP Operator II	\$ 16,607 / year

Note:— Cost differentials listed above are in 2009 \$’s and shall be adjusted annually by the BAI.

The Company and the District have further agreed that a later reduction in District staff from the number transitioning at the Commencement Date shall also result in an adjustment (reduction) in the Service Fee to reflect cost impacts, if any, of the change.

SERVICE FEE:

The Company shall be paid a Service Fee as indicated below, pursuant to the terms and provisions of this Agreement, for Facility operations, maintenance, and management. The Company shall be paid such Service Fee effective on the Commencement Date throughout the

Term of the Agreement. Payment by the District shall be in twelve (12) equal installments with the twelve (12) payments totaling the annual Service Fee amount. Payment by the District shall be made within fifteen (15) days of receipt of invoice for the month just ended.

- ~~Within sixty (60) days of the Commencement Date, District and The Company shall jointly develop~~ anuse the invoice template (“Monthly Invoice”) jointly developed by the District and the Company in invoicing the District for the Service Fee, Pass Through Costs and other items as described in Section 4 of the Agreement. District and Company may from time to time modify the Monthly Invoice, approval of changes to which shall not be unreasonably withheld by either party.
- Prior to the period described above, Company shall invoice and District shall pay the Service Fee, Pass Through Costs and other items as described in Section 4 of the Agreement.

**Table S14-2
Service Facility Operations**

Service Fees	
Service Fee Component	Annual Amount
Wastewater Service Fee as of 2013	\$ 1,936,797.72
Proposal % of BAI Service Fee Escalator (% of change in BAI)	100 %
Service Fee Escalation Date (first annual adjustment)	July 1, 2014

Note: All costs are to be specified in calendar year 2013 dollars and will be adjusted by the specified BAI) at the first anniversary date of July 1, 2014, and each subsequent Agreement year thereafter using the adjustment methodology of Schedule 8.

Influent wastewater within design criteria and flow and loading parameters established by the design criteria shall be treated to meet all regulatory requirements, including effluent discharge standards, without adjustment to the Service Fee or Utility Caps unless the twelve (12) month moving averages for maximum and minimum flow are loadings are exceeded. Provided the flows and loadings do not exceed design criteria, short term excursions of flows and / or loadings above or below the maximum and minimum flow and loadings established for the Service Fee and Utility Caps, but within the design criteria, shall not constitute an Uncontrollable Circumstance and shall not be eligible for compensation adjustment to the Service Fee or adjustments to the Utility Caps.

RECYCLED WATER FEE

Operation of the Recycled Water Facilities will be on a time and materials basis as specified in Schedule 5.

INCENTIVES:

The Company shall be eligible for incentives as specified in Section 4.5 (Sharing of Cost Savings and Performance Excellence Incentives). Payment of any incentives earned under the programs specified in Section 4.5 shall be subject to the restrictions and limitations of IRS Provision 97-13 as outlined in Section 4.6 Absolute maximum and minimum compensation of this Agreement. Unless otherwise indicated, the incentive award, if any, shall be paid within forty five (45) days of the end of the Fiscal Year.

PERFORMANCE EXCELLENCE INCENTIVES

1. No excursions or violations, regardless of reason, of the NPDES Permit in any fiscal year ~~along~~ will result in an incentive payment of ten thousand dollars (\$10,000); each additional year of no excursions or violations shall result in an incentive increased award increased by five thousand dollars (\$5,000) for each year of no violations (e.g., two years of no violations shall result in an incentive award of fifteen thousand dollars (\$15,000)).
2. Staff Certifications: Staff gaining a California Grade III or Grade IV operator certificate shall be eligible for a one-time District payment of two hundred dollars (\$200) within forty five days (45) of submission of the certification documentation to the District.
3. No Lost Time Accidents: Completion of a Fiscal Year with no lost time accidents by Company personnel shall result in an incentive payment of two hundred dollars (\$200)/employee.
4. No Odor Complaints: Completion of a ~~fiscal year~~ 12 consecutive months with no odor complaints shall result in an incentive payment of five thousand dollars (\$5,000) except that completion of the first consecutive 12 months with no odor complaints shall result in a bonus payment of an additional \$20,000.
5. Electric Power (KwH) Usage: Completion of a Fiscal Year meeting Effluent Limits shall enable the Company to share in the cost savings resulting from electric power usage (KwH) below the usage cap specified in Schedule 13 of this Agreement. The incentive payment to the Company shall be computed as fifty percent (50%) of the value of the reduced KwH usage (i.e. the KwH usage quantity below the cap times the average cost / KwH for the year).

**SCHEDULE 15
ACCEPTANCE TESTING**

Consistent with the overall Agreement and Section 3.8 specifically, the District has and will continue to be responsible for the provision of all facilities and Equipment obtained as a capital expenditure. So that all District-provided equipment, facilities, and systems utilized by the Company to meet the requirements of this Agreement are accepted by the Company, this "Acceptance Testing" Schedule is established to formalize the Company's written acceptance of the suitability and performance of these facilities.

~~The Upgrade Projects currently under construction~~ and any new Facility Modifications obtained by District capital expenditures during the Term of this Agreement and /or Equipment purchased by the District as provided in Repair and Rehabilitation Program will be subject to the written Acceptance Test procedure as mutually developed and agreed between the Company and the District. These test procedures will generally follow the approach outlined in Section 3.8 of the Agreement with an agreed upon set of contract acceptance criteria for acceptance of Capital Improvements by the District and a subsequent set of criteria for process acceptance by the Company.

These mutually developed and agreed upon written Acceptance Test procedures for District Acceptance and subsequent Company process acceptance shall be developed, as needed, to complete this Schedule 15. The procedure for developing Acceptance Test procedures shall occur as follows: at a minimum of thirty (30) days in advance of the date such Capital Improvement shall be placed into service for operation as described in California Water Code § 13385(j)(1)(D), , the District shall promptly notify Company, and Company and District shall promptly and jointly develop an Acceptance Test procedure for the Capital Improvement. Should District and Company be unable to agree on an Acceptance Test procedure with respect to a Capital Improvement, the parties shall engage in the dispute resolution process as provided in Section 5.3 of the Agreement.

**SCHEDULE 16
CONTRACT TERM AND RENEWAL OPTION**

Contract Term and Extension Option:

Subject to the language of Section 5.1 of the agreement dated 9/24/09 between the parties, the District is hereby exercising its unilateral option to extend the term for two consecutive 3 year terms from the original expiration date of June 1, 2015. The parties mutually agree to extend the termination date to June 30, 2021 to coincide with the District's fiscal year.

Hence, the term of the Agreement shall be from July 1, 2014 to June 30, 2021, ~~The contract term for this Agreement shall be for five (5) years from the date of Commencement Date (the "Term"),~~ unless extended by the District per the terms and conditions summarized below.

The extension option shall be solely available to the District and must be exercised by the District prior to one hundred twenty (120) days of the end of the original Term or the extension option provided by the Company shall expire, unless the extension option is mutually extended by the Company and the District.

Extension Option Summary:

At the District's option, ~~two~~ **one** (12) ~~successive option terms of three~~ **six** (63) ~~years~~ **year option** each shall be offered to the Company at then existing Agreement provisions and Service Fee one hundred twenty (120) days before Agreement termination. The Company may propose an adjustment to the Service Fee but acceptance of such adjustment shall be at the District's option. Failure to reach agreement on the Service Fee for the renewal period shall end the Agreement at the then current Agreement expiration date.

Review at Expiration of Agreement:

As outlined in Schedule 2, Section 2.4.6 **7** of this Agreement, the Company and the District shall ~~shall~~ **may** mutually select an independent, technically qualified firm or firms (the "Auditor" to perform an audit of the Facility to determine the condition of the Facility prior to the final Contract Year. The cost of the services provided by the Auditor, as specified in Schedule 2, shall be divided ~~equally~~ between the Company and the District in accordance with Section 2.4.6**7**.

SCHEDULE 17
COMPLIANCE WITH APPLICABLE LAW

In the performance of its duties and obligations established by this Agreement, the Company shall be responsible for compliance with all Applicable Laws. Such Applicable Laws shall include all applicable local, State of California, and Federal laws and regulations.

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APPENDIX B
Novato Sanitary District Wastewater Treatment Plant Permits

Novato Sanitary District, California

Permit Summary

The District's current NPDES Permit R2-2010-00930074, effective February-July 1, 2005-2010 , and modifications as noted below:

~~Order No. R2-2008-0026: Amendment of Order No. R2-2004-093 adopted 5/15/08~~

~~Cease and Desist Order No. R2-2008-0029 adopted 5/15/08~~

Water Reclamation Requirements Order No. 92-065 adopted 6/17/92

Order No. R2-2007-0077 Waste Discharge Requirements for Municipal and Industrial Wastewater Dischargers of Mercury to San Francisco Bay adopted 11/7/07

13267 Letter for Cyanide

13267 Letter for Copper

13267 Technical Report Order Requiring Submittal of Information on Nutrients in Wastewater Discharges, March 2, 2012

District is required to meet three different effluent quality requirements depending on time of year and discharge location:

- 1) Dry weather discharge requirements are in effect for discharge to San Pablo Bay in May, September, and October (NPDES Order No. R2-2004~~2010-0074~~)**
- 2) Wet weather discharge requirements are in effect for discharge to San Pablo Bay November, December, January, February, March, and April (NPDES Order No. R2-2010-0074)**
- 3) No discharge to the Bay allowed from June 1st to August 31st. California Order No. 92-065 sets the requirements during this period when all flows are used for pasture land irrigation.**

In addition, the District produces up to 1.7 MGD of tertiary Title 22 recycled water for landscape irrigation.

Tables 1a, 1b, and 1c on subsequent pages provide a Summary of these discharge requirements.

The District wastewater treatment facilities have Air Quality permits from the Bay Area Air Quality Management District: BAAQMD Permits A1275 and A1276.

Update Tables

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Table 1a Summary for Current NPDES Permit Limits for Discharge to San Pablo Bay [Needs to be updated to reflect current permit limits]

Conventional Pollutants						
Constituent	Units	Annual Average	Monthly Average	Weekly Average	Daily Maximum	Instantaneous Maximum
November 1 through April 30						
Biochemical Oxygen Demand (BOD ₅ , 20° C)	mg/L		30	45		
Total Suspended Solids	mg/L		30	45		
Oil & Grease	mg/L		10		20	
Chlorine Residual	mg/L					0.0
Total Ammonia as N	mg/L		6.0			21
pH	pH		≤ 8.5 pH ≥ 6.5			
Enterococcus	MPN/100ml			35 -30-d geo mean		
Fecal Coliform	MPN/100 ml			140 median		430 – 90 th percentile
Prior to November 1 or After April 30 (if discharging to San Pablo Bay)						
Biochemical Oxygen Demand (BOD ₅ , 20° C)	mg/L		15	30		
Total Suspended Solids	mg/L		10	20		
Oil & Grease	mg/L		5		15	
Chlorine Residual	mg/L					0.0
Total Ammonia as N	mg/L		6.0			21
pH	pH		≤ 8.5 pH ≥ 6.5			
Enterococcus	MPN/100ml			35 -30-d geo mean		
Fecal Coliform	MPN/100 ml			140 median		430 – 90 th percentile

Table 1b Summary for Current NPDES Permit Limits for Discharge to San Pablo Bay

Toxic Substances			
Constituent	Units	MDEL	AMEL
Copper*	µg/l	6.9	13
Mercury	µg/l		0.066 monthly average 0.072 weekly average
Cyanide*	µg/l	6.6	15
Carbon Tetrachloride	µg/l	4.4	8.8
Dioxin-TEQ	µg/l	1.4*10 ⁻⁸	2.8*10 ⁻⁸
Dieldrin	µg/l	0.00014	0.00028

Table 1c Summary of Current NPDES Permit Limits for Discharge to Reclamation Facility

Conventional Pollutants						
Constituent	Units	Annual Average	Monthly Average	Weekly Average	Instantaneous Minimum	Instantaneous Maximum
For Discharge to Reclamation Facility						
Biochemical Oxygen Demand (BOD ₅ , 20° C)	mg/L		40			
Dissolved Oxygen	mg/L				1.0	
Dissolved Sulfide	mg/L					0.1
pH	pH	≤ 9 pH ≥ 6				
Total Coliform	MPN/100ml			240 median from 5 samples		10,000

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APPENDIX C
STAFF TRANSITION, MOA, and SICK LEAVE

~~Staff Transition and MOA: The Company and the District have agreed that eligible District staff will be offered employment by the Company per the terms of the Memorandum of Agreement (MOA) attached to this Appendix C. The Service Fee is established using the costs for the transition of seven (7) District staff members. Schedule 14 has discussed the adjustment to the Service Fee should more or less District staff eligible for transition do so as of the Commencement Date of this Agreement.~~

~~The Company has signed the MOA Agreement as a contract commitment for inclusion with this Agreement to indicate the Company's willingness to provide the transition elements specified in the MOA, consistent with the provisions set forth in Section 3.7 of the Agreement.~~

~~Sick Leave Accrual: The Company and the District have further agreed that the transition of eligible District staff will include the "carryover" on accrued sick leave from District employment. The District will provide a Sick Leave Table setting forth the hours and dollar amounts that the District will provide to the Company for Company provision of the indicated amount of sick leave eligibility at Commencement Date for the District staff who transition to Company employment effective with the Commencement Date of this Agreement.~~

~~Attachment I: Memorandum of Agreement (MOA)~~

~~—— Existing MOA (signed by Veolia) To be attached to finalized Agreement~~