REGULAR
Meeting of the Metro Commission and Metro Wastewater JPA

AGENDA

Thursday, June 5, 2014
12:00 p.m.

9192 Topaz Way (MOC II) Auditorium
San Diego, California

"The Metro JPA's mission is to create an equitable partnership with the San Diego City Council and Mayor on regional wastewater issues. Through stakeholder collaboration, open dialogue, and data analysis, the partnership seeks to ensure fair rates for participating agencies, concern for the environment, and regionally balanced decisions."

Note: Any member of the Public may address the Metro Commission/Metro Wastewater JPA on any Agenda Item. Please complete a Speaker Slip and submit it to the Administrative Assistant or Chairperson prior to the start of the meeting if possible, or in advance of the specific item being called. Comments are limited to three (3) minutes per individual.

Documentation Included

1. ROLL CALL

2. PLEDGE OF ALLEGIANCE TO THE FLAG

3. PUBLIC COMMENT

   Persons speaking during Public Comment may address the Metro Commission/ Metro Wastewater JPA on any subject matter within the jurisdiction of the Metro Commission and/or Metro Wastewater JPA that is not listed as an agenda item. Comments are limited to three (3) minutes. Please complete a Speaker Slip and submit it prior to the start of the meeting.

X 4. **ACTION** – CONSIDERATION AND POSSIBLE ACTION TO APPROVE THE MINUTES OF THE REGULAR MEETING OF May 1, 2014 **(Attachment)**

X 5. **PRESENTATION**: San Diego County Water Authority Long-Range Water Planning for Water Reliability and Fiscal Sustainability (Attachment) (Dennis Cushman/Ken Weinberg/Sandy Kerl)

X 6. **PRESENTATION:** Pure Water Program Update (Attachment) (Greg Humora, Leah Browder, Scott Tulloch)

X 7. **PRESENTATION**: Metro 2015 Operations and Capital Budgets (Attachment) (Tom Hayes/Rex Ragucos)

X 8. **ACTION:** The FY 2014 Muni Transportation Rate (**Attachment**) (Edgar Patino)

Documentation
Included

X 9. **ACTION**: ARC Flash Hazard/Short Circuit Coordination Study (**Attachment**) (Tung Phung)

X 10. **ACTION**: Consideration and Possible Action to Recommend Approval of the South Bay Water Reclamation Plant – Demineralization Project (**Attachment**) (Guann Hwang/Mark Nassar)

X 11. METRO TAC UPDATE/REPORT **(Attachments)** (Greg Humora)

- IRWMP Workshop & Regional Advisory Committee Meeting Minutes (**Attachment**)
- May 2014 Master PUD Organizational Chart (**Attachment**)
- Work Plan (Attachment)

12. IROC UPDATE (Gail Welch/Louie Natividad)

13. FINANCE COMMITTEE (Barbara Denny)

14. REPORT OF GENERAL COUNSEL (Paula de Sousa)

15. PROPOSED AGENDA ITEMS FOR THE NEXT METRO COMMISSION/METRO WASTEWATER JPA MEETING August 7, 2014

16. METRO COMMISSIONERS' AND JPA BOARD MEMBERS' COMMENTS

17. ADJOURNMENT OF METRO COMMISSION AND METRO WASTEWATER JPA

The Metro Commission and/or Metro Wastewater JPA may take action on any item listed in this Agenda whether or not it is listed "For Action."

Materials provided to the Metro Commission and/or Metro Wastewater JPA related to any open-session item on this agenda are available for public review by contacting L. Peoples at (619) 476-2557 during normal business hours.

In compliance with the
AMERICANS WITH DISABILITIES ACT

The Metro Commission/Metro Wastewater JPA requests individuals who require alternative agenda format or special accommodations to access, attend, and/or participate in the Metro Commission/Metro Wastewater JPA meetings, contact E. Patino at (858) 292.6321, at least forty-eight hours in advance of the meetings.

AGENDA ITEM 4
Attachment
May 1, 2014 DRAFT
Minutes

Regular Meeting of the Metro Commission and Metro Wastewater JPA

9192 Topaz Way (MOC II) Auditorium San Diego, California

May 1, 2014 DRAFT Minutes

Chairwoman Cox called the meeting to order at 12:03 p.m. A quorum of the Metro Wastewater JPA and Metro Commission was declared, and the following representatives were present:

1. ROLL CALL

Agencies	Representatives		Alternate
City of Chula Vista	Cheryl Cox	X	Rick Hopkins
City of Coronado	Barbara Denny	X	Ed Walton
City of Del Mar	Sherryl Parks	X	
City of El Cajon	Tony Ambrose		Dennis Davis
City of Imperial Beach	Ed Spriggs	X	
City of La Mesa	Art Madrid	X	
Lemon Grove Sanitation District	Jerry Jones	X	
City of National City	Louis Natividad	X	
City of Poway	John Mullin	X	Leah Browder
County of San Diego	Dianne Jacob		Daniel Brogadir
Otay Water District	Jose Lopez	X	
Padre Dam MWD	Jim Peasley	X	Augie Scalzetti
Metro TAC Chair	Greg Humora		Dennis Davis
IROC Chair	Gayle Welch		

Others present: Metro JPA General Counsel Paula de Sousa; Metro JPA Secretary Lori Anne Peoples; Karyn Keese & Scott Tulloch – Atkins Global; Rick Hopkins and Robert Yano – City of Chula Vista; Bob Kennedy – Otay Water District; Al Lau – Padre Dam Municipal Water District; Leah Browder – City of Poway; Edgar Patino, Hoang Phong, Tung Phung, Lee Ann Jones-Santos and Ann Sasaki - City of San Diego Public Utilities; Tom Zeleny – City Attorney City of San Diego

2. PLEDGE OF ALLEGIANCE TO THE FLAG

Chair Cox welcomed all in attendance.

El Cajon Alternate Commissioner Davies led the Pledge.

Chair Cox requested the Commission note on their agenda that following Item 9 they will go to Items 13 and 14 and then pick up on Items 10, 11 and 12 before going forward with Item 15.

3. PUBLIC COMMENT

None.

Ann Sasaki stated that she was sitting in for Halla who was unable to be present, and that prior to moving forward with Item 4 she wanted to advise the Commission that they had made their selection for the new Assistant Director for the Business Support Branch and introduced Marie Wright-Travis who will be responsible for the Financial and Information Technology Division, Customer Service Division and Long

Range Planning Division, some of the duties previously held by Ann who will now focus more on Pure Water.

4. PRESENTATION - PURE WATER PROGRAM PUBLIC OUTREACH

Ann Sasaki stated that this item pertained to the contract for public outreach and then provided a brief slide presentation covering the program. Chair Cox suggested the City of San Diego work with the JPA members staff whom they were volunteering to assist with public outreach.

ACTION: Motion by Commissioner Peasley, seconded by Vice Chairman Jones, to approve the public outreach program. Motion carried unanimously.

5. PRESENTATION – SAN DIEGO KELP FOREST ECOSYSTEM MONITORING PROJECT – AGREEMENT WITH SCRIPPPS INSTITUTION OF OCEANOGRAPHY

Lan Wiborg of the City of San Diego introduced Dr. Ed Parnell of Scripps and provided a brief PowerPoint presentation.

ACTION: Motion by Commissioner Denny, seconded by Commissioner Madrid to approve the agreement with Scripps Institution of Oceanography for San Diego Kelp Forest Ecosystem Monitoring. Motion carried unanimously.

6. PRESENTATION – PURE WATER PROGRAM UPDATE

Leah Browder hi-lighted the 3 activities the committee had been working on. The first being secondary equivalency – the cost allocation work and the San Diego County Water Authority Outreach. On the issue of secondary equivalency – the work continues with a lot of technical conversation. Yesterday a very enlightening meeting was held with the City of San Diego and the Environmental Stakeholders and would call it at this point a technical working group as San Diego begins to expand their stakeholder outreach and education heading into this end of 2014 and getting ready for the permit application in 2015. This smaller group will continue to focus on some of the more technical aspects including the secondary equivalency. The Environmental Community (EC) stated they felt we were heading into the final stretch where nailing down the secondary equivalency is going to be critical in the next round of permit application. It is anticipated that things will intensify and speed up a bit as the EC has their representatives on board. The second point is the Cost Allocation Exercise. Meetings have been held with the City of San Diego and they are still speaking broadly about what the facilities plan entails i.e. which of those parts and pieces of a system will be attributed to the wastewater side and water side so work is being done on vetting out the details and trying to reach agreement on what goes in what column as that will drive further discussion on how much money that means on the wastewater side and different models on how to share costs and benefits. They are hoping to make significant strides on this between now and the end of the summer. Lastly, she provided and update on the San Diego County Water Authority Outreach and thanked everyone for their assistance over the past few months with involvement in the County's March meeting and in particular Councilmember Parks and Director Olsen from Del Mar. There were powerful, far reaching conversations between the JPA Commissioners and Directors on the Water Authority Board resulting in success from a wastewater perspective. The two items they were trying to influence were the conversation fiscal sustainability on the water side and that it needs to dovetail more strongly in the conversations and priorities on the wastewater side. A different approach was agreed to by a vote that will allow more study and conversation so that the pure water program can be considered and other local water supply development projects can be considered in the rate setting that goes on regarding the water authority side so there is an intent now that there will not be action taken on the water side that would inadvertently negatively impact another agencies ability to pursue a local water supply project. The Committee will continue to stay diligent and involved in that and appreciate the JPA intervention and the County Water Authority Boards willingness to allow some more time. On the pumped power storage project, the Water Authority has delayed this by a year and has done a better job of outreaching to the City of San Diego and included the City of San Diego in that discussion so that again the IPR project can be considered in tandem with any other project they want to introduce in the San Vicente Dam that could negatively impact the potable water reuse there.

7. ACTION – CONSIDERATION AND POSSIBLE ACTION TO APPROVE THE MINUTES OF THE REGULAR MEETING OF MARCH 6, 2014

ACTION: Upon motion by Chairwoman Cox, seconded by Vice Chairman Jones, the March 6, 2014 Minutes were unanimously approved.

8. ACTION – CONSIDERATION AND POSSIBLE ACTION TO APPROVE THE POINT LOMA ROOF DIGESTERS SYSTEM REPLACEMENT AND REPAIRS PROJECT

City of San Diego Sr. Civil Engineer in the Public Utilities Department Tung Phung made a brief presentation.

ACTION: Upon motion by Vice Chairman Jones, seconded by Commissioner Mullin, the item was approved with Commissioner Peasley abstaining.

9. ACTION – CONSIDERATION AND POSSIBLE ACTION TO PUMP STATION 2 FORCE MAIN SIPHON AND WEST POINT LOMA INTERCEPTER SEWER LINER REPAIRS

City of San Diego Sr. Civil Engineer in the Public Utilities Department Tung Phung made a brief presentation.

ACTION: Upon motion by Vice Chairman Jones, seconded by Commissioner Peasley, the item was unanimously approved.

Items 13 and 14 were heard at this time

10. ACTION – CONSIDERATION AND POSSIBLE ACTION TO APPROVE THE FY 2014-2014 ATKINS CONTRACT

Karyn Keese of Atkins Global provided a brief overview of the item. Finance Committee Chair Denny stated that the Finance Committee had heard the item and approved it unanimously.

ACTION: Upon motion by Chairwoman Cox, seconded by Vice Chairman Jones, the agreement was unanimously approved.

11. ACTION – CONSIDERATION AND POSSIBLE ACTION TO APPROVE AMENDMENT TO THE TREASURER'S CONTRACT FOR FY 2014-2015

Karyn Keese of Atkins Global provided a brief overview of the report. Finance Committee Chair Denny stated that the Finance Committee had heard the item and voted unanimously for approval.

ACTION: Upon motion by Commissioner Natividad, seconded by Commissioner Mullin, the amendment was approved unanimously

12. ACTION – CONSIDERATION AND POSSIBLE ACTION TO APPROVE THE FY 2014-2015 WEBMASTER CONTRACT

Karyn Keese of Atkins Global provided a brief overview of the report. Finance Committee Chair Denny stated that the Finance Committee had heard the item and voted unanimously for approval.

ACTION: Upon motion by Vice Chairman Jones, seconded by Commissioner Spriggs, the contract was approved unanimously

Items 13 and 14 were heard after Item 9

13. ACTION – CONSIDERATION AND POSSIBLE ACTION TO APPROVE REPLACING ANNUAL AUDIT WITH AN AUDIT COVERING A TWO-YEAR PERIOD

Karyn Keese of Atkins Global provided a brief overview of the audit process noting that approval of this item would save the Commission $15,000 a year. The item also had been heard and approved by the MetroTAC.

General Counsel de Sousa stated that the JPA law provides the opportunity to permit a two year audit if from a fiscal standpoint and transparency standpoint a two year audit would make sense and the statute requires a unanimous vote of all 12 JPA members and not just a unanimous vote of those present.

Finance Committee Chair Denny stated the Finance Committee had also reviewed the item and it had received unanimous approval for recommendation to the JPA for approval.

ACTION: Upon motion by Commissioner Spriggs, seconded by Commissioner Madrid, the item was unanimously approved.

14. <u>ACTION</u> – CONSIDERATION AND POSSIBLE ACTION TO APPROVE THE FY 2014-2015 METRO WASTEWATER JPA BUDGET

Karyn Keese of Atkins Global provided a brief verbal overview of the report and provided a cheat sheet for the JPA at then end of their report. She then reviewed the actual budget and then the individual contracts. The Finance Committee went line item by line item reviewing increases, decreases and no change items. The Finance Committee approved the budget with added wording to read: " The Finance Committee approved the budget as you see it with a foot note on the $49,513.that says amount in reserve over JPA's estimated established operating requirement recognizes that there may be unforeseen costs during the fiscal year arising from the San Diego Pure Water Program".

Finance Committee Chair Denny stated that they did line by line go through the budget and had a very good discussion. She recognized Representative Lopez for his assistance on the foot note for transparency, and stated the Finance Committee had voted unanimously to recommend the budget to the JPA for approval.

ACTION: Upon motion by Commissioner Peasley, seconded by Commissioner Lopez, the FY 2014-2015 budget was approved unanimously.

The Commission returned to Items 10, 11 and 12 at this point.

15. METRO TAC UPDATE/REPORT

MetroTAC Vice-Chairman Davies stated that the MetroTAC Work Plan was attached to the agenda for the Commissioners reading pleasure and that the MetroTAC had heard and moved forward all items the JPA saw today..

16. IROC UPDATE

Commissioner Natividad stated that notes had been sent and that he would forward a report on the sewer line breakage when received.

17. FINANCE COMMITTEE

Finance Committee Chairwoman Denny stated that the Minutes from the February 26, 2014 Finance Committee meeting had been approved and were attached to the JPA agenda for their review. She also noted that the FY 2010, 2011, 2012 and 2013 audit notes had been received and reviewed.

18. REPORT OF GENERAL COUNSEL

General Counsel de Sousa provided a brief update on the SDG&E CPUC filing regarding modifications to peak hours noting that at the pre-hearing conference on April 8th, the Judge had not yet ruled nor issued a scoping memo so everyone was in a "wait and see" mode.

19. PROPOSED AGENDA ITEMS FOR THE NEXT METRO COMMISSION/METRO WASTEWATER JPA MEETING MAY 1, 2014

Consensus was to cancel the July meeting unless something urgent arose and schedule the next Regular Meeting on August 7, 2014.

20. METRO COMMISSIONERS' AND JPA BOARD MEMBERS' COMMENTS

Finance Committee Chairwoman Denny thanked the Finance Committee members for their hard work.

21. ADJOURNMENT

At 1:48 p.m., there being no further business, Chairwoman Cox declared the meeting adjourned.

_____
Recording Secretary

AGENDA ITEM 5 Attachment

SD County Water Authority Long-Range Planning for Water Reliability and Fiscal Sustainability

San Diego County Water Authority's

Long-Range Planning for Water Reliability and Fiscal Sustainability

Metro TAC Meeting
May 21, 2014

Sandy Kerl, Ken Weinberg and Dennis Cushman

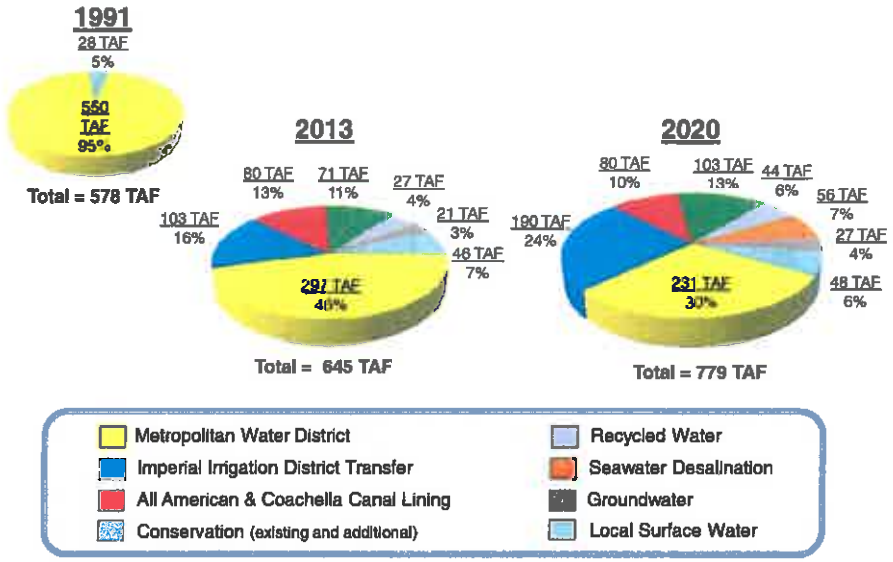
1

Agenda

- Long-Range Water Reliability Planning
- The Next Increment of Supply – IPR
- Implementing and Paying for Reliability
- Local vs. State investment in Water Reliability

2

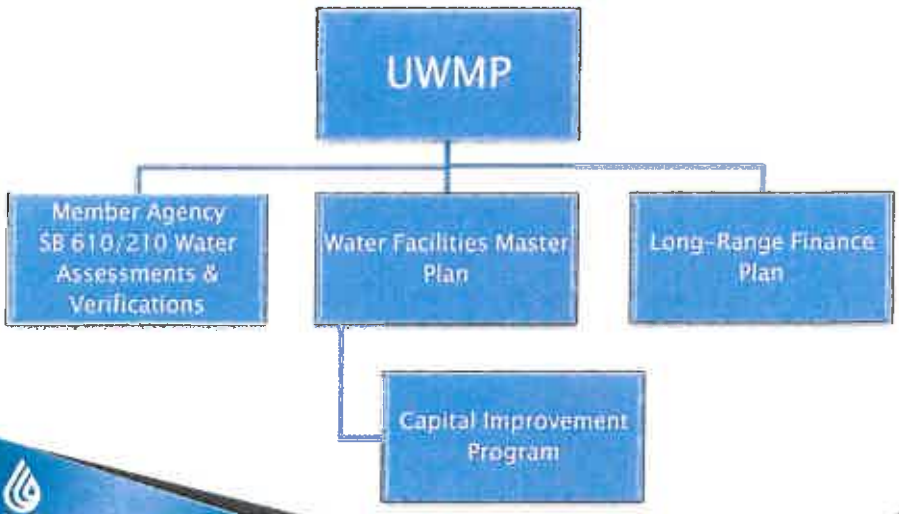
Increasing San Diego County's Water Supply Reliability through Supply Diversification



TAF=Thousand Acre-Feet

3

Urban Water Management Plan Serves as Foundational Document



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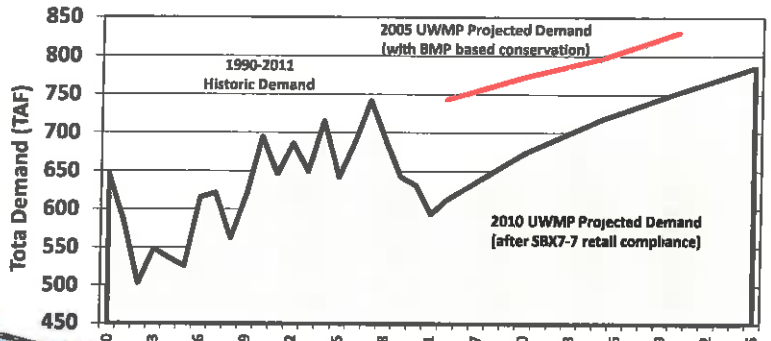
Today's Planning Perspective

- Reduced demands/increased conservation (2010 UWMP)
- Supply uncertainties
- Increased supply diversification
  - Significant member agency planned/conceptual local projects
- Water rates and increasing price sensitivity



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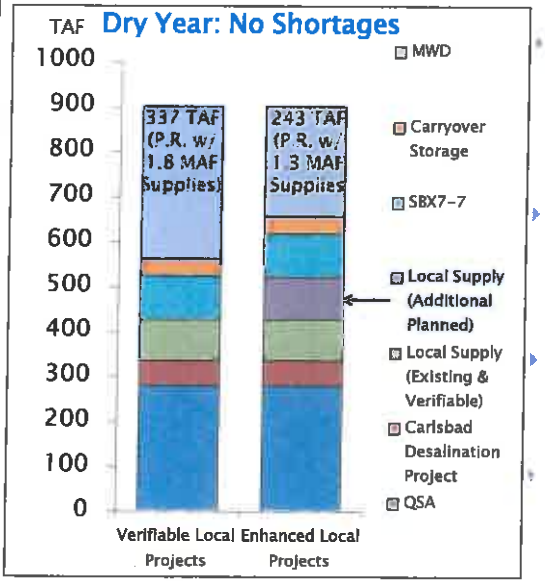
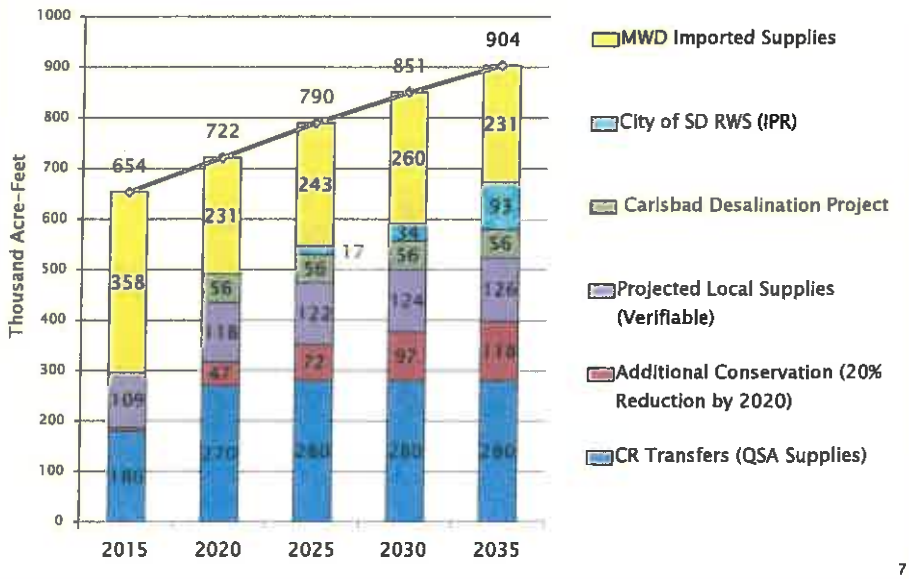
Benefits from Enhanced Local Supply (2030)



- Manage risk of Bay Delta Fix Implementation
  - Reduce reliance on MWD stored water during imported water shortages
- *MWD supply availability of 1.3 MAF in dry-year*
  - *800 TAF Colorado River*
  - *500 TAF State Water Project*
- Develop approx. 100 TAF of additional new local supplies in San Diego County
- Reduce dry-year demand on MWD to 243 TAF – less than preferential rights allocation

Regional Supply Mix w/ Proposed City of San Diego Indirect Potable Reuse (Normal Water Year)



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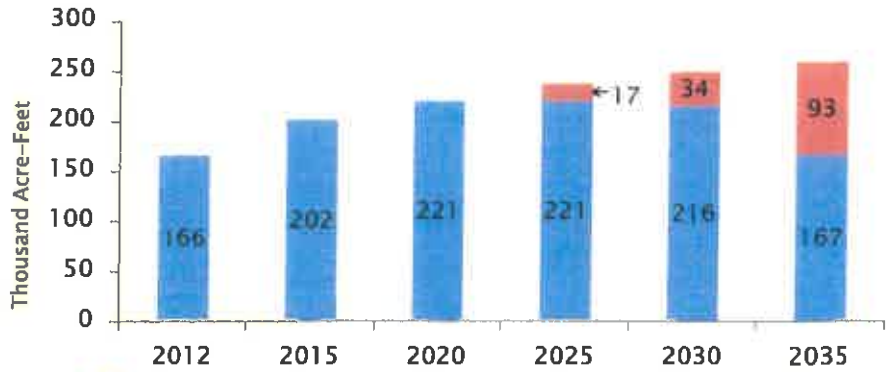
City of San Diego Demands on SDCWA with Projected IPR Use



2013 Master Plan Update

- Purpose:
  - Guiding document for new infrastructure investments through the 2035
- Key Objectives:
  - Optimize existing system
  - Evaluate proposed local supply development (City's DPR/IPR)
  - Evaluate renewable energy opportunities
  - Timing and need for CIP

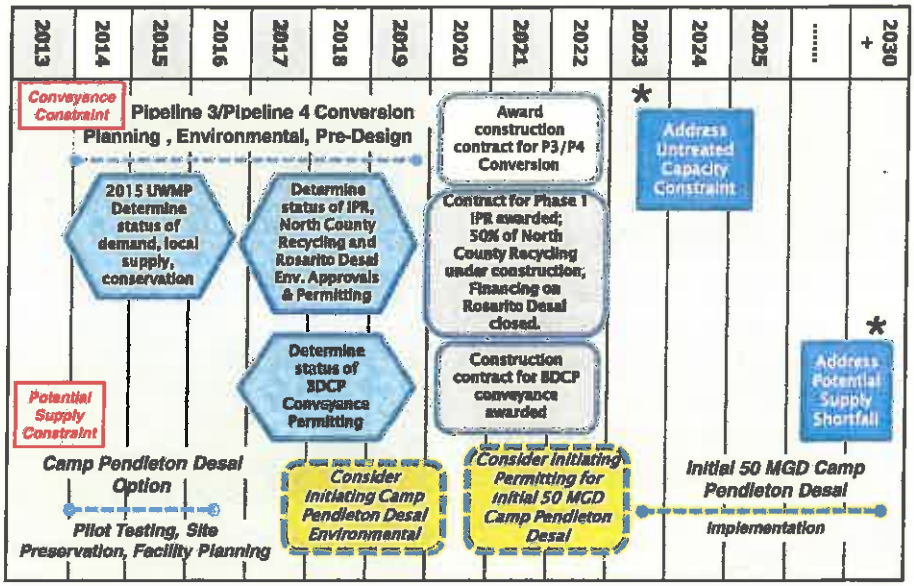
9

Master Plan – Outcomes

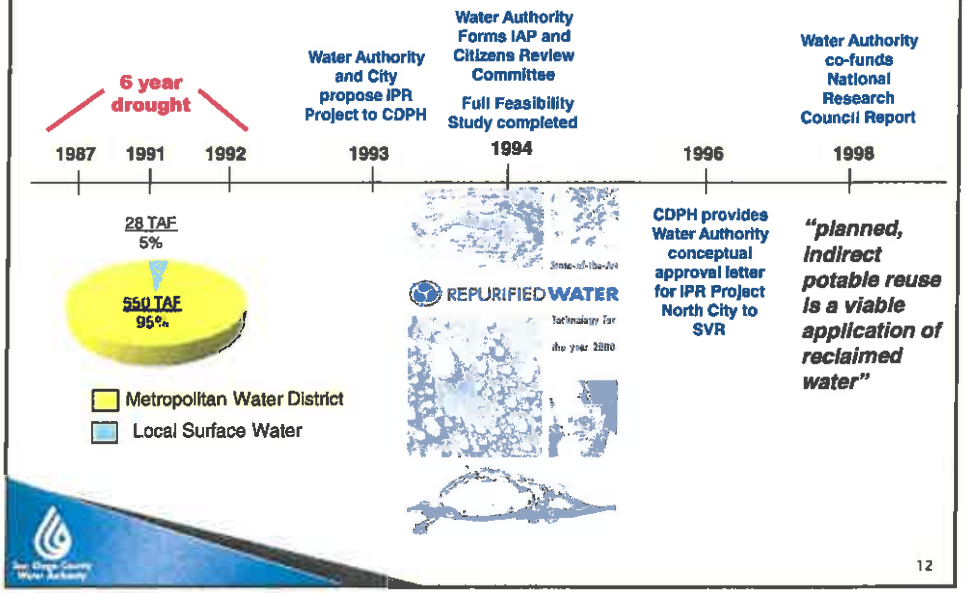
- **No supply/demand gaps under normal weather**
  Dependent on member agencies achieving conservation and local supply targets
- **Supply/demand gaps occur in multi-dry year weather and MWD water shortage allocation**
  Infrastructure needs influenced by frequency of dry-weather occurrence and magnitude of shortfall
- **Untreated water conveyance utilization threshold exceeded around 2020**
  New infrastructure needed between 2020-2025
- **Supply shortage risks increase beyond 2025**
  more with lower local supply and conservation
  Member Agency supply projects resolve long-term supply imbalances
- **CIP project Deferral, rescoping , elimination**
  $600 million in near term savings
  Downward pressure on water rates

10

"No Regrets" Adaptive Management Decisions Affecting Long-Term Conveyance and Supply Projects



Water Authority's Historic Role in IPR



Water Authority Sponsored Key Legislation to Advance Potable Reuse

- Legislation sponsored by the Water Authority
  - SB 918 in 2010
  - SB 322 in 2013
- Directed Department of Public Health
  - Adopt regulations for reservoir augmentation by Dec 31, 2016
  - Report to legislature on regulations for direct potable reuse
  - Form an expert panel and public advisory group to advise state DPH

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Water Authority Activities in Support of Potable Reuse

1) Regional outreach strategies
2) Coordinate on regulatory issues
3) Share information with the state expert panel
   - Informed evaluation of future regulatory requirements
4) May 22, 2014: Board Consider Resolution Supporting Pure Water San Diego

14

The Environment Has Changed

Then	Now
Sustained economic growth • Strong growth in related revenues • Capacity charges and property taxes	**Economic contraction/stagnation** • Sharp drop in related revenues • Capacity charges and property taxes
Increasing water demand • Increasing population and number of homes • Warm, dry conditions in Southern California	**Decreasing water demands** • Conservation • Prolonged decrease in economic activity • Increased rates • Wet weather
Availability of supplies • Modest restrictions on Bay-Delta • No real impact on exports	**Scarcity of supplies** • Significant restrictions on Bay-Delta • Uncertainty regarding exports
Low level of fixed commitments • Modest debt service	**Higher level of fixed commitments** • Significant debt service • IID water payments
Modest water rates • Small annual increases	**Higher water rates** • Larger annual increases • Ratepayer fatigue

15

Water Authority Financial Sustainability

- Water Authority has made major investments in water reliability
  1. Capital Improvements
     - Treatment Facility
     - Pipelines – New and Relined
     - Storage – New and Expanded Dams and Pump Stations
  2. Water Supply
     - IID Water Transfer – QSA
     - Coachella & All American Canal Lining
     - Desalination

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Water Authority Financial Sustainability (cont.)

- Water Authority's cost structure dramatically changed with increased fixed costs
  - Debt service and take-or-pay contracts
- Revenue volatility
  - Fluctuations in sales and member agency roll-off
- Equity among member agencies critical -
  - Benefit received are paid for proportionally
- Maintaining financial ratings fundamental
  - Fixed revenue for portion of increased fixed costs needed for sustainability

17

Water Authority Financial Sustainability (cont.)

- Board Task Force formed to develop solutions
- Recommended modest increase in fixed revenue
  - 1-2% increase in fixed revenue to total revenue
- Board deferred action on recommendations until 2016 rate-setting process
  - Also consider take-or-pay contracts
  - Achieve same objective of stabilizing revenues
- Board and staff recognize the need to not discourage local supply development
  - Achieve a balance with fiscal sustainability

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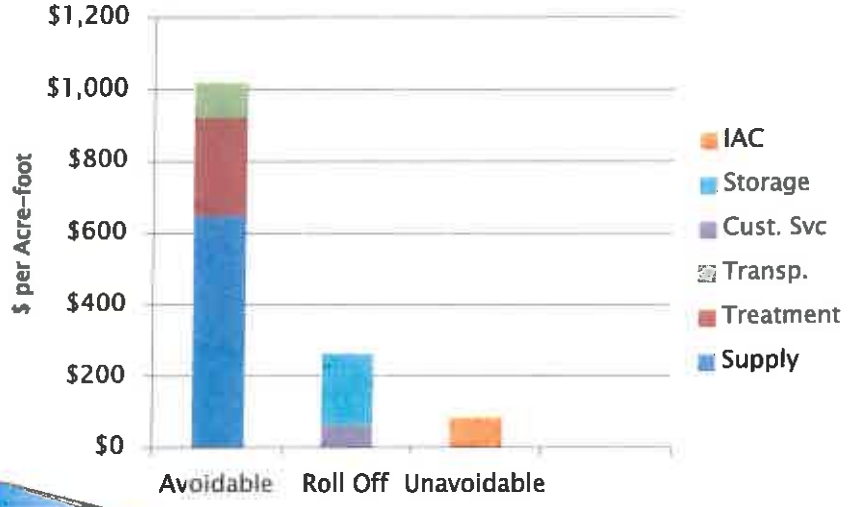
Economics of Local Supply Development



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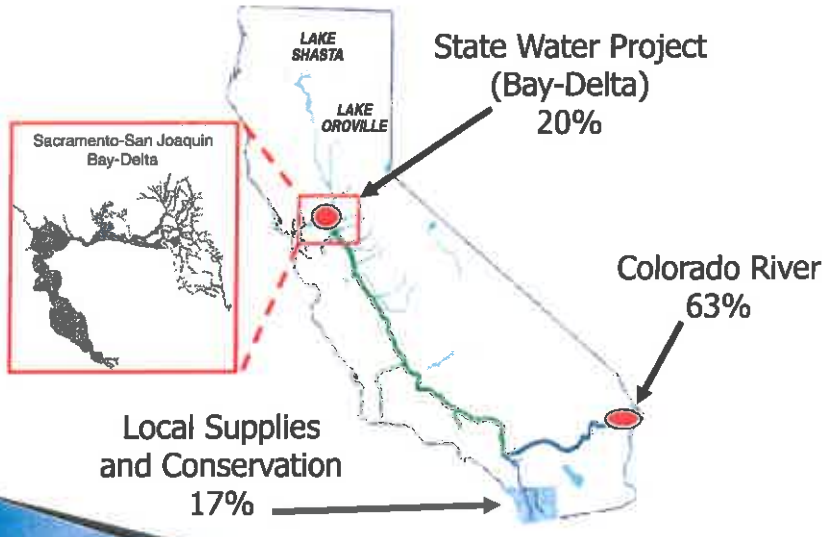
Sources of San Diego County's Water Supply (2009-13 five-year average)



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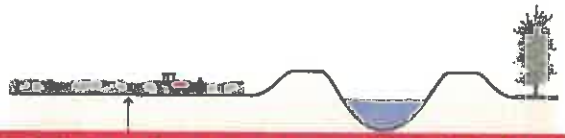
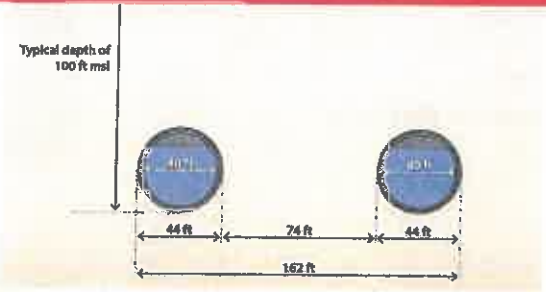
Bay-Delta Conservation Plan (BDCP) Preferred Project: Twin Tunnels



BDCP Estimate: $25 billion



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Water Authority's BDCP Review Process

- Years-long Board and staff education process on BDCP proposal and related issues
  - 31 public meetings since July 2011
- Intensive, multi-disciplinary staff analysis of BDCP environmental and planning documents
  - Year of extensive Board discussion
- Draft Water Authority comment letter released May 14

BDCP Plan and EIR/EIS

Water Authority's BDCP Analyses

22

Implementation Agreement with Funding Assurances is Permit Requirement

- Federal and State Endangered Species Act regulations require Implementation Agreement detailing funding assurances before permit issuance
  - Integral part of permitting process, subject to public review and comment
  - Not released publicly

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San Diego's Water Future: Imported or Local?

1. Continue to Rely on Imported Supplies?

BDCP Cost to S.D Ratepayers[1]	Potential Restored Imported Water Supplies
$1.1 Billion to $2.2 Billion	54,000 to 76,000 AF/Year[2]

2. Invest in New Local Recycled Water Supplies?

City of San Diego Pure Water Project	New, Drought-Proof, Local Water Supplies
$2 Billion to $2.2 Billion[3]	96,000 AF/Year

North County Recycled Water Program	New, Drought-Proof, Local Water Supplies
$364 Million to $665 Million	18,000 to 33,000 AF/Year

[1] Assumes BDCP cost estimates are accurate and costs are divided among water contractors in proportion to each contractor's water supply contract.
[2] Average annual restored Bay-Delta yield based upon BDCP estimates and the Water Authority's preferential right to MWD supplies.
[3] Capital cost only.

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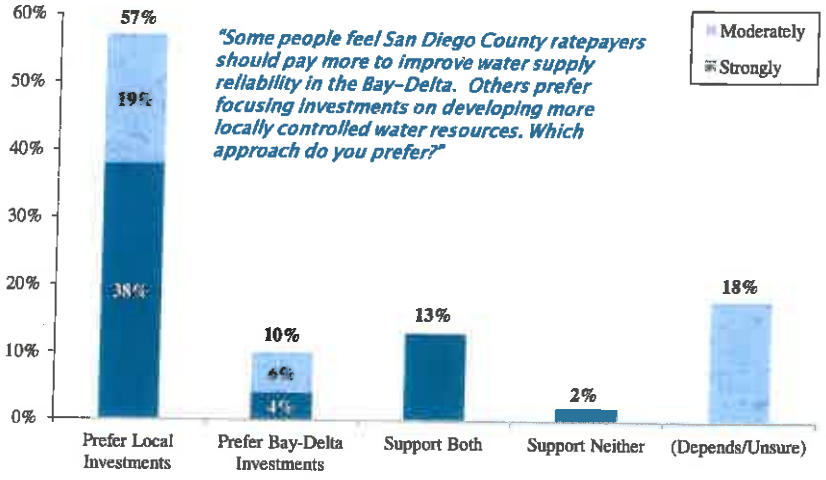
What San Diegans say

Invest in Local Supplies or Bay Delta?



2014 Water Issues Public Opinion Poll, April 23, 2014, Probe Research. Sample size=1,000.

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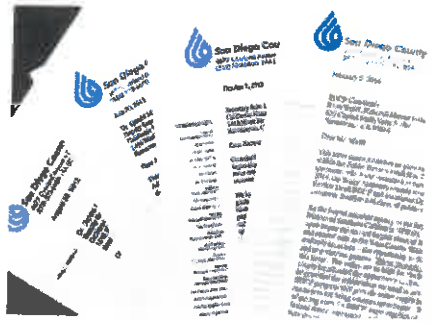
Unanswered Questions

1. How big does the project need to be?
2. How much will it cost?
3. How much water will San Diego get?
4. What is the portion of the cost San Diego will be obligated to pay?



5. Who is going to commit to pay for it?
6. How will Water Authority ratepayers be protected from paying disproportionate share of BDCP costs?
7. Will the costs of BDCP to San Diego ratepayers negatively impact local supply development?

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San Diego County Water Authority

May 14, 2014

Attention: Imported Water Committee

Draft comment letter on the Bay Delta Conservation Plan Draft EIR/EIS. (Information)

Purpose
This report transmits the Water Authority's formal comment letter on the Bay Delta Conservation Plan (BDCP) environmental and planning documents, which reflect the issues and questions raised in the draft staff review and Board discussion of the BDCP.

Background
The BDCP is a joint Habitat Conservation Plan/Natural Communities Conservation Plan (HCP/NCCP) intended to restore and protect ecosystem health, water supply, and water quality within a stable regulatory framework. The objective of the BDCP is to obtain long-term state and federal Endangered Species Act (ESA) permits for the operation of the State Water Project (SWP) and Central Valley Project (CVP).

The issuance of ESA permits required preparation of a joint Environmental Impact Report (EIR)/ Environmental Impact Statement (EIS) pursuant to the California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA). The draft BDCP EIR/EIS contains an analysis of the potential environmental impacts of approving and implementing the BDCP. The draft EIR/EIS and draft BDCP were released for a 180-day public review period commencing on December 13, 2013. Public comments are due no later than June 13, 2014.

Discussion
The Board has received numerous briefings on various aspects of the BDCP over the past year. After reviewing key sections of the draft BDCP documents and prior Board questions and comments, staff has prepared the attached comment letter which the General Manager will formally submit prior to the public comment deadline.

Prepared by: Laurence J. Purcell, Water Resources Manager
Reviewed by: Ken Weinberg, Director of Water Resources
Reviewed by: Glenn A. Farrel, Government Relations Manager
Reviewed by: Dennis A. Cushman, Assistant General Manager

Attachment: BDCP Comment Letter

June 13, 2014

Mr. Ryan Wulff
National Marine Fisheries Service
650 Capitol Mall, Suite 5-100
Sacramento, California 95814
ATTN: BDCP Comments

Re: Draft Environmental Impact Report/Environmental Impact Statement for the Proposed Bay Delta Conservation Plan, Alameda, Contra Costa, Sacramento, Solano and Yolo Counties, California

Dear Mr. Wulff:

The San Diego County Water Authority (Water Authority) is submitting the following comments on the joint Draft Environmental Impact Report (EIR) Draft Environmental Impact Statement (EIS) prepared by the U.S Department of Interior, Bureau of Reclamation (Reclamation), and U.S. Department of Interior, Fish and Wildlife Service; the U.S Department of Commerce, National Oceanographic and Atmospheric Administration, National Marine Fisheries Service; and the California Department of Water Resources (DWR) for the proposed Bay Delta Conservation Plan (BDCP). The BDCP has been developed to support issuance of long-term incidental take permits that meet the requirements of Section 10(a)(1)(B) of the federal Endangered Species Act, as well Section 2800 *et seq.* of the California Fish and Game Code, for certain actions proposed within the statutorily defined Sacramento-San Joaquin Delta (Delta) for a term of 50 years.

The BDCP proposes to make physical and operational improvements to the State Water Project (SWP) system in the Delta necessary to restore and protect ecosystem health, water supplies of the SWP and Central Valley Project (CVP) south-of-Delta, and water quality within a stable regulatory framework, consistent with statutory and contractual obligations. This comprehensive species conservation strategy generally consists of 22 separate conservation measures that will contribute to the preservation and recovery of 56 species of plants and animals.

The Water Authority is a local governmental entity responsible for providing a safe and reliable imported water supply to 24 member agencies serving the San Diego region's $191 billion economy and its approximately 3.1 million residents. The Water Authority, by State legislative mandate, is the authoritative expert on the San Diego regions' water

supply reliability and long-term water supply planning. The Water Authority imports up to 90 percent of the water used in the San Diego region through five larger diameter pipelines. The source of imported water is the SWP and Colorado River. Highly dependent on imported supplies, the Water Authority has historically and consistently been a strong advocate for the Delta and for the co-equal goals of providing a more reliable water supply for California, while protecting, restoring and enhancing the Delta ecosystem.

The Water Authority's goal for providing written comments is to ensure that the Final EIR/EIS, Final BDCP, and any resulting incidental take permits, provide a comprehensive and lasting solution to the conflicts between water supplies and ecosystems in the Delta that have made water supplies less reliable. However, the Water Authority is also convinced that any solution to Delta conflicts must be cost-effective, that the costs be shared equitably among beneficiaries of the improvements, and that beneficiaries be required to make firm commitments to pay their share of constructing and maintaining improvements to the Delta.

GENERAL COMMENTS

1. As has been noted in previous BDCP correspondence to the California Natural Resources Agency dated August 28, 2012, July 30, 2013, and October 7, 2013 (attached and incorporated as additional comments), the Water Authority remains concerned that the financing components of the BDCP have not been explicitly described. As the largest customer of the largest state water contractor – the Metropolitan Water District of Southern California – the Water Authority's ratepayers have a great deal at stake in the BDCP process and its financing plan. Chapter 8 of the current BDCP does not provide the detailed information necessary for potential participating agencies to evaluate individual agency cost-benefit (or feasibility) of the proposed project. The Final BDCP should contain details on: how participating water contractors intend to guarantee the revenue necessary to pay for the BDCP; the provisions for "step-up" should individual water contractors default on funding obligations; and a legal analysis of relying on property taxes as a back-up security for project debt.

2. A necessary component that is missing from BDCP public review documents is the proposed Draft Implementing Agreement, which will be signed by the U.S. Fish and Wildlife Service, National Marine Fisheries Service, California Department of Fish and Wildlife, California Department of Water Resources, and certain water contractors (Authorized Entities). Public review of this document is crucial to understanding exactly what assurances and commitments are being agreed to, and how the various financial and implementation obligations will be distributed among the signatories and, ultimately, ratepayers. The proposed Draft Implementing Agreement should be distributed for a minimum 60-day public review period. If necessary, the public comment period for the Draft EIR/EIS and BDCP documents should be extended, or re-opened, to include sufficient time for public review of the Implementing Agreement.

DETAILED COMMENTS

Draft EIR/EIS Document

Executive Summary

1. Page ES-6, Table ES-1 lists Lead, Cooperating, Responsible, and Trustee Agencies.

   Comment: The table listing is incomplete. All water contractors will be required to consider the Final EIR as part of their decision to participate in BDCP implementation as permittees (Authorized Entities). The Final EIR/EIS should list the water contractors that must approve the Final EIR/EIS as responsible agencies.

2. Page ES-8, line 22 lists Mirant LLC as an applicant for an incidental take permit, yet a footnote states they are no longer an active participant.

   Comment: To avoid confusion, all references to Mirant LLC as a BDCP participant should be deleted from the Final EIR/EIS.

Chapter 4 – Approach to Environmental Analysis

3. Page 4-4, line 33 states that the CEQA baseline consists of those "facilities and ongoing programs that existed as of February 13, 2009 (publication date of the most recent NOP…)".

   Comment: While this approach is consistent with CEQA Guidelines, the exclusive use of this baseline is confusing when the Draft EIR/EIS analysis is compared to the baseline and analysis presented in BDCP Chapter 9 (Economic Analysis Report). We understand that the development and use of these two very different baselines is for different purposes: one to meet CEQA requirements, and the other to reflect assumed additional, potentially severe, regulatory agency restrictions on water exports that will greatly affect the financial viability of the BDCP. However, the much more restrictive conditions in Chapter 9 could actually represent the future "without BDCP" based on preliminary indications from the regulatory agencies. It would be helpful if the Final EIR/EIS also included an impact analysis, for reference only, using a baseline that matched the conditions assumed in the BDCP Economic Analysis Report. This would allow easy comparisons of the potential environmental impacts of the less restrictive CEQA baseline to the more restrictive BDCP Economic Analysis baseline. Such a comparison would highlight the true potential impacts and benefits of the BDCP.

Chapter 30 – Growth Inducement and Other Indirect Effects

4. Page 30-126, line 19 states that "…unavoidable impacts would still be expected to occur".

   Comment: The basis for this statement is unclear. Neither DWR nor Reclamation have land use authority and cannot approve or deny development projects other than their own. Planning for, and approving, future public and private growth and development in areas served by SWP or CVP contractors is the responsibility of various land use agencies (e.g., cities or counties). The Draft EIR/EIS conclusion that unavoidable impacts would occur, especially when the location, magnitude, and timing of future development is unknown, is unsupported by the included information. The Final EIR/EIS should be revised to conclude that future development decisions are the responsibility of appropriate land use jurisdictions and that, in the absence of specific development proposals, it is speculative to make a determination as to the significance of environmental impacts resulting from any future growth in areas served by SWP and CVP contractors.

Draft BDCP Document

Chapter 1 – Introduction

5. Page 1-8, lines 23-25 state that "The BDCP is intended to meet the regulatory requirements for the issuance of Section 10 permits… to allow for the incidental take of the species… resulting from implementation of covered activities by DWR and certain SWP and CVP contractors (e.g., the Authorized Entities)."

   Comment: It is unclear if SWP and CVP water contractors that decline to participate in BDCP implementation will continue to receive water under terms of existing contracts pursuant to existing Biological Opinions. It is also not clear if existing contractors deciding to "opt out" of the BDCP can obtain "third party beneficiary" status (and receive the benefits of HCP coverage) through a separate agreement with an entity that does receive a HCP take authorization through BDCP participation. The Final BDCP should explain what happens to any existing in-Delta Biological Opinions (e.g., remain in force, terminate, etc.) should the BDCP be approved, as well as the ability of non-participating entities to obtain HCP coverage through execution of side agreements with a BDCP permittee, or through a separate Section 7 consultation process.

6. Page 1-11, lines 17-18 state that "… DWR and certain water contractors are seeking permits from CDFW that authorize the take of species covered under the Plan…"

   Comment: It is unclear if SWP and CVP water contractors that decline to participate in BDCP implementation will continue to receive water under terms of existing contracts pursuant to existing CESA authorizations. It is also not clear if existing contractors deciding to "opt out" of the BDCP can obtain "third party

beneficiary" status (and receive the benefits of NCCP coverage) through a separate agreement with an entity that does receive a NCCP take authorization through BDCP participation. The Final BDCP should explain what happens to any existing in-Delta CESA permits (e.g., remain in force, terminate, etc.) should the BDCP be approved, as well as the ability of non-participating entities to obtain NCCP coverage through execution of side agreements with a BDCP permittee, or through a separate Section 2081 permit process.

Chapter 3 – Conservation Strategy

7. Page 3.4-2, line 26 states that a "structured scientific approach" will be taken to reduce uncertainty about the fall and spring outflow decision trees.

   Comment: The specific timing and description of the research necessary to test the fall and spring outflow uncertainties is lacking. The process by which the decision tree outflow and export yield will be determined is important in understanding the value of the BDCP to water contractors. The Final BDCP should include a detailed description of the specific scientific research hypotheses, proposed methods, and schedule that will be undertaken to address the flow uncertainties incorporated into the decision tree.

8. Page 3.D-2, Table 3.D.1, CM1 Water Facilities Operation, Compliance Monitoring Action will "Document compliance with the operational criteria using flow monitoring and models implemented by the Implementation Office. [Details of monitoring to be developed…]".

   Comment: The details of compliance monitoring to document flow criteria are lacking. The importance of outflow monitoring cannot be overstated as it forms the basis for the decision tree export yield. The water contractors must have a clear understanding of the research deemed necessary to resolve the fall and spring outflow uncertainties. Stating that "details of monitoring to be developed" is inappropriate given its importance in helping frame whether water contractor participation in the BDCP is warranted. Outflow requirements are the most important issue for water contractors; to defer development of this essential research to a later time does not provide the information needed by water contractors to evaluate the science proposed to resolve decision tree uncertainty. The Final BDCP should provide greater detail on the likely magnitude and scope of research contemplated for the decision tree process.

9. Page 3.D-28, Table 3.D.3, CM1 Water Facilities Operation, Potential Research Actions states that "[Studies necessary to evaluate this uncertainty…. have not yet been determined.]"

   Comment: Similar to Comment #7 above. The research necessary to determine the outcome of the decision tree is of the utmost importance to water contractors.

At a minimum, the general scope of these studies should be developed and included in the Final BDCP so water contractors can more fully evaluate the benefits and risks of participation.

Chapter 6 – Plan Implementation

10. Page 6-5, Table 6-2 provides a very aggressive implementation schedule for CM3 (24,396 acres), CM4 (19,150 acres), CM9 (98 acres), and CM10 (900 acres) during the near-term, especially the first 5 years.

    Comment: The level of information included in the BDCP does not provide adequate support that restoration of these very large acreages can be achieved within the established time frames. For example, it is very difficult to envision how over 9,500 acres of tidal natural community restoration can be completed within 5 years given the time needed to properly plan, design, permit, and construct this habitat type. At a minimum, additional specific information on the location of identified parcels and conceptual design/planting plans for these near-term lands should be included in the BDCP and FEIR/EIS document to validate the assertion that these acreage targets can be achieved within the identified schedule. If the BDCP intends to rely on one or more interim action projects listed in Table 6-4 (page 6-14) to meet the implementation schedule, then the BDCP should identify those projects where a firm funding commitment has been, or will likely be made. Should restoration take longer than anticipated, legally binding assurances must be provided to permittees that water yields will not be reduced below the minimum described in the decision tree process.

11. Page 6-8, CM4 Tidal Natural Communities Restoration, states that the initial 4,000 acres will take "less time to plan and permit… because... is likely to be implemented first on public lands."

    Comment: We believe this timing assumption to be overly optimistic. The Water Authority's experience for a 40 acre wetland restoration project on public land took three years just to obtain all necessary federal, state, and local approvals to commence construction. Because tidal natural community habitat type is critical to fish species being considered in the decision tree process, the BDCP and FEIR/EIS should examine the effects on ultimate BDCP success if a longer implementation schedule is required for this initial restoration increment. Should restoration take longer than anticipated, legally binding assurances must be provided to permittees that water yields will not be reduced below the minimum described in the decision tree process.

12. Page 6-29, lines 6-7 state that "…these measures do not involve additional financial commitments or resource restrictions without the consent of the Permittee…"

Comment: This text should be changed to read "…these measures do not involve additional land, water, or financial compensation~~commitments~~, or additional restrictions on the use of land, water, or other natural resources ~~restrictions~~ without the consent of the Permittee…". This change is consistent with the regulatory assurances provided by the "no surprises" rule.

Chapter 7 – Implementation Structure

13. Pages 7-3 and 7-4, Table 7-1: A significant level of decision-making authority would be granted to the Authorized Entity Group under the proposed BDCP governance framework. For many of the decisions outlined in Table 7-1, the Authorized Entity Group is identified as having a primary decision-making authority role. Additionally, for many BDCP implementation issues, it appears that the Authorized Entity Group is being granted substantial decision-making authority. Even for those decisions where the Authorized Entity Group is not identified as the party making decisions on implementation issues in Table 7-1, the dispute resolution process proposes to grant substantial deference to the Authorized Entity Group.

    Comment: Given that the Authorized Entity Group is granted such broad decision-making deference, it would seem that a significantly larger group than is currently contemplated within the BDCP governance framework is warranted. A more inclusive governance model – providing for all permittees to be members of the Authorized Entity Group – would ensure more balanced decision-making by the body. The Final BDCP should revise membership of the Authorized Entity Group to include all BDCP permittees.

14. Page 7-10, line 39 states that "The Authorized Entity Group will consist of the Director of DWR, the Regional Director for Reclamation, and a representative of the participating state contractors and a representative of the participating federal water contractors..."

    Comment: Similar to Comment #13 above. The four-member Authorized Entity Group is inadequate to fully represent the interests of all Authorized Entities. As stated on page 7-9, line 14, Authorized Entities includes "…those state and federal water contractors that receive take authorizations…". The relationship between the very limited membership of the Authorized Entity Group and the much larger group of SWP and CVP Authorized Entities is unclear. Because SWP and CVP Authorized Entities will have been issued permits and maintain a substantial direct financial interest in BDCP implementation, the Authorized Entity Group should include every SWP or CVP contractor that receives a take authorization. An example of this more-inclusive governance model can be found by examining the functions of the Steering Committee for the Lower Colorado River Multi-Species Conservation Program administered by Reclamation. The

Final BDCP should expand membership of the Authorized Entity Group to include all SWP and CVP Authorized Entities.

15. Page 7-12, lines 17-21 state that "The Authorized Entity Group will institute procedures with respect to public notice of and access to its meetings and its meetings with the Permit Oversight Group. ...All meetings will be open to the public."
Comment: The Water Authority appreciates that all meetings of the Authorized Entity Group will be conducted in public. However, the BDCP is silent with respect to the requirements under California's open meeting and records laws, the Federal Advisory Committee Act, the California Public Records Act and the Federal Freedom of Information Act (FOIA), and the applicability of those statutes to the activities and undertakings of the Authorized Entity Group. The Final BDCP should clearly delineate the state and federal statutes relevant to the activities of the Authorized Entity Group.

16. Pages 7-13, lines 9-27 state that "The Permit Oversight Group will be composed of the state and federal fish and wildlife agencies .. will be involved in certain decisions relating to the implementation of water operations, and other conservation measures, actions proposed through the adaptive management program or in response to changed circumstances, approaches to monitoring and scientific research."

Comment: The BDCP document is completely silent with respect to whether or not the Permit Oversight Group must comply with state or federal public meeting and records laws. The Final BDCP should clearly delineate the state and federal statutes relevant to the activities of the Permit Oversight Group.

17. Page 7-13, line 37 states that the Permit Oversight Group will have "decision making regarding real-time operations". This section goes on to state that the "roles ... are still under consideration and will be addressed in Chapter 3, Conservation Strategy".

Comment: We could not find a detailed explanation of the Permit Oversight Group role in Chapter 3. Understanding the role of the regulatory (i.e., HCP/NCCP permits) agencies during implementation of the BDCP is critical. Most HCP/NCCP's that the Water Authority is familiar with have the regulators as strictly advisory, without the ability to impose unilateral actions unless the species are in danger of extinction. This places sole responsibility for BDCP success on the permittees. If the regulators have unilateral decision making authority for one or more aspects of BDCP implementation, they then accept some level of responsibility for the ultimate outcome by virtue of any decisions they impose. Keeping the regulators outside the decision process, but in a close advisory role, allows the permittees to freely implement the BDCP that they

voluntarily developed. If the regulators believe the permittees are not acting in compliance with BDCP permits, the Implementing Agreement would normally contain provisions to suspend or revoke the HCP and/or NCCP permits (however, as noted above, there was no Implementing Agreement included in review documents). The Final BDCP should remove all BDCP implementation decision making authority from the Permit Oversight Group.

18. Page 7-16, line 40 through Page 7-17, line 2 states that "The Adaptive Management Team will hold public meetings… noticed and open to the public."

    Comment: The Water Authority appreciates that all meetings of the Adaptive Management Team will be conducted in public. However, the BDCP is silent with respect to the requirements under California's open meeting and records laws, the Federal Advisory Committee Act, the California Public Records Act and the Federal Freedom of Information Act (FOIA), and the applicability of those statutes to the activities and undertakings of the Adaptive Management Team. The Final BDCP should clearly delineate the state and federal statutes relevant to the activities of the Adaptive Management Team.

19. Page 7-17, line 17 states that "In the event that the Authorized Entity Group and the Permit Oversight Group are unable to resolve the issue at hand, the entity with decision-making authority… will make the final decision".

    Comment: Similar to Comment #17 above regarding the appropriate role of the permitting agencies. Regulatory agencies should not be in a decision making role unless they are prepared to accept responsibility for the eventual outcome of the BDCP. Once the regulatory agencies issue the HCP and NCCP authorizations (i.e., permits), their role is to verify compliance with the BDCP and Implementing Agreement. If permittees are not in compliance, the regulatory agencies can initiate permit suspension or revocation procedures (which should be detailed in the Implementing Agreement). Therefore, all decisions related to BDCP implementation should be made by the Authorized Entity Group (composed of all permittees), in consultation with the Permit Oversight Group. The Final BDCP should be revised to clarify that regulatory agencies provide guidance and advice to the Authorized Entity Group, but do not have BDCP implementation decision making authority.

20. Page 7-20, lines 21-22 state that "Stakeholder Council meetings will be open to the public."

    Comment: The Water Authority appreciates that all meetings of the Stakeholder Council will be conducted in public. However, the BDCP is silent with respect to the requirements under California's open meeting and records laws, the Federal Advisory Committee Act, the California Public Records Act and the Federal

Freedom of Information Act (FOIA), and the applicability of those statutes to the activities and undertakings of the Stakeholder Council. The Final BDCP should clearly delineate the state and federal statutes relevant to the activities of the Stakeholder Council.

21. Page 7-21, lines 6-26 state that "Any member of the council, however, will have the right to object to any proposal of the Program Manager... If the dispute is not resolved within the 60 day period, the issue will be elevated to the Authorized Entity Group... If the issue remains unresolved... for over 90 days, it will be referred for decision by the entity with the locus of responsibility...recognizing that multiple entities may have some relevant responsibility."

    Comment: This provision needs additional clarification and structure to ensure that the dispute resolution process does not become a de facto delay process for those opposed to BDCP implementation. Gridlock could easily occur if not only prospective, but also prior implementation actions may be challenged at any time. The Final BDCP should include provisions to ensure that multiple or repeated objections do not result in significant disruption of the program.

22. Page 7-27, lines 29-31 state that "The Program Manager, through the Implementation Office... will generally be responsible for the planning, oversight, implementation of actions set out in the conservation strategy."

    Comment: While charged with implementing the BDCP, there is no discussion of the appropriate legal framework within which the Implementation Office, proposed BDCP governance structure, and associated coordinating and dispute resolution mechanisms would be effectuated. Would the legal framework require legislation, a memorandum of understanding/agreement, bylaws, a joint powers authority, or some other structure? The Final BDCP should explain the legal documentation and processes necessary to allow participating entities to fund and implement the BDCP. Again, Reclamation's Lower Colorado River MSCP provides an example of a legal framework that is working to successfully implement a complex multiple species conservation plan.

Chapter 8 – Implementation Costs and Funding Sources

23. Page 8-1, lines 36-39 state that "Consistent with the 'beneficiary pays' principle and in recognition of public benefits associated with environmental restoration of this important region, it is assumed that a state and federal investment will be available and necessary to implement the BDCP, as described in Section 8.3, *Funding Sources*."

    Comment: BDCP was conceived as a "beneficiary pays" project. However, the BDCP does not include a detailed financial plan. Instead, the public draft relies on the projected benefits afforded to the exporters to gauge funding support for

the conveyance facilities (i.e., CM1). Until a detailed financial plan is finalized and cost allocation formula agreed upon by participants, there will continue to be questions and concerns regarding what "beneficiary pays" means in terms of precise cost obligations. Is "beneficiary pays" based on the value the water provides to a specific contractor? Does "beneficiary pays" mean every contractor pays the same unit cost for water received? As envisioned by the BDCP, the water quantity available for export will vary depending on hydrology; how would the benefits be calculated and unit costs be derived for each "beneficiary" under constantly changing hydrological conditions? Many water suppliers in Southern California are seeking to reduce their demand for imported water from the Delta. What happens if contractors' needs for the water decrease in the future? How would the costs be allocated then? More importantly, how would costs be allocated pursuant to state and federal laws – including, without limitation, the cost-of-service requirements of California Constitution Article XIIIA and C (Proposition 26)? Both the HCP and NCCP regulations require the BDCP to demonstrate that it has funding assurances from those expected to pay - including the state and federal governments – rather than relying on assumptions. The Final BDCP should address these issues to ensure the BDCP's ability to be funded.

24. Page 8-2, lines 22-24 state that the chapter is not a financing plan…"nor does it establish the final allocation of cost or repayment responsibility; rather financing plans will be prepared separately by various funding agencies and through future discussions between state and federal agencies."

    Comment: The final BDCP must make fiscal sense and also be both affordable and financeable. Potential participants in the BDCP must have sufficient detailed information to evaluate the cost-benefit (or feasibility) of participating in the project on the individual participant level. Lack of disclosure on how costs will be shared by beneficiaries does not allow existing water contractors to make an informed decision to invest in the BDCP. This analysis should be included in the Final BDCP.

25. Page 8-66, Footnote "a" states that "…funding estimates from state and federal agencies do not represent commitments and are subject to grant awards, annual appropriations from Congress, and passage of water bonds by the voters of California."

    Comment: The reliance on the funding history of yet to be appropriated federal sources and future water bonds makes it unclear if the project will receive an adequate public share of the funding. To match the comprehensiveness of BDCP as a planning process, it is important to identify how the public share of the funding source may be composed and from whom the funds may be derived. The Final BDCP should provide greater detail and explain how funding assurances

required by HCP/NCCP permits will be achieved given the uncertain nature of future state and federal funds.

26. Page 8-73, lines 5-7 state that "State and federal water contractors that are participating in the development of the BDCP have committed to fund construction, operation, and construction-related costs for implementation of *CM1 Water Facilities and Operation*, the new water conveyance facilities."

    Comment: Contrary to this statement, there is nothing in the EIR/EIS or BDCP documents that confirms that any state or federal water contractor has made a commitment to fund the project. The Water Authority is not aware of any such commitments. In fact, the Board of Directors of the Metropolitan Water District of Southern California – the largest State Water Project contractor, with an approximate 46-percent share of the existing State Water Project – has never voted to fund construction of any portion of the proposed project (CM1). Necessary contractual agreements for individual SWP and CVP contractors to fund CM1 are unclear and the process for revising SWP and CVP cost allocations if individual contractors decline to participate, or drop out later, is not defined. To ensure the BDCP is fully funded, any BDCP financing plan must include enforceable agreements to pay for the project, not only from state and federal water contractors directly, but also from the member agencies or units that provide their revenues. It is unclear whether the SWP contractors can rely on the taxing authority afforded to them under the existing SWP project to pay for the BDCP. The projected costs are too high to have confidence that the contractors' water sales are adequate to cover the BDCP's costs now or in the future. Specific areas requiring more detail in the Final BDCP include:

    - Contractors that are wholesale water agencies should demonstrate that their customers will pay for the project, either through take-or-pay contracts or other enforceable, long-term financial commitments to pay the fixed costs of the project commensurate with the term of the contractors' BDCP obligation;
    - Analysis is needed on the impacts of "step-up" provisions – pledges that require other BDCP participants to assume the debt obligations of defaulting participants;
    - Legal analysis should be undertaken to examine the feasibility and appropriateness of relying upon property taxes as additional back-up security for contractors' BDCP debt; and
    - Legal and financial analyses should be undertaken to examine the financial risks to the state of California if bonds issued to fund construction of the project (CM1) are backed by the full faith and credit of the state.

27. Page 8-84, lines 18-21 state that "…the BDCP is expected to secure a large portion of the funds allocated to Delta sustainability, as well as smaller portions of funds allocated to conservation and watershed protection. The water bond will

support the public benefits of Plan implementation, particularly natural community restoration and other stressors conservation measures."

Comment: Firm commitments to ensure state and federal funding for CM 2-22 are lacking. The BDCP expects almost 90 percent of the costs for ecosystem restoration and program administration to be shared by state and federal funding. Most state funding is anticipated to be provided by future water bonds, including one or more bonds scheduled for the November 2014 ballot. A majority of federal funding is expected to be provided by congressional appropriation, which has uncertain support. The uncertainty that voters and Congress would approve the water bonds and federal appropriation, respectively, leads to the question as to whether, and how much, the contractors will be expected to help pay for the costs to obtain the envisioned water supply benefits. If the public funding envisioned does not materialize, will the contractors be expected to fund these costs? If funding is unavailable for restoration, would CM1 operations be changed from those presented in the BDCP? The Final BDCP needs to include a discussion of alternate funding sources, as well as potential impact on available exports, should bonds for CM 2-22 not be approved by the voters.

28. Page 8-80, lines 16-17 state that "Contractors more distant from the Delta provide more funding than contractors close to the Delta because of the capital cost of the California Aqueduct and increased pumping and O&M costs."

    Comment: While this statement may be true for existing SWP contractors, it is unclear whether this same logic is being applied to BDCP funding. Since all Delta improvements will occur upstream of the Banks Pumping Plant at Clifton Court Forebay and will not affect existing south-of-Delta facilities or operations, distance from the Delta has no bearing on BDCP implementation cost. The Final BDCP should clarify that funding obligations for water contractors south of Banks Pumping Plant will not contain any differential based on distance from the Delta.

29. Page 8-99, lines 17-21 state that "…potential federal funding sources are divided into four categories. First, existing federal appropriations relevant to BDCP are expected to continue in amounts and for durations described below. Second, new federal appropriations would be needed to support BDCP. Third, several federal grant programs are expected to provide funding to support BDCP actions. Finally, other federal funding sources are described."

    Comment: See above comment #27.

30. Page 8-122, lines 13-15 state that "…the Authorized Entities will not be required to provide land, water, or monetary resources beyond their commitments in this Plan in the event of a shortfall in state or federal funding."

Comment: Provisions to ensure adequate funding by participants required for HCP/NCCP approval are lacking. It is unclear how CM 1 would be operated as a result of a shortfall in public funding. What operational scenarios and how much export water would be made available absent public funding (and associated reduction in restoration) should be disclosed in the Final BDCP and before HCP/NCCP permits are issued.

Appendix 9A – Economic Benefits of the BDCP and Take Alternatives

31. Page 9.A-7, line 36 states that "Seawater desalination is another supply that is relied on during drought periods."

    Comment: The Water Authority concurs with the acknowledgement that seawater desalination can be an important and reliable water supply during both normal and drought periods, as well as with the incorporation of the Carlsbad Desalination Project in the analysis.

32. Page 9.A-12, lines 9-13 and Footnote 5 state that "... models incorporate projections... provided by... San Diego Association of Governments (SANDAG)"

    Comment: The SANDAG Series 12 growth forecasts used in the analysis are outdated and do not account for updated Census data and the 2007 recession. Utilizing old growth forecast information likely results in a higher water demand forecast in the initial years. Analysis in the Final BDCP should incorporate the updated SANDAG forecast released last year (Series 13). This forecast incorporates data from the 2010 Census and captures the effects of the 2007 recession.

33. Page 9.A-14, Footnote 6 states that "...SANDAG employment projections were developed before the 2007 recession..."

    Comment: The employment projections use an outdated SANDAG growth forecast (Series 12), which doesn't take into account the updated Census data and 2007 recession. Utilizing old growth forecast information likely results in a higher employment (and water demand) forecast in the initial years. Analysis in the Final BDCP should incorporate the updated SANDAG forecast released last year (Series 13). This forecast incorporates data from the 2010 Census and captures the effects of the 2007 recession.

34. Page 9.A-28, lines 36-40 state that "...historical consumption and rate data...were collected directly from retailers with the exception of... San Diego County Water Authority, for which data was acquired from annual surveys conducted by the wholesale member agencies."

Comment: The Water Authority has not prepared an annual survey of water rates since 2004. The Final BDCP should clarify how the Water Authority's service area retail rate information was derived, and include the date and title of any reference document in the literature cited section.

35. Page 9.A-33, lines 8-14 state that "The cost of the water supply increase resulting from the BDCP Proposed Action is also well below the cost of other alternative supply alternatives. ...the implicit water supply cost… ranges from $238 to $321 per acre foot[9]."

Comment: Although we understand that the range of unit costs represents the cost of the incremental yield for the BDCP Proposed Action High-Outflow and Low-Outflow Scenarios relative to the Existing Conveyance High-Outflow and Low-Outflow Scenarios, it is unclear how the $238/AF to $321/AF unit costs were derived or what the exact meaning of "implicit water supply cost" is. We recognize Appendix 9A is an economic analysis to quantify BDCP benefits on an average yield basis. However, the reliance on incremental yield in calculating those economic benefits should be placed into the context of what contractor allocations under Table A will look like post-BDCP implementation. Actual unit costs will vary widely given the expected swings in yield and the fixed cost nature of the contracts. It is also unclear why unit costs are being included in the water supply alternatives discussion because, (as noted in Footnote 9) the costs cannot be used to directly compare other supply alternatives. If the intent of the included alternatives analyses is to compare the implicit water supply cost of the BDCP Proposed Alternative to local supplies, the Water Authority suggests that a unit cost can be developed that is comparable to the local supply cost being cited. Such a unit cost can be calculated based on the following:

$$\text{Unit Cost} = \frac{\text{Annual amortized capital cost for CM1} + \text{Annual operating cost}}{\text{Expected yield expressed in the same year dollars as the local supply cost}}$$

This approach would allow the BDCP to more adequately benchmark its cost to local supply costs, and is more consistent with the method water suppliers (like the Water Authority) use to compare alternative supplies. The Final BDCP should provide more detailed information on the derivation of the unit costs, a definition of implicit water supply costs, and describe why they are being included in this section, especially if the cited unit costs cannot be used to compare the supply alternatives. To support the analytical conclusions, the Final BDCP should provide a unit cost that can be used to compare supply alternatives.

36. Page 9.A-36, lines 7-11 state that "…costs of… short-term conservation are at the low end of… water supply alternative costs. Because short-term conservation is a feasible option, and because the costs of alternatives cannot be known with

precision for any individual agency, for planning purposes it is appropriate to measure BDCP benefits using mandatory short-term conservation costs."

Comment: It is unclear why other alternative water supply costs are discussed in this section when short-term conservation is assumed as the appropriate measure of BDCP benefits. The Final BDCP should clarify the purpose of Section 9.A.2.4.4 and how the alternative water supply volumes and costs are utilized in the economic benefits analysis.

37. Page 9.A-36, lines 14-15 state that "... the analysis of urban water supply benefits... is based on an assumed build-out of alternative water supplies."

    Comment: It is unclear how build-out of alternative water supplies is utilized in the BDCP economic benefits analysis. The Final BDCP should clarify how the costs for alternative water supply build-out and mandatory conservation were used in the economic benefits analysis, and the distinction between the two uses.

38. Page 9.A-49, lines 14-17 state that "The BDCP Proposed Action...assumed 3.8 MAF of water supplies under post-earthquake conditions."

    Comment: There is no backup information to support the assumptions on water supply availability under post-earthquake conditions. The Final BDCP should provide information to support the supply yields assumed to be available from existing conveyance, BDCP Proposed Action, and other take alternatives under post-earthquake conditions.

Draft Conceptual Engineering Report

The Conceptual Engineering Report (CER) does not lend itself to the "page and line" comment format as in the above documents. Therefore, the following comments have been grouped in general topical areas. Because these topics are not confined to a single location and are scattered throughout the report, any comment should be considered applicable to every appearance of that topic in the report.

Schedule

39. The project's schedules included as part of the CER's Executive Summary and Appendix C are not the same.

    Comment: These schedules need to be reconciled and the text clarified to discuss any assumptions used in the schedule.

40. The Appendix C schedule contains a number of fixed, or constrained, task completion dates.

Comment: The CER does not include the schedule logic to determine if these constrained dates are achievable or reasonable. At the preliminary engineering stage of a project, completion dates should not be constrained so it can be determined if the schedule is reasonable. All constraints should be removed from the task completion dates and the schedule logic should be provided to determine whether that logic, and therefore the schedule, is appropriate and reasonable.

41. Appendix C of the CER includes an item for property acquisition necessary to complete the project.

    Comment: Appendix C provides no detail on how the BDCP team intends to acquire land rights from the hundreds of impacted property owners along the route of the tunnels, at the forebays, the intake facilities, and impacted by the installation or relocation of utilities and roads necessary for the project. A comprehensive property acquisition plan should be included to identify the nature of property rights to be acquired, the schedule for doing so, and the staff or consultant resources necessary to complete this task.

Project Risks

42. The BDCP infrastructure is subject to a considerable number of risks that could negatively impact the project's cost and schedule.

    Comment: While mostly identified in the CER, these risks must be adequately addressed during the design and construction of the project. The most significant of these risks include:

    - Lack of geotechnical information. The CER repeatedly states that additional geotechnical information is needed to adequately design the project's tunnels, intake pumping facilities, levees, tunnel muck disposal sites and forebays.
    - Tunnel construction methodology. The tunnel methodology is highly dependent on the geologic conditions along the tunnel routes but must address the likelihood of variable soil conditions.
    - Available Resources. The project as proposed and ancillary efforts such as utility relocation will require numerous specialized engineers, geologists, right of way agents, tunnel boring machines, tunnel boring machine operators, specialized underground contractors, lawyers, court resources (in support of right of way acquisition efforts) and various technical experts. It is unclear of these resources can be obtained in a timely manner to meet the project's schedule.
    - Power requirements. The CER is undecided on how the power will be provided to the project both during construction and during operations and by how many electrical companies. The CER indicates power may be provided to each site by multiple electrical companies. The cost and time associated with a second power source to each project location has not been addressed.

- Access and utility conflicts. The project will require the relocation of roads and utilities. It is uncertain whether those conflicts will be addressed by the BDCP or the utility or public agency that owns the utility. The extent of relocations, their cost and how long it will take to resolve utility and road conflicts are not thoroughly defined in the CER.
- Property rights acquisition. See item under Schedule above. Property acquisition via the eminent domain process allows the property owner to challenge the project proponent's right to take their property via eminent domain. Linear projects, such as the BDCP infrastructure, are particularly vulnerable to costly reroutes and delays if a right to take challenge is upheld by the courts. The value of the rights to be acquired can also vary greatly. This uncertainty should be thoroughly detailed in the CER.
- Recent Court rulings. On March 13, 2014 the Third Appellate District Court of Appeal ruled the BDCP's efforts to obtain additional geotechnical and environmental information resulted in a permanent property acquisition (take) from impacted property owners. This contradicts long-standing law that allows public agencies access to private property for study purposes and pay the owner if there are any damages. This ruling, if not overturned, will result in unknown, and potentially significant delays to the project.

A comprehensive Risk Registry that identifies risks that could adversely impact the project's schedule, and cost and how those risks will be mitigated during future design or construction, should be included in the final CER and updated on a regular basis as the design and construction progresses.

Estimate Accuracy and Project Contingency

43. The CER (Chapter 8) notes the accuracy of the construction estimate ranges from is +50% to -25%; however, the project cost estimate includes only a 36% contingency.

    Comment: The CER is unclear on the rationale used to determine the cited accuracy range or the selection of the specific cost estimate contingency. Subsequent communication (February 26, 2014 letter from Mr. Charles R. Gardner Jr., CEO Hallmark Group) noted the construction estimate accuracy had been improved to +30% to -20% and therefore the contingency of 36% was more than adequate. However, no information on how the "more accurate" cost estimate was prepared has been provided since the October 2013 release of the CER. The final CER should disclose the methodology, including an analysis of project risks, used to derive a project contingency of 36%. It should also disclose and explain the information that allowed a more accurate cost estimate to be prepared. Absent this information the Water Authority believes the project contingency should be set at 50% based upon the upper range of the cost estimate's accuracy.

The Water Authority appreciates the opportunity to review the proposed project and provide comments on the Draft EIR/EIS and associated documents. As noted above, the Water Authority requires additional information to determine if the BDCP Proposed Action as described and analyzed in the Draft EIR/EIS is a cost-effective long-term solution to Delta water supply and ecosystem conflicts.

Please retain the Water Authority on your mailing list to receive future notifications or documents regarding this project. If you have questions or wish to discuss any of the above concerns in greater detail, please contact Larry Purcell, Water Resources Manager at (858) 522-6752, or by email at lpurcell@sdcwa.org.

Sincerely,

Maureen A. Stapleton,
General Manager

Attachments (3)

San Diego County Water Authority
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August 28, 2012

MEMBER AGENCIES

Dr. Gerald Meral
Deputy Secretary
California Natural Resources Agency
1416 Ninth Street, Suite 1311
Sacramento, CA 95814

Dear Jerry:

Thank you for visiting with us on Wednesday. We enjoyed our discussion, and appreciate the information you shared on the progress of the Bay-Delta Conservation Plan. We very much appreciate the efforts by you, Secretary Laird, Governor Brown, Secretary Salazar and all of the state and federal agencies in bringing the BDCP to this point.

We promised to send you the Water Authority's comments on BDCP Chapter 8. We understand that work is under way to produce a new draft of Chapter 8. It is our hope that the issues outlined below will be considered and addressed.

Introduction
The San Diego County Water Authority is a wholesale water agency providing a safe and reliable water supply to 24 public agencies in San Diego County, supporting our region's $186 billion economy and the quality of life of 3.1 million Californians. Highly dependent on imported water supplies, the Water Authority has historically and consistently been a strong advocate for the Delta and for the co-equal goals of providing a more reliable water supply for California, while protecting, restoring and enhancing the Delta ecosystem. The Water Authority's board of directors reaffirmed this longstanding support at its February 2012 board meeting. The board also adopted an updated set of policy principles relating to the Bay-Delta outlining the critical issues that must be resolved in the BDCP process; a copy of these Policy Principles is enclosed.

OTHER REPRESENTATIVE

Chief among the Water Authority's concerns is the need to define the various components of the financing plan for the BDCP and the recently announced decision-tree concept in a manner that allows potential participants to evaluate the cost-benefit (or feasibility) of participating in the project. We believe the financing plan must include enforceable agreements to pay for the project, not only from state water contractors directly, but from the member agencies or units

that provide their revenues. The costs are simply too great to rely on the hope that there will be enough water purchasers over the long-term to pay the project's costs.

As the largest customer of the largest state water contractor – the Metropolitan Water District of Southern California (MWD) – the Water Authority's ratepayers have a great deal at stake in the BDCP process and its financing plan. The Water Authority must be able to assess not only that the project will provide sufficient benefits to be affordable by our ratepayers, but also that they are not at risk of paying BDCP costs associated with the water supplies of other MWD member agencies or state contractors. The Water Authority is already in litigation with MWD over how it allocates its current State Water Project costs.

The Water Authority is concerned that all of the progress that has been made in bringing the BDCP to this point will be stymied, and that the BDCP will fail if participants are not able to evaluate the cost-benefit of the project or reasonably limit the risk their ratepayers are being asked to assume. It is in this light that we offer the following brief comments on the administrative draft of Chapter 8 – *Implementation Costs and Funding Sources.*

Comments

As the largest state water contractor, MWD is the foundation for financing the project. And yet, MWD itself has been struggling over the past several years to pay its current fixed costs – let alone a substantially larger cost associated with the BDCP. The reason is simple: more than 80 percent of MWD's costs are fixed while less than 20 percent of its revenues are paid from fixed charges. More than 80 percent of MWD's revenues come from water sales. Yet, MWD's member agencies are not required to purchase *any* water from MWD. With its member agencies unwilling to sign take-or-pay contracts or make any other firm financial commitments to MWD to cover its fixed obligations, the agency remains heavily dependent on revenues from variable water sales. MWD's water sales have declined approximately 30 percent since 2008, with its firm sales declining to less than 1.3 million acre-feet in fiscal year 2012. MWD's member agencies – including the Water Authority – have also experienced significant reductions in sales. A direct consequence of these declining sales is sharply higher imported water rates that have made additional local water supply investments economically competitive. As a consequence, MWD's member agencies – and their sub-agencies – are doing what they have been asked to do over the past 20 years: reducing reliance on water supplies imported from the Delta.

We are concerned that the BDCP will become the kind of "big ticket project" that MWD board members vocally and enthusiastically support – at the same time their agencies are unwilling to make enforceable commitments to pay for the project.

A final note on the subject of risk: because the project is anticipated to be financed through project revenues, we are informed that bond underwriters are expected to require a "step up" provision by which each BDCP participant in BDCP-related bonds pledges to assume the obligations of defaulting participants.[1] The current draft of Chapter 8 is silent on this issue, yet it is conceivable that some of the BDCP participants may default, which would cause remaining participants, including MWD, to assume a greater portion of the debt. It is important that Chapter 8 analyze the possible effects of the "step up" provisions on MWD and the other participants in the BDCP.

Some have suggested that property taxes may provide the ultimate security for BDCP payment obligations of individual contractors. Putting aside the question whether property taxes levied under the authorization of the Burns-Porter Act may be used to pay for new projects contemplated by the BDCP, it is important to remember that MWD's taxing authority is further limited by the provisions of the MWD Act.[2] Although the Act contains override ability in the event of a fiscal crisis as determined by the MWD board (one year at a time[3]), it effectively limits MWD's ability to levy taxes to pay its SWP obligations. It is also unclear whether changes to this limit would require voter approval. Thus, a careful legal analysis of MWD taxing authority should be included in the BDCP due diligence process if taxes are contemplated as additional back-up security for project debt.

To effectively evaluate the finances available for the BDCP, the drafters of Chapter 8 need to conduct comprehensive due diligence on all of the facts and

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[1] Under Section 50(h) of MWD's current State Water Project contract, non-defaulting contractors can be assessed to cover payments not made by defaulting contractors, up to 25 percent of the payment not made. Under Section 49(l) of its East Branch Extension of the State Water Project contract, MWD is obligated to cover a default by any and all other participants.

[2] Section 124.5 of the Metropolitan Water District Act limits MWD's property tax levy to *"the composite amount required to pay (1) the principal and interest on general obligation bonded indebtedness of the district and (2) that portion of the district's payment obligation under [the SWP contract] which is reasonably allocable, as determined by the district, to the repayment by the state of principal and interest on [SWP bonds] as of [January 1, 1985] and used to finance construction of facilities for the benefit of the district."*

[3] In such an event, the State of California would be relying upon an annual vote of MWD's Board of Directors in which it *"...finds that a tax in excess of these restrictions is essential to the fiscal integrity of the district...."*

circumstances described in this letter. Without such due diligence, the BDCP faces a potential cascading collapse of funding. At a minimum, state water contractors that are wholesale water agencies must demonstrate that their customers – the member agencies or units that buy their water and provide their revenues – have take-or-pay contracts or other enforceable commitments to pay the fixed costs of the project commensurate with the term of the BDCP obligation. The Water Authority continues to stand ready to make such a commitment to MWD that provides benefits commensurate with its payments.

Ultimately, the full faith and credit of the State of California will back up the bonds issued to build the conveyance project. Failure to secure enforceable financial commitments from the member agencies or units of water wholesale contractors could place all of California at significant risk of having tens of billions of dollars of new outstanding debt without sufficient water contractor payments to cover the debt service. This is why all California taxpayers have a stake in ensuring that there is a solid foundation and financing plan for the BDCP going forward.

Thank you again for providing the opportunity to comment on the administrative draft of Chapter 8 of the BDCP. We are committed to working with you and all parties to address and resolve these issues.

Sincerely,

Maureen A. Stapleton
General Manager

Enclosure: Water Authority Bay-Delta Policy Principles

San Diego County Water Authority
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July 30, 2013

Dr. Gerald Meral
Deputy Secretary
California Natural Resources Agency
1416 Ninth Street, Suite 1311
Sacramento, CA 95814

Dear Jerry:

Thank you for the efforts that you, your state and federal agency colleagues, and the Administration have made to bring the BDCP to the point where it stands today. We appreciate the opportunity that the release of an administrative draft of the BDCP affords us to provide comments and questions that should be addressed in the next draft. This letter is a follow-up to the Water Authority's previous correspondence on BDCP Chapter 8, and conversations we have had with you over the past year.

Like many other stakeholders, the San Diego County Water Authority anticipated the May 29 release of the final chapters of the administrative draft of the BDCP document and believed, based upon earlier representations, it would address the questions and concerns the Water Authority has raised over the past several years over project financing. In particular, we were anxious to review the new draft of Chapter 8 in light of the correspondence we sent you 11 months ago (attached), in which we raised a series of BDCP financing issues and concerns. Our subsequent conversations led us to believe these concerns would be addressed in the most current iteration of Chapter 8. Instead, and disappointingly, Chapter 8 begins with this jarring admission:

> *"Details of the financing... are still being determined through on-going discussion between the state and federal governments and between the government, the state and federal water contractors and other interests."*

After reviewing the newly-revised Chapter 8 of the BDCP administrative draft, seven years into the BDCP planning process, and nearly a year after commenting on the prior draft, the most critical financing issues confronting the BDCP have yet to be addressed.

As we shared with you previously, potential participants in the BDCP must have sufficiently detailed information to evaluate the cost-benefit (or feasibility) of participating in the project. We recently heard David Sunding report to the Metropolitan Water District of Southern California's (MWD) Board of Directors that a cost-benefit analysis has been produced for all urban and agricultural water contractors, and that it includes an urban cost-benefit analysis for all MWD member agencies. Would you please send a copy of the complete report to me in advance of Dr. Sunding's Sept. 12 appearance before our Board's Imported Water Committee?

As we have consistently stated, the Water Authority believes that any BDCP financing plan must include enforceable agreements to pay for the project, not only from state water contractors directly, but also from the member agencies or units that provide their revenues. The costs are far too high to simply rely on the hope that the contractors' water sales will be adequate over the long-term to pay the project's costs.

As the largest customer of the largest state water contractor – MWD – the Water Authority's member agency ratepayers have a great deal at stake in the BDCP process and its financing plan, its risks and contingencies. The Water Authority must be able to assess that the preferred alternative advocated by the BDCP program will provide sufficient benefits to be affordable for our member agency ratepayers. We also must ensure that our ratepayers are not at risk of paying BDCP costs associated with the water supplies of other MWD member agencies or other state or federal water contractors. The Water Authority is already in litigation with MWD over how it allocates its *current* State Water Project costs.

The Water Authority is concerned that future progress of the BDCP and efforts to resolve seemingly intractable conflicts in the Delta will falter if those expected to be participants in the BDCP are not able to evaluate the cost-benefit of the various alternatives or reasonably limit the risk that their ratepayers will be expected to assume. In this context, we renew our request that our comments and concerns raised in our August 28, 2012 correspondence regarding Chapter 8 of the BDCP administrative draft – *Implementation Costs and Funding Sources* – be addressed in the next draft.

Comments
In our August 28, 2012 correspondence, we identified three specific issue areas as lacking necessary discussion within Chapter 8:

- State water contractors that are wholesale water agencies should demonstrate that their customers – the member agencies or units that purchase their water and provide their revenue – have take-or-pay contracts or other enforceable, long-term commitments to pay the fixed costs of the project commensurate with the term of the BDCP obligation.

- It is important to analyze the possible effects of "step up" provisions – those bond pledges that may require other BDCP participants to assume the obligations of defaulting participants – on MWD and other participants in the BDCP.

- A careful legal analysis should be undertaken of MWD taxing authority within the BDCP due diligence process, to examine the feasibility and appropriateness of relying upon property taxes as additional back-up security for project debt.

<u>Take-Or-Pay Contracts/Enforceable Commitments</u>
As we have previously pointed out in discussions with you, MWD – which, as the largest state water contracting agency, is the foundation for financing the BDCP project – has been struggling over the past several years to pay its current fixed costs, let alone a substantially larger new cost associated with the BDCP. More than 80 percent of MWD's costs are fixed – however, less than 20 percent of MWD's revenues are paid from fixed charges. Conversely, more than 80 percent of MWD's revenues are from water sales – a variable revenue source – and those sales have

declined by 30 percent since 2007. Furthermore, MWD's member agencies are not required to purchase *any* water from MWD. The variability of water sales – and thus uncertain future water sales revenues – coupled with Southern California water agencies' current and future planned actions to implement the State's policy to reduce reliance on water supplies imported from the Delta, creates significant uncertainty regarding long-term financing of BDCP obligations. This should be a major concern for the State of California, whose full faith and credit will be expected to back up the financing of the project. And yet, Chapter 8 makes no mention of this material, foundational risk to BDCP financing.

The Water Authority believes that, at a minimum, state water contractors that are wholesale water agencies must demonstrate that their customers have take-or-pay contracts or other enforceable long-term commitments to pay the fixed costs of the BDCP project corresponding to the term of the BDCP obligation. The Water Authority continues to be prepared to make such a commitment to MWD as long as the Water Authority gets the water supplies in return for its payments. We also believe that the willingness to make a financial commitment to a Delta solution will largely determine the demand for Delta water supply, and therefore help inform the best sizing for the conveyance facility. It would not be in the state's best interest to construct a facility only to have it stranded because no one is willing to pay for it, or hoped-for water sales necessary to pay for it do not materialize.

"Step-Up" Provisions

Existing State Water Project contracts contain provisions under which non-defaulting contractors can be assessed to cover payments not made by defaulting contractors, up to 25 percent of the defaulting contractors' obligations. Additionally, the East Branch Extension of MWD's State Water Project contract has a provision obligating MWD to cover default by any and all other participants. These State Water Project contract stipulations are known as "step-up" provisions.

We are informed that bond underwriters for the BDCP project are expected to require a "step-up" provision by which each BDCP participant in BDCP-related bonds pledges to assume the obligations of defaulting participants. In fact, the newly-released Chapter 8, at Section 8.10.1.1.1 (page 8-81) provides that:

> *"Existing water contracts would need to be amended to include the new costs of the BDCP assigned to the state water contractors and the repayment schedule."*

Since "step-up" provisions are already embodied within, and apply to, MWD's State Water Project contract, it would appear that such provisions would apply to the "new costs of the BDCP assigned to the state water contractors." Given those "step-up" provision obligations, we renew our request that Chapter 8 fully analyze the possible financial and economic effects of the "step-up" provisions on MWD and the other participants in the BDCP.

Property Taxes

Some have suggested that property taxes may be contemplated as back-up security for BDCP payment obligations of individual state water contractors. There are very clear and significant limitations in MWD's existing taxing authority under the provisions of the MWD Act:

- The Act limits MWD's ability to levy taxes to pay its State Water Project obligations.

MWD is limited to levying taxes for "*the composite amount required to pay (1) the principal and interest on general obligation bonded indebtedness of the district and (2) that portion of the district's payment obligation under [the SWP contract] which is reasonably allocable, as determined by the district, to the repayment by the state of principal and interest on [SWP bonds] as of [January 1, 1985] and used to finance construction of facilities for the benefit of the district.*"

- Although the Act contains override ability in the event of a fiscal crisis, as determined by the MWD board, the override is limited to only one year at a time. In such an event, the State of California and bondholders would be relying upon an annual vote of MWD's Board of Directors in which it "*...finds that a tax in excess of these restrictions is essential to the fiscal integrity of the district....*"

- It is unclear whether changes to the limitations provided under the MWD Act would require voter approval and/or new legislation. Chapter 8 should address and answer these questions.

Given these limitations and uncertainties, it is difficult to consider MWD's existing taxing authority as a meaningful back-up security for BDCP payment obligations. It is also highly questionable whether the financing of BDCP can be – or should be – backed by taxing authority that was authorized by voters decades ago, when the program was much different than is being discussed today. A careful legal analysis of MWD taxing authority should be included in the BDCP due diligence process if taxes are going to be relied upon as additional back-up security for BDCP project debt. The newly-released version of Chapter 8 is silent on this issue.

Based on the assurances that you previously provided to the Water Authority, we expected that the full consideration and analysis of the issues we have raised would be integrated in to the Chapter 8 analysis and conclusions. And yet, the current version of Chapter 8 of the BDCP administrative draft does not comprehensively or adequately conduct due diligence on all of the facts and circumstances described in this letter and our previous correspondence. We remain concerned that a potential cascading collapse of funding could occur if the proper due diligence is not undertaken in a timely manner.

We appreciate the opportunity to provide comments on the newly-released Chapter 8 of the BDCP administrative draft. We remain committed to working with you and all parties to evaluate, address, and resolve these critical financing issues.

Sincerely,

Maureen A. Stapleton
General Manager

Attachment: August 28, 2012 letter

San Diego County Water Authority
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October 7, 2013

Secretary John Laird
California Natural Resources Agency
1416 Ninth Street, Suite 1311
Sacramento, CA 95814

Dear Secretary Laird:

On behalf of the San Diego County Water Authority (Water Authority), thank you for your September 11, 2013 letter to Chair Wornham and me responding to a January 2013 multi-agency letter requesting analysis of the Natural Resources Defense Council's portfolio approach to statewide water management and the Bay-Delta Conservation Plan (BDCP).

We look forward to working with you to help develop a BDCP project that achieves the co-equal goals and is affordable. As the largest member agency of the largest State Water Contractor, the Metropolitan Water District, the Water Authority and its ratepayers are being counted upon to pay the second-largest share of BDCP costs.[1] Yet, we have been relegated to the status of an outside observer who may have no financial stake in the BDCP. Accordingly, we request the opportunity to become more directly engaged in the BDCP cost allocation discussions and negotiations process – and be part of the solution. The stakes are sufficiently high for the San Diego region to be afforded the opportunity to be at the cost allocation negotiating table.

As you know, the Water Authority has not endorsed <u>any</u> alternative that has been considered by the BDCP program or advanced by others, including the Natural Resources Defense Council's Portfolio Alternative and the Delta Vision Foundation's BDCP-Plus. However, we firmly believe that a thorough and comprehensive analysis of Delta fix alternatives is critical to help inform the ultimate selection of an implementable plan for achieving the co-equal goals.

The Water Authority is committed to helping find a Delta solution, and to that end, is continuing its multi-year effort to inform our Board of Directors and civic and business leaders in our region on a variety of issues associated with the Delta. In addition, over the past several months, the Water Authority Board and staff have been engaged in an intensive, comprehensive review of BDCP-related alternatives to assess how various options may improve the San Diego region's water supply reliability along with risks associated with each. This review process is ongoing, and is scheduled to continue into 2014. We were disappointed to learn from Natural Resources Agency Deputy Secretary Jerry Meral at our September 12 Board workshop that determinations regarding the cost allocation among contractors will not be concluded when the BDCP and its environmental documents are released for public review next month. Although we plan to

[1] Among MWD's member agencies, and second only to the Kern County Water Agency.

A public agency providing a safe and reliable water supply to the San Diego region

submit a formal comment letter during the BDCP environmental review process, the allocation of BDCP costs and the resultant rate impacts on San Diegans will remain a central element in our Board's consideration of which option to support.

While we had hoped that your Agency's evaluation of the Portfolio Alternative would be helpful to the Water Authority's ongoing review and analysis, some of the information contained in your September 11 letter raises more questions than it answers.

- The letter states that a single-tunnel, 3,000 cfs conveyance facility (which is proposed in the Portfolio Alternative) would cost $6 billion less than the BDCP preferred alternative (9,000 cfs twin tunnels) - $8.5 billion compared to $14.5 billion. However, on September 16, a corrected version of the evaluation was posted on the BDCP website, which indicates that the 3,000 cfs single-tunnel conveyance facility would only cost $3 billion less than the BDCP preferred alternative. Further, none of these numbers match Dr. David Sunding's economic benefit analysis, which he shared with us at our September 12 Board of Directors workshop, which identified the cost at $10 billion.

  Many entities that are undertaking review and analysis of the Delta fix options, like the Water Authority, would benefit from reliable cost estimates for the conveyance features of the Portfolio Alternative. The lack of clarity in the cost estimate has made it challenging to have a meaningful cost comparison of the various conveyance feature sizes. Could you please provide an apples-to-apples cost comparison of the 3,000 (single tunnel), 6,000 and 9,000 cfs conveyance project sizes?

- In terms of the benefit cost ratio of alternatives, your evaluation indicates that "*the 3,000-cfs tunnel has a negative benefit cost ratio, largely because the cost of the 3,000-cfs tunnel is approximately two thirds of building the proposed 9,000-cfs twin tunnels but the water yield is much smaller.*" The evaluation may be accurate; we are not attempting to dispute or refute the calculations and findings. However, with the numerous cost estimates for the conveyance features included in your own evaluations it is difficult to definitively understand the benefit cost ratio at which the evaluation arrives. A more comprehensive evaluation and identification of the appropriate assumptions would be valuable for those seeking to undertake independent analysis of cost-related information.

- The evaluation regarding the potential water supply yield in water recycling and water use efficiency projects that could be achieved from a $3B investment in local and regional water supply projects requires additional analysis. Your evaluation indicates, that with respect to investments in local and regional water recycling projects and water conservation projects, "*it is doubtful that a $3 billion investment would produce even 100,000 acre-feet of reliable new water supply in urban areas, and would do nothing for agricultural users.*" This evaluation appears at odds with the Department of Water Resources' California Water Plan Update, which provides an analysis from which it may be concluded that a $3 billion investment in water recycling projects could actually

produce approximately 400,000 acre-feet of new water supplies (2009 Water Plan Update, Page 11-10). In addition, data developed by the Water Authority on local project costs and implementation also indicates that BDCP's estimate is very low. We believe this warrants additional analysis to better understand how your evaluation arrived at a potential yield of 100,000 acre-feet or less. We would be happy to share the Water Authority's data and our observations on local supply development with your staff.

- The evaluation with respect to the ability to export water from the south Delta following a significant seismic event stated that, "*It may take from one to 10 years to rebuild enough Delta levees to once again allow substantial exports from the south Delta.*" While certainly more work remains to be completed in terms of the efforts that have been undertaken through the Delta Emergency Rock and Transfer Facilities Project and the Delta Emergency Response Program to secure water supply reliability following a significant seismic event, it is our understanding that significant progress has been made to reduce the worst-case export outage. A more comprehensive analysis on this issue would be beneficial.

We look forward to working with you to consider a BDCP project that is implementable, achieves the co-equal goals, and improves water supply reliability and is affordable within the San Diego region and the rest of the state. In addition, we look forward to arranging a meeting with you in the near-term to explore avenues for additional information sharing and the Water Authority's participation in the cost allocation negotiation process.

Sincerely,

Maureen A. Stapleton
General Manager

Attachments:

1. January 2013 multi-agency letter regarding NRDC Portfolio Alternative
2. September 11, 2013 correspondence and Portfolio Alternative evaluation from Secretary John Laird

San Diego County Water Authority

May 14, 2014

Attention: Water Planning Committee

Report on potable reuse and consideration of approval of a resolution supporting the city of San Diego's Pure Water San Diego program. (Action)

Staff recommendation: Approve Resolution No. 2014-____supporting the "Pure Water San Diego" program sponsored by the city of San Diego

Alternative: Do not approve the resolution of support.

Fiscal Impact
There is no fiscal impact with this action

Background
Beneficial reuse of recycled water has been identified as a key component of the San Diego region's water supply diversification for more than 20 years. It has been recognized for some time that the best and most cost effective way to maximize recycled water use is through potable reuse where the existing drinking water distribution system could be used to blend safe high quality advanced treated recycled water with other potable supplies. This report provides background on potable reuse activities in California and San Diego, member agency planning efforts, and Water Authority staff activities in support of potable reuse, and it requests the Board to consider approving a resolution supporting the city of San Diego's large scale potable reuse project: Pure Water San Diego.

Potable Reuse
Incidental reuse has taken place for hundreds of years as wastes are discharged to rivers and collected and treated for potable water supplies downstream. Clean Water Act standards placed on waste discharges and treatment requirements for water suppliers through the Safe Drinking Water Act have been designed to avoid waterborne disease outbreaks and ensure a safe and reliable potable water supply for customers. These requirements protect the public from waterborne disease outbreaks and health impacts from chemical constituents and emerging compounds.

Planned indirect potable reuse in California has been practiced since 1962 when the groundwater in Los Angeles County was recharged with treated wastewater using surface spreading basins through the Water Replenishment District's Montebello Forebay Project. Surface spreading projects rely on soil aquifer treatment achieved through percolating tertiary treated wastewater through the soil. The soil acts as a barrier to pathogens and when combined with the dilution of native recharge waters the groundwater subsequently pumped from the basin has been considered safe for potable purposes. As technology has improved, agencies in California have been able to rely more and more on treatment technologies in lieu of using the environment as a treatment barrier. After significant studies and expert panel review, the use of reverse osmosis and advanced oxidation treatment processes has allowed for the direct injection of highly treated water into the groundwater to serve as a seawater barrier and to recharge groundwater basins. The groundwater

is then extracted through water wells and delivered to the public with only disinfection at the well head.

Current groundwater potable reuse spreading basin operations in California include projects by the Water Replenishment District of Southern California, Inland Empire Utilities Agency, and the Orange County Water District. Direct injection projects are being implemented by the West Basin MWD, Los Angeles Department of Public Works, the Water Replenishment District, city of Long Beach, city of Los Angeles and the Orange County Water District. Planned potable reuse projects are currently regulated by the Regional Water Quality Control Boards (Water Boards) and the California Department of Public Health (CDPH). All potable reuse projects currently approved in California are indirect potable reuse, meaning that they include an environmental barrier. Environmental barriers include the benefits of soil treatment and blending with native waters in groundwater basins and potentially the dilution benefits and natural processes of sunlight and mixing of lake waters in surface water reservoirs. No direct potable reuse projects have been approved.

Potable Reuse in San Diego County

The San Diego region has a long history of safely using recycled water for non-potable purposes dating back to Padre Dam's used of recycled water in Santee Lakes starting in 1968. Currently, 17 agencies in the region purvey or distribute over 28,800 acre-feet of water per year. This use is anticipated to continue and expand into the future and has provided a high level of public confidence in the ability to safely supply recycled water.

In the 1980's, the city of San Diego created an aquaculture facility in Mission Valley that tested the wastewater treatment potential of using water hyacinths that could clean up wastewater for reuse or, by adding additional advanced treatment, to potable drinking water quality. The small aquaculture plant in Mission Valley was enlarged to a one million gallon per day demonstration project relocated to the San Pasqual Valley to further test the efficiency of water hyacinths but combined with reverse osmosis as an additional effort at exploring the potential for potable reuse.

Following the six-year drought of 1987-1992, there was vigorous interest and implementation of reuse projects throughout the region. It became apparent by the mid-1990s that large scale reuse projects would be significantly limited in maximizing the recycling potential of the treatment plant because of the predominant reliance on the irrigation cycle for customer demand. San Diego County lacks a large industrial base that could use recycled water on a year round basis or large groundwater basins that could be used for recharge. Reuse projects in San Diego County must rely to a great extent on construction of a separate distribution system (purple pipe) to serve, almost exclusively, irrigation customers. Recycled water projects with large irrigation customers within a defined area, or where new developments have been required to install dual distribution systems for recycled water, have proven to be cost effective and have substantially added to member agency and regional water reliability. For some, mostly larger scale projects, the reliance on irrigation customers to maximize reuse may be prohibitively expensive due to the need for much greater investments in purple pipe distribution systems. Even with those investments in distribution pipelines, large amounts of recycled water treatment plant capacity would remain idle during the winter months. By treating recycled water to potable standards the recycled water can be combined

with other treated water supplies and delivered to customers through the existing potable water system. In that manner recycled water treatment capacity can be utilized year round and reuse maximized in a more cost effective manner.

Water Authority Previous Role in Potable Reuse

Recognizing these factors by the mid 1990's, the Water Authority in conjunction with the city of San Diego Clean Water Program investigated the option of augmenting surface water reservoirs in San Diego County with highly treated wastewater using similar treatment processes as the previously approved groundwater injection projects. In August 1993 the Water Authority completed a conceptual study that identified an indirect potable reuse project between the city of San Diego's North City Water Reclamation Plant and San Vicente Reservoir. That concept study was presented to the California Department of Public Health jointly by the Water Authority and the city of San Diego. After a positive reception from State health officials, the Water Authority and the city entered into an agreement to jointly work on the proposal and as the regional water supplier, the Water Authority was designated lead agency, to conduct the necessary studies and work with State Department of Public Health. The Water Authority's *Water Repurification Feasibility Study* was completed in 1994 with the specific purpose of serving as a means to engage state public health officials in a dialogue over potential guidelines for permitting a potable reuse project. Since regulatory approval of potable reuse had benefits beyond the city of San Diego, the Water Authority took the lead in working with the top ranking state health officials in identifying guidelines for permit approval. The technical studies conducted by the Water Authority and the discussions with public health regulators resulted in a conceptual approach to potable reuse using a large surface water reservoir as the environmental buffer desired by the state health officials. This approach envisioned an advanced water treatment plant at the city's North City Water Reclamation Plant that would use reverse osmosis and disinfection technology to treat and then deliver purified water to San Vicente Reservoir where it would blend and mix with imported and local surface water. In addition to the high level of treatment provided to the wastewater, the surface water from the reservoir is further treated through a downstream conventional water treatment plant.

In support of these discussions the Water Authority sponsored the work of an Independent Advisory Panel (IAP), with technical and scientific experts selected by the Department of Public Health to guide the studies and advise the Health Department and the Water Authority and city. Significant research and a health effects study were conducted by the city of San Diego at their full scale aquaculture demonstration facility relocated to San Pasqual Valley starting in 1994. These studies were instrumental in an effort to substantiate the safety of reservoir augmentation and provide key data to the state health experts.

In recognition of the importance of public acceptance of a new drinking water supply from advanced treated recycled water the Water Authority retained the services of Katz & Associates, a public relations firm, to assist in outreach and public education. The Water Authority formed a 17 member citizens Repurified Water Review Committee (RWRC) to provide community and public input and opinion on the concept of potable reuse and its place in a reliable water supply. The RWRC reflected a broad range of the community from business, academia, government and advocacy groups. In its final *Report to the Water Authority*, the RWRC endorsed the concept as safe for the public and needed to ensure future water supply reliability. The work of the RWRC

and public education efforts conducted at this time were important steps in determining the feasibility of potable reuse and reservoir augmentation in San Diego County.

In a letter to the Water Authority the California Department of Public Health approved the concept of reservoir augmentation in 1996. Following the conceptual approval of the project by the Department of Public Health, the Water Authority worked with the city of San Diego on refining the project and conducting further facilities planning activities. An Environmental Impact Report was initiated by the city of San Diego but never completed and a project was never constructed due to a lack of public acceptance.

In 1998, the Water Authority co-funded a report by the National Research Council on *"Issues in Potable Reuse: The Viability of Augmenting Drinking Water Supplies with Reclaimed Water"*. In that report the author's concluded that "planned, indirect potable reuse is a viable application of reclaimed water—but only when there is a careful, thorough, project-specific assessment that includes contaminant monitoring, health and safety testing, and system reliability evaluation." They did not, however, find direct potable reuse to be a viable option.

Current Perspective on Potable Reuse

Since 1998, there have been significant advancements in treatment technology and monitoring capabilities. In 2012, the National Research Council released *"Water Reuse: potential for expanding the nation's water supply through reuse of municipal wastewater."* The Council compared the risk of existing drinking water supplies to potable reuse and found that although natural systems are employed in most potable water reuse systems to provide an environmental buffer, an equivalent public health protection can be provided by other engineered processes. This helped open the door to the idea that direct potable reuse could also be a viable and safe option. The recommendations included additional research to provide a greater understanding of pathogen removals in multiple barrier treatment processes, assessment of modes of failure, identification of monitoring approaches that can address multiple contaminants, and capture treatment failures that ensure treatment reliability.

In 2012, the WateReuse Association and the WateReuse Research Foundation launched a potable reuse initiative and raised over six million dollars to fund the research necessary to overcome any regulatory, scientific, technical and public perception barriers to potable reuse by 2016. This includes research on engineered storage, treatment trains, reliability, blending, monitoring, and public perception. The San Diego Integrated Regional Water Management's Proposition 84 is providing $2,113,000 to fund the WateReuse Research Foundation's "Failsafe Potable Reuse at the Advanced Water Purification Facility" project, which will be conducted at the city of San Diego's demonstration plant.

Discussion

There are currently numerous drivers that make potable reuse an attractive option not only for our region, but for the state of California as well. Climate change is creating unpredictable weather patterns, which may result in recurring droughts and cause water scarcities of supply. Potable reuse is a renewable resource, which can provide a cost effective and sustainable high-quality water supply. Being able to maximize the use of all recycled water can reduce the impacts and

costs associated with discharging waste to the ocean. More importantly, the many years of advanced research in potable reuse in California and elsewhere have proven that reliable technology is now available to allow agencies to consider direct potable reuse as a potentially viable and acceptable treatment option. A direct potable reuse treatment scheme, if approved by the Department of Public Health will permit water suppliers in San Diego to maximize the use of existing infrastructure and produce a new, safe and viable potable water supply for our region.

Enabling legislation SB 918 in 2010 and SB 322, sponsored by the Water Authority in 2013, have directed the Department of Public Health to:

1. Adopt regulations for indirect potable reuse through groundwater recharge by December 31, 2013 (moved to July 1, 2014);
2. Adopt regulations for surface water (reservoir) augmentation by December 31, 2016;
3. Report to the legislature by December 31, 2016 on the ability to adopt regulations for direct potable reuse;
4. Form an expert panel to provide recommendations to California Department of Public Health (CDPH) on the surface water augmentation regulations and direct potable reuse; and
5. Form a public advisory group representing diverse water supply, environmental and business interests to provide input to the expert panel on issues related to direct potable reuse. All of the public advisory group meetings will be open and transparent public meetings.

As a result of these directives, there will be significant activity over the next two years which will establish a regulatory framework for potable reuse projects. However, the expert panel needs to have an understanding of the potential range of potable reuse projects in order to recommend an appropriate and realistic approach.

The Water Authority's member agencies have demonstrated a strong interest in developing potable reuse projects. The Water Authority fully supports these efforts. The Water Authority's 2013 Water Facilities Optimization Study and Master Plan specifically analyzed the reliability and facility benefits of a large scale potable reuse project by the city of San Diego and identified it as the most likely next increment of local supply in the region based on the progress made by the city over the last several years.

In 2009, the city of San Diego launched their Water Purification Demonstration Project. Utilizing a strong and successful public outreach component, the city has been able to educate and gain widespread public and community acceptance for their potable reuse project. A stakeholder group, The Water Reliability Coalition, made up of representatives from business, industry associations, environmental groups and regional public policy organizations was formed to support water recycling efforts and to specifically help advance public and political acceptance of potable reuse as a water supply option.

In July 2012, the city of San Diego completed its comprehensive Recycled Water Study. The objective of the study was to identify ways to maximize the beneficial reuse of recycled water

while optimizing Clean Water Act compliance for the Metropolitan Wastewater System that serves the city of San Diego and 12 other jurisdictions in the county. The city's 2012 Recycled Water Study identified the potential for a large scale multi phase potable reuse project that would add up to 83 million gallons per day (mgd) or over 90,000 acre feet of new highly reliable water supply to the region. The creation of new potable water supply will also significantly reduce wastewater discharges to the ocean and is part of a comprehensive strategy to address wastewater compliance requirements at the Point Loma Wastewater Treatment plant in the most cost effective manner possible.

With the completion of its Water Purification Demonstration Project in early 2013, the City of San Diego had conducted the necessary research to receive letters of conceptual approval for a San Vicente Reservoir augmentation project from CDPH and the San Diego Water Board. While continuing to advance the indirect potable reuse project utilizing San Vicente Reservoir the City is also pursuing the possibility of a direct potable reuse project as described above if regulations will permit.

In addition to the city of San Diego, the Padre Dam Municipal Water District is conducting pilot studies at their Santee Lakes Water Reclamation Facility, and has been evaluating the ability to recharge groundwater into the Santee Basin to augment Helix Water District's water supply through Lake Jennings. The city of Oceanside is also studying the feasibility of groundwater recharge in the San Luis Rey basin. Additionally, the city of Escondido has been conducting a feasibility study for a reservoir augmentation project using recycled water from their Hale Avenue Resource Recovery Facility to supply purified water through Lake Dixon and the Vista-Escondido surface water treatment plant. A large coalition of north county member agencies have formed to maximize reuse potential by combining recycling efforts of all their agencies which also includes potable reuse projects. . Other agencies expressing an interest in potable reuse include the Fallbrook Public Utilities District and Ramona Municipal Water District. Agencies in the coalition that are considering potable reuse include: the city of Escondido, Olivenehain Municipal Water District, Rincon del Diablo Municipal Water District, Santa Fe Irrigation District, San Dieguito Water District, and the San Elijo Joint Powers Authority.

Current Water Authority Role in Potable Reuse

Water Authority staff has met with the member agencies to discuss options for collaboration within the region in three key areas: Public outreach and messaging, engaging with regulatory agencies and the expert panel, and helping secure funding for local projects. While member agencies will lead the development of their specific projects, there was consensus that there would be value in regional coordination and collaboration on potable reuse issues. The next steps will be: (1) work with the public information officers to develop regional outreach strategies that are supportive of member agency projects, and (2) work with the member agency technical staff to share information and to coordinate on regulatory issues. At this time, it is also important to share information with the state expert panel on potential local potable reuse projects in order for the expert panel to have an informed evaluation of future regulatory requirements for a variety of potable reuse projects.

Resolution Supporting "Pure Water San Diego"
In April of this year, the San Diego City Council approved a Resolution supporting the advancement of planning to implement the Pure Water San Diego program that would provide 83 mgd of potable reuse. The city of San Diego has requested the Water Authority and other water and wastewater agencies indicate their support for the program by adopting resolutions from their governing bodies. The Water Authority has long recognized the importance of potable reuse in maximizing recycled water as an important part of a diversified water supply portfolio. The Water Authority recognized the efforts of the city by identifying a planned indirect potable reuse project at the North City Water reclamation Plant in the Board approved 2010 Urban Water Management Plan. Most recently, in the Board-adopted Regional Water Facilities Optimization Study and Master Plan (Master Plan), the city's large scale potable reuse program was considered to be the next increment of local supply in the region in the analysis of water reliability and facility operations. Staff is recommending the Board approve the attached Resolution supporting the city's efforts in advancing the "Pure Water San Diego" program.

Water Authority staff will continue to periodically report back to the Board as these efforts evolve.

Prepared by: Toby Roy, Water Resources Manager, Regulatory Policy
Reviewed by: Ken Weinberg, Director of Water Resources
Approved by: Sandra L. Kerl, Deputy General Manager

Attachment: Resolution No. 2014-____ Resolution of the Board of Directors of the San Diego County Water Authority supporting the "Pure Water San Diego" program sponsored by the city of San Diego

RESOLUTION NO. 2014-_____

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY SUPPORTING THE "PURE WATER SAN DIEGO" PROGRAM SPONSORED BY THE CITY OF SAN DIEGO.

WHEREAS, the Water Authority supports the development of a diversified water supply portfolio in the San Diego region in order to promote water supply reliability; and

WHEREAS, local supply programs of the Water Authority's member agencies are necessary for water supply reliability; and

WHEREAS, the Water Authority's adopted 2010 Urban Water Management Plan identifies water recycling as an important component of a diversified regional water supply; and

WHEREAS, the planning by the city of San Diego for a large scale potable reuse program is specifically recognized in the Water Authority's 2010 Urban Water Management Plan and 2013 Regional Water Facilities Optimization Study and Master Plan Update; and

WHEREAS, since the early 1990's, the Water Authority has worked closely with the city of San Diego to maximize the beneficial use of recycled water and specifically to advance a potable reuse project at the North City Water Reclamation Plant; and

WHEREAS, the city of San Diego is planning a program known as PURE WATER SAN DIEGO that is intended to develop a new, reliable source of supply through potable reuse providing integrated water and wastewater management benefits within the San Diego region; and

WHEREAS, the PURE WATER SAN DIEGO program is expected to produce 83 million gallons per day (mgd) of new drinking water supplies by the year 2035, an amount estimated to meet approximately 11% of the San Diego region's future water demand; and

WHEREAS, implementation of the PURE WATER SAN DIEGO program would significantly contribute to meeting the City reduced water consumption targets as required by SBx7-7; and

NOW THEREFORE, the Board of Directors of the San Diego County Water Authority resolves to support the city of San Diego's efforts to implement the PURE WATER SAN DIEGO program.

PASSED, APPROVED, and ADOPTED by the Board of Directors of the San Diego County Water Authority at a regular Board meeting held on this 22nd day of May, 2014 by the following roll call vote:

Ayes:
Noes:
Abstain:
Absent:

_____

Thomas V. Wornham, Chair

ATTEST:

_____

Michael T. Hogan, Secretary

I, Doria F. Lore, Clerk of the Board of the San Diego County Water Authority, certify that the vote shown above is correct and this Resolution No. 2014-_____ was duly adopted at the meeting of the Baord of Directors on the date stated above.

_____

Doria F. Lore,
Clerk of the Board

AGENDA ITEM 6 Attachment

Pure Water Program Update

METRO WASTEWATER JPA

Point Loma Permit/Potable Reuse
KEY MILESTONE DATES

5/14/2014

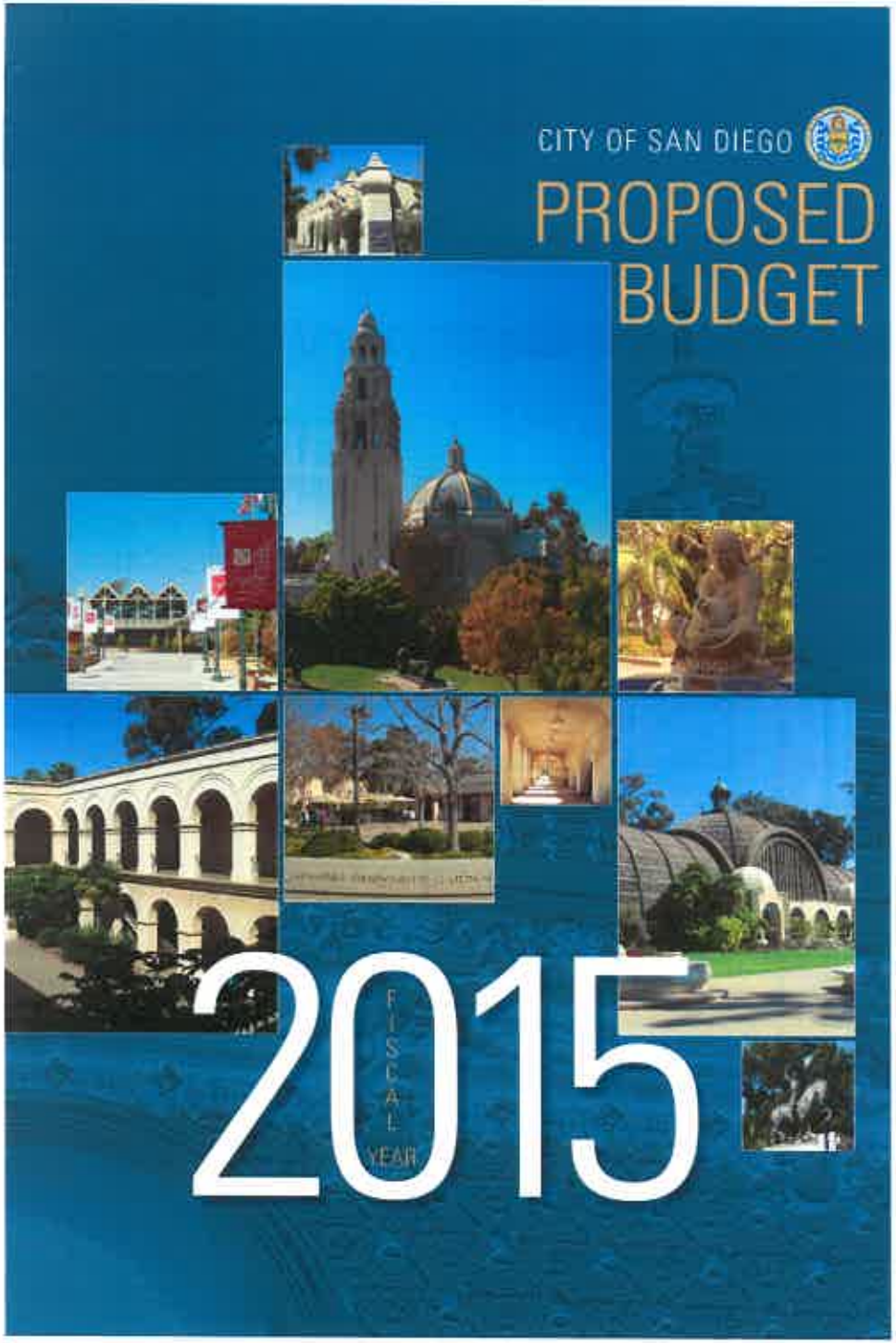
DATE	TASK	FOLLOW UP ACTION/STATUS
2013		
~~Dec. 13, 2013~~	San Diego provide draft facilities plan to stakeholders	Draft provided. Enviros requested if schedule could be accelerated. San Diego provide update on 2/5/14
2014		
January	Begin outreach to regulators, legislators, key stakeholders and public	
~~1/16/14 8:30-10:30 MOC2 2E~~	San Diego Define Secondary Equivalency. Provide draft white paper	Comments provided on white paper. Enviros requested an analysis to be run using existing flows as a base line for comparison. Also look a concentration limits. Next meeting TBD
~~1/23/14 10-12 MOC II~~	San Diego meet with JPA on cost allocation. 1) Agree on methodology 2) Insert construction costs from facilities plan	San Diego to look at comparing PR facilities construction through secondary to secondary at Point Loma. Next meeting on 2/20/14
Late January	Preliminary cost estimate and rate impact based on preliminary facilities plan	
~~02/05/2014 MOC2 2E~~	San Diego Stakeholders Meeting	
February	First draft of legislative language	Draft prepared
February	Seek Congressional sponsor for legislation (Issa/Davis ?)	Need to define secondary equivalency 1st
~~2/24/2013~~	Imperial Beach outfall meeting	Halla agreed to look at additional potable reuse to reduce south bay discharge
~~3/5/2014~~	San Diego (Ann, Brent, Bob, Allan) meet with EPA staff	Pure Water program was well received by EPA
March	Resolve Padre Dam mass balance correction. This is holding up the FY12, FY11, FY10, and FY09 audits	TAC met with attorneys 4/16. Consensus reached on draft proposal. Will meet again on 5/21
March	Resolve North City billing correction	These adjustments may be combined with Padre Dam mass balance corrections
March	Resolve recylced water revenue	These adjustments will occur with true-up following Padre Dam and North City
~~3/7/2014~~	Presentation to SANDAG Regional Planning Committee	Presentation was well received
~~3/27/2014~~	San Diego County Water Authority Board Meeting	CWA voted to delay changes in cost allocations until 2016
~~4/3/2014~~	Cost allocation meeting	Met on 4/16. Meet again on 5/1
~~4/21/2014~~	San Diego Stakeholders Meeting	Rescheduled by San Diego to 4/30
6/30/2014	Complete cost analysis and rate impact review Finalize cost allocation method	
September	Finalize facilities plan for inclusion in NPDES permit application	
September	First draft NPDES Permit	
December	Final draft NPDES Permit	
2015		
January	Submit NPDES Permit to the Environmental Protection Agency	

Milestone Progress Dashboard

FACILITIES PLAN	SECONDARY EQUIV	OUTREACH	LEGIS-LATION	COST ALLOC	PERMIT APP
					

Amount of pie filled = % complete
Green = on schedule
= behind schedule
Red = late

AGENDA ITEM 7
Attachment
Metro 2015 Operations & Capital Budgets



Public Utilities Department

May 21, 2014

Fiscal Year 2015 Proposed Budget

Public Utilities Department Summary

Non-General Fund	FTE	FY 2014 Adopted Budget	FTE	FY 2015 Proposed Budget	FTE	Change from FY 2014 Adopted Budget
Muni Sewer Utility Fund	413.16	$132,285,599	409.23	$134,872,802	(3.93)	$2,587,203
Metro Sewer Utility Fund	447.35	$207,083,895	465.50	$212,586,023	18.15	$5,502,128
Water Utility Fund	703.08	$439,290,546	721.73	$461,947,041	18.65	$22,656,495
Total	**1,563.59**	**$778,660,040**	**1,596.46**	**$809,405,866**	**32.87**	**$30,745,826**

Summary of Major Changes
Metro Fund

- Addition of $2.6 million and 4.17 FTE positions to support Pure Water San Diego
- Addition of $2.1 million for State Revolving Fund loan repayments
- Addition of $660,000 for various scientific and planning studies
- Addition of $650,000 for the Pt. Loma waiver application

Summary of Major Changes
Metro Fund

- Addition of $610,000 for laboratory supplies & equipment
- Addition of $343,141 for EAM/GIS
- Reduction of $1.0 million related to the COMNET contract

Fiscal Year 2015 CIP Budget
Metro Fund

Project	FY15 Proposed CIP Budget
EAM ERP Implementation	$ 1,203,400
EMT&S Boat Dock and Steam Line Relocation	$ 286,398
MBC Dewatering Centrifuges Replacement	$ 3,913,900
MBC Odor Control Facility Upgrades	$ 1,681,507
Metropolitan System Pump Stations	$ 1,000,000
Metro Treatment Plants	$ 4,000,000
MOC Complex Solar Project	$ 350,000
Point Loma Grit Processing Improvements	$ 312,044
PS2 Power Reliability & Surge Protection	$ 3,000,000
NCWRP Sludge Pump Station Upgrade*	$ 100,000
SBWR Plant Demineralization	$ 2,694,562
Total	**$ 18,541,811**

* Appropriations for this project will be added to the Fiscal Year 2015 CIP Budget during the Mayor's May Revision.

AGENDA ITEM 8
Attachment
FY 2014 Muni
Transportation Rate

EXHIBIT C
UNIT TRANSPORTATION RATE

I. Computation Methodology:

The Transportation Rate is based on O & M costs associated with the use of the conveyance systems and billing units in terms of Million Gallons-Miles (MG-Mile). O&M Costs are apportioned between small diameter pipes (SDP) defined as less than eighteen inches and large diameter pipes (LDP) defined as equal to or greater than eighteen inches based on the costs to service large diameter pipes. This method provides information on the amount of flow, the individual lines utilized for transport, and the total mileage used in the municipal system.

II. Base Transportation Rate:

Pipe Diameter Billing Units	MG-miles	Length, miles	O&M Cost	Unit cost $/mg -mile	Agency Billing Units, MG-miles	Agency Cost	Rate $/mg -mile
<18"	329,722	2,538	$52,790,764	$160.11	2,255	$361,041	$0.77
=>18"	1,407,607	281	$4,612,328	$3.28	469,428	$1,538,182	$3.26
Total	1,737,329	2,819	$57,403,092		471,683	$1,899,223	$4.03

III. Transportation Rate effective July 1, 2008 through June 30, 2009 is $4.16[1]

[1] The base transportation rate adjusted by the average inflation rate for California in 2007 of 3.2% per the State of California Economic Forecast Index. This is consistent with Section VI.A. of the Municipal Sewage Transportation Agreement.

IV. Transportation Rate effective July 1, 2009 through June 30, 2010 is $4.30[2]

[2] The base transportation rate adjusted by the average inflation rate for California in 2008 of 3.4% per the State of California Economic Forecast Index. This is consistent with Section VI.A. of the Municipal Sewage Transportation Agreement.

V. Transportation Rate effective July 1, 2010 through June 30, 2011 is $4.30[3]

[3] The base transportation rate adjusted by the average inflation rate for California in 2009 of -0.1% per the State of California Economic Forecast Index (website: http://sacramentoforecastproject.org/ca/CALIF.htm). This is consistent with Section VI.A. of the Municipal Sewage Transportation Agreement.

VI. Transportation Rate effective July 1, 2011 through June 30, 2012 is $4.36[4]

[4] The base transportation rate adjusted by the average inflation rate for California in 2010 of 1.4%* per the State of California Economic Forecast Index (website: http://sacramentoforecastproject.org/ca/CALIF.htm). This is consistent with Section VI.A. of the Municipal Sewage Transportation Agreement.

* As of 1/20/12, the inflation rate was adjusted to 1.3%. The 0.1% difference does not impact the rate.

VII. Transportation Rate effective July 1, 2012 through June 30, 2013 is $4.47[5]

[5] The base transportation rate adjusted by the average inflation rate for California in 2011 of 2.6% per the State of California Economic Forecast Index (website: http://sacramentoforecastproject.org/ca/CALIF.htm). This is consistent with Section VI.A. of the Municipal Sewage Transportation Agreement.

EXHIBIT C
UNIT TRANSPORTATION RATE

VIII. Transportation Rate effective July 1, 2013 through June 30, 2014 is $6.76

The Revsied Municipal Transportation Rate is based on actual data from FY 2010 through FY 2012

Pipe Diameter	MG-Miles	Length, Miles	O&M Cost	Unit Cost $/mg -mile	Agency		
					Billing Units, MG-Miles	Cost	Rate $/mg -mile
< 18"	160,390	2,593	$ 27,472,492	$ 171.29	407	$69,662	$0.82
≥ 18"	285,267	240	$ 1,702,635	$ 5.97	84,664	$505,321	$5.94
Total	445,658	2,833	$ 29,175,127		85,070	$574,983	$6.76

Sewage Transportation Agreement
Transportation Rate

Pipe Diameter	MG-Miles	Length, Miles	O&M Cost	Unit Cost $/mg -mile	Agency Billing Units, MG-Miles	Agency Cost	Agency Rate $/mg -mile
<18"	160,390	2,593	$ 27,472,492	$ 171.29	407	$69,662	$ 0.82
=>18"	285,267	240	$ 1,702,635	$ 5.97	84,664	$505,321	$ 5.94
Total	445,658	2,833	$ 29,175,127		85,070	$ 574,983	$ 6.76

FY 2010 - FY 2012 Average

Pipe Direct Cost		**Notes**	
SDP (DP < 18")	$ 22,319,014	1	O&M Direct Cost to Small Diameter Pipe
LDP (DP=> 18")	$ 1,383,243	2	O&M Direct Cost to Large Diameter Pipe
Subtotal	**$ 23,702,257**		O&M Direct Cost to All Diameter Pipe
Non-Pipe Direct Cost			
Food Establishment WW Discharge	$ 1,497,299		Excluded O&M Non-Pipe Direct Costs, but
Laterals Maint & Install	$ 1,842,187		necessary to derive Admin & General cost
Sewer Pump Station O&M	$ 6,117,812		allocation percentage.
Subtotal	**$ 9,457,298**	3	
Total Direct Costs	**$ 33,159,555**	4	
SDP Direct Costs / Total Direct Costs	**67.31%**	1/4	
LDP Direct Costs / Total Direct Costs	**4.17%**	2/4	
Non-Pipe Direct Costs / Total Direct Costs	**28.52%**	3/4	
Administration & General Costs			
SDP (DP < 18")	5,153,478	5	54.06% of Total Admin & General Costs
LDP (DP=> 18")	319,392	6	4.17% of Total Admin & General Costs
Non-pipe	2,183,697	7	41.77% of Total Admin & General Costs (Excluded)
Total Administration Costs	**$ 7,656,567**		

Small Diameter Pipe Total Costs		
Admin & General Costs	5,153,478	5
O&M Direct Pipe Costs	22,319,014	1
Total SDP Costs	**27,472,492**	
Large Diameter Pipe Total Costs		
Admin & General Costs	319,392	6
O&M Direct Pipe Costs	1,383,243	2
Total LDP Costs	**1,702,635**	
Total All Pipe Costs	**29,175,127**	

AGENDA ITEM 9
Attachment
ARC Flash Hazard/Short Circuit Coordination Study

METRO JPA/TAC
Staff Report
Date: April 16, 2014

Project Title: Arc Flash Hazard Analysis/Short-Circuit Coordination Study

Requested Action: Authorizing a consultant service contract with Black & Veatch Corporation for the Arc Flash Hazard Analysis/Short-Circuit Coordination Study in an amount not to exceed $749,750.

Recommendations: Approval

Metro TAC:	Scheduled for May 21, 2014
IROC:	N/A
Prior Actions: (Committee/Commission, Date, Result)	N/A

Fiscal Impact:

Is this projected budgeted?	Yes _X__ No ____
Cost breakdown between Metro & Muni:	$749,750 (Metro, Muni, Water) $583,509 - 78% Metro $145,325 - 19% Muni $ 20,916 - 3% Water $749,750 Total
Fiscal impact to the Metro JPA:	$195,475 (33.5% Metro JPA)

Capital Improvement Program:

New Project?	Yes _X_ No ___
Existing Project?	Yes ___ No _X__ upgrade/addition _X__ change ___

Previous TAC/JPA Action: N/A

Additional/Future Action: To be presented to Infrastructure Committee in June 2014

City Council Action: To be presented to City Council in July 2014

(NEW) Background: *Provide background information on the need for the project*

This is a service contract for Black & Veatch to perform an arc flash hazard analysis and prepare the short circuit coordination study per the Occupational Safety and Health Administration's (OSHA) requirements set forth in the National Fire Protection Association (NFPA 70E) - Standard for Electrical Safety in the Workplace.

The Public Utilities Department (Department) manages a regional wastewater system that serves 2.2 million residents in San Diego County and has a service area which covers approximately 450 square miles. The wastewater system consists of sewer pump stations, treatment plants, sewer mains, and interceptors. The system treats an average of 160 million gallons of wastewater per day.

The Department's operational staff has identified 18 wastewater facilities for the consultant to conduct an arc flash analysis. The scope consists of inspecting and verifying the equipment ratings, conductor ratings and overcurrent device data by removing panels, covers and doors where required to document the necessary data used in the analysis for eight sewer pump stations, four treatment plants, and six office facilities.

An arc flash hazard analysis is comprised of three different electrical system studies. A short circuit study, a protective device time-current coordination study, and the flash-hazard analysis itself. The analysis consists of a detailed assessment of the potential energy to be released from the electrical system in the event of an arcing fault within the equipment. This potential arc flash energy must be calculated at each point in the system so that workers may be adequately protected, using properly rated personal protective equipment (PPE) whenever conditions require that work be performed on the electrical equipment while it is in an electrically energized condition. These engineering studies are quite complex and often require the services of outside engineering resources to completely analyze the electrical system and identify the corrective actions.

The consultant selection was initiated through an invitation of several firms from the City's As-Needed Consultant Rotation List to submit a technical proposal. Four firms submitted proposals which were scored by the selection panel and all four firms were interviewed by the selection panel. Black & Veatch Corporation was selected as the qualified firm to perform this task.

(NEW) Discussion: *Provide information on decisions made to advance the project*

To comply with the National Fire Protection Association (NFPA) 70E requirements and to ensure electrical safety in the workplace, the Department plans to proceed with the arc flash hazard analysis and short circuit coordination study.

(NEW) Bid Results: *If bidding was done provide bidding format and results*

All four firms that submitted technical proposals were invited to the interviews. The interested firms were TTG Engineers, The Engineering Partners, Elen Consulting Inc., and Black & Veatch Corporation. The scoring criteria consisted of their experience and technical competence, proposed method to accomplish the work, strength of key personnel and commitment to the project, knowledge and understanding of the local environment, and commitment to equal employment opportunity. Black & Veatch scored the highest. A proposal was submitted at $793,585 and the Department negotiated the project down to $699,750. With $50,000 for contingency, the total estimated cost is $749,750.


WARNING
Arc Flash Hazard
Appropriate PPE Required
Failure to Comply Can Result in
Death or Injury
Refer to NFPA 70E


WARNING
Arc Flash Hazard
Appropriate PPE Required
40 inch Flash Hazard Boundary
4.9 Cal/cm2 Flash Hazard at 18 inches
#2 PPE Level
Cotton underwear plus FR shirt and FR pants
480 VAC shock hazard when Cover is removed
42 inch Limited Approach – NO Unqualified Persons
12 inch Restricted Approach – 1000 V Class 0 Gloves
1 inch Prohibited Approach – 1000 V Class 0 Gloves
Equipment Name: Slurry Pump – 2A

AGENDA ITEM 10 Attachment

So. Bay Water Reclamation Plant – Demineralization Project

South Bay Water Reclamation Plant
Demineralization Project

Questions by MetroTAC on April 16, 2014

Question 1. Which permit are you having chloride violation? NPDES permit or WDR?

Waste Discharge Requirements (WDR) Permit Order No. 2000-203 for the production and purveyance of recycled water for the City of San Diego South Bay Water Reclamation Plant. This order states that the recycled water discharge shall not contain chloride in excess of 260 mg/L for a 30-day average and 300 mg/L for the daily maximum value.

Question 2. During the City's presentation, 300 mg/l daily limit and 260 mg/l monthly limit were discussed. Is the violation due to exceedence of daily limit or monthly limit?

The City has received five letters from California Regional Water Quality Control Board, San Diego Region since February 2011 citing 45 days on which the City violated the 30-day average chloride limit of 260 mg/L at SBWRP. South Bay Water Reclamation Plant's (SBWRP) recycled water is sampled on a weekly basis and the last 30-day period of samples are averaged and both of the values are then reported to the regional water quality control board.

Question 3. If Salt Creek diversion is constructed that help reduce the chloride concentration, what is the frequency and duration of expected chloride violation?

From December 2010 to March 2014, there have been 64 days where the 30-day average recycled water chloride concentration has been over the 260 mg/L limit. If the Salt Creek diversion of 2 mgd with an average chloride level of 184 mg/L could occur year round the number of occurrences would have been cut in half to about 30 days. If the diversion only took place between the dry months of May thru October (more likely) there would have been 58 days where the 30-day average recycled water chloride concentration levels would have exceeded the 260 mg/L limit (see calculation table below).

Sample Calculations

Column:	a	b	c	d	e	f	g	h
Formula:						a+d	(a*b+d*e)/f	g+c-b

	SBWRP Actual/No Diversion			Salt Creek		SBWRP With Diversion		
	Influent		RW			Influent		RW
Date	Flow mgd	Chloride mg/L	Chloride mg/L	Flow mgd	Chloride mg/L	Flow mgd	Chloride mg/L	Chloride mg/L
1/25/2011	8.55	240	270	2	184	10.55	229	259
1/31/2012	8.37	288	293	2	184	10.37	268	273
4/4/2012	8.31	256	273	2	184	10.31	242	259

4/3/2013	8.56	262	287	2	184	10.56	247	272

Question 4. If winter potable water quality is the primary concern of chloride concentration, can the use of more imported water blended with local water at Otay WTP help with reduced chloride concentration where the Salt Creek diversion can be of use even in winter time?

To run cost effectively Otay Water Treatment Plant (WTP) maximizes its use of free local sourced raw water from the Otay Reservoir. Otay WTP output water chloride level ranges between 107 and 150 mg/L with an average around 132 mg/L and is completely within the California secondary maximum contaminant level of 500 mg/L as well as the recommended level of 250 mg/L. It does not make financial sense to blend costly imported water when local sourced water is freely available.

Questions by Commission on March 6, 2014

Question 1. Commissioner Peasley inquired as to what the I&I levels of the So. Bay collection system was?

Based on the four permanent ADS meters located in the South Bay area, the groundwater intrusion is estimated at 1 to 3% during dry weather flow and approximately 40% during a 10-year wet weather event.

Question 2. Commissioner Peasley inquired as to what entities control the collections systems that bring the wastewater to the So. Bay Plant?

The South Bay flow comes from the City of San Diego (San Ysidro, Otay Mesa, Otay Valley community areas) and the City of Chula Vista.

Question 3. Commissioner Peasley stated that if the meters that flow to the So. Bay don't match the I&I levels – there should be some data?

There are four permanent ADS meters located on four major trunk sewers (Main Street, Otay Valley, San Ysidro, and Montgomery Palisades) that convey wastewater flow to the South Bay Plant. These meters are located at the downstream end of each of these trunk sewers and our meters indicate that the groundwater is present. These trunk sewer service areas cover about 36 square miles.

Question 4. Commissioner Peasley inquired as to whether there was any consideration in blending potable water to address this issue?

Potable water blending was evaluated at $500,000 per year and it was determined that this is not cost effective.

Question 5. Commissioner Peasley inquired as to whether the flow includes Imperial Beach too? *No. Imperial Beach's flow goes to Point Loma.*

Question 6. Vice Chairman Jones inquired as to the baseline changes – there were 2 items that were significantly higher – chemicals and miscellaneous (page 12) – please expand on that…chemical estimate went from cost estimate of $150K to bid of $587K.

The project was planned to utilize the existing chemical facility, however during the course of preliminary design, it was determined that a dedicated chemical facility would be required. The cost for the on-site chemical area includes:

- *Chemical storage area, with chemical containment features*
- *Hydrochloric Acid Tank, Sodium Hydroxide (caustic) Tank, CIP Tank, Sodium Hypochlorite Tank, Brine Saturator Tank*
- *Chemical duct work, double containment piping*
- *Chemical truck loading driveway*

The "miscellaneous line item" in the amount of $348,189 includes contractor overhead, engineering support, dewatering, resurfacing and equipment rental. These items were lumped into miscellaneous since they did not fall in one of the main categories of mechanical, civil, electrical and chemical.

Question 7. Commissioner Spriggs inquired as to the 90% increase in cost of estimate across the board – was it something systematic?

The cost increase is attributable to several factors – complexity of implementation (e.g. relocation of the trailers – see question #9), addition of scope (e.g. dedicated chemical farm area – see question #6.), and an update of the estimate to reflect current market values (e.g. two DB firms with cost bids for the same scope within 2% of each other – see question #10.).

Question 8. Commissioner Spriggs inquired that since design build would there be opportunities to negotiate down the actual construction elements back towards the cost estimates rather than accept the bid as is?

The costs associated represent all activities in order to design and build the demineralization facility. If a certain element of the facility is eliminated the City then has the authority to negotiate the cost savings. Whereas in consultant contracts, the City can negotiate price, in construction contracts the City cannot negotiate price - similar to the design-bid-build delivery method where the lowest bidder wins the contract and price is non-negotiable. (see also the response to question #10.)

Question 9. Commissioner Natividad inquired as to why moving the trailers was increased so much?

The scope of moving the trailers was under-estimated at the onset. It was also determined that relocating the trailers is more work intensive than originally envisioned. The scope includes:

- *Securing existing processing equipment inside the trailers, bracing electrical and piping components.*
- *Preparing the trailers for relocation, wheels breaks, suspension, permits*
- *Relocating 20 membrane stacks, 4000 lb each*
- *Transportation to fabrication shop for removal of corrosion and the provision of new frame exterior coating*
- *Setting the trailers permanently on new reinforced concrete piers*

Question 10. Commissioner Spriggs inquired as to what kind of discussion took place between the City and the Contractors/Bidders and whether authority was there to bring the elements down to bring the costs down?

This project employs the Best Value Design-Build project delivery method. In this approach in the City of San Diego, prices are non-negotiable. Engineering Consultant/ Contractor teams compete on a combination of low price and technical proposal to come up with a single score that determines the contract winner. One of the only two bidders that competed (Ahrens Corporation) had worked on a very similar scope (EDR) at the North City Water Reclamation Plant - as well as on projects at the Point Loma Wastewater Treatment Plant, Metro Biosolids Center and South Bay Water Reclamation Plant. Their cost is based on first hand familiarity with this type of design/construction work in the City's treatment plants. Additionally, the two competing DB firms submitted price bids with values within 2% ($75,000) of each other. This consistency further indicates that the price is in line with the market values.

METRO JPA/TAC
Staff Report
Date: April 16, 2014

Project Title:
South Bay Water Reclamation Plant Demineralization, (WBS# S-00310)

Requested Action:
Approval for the SBWRP Demineralization Design-Build Project. The total estimated project cost is $5,973,695 and the design-builder contract was awarded to Ortiz Corporation, in the amount of $3,888,562. This project provides demineralization of reclaimed water using the Electrodialysis Reversal (EDR) process.

Recommendations:

Metro TAC:	Present to JPA
IROC:	N/A- This project is included in the approved Metro CIP budget and does not require IROC review
Prior Actions: (Committee/Commission, Date, Result)	2/19/14, presented to TAC. Action sent to JPA. 3/6/14, presented to JPA. JPA sent action back to TAC with comments. 3/19/14, presented to TAC. TAC requested for action to come back to TAC meeting in April 2014.

Fiscal Impact:

Is this projected budgeted? Yes _X__ No ____	
Cost breakdown between Metro & Muni:	$5,973,695 (100% Metro)
Fiscal impact to the Metro JPA:	$2,001,187 (33.5% Metro JPA)

Capital Improvement Program:

New Project? Yes _X__ No ___	
Existing Project? Yes ___ No _X__ upgrade/addition ___ change ___	

Previous TAC/JPA Action:

2/19/14, presented to TAC. Action sent to JPA.
3/6/14, presented to JPA. JPA sent action back to TAC with comments.
3/19/14, presented to TAC. TAC requested for action to come back to TAC meeting in April 2014.

Additional/Future Action:

City Council Action:
N/A

(NEW) Background: *Provide background information on the need for the project*

Demineralization process is required to reduce the level of chloride and overall total dissolved solids in the reclaimed product water. This project is necessary to comply with the RWQCB requirements.

(NEW) Discussion: *Provide information on decisions made to advance the project*

10/1/12 – Project transferred from Public Utilities Dept to Public Works Dept for implementation.
7/2/13 – Performed bid opening. Budget increase was approved by Public Utilities Dept on 7/29/13.
11/12/13 – NTP was issued to Ortiz Corporation.

(NEW) Bid Results: *If bidding was done provide bidding format and results*

Bidding Format:
Design-Build project delivery, RFP issued to As-Needed D-B firms. Selection based on "Adjusted Low Bid" (Scoring of technical proposals and the presentation/interviews, is applied to the Price Proposal to yield the "Adjusted Low Bid". The Price Proposal as submitted is the actual Contract Price.)

Bid Results:
Ortiz Corporation/RBF Consulting $3,888,562 (awarded contract)
Ahrens Corporation/Lee & Ro, Inc $3,963,096

12-0060
Alternative #3 approved

Public Utilities Department
BCE Project Abstract

Title	**South Bay Water Reclamation Plant Electrodialysis Reversal (EDR)**
Proponent	**Albert Sohikish**
Division	**Engineering & Program Management Division**
Sponsor/Deputy Director	**Guann Hwang**
Submission Date	**June 18, 2012**

Issue/Problem to be Addressed

The South Bay Water Reclamation Plant (SBWRP) is a 15 mgd water reclamation plant, which processes wastewater from the San Diego South Bay region to secondary treatment for ocean discharge and tertiary treatment for recycled water production. See Figure 1 for SBWRP Location Map. The plant currently treats an average flow of 8.5 mgd of wastewater and provides reclaimed water to the International Boundary Water Commission (IBWC), and Otay Water District (Otay). The reclaimed water data for 2010 and 2011 show an average daily demand of approximately 3 mgd with a peak demand of 6 mgd. The Total Dissolved Solids (TDS) level of reclaimed water at South Bay fluctuates but remains below 1,000 mg/L which meets the requirement of reclaimed water contract with Otay. It is anticipated that a demineralization facility and/or EDR will be required at SBWRP with the increase in reclaimed water demand and future flow with higher TDS level from the industrial areas.

In addition to the TDS level, the chloride concentration and manganese levels at SBWRP exceed the limit per the Monthly Monitoring and Technical Reports. On February 7, 14, 20 and 28, 2012, the 30-day running average value for chloride exceeded the monthly average limit of 260 mg/L with values of 286 mg/L, 288 mg/L, 288 mg/L and 287 mg/L respectively. The manganese level on February 7, 2012 also exceeded the monthly average limit of 50 mg/L. The Department is required to report to the Regional Water Quality Control Board (RWQCB) the exceeded limit on chloride and manganese level per the Waste Discharge and Water Recycling Requirements (Order No. 2000-203).

Other Considerations

1. Initial capital cost for long-term benefit at South Bay.

2. A similar EDR Maintenance Agreement with North City will be required for SBWRP (GE has currently a full time staff at North City for EDR maintenance). This is estimated at $20,000/month. The current EDR maintenance agreement for the North City could be re-evaluated and amended to include the South Bay. This will be the most cost effective way rather than a separate maintenance contract.

3. Modification of mechanical, electrical, instrumentation & control system will be required with the removal of the EDR unit(s) at North City.

4. With the operation of AWP Facility at NCWRP, there is no need for the operation of all EDR units. However, should the AWP operation be discontinued, all of the six (6) EDR units will be needed to meet the reclaimed water demand.

Comments

Currently, the reclaimed water at South Bay plant is less than 1,000 mg/L of TDS which meets the contract requirements, however, due to the TDS fluctuation and the future demand for higher production of reclaimed water, a demineralization facility will be required to maintain the level of TDS. Higher production of reclaimed water will require additional wastewater which may result in diverting flows from the Imperial Beach basin to SBWRP. Historically, the Imperial Beach flows consist of high TDS level (1,860 mg/L). The TDS level at SBWRP can be reassessed as flow increases in the future. With regard to the manganese and chloride levels that exceeded the limit, this can be also mitigated through using EDR technology to reduce these elements to an acceptable level.

The recommendation is to move two EDR trailer units from NCWRP to SBWRP at a cost of $2.4 million. With the EDR project, the Department will save $13.6 million by not having to construct the South Bay Demineralization Facility. This project will help in reducing the chloride and manganese level and maintaining the TDS level below 1,000 mg/L at SBWRP.

Cost Estimates — Attachments: Y/N

COST BREAKDOWN

Alternative 1 - Do Nothing	N/A
Alternative 2 - Relocate one Trailer Unit to South Bay (See Attachment 1)	$1.9 M
Alternative 3 - Relocate two Trailer Units to South Bay (See Attachment 2)	$2.4 M
Alternative 4 - Purchase & Install a new EDR Unit for South Bay (See Attachment 3)	$4.2 M
Alternative 5 – Blend Potable Water	$0.5 M/yr

FIGURE 1 : SOUTH BAY WATER RECLAMATION PLANT

Design Definition Report

The following is a generalized narrative description of what is required to install two EDR Trailer Units and appurtenant facilities at the SBWRP.

1. A new filter effluent bypass loop may be required to provide a bypass line around the exiting filter effluent pipe. The design flow of the existing facility may not be compatible with the required low flow rate for EDR system.
2. A concrete pad (estimated at 36 ft x 60 ft) to be designed and constructed for estimated 100,000 pound trailer load with double axel main wheel set and front end landing gear.
3. Provide 480 volt, 3 phase power, (400 amp minimum power supply for each EDR trailer). Provide wire, conduit and labor to connect EDR trailers to EDR feed power source, to EDR feed pump and electrical room equipment (UPS, existing DCS / PC to EDR trailer control system).
4. Provide in ground piping that penetrates concrete pad and final connection of feedwater, EDR product water, Clean In Place (CIP) feed and return system, and electrode (ECIP) chemical solutions and waste brine to its source or disposal location within the EDR trailer facility. Provide connections up to PVC flange fittings underneath the trailer unit. Interconnect all trailer connections to new installed piping system within the EDR treatment area.
5. Provide feed water pumping/conveyance for both EDR trailer units. Two 75 hp pumps will be required to send minimum estimated 75 psi (932 gpm) water pressure to meet feed water requirement for each trailer. Both EDR feed pumps will be driven with variable-frequency drives (VFDs) in order to modulate overall EDR feed water flow. Motors provided for the new pumps will be VFD compatible. EDR feed pumps will be controlled by the PLC provided with EDR Units.
6. Provide a dedicated EDR Electrical Room to house the VFDs and control system integration. Integration of the EDR feed pump and EDR controls with the plant DCS system will be part of the EDR project at South Bay.
7. Provide sunshade for EDR membrane stack teardown, during maintenance times when trailerized EDR membrane stacks will be removed from trailer body for such maintenance.
8. Provide dedicated 2 ton forklift for EDR membrane stack removal from trailer and transport to and from maintenance location under future sunshade area.
9. Provide in-ground interconnection of the electrical room Main EDR 2020 PLC/Allen Bradley Touchscreen to each trailerized EDR system for joint control/monitoring of EDR system operation and data transfer to existing operations building control room.
10. Provide liquid chlorine injection to EDR feed line for inclusion into trailerized EDR system feedwater.
11. Provide additional caustic feed (if required) to adjust pH of EDR product water.
12. Provide all electrical power, chemicals and filter cartridges necessary to operate and maintain the trailer units.
13. Provide in concrete pad grounding grid for trailers. Connect grounding grid to trailer units.
14. Provide jack stands for elevating trailer up off concrete pad for long-term use at site.
15. Provide a connection from EDR Product line to the existing UV influent channel through a connection box. This connection will be made through a new concrete EDR product connection box and by coring a hole in the existing structure.
16. Provide a similar EDR Maintenance Contract as North City for South Bay with GE Water & Process Technologies. This is estimated at $20,000/month.
17. Decommissioning of the trailer units from North City will require some modifications to the mechanical, electrical, chemical, and instrumentation & control.

ATTACHMENT 1

SBWRP EDR
Cost Estimate
Alternative 2

SOUTH BAY WATER RECLAMATION PLANT EDR PROJECT
Relocate One EDR Trailer from NCWRP to SBWRP

Item No.	Quantity	Unit	Description	Unit Price	Extension
1.	**1**	**LS**	**Mobilization**	$15,000	$15,000
2.	**1**	**LS**	**Filter Effluent Bypass**	$300,000	$300,000
3.	**1**	**LS**	**EDR Concrete Pad & Associated Piping, Electrical & Mechanical**	$280,000	$280,000
4.	**1**	**LS**	**Insurance & Bond (Payment & Performance)**	$20,000	$20,000
5.	**1**	**LS**	**480 Volt, 3 Phase Power / Electrical Wiring & Connections**	$70,000	$70,000
6.	**1**	**LS**	**Ground Piping for EDR Feed, Product, CIP Feed and Return, ECIP, and Chemical Piping/Facility**	$150,000	$150,000
7.	**1**	**LS**	**Feed Pumps & VFDs**	$180,000	$180,000
8.	**1**	**LS**	**Electrical Room, Control Station, DCS Integration**	$200,000	$200,000
9.	**1**	**LS**	**Sunshade / Canopy**	$30,000	$30,000
10.	**1**	**LS**	**2 Ton Forklift**	$50,000	$50,000
11.	**1**	**LS**	**Seismic Connections to Concrete Slab**	$7,000	$7,000
12.	**1**	**LS**	**Connection Box to UV Channel**	$36,000	$36,000
13.	**1**	**LS**	**Permits**	$10,000	$10,000
14.	**1**	**LS**	**SWPPP**	15,000	$15,000
15.	**1**	**LS**	**NC Modifications**	$20,000	$20,000
16.	**1**	**LS**	**EDR Move to South Bay**	$15,000	$15,000
17.	**1**	**LS**	**Field Order Allowance**	$56,000	$56,000
18.	**Total**				**$1,454,000**
19.	**1**	**LS**	**Contingency**	$80,000	$80,000
20.	**1**	**LS**	**Project Management / Admin**	$100,000	$100,000
21.	**1**	**LS**	**Construction Management**	$120,000	$120,000
22.	**1**	**LS**	**Design**	$150,000	$150,000
23.	**Grand Total**				**$1,904,000**

ATTACHMENT 2

SBWRP EDR
Cost Estimate
Alternative 3

SOUTH BAY WATER RECLAMATION PLANT EDR PROJECT
Relocate Two EDR Trailers from NCWRP to SBWRP

Item No.	Quantity	Unit	Description	Unit Price	Extension
1.	**1**	**LS**	**Mobilization**	$15,000	$15,000
2.	**1**	**LS**	**Filter Effluent Bypass**	$300,000	$300,000
3.	**1**	**LS**	**EDR Concrete Pad & Associated Piping, Electrical & Mechanical**	$330,000	$330,000
4.	**1**	**LS**	**Insurance & Bond (Payment & Performance)**	$20,000	$20,000
5.	**1**	**LS**	**480 Volt, 3 Phase Power**	$90,000	$90,000
6.	**1**	**LS**	**Ground Piping for EDR Feed, Product, CIP Feed and Return, ECIP, and Chemical Piping/Facility**	$150,000	$150,000
7.	**1**	**LS**	**Feed Pumps & VFDs (2 Units Each)**	$360,000	$360,000
8.	**1**	**LS**	**Electrical Room, Control Station, DCS Integration**	$200,000	$200,000
9.	**1**	**LS**	**Sunshade / Canopy**	$30,000	$30,000
10.	**1**	**LS**	**2 Ton Forklift**	$50,000	$50,000
11.	**1**	**LS**	**Seismic Connections to Concrete Slab**	$14,000	$14,000
12.	**1**	**LS**	**Connection Box to UV Channel**	$36,000	$36,000
13.	**1**	**LS**	**Permits**	$10,000	$10,000
14.	**1**	**LS**	**SWPPP**	15,000	$15,000
15.	**1**	**LS**	**NC Modifications**	$35,000	$35,000
16.	**1**	**LS**	**EDR Move to South Bay**	$30,000	$30,000
17.	**1**	**LS**	**Field Order Allowance**	$70,000	$70,000
18.	**Total**				**$1,755,000**
19.	**1**	**LS**	**Contingency**	$140,000	$140,000
20.	**1**	**LS**	**Project Management / Admin**	$150,000	$150,000
21.	**1**	**LS**	**Construction Management**	$200,000	$200,000
22.	**1**	**LS**	**Design**	$200,000	$200,000
23.	**Grand Total**				**$2,445,000**

ATTACHMENT 3

SBWRP EDR
Cost Estimate
Alternative 4

SOUTH BAY WATER RECLAMATION PLANT EDR PROJECT
Purchase & Install One EDR Unit from GE

Item No.	Quantity	Unit	Description	Unit Price	Extension
1.	**1**	**LS**	**Mobilization**	$15,000	$15,000
2.	**1**	**LS**	**Filter Effluent Bypass**	$300,000	$300,000
3.	**1**	**LS**	**EDR Concrete Pad & Associated Piping, Electrical & Mechanical**	$280,000	$280,000
4.	**1**	**LS**	**Insurance & Bond (Payment & Performance)**	$20,000	$20,000
5.	**1**	**LS**	**480 Volt, 3 Phase Power / Electrical Wiring & Connections**	$70,000	$70,000
6.	**1**	**LS**	**Ground Piping for EDR Feed, Product, CIP Feed and Return, ECIP, and Chemical Piping/Facility**	$150,000	$150,000
7.	**1**	**LS**	**Feed Pumps & VFDs**	$180,000	$180,000
8.	**1**	**LS**	**Electrical Room, Control Station, DCS Integration**	$200,000	$200,000
9.	**1**	**LS**	**Sunshade / Canopy**	$30,000	$30,000
10.	**1**	**LS**	**2 Ton Forklift**	$50,000	$50,000
11.	**1**	**LS**	**Seismic Connections to Concrete Slab**	$7,000	$7,000
12.	**1**	**LS**	**Connection Box to UV Channel**	$36,000	$36,000
13.	**1**	**LS**	**Permits**	$10,000	$10,000
14.	**1**	**LS**	**SWPPP**	15,000	$15,000
15.	**1**	**LS**	**Procurement of 1 EDR Unit**	$950,000	$950,000
16.	**1**	**LS**	**EDR Assembly/Installation**	$1,000,000	$1,000,000
17.	**1**	**LS**	**Field Order Allowance**	$80,000	$80,000
18.	**Total**				**$3,393,000**
19.	**1**	**LS**	**Contingency**	$180,000	$180,000
20.	**1**	**LS**	**Project Management / Admin**	$180,000	$180,000
21.	**1**	**LS**	**Construction Management**	$200,000	$200,000
22.	**1**	**LS**	**Design**	$250,000	$250,000
23.	**Grand Total**				**$4,203,000**

AGENDA ITEM 11
Attachment
MetroTAC Update/Report

MetroTAC
2013/14 Work Plan
May 2014 (Revised Per Metro TAC)

MetroTAC Items	Description	Subcommittee Member(s)
JPA Website Update	5/13: The Metro TAC would like to update the current website as it is outdated. A review of the current website and its limitations will be on the Metro TAC agenda in the next couple months. 9/13: Greg & Karyn have been working with Vision Internet to finalize a scope of work and contract. These will go to the JPA for approval at their October meeting. 1/14: The contract has been negotiated and approved and Vision has started on the framework for the website. *5/14: Website should be completed in July.*	Greg Humora Karyn Keese
PUD Industrial Waste Program Update	9/13: A performance audit was performed on the PUD's IWCP. The audit produced two findings and made 8 recommendations. PUD has hired Brown & Caldwell to perform a fee study and assist implementation of an updated program. A subcommittee of the Metro TAC was formed to work with PUD staff and the consultant.	Roberto Yano Ed Walton
Management of Non-Dispersibles in Wastewater	9/13: Eric Minicilli handed out a position paper prepared by the NEWEA. A copy is attached to this work plan.	Eric Minicilli
2013/14 Transportation Rate Update	5/13: PUD staff is proposing slightly revising the methodology and increasing the transportation rate. Subcommittee met with PUD staff on 6/12/13 to review calculations. 9/13: PUD staff is having the rate methodology reviewed by engineering staff. They should be meeting with Metro TAC subcommittee within the next month. *5/14: PUD staff has met with subcommittee and will be presenting the current proposal at May Metro TAC.*	Al Lau Dan Brogadir Karyn Keese
PLWTP Permit Ad Hoc TAC	6/13: Ad Hoc created by JPA at their special June workshop. Goal: Create regional water reuse plan so that both a new, local, diversified water supply is created and maximum offload at Point Loma is achieved to support federal legislation for permanent acceptance of Point Loma as a smaller advanced primary plant. Minimize ultimate Point Loma treatment costs and most effectively spend ratepayer dollars due to successful coordination between water and wastewater agencies. Ad Hoc has been meeting all month and has developed a Concept Paper. Ad Hoc will be giving presentations to PAs City Councils/Board of Directors during July 2013. 9/13: Greg Humora, Leah Browder, and Scott Tulloch have given presentations to most of the governing bodies of the PAs in addition to meeting with environmental groups, San Diego staff and City Council members. A position paper, as well as a presentation, has been prepared. A resolution of support has been adopted by the governing bodies of the PAs. 1/14: The AdHoc outreach group continues to meet with stakeholders and City staff in development of the Program. *See Milestones attached to this work plan.*	Greg Humora Leah Browder Mark Watton Scott Tulloch Rick Hopkins Jim Smyth Karyn Keese
IRWMP	Bob Kennedy attended the Regional Advisory Committee (RAC) meeting of April 3, 2013. Minutes from this meeting are attached. 6/5/13: Bob Kennedy attended Meeting #43. Minutes are attached to this work plan. The Final 2013 San Diego IRWM Plan has been completed and is available to download at http://sdirwmp.org/2013-irwm-plan-update. 1/14: Bob Kennedy continues to attend RAC meetings and reports back to Metro TAC. *5/14: Bob Kennedy presented minutes from meeting #49 to Metro TAC*	Bob Kennedy Greg Humora
Fiscal Items	The Finance committee will continue to monitor and report on the financial issues affecting the Metro System and the charges to the PAs. The debt finance and reserve coverage issues have been resolved. Refunds totaling $12.3 million were sent to most of the PA's.10/26/11: 2010 will be the first year where the PAs will be credited with interest on the debt service reserve and operational fund balances. Interest will be applied as an income credit to Exhibit E when that audit is complete.	Greg Humora Karen Jassoy Karyn Keese

MetroTAC Items	Description	Subcommittee Member(s)
Recycled Water Revenue Issue	Per our Regional wastewater Agreement revenues from SBWTP are to be shared with PA's. 4/11: City has agreed to pay out revenue to Wastewater Section and PA's credit will be on the Exhibit E adjustments at year end Open issues: Capacity reservation lease payments and North City Optimized System Debt service status. 12/11: Letter sent to San Diego regarding outstanding recycled water revenue issues. 1/14: Karyn Keese continues to meet with City staff to determine the basis of the water department's administrative charges.4/13: Need Metro TAC member for subcommittee	Karyn Keese
Water Reduction - Impacts on Sewer Rates	The MetroTAC wants to evaluate the possible impact to sewer rates and options as water use goes down and consequently the sewer flows go down, reducing sewer revenues. Sewer strengths are also increasing because of less water to dilute the waste. We are currently monitoring the effects of this. 2/2011:wastewater revenues are declining due to conservation and flow reductions and agencies are re-prioritizing projects to be able to cover annual operations costs	Eric Minicilli Bob Kennedy Karyn Keese
"No Drugs Down the Drain"	The state has initiated a program to reduce pharmaceuticals entering the wastewater flows. There have been a number of collection events within the region. The MetroTAC, working in association with the Southern California Alliance of Publicly-owned Treatment Works (SCAP), will continue to monitor proposed legislation and develop educational tools to be used to further reduce the amount of drugs disposed of into the sanitary sewer system. 8/2010: County Sheriff and Chula Vista have set up locations for people to drop off unwanted medications and drugs.4/11: Local law enforcement has taken a proactive role and is sponsoring drug take back events. 3/11: TAC to prepare a position for the board to adopt; look for a regional solution; watch requirements to test/control drugs in wastewater. 10/26/11: A prescription drug take back day is scheduled for 10/29/11. Go to www.dea.gov to find your nearest location.4/12: East County to host a prescription drug take back 4/28/12. 4/27/13 is scheduled to be a county wide take back day. Locations can be found on the DEA website. 5/14: *There was a county-wide drug take-back program on 4/26/14. All sheriffs' offices in San Diego County now take-back drugs on a daily basis.*	Greg Humora
Strength Based Billing Evaluation	3/20/13: Brown and Caldwell presented their draft results to Metro TAC. This has been added as a standing item to the Metro TAC agenda for discussions on the recommendations. 9/13: This item is complete. 1/14: City staff provided Metro TAC with draft adjustments back to 2004 based on B&C's review of the North City Plants flows. 2/14: The City provided the Finance Committee with draft adjustments back to 1998.	Karyn Keese
Grease Recycling	To reduce fats, oils, and grease (FOG) in the sewer systems, more and more restaurants are being required to collect and dispose of cooking grease. Companies exist that will collect the grease and turn it into energy. MetroTAC is exploring if a regional facility offers cost savings for the PAs. The PAs are also sharing information amongst each other for use in our individual programs. 3/11: get update on local progress and status of grease rendering plant near Coronado bridge	Eric Minicilli

MetroTAC Items	Description	Subcommittee Member(s)
Padre Dam Mass Balance Correction	11/11: Padre Dam has been overcharged for their sewage strengths since 1998. Staff from City of San Diego presented a draft spreadsheet entitled Master Summary Reconciliations Padre Dam Mass Balance Corrections Calculation. Rita Bell and Karyn Keese were elected to review the documentation and report back to Metro TAC. 2/12: Audit complete. Item added as Standing to Metro TAC agenda.4/12: This issue is scheduled as a standing item and discussed at each Metro TAC meeting until it is resolved. Currently Metro TAC is focusing on the statue of limitations. 2/13: The PAs have received a joint letter from Padre Dam/City of San Diego. The PA's attorneys group continues to meet on this issue. 3/13: The attorney's group has requested an extension to 4/23/13 to respond to San Diego's letter. 5/13: The attorney's group has submitted a letter to Padre Dam and San Diego. 1/14: City of San Diego has submitted an offer to the attorney's group. The attorney's group met in January to discuss. 2/14: Edgar Patino has prepared a spreadsheet of all open financial issues. Karyn Keese is currently reviewing it. The spreadsheet has been given to the attorney's group. *5/14: Metro TAC will meet with the PA attorney group at the May meeting.*	Rita Bell Karyn Keese
Waiver and Recycled Water Study Implementation	11/12: Metro TAC requested a timeline from City staff including milestones for the waiver process. The waiver is due no later than 7/30/15. However, the application needs to be submitted six months prior to the July date (2/1/15). Preparation of the waiver will begin in the early part of FYE 2014. 2/13: City staff has met to start coordination of the waiver process. Staff in attendance included Roger Bailey, Marsi Steirer, Guann Hwang, Steve Meyers, and Allan Langworthy. 5/13: Scott Tulloch has briefed Metro TAC and the Metro Commission/JPA on the waiver's history and secondary equivalency. A JPA workshop to be held in June to further discuss. Scott Tulloch is preparing a briefing paper for the Commission's use.6/13: JPA workshop held and PLWTP Steering Committee and Ad Hoc TAC were appointed.	Greg Humora Leah Browder Scott Tulloch Karyn Keese
City of San Diego Recycled Water Pricing Study	San Diego is working on a rate study for pricing recycled water from the South Bay plant and the North City plant. Metro TAC, in addition to individual PAs, has been engaged in this process and has provided comments on drafts San Diego has produced. We are currently waiting for San Diego to promulgate a new draft which addresses the changes we have requested. 10/26/11: draft study still not issued. 5/13: Recycled Water Study to be on July 2013 Metro TAC agenda per PUD staff.6/24/13: Recycled Water Pricing Study goes to IROC. 7/10/13: Recycled Water Study goes to NR&C 9/13: PUD has hired Black & Veatch to review the study	Karyn Keese Rita Bell
City of San Diego Revised Procurement Process	8/12: San Diego City Engineer James Nagelvoort reported on recent changes to San Diego's procurement process to move projects through more quickly. Technically any CIP projects under $30 million may no longer need to be reviewed by the Metro TAC or JPA prior to City Council approval. Chairman Humora requested San Diego prepare a summary of the recent changes and the decision points for consideration of the TAC at the September meeting. 10/4: Metro Commission requests further review by TAC to recommend an appropriate level for CIP's to be brought forth to the Commission. 11/12: MetroTAC recommended leaving the thresholds as they are today and therefore everything will go through TAC and then to the JPA for formal action. The policy will be placed on the JPA website. The Metro Commission approved the policy at their November 2012 meeting. San Diego's CIP will become a standing item on the Metro TAC agenda.	Metro TAC

MetroTAC Items	Description	Subcommittee Member(s)
Salt Creek Diversion	9/2010: OWD, Chula Vista and San Diego met to discuss options and who will pay for project; Chula Vista and OWD are reviewing options. 2/2011: OWD and PBS&J reviewed calculations with PUD staff; San Diego to provide backup data for TAC to review. This option is also covered in the Recycle Water Study.10/26/11: Back-up information has still not been received from staff. 8/12: San Diego to conduct business case evaluation and add to Capital Improvement Program as recommend by Metro Commission to San Diego City Council on July 17, 2012 in support of the Recycled Water Study.*5/14: PUD staff has prepared and presented a Business Case. This has been discussed at the March, April, & May Metro TAC meetings.*	Roberto Yano Bob Kennedy Karyn Keese Rita Bell
Recycled Water Study Cost Allocation	A small working group was formed to discuss options to allocate PLWTP offset project costs among the water and wastewater rate payers; Concepts will be discussed at TAC and JPA Board in near future.7/12: Subcommittee to meet with PUD staff & consultants to review TM 8 and economic model.8/12: Subcommittee has meet with City staff and consultants. Economic model has been received. City will not pursue cost allocations until Demonstration Project is complete due to staffing constraints. 6/13: Ad Hoc TAC has started work on cost allocation concept. *5/14: Cost allocation workgroup will meet in May.*	Greg Humora Leah Browder Scott Tulloch Rick Hopkins Roberto Yano Kristen Crane Al Lau Bob Kennedy Karyn Keese
Board Members' Items		
Rate Case Items	1/12: San Diego is in the process of hiring a consultant to update their rate case. As part of that process, Metro TAC and the Finance Committee will be monitoring the City's proposals as they move forward. 6/12: San Diego hired Black & Veatch as their rate consultant. 2/13: Preliminary results were reported at the IROC Meeting of 2/19/13. Karyn Keese will be working with the IROC Finance Committee to review details. 3/13: Karyn Keese attended a joint workshop with IROC to review the draft revenue requirement for the Rate Case. 4/13: Next meeting with IROC on the rate case is 5/20/13. 5/13: Next special meeting with IROC is June 24, 2013. 6/13: San Diego is only moving forward with Water Rate Case due to needed rate increase. Wastewater does not appear to need a rate adjustment for two years.	Karyn Keese
Exhibit E	Metro TAC and the Finance Committee are active and will monitor this process. Individual items related to Schedule E will come directly to the Board as they develop. 2/13: 2010 and 2011 audits are ongoing. 3/13: The 2010 audit is complete and has been presented to Metro TAC & the Finance Committee. Will move forward to Commission at 6/13 meeting. 2011 field work is complete. 2012 sample selected.9/13: 2012 preliminary fieldwork is complete. Waiting for PUD's answers to questions. *5/14: Fieldwork for all audits is complete (including 2013). True-ups have not been completed since 2008 due to the Padre Dam and North City billing issues.*	Karen Jassoy Karyn Keese
Future bonding	Metro TAC and the Finance Committee are active and will monitor this process. Individual items related to bonding efforts will come directly to the Board as they develop. 10/26/11: San Diego is issuing an RFP for a cost of service study to support a future bond issue potentially in mid-2013. Kristin Crane to sit on the selection panel. 2/1 3: San Diego's preliminary rate case does not show the issuance of additional debt until FY 2018.	Karen Jassoy Karyn Keese Kristen Crane
Changes in water legislation	Metro TAC and the Board should monitor and report on proposed and new legislation or changes in existing legislation that impact wastewater conveyance, treatment, and disposal, including recycled water issues	Paula de Sousa

MetroTAC Items	Description	Subcommittee Member(s)
Border Region	Impacts of sewer treatment and disposal along the international border should be monitored and reported to the Board. These issues would directly affect the South Bay plants on both sides of the border. 2/12: This Item does not have a champion. Should we remove?	*Who should take over?*
SDG&E Rate Case	*5/14: BBK prepared a draft letter for all PAs to send regarding SDG&E's latest proposal to the PUC regarding the change in off-peak hours. BBK will continue to monitor.*	Paula de Sousa
Metro JPA Strategic Plan	6/12: Chairman Ewin to establish a subcommittee to monitor the progress of strategic plan initiatives.	*Who should take over?*

Completed Items	Description	Subcommittee Member(s)
Debt Reserve and Operating Reserve Discussion	In March 2010, the JPA approved recommendations developed by Metro JPA Finance Committee, MetroTAC, and the City of San Diego regarding how the PA's will fund the operating reserve and debt financing. MetroTAC has prepared a policy document to memorialize this agreement. **Project complete: 4/10**	Scott Huth Karyn Keese Doug Wilson
State WDRs & WDR Communications Plan	The Waste Discharge Requirements (WDRs), a statewide requirement that became effective on May 2, 2006, requires all owners of a sewer collection system to prepare a Sewer System Management Plan (SSMP). Agencies' plans have been created. We will continue to work to meet state requirements, taking the opportunity to work together to create efficiencies in producing public outreach literature and implementing public programs. **Project complete: 5/10.** 2/12: State has proposed new WDR regulations. Metro TAC will not reopen but Dennis Davies will stay on top of the issue.	Dennis Davies
Ocean Maps from Scripps	Schedule a presentation on the Sea Level Rise research by either Dr. Emily Young, San Diego Foundation, or Karen Goodrich, Tijuana River National Estuarine Research Reserve **Project complete: 5/10**	Board Member Item
Secondary Waiver	The City of San Diego received approval from the Coastal Commission and now the Waiver is being processed by the EPA. The new 5 year waiver to operate the Point Loma Wastewater Treatment Plant at advanced primary went into effect August 1, 2010. **Project complete 7/10**	Scott Huth
Lateral Issues	Sewer laterals are owned by the property owners they serve, yet laterals often allow infiltration and roots to the main lines causing maintenance issues. As this is a common problem among PAs, the MetroTAC will gather statistics from national studies and develop solutions. 4/11: There has been no change to the issue. We will continue to track this item through SCAP and report back when the issue is active again. **Efforts closed 3/11**	Tom Howard Joe Smith
Advanced Water Purification Demonstration Project	San Diego engaged CDM to design/build/operate the project for the water repurification pilot program. 2/8/11: Equipment arrived 3/2011; tours will be held when operational (June/July 2011 timeframe). 2/12: Tours are available. San Diego whitepaper on IPR distributed to Metro TAC members. **Closed 4/18/12**	Al Lau

Completed Items	Description	Subcommittee Member(s)
SDG&E Rate Case	SDG&E has filed Phase 2 of its General Rate Case, which proposes a new "Network Use Charge" which would charge net-energy metered customers for feeding renewable energy into the grid as well as using energy from the grid. The proposal will have a significant impact on entities with existing solar facilities, in some cases, increases their electricity costs by over 400%. Ultimately, the Network Use Charge will mean that renewable energy projects will no longer be as cost effective. SDG&E's proposal will damage the growth of renewable energy in San Diego County. A coalition of public agencies has formed to protest this rate proposal.2/12: PUC has not accepted SDG&E's filing. Metro TAC move to close this item. Will continue to monitor this.8/19: Karyn to check with Paula regarding latest SDG&E issues.	Paula de Sousa
Metro JPA Strategic Plan	2/2011: committee to meet 2/28/11 to plan for retreat to be held on 5/5/11 Retreat held and wrap up presented to the Commission at their June Meeting. JPA strategic planning committee to meet to update JPA Strategic Plan and prepare action items. 1/12: Draft strategic plan reviewed by Board and referred to Metro TAC for input. MetroTAC has created a subcommittee to work on this project. 2/12: Metro TAC has completed their final review. Forwarded to Commission. 4/12: Adopted at April 2012 Metro JPA Meeting. Project complete.	Augie Caires Ernie Ewin
Recycled Water Study	As part of the secondary waiver process, San Diego agreed to perform a recycled water study within the Metro service area. That study is currently underway, and MetroTAC has representatives participating in the working groups. TM #8 Costs estimates are out and PAs provided comments on TM#8 and have asked for a technical briefing. 10/16/11: Final draft of report is due out in November 2011.1/12: Final draft of report is due in March 2012.3/12: Final draft available for comments until 3/19/12 4/12: PUD staff to give presentation to Metro JPA at their May meeting. 5/12 PUD staff presented the Recycled Water Study to the Metro JPA at their May meeting. Metro JPA approved the Study as a planning document. Study to move forward to SD City Council in July 2012 with letter of support from JPA. 7/12: City of San Diego approved the Recycled Water Study; Study submitted on time to Coastal Commission. Final report uploaded to JPA website.11/12: San Diego received a letter from the Coastal Commission. Metro Commission consensus was that based on the tone of the Coastal Commission letter the region may be seeing some time line changes relative to San Diego's projections on the implementation of IPR and that the MetroTAC needs to manage all aspects including the Coastal Commission and multiple issues such as desalination water, Coastal Commissions attitude at this point and pending IPR programs we have heard about.	Scott Huth Al Lau Scott Tulloch Karyn Keese
IRWMP	4:12: Metro TAC received a presentation from Cathy Pieroni (City of San Diego) on the Integrated Regional Water Management Program (IRWMP). Group is still relatively informal but plans to become more structured during its upcoming 2 year plan update. There is a governance & finance work group that starts in the 3rd quarter of 2012 and at that point the JPA role will be examined. Padre Dam and Chula Vista are regular participants. 9/19: Cathy Pieroni gave an update. Recommendation by IRWM to the RAC to include a seat for the Metro JPA. Bob Kennedy will attend the October 3, 2012 meeting representing the JPA. 11/12: At their November 2012 meeting the Metro Commission unanimously appointed Bob Kennedy of Otay Water District as primary and Metro TAC Chairman Greg Humora as alternate to the IRWMPRAC. 2/13: On February 6, 2013 Bob Kennedy attended the IRWMP meeting. Metro JPA has been added as a permanent member of the Water Quality subcommittee of the RAC. The City of San Diego presented an overview of the Recycled Water Study. Next meeting scheduled for April 3, 2013. Closed 4/12 as the Metro JPA has become a member.	Bob Kennedy Greg Humora

Completed Items	Description	Subcommittee Member(s)
Role of Metro JPA regarding Recycled Water	As plans for water reuse unfold and projects are identified, Metro JPA's role must be defined with respect to water reuse and impacts to the various regional sewer treatment and conveyance facilities 2/12: Scott Huth removed as member due to new position. JPA/Metro TAC needs to appoint a new representative. 4/13: Scott Tulloch added to this subcommittee. Metro TAC member needed. 5/13: Greg Humora added to this work group.6/13: This group was formalized by the JPA as the PLWTP Ad Hoc Technical Advisory Committee.	Greg Humora Karyn Keese Scott Tulloch
San Diego Wastewater 50th Anniversary Celebration	5/13: Cheryl Lester presented the draft plan for the Anniversary celebration. She requested Metro Commission/JPA participation. Commission Parks will represent the Commission/JPA. 9/13: The celebration was a big success and was well attended.	Sherryl Parks
SDG&E Rate Case	8/19: Karyn to check with Paula regarding latest SDG&E issues.11/12: Sophie Akins from BBK will present updated information to Metro TAC.	Paula de Sousa

Metro TAC
Participating Agencies
Selection Panel Rotation

Agency	Representative	Selection Panel	Date Assigned
Padre Dam	Neal Brown	IRWMP – Props 50 & 84 Funds	2006
El Cajon	Dennis Davies	Old Rose Canyon Trunk Sewer Relocation	9/12/2007
La Mesa	Greg Humora	As-Needed Piping and Mechanical	11/2007
National City	Joe Smith	MBC Additional Storage Silos	02/2008
Otay Water District	Rod Posada	As-Needed Biological Services 2009-2011	02/2008
Poway	Tom Howard	Feasibility Study for Bond Offerings	02/2008
County of San Diego	Dan Brogadir	Strategic Business Plan Updates	02/2008
Coronado	Scott Huth	Strategic Business Plan Updates	09/2008
Coronado	Scott Huth	As-needed Financial, HR, Training	09/2008
PBS&J	Karyn Keese	As-needed Financial, Alternate HR, Training	09/2008
Otay Water District	Rod Posada	Interviews for Bulkhead Project at the PLWTP	01/2009
Del Mar	David Scherer	Biosolids Project	2009
Padre Dam	Neal Brown	Regional Advisory Committee	09/2009
County of San Diego	Dan Brogadir	Large Dia. Pipeline Inspection/Assessment	10/2009
Chula Vista	Roberto Yano	Sewer Flow Monitoring Renewal Contract	12/2009
La Mesa	Greg Humora	Sewer Flow Monitoring Renewal Contract	12/2009
Poway	Tom Howard	Fire Alarm Panels Contract	12/2009
El Cajon	Dennis Davies	MBC Water System Improvements D/B	01/2010
Lemon Grove	Patrick Lund	RFP for Inventory Training	07/2010
National City	Joe Smith	Design/Build water replacement project	11/2010
Coronado	Scott Huth	Wastewater Plan update	01/2010
Otay Water District	Bob Kennedy	RFP Design of MBC Odor Control Upgrade/Wastewater Plan Update	02/2011
Del Mar	Eric Minicilli	Declined PS 2 Project	05/2011
Padre Dam	Al Lau	PS 2 Project	05/2011
County of San Diego	Dan Brogadir	RFP for As-Needed Biological Services Co.	05/2011
Chula Vista	Roberto Yano	North City Cogeneration Facility Expansion	07/2011
La Mesa	Greg Humora	confined space RFP selection panel	10/2011
Poway	Tom Howard	COSS's for both Water and WW	10/2011
El Cajon	Dennis Davies	Independent Accountant Financial Review & Analysis – All Funds	01/2012

Updated 11/2012

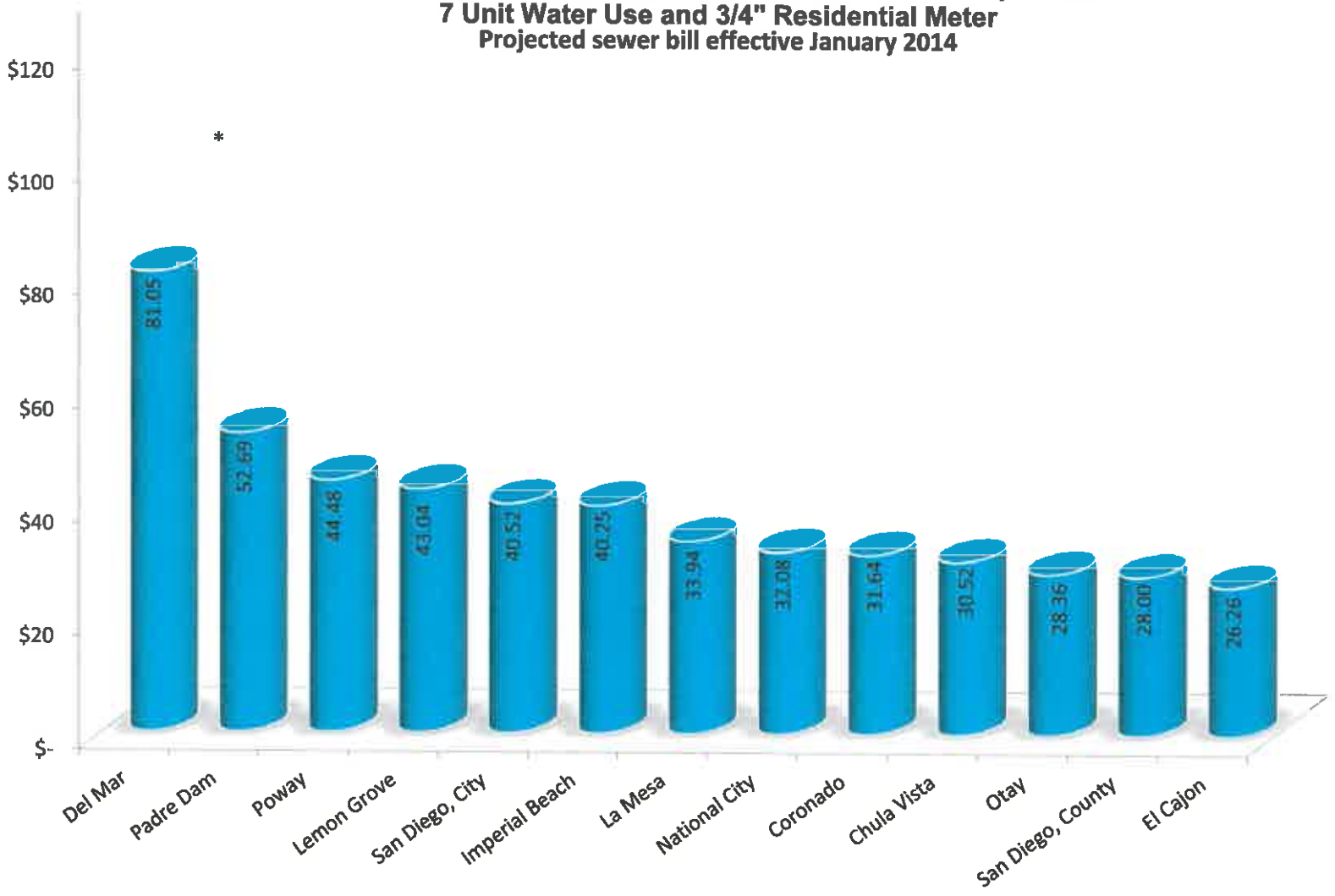
EXP

Lemon Grove	Mike James	MBC Dewatering Centrifuges Replacement (Passed)	01/2012
National City	Joe Smith	MBC Dewatering Centrifuges Replacement (Passed)	01/2012
Coronado	Godby, Kim	MBC Dewatering Centrifuges Replacement (Passed)	01/2012
Otay Water District	Bob Kennedy	MBC Dewatering Centrifuges Replacement (Accepted)/Strategic Planning Rep	01/2012
Del Mar	Eric Minicilli	New As Need Engineering Contract	02/2012
Padre Dam	Al Lau	PA Rep. for RFQ for As Needed Design Build Services (Passed)	05/2012
County of San Diego	Dan Brogadir	PA Rep. for RFQ for As Needed Design Build Services (Cancelled project)	05/2012
Chula Vista	Roberto Yano	As-Needed Condition Assessment Contract (Accepted)	06/2012
La Mesa	Greg Humora	New programmatic wastewater facilities condition (Awaiting Response)	11/2012
Poway	Tom Howard	Optimization Review Study	01/2013
El Cajon	Dennis Davies	PUD 2015 Annual Strategic Plan	1/15/14
Lemon Grove	Mike James		
National City	Joe Smith		
Coronado	Godby, Kim		
Otay Water District	Bob Kennedy	Strategic Planning (Volunteered, participated last year)	01/2013
Del Mar	Eric Minicilli		
Padre Dam	Al Lau		
El Cajon	Dennis Davies		
Lemon Grove	Patrick Lund		
National City	Joe Smith		
Coronado	Scott Huth		
Otay Water District	Bob Kennedy		
Del Mar	Eric Minicilli		
Padre Dam	Al Lau		
County of San Diego	Dan Brogadir		
Chula Vista	Roberto Yano		
La Mesa	Greg Humora		

Metro Agency Monthly Sewer User Rate Comparison

7 Unit Water Use and 3/4" Residential Meter

Projected sewer bill effective January 2014



METRO WASTEWATER JPA

Point Loma Permit/Potable Reuse
KEY MILESTONE DATES

5/14/2014

DATE	TASK	FOLLOW UP ACTION/STATUS
2013		
~~Dec. 13, 2013~~	San Diego provide draft facilities plan to stakeholders	Draft provided. Enviros requested if schedule could be accelerated. San Diego provide update on 2/5/14
2014		
January	Begin outreach to regulators, legislators, key stakeholders and public	
~~1/16/14 8:30-10:30 MOC2 2E~~	San Diego Define Secondary Equivalency. Provide draft white paper	Comments provided on white paper. Enviros requested an analysis to be run using existing flows as a base line for comparison. Also look a concentration limits. Next meeting TBD
~~1/23/14 10-12 MOC II~~	San Diego meet with JPA on cost allocation. 1) Agree on methodology 2) Insert construction costs from facilities plan	San Diego to look at comparing PR facilities construction through secondary to secondary at Point Loma. Next meeting on 2/20/14
Late January	Preliminary cost estimate and rate impact based on preliminary facilities plan	
~~02/05/2014 MOC2 2E~~	San Diego Stakeholders Meeting	
February	First draft of legislative language	Draft prepared
February	Seek Congressional sponsor for legislation (Issa/Davis ?)	Need to define secondary equivalency 1st
~~2/24/2013~~	Imperial Beach outfall meeting	Halla agreed to look at additional potable reuse to reduce south bay discharge
~~3/5/2014~~	San Diego (Ann, Brent, Bob, Allan) meet with EPA staff	Pure Water program was well received by EPA
March	Resolve Padre Dam mass balance correction. This is holding up the FY12, FY11, FY10, and FY09 audits	TAC met with attorneys 4/16. Consensus reached on draft proposal. Will meet again on 5/21
March	Resolve North City billing correction	These adjustments may be combined with Padre Dam mass balance corrections
March	Resolve recylced water revenue	These adjustments will occur with true-up following Padre Dam and North City
~~3/7/2014~~	Presentation to SANDAG Regional Planning Committee	Presentation was well received
~~3/27/2014~~	San Diego County Water Authority Board Meeting	CWA voted to delay changes in cost allocations until 2016
~~4/3/2014~~	Cost allocation meeting	Met on 4/16. Meet again on 5/1
~~4/21/2014~~	San Diego Stakeholders Meeting	Rescheduled by San Diego to 4/30
6/30/2014	Complete cost analysis and rate impact review Finalize cost allocation method	
September	Finalize facilities plan for inclusion in NPDES permit application	
September	First draft NPDES Permit	
December	Final draft NPDES Permit	
2015		
January	Submit NPDES Permit to the Environmental Protection Agency	

Milestone Progress Dashboard

FACILITIES PLAN	SECONDARY EQUIV	OUTREACH	LEGIS-LATION	COST ALLOC	PERMIT APP
					

Amount of pie filled = % complete
Green = on schedule
= behind schedule
Red = late

San Diego Integrated Regional Water Management
Joint Public Workshop & Regional Advisory Committee Meeting #49
April 22, 2014

Background
The Regional Water Management Group for IRWM Program was established in 2005. This group is made up of the City of San Diego, the County of San Diego, and the Water Authority.

A year later, they established the Regional Advisory Committee (RAC) to assist the Regional Management Group with the original IRWM Plan and to assist on prioritization of Prop 50 funding application. The RAC is made up of 4 groups; Water Supply, Water Quality, Natural Resources and Watersheds, with the recent reorganization, they added the Metro JPA representative to the Water Quality Group. The RAC meet quarterly.

San Diego Integrated Regional Water Management Meeting
At the Regional Advisory Committee meeting of April 22, 2014, the final revision to the Proposition 84-Round 3 project selection process was approved. Proposed modifications are attached for reference. Proposition 84 – Round 3 Drought Preparedness Implementation Grant process deadline is April 30th, 2014. The ability to implement the project (be out for construction bid) by April 2015 and the project must produce a water supply or offset an existing potable water demand.

The final Plan was be adopted by the San Diego County Water Authority on September 26, 2013, The City of San Diego on October 8, 2013 and County of San Diego Board of Supervisors on October 9, 2013. Final October 31, 2013. The final Plan is available at: http://sdirwmp.org/2013-irwm-plan-update#codeword

Next meeting scheduled for May 15, 2014; 9am - 11am - Joint Scoring Workshop/RAC Meeting #50

San Diego Integrated Regional Water Management
Joint Public Workshop & Regional Advisory Committee Meeting #50
May 15, 2014

Background
The Regional Water Management Group for IRWM Program was established in 2005. This group is made up of the City of San Diego, the County of San Diego, and the Water Authority.

A year later, they established the Regional Advisory Committee (RAC) to assist the Regional Management Group with the original IRWM Plan and to assist on prioritization of Prop 50 funding application. The RAC is made up of 4 groups; Water Supply, Water Quality, Natural Resources and Watersheds, with the recent reorganization, they added the Metro JPA representative to the Water Quality Group. The RAC meet quarterly.

San Diego Integrated Regional Water Management Meeting
At the Regional Advisory Committee meeting of May 15, 2014, the Proposition 84 – Round 3 Drought Preparedness Implementation Grant process of reviewing projects has begun. Joint scoring workshop group was selected. Projects must be out for bid by April 2015 and the project must produce a water supply or offset an existing potable water demand. An initial scoring of the 12 submitted projects was presented at this meeting. The four groups met to discuss the list of projects and recommendations were made to

The final Plan was be adopted by the San Diego County Water Authority on September 26, 2013, The City of San Diego on October 8, 2013 and County of San Diego Board of Supervisors on October 9, 2013. Final October 31, 2013. The final Plan is available at: http://sdirwmp.org/2013-irwm-plan-update#codeword

Next meeting scheduled for June 4, 2014; 9am - 11am - Joint Scoring Workshop to present to RAC final list of projects at Meeting #51

PUBLIC UTILITIES DEPARTMENT Management

May 1, 2014