



Over the past several years the Metro Wastewater JPA and Metro Commission, comprised of the cities of Chula Vista, Coronado, Del Mar, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, and Poway, Padre Dam Municipal Water District, Otay Water District and the County of San Diego, all agencies whose wastewater is treated by the City of San Diego, have followed, evaluated and supported the City in its efforts to obtain a modified permit for the Point Loma Wastewater Treatment Plant. We have a vested interest in the outcome, because as partners in the City of San Diego's metro wastewater system, we are responsible for approximately 35% of the costs associated with the system. This means that failure to obtain the modified permit will result in our rate payers footing the bill for 35% of the costs associated with the then required, but scientifically unnecessary treatment plant upgrades which are currently estimated to be \$1.5 Billion to construct and an additional \$30 Million a year to operate. A current estimate of the cost impact to our rate payers can be found on the page following this letter. As chairperson of the Metro JPA/ Metro Commission, I want to express disappointment in the actions taken by the California Coastal Commission earlier this month. More importantly, I want to express the Metro JPA/Metro Commission's continued support of the City of San Diego in its application efforts, not only because it will spare our ratepayers, but also because the City's application for a modified permit is scientifically supported and meets the requirements of the Clean Water Act.

ERNEST EWIN

Chair Metro Wastewater JPA and Metro Commission

Projected Cost of Secondary Treatment Per Metro Member Agency
Based Upon 1.5 Billion Total Projected Capital Costs (a)

	CITY/AGENCY	Estimated Additional Annual Cost of Secondary Treatment					Total Annual	Current Annual 2010 Billings	Total Annual W/Secondary
		SD Financed (b)	JPA Financed (c)	Total Financing	Add. O&M (d)				
% Per 2010		\$ 86,323,000	\$ 21,597,000	\$ 107,920,000	\$ 38,000,000	\$ 145,920,000	\$ 191,642,316	\$ 337,562,316	
Billings									
9.599%	CHULA VISTA	\$ 8,285,952	\$ 2,073,048	\$ 10,359,000	\$ 3,647,535	\$ 14,006,536	\$18,395,319	\$ 32,401,855	
1.178%	CORONADO	\$ 1,016,497	\$ 254,316	\$ 1,270,812	\$ 447,469	\$ 1,718,282	\$2,256,685	\$ 3,974,967	
0.381%	DEL MAR	\$ 328,978	\$ 82,307	\$ 411,285	\$ 144,819	\$ 556,104	\$730,352	\$ 1,286,456	
0.022%	EAST OTAY MESA	\$ 18,609	\$ 4,656	\$ 23,265	\$ 8,192	\$ 31,457	\$41,314	\$ 72,771	
4.339%	EL CAJON	\$ 3,745,509	\$ 937,082	\$ 4,682,592	\$ 1,648,800	\$ 6,331,392	\$8,315,259	\$ 14,646,651	
1.159%	IMPERIAL BEACH	\$ 1,000,537	\$ 250,323	\$ 1,250,860	\$ 440,444	\$ 1,691,304	\$2,221,254	\$ 3,912,558	
2.537%	LA MESA	\$ 2,190,073	\$ 547,930	\$ 2,738,003	\$ 964,086	\$ 3,702,089	\$4,862,095	\$ 8,564,184	
1.652%	LAKESIDE/ALPINE	\$ 1,426,192	\$ 356,816	\$ 1,783,008	\$ 627,820	\$ 2,410,828	\$3,166,233	\$ 5,577,061	
1.138%	LEMON GROVE	\$ 981,941	\$ 245,670	\$ 1,227,611	\$ 432,257	\$ 1,659,868	\$2,179,968	\$ 3,839,836	
2.623%	NATIONAL CITY	\$ 2,264,104	\$ 566,452	\$ 2,830,556	\$ 996,675	\$ 3,827,230	\$5,026,448	\$ 8,853,678	
0.512%	OTAY	\$ 441,930	\$ 110,566	\$ 552,495	\$ 194,541	\$ 747,036	\$981,111	\$ 1,728,147	
3.289%	PADRE DAM	\$ 2,838,887	\$ 710,256	\$ 3,549,143	\$ 1,249,698	\$ 4,798,841	\$6,302,502	\$ 11,101,343	
1.591%	POWAY	\$ 1,373,343	\$ 343,594	\$ 1,716,937	\$ 604,555	\$ 2,321,493	\$3,048,905	\$ 5,370,398	
3.206%	SPRING VALLEY	\$ 2,767,387	\$ 692,368	\$ 3,459,755	\$ 1,218,224	\$ 4,677,978	\$6,143,768	\$ 10,821,746	
0.426%	WINTERGARDENS	\$ 367,645	\$ 91,981	\$ 459,626	\$ 161,840	\$ 621,466	\$816,195	\$ 1,437,661	
33.650%	SUBTOTAL METRO JPA AGENCIES	\$ 29,047,585	\$ 7,267,364	\$ 36,314,950	\$ 12,786,954	\$ 49,101,904	\$64,487,408	\$ 113,589,312	
66.350%	CITY OF SAN DIEGO	\$ 57,275,415	\$ 14,329,636	\$ 71,605,050	\$ 25,213,046	\$ 96,818,096	\$127,154,908	\$ 223,973,004	
	TOTAL ALL METRO SYSTEM MEMBER AGENCIES	\$ 86,323,000	\$ 21,597,000	\$ 107,920,000	\$ 38,000,000	\$ 145,920,000	\$ 191,642,316	\$ 337,562,316	

Assumptions:

- \$1.5 billion total capital project costs without financing expenses
- City of San Diego issues debt to fund 80% of the capital project costs
- Metro JPA issues debt to fund remaining 20% of capital project costs
 - 5% interest rate for each debt issue
 - 3% cost of issuance for each debt issue
 - 1 year debt service reserve funded in each issue
 - Each debt issue has 30 year term
- Operations & Maintenance (O&M) increased by \$38 million annually upon completion of project