



METRO TAC AGENDA
(Technical Advisory Committee to Metro JPA)

TO: Metro TAC Representatives and Metro Commissioners

DATE: Wednesday, June 20, 2018

TIME: 11:00 a.m. to 1:30 p.m.

LOCATION: 9192 Topaz Way, (PUD MOC II Auditorium) – Lunch will be provided

****PLEASE DISTRIBUTE THIS NOTICE TO METRO COMMISSIONERS AND METRO TAC REPRESENTATIVES****

1. Review and Approve MetroTAC Action Minutes for the Meeting of [May 16, 2017](#) (**Attachment**)
2. Metro Commission/JPA Board Meeting Recap (Standing Item)
3. **REPORT:** Update from Pure Water Facilities Working Group (Roberto Yano)
4. **REPORT:** Update from Pure Water Cost Allocation Working Group (Scott Tulloch/Dexter Wilson)
5. **REPORT:** Update from Regional Wastewater Disposal Agreement Flow Commitment Working Group (Yazmin Arellanos)
6. **REPORT:** Update from Sample Rejection Protocol Working Group (Edgar Patino)
7. **REVIEW:** Proposed Pure Water Cost Allocation Deal Points for Inclusion in Proposed Amended and Restated Regional Wastewater Disposal Agreement (Greg Humora/Scott Tulloch/Roberto Yano/Nicholaus Norvell) (**Attachment forthcoming**)
8. Metro Wastewater Update (Standing Item) (Edgar Patino)
9. Pure Water Program Update (Standing Item) (John Helminski)
12. Metro Capital Improvement Program and Funding Sources (Standing Item) (Tung Phung)
13. Financial Update (Standing Item) (Karyn Keese) (**Attachment**)
14. IRWMP Update (Standing Item) (Robert Yano)
15. MetroTAC Work Plan (Standing Item) (Greg Humora) (**Attachment**)
16. Review of Items to be Brought Forward to the Regular Metro Commission/Metro JPA Meeting (**July 5, 2018**)
17. Other Business of Metro TAC
18. Adjournment ([To the next Regular Meeting July 18, 2017](#))

Metro TAC 2018 Meeting Schedule

January 17	May 16	September 19
February 21	June 20	October 17
March 21	July 18	November 21
April 18	August 15	December 19

Attachment 1
Action
Minutes of
May 16, 2018



Metro TAC
(Technical Advisory Committee to Metro Commission/JPA)

ACTION MINUTES

DATE OF MEETING: May 16, 2018

TIME: 11:00 AM

LOCATION: PUD MOC II Auditorium

MEETING ATTENDANCE:

Greg Humora, La Mesa
Frank Rivera, Chula Vista
Ed Walton, Coronado
Joe Bride, Del Mar
Yazmin Arellano, El Cajon
Dennis Davies, El Cajon
Eric Minicilli, Imperial Beach
Dexter Wilson, Lemon Grove
Roberto Yano, National City
Steve Beppler, Otay MWD
Bob Kennedy, Otay MWD
Mark Niemiec, Padre Dam
Mike Obermiller, Poway
Alex Heide, Poway
Susan Spotts, County of San Diego

John Helminski, City of San Diego
Edgar Patino, City of San Diego
Lee Ann Jones Santos, City of San Diego
Charlotte Strong-Williams, City of San Diego
Tung Phung, City of San Diego

Scott Tulloch, NV5
Carmen Kasner, NV5
Karyn Keese, Keze Group
Lori Anne Peoples, Metro Comm/Metro JPA/MetroTAC
Nicholas Norvell, BBK Law

Jerry Jones, Metro Comm/Metro JPA
Chair

1. Review and Approve MetroTAC Action Minutes for the Meeting April 18, 2018

ACTION: Motion by Yazmin Arellano, seconded by Vice Chair Roberto Yano to approve the MetroTAC Action Minutes. The motion carried unanimously.

2. Metro Commission/JPA Board Meeting Recap (Standing Item)

Chair Humora stated that the JPA Special Meeting held in La Mesa was a nice meeting and that the TAC received update reports from the various committees, other than that, no action was taken.

3. **ACTION: Consideration and Possible Action to Recommend Approval of Amendment to the Treasurers Contract with Padre Dam Municipal Water District for FY 2019**

Karyn Keese provided a brief overview of the contract. The only changes included an increase from \$19,000 to \$21,000 in the budget due to the JPA audit administration and additional work load associated with monthly monitoring of consultant contracts due to their anticipated increased workload during the upcoming year.

ACTION: Motion by Vice Chair Roberto Yano, seconded by Mike Obermiller to recommend approval of the amendment to the Treasurers Contract with Padre Dam Municipal Water District for FY 2019. The motion carried unanimously.

4. **ACTION: Consideration and Possible Action to Recommend Approval the FY 2019 Contract with The Keze Group, LLC for Financial Management Services**

Chair Humora, provided an overview of the contract with Karyn Keese noting that the only change to last year was an increase of \$2,700 due to the review of journal entries for 55+ Pure Water Task Orders revising them from the past 50/50 cost sharing split with water to something lower for wastewater based on the upcoming bids for the capital projects. Current projections have lowered the split to 39% wastewater potentially resulting in a \$1 million savings to the JPA members.

ACTION: Motion by Eric Minicilli, seconded by Vice Chair Roberto Yano to recommend approval of the FY 2019 Contract with The Keze Group, LLC. The motion carried unanimously.

5. **ACTION: Consideration and Possible Action to Recommend Approval of Amendment to Agreement for Administrative Support Services with Lori Anne Peoples Through FY 2022**

Karyn Keese explained that the changes to the contract were a Cost of Living Adjustment of 5% taking the hourly rate from \$52.50/hour to \$55/hour. The past agreement with the JPA was for two years and the current agreement is for four years to coincide with the City of San Diego Reimbursement Agreement. In addition, there is an inclusion of a debit or credit card in the amount of \$500 so that Lori does not have to use her own funds as in the past and wait for quarterly reimbursement of expenses incurred on the JPA's behalf.

ACTION: Motion by Ed Walton, seconded by Vice Chair Roberto Yano to recommend approval of the Amendment to Agreement for Administrative Support Services with Lori Anne Peoples through FY 2022. The motion carried unanimously.

6. ACTION: Consideration and Possible Action to Recommend Approval of Reimbursement Agreement with City of San Diego for Administrative Support Services Through FY 2022

Karyn Keese explained that this agreement was a counterpart to the prior agreement to reimburse the Metro Wastewater JPA for Lori's services for the Metro Commission costs which the City reimburses the JPA. Karyn Keese explained the changes to the contract were similar to those in the JPA contract: increase in hourly rate, four year term, etc.

ACTION: Motion by Bob Kennedy, seconded by Ed Walton to recommend approval of the Reimbursement Agreement with City of San Diego for Administrative Support Services through FY 2022. The motion carried unanimously.

7. ACTION: Consideration and Possible Action to Recommend Approval of the FY 2019 NV5 Contract for Engineering Services

Karyn Keese explained that this contract covered Scott Tulloch, Carmen Kasner, and other NV5 staff who were providing engineering services to the MetroTAC. Scott has taken a lead role in working on the engineering team consisting of Roberto Yano, Dexter Wilson, and himself regarding review of all Pure Water Program designs and cost sharing. Carmen Kasner took a lead role with Dexter Wilson on review and comments on the EIR. Additionally, NV5 has also assisted with Public Outreach efforts. The contract has been lowered from \$75,000 to \$50,000 per request of NV5.

ACTION: Motion by Mike Obermiller, seconded by Vice Chair Yano to recommend approval of the FY 2019 NV5 Contract for Engineering Services. The motion carried unanimously.

8. ACTION: Consideration and Possible Action to:

- i. Recommend approval of FY 2019 Scope of Work for Lemon Grove Sanitation District Consultant Wilson Engineering for Engineering Support Services**
- ii. Recommend Approval of Amendment to Reimbursement Agreement with Lemon Grove Sanitation District for Engineering Support services of Wilson Engineering for FY 2019**
- iii. Recommend Authorizing Chair or Designee to execute Amendment to Reimbursement Agreement with Lemon Grove Sanitation District**

Karyn Keese explained that the changes to the contract were for the inclusion of one task (Task 5) to assist with preparation of an amendment to the Wastewater Disposal Agreement to clarify and support the Pure Water Program. This work is underway and will proceed into FY 2019. The total increase is \$10,500 for this task. There are no other increases in proposed hours or increases in hourly rates.

ACTION: Motion by Vice Chair Yano, seconded by Bob Kennedy to recommend approval of 8i, 8ii and 8iii for Engineering Support Services with the Lemon Grove Sanitation District and Consultant Wilson Engineering. The motion carried unanimously.

9. REVIEW: FY 2019 Budget for Legal Counsel Best Best & Krieger, LLP

Karyn Keese explained that this was a very busy year for our General Counsel. Further, that both Karyn and Paula had discussed that the budget for legal counsel, like all other contracts, should be conservative to avoid supplemental billings to JPA members. The changes to the contract contain a budgeted amount for FY 2019 of \$130,000 which is the expected FY 2018 year end amount as similar additional work will be required in the upcoming year.

10. ACTION: Review and Consideration and Possible Action to Recommend the Metro Commission/Metro Wastewater JPA Approval of the FY 2019 Metro Wastewater JPA Budget

Karen Jassoy provided an overview of the budget noting that the allocation of the JPA Operating Budget to members is always based on the City of San Diego projected Budget provided in January of each year per the Regional Disposal Agreement.

ACTION: Motion by Eric Minicilli, seconded by Chair Humora to recommend approval of the FY 2019 Metro Wastewater JPA Budget. The motion carried unanimously.

11. ACTION: Consideration and Possible Action to Recommend Approval of the FY 2019 Proposed City of San Diego Metro Wastewater Public Utilities Budget

Mark Gonzalez, City of San Diego, presented an overview of his agenda report which included an overview of the budget process including key budget dates; Fiscal Year 2019 Metro Fund reductions; FY 2019 Proposed Budget (Metro Sewer Fund Summary); FY 18 vs. FY 19 Personnel Expense Allocation; Fiscal Year 2019 Proposed Budget – Position Additions; Fiscal Year 2019 Proposed Budget – Expense; Fiscal Year 2019 Proposed Budget – Revenue; Summary of Major Revenue Changes; Summary of Major Expense Changes; Pure Water FY 2019 Proposed Budget Wastewater Detail and Fiscal Year 2019 CIP Proposed Budget – Metro Fund.

Karyn Keese stated that this was a huge improvement in the accounting process by having the recycled water personnel and expenses transferred from water to Metro because now the revenue from recycled water and the expenses for producing it are in the Metro Fund making it much cleaner and not subject to spread sheet calculations. There is a 14.3% net increase in Metro personnel cost for FY 2019 and the JPA pays 34% of Metro expenses (and receives 34% of Recycled Water revenues).

ACTION: Motion by Vice Chair Yano, seconded by Eric Minicilli to recommend approval of the FY 2019 Proposed City of San Diego Metro Wastewater Public Utilities Budget. The motion carried unanimously.

12. ACTION: Amendment to Increase Work in FY 2017-2018 in the Amount of \$10,500 with a Corresponding Revision to Exhibits A and B for Lemon Grove Sanitation District Consultant Wilson Engineering for Engineering Support Services

Karyn Keese explained that the changes to the contract and increased costs were for the assistance with the preparation of an amendment to the Wastewater Disposal Agreement to incorporate the Pure Water Program cost sharing and protections to JPA members that were not anticipated when the Lemon Grove agreement was approved in last year's budget. An estimate of costs incurred to date for this additional task is \$10,500.

ACTION: Motion by Mike Obermiller, seconded by Ed Walton to recommend approval of Increase Work in FY 2017-2019 in the Amount of \$10,500 with a Corresponding Revision to Exhibits A and B for Lemon Grove Sanitation District Consultant Wilson Engineering for Engineering Support Services. The motion carried unanimously.

13. REVIEW: Proposed Pure Water Cost Allocation Deal Points for Inclusion in Proposed Amended and Restated Regional Wastewater Disposal Agreement

Assistant General Counsel Nicholas Norvell provided handouts (attached to these Minutes as Exhibit A) and introductory comments on the proposed deal points for inclusion in the proposed Amended and Restated Regional Wastewater Disposal Agreement. The actual proposed changes add/revise the definition to include the Pure Water Program. The billing remains based on strength and flow except for Pure Water. Exhibit F – Metro vs. Pure Water lays out commodity rate with the idea that Water pays wastewater for Secondary effluent. Exhibit G - sets out what each PA pays for their share of the Wastewater system. Agencies pay based on capacities anticipated for 2050. The Amendment removes out dated provisions and the 2010 protocol for debt service and operating reserves are added into the agreement.

Chair Humora noted that the 1998 Agreement did not contain Pure Water. The team has reviewed the agreement with the goal to get it approved prior to the City of San Diego approval of the Pure Water construction contracts with the JPA advisory votes knowing that each agency needs to take it back to their prospective agency for full approval. . This is scheduled to go to the JPA in June and return in July for the JPA to vote in concept (advisory level). It realistically can go to the City of San Diego City Council in September.

14. REPORT: Update from Pure Water Facilities Working Group

Vice Chair Yano stated they were pretty much done with Phase 1 as most plans were close to 100%. Constructability reviews were underway and the issuance of NTPs are expected by the end of the month along with the first task orders for construction review. They will review the Pure Water Construction schedule to make sure the timelines are accurate.

Dexter Wilson added that they were meeting Thursday afternoon with San Diego staff that is to provide the committee with alternative costs to upgrade Pt. Loma at reduced flow.

15. REPORT: Update from Pure Water Cost Allocation Working Group

Scott Tulloch stated that this item had been covered under prior items discussions.

16. REPORT: Update from Regional Wastewater Disposal Agreement Flow Commitment Working Group

Yazmin Arellano provided a brief verbal update along with a handout (attached to these Minutes as Exhibit B) of the Metro System Capacity Pool Allocation. She stated that there was a conference call scheduled with Otay and Poway tomorrow and Padre Dam MWD was also working on numbers as well as Del Mar.

17. REPORT: Update from Sample Rejection Protocol Working Group

Edgar stated he had no report.

18. Metro Wastewater Update

Lee Ann Jones Santos stated she had just received the final FY16 Exhibit E report and was reviewing it and will be coordinating for updates on FY 2017. The goal is to then provide financial transactions credits or debits to each PA in June.

19. Pure Water Program Update

John Helminski stated that the outcome of the EIR going to San Diego City Council

is that they are to start working groups on the pipeline alignments and will be meeting with Council Offices to determine what they want. There will be a total of 4 groups holding 4 meetings each starting in June and going to August.

Item 20 was heard after Item 2

20. Metro Capital Improvement Program and Funding Sources (Standing item)

Tung Phung, City of San Diego provided a handout titled FY 2018 Capital Improvements Projects (CIP) Report – 3rd Quarter along with a brief verbal overview of project highlights, forecast versus actual expenditures report and projects expenditure updates. A copy of this report is attached to these Minutes as Exhibit C.

21. Financial Update (Standing Item)

Karyn Keese stated that she and Lee Ann have numerous audits and Pure Water Program items that they were working on with Seth. They have a meeting scheduled for Friday.

22. IRWMP Report (Standing Item)

Roberto Yano stated he had no report as the next meeting was scheduled for June 6th.

23. MetroTAC Work Plan (Standing Item)

Chair Humora stated the Work Plan was included in the Agenda.

24. Review of Items to be Brought Forward to the Regular Metro Commission/Metro JPA Meeting (June 7, 2018)

Chair Humora noted that all financial items would be heard at the Metro Wastewater JPA Finance Committee meeting next Wednesday at 10:00 and noted that Vice Chair Yano would be attending for him.

25. Other Business of Metro TAC

There was none.

26. Adjournment to the next Regular Meeting, June 20, 2018

At 1:00 p.m. the meeting was adjourned.

Exhibit A

DRAFT – 5/14/18

AMENDED AND RESTATED

REGIONAL WASTEWATER DISPOSAL AGREEMENT

BETWEEN

THE CITY OF SAN DIEGO

AND

THE PARTICIPATING AGENCIES

IN

THE METROPOLITAN SEWERAGE SYSTEM

AMENDED AND RESTATED
REGIONAL WASTEWATER DISPOSAL AGREEMENT

TABLE OF CONTENTS

	<u>Page</u>
I. DEFINITIONS	2
II. OWNERSHIP AND OPERATION OF THE METRO SYSTEM	4
III. PAYMENT AND MONITORING PROVISIONS	8
IV. CAPACITY RIGHTS	9
V. SYSTEM OF CHARGES	10
VI. PLANNING	14
VII. FACILITIES SOLELY FOR NEW CONTRACT CAPACITY	14
VIII. THE METRO COMMISSION	16
IX. DISPUTE RESOLUTION	17
X. INSURANCE AND INDEMNITY	18
XI. INTERRUPTION OF SERVICE	19
XII. NOTICES REQUIRED UNDER AGREEMENT	19
XIII. EFFECTIVE DATE AND TERMINATION	19
XIV. GENERAL	20

Exhibits

- A. Metro Facilities
- B. Contract Capacities
- C. ~~Existing Capacity Charge Listing~~ Allocation of Operating Reserves and Debt Service Coverage to Participating Agencies
- D. Notice Listing
- E. Reclaimed Water Distribution System
- F. Pure Water Cost Allocation and Commodity Rate
- G. Metro System Capacity Pool Allocation

**AMENDED AND RESTATED REGIONAL WASTEWATER DISPOSAL
AGREEMENT**

THIS AMENDED AND RESTATED REGIONAL WASTEWATER DISPOSAL AGREEMENT is made and entered into this _____ day of _____, 1998/2018, by and between the CITY OF SAN DIEGO, a municipal corporation ("the City"); and the CITY OF CHULA VISTA, a municipal corporation; the CITY OF CORONADO, a municipal corporation; the CITY OF DEL MAR, a municipal corporation; the CITY OF EL CAJON, a municipal corporation; the CITY OF IMPERIAL BEACH, a municipal corporation; the CITY OF LA MESA, a municipal corporation; the LEMON GROVE SANITATION DISTRICT, a political subdivision of the State of California; the CITY OF NATIONAL CITY, a municipal corporation; the CITY OF POWAY, a municipal corporation; the WINTER GARDENS SEWER MAINTENANCE DISTRICT, a maintenance district established pursuant to California Streets & Highways Code section 5820 et seq.; the ALPINE SANITATION DISTRICT, a political subdivision of the State of California; the LAKEVIEW SANITATION DISTRICT, a political subdivision of the State of California; the SPRING VALLEY SANITATION DISTRICT, a political subdivision of the State of California; the OTAY WATER DISTRICT, a political subdivision of the State of California; and the PADRE DAM MUNICIPAL WATER DISTRICT, a political subdivision of the State of California; and the SAN DIEGO COUNTY SANITATION DISTRICT, a political subdivision of the State of California (the "Participating Agencies").

RECITALS

WHEREAS, the City and the Participating Agencies are autonomous entities each having the authority to provide and to contract for the conveyance, treatment and disposal of wastewater; and

WHEREAS, the City and the Participating Agencies (or their predecessors in interest) entered into that certain Regional Wastewater Disposal Agreement dated May 18, 1998 (the "1998 Agreement"), which provided, among other things, for certain contract rights to capacity in the Metropolitan Sewerage System, a system of wastewater conveyance, treatment, and disposal facilities ("Metro System") and the establishment of a mechanism to fund the planning, design, construction, operation, and maintenance of the Metro System by the City and the Participating Agencies; and

WHEREAS, each Participating Agency currently has a contract with the City to provide wastewater conveyance, treatment and disposal services through the Metropolitan Sewerage System (Metro System), a system of wastewater conveyance, treatment and disposal facilities;

WHEREAS, each of the Participating Agencies has specified capacity service rights in the existing Metro System pursuant to pre-existing agreements with the City;

WHEREAS, the purposes of this the 1998 Agreement were: (1) to replace the existing prior-existing sewage disposal agreements between the City and the Participating Agencies; (2) to provide certain contract rights to capacity in the Metro System to the Participating Agencies; (3) to establish a mechanism to fund the planning, design, construction,

operation and maintenance of the Metro System by the City and the Participating Agencies as necessary to provide hydraulic capacity, and to comply with applicable law and with generally accepted engineering practices; and (4) to establish a system of charges which allocates the costs of the planning, design and construction of such new wastewater conveyance, treatment and disposal facilities as are necessary solely to provide for new capacity on a fair and equitable basis; and

WHEREAS, on April 29, 2014 the San Diego City Council gave its approval and support for the Pure Water San Diego program by adoption of Resolution No. R308906. The Resolution approved and supported the City's efforts to develop an implementation strategy to accomplish secondary equivalency at the Point Loma Wastewater Treatment Plant through implementation of potable reuse; and

WHEREAS, the City intends to implement a phased, multi-year program to produce up to 83 million gallons per day of safe, reliable potable water for the City using the new, expanded, or modified facilities, some of which will include Metro System facilities, in order to achieve secondary equivalency under the Clean Water Act at the Point Loma Wastewater Treatment Plant by offloading wastewater from the Point Loma plant; and

WHEREAS, if secondary equivalency is recognized through federal legislation amending the Clean Water Act, the Pure Water Program will not only benefit the City by producing repurified water, but also the Participating Agencies and their wastewater customers. Specifically, implementation of the Pure Water Program will reduce wastewater discharges to the Point Loma Wastewater Treatment Plant, part of the Metro System where a large portion of the Participating Agencies' wastewater is currently treated and disposed by discharging it into the Pacific Ocean. By diverting wastewater from the Point Loma Wastewater Treatment Plant, the City and the Participating Agencies will potentially avoid billions of dollars in unnecessary capital, financing, energy, and operating costs to upgrade the Point Loma plant to secondary treatment at full capacity. Avoiding such costs would result in significant savings for regional wastewater customers; and

WHEREAS, Section XIV, subsection B, of the 1998 Agreement provided that the Parties may amend the Agreement by a written agreement between the City and all Participating Agencies stating the Parties' intent to amend the Agreement; and

WHEREAS, in order to comprehensively and equitably address the costs and revenues associated with the Pure Water Program and the related construction, expansion, and/or modification of Metro System facilities, the City and Participating Agencies wish to amend and restate the Regional Wastewater Disposal Agreement as provided herein.

THEREFORE, in consideration of the mutual promises set forth herein, the City and the Participating Agencies agree as follows:

1. DEFINITIONS

- A. **Annual Average Daily Flow** is the number, in millions of gallons of wastewater per day ("MGD"), calculated by dividing total Flow on a fiscal year basis by 365 days.
- B. **Capital Improvement Costs** are costs associated with the planning, design, financing, construction, or reconstruction of facilities.
- C. **Chemical Oxygen Demand or "COD"** means the measure of the chemically decomposable material in wastewater, as determined by the procedures specified in the most current edition of "Standard Methods for the Examination for Water and Wastewater," or any successor publication which establishes the industry standard.
- D. **City Water Utility PW Costs** are those Pure Water Program costs which are excluded as Metro System costs under Exhibit F and are the responsibility of City's water utility.
- E. ~~D.~~ **Contract Capacity** is the contractual right possessed by each Participating Agency to discharge wastewater into the Metro System pursuant to this Agreement up to the limit set forth in Exhibit B attached hereto. Contract Capacity is stated in terms of Annual Average Daily Flow.
- F. ~~E.~~ **Flow** is the amount of wastewater discharged by the City and each Participating Agency.
- G. ~~F.~~ **Functional-Design Methodology** shall mean the process of allocating Operation and Maintenance Costs and Capital Improvement Costs to Flow and Strength parameters recognizing the benefits of both the design criteria and the primary function of a unit process.
- H. ~~G.~~ **Metro System Costs** are those costs set forth in Section V.B.1.
- I. ~~H.~~ **Metro System Revenues** are those revenues set forth in Section V.B.2.
- J. ~~I.~~ **Metropolitan Sewerage System or Metro System** shall mean and consist of those facilities and contract rights to facilities which are shown and/or described in Exhibit A attached hereto and incorporated by this reference, including any amendments thereto authorized by this Agreement.
- K. ~~J.~~ **Municipal System** shall mean the City's wastewater collection system, which consists of pipelines and pump stations, that collects wastewater within the City of San Diego and conveys it to the Metropolitan Sewerage System for treatment and disposal.
- L. ~~K.~~ **New Capacity** is the capacity to discharge wastewater outside the Metro

System, above the Contract Capacity set forth in Exhibit B attached hereto.

- M. ~~L.~~ **New Contract Capacity** is the capacity to discharge wastewater into the Metro System, above the Contract Capacity set forth in Exhibit B attached hereto.
- N. ~~M.~~ **North City Water Reclamation Plant** is the 30 million gallons per day (as of the date of this Agreement) wastewater treatment facility which includes four major processes: primary treatment, secondary treatment, tertiary treatment, and disinfection.
- O. ~~N.~~ **Operation and Maintenance Costs** are the costs of those items and activities required by sound engineering and management practices to keep the conveyance, disposal, treatment, and reuse facilities functioning in accordance with all applicable laws, rules, and regulations.
- P. ~~O.~~ **Point Loma Wastewater Treatment Plant or Point Loma WTP** is the 240 million gallons per day (as of the date of this Agreement) advanced primary treatment plant which includes four major processes: screening, grit removal, sedimentation, and digestion.
- Q. ~~P.~~ **Pure Water Program** is the City's phased, multi-year program to produce up to 83 million gallons per day of Repurified Water using new, expanded, or modified facilities, some of which will include Metro System facilities.
- R. ~~R.~~ **Reclaimed Water (or Recycled Water)** shall have the definition set forth in Title 22, Division 4 of the California Code of Regulations and shall mean water which, as a result of treatment of wastewater, is suitable for a direct beneficial use or a controlled use that otherwise could not occur.
- S. ~~Q.~~ **Reclaimed Water (or Recycled Water) Distribution System** shall mean and consist of those eight (8) reclaimed water projects listed in Attachment B of the Stipulated Final Order for Injunctive Relief approved by the U.S. District Court on June 6, 1997 in U.S.A. v. City of San Diego, Case No. 88-1101-B, and attached hereto as Exhibit E.
- T. ~~R.~~ **Repurified Water** shall mean water which, as a result of advanced treatment of reclaimed water, is suitable for use as a source of domestic (or potable) water supply.
- U. ~~S.~~ **Return Flow** shall mean the effluent created by the dewatering of digested biosolids, which includes centrate.
- V. ~~T.~~ **Reuse** shall mean to use again, such as water which has been reclaimed or repurified, or sludge that has been converted to biosolids for beneficial use.
- W. ~~U.~~ **South Bay Land/Ocean Outfall** is the facility that is jointly owned by the International Boundary & Water Commission (U.S. Section IBWC) and the City

of San Diego. The Outfall is planned to convey and discharge treated effluent from the IBWC's International Wastewater Treatment Plant and treated effluent from the City's South Bay Water Reclamation Plant and the South Bay Secondary Treatment Plant. As of the date of this Agreement, the Outfall has a current Average Daily Flow Capacity of 174 million gallons per day. As of the date of this Agreement, the City owns 39.94% of the capacity of the Outfall and the balance of the capacity is owned by the IBWC.

X. ~~V.~~ **Strength** means the measurement of Suspended Solids (SS) and Chemical Oxygen Demand (COD) within the wastewater flow and any other measurement required by law after the date of this Agreement.

Y. ~~W.~~ **"Suspended Solids" or "SS"** means the insoluble solid matter in wastewater that is separable by laboratory filtration, as determined by the procedures specified in the most current edition of "Standard Methods for the Examination of Water and Wastewater," or any successor publication which establishes the industry standard.

Z. ~~X.~~ **Tertiary Component** is that portion of the wastewater treatment process that currently filters the secondary treated wastewater effluent through fine sand and/or anthracite coal to remove fine Suspended Solids and disinfects it to meet the requirements of the California Administrative Code, Title 22, or its successor for filtered and disinfected wastewater.

Y. ~~Water Repurification System~~ includes the Advanced Water Treatment (AWT) Facility located at or near the North City Water Reclamation Plant site and the Repurified Water Conveyance System which will transport repurified water from the AWT Facility to the San Vicente Reservoir. The major processes of the AWT Facility include: ultra or micro filtration, reverse osmosis, and ozonation.

AA. ~~Water Repurification System~~ shall mean any facilities, including treatment and conveyance facilities, the purpose of which is the production or conveyance of Repurified Water. Water Repurification System includes, but is not limited to: the Tertiary Component of the North City Water Reclamation Plant, the North City Advanced Water Purification Facility located across the street from the North City Water Reclamation Plant ("North City AWP Facility"); the Repurified Water conveyance system, which will transport Repurified Water from the North City AWP Facility and/or other facilities to the Miramar Reservoir or other alternative location(s) as determined by the City; and any other Repurified Water treatment or conveyance facilities which are part of the City's 83 million gallons per day Pure Water Program.

II. OWNERSHIP AND OPERATION OF THE METRO SYSTEM

A. Rights of the Parties.

The City is the owner of the Metro System, and of any additions to the Metro System or other facilities constructed pursuant to this Agreement. All decisions with respect to the planning, design, construction, operation and maintenance of the Metro System shall rest with the City, in consultation with the Metro Commission. The Participating Agencies shall have a contractual right to use the Metro System and to participate in its operation as set forth in this Agreement. Subject to the terms of this Agreement, and in conformance with all applicable laws, the City may transfer ownership of all or part of the Metro System at any time. In the event of a transfer, the City's successor shall be bound by the terms of this Agreement. Subject to the terms of this Agreement, any Participating Agency may transfer or assign its rights and obligations under this Agreement. Any transfer shall first be approved by the City. No transfer may occur if the City determines, after consultation with the Participating Agencies involved, that the proposed transfer will imbalance, or will otherwise adversely impact the City's ability to operate the Metro System.

B. Metro System Services.

1. The City shall provide wastewater conveyance, treatment and disposal services to the Participating Agencies through the Metro System, under the terms set forth in this Agreement.

2. The City shall operate the Metro System in an efficient and economical manner, maintaining it in good repair and working order, all in accordance with recognized sound engineering and management practices.

3. The City shall convey, treat, and dispose of or reuse all wastewater received under this Agreement in such a manner as to comply with all applicable laws, rules and regulations.

C. Flow Commitment.

1. Absent agreement of the parties, all Flow from the Participating Agencies and the City, up to the capacity limits set forth in Exhibit B or any amendments thereto, shall remain in the Metro System.

2. This Agreement shall not preclude any Participating Agency from diverting Flow from the Metro System as a result of the construction of reclamation facilities or New Capacity outside of the Metro System.

3. Any Participating Agency may negotiate an agreement with the City to withdraw all Flow from the Metro System, which at a minimum requires the Agency to pay its proportionate share of Capital Improvement Costs.

D. Funding Obligations.

Nothing in this Section or in this Agreement shall obligate the City to make any payment for the acquisition, construction, maintenance or operation of the Metro System from moneys derived from taxes or from any income and revenue of the City other than moneys in

or sewer revenues which go into the Sewer Revenue Fund for the Metro System and from construction funds derived from the sale of such sewer revenue bonds for the Metro System as are duly authorized. Nothing in this contract shall be construed to obligate the City to pay from its annual income and revenues any sum which would create an indebtedness, obligation or liability within the meaning of the provisions of Section 18 of Article XVI of the Constitution of the State of California. Nothing in this Section, however, or in this Agreement shall prevent the City, in its discretion, from using tax revenues or any other available revenues or funds of the City for any purpose for which the City is empowered to expend moneys under this Agreement. Nothing herein shall relieve the City from its obligations to fund and carry out this Agreement. Nothing in this Section or in this Agreement shall obligate any Participating Agency to make any payment which would create an indebtedness, obligation or liability within the meaning of the provisions of Section 18 of Article XVI of the Constitution of the State of California, or which is not authorized by law.

E. Financial Statements.

1. The City shall keep appropriate records and accounts of all costs and expenses relating to conveyance, treatment, disposal, and reuse of wastewater, and the acquisition, planning, design, construction, administration, monitoring, operation and maintenance of the Metro System.

2. Said records and accounts shall be subject to reasonable inspection by any authorized representative of any Participating Agency at its expense. Further, said accounts and records shall be audited annually by an independent certified public accounting firm appointed by the City pursuant to generally accepted accounting principles. A copy of said report shall be available to any Participating Agency.

F. Limitations on Types and Condition of Wastewater.

1. Each Participating Agency will comply with all applicable laws, rules and regulations including its regulatory obligations associated with the discharge of wastewater into its respective system and from such system into the Metro System.

2. Each Participating Agency will minimize to the maximum extent practicable, the infiltration and inflow of surface, ground or stormwaters into its respective wastewater systems.

3. Each Participating Agency will insure that all industrial users of its wastewater system are regulated by an effective industrial pretreatment program that conforms to all to all applicable laws, rules and regulations and that is acceptable to the City. Provided, however, that the City shall not require the Participating Agencies to take any actions beyond that which is required under applicable laws, rules and regulations that can be taken but are not being taken by the City.

4. The City and the Participating Agencies agree that nothing in this Agreement, including the termination of the existing sewage disposal agreements, shall affect the validity of the Interjurisdictional Pretreatment Agreements, or the separate transportation

agreements that are currently in effect between or among the City and the Participating Agencies.

5. Each Participating Agency will not discharge a substantial amount of sewage originating outside its respective boundaries into the Metro System without the approval of the City.

6. Each Participating Agency shall be responsible for the violation of any applicable laws, rules or regulations associated with its respective discharge of wastewater into the Metro System.

7. In the event a regulatory agency imposes any penalty or takes other enforcement action relating to the conveyance, treatment, disposal or reuse of wastewater in or from the Metro System, the City shall determine whether the City or a Participating Agency or Agencies caused or contributed to such penalty or enforcement actions. The City shall allocate the penalty or other relief, including the costs of defense, to the party or parties responsible. Each responsible party, whether a Participating Agency or the City, shall be obligated to pay its share of such penalty or other relief, and any costs of defense. In the event that the City cannot make such an allocation, the cost of such penalty or other relief shall be shared by the Participating Agencies and the City proportionately based on Flow and Strength.

G. Right of First Refusal.

1. The City shall not sell or agree to sell the Metro System without first offering it to the Participating Agencies. For the purposes of this section, "Participating Agencies" shall mean a Participating Agency, a group of Participating Agencies, or a third party representing one or more Participating Agencies. The term "sell" shall include any transfer or conveyance of the Metro System or of any individual treatment or reclamation facility or outfall within the Metro System.

2. The City and the Participating Agencies recognize that transfer of ownership of the Metro System is currently restricted by Sections 6.04 and 6.20 of the Installment Purchase Agreement between the City and the Public Facilities Financing Authority of the City, which inter alia restricts the transfer of ownership to the Metropolitan Wastewater Sewage District or other governmental agency whose primary purpose is to provide wastewater treatment. The City shall not seek to impose on bond holders a waiver of Section 6.04 or 6.20. Absent such a restriction, before the City sells or agrees to sell the Metro System, or any portion of it, the City shall offer to sell the Metro System to the Participating Agencies ("the Offer") on the terms and at a price equal to that proposed for the sale of the Metro System to a third party. The Participating Agencies shall have thirty days from receipt of the Offer ("the Intent to Respond Period") in which to notify the City of their intent to respond to the Offer. The Participating Agencies shall have five months from the expiration of the Intent to Respond Period in which to accept or reject the Offer. The Offer shall contain the name of the proposed purchaser, the proposed sale price, the terms of payment, the required deposit, the time and place for the close of escrow, and any other material terms and conditions on which the sale is to be consummated.

3. If the Participating Agencies give timely notice of their intent to respond and timely notice of their acceptance of the Offer, then the City shall be obligated to sell and the Participating Agencies shall be obligated to purchase the Metro System or any individual treatment or reclamation facility or outfall within the Metro System, as applicable, at the price and on the terms and conditions of the Offer. If the Participating Agencies do not give timely notice of their intent to respond or their acceptance of the Offer, or do not submit an offer on the same terms and conditions as the Offer, the City may, following the end of the Offer period, sell the Metro System, or any portion of it, at a price and on terms and conditions no less favorable to the City than those in the Offer. The City shall not sell the Metro System to any third party on terms or at a price less favorable to the City from the terms and price contained in the Offer absent compliance with the terms of this Section.

4. Nothing herein shall prevent the City from entering into a financing agreement which may impose limits on the City's power to sell the Metro System to the Participating Agencies pursuant to Section H.1. if the City believes that such a financing agreement is in the City's best interest. Neither the entry into such a financing agreement by the City nor the performance thereof by the City shall constitute a breach or default by the City hereunder.

H. Pure Water San Diego Program.

1. Each new, expanded, or modified Metro System facility which is used in relation to the production of Repurified Water (in addition to the modification and expansion of the North City Water Reclamation Facility) shall be governed by this Agreement and Exhibit F, attached hereto and incorporated herein. The parties acknowledge and agree that additional amendments to Exhibit F will be necessary based on the actual Repurified Water processes selected and the nature of specific facilities. Therefore, notwithstanding Section XIV, subsection B (Amendment of Agreement), the City's Mayor and the chief executive officers of each of the Participating Agencies shall have the authority to execute ministerial amendments to Exhibit F. For purposes of this provision, a "ministerial amendment" is a written amendment that: (1) allocates costs related to new, expanded, or modified Metro System facilities in connection with the production of Repurified Water, and (2) is generally consistent with the cost allocation principles set forth in the original Exhibit F, which is attached to this Agreement.

2. Nothing in this Agreement or Exhibit F limits or restricts the right of the City or the Participating Agencies to enter into separate agreements the purchase or sale of Repurified Water produced by the Water Repurification System or sharing in City Water Utility's associated capital, debt, operation, and maintenance costs. Under such circumstances, the cost allocation and commodity rate delineated in Exhibit F will remain unchanged.

This is intended to allow the City and Participating Agencies to agree on cost allocation for Phase 2 of Pure Water without a formal amendment approved by each of the governing bodies of the agencies. Instead, the City Manager/General Manager of each PA, and the Mayor of the City of SD would be able to approve a new version of Exhibit F that allocates costs in a similar manner as for Phase 1. Of course, the head of each PA could still bring the proposed document to the governing body before signing it, if he or she chose to do so.

This is to clarify that PAs can contract with the City to purchase water from the Pure Water program, if desired, but that would be done by a separate agreement and would not impact cost allocation for Pure Water under this Agreement.

III. PAYMENT AND MONITORING PROVISIONS

A. Payment for Metro System Facilities.

Through the system of charges set forth in Section V of this Agreement, each Participating Agency shall pay its share of the costs of planning, design and construction of all of the Metro System facilities which are identified in Exhibit A hereto, which is incorporated herein by reference.

B. Payment for Additional Metro System Facilities.

Through the system of charges set forth in Section V of this Agreement, each Participating Agency shall pay its share of the costs of acquisition, or planning, design and construction of such facilities in addition to those set forth on Exhibit A as are necessary for the Metro System to maintain compliance with applicable laws, rules and regulations, including the Ocean Pollution Reduction Act of 1994 and its successor(s), present and future waivers of applicable treatment standards at any Metro System treatment facility, and all facilities as are necessary to convey, treat, dispose, and reuse wastewater in the Metro System to provide the Contract Capacity set forth in Exhibit B, to maintain hydraulic capacity and as otherwise required by sound engineering principles. As a ministerial matter, the City shall amend Exhibit A from time to time to reflect such additional facilities and shall give notice of any amendments to the Participating Agencies. The City shall keep an updated version of Exhibit A on file with the City Clerk. Exhibit A may be amended to reflect other changes to the Metro System only as expressly provided in this Agreement.

C. Payment for Operation and Maintenance.

Through the system of charges set forth in Section V of this Agreement, each Participating Agency shall pay its share of the Operation and Maintenance Costs of all Metro System facilities. ~~Provided however, that the Participating Agencies shall not pay for the Operation and Maintenance Costs of the Tertiary Component of the North City Water Reclamation Plant that can be allocated solely to the production of Repurified Water.~~ Water Repurification System.

D. (Charges Based on Flow and Strength; Exception)

1. ~~Except as otherwise described in this subsection D, a Participating Agency's share of the charges in this Section III shall be assessed pursuant to Section V of this Agreement based on its proportionate Flow in the Metro System and the Strength of its wastewater.~~

2. Notwithstanding the above, or any other provision of this Agreement, a Participating Agency's share of Pure Water Program Capital Improvement Costs and Pure Water Program revenues attributable to the Metro System under Exhibit F shall be assessed or credited based on the parties' "Metro Capacity Rights," which are based on projections of each party's 2050 Flow. Metro Capacity Rights are set forth in Exhibit G, which is attached hereto and incorporated herein. The City shall annually determine the estimated and actual costs and

Subsections 2 and 3(a)-(e) below concern cost allocation for Pure Water Capital Improvement Costs, and are based on projections of 2050 Flow. The allocation of costs among PAs takes into account Padre's potential AWP project and participation by the other agencies. This will be further discussed during the meeting.

Operation and maintenance costs for Pure Water, like all other costs for the Metro System, would be based on each PA's Strength and Flow.

revenues which are attributable to the Metro System under Exhibit F and take into account the above assessment method when estimating quarterly payments and conducting year-end adjustments under Section V.

3. Each party recognizes that operation within respective Metro Capacity Rights is essential to the accurate allocation of costs and revenues under the Pure Water Program. In recognition of same, the parties agree as follows:

a. If any party's Flow exceeds the sum of its Metro Capacity Rights and its portion of the Reserve Capacity Pool (as shown in Exhibit G) for any continuous three (3) month period, such party shall pay for the use of such capacity from the Reserve Capacity Pool. Payment for such use of the Reserve Capacity Pool shall be made as part of the yearly billing adjustments under Section V.B.4 and shall be credited to offset the other parties' Pure Water Program Capital Improvement Costs. Such payments shall be based on the following amounts, which shall be annually adjusted each July 1 (starting on July 1, 2018) to reflect the annual percentage change in the Engineering News Record - Los Angeles construction cost index:

(1) \$ _____ per MGD (for use of any portion of the Reserve Capacity Pool up to four (4) times such party's share of the Reserve Capacity Pool)

(2) \$ _____ per MGD (for use of any portion of the Reserve Capacity Pool over four (4) times such party's share of the Reserve Capacity Pool)

b. Notwithstanding the amounts set forth in Exhibit G, the following parties will have the following Metro Capacity Rights until July 1, 2023:

(1) Padre Dam: 2.48 MGD

(2) San Diego County Sanitation District: 10,959 MGD

(3) El Cajon: 7.8 MGD

c. Notwithstanding the amounts set forth in Exhibit G, the following parties will have the following Metro Capacity Rights until July 1, 2028:

(1) San Diego County Sanitation District: 5,739 MGD

(2) El Cajon: 7.8 MGD

d. If any party's Flow exceeds the sum of its Metro Capacity Rights and its portion of the Reserve Capacity Pool (as shown in Exhibit G) for any continuous six (6) month period, the City shall contract with an independent consultant (who shall be approved by a majority of the Metro Commission) to prepare an amendment to Exhibit G that accurately reflects projections of 2050 Flow. The revised Exhibit G prepared by the consultant shall, as a ministerial matter, be adopted by the City within 180 days of such exceedance. The City shall give notice of the amendment of Exhibit G to each Participating Agency, and shall

provide copies of the amendment with the notice. The City shall keep an updated version of Exhibit G on file with the City Clerk.

e. If Exhibit G is amended to update one or more parties' Metro Capacity Rights, the change in Metro Capacity Rights shall be retroactive in effect, and the City shall use the updated amounts in estimating quarterly payments and conducting year-end adjustments for Pure Water Program costs and revenues. Therefore, any party that underpaid based on previous Metro Capacity Rights (which were based on prior projections of 2050 Flow) shall pay the difference in its quarterly payments the following fiscal year; any party that overpaid based on previous Metro Capacity Rights shall receive a credit in its quarterly payments the following fiscal year.

E. Monitoring Flow and Strength.

1. The City shall monitor wastewater that is discharged into the Metro System for Flow and Strength. The City shall own and operate as part of the Metro System monitoring devices which will measure the amount of daily wastewater discharged into the Metro System. These devices shall be installed at locations appropriate to accurately monitor Flow and Strength. The City may also monitor wastewater Flow and Strength at other locations as it deems appropriate.

2. In measuring Strength, the frequency and nature of the monitoring shall not be more stringent for the Participating Agencies than it is for the City.

3. The City shall provide its plans for the monitoring system and for the procedures it will use to determine Strength to the Participating Agencies for review and comment prior to implementation.

4. The City shall report Flow and Strength data to the Participating Agencies at least quarterly.

IV. CAPACITY RIGHTS

A. Contract Capacity.

In consideration of the obligations in this Agreement, each Participating Agency shall have a contractual right to discharge wastewater to the Metro System up to the Contract Capacity set forth in Exhibit B.

B. Transfers of Contract Capacity.

The Participating Agencies and the City may buy, sell or exchange all or part of their Contract Capacity among themselves on such terms as they may agree upon. The City shall be notified prior to any transfer. Any transfer shall be first approved by the City. No Contract Capacity may be transferred if the City determines, after consultation with the Participating Agencies involved in the transaction, that said transfer will unbalance, or will otherwise adversely impact the City's ability to operate the Metro System. Provided, however, that the Participating Agency seeking the transfer may offer to cure such imbalance at its own

expense. Following the City's consent, as a ministerial matter, the Contract Capacity set forth in Exhibit B shall be adjusted to reflect the approved transfer.

C. Allocation of Additional Capacity.

The parties recognize that the City's applicable permits for the Metro System may be modified to create capacity in the Metro System beyond that set forth in Exhibit B as a result of the construction of additional facilities or as a result of regulatory action. This additional capacity shall be allocated as follows:

1. Except as provided in subsection 2 below, in the event that the Metro System is rerated so that additional permitted capacity is created, said capacity shall be allocated proportionately based upon the Metro System charges that have been paid since July 1, 1995 to the date of rerating.

2. In the event that the additional permitted capacity is created as the result of the construction of non-Metro System facilities, or as the result of the construction of facilities pursuant to Section VII, such additional capacity shall be allocated proportionately based on the payments made to plan, design and construct such facilities.

D. Deductions in Contract Capacity.

The parties further recognize that the Contract Capacity in Exhibit B may be modified to comply with, or in response to, applicable permit conditions, or related regulatory action, or sound engineering principles. In the event that the capacity of the Metro System is rerated to a level below the total capacity set forth in Exhibit B, the Contract Capacity in Exhibit B shall be reallocated proportionately pending the acquisition or construction of new facilities. The City shall acquire or construct such facilities as necessary to provide the Contract Capacity rights set forth in Exhibit B, as planning and capacity needs require. The costs of such facilities shall be assessed pursuant to Section III.B. above.

E. Amendments to Exhibits B and C.

As a ministerial matter, the City shall prepare amendments to Exhibits B and C to reflect any adjustment in Contract Capacity pursuant to this Section within ninety (90) days after the adjustment is made. The City shall give notice of the amendments to each Participating Agency and shall provide copies of the amendments with the notice. The City shall keep an updated version of Exhibits B and C on file with the City Clerk.

F. The South Bay Land/Ocean Outfall.

Nothing in this Section shall limit the City's right to transfer capacity service rights in that portion of the South Bay Land/Ocean Outfall which is not part of the Metro System.

V. **SYSTEM OF CHARGES**

A. Charges Authorized.

The City agrees to implement and the Participating Agencies agree to abide by a new system of charges. This new system allows the City to equitably recover from all Participating Agencies their proportional share of the net Metro System Costs through the imposition of the following charges:

1. SSC (Sewer System Charge);
2. ~~ECC (Existing Capacity Charge);~~
2. 3-NCCC (New Contract Capacity Charge).

References to the Existing Capacity Charge have been removed because all payments for existing capacity were completed in 2003 as provided under the original Agreement.

B. SSC (Sewer System Charge).

The City shall determine the SSC based on the projected Metro System Costs (as defined below) for the forthcoming fiscal year, less all Metro System Revenues (as defined below).

1. Metro System Costs

a. The following shall at a minimum be considered Metro System Costs for purposes of calculating the annual SSC:

(1) ~~(i)~~ Except as provided in Excluded Costs, subsection b. below, the annual costs associated with administration, operation, maintenance, replacement, annual debt service costs and other periodic financing costs and charges, capital improvement, insurance premiums, claims payments and claims administration costs of the Metro System, including projected overhead. Overhead shall be calculated using accepted accounting practices to reflect the overhead costs of the Metro System.

(2) ~~(ii)~~ Fines or penalties imposed on the City as a result of the operation of the Metro System, unless the fine/penalty is allocated to the City or a Participating Agency as provided in Section II.F.7.

(3) ~~(iii)~~ Costs incurred by the City, including attorneys' fees, necessary to implement the terms of this Agreement.

b. Excluded Costs.

Excluded Costs. The following items shall not be considered Metro System Costs for purposes of calculating the annual SSC:

(1) ~~(i)~~ Costs related to the City of San Diego's Municipal System as determined by reasonable calculations;

(2) (ii) Costs related to the treatment of sewage from any agency which is not a party to this Agreement;

(3) (iii) Costs related to the inspection and monitoring program for the industrial dischargers located in San Diego, including associated administrative and laboratory services;

(4) (iv) Right-of-way charges for the use of public streets of the City or any Participating Agency. The City and the Participating Agencies agree not to impose a right-of-way charge for the use of its public rights-of-way for Metro System purposes.

(5) (v) Capital Improvement Costs of any non-Metro System facility.

(6) (vi) Capital Improvement Costs for which an NCCC is paid.

(7) (vii) ~~Excluded Operation and Maintenance Costs set forth in Section III.C City Water Utility PW Costs as defined in Exhibit F.~~

2. Metro System Revenues.

a. The following revenues shall be at a minimum considered Metro System Revenues for purposes of determining the annual SSC:

(1) (i) Any grant or loan receipts or any other receipts that are attributable to the Metro System, including, but not limited to, all compensation or receipts from the sale, lease, or other conveyance or transfer of any asset of the Metro System, and any grant, loan, or other receipts attributable to the Metro System components of the Pure Water Program.

(2) (ii) All compensation or receipts from the sale or other conveyance or transfer of any Metro System by-products, including, but not limited to gas, electrical energy, sludge products, and Reclaimed Water (excepting therefrom any receipts allocated pursuant to subsection 2.a.(3) below); provided however, that this shall not include the Secondary Effluent Commodity Rate, which is specifically addressed in subsection 2.a.(6) below.

(3) (iii) The distribution of revenue from the sale of Reclaimed Water from the North City Water Reclamation Plant, including incentives for the sale of Reclaimed Water, shall first be used to pay for the cost of the Reclaimed Water Distribution System, then the cost of the Operation and Maintenance of the Tertiary Component of the North City Water Reclamation Plant that can be allocated to the production of Reclaimed Water, and then to the Metro System.

(4) ~~(iv)~~ Any portion of an NCCC that constitutes reimbursement of costs pursuant to Section VII.A.4.

(5) ~~(v)~~ Any penalties paid under Section VII.C.

(6) Proceeds from the Secondary Effluent Commodity Rate, as calculated under Exhibit F and allocated among the Participating Agencies in the proportions set forth in Exhibit G.

b. Excluded Revenue

(1) ~~(i)~~ Capital Improvement Costs for which an NCCC is paid;

(2) ~~(ii)~~ Proceeds from the issuance of debt for Metro system projects.

(3) ~~(iii)~~ Proceeds from the sale of Reclaimed Water used to pay for the Reclaimed Water Distribution System pursuant to subsection 2.a.(3) above.

~~(iv) All revenues, including incentives, attributable to Repurified Water from the Water Repurification System.~~

3. Calculation of SSC Rates.

a. Prior to the initial implementation of the new system of charges, the City shall prepare a sample fiscal year estimate setting forth the methodology and sampling data used as a base for Strength based billing (SBB) which includes Flow and Strength (Chemical Oxygen Demand (COD) and Suspended Solids (SS)). The analysis shall be submitted to each Participating Agency.

b. The City shall determine the unit SSC rates by allocating net costs (Metro System Costs less Metro System Revenues) between parameters of Flow, COD and SS. This allocation is based on the approved Functional-Design Methodology analyses for individual Capital Improvement Projects (CIPs) and estimated Operation and Maintenance (O&M) Costs allocated to the three parameters. The City may revise the calculations to include any other measurement required by law after the effective date of this Agreement.

c. The net cost allocated to each of the three parameters (Flow, COD and SS) shall be divided by the total Metro System quantity for that parameter to determine the unit rates for Flow, COD and SS. These unit rates shall apply uniformly to all Participating Agencies.

4. Estimate and Billing Schedule and Year End Adjustment

a. Estimate - The City shall estimate the SSC rates on an annual basis prior to January 15. The City shall quantify the SSC rates by estimating the quantity of Flow, COD and SS for each party, based on that party's actual flow and the cumulative data

of sampling for COD and SS over the preceding years. If cumulative data is no longer indicative of discharge from a Participating Agency due to the implementation of methods to reduce Strength, previous higher readings may be eliminated.

b. Costs of treating Return Flow for solids handling will be allocated to the Participating Agencies in proportion to their Flow and Strength. Return Flow will not be counted against the Participating Agencies' Contract Capacity as shown in Exhibit B.

c. SSC Billing Schedule - The City shall bill the Participating Agencies quarterly, invoicing on August 1, November 1, February 1 and May 1. Each bill shall be paid within thirty (30) days of mailing. Quarterly payments will consist of the total estimated cost for each Participating Agency, based on their estimated Flow, COD and SS, divided by four.

d. Year-End Adjustments - At the end of each fiscal year, the City shall determine the actual Metro System. Costs and the actual Flow as well as the cumulative Strength data for the City and each of the Participating Agencies. The City shall make any necessary adjustments to the unit rates for Flow, COD and SS based on actual costs for the year. The City shall then recalculate the SSC for the year using actual costs for the year, actual Flow, and cumulative Strength factors (COD, SS and Return Flow) for the City and for each Participating Agency. The City shall credit any future charges or bill for any additional amounts due, the quarter after the prior year costs have been audited.

C. ECC (Existing Capacity Charge).

In addition to paying an SSC, each Participating Agency shall pay an ECC. The ECC shall be paid only for the period specified in Exhibit C. The amount and nature of each Participating Agency's obligation, and the date on which the obligation shall expire, are set forth in Exhibit C. The ECC is billed annually, invoiced by January 2, due February 1.

C. D-NCCC (New Contract Capacity Charge).

If New Contract Capacity is required or requested by a Participating Agency, pursuant to Section VII, the Metro System shall provide the needed or requested capacity, provided that the Participating Agency agrees to pay an NCCC in the amount required to provide the New Contract Capacity. New Contract Capacity shall be provided pursuant to Section VII.

D. E-Debt Financing.

The City retains the sole right to determine the timing and amount of debt financing required to provide Metro System Facilities.

E. (Allocation of Operating Reserves and Debt Service Coverage)

The parties shall continue to comply with the 2010 Administrative Protocol on Allocation of Operating Reserves and Debt Service Coverage to Participating Agencies, attached hereto and incorporated herein as Exhibit C.

In 2010, the City and Metro JPA agreed to a protocol related to operating reserves and debt service under the agreement and have been operating in accordance with the protocol since that time. This will add the protocol as a formal part of the Agreement.

VI. **PLANNING**

A. Projected Flow and Capacity Report.

Commencing on July 1, 1999, each Participating Agency shall provide the City and the Metro Commission with a ten-year projection of its Flow and capacity requirements from the Metro System. The Agencies shall disclose any plans to acquire New Capacity outside the Metro System. This "Projected Flow and Capacity Report" shall be updated annually.

B. Other Planning Information.

Each Participating Agency shall provide the City with such additional information as requested by the City as necessary for Metro System planning purposes.

C. Ten-Year Capital Improvement Plan.

The City shall prepare a Ten-Year Capital Improvement Plan for the Metro System that describes the facilities necessary to convey, treat, and dispose of, or reuse all Flow in the Metro System in compliance with all applicable rules, laws and regulations. The plan shall be updated annually.

D. Notice to Metro Commission.

In the event that the City is not able to include a facility in the Ten-Year Capital Improvement Plan, the City shall notify the Metro Commission as soon as possible before the detailed design or construction of such facility provided that the facility will significantly impact the Metro System.

VII. **FACILITIES SOLELY FOR NEW CONTRACT CAPACITY**

The Participating Agencies and City are obligated to pay for the acquisition or planning, design, and construction of new facilities in the Metro System that are needed solely to provide New Contract Capacity only under the terms provided below.

A. Determination of Need for New Contract Capacity.

1. As part of its planning efforts, and considering the planning information provided to the City by the Participating Agencies, the City shall determine when additional facilities beyond those acquired or constructed pursuant to Section III above will be necessary solely to accommodate a need for New Contract Capacity in the Metro System, whether by the City or by the Participating Agencies. The City shall determine: (1) the amount of New Contract Capacity needed; (2) the Participating Agency or Agencies, or the City, as the case may be, in need of the New Contract Capacity; (3) the type and location of any capital improvements necessary to provide the New Contract Capacity; (4) the projected costs of any

necessary capital improvements; and, (5) the allocation of the cost of any such facilities to the Participating Agency and/or the City for which any New Contract Capacity is being developed. The City shall notify the Participating Agencies of its determination within sixty days of making such determination.

2. The City or Participating Agency or Agencies in need of New Contract Capacity as determined by the City pursuant to Paragraph 1 above, may choose, in their sole discretion, to obtain New Capacity outside of the Metro System in lieu of New Contract Capacity. Under such circumstances, the Participating Agency or Agencies shall commit to the City in writing their intent to obtain such New Capacity. Upon such commitment, the City shall not be required to provide New Contract Capacity to such Agency or Agencies as otherwise required under this Agreement.

3. The Participating Agencies shall have six months from the date of notice of the determination within which to comment on or challenge all or part of the City's determination regarding New Contract Capacity, or to agree thereto or to commit, in writing, to obtain New Capacity outside of the Metro System. Any Participating Agency objecting to the City's determination shall have the burden to commence and diligently pursue the formal dispute resolution procedures of this Agreement within said six month period. The City's determination shall become final at the close of the six month comment and objection period. The City's determination shall remain valid notwithstanding commencement of dispute resolution unless and until set aside by a final, binding, determination of an arbitrator pursuant to the dispute resolution process set forth in this Agreement.

4. The City and the Participating Agency or Agencies which need New Contract Capacity shall thereafter enter into an agreement specifying the terms and conditions pursuant to which the New Contract Capacity will be provided, including the amount of capacity and the New Contract Capacity. Each party obtaining New Contract Capacity shall reimburse the Metro System for the costs of acquisition, planning, design, and construction of facilities necessary to provide the New Contract Capacity that have been paid by other parties under Section VII.B.3.

5. The parties recognize that the City may acquire and plan, design and construct facilities that are authorized pursuant to both Section III and Section VII of this Agreement. Under such circumstances, the City shall allocate the costs and capacity of such facilities pursuant to Section III and Section VII.A.1 as applicable.

B. Charges for Facilities Providing New Contract Capacity

1. The expense of acquisition, planning, design, and construction of New Contract Capacity shall be borne by the City or the Participating Agency or Agencies in need of such New Contract Capacity.

2. Notwithstanding any provision in this Agreement, the City and the Participating Agencies shall pay for the Operation and Maintenance Costs of all facilities

pursuant to the payment provisions of Section III, including those facilities acquired and constructed to provide New Contract Capacity in the Metro System.

3. Charges for the acquisition, planning, design and construction of facilities solely to provide New Contract Capacity shall be paid for by the Participating Agencies and the City pursuant to the payment provisions in Section III of this Agreement until an agreement is reached under Section VII.A.4, or pending the resolution of any dispute relating to the City's determination with respect to New Contract Capacity.

4. As a ministerial matter, the City shall prepare amendments to Exhibits A and B to reflect the acquisition or construction of facilities to provide New Contract Capacity pursuant to this Section. The City shall give notice of the Amendments to the Participating Agencies, and shall provide copies of the Amendments with the notice.

C. Penalty for Failure to Pay.

1. The parties recognize that appropriate capacity and long term planning for same are essential to the proper provision of sewerage service. In recognition of same, the parties agree that discharge beyond Contract Capacity should be penalized. Therefore, in the event that a Participating Agency exceeds its Contract Capacity after the City has given notice that New Capacity is required, said Participating Agency shall be assessed and pay a quarterly penalty until such time as the Participating Agency obtains the required New Capacity. The penalty shall be fifteen percent (15%) of the quarterly charges authorized pursuant to this Agreement times the amount of Flow which exceeds the Participating Agency's Contract Capacity for the first quarter, twenty-five percent (25%) of such amount for the second quarter, thirty percent (30%) of such amount for the third quarter, and thirty-five percent (35%) of such amount for every quarter thereafter.

2. In the event that a Participating Agency fails to pay the charges imposed under this Article after the City has given notice that payment is required, said Participating Agency shall be assessed and shall pay a penalty of fifteen percent (15%) of the total outstanding charges each quarter until said charges are paid in full.

VIII. THE METRO COMMISSION

A. Membership.

The Metro Commission shall consist of one representative from each Participating Agency. Each Participating Agency shall have the right to appoint a representative of its choice to the Metro Commission. If a Participating Agency is a dependent district whose governing body is that of another independent public agency that Participating Agency shall be represented on the Metro Commission by a representative appointed by the governing body which shall have no more than one representative no matter how many Participating Agencies it governs. Each member has one vote in any matter considered by the Metro Commission. The

Metro Commission shall establish its own meeting schedule and rules of conduct. The City may participate in the Metro Commission on an ex officio, non-voting, basis.

B. Advisory Responsibilities of Metro Commission.

1. The Metro Commission shall act as an advisory body, advising the City on matters affecting the Metro System. The City shall present the position of the majority of the Metro Commission to the City's governing body in written staff reports. The Metro Commission may prepare and submit materials in advance and may appear at any hearings on Metro System matters and present its majority position to the governing body of the City.

2. The Metro Commission may advise the City of its position on any issue relevant to the Metro System.

IX. DISPUTE RESOLUTION

This Section governs all disputes arising out of this Agreement.

A. Voluntary Mediation.

Upon notice to all of the parties involved, any dispute may be submitted to a mutually-acceptable mediator, including a consultant specializing in the subject matter of the dispute, for determination of the issue(s) raised. Unless the parties involved agree in writing otherwise, the decision of the mediator or consultant shall not be final and binding. In the event that there is no agreement to mediate the dispute, any party may proceed directly to Arbitration.

B. Arbitration.

Arbitration shall be commenced by sending a Notice of Demand for Arbitration to the other party or parties to the dispute. A copy of the notice shall be sent to the City, all other Participating Agencies, and the Metro Commission. Notice shall be given in accordance with Section XII. After such notice, any party that fails to timely participate by giving notice within forty-five (45) days thereafter, shall be barred from the noticed action. The scope of the arbitrator's jurisdiction shall not include the authority to amend the terms of this Agreement.

1. The arbitration shall be conducted by a mutually-acceptable dispute resolution entity which utilizes retired judges as arbitrators or arbitrators agreed to by the parties. If the parties cannot agree on such an entity, then the American Arbitration Association shall be used.

2. All arbitrations shall be conducted in accordance within California Code of Civil Procedure Sections 1282 et seq. provided, however, that in the event of a conflict between the Code of Civil Procedure arbitration provisions and the provisions of this Agreement, the provisions of this Agreement control.

3. Discovery regarding the subject matter of the arbitration shall be allowed as provided in Code of Civil Procedure Section 1283.05 (or its successors), except that

depositions may be taken without first obtaining permission from the arbitrator. The arbitrator's fee shall be paid in equal shares by the parties who participate in the arbitration. The arbitrator may award costs to the prevailing party, except, however, all costs incurred by the City for arbitration arising under Section VII shall be a Metro System cost and charged accordingly. The decision of the arbitrator shall be final and binding.

C. Performance Required During Dispute.

Nothing in this Section shall relieve the City and the Participating Agencies from performing their obligations under this Agreement. The City and the Participating Agencies shall be required to comply with this Agreement, including the performance of all disputed activity and disputed payments, pending the resolution of any dispute under this Agreement.

X. INSURANCE AND INDEMNITY

A. City Shall Maintain All Required Insurance.

1. The City shall maintain all insurance required by law, including workers' compensation insurance, associated with the operation of the Metro System.

2. Throughout the term of this Agreement the City shall procure and maintain in effect liability insurance covering, to the extent reasonably available, any and all liability of the City, the Metro System and the Participating Agencies, including their respective officers, directors, agents, and employees, if any, with respect to or arising out of the ownership, maintenance, operation, use and/or occupancy of the Metro System and all operations incidental thereto, including but not limited to structural alterations, new construction and demolition, including coverage for those hazards generally known in the insurance industry as exploding, collapse and underground property damage.

3. Said insurance shall name the City and its respective officers, employees, and agents, and shall have a limit of not less than \$24,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage suffered by any person. Said insurance may provide for a deduction from coverage, which deductible shall not be more than \$1,000,000. Said limits and/or deductible may be adjusted from time to time. Said insurance may be evidenced by a policy or policies covering only the Metro System or by endorsement to bring the same within a blanket policy or policies held by the City covering other properties in which the City has an interest provided the policy or policies have a location aggregate provision. The City may satisfy the first \$1,000,000 per occurrence with a self-insurance retention program for public liability claims. The policy or policies shall name the Participating Agencies as additional insureds with evidence of same supplied to each. Insurance premiums, claims payments and claims administration costs shall be included in the computation of the SSC.

B. Substantially Equivalent Coverage.

In the event of a transfer of the Metro System to a nonpublic entity pursuant to Section II, coverage substantially equivalent to all the above provisions shall be maintained by any successor in interest.

XI. INTERRUPTION OF SERVICE

Should the Metro System services to the Participating Agencies be interrupted as a result of a major disaster, by operation of federal or state law, or other causes beyond the City's control, the Participating Agencies shall continue all payments required under this Agreement during the period of the interruption.

XII. NOTICES REQUIRED UNDER AGREEMENT

The City and each Participating Agency shall give notice when required by this Agreement. All notices must be in writing and either served personally, or mailed by certified mail. The notices shall be sent to the officer listed for each party at the address listed for each party in Exhibit D in accordance with this Section. If a party wishes to change the officer and/or address to which notices are given, the party shall notify all other parties in accordance with this Section. Upon such notice, as a ministerial matter, the City shall amend Exhibit D to reflect the changes. The amendment shall be made within thirty (30) days after the change occurs. The City shall keep an updated version of Exhibit D on file with the City Clerk. The City shall provide a copy of the amended Exhibit D to all parties.

XIII. EFFECTIVE DATE AND TERMINATION

A. Effective Date.

~~(This Agreement shall be effective thirty (30) days after execution by the City and at least fifty percent (50%) all of the Participating Agencies. Participating Agencies which have not executed the Agreement on, and shall be dated as of the signature date of the last executing party. Upon the effective date, all not be Participating Agencies under of this Agreement until the Agreement is amended pursuant to paragraph XIV(B) hereof. Nothing in this paragraph shall limit the City's discretion in determining whether to execute this Agreement. the 1998 Agreement shall be of no further force and effect.)~~

The Agreement requires approval of the City and all PAs in order to be amended. These changes reflect that requirement.

B. Preferences.

In the event one or more agencies which are subject to Wastewater Agreements with the City before the effective date of this Agreement do not execute this Agreement, the City agrees not to enter into any new agreements with said agency or agencies without first offering the Participating Agencies agreements under substantially the same terms and conditions for any proposed agreement covering the same subject matter and issues.

C. Termination.

Subject to the rights and obligations set forth in Section XIII.C. below, this Agreement shall terminate on December 31, 2050~~2063~~. This Agreement is subject to extension by agreement of the parties. The parties shall commence discussions on an agreement to

The term of the Agreement would be extended 15 years to allow for cost recovery by wastewater if the wastewater costs of the Pure Water Program exceed the costs of converting the Point Loma WTP to full secondary at 165 MGD capacity.

provide wastewater treatment services beyond the year ~~2050~~2065 on or before December 31, 2040~~2055~~.

D. Contract Capacity Rights Survive Termination.

The Participating Agencies' right to obtain wastewater treatment services from the facilities referred to in, or constructed pursuant to this Agreement shall survive the termination of the Agreement. Provided however, upon expiration of this Agreement, the Participating Agencies shall be required to pay their proportional share based on Flow and Strength of all Metro System Costs (Capital Improvement Costs and Operation and Maintenance) to maintain their right to such treatment services. Provided further, that in the event that the Participating Agencies exercise their rights to treatment upon expiration of this Agreement, the City shall have the absolute right, without consultation, to manage, operate and expand the Metro System in its discretion.

E. Abandonment.

After December 31, ~~2050~~2065, the City may abandon the Metro System upon delivery of notice to the Participating Agencies ten (10) years in advance of said abandonment. Upon notice by the City to abandon the Metro System, the parties shall meet and confer over the nature and conditions of such abandonment. In the event the parties cannot reach agreement, the matter shall be submitted to arbitration under the provisions of Section IX. In the event of abandonment, the City shall retain ownership of all Metro System assets free of any claim of the Participating Agencies.

XIV. GENERAL

A. Exhibits.

1. This Agreement references Exhibits A through ~~E~~G. Each exhibit is attached to this Agreement, and is incorporated herein by reference. The exhibits are as follows:

Exhibit A	Metro Facilities;
Exhibit B	Contract Capacities;
Exhibit C	Existing Capacity Charge Listing <u>Allocation of Operating Reserves and Debt Service Coverage to Participating Agencies;</u>
Exhibit D	Notice Listing; and
Exhibit E	Map of Reclaimed Water Projects;
Exhibit F	<u>Pure Water Cost Allocation and Commodity Rate; and</u>

B. Amendment of Agreement.

Except as provided in this Agreement, and recognizing that certain amendments are ministerial and preapproved, this Agreement may be amended or supplemented only by a written agreement between the City and the Participating Agencies stating the parties' intent to amend or supplement the Agreement.

C. Construction of Agreement.

1. Drafting of Agreement

It is acknowledged that the City and the Participating Agencies, with the assistance of competent counsel, have participated in the drafting of this Agreement and that any ambiguity should not be construed for or against the City or any Participating Agency on account of such drafting.

2. Entire Agreement

The City and each Participating Agency represent, warrant and agree that no promise or agreement not expressed herein has been made to them, that this Agreement contains the entire agreement between the parties, that this Agreement supersedes any and all prior agreements or understandings between the parties unless otherwise provided herein, and that the terms of this Agreement are contractual and not a mere recital; that in executing this Agreement, no party is relying on any statement or representation made by the other party, or the other party's representatives concerning the subject matter, basis or effect of this Agreement other than as set forth herein; and that each party is relying solely on its own judgement and knowledge.

3. Agreement Binding on All

This Agreement shall be binding upon and shall inure to the benefit of each of the parties, and each of their respective successors, assigns, trustees or receivers. All the covenants contained in this Agreement are for the express benefit of each and all such parties. This Agreement is not intended to benefit any third parties.

4. Severability

Should any provision of this Agreement be held invalid or illegal, such invalidity or illegality shall not invalidate the whole of this Agreement, but, rather, the Agreement shall be construed as if it did not contain the invalid or illegal part, and the rights and obligations of the parties shall be construed and enforced accordingly.

5. Choice of Law

This Agreement shall be construed and enforced pursuant to the laws of the State of California.

6. Recognition of San Diego Sanitation District as Successor to Certain Parties.

The parties hereby acknowledge and agree that the San Diego County Sanitation District is a Participating Agency under this Agreement as the successor in interest to the Alpine Sanitation District, East Otay Mesa Sewer Maintenance District, Lakeside Sanitation District, Spring Valley Sanitation District, and Winter Gardens Sewer Maintenance District.

D. Declarations Re: Agreement.

1. Understanding of Intent and Effect of Agreement

The parties expressly declare and represent that they have read the Agreement and that they have consulted with their respective counsel regarding the meaning of the terms and conditions contained herein. The parties further expressly declare and represent that they fully understand the content and effect of this Agreement and they approve and accept the terms and conditions contained herein, and that this Agreement is executed freely and voluntarily.

2. Warranty Regarding Obligation and Authority to Enter Into This Agreement

Each party represents and warrants that its respective obligations herein are legal and binding obligations of such party, that each party is fully authorized to enter into this Agreement, and that the person signing this Agreement hereinafter for each party has been duly authorized to sign this Agreement on behalf of said party.

3. Restrictions on Veto of Transfers and Acquisitions of Capacity

Each party understands and agrees that this Agreement governs its respective rights and responsibilities with respect to the subject matter hereto and specifically recognizes that with respect to the transfer and acquisition of Contract Capacity (Section IV.B) or the creation of New Contract Capacity for any Participating Agency (Section VII), no Participating Agency has a right to veto or prevent the transfer of capacity by and among other Participating Agencies or with the City, or to veto or prevent the creation or acquisition capacity for another Participating Agency or Agencies, recognizing that by signing this Agreement each Participating Agency has expressly preapproved such actions. The sole right of a Participating Agency to object to any of the foregoing shall be through expression of its opinion to the Metro Commission and, where applicable, through exercise of its rights under the dispute resolution provisions of this Agreement.

4. Right to Make Other Agreements

Nothing in this Agreement limits or restricts the right of the City or the Participating Agencies to make separate agreements among themselves without the need to amend this Agreement, provided that such agreements are consistent with this Agreement.

5. Counterparts

This Agreement may be executed in counterparts. This Agreement shall become operative as soon as one counterpart hereof has been executed by each party. The counterparts so executed shall constitute one Agreement notwithstanding that the signatures of all parties do not appear on the same page.

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EXHIBIT A
METRO FACILITIES

INSERT CURRENT VERSION OF EXHIBIT A ON FILE WITH CITY CLERK

DRAFT

EXHIBIT A

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EXHIBIT B

CONTRACT CAPACITIES

CITY OF SAN DIEGO
Metropolitan Sewerage System
Contract Capacities
Annual Average Daily Flow
in
Millions of Gallons Per Day

INSERT CURRENT VERSION OF EXHIBIT B ON FILE WITH CITY CLERK IF
DIFFERENT FROM 1998 VERSION

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EXHIBIT B

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EXHIBIT C

ADMINISTRATIVE PROTOCOL ON ALLOCATION OF OPERATING RESERVES
AND DEBT SERVICE COVERAGE TO PARTICIPATING AGENCIES

CITY OF SAN DIEGO
METROPOLITAN SEWERAGE SYSTEM

EXISTING CAPACITY CHARGE LISTING

DRAFT

EXHIBIT C

CITY OF SAN DIEGO
metropolitan sewerage system exhibit d

(NOTICE LISTING)

Each agency: Please review and
update contact information as
appropriate.

City Manager
City of Chula Vista
276 Fourth Avenue
Chula Vista, CA 91919
Phone: 691-5031
Fax: 585-5612

City Manager
City of La Mesa
8130 Allison Avenue
La Mesa, CA 91944-91942
Phone: 667-1101
Fax: 462-7528

City Manager
City of San Diego
202 "C" Street
San Diego, CA 92101
Phone: 236-5949
Fax: 236-6067

City Manager
City of Coronado
1825 Strand Way
Coronado, CA 92113
Phone: 522-7335
Fax: 522-7846

City Manager
City of Lemon Grove
3232 Main Street
Lemon Grove, CA 91945
Phone: 464-6934
Fax: 460-3716

Chief Administrative Officer
County of San Diego
1600 Pacific Highway, Rm. 209
San Diego, CA 92101
Phone: 531-5250
Fax: 557-4060

City Manager
City of Del Mar
1050 Camino Del Mar
Del Mar, CA 92014
Phone: 755-9313 ext. 25
Fax: 755-2794

City Manager
City of National City
1243 National City Blvd.
National City, CA 91950
Phone: 336-4240
Fax: 336-4327

General Manager
Otay Water District
2554 Sweetwater Springs Blvd.
Spring Valley, CA 91977
Phone: 670-2210
Fax: 670-2258

City Manager
City of El Cajon
200 E. Main Street
El Cajon, CA 92020
Phone: 441-1716
Fax: 441-1770

City Manager
City of Poway
13325 Civic Center Drive
Poway, CA 92064
Phone: 679-4200
Fax: 679-4226

General Manager
Padre Dam Municipal Water
District
10887 Woodside Avenue
Santee, CA 92071
Phone: 258-4610
Fax: 258-4794

City Manager
City of Imperial Beach
825 Imperial Beach Blvd.
Imperial Beach, CA 91932
Phone: 423-8300 ext. 7
Fax: 429-9770

EXHIBIT D

EXHIBIT E

MAP OF RECLAIMED WATER PROJECTS



EXHIBIT E

EXHIBIT F

PURE WATER COST ALLOCATION AND COMMODITY RATE

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EXHIBIT F

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EXHIBIT G

METRO SYSTEM CAPACITY POOL ALLOCATION

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EXHIBIT G

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Summary report:	
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3:25:02 PM	
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Intelligent Table Comparison: Active	
Original filename: Metro JPA_Regional Wastewater Disposal Agreement (Word Version of 1998 Text).DOCX	
Modified DMS: iw:///iManage/iManage/30914102/3	
Changes:	
Add	170
Delete	95
Move-From	5
Move To	5
Table Insert	2
Table Delete	0
Table moves to	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	277

DRAFT – 5/14/18

EXHIBIT F

PURE WATER PROGRAM COST ALLOCATION AND COMMODITY RATE

The City intends to implement the phased, multi-year Pure Water Program to produce up to 83 mgd of safe, reliable potable water for the City using new or modified facilities. As part of the Pure Water Program, the City intends to modify the North City Water Reclamation Plant (a Metro System facility) and expand its capacity to 52 mgd. In addition, the City intends to construct the North City Advanced Water Purification Facility on a nearby site to produce Repurified Water. In the future, the Parties anticipate that the City may construct, modify, or expand other Metro System facilities in connection with the production of Repurified Water and the Pure Water Program.

This Exhibit F sets forth the costs and revenues associated with the Pure Water Program which are, or are not, attributable to the Metro System.

A. Costs Excluded from Metro System Costs

All of the following Pure Water Program costs, including Capital Improvement Costs, Operation and Maintenance Costs, and other related costs (including administration, insurance, claims, and overhead) are excluded as Metro System Costs for purposes of calculating the annual Sewer System Charge, and shall be the responsibility of City's water utility ("City Water Utility PW Costs"):

1. General Exclusions.

a. Costs of the Water Repurification System and any Metro System facilities to the extent constructed, modified, expanded, or used for the purpose of treating water beyond secondary treatment (ocean discharge standard under current law).

b. Costs for fail-safe disposal, if necessary, for design capacity for Repurified Water, including, but not limited to, any costs associated with the reservation of capacity at the Point Loma Wastewater Treatment Plant.

c. Costs for preliminary treatment, primary treatment, and secondary treatment to the extent such costs are higher than they would otherwise be due to the production of Repurified Water.

d. Costs for the demolition or replacement of existing Metro System facilities with similar facilities for the purpose of making space available for Water Repurification System facilities.

2. Cost Exclusions Specific to North City Water Reclamation Plant Improvements.

a. Costs for increased aeration tank volume to the extent the new volume exceeds the amount necessary to provide 52 mgd capacity. Determination of sizing to provide

Comment [NN1]: Provisions subject to further discussions between City and Metro JPA.

DRAFT – 5/14/18

52 mgd capacity shall be based on the current tank volume necessary to provide 30 mgd capacity.

b. ~~Costs for the methanol feed system.~~

Comment [NN2]: Provision subject to further discussions between City and Metro JPA.

c. Costs for brine disposal, including, but not limited to, pump stations, pipelines, retreatment, ocean outfall, and monitoring.

d. ~~Costs for the use of existing of tertiary water filters for Repurified Water purposes. (Such costs shall be reimbursed or credited by City's water utility to the Metro System).~~

Comment [NN3]: Provision subject to further discussions between City and Metro JPA.

B. North City Water Reclamation Plant Improvement Costs Included as Metro System Costs

Notwithstanding the above exclusions, the City and the Participating Agencies have specifically agreed that the following Capital Improvement Costs and Operation and Maintenance Costs related to North City Water Reclamation Plant improvements shall be included as Metro System Costs for purposes of calculating the annual Sewer System Charge (and therefore not qualify as City Water Utility PW Costs):

1. Costs for chemically enhanced primary treatment for up to 52 mgd capacity.
2. Costs for primary effluent equalization for up to 52 mgd capacity.
3. Costs for increased volume of aeration tanks that will provide up to, but not exceeding, 52 mgd capacity. Determination of sizing to provide 52 mgd capacity shall be based on the current tank volume necessary to provide 30 mgd capacity.
4. Costs to add secondary clarifier tanks sufficient for up to 52 mgd capacity.
5. Costs for wastewater conveyance facilities to provide wastewater for replacement of centrate flows that cannot be treated at the North City Water Reclamation Plant due to the production of Repurified Water.
6. Costs for treatment and conveyance of all return flows (micro-filtration and tertiary backwash) based on Flow, COD, and SS.

C. Cost Allocation Example

Attachment 1 is an example of costs relating to the City's budget for , and indicates which costs are City Water Utility PW Costs and which costs are attributable to the Metro System. The Parties agree that Attachment 1 is an illustrative document to assist the Parties in the future and is not a comprehensive list of all such costs. If there is any conflict between this Exhibit F and Attachment 1, or if a specific cost is not addressed in Attachment 1, this Exhibit F shall control.

DRAFT – 5/14/18

D. Metro System Revenue – Secondary Effluent Commodity Rate

City's Water Utility shall pay a commodity rate ("Secondary Effluent Commodity Rate") for each acre-foot of secondary treated effluent produced by Metro System facilities for the production of Repurified Water.

a. Basic Rate

The Secondary Effluent Commodity Rate shall equal \$178.80 per acre foot of secondary effluent, which amount shall be adjusted annually starting on July 1, 2018 to equal twenty percent (20%) of the San Diego County Water Authority's blended untreated MRL supply rate (the "Basic Rate"). The Basic Rate shall begin in the fiscal year in which Pure Water Program costs are first allocated to the Metro System, and shall continue until termination of the Agreement.

Comment [NN4]: The basis for setting the rate is subject to further discussion among the PAs and with the City of San Diego.

Comment [NNS]: The Metro FAC Ad Hoc Committee is in discussions with the City of San Diego about a Commodity Rate that would begin as soon as Pure Water costs are incurred by wastewater.

Details about the Basic Rate are the subject of further discussion among the PAs and with the City.

b. Contingent Rate

In addition to the Basic Rate, City's Water Utility shall also pay an additional amount (the "Contingent Rate") if:

(a) the Point Loma Wastewater Treatment Plant is fully or partially upgraded to secondary treatment due to (i) the failure to receive an NPDES permit modified under section 301(h) & (j)(5) of the Clean Water Act for the Point Loma WTP, or (ii) a discretionary decision of the City (except to the extent such secondary treatment upgrade is part of the Pure Water program); and

(b) the sum of all Capital Improvement Costs and associated debt attributable to (i) the Metro System components of the Pure Water Program under this Exhibit F and (ii) the upgrading of the Point Loma WTP to secondary treatment exceeds \$_____ (which amount shall be adjusted for inflation).

Notwithstanding, the Contingent Rate shall not apply if the upgrading of the Point Loma WTP to secondary treatment (or beyond) is caused by: (a) a change in federal or state statutory law making it necessary to upgrade the Point Loma WTP to comply with such new discharge standard; or (b) a final decision by a state or federal court or a federal administrative agency of competent jurisdiction that an NPDES permit modified under section 301(h) & (j)(5) of the Clean Water Act is thereby revoked or denied renewal due to a finding that the discharge from the Point Loma WTP violates 40 C.F.R. 131.12, State Water Resources Control Board Resolution 68-16, and State Water Resources Control Board Administrative Procedures Update No. 90-004.

Comment [NN6]: These are the federal and state regulations that implement the anti-degradation policies of the Clean Water Act.

c. Calculation of Contingent Rate

At the end of each fiscal year during the term of the Agreement, there shall be a reasonable determination by the City, in consultation with the Participating Agencies, of whether or not the Contingent Rate shall be added to the Basic Rate as described above. In calculating the sum of all Capital Improvement Costs and associated debt attributable to the Metro System components of the Pure Water Program under this Exhibit F and the upgrading of the Point

DRAFT – 5/14/18

Loma WTP to secondary treatment, the City shall take into account all costs incurred to date, including any debt issued for such costs.

The amount per acre-foot of the Contingent Rate shall be determined as follows:

The sum of all Capital Improvement Costs and associated debt attributable to (i) the Metro System components of the Pure Water Program under this Exhibit F and (ii) any upgrading of the Point Loma WTP to secondary treatment

less

\$ [the estimated cost to upgrade the Point Loma Wastewater Treatment Plant to full secondary at 165 mgd which will be identified by the City's consultant], as adjusted for inflation each July 1 (starting on July 1, 2019) to reflect the annual percentage change in the Engineering News Record – Los Angeles construction cost index

multiplied by

1.42 (which estimates the total interest on a 30-year State Revolving Fund loan with an interest rate of 2.5%)

and divided by

The total number of acre feet per year of secondary treated effluent that is expected to be produced by Metro System facilities for the production of Repurified Water over a period of thirty (30) years, or the number of years remaining in the term of the Agreement, whichever is shorter

d. Year-End Adjustment

At the end of each fiscal year during which the City's Water Utility pays the Contingent Rate, the City shall determine the actual Capital Improvement Costs and associated debt attributable to the Metro System components of the Pure Water Program under this Exhibit F and any upgrading of the Point Loma WTP to secondary treatment if different from the amounts determined in the first year the Contingent Rate went into effect. In addition, the City shall determine the then-applicable interest amount for outstanding loans for the Metro System components of the Pure Water Program and Point Loma WTP upgrades, and will update the interest multiplier accordingly for that fiscal year.

Based on the above, the Contingent Rate will then be recalculated for secondary effluent purchased during the prior fiscal year and allocated in the proportions set forth in Exhibit G. The City will credit any future charges or bill for any additional amounts due the quarter after the prior year costs have been audited.

DRAFT -- 5/14/18

e. Duration; Expiration

The Contingent Rate shall continue until the cost difference between (a) the actual sum of the Capital Improvement Costs and associated debt attributable to the Metro System under this Exhibit F and the costs to upgrade the Point Loma WTP and (b) \$ [REDACTED] (which amount shall be adjusted for inflation) has been fully repaid.

D. Audit Procedures

For the clarity of the Parties, and without limiting the generality of the City's obligations under the Agreement, the City agrees as follows:

1. The City shall, keep appropriate records and accounts of all costs, expenses, and revenues relating to conveyance, treatment, disposal, and reuse of wastewater, and production of Repurified Water; the acquisition, planning, design, construction, administration, monitoring, operation and maintenance of the Metro System and Water Repurification System; and any grants, loans, or other revenue received therefor. The City shall keep such records and accounts for at least four (4) years, or for any longer period required by law or outside funding sources.

2. Said accounts and records shall be subject to reasonable inspection by any authorized representative of any Participating Agency at its expense and shall be audited annually by an independent certified public accounting firm appointed by the City pursuant to generally accepted accounting principles, and a copy of said report shall be available to any Participating Agency.

3. As part of said audit, the actual amount of City Water Utility's PW Costs, Pure Water Program costs attributable to the Metro System, and Secondary Effluent Commodity Rate shall be determined and audited by the City's external auditors and Participating Agency representatives, and a summary of such amounts shall be included as a footnote or attachment to the audit of the Metro System.

DRAFT – 5/14/18

ATTACHMENT 1 – EXAMPLE OF PURE WATER BUDGET

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ATTACHMENT 2 – EXAMPLE OF CWA BILL

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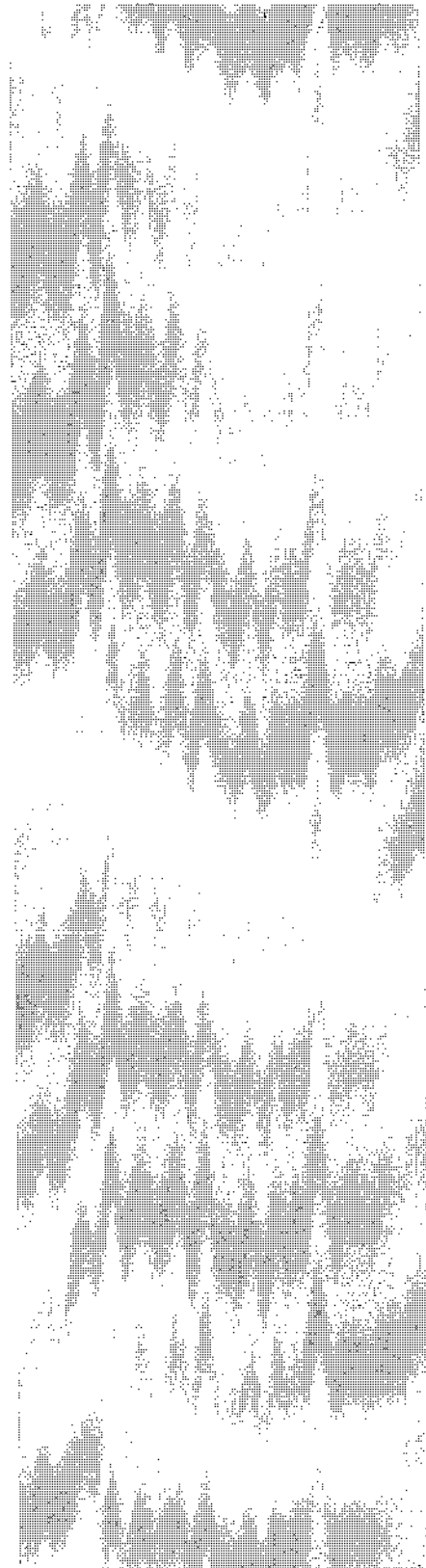


Exhibit B

METRO SYSTEM CAPACITY POOL ALLOCATION

Agency	Metro Capacity Rights (Assume 15 MGD Padre Dam Pure Water Project 18 MGD Off Load)	Metro Capacity Rights %	Reserved Pool Capacity
Chula Vista	20.864	13.269%	2.091
Coronado	2.431	1.546%	0.244
Del Mar	0.031	0.020%	0.003
East Otay Mesa (County)	1.788	1.137%	0.179
El Cajon	2.739	1.742%	0.274
Imperial Beach	2.473	1.573%	0.248
La Mesa	5.03	3.199%	0.504
Lakeside/Alpine (County)	0	0.000%	0.000
Lemon Grove	2.4	1.526%	0.240
National City	4.65	2.957%	0.466
Otay Water District	0.381	0.242%	0.038
Otay Ranch (County)	1.00	0.636%	0.100
Padre Dam	0.5	0.318%	0.050
Poway	3.101	1.972%	0.311
Spring Valley (County)	0	0.000%	0.000
Wintergardens (County)	0	0.000%	0.000
San Diego	109.855	69.863%	11.009
Total	157.243	100.000%	15.757

Exhibit C



THE CITY OF SAN DIEGO

MEMORANDUM

DATE: May 15, 2018

TO: Metro Technical Advisory Committee (Metro TAC)

FROM: Surraya Rashid, Deputy Director, Public Utilities Department

SUBJECT: FY2018 Capital Improvements Projects (CIP) Report -- 3rd Quarter

The Public Utilities Department hereby submits the FY2018 CIP updates for the period of January 1, 2018 through March 31, 2018.

The report includes the following:

- Projects highlights
- Forecast versus actual expenditures report
- Projects expenditure updates

Project Highlights

Project	Total Project Cost	Highlight
South Bay Water Reclamation Plant Loop Control System & Valve Station Improvement	\$ 3.3 M	Construction

This project will split the an existing Valve Master Station 01 into two (2) separate stand-alone loops, each individually controlled via a new Master Station. The scope also includes the replacement of 97 EIM actuators that have reached their service life. The new actuators will be wired to allow individual switches to isolate valves increasing the efficiency of the maintenance while maintaining the Plant's operation.

The notice to proceed for construction to be issued April 2018 and the end of construction is estimated to be early 2019.

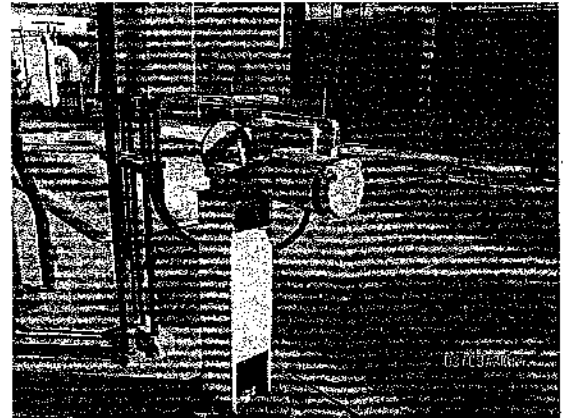
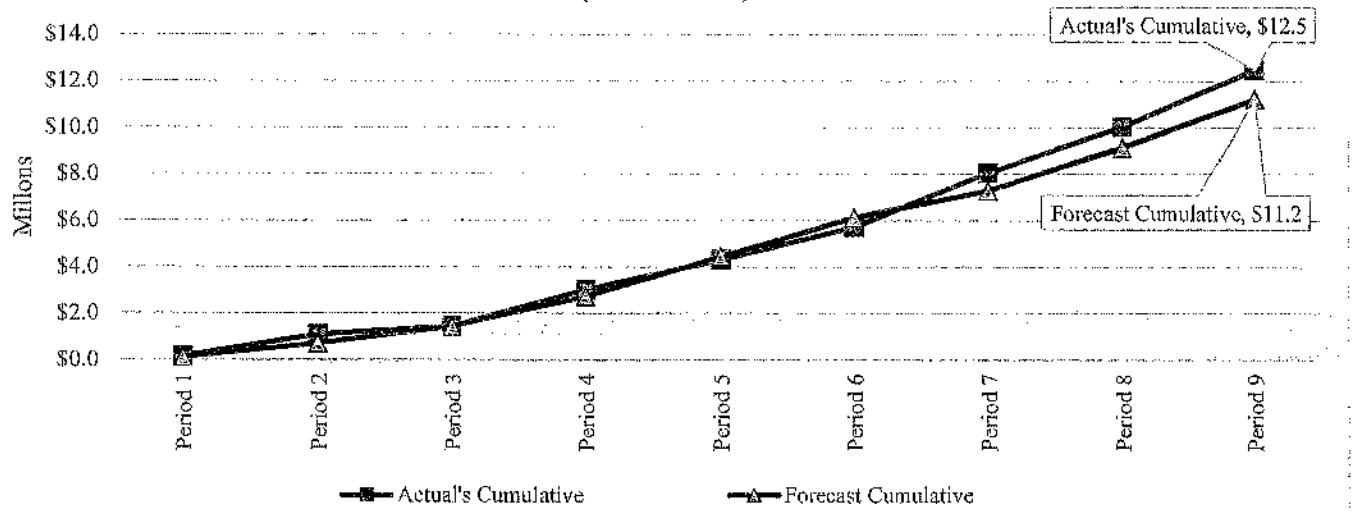


Figure 1: Existing EIM valve actuator

FORECAST VERSUS ACTUAL EXPENDITURES UPDATES

FY 2018 Wastewater Forecast vs. Actual Expenditures (unaudited)



WASTEWATER PROJECTS
COST OF SERVICE STUDY (COSS) vs ACTUALS
FY 2018 - 3rd Quarter (Financial Data run May 9, 2018)

NOTES:
- Projects are listed from highest to lowest revised project cost-per asset type
- Original COSS Estimates use July 1, 2015 P6 Data Date
- Wastewater projects are separated into Muni and Metro
- TBD are projects being implemented but have not yet established a baseline
- Does not include IAM, AMI, or Pure Water projects with the exception of Morena (B15141)

Projects with \$1 mil or more in estimated project cost change (increase/decrease)
Projects six or more months behind schedule in design/construction phases
Projects on the radar

COSS - Cost of Service Study
BO/BU - Beneficial Occupancy/Beneficial Use, i.e., Substantial Completion
Variance - difference between COSS and current dates

WASTEWATER PROJECTS								Start Date	Planning/Design/Award Phase			Construction Phase		
WDP #	Project Name	Phase	Original Project Cost	Revised Project Cost	Current Project Cost	Original BO/BU	Revised BO/BU		COSS Final Design Approval - End	Final Design Approval - End	Final Design Approval - End Variance	COSS BO/BU	BO/BU	BO/BU Variance
	LARGE SEWER PUMP STATIONS - METRO													
S00312	PS2 Power Reliability & Surge Protection	Construction	\$72,100,800	\$11,211,725	\$10,748,609	\$50,140,467	15.55%	11/1/2010	2/8/2016	8/15/2016	139	8/30/2019	11/30/2021	604
	OTHER - METRO													
S00314	Wet Weather Storage Facility - Live Stream Discharge (D/B)	Planning	\$5,000,000	\$2,367,774	\$14,130	\$2,618,096	47.36%	1/3/2011	3/7/2016	TBD		1/24/2018	7/29/2020	672
S00319	EMT&S Boat Dock & Steam Line Relocation	Design	\$2,304,000	\$78,816	\$16,776	\$2,208,408	3.42%	11/23/2011	11/30/2012	TBD		6/30/2018	10/6/2019	340
	SEWER TREATMENT PLANTS - METRO													
B18031	Ultraviolet Disinfection System Replace	Planning	\$4,520,000	\$58,957	\$361,113			10/2/2017	TBD	1/29/2019		TBD	4/22/2020	
B16165	MBC Cooling Water System Chiller Upgrade	Design	\$3,771,000	\$383,644	\$153,914	\$3,233,442	10.17%	8/1/2016	TBD	1/16/2019		TBD	6/12/2020	
S00339	MBC DEWTRING CNTREFGS RPLMT (SA)JO#141590	Construction	\$12,122,443	\$8,653,846	\$2,722,790	\$745,807	71.39%	7/1/2011	3/21/2012	3/21/2012	0	4/12/2016	8/1/2018	617
S00310	SBWRP DEMINERALIZATION	Construction	\$5,973,695	\$5,276,917	\$55,508	\$641,270	88.34%	8/1/2012	11/30/2012	11/30/2012	0	9/17/2015	6/6/2018	728
B16132	SBWRP Valve Mstr Sta & Loop Control Sys	Construction	\$3,320,800	\$229,744	\$1,647,629	\$1,443,428	6.92%	4/3/2017	TBD	9/11/2017		TBD	1/30/2019	
	TRUNK SEWERS - METRO													
B11025	ROSE CANYON TS (RCTS) JOINT REPAIR	Construction	\$9,284,394	\$993,617	\$4,210,806	\$4,079,971	10.70%	5/1/2013	1/20/2016	8/5/2016	145	3/30/2017	8/21/2020	909
	OTHER - MUNI/METRO													
S14000	I AM San Diego Project (Metro)	Implementation	\$7,841,449	\$6,134,537	\$1,135,784	\$571,128	78.23%	2/1/2014	2/1/2014	TBD	TBD	TBD	12/31/2018	43465
S14022	MOC Complex Solar Project	Construction	\$2,615,770	\$625,858	\$661,915	\$1,327,997	23.93%	8/1/2014	9/1/2015	10/29/2015	43	9/2/2016	9/16/2018	546

Attachment 13

July 2018

Rate Survey

Update

June 14, 2018

TO: Metro TAC Members
FROM: Karyn Keese
SUBJECT: Rate Survey Update

As part of the update to the work plan this month I have revised the rate survey as the majority of the PAs sewer rates adjust effective July 1, 2018. I noted during my review that one agency increased their rates not only by their multi-year adopted rate case but also included a "Metro pass-through" in addition.

Attached to this memo is the updated rate survey in two formats. The first is a spreadsheet showing the fixed and variable rates I have used per your rate resolutions/ordinances and the second is the draft graphic showing the total single family rates per 7 HCF of water usage. Please check the numbers I am using to make sure they are accurate and let me know of any changes (especially if you are going to activate your Metro pass through) at Metro TAC.

I have essentially taken over the rate survey updates from Otay and have been updating their workbook as needed. I notice when I was updating the rates that the model uses a "rate of return" for several but not all of the agencies that ranges from 75% to 90%. I would like to discuss at Metro TAC whether we should be basing the single family rates shown in the graphic on 7 HCF for all agencies or should the rates be based on 7 HCF less a rate of return if an agency has adopted one.

Thank you for your review and help in this matter.

Sewer Rate Survey

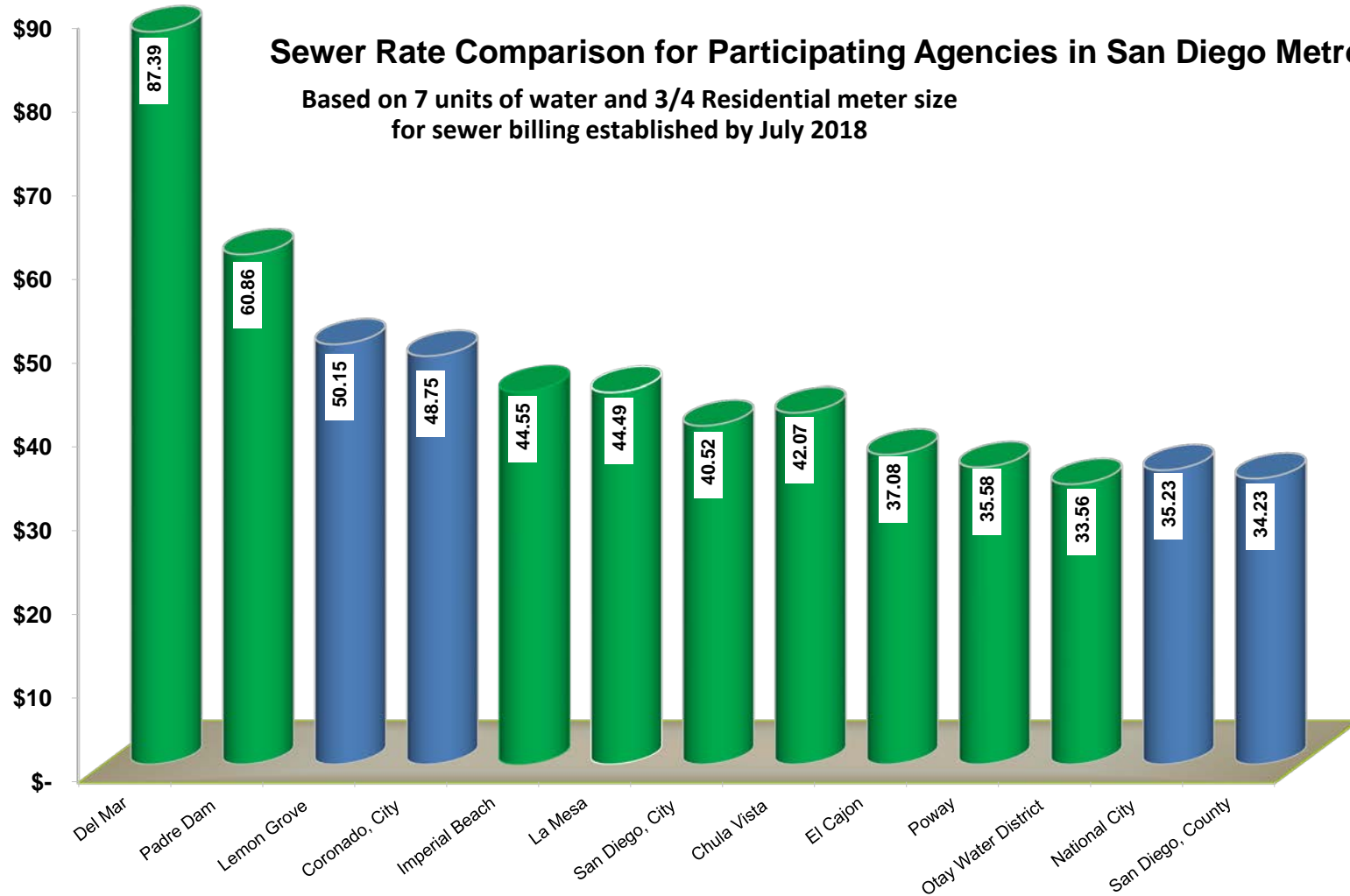
Monthly Residential Sewer Rates Effective July 1, 2018

	Fixed Fee	Variable Per HCF	Rate For 7 HCF	Notes:
Del Mar	\$ 46.19	\$ 6.54	\$ 87.39	Adjusts July 1
Padre Dam	\$ 34.75	\$ 3.73	\$ 60.86	Adjusts July 1
Lemon Grove	\$ 50.15		\$ 50.15	Adjusts July 1
Coronado, City	\$ 48.75		\$ 48.75	Adjusts July 1
Imperial Beach	\$ 18.41	\$ 4.98	\$ 44.55	Adjusts July 1
La Mesa	\$ 17.08	\$ 3.63	\$ 44.49	Adjusts July 1
San Diego, City	\$ 15.33	\$ 3.5983	\$ 40.52	No rate adjustment
Chula Vista	\$ 15.23	\$ 4.26	\$ 42.07	Adjusts July 1
El Cajon	\$ 5.65	\$ 4.49	\$ 37.08	No rate adjustment. Completing rate study.
Poway	\$ 10.34	\$ 25.24	\$ 35.58	These are 2018 rates. 2019 rates adjusts January 1 Variable is Tier 2.
Otay Water District	\$ 17.08	\$ 2.77	\$ 33.56	These are 2018 rates. 2019 adjusts January 1
National City	\$ 35.23		\$ 35.23	Adjusts July 1
San Diego, County	\$ 34.23		\$ 34.23	Adjusts July 1

Flat rates

Sewer Rate Comparison for Participating Agencies in San Diego Metro System

Based on 7 units of water and 3/4 Residential meter size
for sewer billing established by July 2018



- Flat Sewer Rate
- Water consumption based sewer rate

Attachment 15

MetroTAC

Work Plan

**Metro TAC Work Plan
Active & Pending Items
June 2018**
Updated Items in Red Italics

Active Items	Description	Member(s)
Muni Transportation Rate Study Working Group	San Diego has hired Carollo Engineers to review the existing transportation rate structure. A work group has been formed to review and give input. First meeting will be in December 2017. Although this is a muni issue it is included on the work plan due to its significance and potential effect on all Metro TAC members. 3/18: Technical consultants to meet with PUD staff and Carollo on 3/22/18 to review model in detail <i>6/18: JPA technical consultants continue to work with PUD staff on understanding rate calculations</i>	Roberto Yano Dan Brogadir Erin Bullers Mark Niemiec Yazmin Arellano Dexter Wilson Karyn Keese Carmen Kasner SD staff
Point Loma Permit Ad Hoc TAC	Metro Commission/JPA Ad Hoc established 9/17. 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 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 through successful coordination between water and wastewater agencies. 10/17: Group has met several times. Discussions are ongoing. <i>3/18: Group continues to meet at least monthly. 6/18: Group continues to meet monthly. Outreach subgroup formed.</i>	Jerry Jones Jim Peasley Ed Spriggs Bill Baber Steve Padilla Metro TAC staff & JPA consultants
Pure Water EIR Comment Ad Hoc Sub Committee	Created at September 2017 Metro TAC meeting. Purpose to provide technical review of the Pure Water Program EIR and provide draft comments for Metro TAC/JPA review. 10/17: Dexter Wilson & Carmen Kasner reviewed their comments w/Metro TAC. They will forward comments to Chair Humora & he will forward to San Diego. 3/18: Comments submitted to EIR staff. Response from San Diego does not address all issues. Technical consultants and Ad Hoc working with City staff on issues. <i>6/18: One lawsuit filed by La Jolla Planning Group against the EIR. San Diego extends JPA tolling agreement for 60 days.</i>	Roberto Yano Dexter Wilson Carmen Kasner Lisa Coburn-Boyd Paula de Sousa Mills
Pure Water Facilities Working Group	This subcommittee was formed by Metro TAC and is a technical group of engineers and supporting financial staff to work with San Diego staff and consultants on cost allocations for proposed Pure Water facilities. This group meets at least monthly. Current projects include North City and MBC expansions. First meeting was 3/24/17. Roberto Yano is the chair. 5/17: Group continues to meet monthly with PUD and PWP consultants. Reviewed and accepted cost allocation for MBC. 7/17: Facilities WG has submitted their comments to the City of SD on the 30% design of the North City Expansion Project. They are working cooperatively with PUD staff and consultants in the review of the design and their comments. 9/17: Positive progress, reviewed Construction package 1 and 3 and provided comments 10/17: Continued work w/SD on cost allocation of major PWP facilities. Projected draft cost allocation document in November/December 2017. 3/18: Working group have reviewed all four construction design packages and has turned in comments & questions to PUD staff. Work on cost allocation continues. <i>6/18: Continued review of designs & questions.</i>	Yazmin Arellano Dan Brogadir Steve Beppler Al Lau Scott Tulloch Dexter Wilson Roberto Yano SD staff & consultants

**Metro TAC Work Plan
Active & Pending Items
June 2018**
Updated Items in Red Italics

Active Items	Description	Member(s)
Sample Rejection Protocol Working Group	7/16: The sample rejection protocol from the B&C 2013 report has been under discussion between PUD staff and Metro TAC. A working group was formed to deal with this highly technical issue and prepare draft recommendations on any changes to current sampling procedures. The existing protocol is to be used through FY17. If changes are approved to the protocol they will be implemented in FY18. 1/17: Work group continues to meet monthly. 6/17: Working Group has complete their review. Three work items to be brought forward at June Metro TAC and during the next fiscal year quarter: 1) Edgar Patino will write memo to support decisions of working group. 2) PUD financial staff to provide workshop for PAs during next fiscal year quarter to go over strength based billing and how to understand sampling data and quarterly billings. Training session to be videotaped and uploaded to the JPA website 3) Dexter Wilson to provide draft protocol on how to read and validate quarterly billings. March 2018: PUD staff has prepared the draft memo and has distributed it to the working group <i>6/18: Memo presented to TAC and accepted as Protocol #3. Only remaining task is SBB training session.</i>	Dennis Davies Dan Brogadir Al Lau Dexter Wilson Erin Bullers SD staff
PLWTP Permit Ad Hoc Working Group	1/17: Greg Humora and Scott Tulloch continue to meet with stakeholders. . Milestones are included in each month Metro TAC and Commission agenda packet.	Greg Humora Scott Tulloch SD staff & consultants Enviro members
Flow Commitment Working Group	6/16: Upon the request of Metro Com Chair Jim Peasley Chairman Humora created a working group to review the Flow Commitment section of the Regional Agreement and make recommendations on the fiscal responsibilities of members who might withdraw their flow from the Metro System. The Work Group held their first meeting June 24, 2016. Yazmin Arellano chairs the work group. 1/17: Work group continues to meet monthly. 4/17: Group has prepared draft RFP to hire engineering consultant to update Pt. Loma capacities. 7/17: Working Group is waiting for additional data from PUD staff and is finalizing the scope and selection of a consultant for the Pt. Loma Cost Capacity Study 10/17: Metro System Sewage Generated Flow projections worksheet handed out. Copy attached. 3/18: Working group continues to meet monthly; presentation made at March Metro TAC meeting. Agencies to review draft capacity numbers and provide comments by April Metro TAC meeting. <i>6/18: New capacity numbers developed and incorporated into draft Amendment.</i>	Yazmin Arellano Roberto Yano Erin Bullers Eric Minicilli Al Lau Dexter Wilson Karyn Keese SD staff

**Metro TAC Work Plan
Active & Pending Items
June 2018**
Updated Items in Red Italics

Active Items	Description	Member(s)
Secondary Equivalency	5/14: Definition of secondary equivalency for Point Loma agreed to be enviros 12/14: Cooperative agreement signed between San Diego and enviros to work together to pass legislation for secondary equivalency (until 8/1/19) San Diego indicated that passage of Federal legislation is not possible under the current political environment. San Diego is exploring options for State legislation 9/15: Letter received from EPA endorsing modified permit for Point Loma 6/16: Pursuit of Federal Legislation will be held off until after the November 2016 election. City of San Diego to consult with DC lobbyists on 2/4/17 6/17: Mayor Faulconer to meet with EPA Washington re: proceeding with Admin Fix. JPA to send letter stating that they do not support Admin Fix and request pursuit of permanent legislation instead. 10/17: SD is pursuing both Admin Fix and Secondary Equivalency legislation in Washington; Ad Hoc to monitor efforts. Updates to be provided by SD staff/consultants at each Metro Commission meeting.	Greg Humora Scott Tulloch
Pure Water Program Cost Allocation Working Group	A working group was formed to discuss Pure Water program cost allocation policies. 9/16: Concepts to be refined by Metro TAC and San Diego staff for presentation to Commission 1/17: 4/17: This group is currently being supported on a technical level by the Pure Water Facilities Subcommittee. 7/17: Working group is reviewing full PWP components list with PUD staff. 3/18: Cost allocation continues. Phase I cost allocation to be set based on outcome of bids for 13 PWP construction packages due to be bid in the fall of 2018. <i>6/18: Award of blanket contract approval by San Diego City Council moved to 10/2/18.</i>	Greg Humora Scott Tulloch Roberto Yano Karyn Keese SD staff & consultants
Pure Water Program Cost Allocation Metro TAC Working Group	5/14: Draft facility plan and cost allocation table provided to Metro TAC working group 3/15: Draft cost allocation presentation provided to Metro TAC	Greg Humora Scott Tulloch Rick Hopkins Roberto Yano Al Lau Bob Kennedy Karyn Keese
Exhibit E Audit	6/16: FY 2013 audit accepted by Metro Commission; 9/16: FYE 2014 audit accepted by Metro Commission. FYE 2015 audit report to be issued by end of 2016 and then all audits will be caught up. 1/17: FYE 2015 to be issued in February 2017. FYE 2016 fieldwork is underway with anticipated draft 7/17. 3/17: FYE 2015 audit report issued. Acceptance pending resolution of PWP cost allocation for cost incurred in that fiscal year. 5/17: FYE 2015 audit to move forward as requested costs have been received. FYE 2016 audit field work complete. 6/17: FYE 2015 audit accepted by JPA with assurances that once the PWP cost allocation is complete and approved by all parties that incurred costs will be adjusted as necessary to approved split of shared costs between water and wastewater. FYE 2016 audit field work complete. Completion anticipated in October 2017. 10/17: FYE 2017 Exhibit E Audit has begun. 3/18: FYE 2016 audit completion date moved to 4/18. FYE 2017 preliminary draft number prior to fieldwork is showing an increase from \$65 million PA share to \$70 million. <i>6/18: Exhibit E 2016 audit completion projected to be 7/18.</i>	Karyn Keese Karen Jassoy

**Metro TAC Work Plan
Active & Pending Items
June 2018**
Updated Items in Red Italics

Active Items	Description	Member(s)
Amend Regional Wastewater Disposal Agreement	The addition of Pure Water facilities and costs will likely require the amendment of the 1998 Regional Wastewater Disposal Agreement. The Padre Dam billing errors have led to a need to either amend the Agreement and/or develop administrative protocols to help resolve potential future billing errors. After Pure Water cost allocation had been agreed to this effort will begin.	Greg Humora Roberto Yano Dan Brogadir Karyn Keese Paula de Sousa Mills
Debt Allocation Working Group	3/18: Working group has been preparing an MOU and draft Amendment to the Regional Disposal Agreement to incorporate cost allocation "deal points" into a formal document. Draft MOU and Agreement has been reviewed by Ad Hoc and will go to Metro TAC at their March meeting. <i>6/18: Draft amendment is still under negotiation with San Diego staff. 5/14/18 version presented to Metro TAC and JPA/Commission.</i>	Greg Humora Roberto Yano Scott Tulloch Dexter Wilson Karyn Keese Paula de Sousa Mills Nicholas Norvell
IRWMP	8/15 RAC minutes included in August Metro TAC agenda. Padre Dam received a \$6 million grant for their project. 9/16: June 2, 2016 and August 3, 2016 minutes presented to Metro TAC. 12/16: Roberto Yano and Yazmin Arellano appointed to IRWMP. 5/17: Roberto Yano providing monthly updates as well as grant funding opportunities 6/17: Robert Yano urged Metro TAC members to visit the IRWMP website to keep on top of funding opportunities: http://www.sdirwmp.org ; Yazmin to attend June meeting. 10/17: Roberto Yano requested comments from TAC on storm water presentation to be provided to IRWMP 10/17: Yazmin gave update on Prop 1 and other funding sources. Members should monitor funding opportunities at: http://www.sdirwmp.org	Roberto Yano Yazmin Arellano
Strength Based Billing Evaluation	San Diego will hire a consultant every three years to audit the Metro metered system to insure against billing errors.	Al Lau Dan Brogadir Karyn Keese
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 Mills

Metro TAC

Participating Agencies

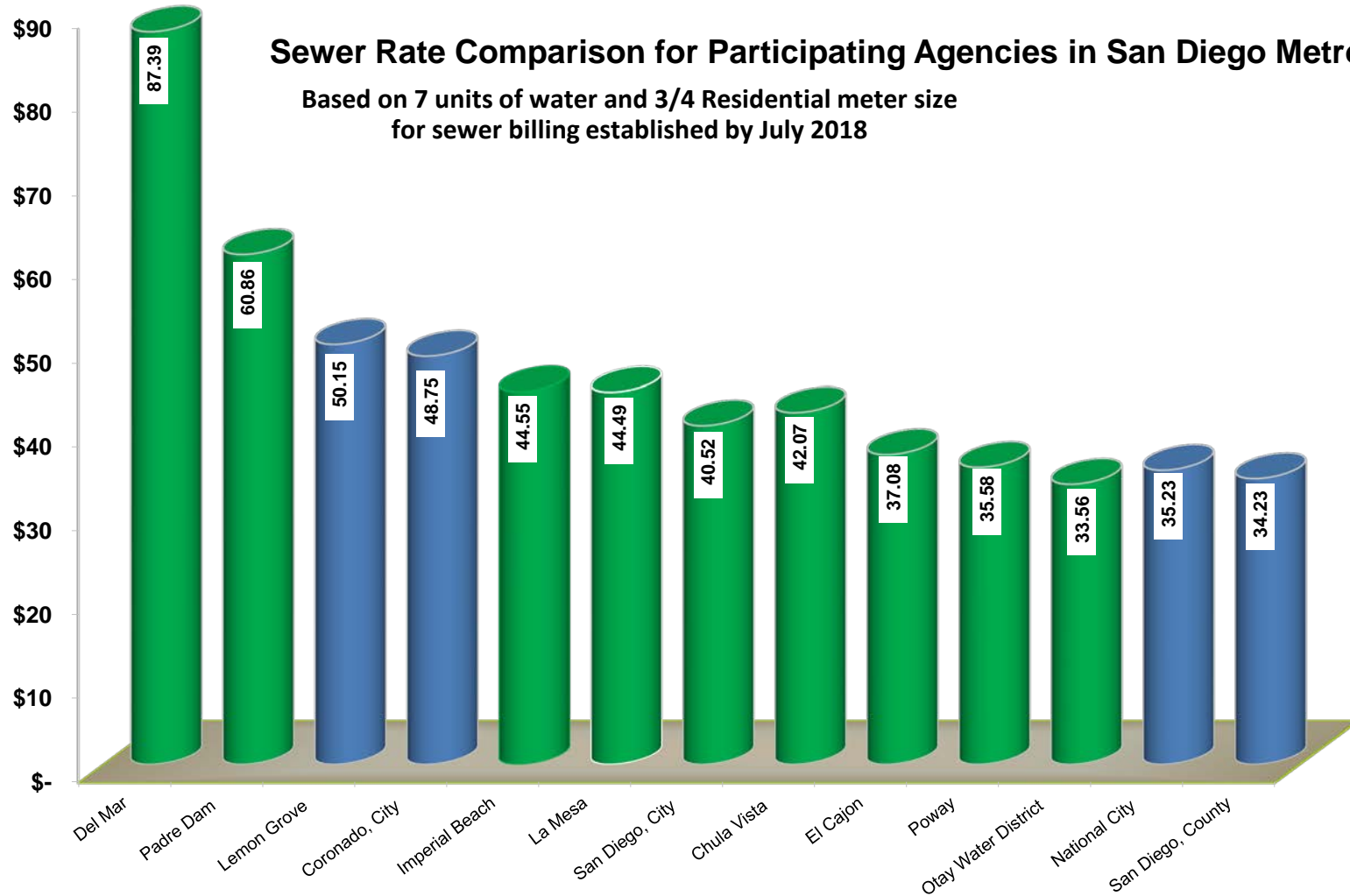
Selection Panel Rotation

Agency	Representative	Selection Panel	Date Assigned
County of San Diego	Dan Brogadir	As-Needed Condition Assessment Contract	3/24/2015
Chula Vista	Roberto Yano	Out on Leave	6/10/15
La Mesa	Greg Humora	North City to San Vicente Advanced Water Purification Conveyance System	6/10/15
Poway	Mike Obermiller	Real Property Appraisal, Acquisition, and Relocation Assistance for the Public Utilities Department	11/30/15
El Cajon	Dennis Davies	PURE WATER RFP for Engineering Design Services	12/22/15
Lemon Grove	Mike James	PURE WATER RFP Engineering services to design the North City Water reclamation Plant and Influence conveyance project	03/16/15
National City	Kuna Muthusamy	Passes	04/04/2016
Coronado	Ed Walton	As-Needed Environmental Services - 2 Contracts	04/04/2016
Otay Water District	Bob Kennedy	As Needed Engineering Services Contract 1 & 2	04/11/2016
Del Mar	Eric Minicilli	Pure Water North City Public Art Project	08/05/2016
Padre Dam	Al Lau	Biosolids/Cogeneration Facility solicitation for Pure Water	08/24/2016
County of San Diego	Dan Brogadir	Pure Water North City Public Art Project	08/10/2016
Chula Vista	Roberto Yano	Design Metropolitan Biosolids Center (MBC) Improvements Pure Water Program	9/10/2016
La Mesa	Greg Humora	Design of Metropolitan Biosolids Center (MBC) Improvements	9/22/16
Poway	Mike Obermiller	Electrodialysis Reversal (EDR) System Maintenance	12/7/16
El Cajon	Dennis Davies	As-Needed Construction Management Services for Pure Water	3/13/17
Lemon Grove	Mike James	Morena Pipeline, Morena Pump Station, Pure Water Pipeline and Dechlorination Facility, and the Subaqueous Pipeline	8/7/17
National City	Vacant	North City and Miramar Energy Project Landfill Gas and Generation- Pass	1/31/2018
Coronado	Ed Walton	North City and Miramar Energy Project Landfill Gas and Generation	1/31/2018
Otay Water District	Bob Kennedy	As Needed Engineering Services - Contracts 3 and 4 (H187008 & H187009)	2/16/2018
Del Mar	Joe Bride	Request for Proposal Owner Controlled Insurance Program (OCIP) Pure Water – 1 st email sent on 5/23/18 & 2 nd email sent on 5/29/18	5/23/18
Padre Dam	Al Lau	Request for Proposal Owner Controlled Insurance Program (OCIP) Pure Water (Mark Niemiec will participate)	5/31/18
County of San Diego	Dan Brogadir		

Chula Vista	Frank Rivera		
Imperial Beach	Eric Minicilli		
La Mesa	Greg Humora		
Poway	Mike Obermiller		
El Cajon	Dennis Davies		
Lemon Grove	Mike James		
National City	Roberto Yano		
Coronado	Ed Walton		
Otay Water District	Bob Kennedy		
Del Mar	Joe Bride		
Padre Dam	Al Lau		
County of San Diego	Dan Brogadir		
Chula Vista	Frank Rivera		
Imperial Beach	Eric Minicilli		
La Mesa	Greg Humora		
Poway	Mike Obermiller		
El Cajon	Dennis Davies		
Lemon Grove	Mike James		
National City	Roberto Yano		
Coronado	Ed Walton		
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Padre Dam	Al Lau		
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Chula Vista	Frank Rivera		
Imperial Beach	Eric Minicilli		
La Mesa	Greg Humora		
Poway	Mike Obermiller		
El Cajon	Dennis Davies		
Lemon Grove	Mike James		
National City	Roberto Yano		
Coronado	Ed Walton		

Sewer Rate Comparison for Participating Agencies in San Diego Metro System

Based on 7 units of water and 3/4 Residential meter size
for sewer billing established by July 2018



- Flat Sewer Rate
- Water consumption based sewer rate