



March 6, 2017

Ms. Beverli Marshall
General Manager
Sewer Authority Mid-Coastside
1000 N. Cabrillo Highway
Half Moon Bay, CA 94019

Re: CCWD-SAM Recycled Water Agreement Basic Terms

Dear Ms. Marshall:

As we discussed in our recent phone conversation, the Coastside County Water District Board of Directors approved at their February 14, 2017 meeting a set of basic terms for development of a recycled water agreement between CCWD and SAM. I attach a copy of the term sheet from the staff report.

I look forward to working with you to develop a more detailed draft agreement after you've had a chance to discuss these proposed terms with your board of directors.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "David R. Dickson".

David R. Dickson
General Manager

Proposed CCWD-SAM Recycled Water Agreement Basic Terms
February 14, 2017

1. 2-party agreement between SAM and CCWD.
2. CCWD will provide reclaimed water quantity and quality specification.
3. SAM commits to provide reclaimed water in quantity and quality specified.
4. The parties agree that CCWD will be the exclusive distributor of recycled water within its jurisdictional boundaries and that applications, customers, terms of use and pricing for recycled water distributed by CCWD shall be determined by CCWD.
5. Recycled water treatment facilities shall be designed for increase of capacity and optional additional level(s) of treatment as agreed between SAM and CCWD.
6. SAM will commit to costs for capital, operation, and maintenance of the facilities – term to be determined.
7. SAM to fund costs for design, construction, and operation of recycled water production facilities.
8. CCWD will pay SAM's total capital cost – up to the maximum determined in 6 above – on an amortized basis over the same term as the SAM borrowing used to provide the capital. Any grant funding received by the parties shall be applied 100% to the capital cost of the project.
9. CCWD will reimburse SAM for operation and maintenance costs as incurred, plus reasonable SAM overhead and other expenses, up to the maximum agreed between CCWD and SAM.
10. Payments from CCWD to SAM to be conditioned on SAM meeting water quality, quantity, and level of service specifications.
11. Each party will be responsible for compensating the other party for its failure to perform under the agreement.