

## Exhibit E - SCC Credit and SCC Payment

Consistent with this Agreement, at the time the City installs new EBMUD water mains at the frontage of the subdivided parcel, the City is required to connect all domestic and fire services to parcels fronting the new EBMUD water system to the new EBMUD water main and those parcel owners or occupants are required to become EBMUD customers in accordance with the District's Regulations Governing Water Service to Customers (Regulations) and pay all applicable fees, including the System Capacity Charges (SCC) and the Wastewater Capacity Fees (WCF).

The City is eligible for an SCC credit by eliminating the three EBMUD master water meters currently serving the Point. However, the City's redevelopment plan is atypical in that it will be completed on a gradual and staggered basis, and will require the existing three EBMUD master water meters to continue to serve the Point until the City has completed its redevelopment plan. More specifically, the City's redevelopment plan calls for the gradual transition of water use from the three EBMUD master water meters to the individual new water meters serving each future parcel, which varies from the normal redevelopment process where the existing meter is killed and credit is given soon after the new meters are installed. In contrast, the existing EBMUD master water meters serving the Point must remain in service for the duration of the redevelopment for on-going fire protection and domestic use during the transition period.

Due to the Point's unique redevelopment plan, water services for the existing tenants of the Point must remain in service for on-going fire protection and domestic use until ALL services are transferred to a new District water main. This prohibits any of the master meters from being removed from service during the transition period and to determine an accurate and fair SCC credit; consequently, the District is providing the City with an SCC credit for the existing three EBMUD master water meters upon execution of the Water Infrastructure Agreement. Consistent with EBMUD Regulations, the SCC credit for the existing three master meters will be established based on the past 10-year historical average water use from the effective date of the Water Infrastructure Agreement, rather than from the date when the three existing meters are actually removed from service. This is a ONE-TIME SCC credit being granted to the City and NO additional SCC credit shall be granted. The District will allow the City to bank its SCC credit and to distribute the credit to parcels within the Point, as it sees fit. The banked SCC credit will be valid for 20 years. At the end of the 20-year period, any SCC credits remaining will be forfeited. The SCC credit and City assignment will be tracked by the District's New Business Office.

In accordance to the effective date of the Water Infrastructure Agreement, the SCC credit based on the past 10-year historical average annual water demand in gallons per day (Schedule J – Paragraph A3 and G) is estimated as follows:

Meter No.	10-year historical average annual demand, gpd	SCC Region	Regional Facilities Buy-in	System-wide Buy-in	Future Water Supply	Total SCC Unit Charge (\$/100gpd)	*Estimated Valuation of SCC Credit
14586611	8,608	1	\$ 2,027	\$ 2,032	\$ 1,920	\$ 5,979	\$ 514,672
16776621	272,217	1	\$ 2,027	\$ 2,032	\$ 1,920	\$ 5,979	\$ 16,275,854
70074325	46,233	1	\$ 2,027	\$ 2,032	\$ 1,920	\$ 5,979	\$ 2,764,271
<b>Credit</b>	<b>327,058</b>						<b>\$ 19,554,797</b>

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**Assignment of SCC Credit:**

The City may assign a portion or all of the SCC credit to subdivided parcels within the Point before deed recordation. No SCC credit may be assigned to parcel(s) after the deed recordation. The amount of assigned SCC credit will be deducted from the total SCC credit available to the City, and will at no time exceed the total established SCC credit. Assignment of SCC credit and collection of SCC payment shall be conducted as follows:

**1. Parcels Sold to New Owners**

When selling a parcel to a new owner, the City shall notify the District in writing of the property sale and the amount of the SCC credit being assigned, if any, to the sold parcel, prior to deed recordation. Once the deed is recorded, the amount of the SCC credit assigned shall be final and not subject to change.

A. If the parcel being sold by the City to new owners fronts a District water main where water services have not yet been connected to the District water main, the City shall immediately transfer the water services to the District water system. Prior to the service transfer, City shall submit an application to request the transfer service and establish new service, including any required supporting documents, in accordance with EBMUD Regulations:

- Upon receiving an application for water service and required supporting documents from the City, the District shall size water service in accordance with the proposed water demand and determine the associated SCC consistent with the District's Schedule of Rates and Charges in effect.
- If there is an assigned SCC credit (as determined by the City) to the parcel that is sufficient to offset the SCC payment for the proposed water demand, no SCC will be collected.
- If there is no assigned SCC credit to the parcel, or the assigned SCC credit does not sufficiently offset the SCC payment for the proposed water demand, the District will collect from the City the SCC amount owed to initiate service determined by an assessment of the water demand. The SCC is due and payable; net any SCC credits assigned by the City.
- After the parcel is connected to the newly installed District water main and water services (fire and domestic) are established, the District's Regulations and Schedule of Rates and Charges will apply to any future water service changes.

B. If the parcel being sold to a new owner fronts the City's private water system, the City shall notify the new owner in writing of the District's requirement for all existing and/or future water and/or private fire services serving the parcel to connect to a District water main, when it becomes available, in accordance with requirements outlined in Section 1 Paragraph A. Furthermore, the City shall notify the District in writing that the parcel is being sold and provide written notification of the assigned SCC credit, if any, to the sold parcel prior to deed recordation.

- Prior to deed recordation, the City shall submit to the District the parcel's anticipated water demand for the purpose of determining the SCC payment. The City may provide a sub-meter to the parcel at its expense. Any City installed appurtenances shall not become a part of the District's distribution system.
- At the time of deed recordation, the SCC payment, net any SCC credit assigned to the sold parcel by the City, is due and payable to the District.

- The District will hold the SCC payment in a non-interest bearing escrow on behalf of any future owner of the parcel until the City completes the water main extension required to serve the parcel. The SCC payment held in escrow by the District runs with the parcel and is not refundable or transferrable.
- After the City completes the water main extension to serve the new parcel, the City shall immediately transfer water services to the District water system. Prior to the service transfer, the City shall submit an application for water service and required supporting documents to validate water demand. The District shall validate the water service in accordance with the required water demand. If a larger water meter is required due to a change in use, additional SCC will be assessed and collected from the City based on the size of the new service consistent with the District's Schedule of Rates and Charges in effect. Subsequent water service applications from private businesses and owners after City transfer to a private owner are no longer subject to this Agreement and will be subject to EBMUD policies and regulations similar to other parcels within EBMUD's jurisdiction.
- After the parcel is connected to the newly installed District water main and water services (fire and domestic) are established, the District's Regulations and Schedule of Rates and Charges will apply to any future water service changes.

## 2. City Owned Parcels

As the City converts its private water system to a District water system by installing new water mains and abandoning the private water system, all City owned properties that front a newly installed District water system shall establish District water service and pay the SCC based on the demand assessed for the water service, net of any SCC credit that the City assigns to that parcel.

- A. A City-owned parcel that fronts a newly installed District water main is required to establish District water service immediately by transferring water services to the District water main. Prior to the service transfer, the City shall submit an application for water service to determine SCC payment due, if any, in accordance with EBMUD Regulations:
- Upon receiving an application for water service and the required supporting documents including the parcel's anticipated water demand from the City, the District shall size water service in accordance with the proposed water demand and determine the associated SCC payment. The application for water service will not be considered complete without written confirmation from the City of any SCC credit that is assigned to that parcel.
  - The total SCC due will be determined based on an assessment of the water demand and is payable, net any assigned credit, consistent with the District's Regulations and Rates and Charges.
  - If the water service is transferred to a private owner as part of a parcel subdivision and sale, then Section 1 (Parcels sold to New Owners) above will apply.
  - The District has the authority to review and validate water demand after a parcel is sold for change in use. If a larger water meter is required than the meter that has been installed due to expanded water use, additional SCC will be assessed based on the size of the new service consistent with the District's Schedule of Rates and Charges in effect. Additional SCC payments, if any, will be the responsibility of the City. Subsequent water service applications from private businesses and owners after City transfer to a private owner are no longer subject to

this Agreement and will be subject to EBMUD policies and regulations similar to other parcels within EBMUD's jurisdiction.

- After the parcel is connected to the newly installed District water main and water services (fire and domestic) are established, the District's Regulations and Schedule of Rates and Charges will apply to any future water service changes.

B. City-owned parcels served by the private water system are not subject to SCC payments until connecting to the newly installed District water system. The City may assign a portion or all of the SCC credit to City-owned parcels within the Point prior to connecting to the newly installed District water main or deed recordation without limitations.

**Additional Requirements:**

1. An SCC credit that has been assigned by the City to a parcel may not be transferred to another parcel.
2. Parcels that have been sold to new owners and assigned an SCC credit may not be reassigned an additional SCC credit after the parcel has been transferred.
3. The SCC payment may be offset by credits only to the extent that the City has sufficient credits remaining before the deed for any parcel is recorded.
4. As set forth above, the City shall be responsible for paying SCC that is not covered by the assigned SCC credits. The City shall provide to the District in writing the SCC payment method as a part of the application for water service. SCC payment dues may be satisfied by any one or a combination of the following:
  - Assignment of additional SCC credit by the City, if any remaining, prior to deed recordation
  - SCC payment submitted by the City
  - SCC payment submitted by the new property owner
5. Upon completion of the water main extension by the City, the City is responsible for establishing water service to parcels fronting the new water main with EBMUD by either transferring of a District approved water service (applicable only to existing water services installed by the District) from the City's private water system to the EBMUD water mains or installation of new water services. Service transfers and new service installations will be completed by the District at the City's expense.
6. For each application for water service submitted to EBMUD, the City shall provide the following documents to support the sizing of the water service. EBMUD will validate the water demand data submitted by the City to determine the associated SCC payment for an existing building or at buildout of a proposed renovation/new project.
  - Existing Buildings:
    - An official survey of the building's existing plumbing fixture counts to support the water demand assessment
    - Building plans, if available, and detail description of the building use (business type, total square footage, and known existing and anticipated future amenities)
    - Estimated current water demand for building with no planned improvements **or** projected water demand for building with planned improvements
    - Written statement indicating if building will continue to operate in its current condition **or** identify planned improvements that could alter water demand
  - Renovated Buildings:

1. Projected water use at final build out (average annual water demand expressed in gallons per day)
  2. Building plans and detailed description of the building use (business type, total square footage, and known amenities)
  3. Plumbing plans and the total plumbing fixture counts for the building to support the calculations to size water meter and determine the associated SCC payment
7. Subsequent water service applications from private businesses and owners after City transfer to a private owner are no longer subject to this Agreement and will be subject to EBMUD policies and regulations similar to other parcels within EBMUD's jurisdiction.
  8. The City is responsible for notifying all new and potential owners, in writing, the water service requirements outlined within this document.