

MEMORANDUM OF AGREEMENT
(Sewer Lateral Program)

This MEMORANDUM OF AGREEMENT (this "Memorandum") is made and entered into by and between the CITY OF SAN ANTONIO, (hereinafter referred to as "City"), a Texas municipal corporation, and the SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES (hereinafter referred to as the "System") a municipal water, wastewater and reuse utility, (hereinafter referred to, collectively, as the "Parties", and individually as a "Party").

PURPOSE

The purpose of this Memorandum is to describe the method by which the City and the System shall implement and administer a program to provide assistance to needy customers who lack funds to repair a health and/or safety problem with their sewer lateral system (the "Sewer Lateral Program"). The public purpose for the expenditures made pursuant to the Sewer Lateral Program is to alleviate health hazards by providing adequate and healthful sewer services to persons with incomes at 125% or lower than the federal poverty income level.

I. TERM

The term of this Memorandum shall commence upon the Effective Date as established herein and terminate as of December 31, 2008. The term shall be automatically renewed each year thereafter for successive one year terms, unless either Party provides written notice of its desire not to renew, not less than thirty (30) days prior to the end of any term. In addition, this Memorandum may be terminated by either Party upon ninety (90) days written notice of such Party's desire to terminate. This Memorandum may be terminated at any time if agreed in writing by the Parties.

II. SELECTION OF PARTICIPANTS

2.01 The City of San Antonio Department of Community Initiatives (the "DCI") shall receive all Sewer Lateral Program applications in the form of Exhibit A.

2.02 Except as set forth herein, the DCI shall determine each applicant's eligibility and will be the sole approval authority for determining the eligibility of participants in the Sewer Lateral Program. In making any such determinations regarding eligibility, the DCI shall follow and abide by the Eligibility Criteria (as defined herein) for the Sewer Lateral Program. Except as approved in writing by the System's Vice President of Operations, qualified applicants must meet the following criteria (the "Eligibility Criteria"):

- a) the applicant's household income does not exceed 125% of the federal poverty income level;
- b) the applicant owns and resides in the home requiring the repair; and
- c) the applicant is a System ratepayer or the applicable lateral-sewer line is serviced by the System.

2.03 The DCI shall not waive any of the Eligibility Criteria without the written approval of the System's Vice President of Operations.

2.04 Upon approval of eligibility, the DCI shall assign a number to the work order and the approval shall be relayed directly via Excel spreadsheet to the System's Program Manager (as defined herein). The System shall acknowledge receipt of the approval and shall attempt to contact the individual customer within the next 24-hour workday. If the repair is life threatening or health issues are particularly time sensitive, the System shall respond as soon as possible with emergency repair crews.

III.SCOPE OF WORK

3.01 The scope of work to be conducted for each approved participant for the Sewer Lateral Program shall be strictly limited to work from the participant's property line to the participant's house. No work will be done within the participant's house pursuant to the Sewer Lateral Program. In connection with any work to be done in connection with an approved participant, the System's Operations department staff will be responsible for any repairs outside the participant's property line.

3.02 Due to the number of eligible candidates and the limited program funds, the Parties agree that all work to be performed under the Sewer Laterals Program must be prioritized and conducted in the most cost effective manner as possible. The Parties agree that the use of contract plumbers is the preferred methodology for accomplishing the Sewer Lateral Program. However, if the cost of using contract plumbers greatly limits the scope and size of the needy families served by this Sewer Lateral Program, the work will, at the discretion of the System, be accomplished by in-house System plumbers. Each individual decision to hire a contract plumber will stand on its own merit and the decision to utilize a contract plumber will be made by the System's Program Manager.

3.03 The System shall be the sole authority for authorizing the type of work to be performed, selecting the contractor to perform the work, and determining the allowable dollar amount for each Sewer Lateral Program repair.

3.04 The DCI staff shall not be involved in the authorization, contracting, or inspection of any plumbing repairs accomplished under the Sewer Lateral Program.

IV. RECORD KEEPING

4.01 The DCI and the System are both responsible to maintain detailed records on all program activity. Record keeping shall commence when the applicant's application is determined to be eligible and receives a work order number. Examples of detailed record keeping include, as applicable:

- Work order number
- Field coordinator estimated scope of work
- System Operations department estimated work cost

- Contract Plumber's initial and subsequent bids and estimates
- Plumbing permit number
- Any Video televising data
- Costs broken out by parts and labor
- Signed Release of Damages by participant

4.02 On a monthly basis, the System shall provide the DCI with a detailed list (by client name and address) of all Sewer Lateral Program repairs accomplished within the previous month. This list shall only include participants whose eligibility for the program was previously verified by the DCI casework staff. Prior to the 5th of each month during the term of this Memorandum, the System's files will be transmitted to DCI and a monthly records check will be conducted by the DCI. The DCI will acknowledge identical records via email to the System within ten (10) working days after receiving the System's detailed list.

4.03 The System's Program Manager and the Community Action Manager of the DCI will jointly resolve, file discrepancies, and authorize corrective actions as required.

V. LIASONS AND NOTICES

5.01 Unless written notification from the System to the contrary is received by the City, the System's Vice President of Operations, or his/her designated representative, shall be its designated representative responsible for the oversight and management of the System's obligations and responsibilities under the Sewer Laterals Program and this Memorandum. The System's Vice President of Operations has initially designated the System's Operations Specialty General Foreman (currently Ross Harris) as his designated representative and Program Manager, until the System's Vice President notifies the City otherwise.

5.02 Unless written notification from the City to the contrary is received by System, the City Manager, or his/her designated representative, shall be the City's designated representative responsible for oversight and management of the City's obligations and responsibilities under the Sewer Laterals Program and this Memorandum. The City Manager has initially designated Rolando Morales as the City Manager's designated representative, until the City Manager notifies the System otherwise.

5.03 Communications between the City and the System shall be directed to the designated representatives of each Party as set forth below.

5.04 For purposes of this Memorandum, all official communications and notices among the Parties shall be deemed sufficient if in writing and mailed, registered or certified mail, postage prepaid, to the addresses of the designated representatives of each Party set forth below.

If to the City:	Rolando Morales City of San Antonio, DCI 115 Plaza de Armos, Suite #150
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San Antonio, Texas 78205

If to the System: Ross Harris
 Operations Specialty General Foreman
 San Antonio Water System
 1001 E. Market Street
 San Antonio, Texas 78205

5.05 Notice of change of address by any Party must be made in writing and delivered to the other Party's address for notice within five (5) business days of such change.

VII. CHANGES AND AMENDMENTS

Except when the terms of this Memorandum expressly provide otherwise, any alterations, additions, or deletions to the terms hereof shall only be by written amendment.

VIII. ASSIGNMENTS

No Party hereto shall transfer, pledge or otherwise assign this Memorandum or any interest in and to same, or any claim arising hereunder without the express written consent of the other Party.

IX. SEVERABILITY OF PROVISIONS

If any clause or provision of this Memorandum is held invalid, illegal or unenforceable under present of future federal, state or local laws, then and in that event it is the intention of the Parties hereto that such invalidity, illegality or unenforceability shall not affect any other clause or provision hereof and that the remainder of this Memorandum shall be construed as if such invalid, illegal or unenforceable clause or provision was never contained herein.

X. ENTIRE AGREEMENT

This Memorandum constitutes the final and entire understanding between the Parties regarding the subject matter hereof.

XI. TEXAS LAW TO APPLY

This Memorandum shall be construed under and in accordance with the laws of the State of Texas.

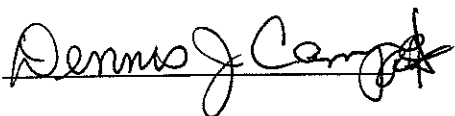
XII. AUDITS AND RECORD RETENTION

The Parties understand and agree that they shall retain and make available for inspection and audit to the other Party, or the other Party's designated representative, upon request for a period of three (3) years after the service provided under the Sewers Lateral Program was performed.

XIII. EFFECTIVE DATE

The effective date of this Memorandum shall be the date of later signature in time.

CITY OF SAN ANTONIO

By: 
Name: Dennis J. Campa
Director
Title: Dept. of Community Initiatives
Date: 6/25/03

SAN ANTONIO WATER SYSTEM

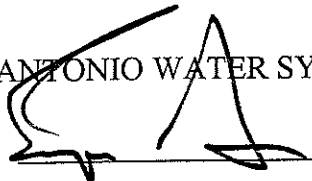
By: 
Name: EUGENE HABIGGE
Title: CEO/PRESIDENT
Date: 6/16/03

EXHIBIT A



SAN ANTONIO WATER SYSTEM (SAWS)
LATERALS TO PEOPLE
CLIENT ELIGIBILITY FORM



1. Description of Plumbing Problem: _____

2. Client Information:

2.1 SAWS Account Number: _____
Attach a copy of latest SAWS bill. Note: some Bexar Met Water District ratepayers may have their lateral-sewer line serviced by SAWS. If the client is a Bexar Met ratepayer, annotate this in 2.1 above. Confirmation that a Bexar Met customer has their lateral-sewer line serviced by SAWS may be obtained from the SAWS LTP POC

2.2 Address: _____

2.3 Does client Own and Reside in the Home at this Address? Yes No *Attach proof of home ownership*

2.4 Name (Last, First, MI): _____ 2.5 Date of Birth ____/____/____
Attach copy of valid picture ID

2.6 Name on SAWS Account (if different than client; Last, First, MI): _____

2.7 Phone: _____ 2.8 Social Security Number: _____ 2.9 Household Size: _____

2.10 Annualized Household Income (based on last 30 days) \$ _____ per year *Attach proof of income*

2.11 Is the Client Program Eligible? (Client MUST meet all three of the following criteria to be program eligible: 1. Client household income at or below 125% of poverty guidelines; 2. Client owns and resides in the home requiring lateral-sewer repairs; 3. Client is a SAWS ratepayer or has their lateral-sewer line serviced by SAWS)
 Yes (client meets ALL three eligibility criteria) No (client does NOT meet one or more eligibility criteria)

2.12 Other Information (check all that apply): Elderly Head of Household Disabled Head of Household
 Unemployed Head of Household Small Children in Household (less than 3 years old)

3. Client Signature and Authorization: I hereby certify that the information I have provided on this form is true to the best of my knowledge and belief. Furthermore, I authorize the City of San Antonio and the San Antonio Water System to use the information I have provided on this form to determine my eligibility for the Laterals to People assistance program. I also authorize the City Of San Antonio and the San Antonio Water System to maintain the information I have provided on this form to determine my eligibility for future City of San Antonio and San Antonio Water System assistance programs.

 Client Signature Date

4. FOR INTERNAL USE ONLY

Site: _____ Caseworker: _____ Date: _____

Based on the information provided to us by the client listed above, we certify that he/she is a DCI client and meets all eligibility criteria for the Laterals to People program. We understand that the final determination as to the type, cost, and inspection of LTP repairs is the sole responsibility of SAWS. All case notes and other supporting documentation have been retained in the original client file.

 Caseworker Signature Date Casework Supervisor Signature Date

Community Action Manager Signature (required to waive eligibility criteria)

Date