APPENDIX D

MEMORANDUM OF UNDERSTANDING

SECOND MEMORANDUM OF UNDERSTANDING AMONG THE CITIES OF MOUNTAIN VIEW, PALO ALTO AND SUNNYVALE RELATING TO THE CONSTRUCTION AND OPERATION OF A MATERIALS RECOVERY AND TRANSFER STATION AND THE LONG TERM DISPOSAL OF MUNICIPAL SOLID WASTE AT KIRBY CANYON

THIS SECOND MEMORANDUM OF UNDERSTANDING ("Second MOU") is made as of the 9th day of June, 1992, by and among the City of Mountain View, the City of Palo Alto, and the City of Sunnyvale (collectively "Cities").

The Cities agree as follows:

I. Background to and Purpose of MOU

1. The Cities, acting collectively and cooperatively, have negotiated contractual commitments from Waste Management of California, Inc. ("Waste Management") for solid waste disposal capacity at the Kirby Canyon Sanitary Landfill in San Jose. The amount of capacity secured is sufficient to accommodate the Cities' individual requirements for a period of approximately 30 years.

2. The terms and conditions of this commitment of disposal capacity are set forth in three separate, but interrelated, contracts between each of the Cities and Waste Management.

3. It was a condition precedent to the effectiveness of the contract between Sunnyvale and Waste Management that all three Cities, on or before October 15, 1991, have entered into a MOU under which Mountain View and Palo Alto commit to deliver Municipal Solid Waste generated within their geographic boundaries to a Materials Recovery and Transfer Station ("SMaRT Station") to be constructed on property owned by Sunnyvale and to pay Sunnyvale a fee for the use of the SMaRT Station.

4. In order to satisfy the condition precedent just described, and to facilitate continued cooperation and coordinated action in relation to the SMaRT Station and Waste Management, the Cities entered into a Memorandum of Understanding dated as of September 30, 1991 ("MOU").

5. As contemplated by the MOU, Sunnyvale negotiated with Waste Management regarding the terms and conditions under

which Waste Management would construct and thereafter operate the SMaRT Station. At the end of December 1991, all of the Cities concluded that it would be in their best interests for Sunnyvale to issue a Request for Proposals ("RFP") to qualified firms for construction and operation of the SMaRT Station, a course of action also contemplated by the MOU.

6. An RFP was developed by Sunnyvale with the advice and assistance of the other Cities and issued in January 1992. The RFP and addenda thereto reflect the consensus of all Cities as to matters of both format and content, including the SMaRT Station's capacity of 1,500 tons per day.

7. Proposals in response to the RFP were received from two firms on April 2, 1992. Sunnyvale, with the assistance of the other Cities, is now evaluating those Proposals.

8. The contract between Sunnyvale and Waste Management also envisions an option under which Sunnyvale would not award a single contract for construction and operation of the Station but would, instead, construct the Station itself or jointly with one or both of the other Cities and thereafter decide on the method and details of an operating contract. The Cities believe that such an approach may have advantages for all Cities and should be evaluated along with the Proposals received in response to the RFP.

9. Whether Sunnyvale selects a Proposal and awards a contract for construction and operation of the SMaRT Station to one of the Proposers or elects to construct the Station itself and operate it, or defer the operating procedures for a later contract, Sunnyvale must indicate to Waste Management on or before April 30, 1992 that it is prepared to proceed with construction of the SMaRT Station. Provided Waste Management makes certain required representations regarding the permits for Kirby Canyon by April 30, 1992, Sunnyvale must thereafter decide to actually proceed with construction either through one contract, several separate contracts, or some other method such as constructing the Station itself. And in order for Sunnyvale to proceed with construction of the SMaRT Station on its own, it must have the assurance of the other Cities that they will participate in the capital and operating costs of the SMaRT Station which will be directly incurred by Sunnyvale. Since the MOU, and the First Supplement thereto dated as of March 17, 1992, contemplated a single, long-term contract with a third party which would finance, design, construct and operate the SMaRT Station, it does not directly address certain aspects on which all Cities desire to have a clear agreement amongst themselves before Sunnyvale proceeds with the alternative of financing and constructing the SMaRT Station itself.

10. In order to allow for a timely decision to be made between Sunnyvale's accepting one of the Proposals and

constructing the SMaRT Station itself, the Cities now desire to memorialize agreement on how that decision will be made, and on their respective obligations amongst themselves during construction and operation of the Station if it is in fact decided that it is in the best interests of all Cities for Sunnyvale to finance and construct the SMaRT Station itself.

II. Decision on Method of Construction of SMaRT Station

1. Sunnyvale will, with the assistance of the other Cities, evaluate the Proposals received. On or before April 29, 1992, the City Manager of Sunnyvale will present a report to the City Managers of Mountain View and Palo Alto. This report, which may be presented orally, will address the advantages and disadvantages of (a) Sunnyvale's accepting the best Proposal or (b) Sunnyvale's rejecting all Proposals and proceeding to finance and construct the SMaRT Station itself, utilizing a series of prime contracts and the assistance of an experienced engineering firm as construction manager.

2. Sunnyvale will not reject all Proposals and proceed to construct the SMaRT Station itself unless the City Managers of all three Cities agree that this is the best course. If all three City Managers do so agree, that recommendation will be made to the Sunnyvale City Council. The Sunnyvale City Council, notwithstanding such a recommendation, may decide to accept one of the Proposals. If it does accept one of the Proposals, this Second MOU will be of no further force or effect, as provided in Section VI.2.

III. Cooperative Provision Applicable To Phase One (Before the SMaRT Station Begins Operation

1. Sunnyvale will arrange for the construction of the SMaRT Station, which will be consistent in all material respects (e.g. location, size, throughput capacity, recycling capabilities) with the Project described in the RFP and the addenda thereto, unless the changes are agreed to by both Mountain View and Palo Alto.

2. Sunnyvale will require in all construction contracts that the SMaRT Station be completed sufficiently so that it is able to operate as a Transfer Station (i.e., for Municipal Solid Waste to be transferred to Transfer Vehicles for delivery to Kirby Canyon) by July 1, 1993, as contemplated in the Cities' Disposal Contracts with Waste Management.

3. Sunnyvale will be solely responsible for securing funds to pay the costs of design, construction management, payment of $400,000 to Waste Management for design documents, and construction of the SMaRT Station (and associated site improvements, including access roads) and for administration of the contracts involved in the design and construction process.

Sunnyvale will keep Mountain View and Palo Alto informed, on a regular basis, of the progress of construction. Sunnyvale will promptly alert the Cities to any difficulties encountered in construction. In particular, Sunnyvale will immediately alert the Cities to any possibility that the construction will not be completed by July 1, 1993 as described in the foregoing paragraph.

4. Sunnyvale will own the SMaRT Station.

5. The cities of Mountain View and Palo Alto will reimburse Sunnyvale for their share of all costs of design, payment of $400,000 to Waste Management, construction and construction management related to the SMaRT Station and associated site improvements, including the access roads ("capital costs"). Each city's share will be based on its proportion of the three Cities' capacity currently reserved at Kirby Canyon, as shown on Exhibit A to each city's contract with Waste Management, a copy of which is attached hereto as Exhibit A and incorporated herein by this reference. As shown on Exhibit A, each city's share of the total capital costs, and the percentage Mountain View and Palo Alto will reimburse to Sunnyvale is:

Mountain View	23.45%
Palo Alto	21.27%
Sunnyvale	55.28%

6. Sunnyvale anticipates issuing revenue bonds, certificates of participation, or other evidences of indebtedness to pay for some or all of the capital costs. If Sunnyvale does finance some or all of the capital costs, Mountain View and Palo Alto will pay to Sunnyvale their share of the debt service, based on the percentages set forth in the foregoing paragraph. Such payments will be made at the frequencies required by the evidence of indebtedness and at times required to permit Sunnyvale to make the periodic debt service payments when due. To the extent that some or all of the capital costs are not financed, but are paid by Sunnyvale from its funds, then Mountain View and Palo Alto will reimburse Sunnyvale for their proportionate share of such costs advanced by Sunnyvale, within thirty (30) days after receipt of a bill from Sunnyvale.

7. Attached hereto as Exhibit B, is a proposed budget for the anticipated capital costs for the Station. If the City of Sunnyvale hereafter determines that its actual capital costs will exceed the projected capital costs reflected in Exhibit B by more than twenty percent (20%), Sunnyvale shall notify the other Cities within a reasonable time of such determination and the Cities shall promptly review the capital costs incurred and to be incurred in completing the Station, and shall establish a new budget for the remaining improvements and other costs that comprise the capital investment. None of the Cities shall

unreasonably delay or withhold its consent in authorizing such an amended budget. For these purposes, it shall be unreasonable to refuse consent to additional capital costs which are necessary for the completion of the Station and which are budgeted consistent with market rates for the required materials, labor and effort, including administrative and overhead costs to be incurred by Sunnyvale. If the City of Sunnyvale thereafter again determines that its actual costs in pursuing the completion of the Station exceeds an approved revised budget amount by more than twenty percent (20%), Sunnyvale shall again notify the other Cities within a reasonable time of such determination and the Cities shall again review and approve a new budget as in the first instance. If the Cities fail to reach agreement on a revised budget under this provision, the Cities shall immediately submit such a dispute to binding arbitration, and the arbitrator shall determine what the adjusted budget should be.

IV. Cooperative Provisions Applicable to Phase Two (After the SMaRT Station Begins Operation)

1. Each of the three Cities agrees to deliver Municipal Solid Waste to the SMaRT Station in sufficient quantity so that 75 percent of each city's respective annual Allocation Quantity, set forth in Exhibit A to the Cities' contracts with Waste Management, is delivered to Kirby Canyon. In addition, each of the Cities agrees to deliver Municipal Solid Waste to the SMaRT Station in an amount not less than 88 percent of each city's respective annual Allocation Quantity set forth in Exhibit A.

2. Commencing on July 1, 1992 all three Cities will collaborate in planning for commencement of operations of the SMaRT Station including the methods of operation (i.e., by the City of Sunnyvale directly or through a contract with a private sector firm) and in the development of Request for Proposals or Invitation for Bids to operate the SMaRT Station. The Cities will endeavor to reach a consensus on the most advantageous method of operation including the terms and conditions of any operating contract, the phasing schedule for recycling operations, etc. All Cities recognize, however, that as the public entity owning and with the responsibility to operate the SMaRT Station, Sunnyvale must be solely responsible for ultimate decisions on the method of operation, including the format and contract of an RFP/IFB and subsequent operating contract. Notwithstanding this recognition, however, if any city is not fully satisfied with elements in the RFP/IFB which Sunnyvale staff intends to recommend to the Sunnyvale City Council, the City Managers of all three Cities will meet to consider the issues and alternatives. Sunnyvale will not issue the RFP/IFB until this meeting has been held, or an adequate opportunity for it to be held has been provided.

3. Each of the three Cities agrees to pay to Sunnyvale or to the operator of the SMaRT Station, as Sunnyvale directs, the following:

A. Disposal Fee (plus applicable taxes and fees) due to Waste Management under each city's contract with Waste Management. The Disposal Fee due from each city will be determined by multiplying the total amount due as shown on periodic invoices from Waste Management for Municipal Solid Waste delivered to Kirby Canyon by a fraction, the numerator of which is the amount, in Tons, of Municipal Solid Waste delivered by each city to the Transfer Station, and the denominator of which is the total amount of Municipal Solid Waste delivered to the Transfer Station.

In making the foregoing calculation, the following rules will apply:

(1) Only Municipal Solid Waste for which a Tipping Fee would have been charged under the terms of the RFP issued January 17, 1992 and referenced in Section I.6, above (i.e., waste material in vehicles that are directed to the tipping floor of the Transfer Station) will be included in the calculation; Recyclable Materials which are separately delivered for processing and recovery, and which do not need to be routed through the tipping floor, will be excluded.

(2) If the Transfer Station accepts Publicly Hauled Waste (i.e., waste which is delivered by private individuals and not by the Cities' Designated Haulers), and the Cities receive a portion of the Tipping Fee revenues paid by such individuals, then Municipal Solid Waste so delivered will be attributed to the city from which it or the driver originates and will be included in the above calculation.

(3) If the Transfer Station accepts Publicly Hauled Waste (i.e., waste which is delivered by private individuals and not by the Cities' Designated Haulers), but the Cities do not receive any portion of the Tipping Fee revenues paid by such individuals, the Municipal Solid Waste so delivered will not be attributed to the city from which it or the driver originates and will not be included in the above calculation.

The same formula will be used to allocate credit for Recycling conducted at the Transfer Station which involves Municipal Solid Waste delivered to the tipping floor.

As of April 1992, the Disposal Fee is $21.99 plus $5.53 in applicable taxes and fees, although the parties recognize that the City of San Jose has announced its intention to increase taxes on disposal of solid waste in San Jose, which, if enacted, would increase the amount of taxes and fees substantially.

B. The Cities' share of the Minimum Quantity Disposal Fee, if in any year the total Municipal Solid Waste delivered to Kirby Canyon is less than the total of the three Cities' Allocation Quantity for that year.

If the Minimum Quantity Disposal fee becomes payable, it will be allocated among the three Cities as follows:

- if only one city failed to deliver an amount of Municipal Solid Waste to the SMaRT Station equal to 75 percent of its annual Allocation Quantity divided by one minus the SMaRT Station recycling percentage (a single percentage to be agreed upon from time to time), then that city is solely responsible for the Minimum Quantity Disposal Fee provision becoming operative and it shall pay the Disposal Fee due for the difference between the Minimum Quantity and the quantity of Municipal Solid Waste actually delivered;

- if two Cities fail to deliver an amount of Municipal Solid Waste to the SMaRT Station equal to 75 percent of their respective annual Allocation Quantities divided by one minus the SMaRT Station recycling percentage, then each of those two Cities' share of the Disposal Fee due for the difference between the Minimum Quantity and the quantity of Municipal Solid Waste actually delivered will be determined by a fraction, the numerator of which is the amount, in Tons, by which each city fell short of delivering 75 percent of its Allocation Quantity, and the denominator of which is the sum, in Tons, of those two amounts;

- if all three Cities fail to deliver an amount of Municipal Solid Waste to the SMaRT Station equal to 75 percent of their respective annual Allocation Quantities divided by one minus the SMaRT Station recycling percentage, then each city's share of the Disposal Fee due for the difference between the Minimum Quantity and the quantity of Municipal Solid Waste actually delivered will be determined by a fraction, the numerator of which is the amount, in Tons, by which each city fell short of delivering 75 percent of its Allocation Quantity, and the denominator of which is the amount, in Tons, by which total deliveries to Kirby Canyon fell short of the total Minimum Quantity for all three Cities.

It is the intent of all Cities to coordinate efforts to meet Minimum Quantity requirements and, thus, avoid additional Disposal Fees. However, no city has any obligation under this MOU to deliver more Municipal Solid Waste to the SMaRT Station than it is required to do by its contract with Waste Management in order to offset the Minimum Quantity obligations of any other city or Cities which do not deliver the minimum amount of Municipal Solid Waste required to be delivered under their contract(s) with Waste Management.

C. The Cities' share of Excess Quantity Disposal Fee, if in any year the total Municipal Solid Waste delivered to Kirby Canyon exceeds 110 percent of the total of the three Cities' Allocation Quantity for that year and one or more of the Cities has/have assigned some or all of their Allocation Quantity to a municipality other than one of the three Cities.

If an Excess Quantity Disposal Fee becomes payable, it will be allocated among the three Cities as follows:

- if only one city has assigned some or all of its Allocation Quantity to a municipality other than one of the three Cities, then that city will be solely responsible for the Excess Quantity Disposal Fee becoming operative and it shall pay the Excess Quantity Disposal Fee due for the difference between the total annual Allocation Quantity and the actual quantity of Municipal Solid Waste delivered from the SMaRT Station to Kirby Canyon;

- if more than one city has assigned some or all of its Allocation Quantity to a municipality other than one of the three Cities, then its share will be determined by the fraction which the sum of Municipal Solid Waste delivered to the SMaRT Station by it and by its assignee bears to all Municipal Solid Waste delivered to the Transfer Station by all Cities which have also assigned their Allocation Quantity and by their assignees.

D. Operating and Maintenance Costs of the SMaRT Station

Mountain View and Palo Alto will pay to Sunnyvale or the Station Operator, as Sunnyvale directs, their share of the costs of operating and maintenance of the SMaRT Station. Such costs will include the categories of expense listed on Exhibit C attached hereto and incorporated herein by this reference.

Each city's share of operating and maintenance costs will be determined by multiplying the total operating and maintenance costs by a fraction, the numerator of which is the amount, in tons, of Municipal Solid Waste delivered by each city to the Station during the period for which costs are being allocated, and the denominator is the total amount in Tons of Municipal Solid Waste delivered to the Station by all three Cities during that period.

If required by Sunnyvale, payments shall be made quarterly, payable on or before the 15th day of the second month in that quarter, based on estimated deliveries, with an annual reconciliation based on actual deliveries during a 12 month period.

E. Host Fee

Palo Alto and Mountain View will pay to Sunnyvale, or to the operator of the SMaRT Station as Sunnyvale directs, a Host Fee for use of the SMaRT Station. At the commencement of this MOU, the Host Fee will be $2.28 per Ton of Municipal Solid Waste delivered to the SMaRT Station. The Host Fee will be adjusted as of July 1, 1992 and annually thereafter to reflect changes in the San Francisco/Oakland/San Jose Metropolitan Area Consumer Price Index (All Urban Consumers; 1982-84=100) compiled and published by the U.S. Department of Labor, Bureau of Labor Statistics. The Index level as of May 1991 (136.2) shall be the Base Index. The Host Fee shall be adjusted on July 1, 1992, for example, by multiplying $2.28 by one plus the percentage change from the Base Index to the Index level as of May 1992.

3. The Cities agree that revenues from the sale of Recyclable Materials delivered to the SMaRT Station will be allocated among them in proportion to their respective contribution of such materials, taking into account quantity, type and grade of materials, including degree of separation. The parties will develop the details and mechanisms necessary to implement this allocation prior to the opening of the SMaRT Station for operation.

V. Other Agreements

1. Each city will comply with its obligations under Section 2.04 of its contract with Waste Management and will require its Designated Haulers to do so. Each city will comply and will require its Designated Haulers to comply with the Hazardous Waste Exclusion Program adopted by the operator of the SMaRT Station.

2. Each city will pay amounts due promptly and within the time periods specified for payment in Section 4.04 of its contract with Waste Management. Palo Alto and Mountain View will pay amounts due Sunnyvale in sufficient time to allow Sunnyvale to pay Waste Management within the time period specified for payment in Sunnyvale's contract with Waste Management.

3. The Cities will consult with each other and use their best efforts to establish consistent, coordinated positions, policies and actions in relation to Waste Management including, but not limited to, issues arising under the following provisions of the Cities' contracts with Waste Management:

- Section 1.03 (Extension of Term)
- Section 4.03 (Effect of Future Regulations)
- Section 4.04 (Billing and Payment Procedure)
- Section 5.02.A (Waste Management Insurance)
- Article 6 (Default by City)

- Article 7 (Default by Contractor)
- Section 8.02.B (Impossibility of Performance)
- Section 8.05.C (Approval of Assignment by Waste Management)

4. Each city will keep the other Cities informed of any plans it has to assign a portion of its Allocation Quantity and shall afford each of the other Cities the first right to acquire any portion of its Allocation Quantity which it intends to assign.

Each city will, as provided above, be responsible for any Excess Quantity Disposal Fee which may be incurred as a result of its assignment of Allocation Quantity. No city will assign any or all of its Allocation Quantity without the prior written consent of the other Cities, which consent will not be unreasonably withheld.

Sunnyvale may not enter into any agreement with a third party (excluding third parties who are its Municipal Solid Waste franchise haulers and those hauling Publicly Hauled Waste) for the delivery of any waste product to the SMART Station without the approval of either Palo Alto or Mountain View. If either Palo Alto or Mountain View is the proponent of such a third party contract, it must first obtain the approval of Sunnyvale. Such approvals shall not be unreasonably delayed or refused.

5. Each city will appoint one staff person who will be its representative in staff contacts between and among the Cities with regard to this Second MOU and to whom day to day communications and notices relating to it should be addressed.

These representatives will endeavor to foster coordination and cooperation in the implementation of this Second MOU and the parallel contracts with Waste Management and with the operator of the SMaRT Station. The representatives will meet at least once a month during Phase 1 and for the first six months of Phase 2 (i.e., until approximately January 1, 1994). Thereafter, they may meet as frequently as they consider necessary and appropriate. The representatives will not have authority to modify or amend this Second MOU.

6. The term of this Second MOU is 30 years from the effective date of the first MOU (i.e., October 15, 1991). The Second MOU will terminate prior to October 15, 2021, if all three Cities have exhausted their Allocation Quantities prior thereto. After 25 years or after 6,700,000 Tons of the Cities' Allocation Quantity has been utilized, whichever occurs first, the three Cities will meet to discuss all issues relevant to the possible extension of the Term by one or more Cities under Section 1.03 of the contracts with Waste Management. These meetings will continue for a period of six (6) months so as to permit the

greatest degree of coordination and cooperation in the extensions. Sunnyvale is not required to operate the SMaRT Station beyond October 15, 2021, even if one or both of the other Cities wishes to extend the Term of its or their contracts with Waste Management, unless Sunnyvale elects to extend the Term of its contract with Waste Management and then only for so long as it extends the Term of its contract, unless other arrangements satisfactory to Sunnyvale are made.

7. Capitalized terms in this Second MOU have the meaning assigned to them in Appendix One of the contracts between the Cities and Waste Management. In addition, "Municipal Solid Waste delivered by a city" means, for purposes of this Second MOU, Municipal Solid Waste delivered by city employees or by its Designated Hauler.

8. This Second MOU may be amended only with the consent of all parties, and any such amendments shall be in writing.

9. The Cities will develop detailed procedure to implement the cost and revenue allocation principles set forth in this Second MOU. To the extent that any such issue cannot be agreed upon, the Cities agree that it will be submitted to binding arbitration in accordance with the Rules of Commercial Arbitration of the American Arbitration Association. In determining the matter in controversy, the arbitrator shall follow the principles and policies for the allocation of costs and revenues as otherwise apply under the provisions of this Second MOU and shall strive to insure there is an equitable allocation of benefits and burdens relative to the matter in dispute.

10. The cities of Sunnyvale and Mountain View agree to deliver, or cause to be delivered, to the SMaRT Station all Recyclable Materials collected from residences by city employees, the city's Designated Hauler, or other Persons operating under contract with the city.

11. The cities of Mountain View and Palo Alto shall be exempt from the effects of any tax, levy, assessment, or other charge (collectively "Charges") not included or provided for under this Second MOU or related agreements executed by the Cities which may be imposed by Sunnyvale on the transport or disposal of solid waste to or at the SMaRT Station, if the effect of such charge is to disproportionately and inequitably burden Palo Alto and Mountain View while shielding the City of Sunnyvale from such charges.

VI. <u>Effectiveness of Second MOU and Relationship to MOU</u>

1. This Second MOU will become effective if Sunnyvale rejects all Proposals and elects instead to construct the SMaRT

Station itself. In that case this Second MOU will supersede the MOU.

2. If Sunnyvale accepts a Proposal, then this Second MOU will of be no further force or effect and the relationship among the Cities will be governed by the MOU and the First Supplement thereto.

3. Whichever course is followed, the Cities hereby reaffirm their commitment to the Kirby Canyon Disposal Contracts and to the construction of the SMaRT Station by July 1, 1993, as contemplated by the Disposal Contracts.

IN WITNESS WHEREOF, the Cities have executed this Second MOU as of the day and year first above written.

CITY OF MOUNTAIN VIEW

By: _____ Date: JUNE 2, 1992

Title: CITY MANAGER

Attest: _____
City Clerk

Approved as to form:

_____
City Attorney

CITY OF PALO ALTO

By: _____ Date: June 9, 1992

Title: CITY MANAGER

Attest: _____
City Clerk

Approved as to form:

_____
City Attorney

CITY OF SUNNYVALE

By: _____ Date: MAY 15, 1992

Title: CITY MANAGER

Attest: _____
City Clerk

Approved as to form:

_____
City Attorney

EXHIBIT A

LIST OF ALLOCATION QUANTITIES, IN TONS

YEAR	SUNNYVALE	MOUNTAIN VIEW	PALO ALTO	TOTAL
1992	0	0	0	0
1993 *	82,127	44,657	29,480	156,263
1994	159,076	75,885	59,168	294,129
1995	153,794	76,465	59,472	289,731
1996	150,589	77,381	57,742	285,712
1997	147,249	78,309	55,971	281,529
1998	143,845	79,249	54,159	277,253
1999	140,379	53,488	52,304	246,171
2000	136,848	54,112	50,408	241,368
2001	135,513	54,480	50,912	240,905
2002	136,436	54,850	51,421	242,707
2003	137,365	55,224	51,935	244,524
2004	138,301	55,600	52,455	246,356
2005	139,243	55,980	52,979	248,202
2006	140,191	56,361	53,509	250,061
2007	141,146	56,744	54,044	251,934
2008	142,107	57,130	54,585	253,822
2009	143,075	57,518	55,130	255,723
2010	144,049	57,909	55,682	257,640
2011	145,030	58,303	56,239	259,572
2012	146,018	58,700	56,801	261,519
2013	147,013	59,099	57,369	263,481
2014	148,014	59,501	57,943	265,458
2015	149,022	59,905	58,522	267,449
2016	150,037	60,312	59,107	269,456
2017	151,059	60,723	59,698	271,480
2018	152,087	61,136	60,295	273,518
2019	153,123	61,551	60,898	275,572
2020	154,166	61,970	61,507	277,643
2021 **	116,412	46,793	46,592	209,797
TOTAL	4,123,310	1,749,333	1,586,326	7,458,970

Assumes deliveries begin July 1, 1993.

* Assumes deliveries end September 30, 2021.

SMaRT STATION

Projected Capital Costs
(1992 Dollars)

DEVELOPMENT COSTS

- Project development expenses, including but not limited to: design, permit acquisition, site improvement work, road widening and miscellaneous site information, LFG modifications, LFG monitoring, utility connections, and construction management.	$ 6,189,000
- Construction building (including HVAC, plumbing mechanical) foundation, receiving and handling building, and administrative building.	$ 7,005,000
- Equipment including mobile vehicles (in-plant use), rolling stock (in-plant use), wood and yard waste processing, transfer haul trucks, transfer haul containers, materials, miscellaneous processing, drop-off recycling containers, sales tax, spare parts, freight install, mixed waste processing, office/tools supplies.	$ 9,205,000
- Performance bond, start-up labor and utilities.	$ 330,000
- Contingency 10%	$ 2,297,900
Construction/Development Cost Total:	$25,274,90

EXHIBIT B

EXHIBIT C

SMaRT STATION
REIMBURSABLE OPERATING AND MAINTENANCE EXPENSES

I. **If Operations of Station Are Contracted to Third Party**

1. All payments to third party under operating contract.

2. Costs associated with contract management, oversight, inspection and auditing.

II. **If Station is Operated by Sunnyvale Forces**

All costs of operation, including an appropriate allocation for overhead, management and administration, allocable under generally accepted accounting principles, including the following:

1. Personnel costs, including: wages, salaries, and employee benefits; health, disability, workers compensation and accidental insurance (including self-insurance payments); sick and vacation pay; hiring and training costs; payroll and other employment taxes, payroll tax service, and employee management and administration.

2. Vehicle and equipment acquisition, maintenance, repair and replacement costs, including: financing and other acquisition costs, depreciation costs, fuel, utilities, maintenance and repair contracts, spare parts, and supplies.

3. Regulatory costs relating to the ownership, operation or use of the SMaRT Station and all related vehicles and equipment, including: licenses, permits, fees, in lieu fees, groundwater monitoring or hazardous materials investigation, response, remediation or disposal costs, LFG monitoring and remediation costs, and any other regulatory control measures.

4. Administrative and management expenses, including: supplies and materials, equipment, service and repair, outside support services (e.g. printing and data processing), mileage and meeting expenses, internal or outside accounting, management, legal, engineering, architectural or other professional support services, and other administrative overhead.

5. Other operational costs, including: facility landscaping and maintenance, traffic control and roadway maintenance, repair, and replacement, disposal

fees at Kirby Canyon and other disposition costs, management studies, laundry and cleaning.

The cities of Palo Alto and Mountain View recognize that the City of Sunnyvale may incur additional operating costs other than those identified above. For such additional costs, the City of Sunnyvale shall submit a revised "Exhibit C" identifying the additional categories of cost for the approval of the other Cities. Such approval shall not be unreasonably withheld or delayed.

EXHIBIT C