

# **Attachment No. 51**

**Sobrato Letter to SMLAFCo**

**October 27, 2020**

*Via Electronic Mail*

Board of Directors  
East Palo Alto Sanitary District  
901 Weeks St,  
East Palo Alto, CA 94303

Mayor and City Councilmembers  
City of East Palo Alto  
2415 University Avenue  
East Palo Alto, CA 94303

**Re: San Mateo Local Agency Formation Commission (LAFCO) Municipal Service Review Recommendation for Will Serve Letter**

Dear Madam Chair and Board of Directors and Madam Mayor and City Councilmembers,

Over the past few months, City and District officials and staff have demonstrated a remarkable level of diligence and commitment to working together through the Intergovernmental Committee (IGC) to discuss possible solutions and pathways for providing City-approved development projects with “will serve” letters for essential sanitary service. As you know, the issues raised at IGC meetings are complex and affect the entire City and District. Therefore, despite this hard work and diligence, we remain very concerned about timing for our project. We request that the City and District work with us to identify and document a fair and equitable solution to provide essential sanitary service for our City-approved project.

Most recently, on October 21, 2020, the San Mateo Local Agency Formation Commission (LAFCO) voted to initiate a Municipal Service Review for the District, the City, and the West Bay Sanitary District. The Commissioners recommended that the District, City, and developers continue to endeavor to reach resolution, and potentially consider third-party mediation before the review formally commences in approximately 60 days.

This letter is intended to transmit the offer that we made verbally at the District’s Special Board meeting on October 22, 2020:

(i) We are fully committed to paying our fair share of improvements needed to serve our project (including the District’s existing, adopted capacity changes and fees, and future annual rates).<sup>1</sup>

(ii) We remain confident there is a “do no harm” solution for our project that will not require a rate increase to the District’s existing ratepayers. And,

(iii) we are open to working in good faith together to find fair and equitable solution, whether through the IGC, informally with a neutral third party, and even formal third-party mediation.

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<sup>1</sup>As demonstrated by the Fair Share Analysis prepared by BFK Engineers (peer reviewed by the City’s outside consultant Schaaf & Wheeler) our project contributes **only 1.45%** of capacity using a d/D limit of 0.67 and has proposed to contribute **\$651,127** in one-time fees (comprised of a fair share contribution for upgrades (\$132,700), capacity fees (\$507,949) and inspection and permit fees (\$10,478)), plus **\$45,317** for annual service fees thereafter.

September 18, 2023

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Sincerely,

A handwritten signature in blue ink, appearing to read "T Steele", with a long horizontal line extending to the right.

Tim Steele  
Senior Vice President Real Estate Development

cc: Akin Okupe, General Manager, East Palo Alto Sanitary District  
Mala Subramanian, Counsel, East Palo Alto Sanitary District  
Jaime Fontes, City Manager, City of East Palo Alto  
Kamal Fallaha, Public Works Director, City of East Palo Alto  
Patrick Heisinger, Assistant City Manager, City of East Palo Alto  
Rafael Alvarado, City Attorney, City of East Palo Alto  
Martha Poyatos, Executive Officer, San Mateo Local Agency Formation Commission  
Rob Bartoli, Management Analyst, San Mateo Local Agency Formation Commission  
Tamsen Plume, Holland & Knight, LLP  
Kevin Ashe, Holland & Knight, LLP  
Robert Tersini, The Sobrato Organization