

# **SECOND AMENDED RESTATED AGREEMENT (SARA)**

**A. Understanding SARA**

**B. SARA – 10/23/25**

**C. SARA Exhibits 10/23/25**

**D. Administrative Agreement #1  
10/23/25**

**E. FAB Presentation**

## **Understanding the Second Amended and Restated Agreement (SARA)**

### **What is SARA?**

- The Second Amended and Restated Agreement (SARA) amends the current operating agreement between the City of San Diego and the twelve Participating Agencies (PAs) that use the regional Metro Wastewater System.
- SARA is the result of over four years of negotiations between the PAs and the City of San Diego. It's the work product of hundreds of hours of research and negotiation from the staffs of the JPA and the City of San Diego, with additional layers of review from the PA's legal team, its Technical Advisory Committee, and the JPA Board members.

### **What does SARA do?**

- Updates the legal document that governs our regional cooperation on wastewater treatment and recycled/repurified water planning, particularly related to the City's Pure Water Project.
- Reorganizes the document and modernizes the language.
- Establishes the JPA's standing and streamlines authority to handle administrative, technical and operational issues.
- Resolves six specific "Parking lot Items" issues that were left unresolved in 2021.
- Provides more flexibility for future adjustments to keep the document relevant.

### **Key Updates in SARA:**

- Establishes cost-sharing approaches for Phases 1 and 2 of the City's Pure Water Program.
- Introduces a new billing method (Functional Allocated Billing) to allocate Metro System costs more accurately based on how each agency uses the Metro System.
- Establishes the Uniform Enforcement of the Pretreatment Program by the City of San Diego.
- Outlines how future regional water reuse projects may be included in capital cost calculations.
- Provides a sample formula for calculating revenue from repurified water.
- Includes provisions for the treatment and billing of wastewater from military bases.

### **Key Structural and Operational Improvements in SARA:**

- Clarifies how fines, penalties, and regulatory enforcement actions are allocated among the parties.
- Creates a process for developing, amending, and terminating Administrative Agreements to address technical or operational matters without renegotiating the main agreement.
- Establishes four approval paths to update SARA in the future, allowing for more tailored and efficient decision-making.

### **Approval Process:**

- On Oct 2, 2025, SARA was approved, on an advisory vote, by the PA representatives on the Metro JPA. It is now sitting with each PA for formal review and approval.
- San Diego will agendaize SARA for approval after a majority or most of the PA's have approved the agreement.
- After San Diego and all thirteen PAs approve, it will replace the current agreement for the next forty years (through 2065).

SECOND AMENDED AND RESTATED  
REGIONAL WASTEWATER DISPOSAL AGREEMENT  
BETWEEN  
THE CITY OF SAN DIEGO  
AND  
THE PARTICIPATING AGENCIES  
IN  
THE METROPOLITAN SEWERAGE SYSTEM

## TABLE OF CONTENTS

|                                                                                | Page |
|--------------------------------------------------------------------------------|------|
| 1. DEFINITIONS .....                                                           | 3    |
| 2. OWNERSHIP AND OPERATION OF THE METRO SYSTEM .....                           | 9    |
| 2.1 Rights of the Parties .....                                                | 9    |
| 2.2 Metro System Services .....                                                | 9    |
| 2.3 Flow Commitment .....                                                      | 10   |
| 2.4 Funding Obligations .....                                                  | 10   |
| 2.5 Limitations on Types and Condition of Wastewater .....                     | 11   |
| 2.6 Enforcement Actions .....                                                  | 11   |
| 2.7 Right of First Refusal .....                                               | 13   |
| 2.8 Uniform Enforcement of Pretreatment Program by City .....                  | 14   |
| 2.9 Wastewater Generated at Military Bases .....                               | 16   |
| 3. CAPACITY RIGHTS .....                                                       | 16   |
| 3.1 Contract Capacity .....                                                    | 16   |
| 3.2 Inter-Agency Transfers of Contract Capacity .....                          | 16   |
| 3.3 New Contract Capacity .....                                                | 17   |
| 3.4 Reductions in Metro System Capacity .....                                  | 18   |
| 3.5 Restrictions on Veto of Transfers and Acquisitions of Capacity .....       | 18   |
| 3.6 Amendments to Exhibits B .....                                             | 18   |
| 3.7 The South Bay Ocean Outfall .....                                          | 18   |
| 4. FINANCE, BUDGETING, AND ACCOUNTING: PAYMENT AND MONITORING PROVISIONS ..... | 18   |
| 4.1 Payment for Metro System Facilities .....                                  | 18   |
| 4.2 Payment for Additional Metro System Facilities .....                       | 19   |
| 4.3 Payment for Operation and Maintenance .....                                | 19   |
| 4.4 Charges Based on Flow, Strength and Fixed Capacity: Exception .....        | 19   |
| 4.5 Monitoring Flow and Strength .....                                         | 21   |
| 5. FINANCE, BUDGETING, AND ACCOUNTING: SYSTEM OF CHARGES .....                 | 22   |
| 5.1 Charges Authorized .....                                                   | 22   |
| 5.2 Functional Allocated Billing (FAB) .....                                   | 22   |
| 5.3 Metro System Costs .....                                                   | 23   |
| 5.4 Excluded Costs .....                                                       | 23   |
| 5.5 Metro System Revenues and Allocations .....                                | 23   |
| 5.6 Excluded Revenue .....                                                     | 24   |
| 5.7 Estimate and Billing Schedule and Year End Adjustment .....                | 24   |
| 5.8 Financial Statements .....                                                 | 25   |
| 5.9 Debt Financing .....                                                       | 25   |
| 5.10 Allocation of Operating Reserves and Debt Service Coverage .....          | 26   |
| 5.11 Amending the System of Charges .....                                      | 26   |

|      |                                                                                                     |    |
|------|-----------------------------------------------------------------------------------------------------|----|
| 6.   | FINANCE, BUDGETING, AND ACCOUNTING: PURE WATER PROGRAM COST ALLOCATION AND REVENUES – PHASE 1 ..... | 26 |
| 6.1  | North City Water Reclamation Plant Modification .....                                               | 26 |
| 6.2  | New, Expanded or Modified Metro System Facilities .....                                             | 26 |
| 6.3  | Costs Excluded from Metro System Costs – Phase 1 .....                                              | 26 |
| 6.4  | North City Water Reclamation Plant Improvement Costs Included as Metro System Costs.....            | 27 |
| 6.5  | Reallocation of PWP Costs incurred since FY 2014 .....                                              | 27 |
| 6.6  | Revenue Sharing for Repurified Water .....                                                          | 28 |
| 6.7  | Capital Expense Rate .....                                                                          | 30 |
| 6.8  | Amending Pure Water Program Cost Allocation and Revenues – Phase 1 .....                            | 32 |
| 7.   | FINANCE, BUDGETING, AND ACCOUNTING: PURE WATER PROGRAM COST ALLOCATION AND REVENUES – PHASE 2 ..... | 32 |
| 7.1  | Pure Water Program – Phase 2 .....                                                                  | 32 |
| 7.2  | Costs Excluded As Metro System Costs .....                                                          | 32 |
| 7.3  | Revenue Sharing for Repurified Water – Phase 2 .....                                                | 33 |
| 7.4  | Capital Expense Rate – Phase 2.....                                                                 | 33 |
| 8.   | FUTURE NEGOTIATIONS AND COOPERATION .....                                                           | 34 |
| 9.   | THE METRO COMMISSION .....                                                                          | 34 |
| 9.2  | Advisory Responsibilities of Metro JPA .....                                                        | 34 |
| 9.3  | Delegation of Decision-Making Authority of the Metro JPA .....                                      | 35 |
| 9.4  | Standing .....                                                                                      | 35 |
| 10.  | DISPUTE RESOLUTION.....                                                                             | 35 |
| 10.1 | Mandatory Non-Binding Mediation .....                                                               | 35 |
| 10.2 | Selection of Mediator .....                                                                         | 35 |
| 10.3 | Mediation Expenses.....                                                                             | 35 |
| 10.4 | Conduct of Mediation .....                                                                          | 35 |
| 10.5 | Mediation Results .....                                                                             | 36 |
| 10.6 | Performance Required During Dispute .....                                                           | 36 |
| 11.  | INSURANCE .....                                                                                     | 36 |
| 11.1 | City Shall Maintain All Required Insurance .....                                                    | 36 |
| 11.2 | Substantially Equivalent Coverage.....                                                              | 36 |
| 12.  | INTERRUPTION OF SERVICE .....                                                                       | 36 |
| 13.  | NOTICES REQUIRED UNDER AGREEMENT .....                                                              | 37 |
| 14.  | EFFECTIVE DATE AND EXPIRATION.....                                                                  | 37 |
| 14.1 | Effective Date .....                                                                                | 37 |
| 14.2 | Expiration .....                                                                                    | 37 |
| 14.3 | Contract Capacity Rights Survive Expiration.....                                                    | 37 |
| 14.4 | Abandonment.....                                                                                    | 38 |

|       |                                                       |    |
|-------|-------------------------------------------------------|----|
| 15.   | ADMINISTRATIVE AGREEMENTS .....                       | 38 |
| 15.1  | Use and Process for Administrative Agreements .....   | 38 |
| 16.   | GENERAL.....                                          | 39 |
| 16.1  | Exhibits .....                                        | 39 |
| 16.2  | Electronic Exhibits and Attachments.....              | 39 |
| 16.3  | Amendments to Agreement .....                         | 40 |
| 16.4  | Construction of Agreement.....                        | 43 |
| 16.5  | Declarations Re: Agreement.....                       | 44 |
| 16.6  | Right to Make Other Agreements.....                   | 44 |
| 16.7  | Statute of Limitations to Resolve Billing Issues..... | 44 |
| 16.8  | Counterparts and Electronic Signatures.....           | 45 |
| 16.9  | Transparency.....                                     | 45 |
| 16.10 | Incorporation of Recitals .....                       | 45 |
| 16.11 | Joint Exercise of Power .....                         | 45 |

#### ACRONYM LIST:

|                  |                                                                |
|------------------|----------------------------------------------------------------|
| <b>ARA</b>       | Amended and Restated Regional Wastewater Disposal Agreement    |
| <b>COD</b>       | Chemical Oxygen Demand                                         |
| <b>CIP</b>       | Capital Improvement Project(s)                                 |
| <b>CPM</b>       | Construction Project Management                                |
| <b>CWA</b>       | San Diego County Water Authority                               |
| <b>ECAWP JPA</b> | East County Advanced Water Purification Joint Powers Authority |
| <b>FAB</b>       | Functional Allocated Billing                                   |
| <b>MBIC</b>      | Metropolitan Biosolids Center                                  |
| <b>MGD</b>       | Millions of Gallons per Day                                    |
| <b>NCWRP</b>     | North City Water Reclamation Plant                             |
| <b>NPDES</b>     | National Pollutant Discharge Elimination System                |
| <b>PLWTP</b>     | Point Loma Wastewater Treatment Plant                          |
| <b>PWP</b>       | Pure Water Program                                             |
| <b>RSDP</b>      | Reject Stream from Demineralization Process                    |
| <b>SBOO</b>      | South Bay Ocean Outfall                                        |
| <b>SBWRP</b>     | South Bay Water Reclamation Plant                              |
| <b>TSS</b>       | Total Suspended Solids                                         |

## SECOND AMENDED AND RESTATED REGIONAL WASTEWATER DISPOSAL AGREEMENT

THIS SECOND AMENDED AND RESTATED REGIONAL WASTEWATER DISPOSAL AGREEMENT (“**Agreement**”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between the CITY OF SAN DIEGO, a municipal corporation (the “**City**”), on the one hand; 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 OTAY WATER DISTRICT, a political subdivision of the State of California; 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 (collectively, the “**Participating Agencies**”), on the other hand. The City and the Participating Agencies may be referred to herein individually as a “**Party**,” and collectively as the “**Parties**.”

### RECITALS

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, the purposes of the 1998 Agreement were: (1) to replace the 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. R-308906, which approved and supported the City’s efforts to develop an implementation strategy to offload wastewater flow from the Point Loma Wastewater Treatment Plant through implementation of potable reuse, resulting in effluent discharged to the Pacific Ocean being equivalent to what would be achieved by upgrading the Point Loma Wastewater Treatment Plant to a secondary treatment plant (secondary equivalency); and

WHEREAS, the City is implementing a phased, multi-year program designed to achieve compliance with the Clean Water Act and regionally produce up to 83 million gallons per day of safe, reliable potable water using new, expanded, or modified facilities, some of which will include Metro System facilities, in order to achieve secondary equivalency at the Point Loma Wastewater Treatment Plant; and

WHEREAS, the Pure Water Program will not only benefit the City by producing repurified water, but also the Participating Agencies and their wastewater customers, especially if secondary equivalency is recognized through federal legislation amending the Clean Water Act. 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 and reducing the effluent discharged into the Pacific Ocean, 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 achieve environmental benefits by reducing ocean discharge; and

WHEREAS, on or around November 2019, the East County Advanced Water Purification Joint Powers Authority (the "**ECAWP JPA**") was created to implement a potable reuse program to improve local and regional water supply reliability to supply advanced treated recycled water to East San Diego County through the East County Advanced Water Purification Project (the "**ECAWP Project**"). The ECAWP Project is planned to capture and treat approximately 15 million gallons per day of wastewater that would otherwise be disposed of in the Metro System to produce an annual average supply of approximately 11.5 million gallons per day of new local drinking water. By diverting some wastewater and wastewater content away from the Metro System, the ECAWP Project has the ability to aid and contribute towards the City and region's efforts to produce a regional annual average of up to 83 million gallons per day of water suitable for potable reuse by December 31, 2035, as described in the Cooperative Agreement in Support of Pure Water San Diego executed by the City and certain environmental stakeholders on December 9, 2014. The ECAWP Project includes a residuals bypass system that will convey RSDP (as defined herein) from the advanced water purification facility, and Centrate from the solids dewatering process of the solids handling facility, to an existing regional sewage gravity pipeline owned and operated by the City for treatment and disposal; and

WHEREAS, effective on or around August 22, 2021, the City and the Participating Agencies amended the 1998 Agreement by executing an Amended and Restated Regional Wastewater Disposal Agreement (the "**ARA**") to address the costs and revenues associated with Phase 1 of the Pure Water Program, including specific cost allocations related to the construction, expansion, and/or modification of Metro System facilities and Water Repurification System facilities designed to produce up to 30 million gallons per day of Repurified Water ("**Phase 1**"). The ARA provided that within one year of its effective date, the Parties intended to meet and negotiate in good faith regarding one or more amendments to the ARA or to its Exhibits to address multiple outstanding items described in Section 2.9 of the ARA; and

WHEREAS, Section 14.2 of the ARA provided that the Parties may amend the ARA by a written agreement between the City and all Participating Agencies stating the Parties' intent to amend or supplement the agreement; and

WHEREAS, in an effort to address in good faith the outstanding items described in Section 2.9 of the ARA, and comprehensively and equitably address the costs, revenues, and billing system associated with the Pure Water Program and the related construction, expansion, and/or modification of Metro System facilities beyond Phase 1, the City and Participating Agencies wish to amend and restate the ARA as provided herein.

**NOW, THEREFORE**, in consideration of the mutual promises set forth in this Agreement, the City and the Participating Agencies restate and amend the ARA and agree as follows:

## **1. DEFINITIONS**

1.1 **Administrative Agreement** shall refer to a formal binding contract, approved under the process set forth in Section 15 of this Agreement, which implements technical, administrative, operational, and/or procedural details of this Agreement.

1.2 **Administrative Approval** is an approval mechanism authorized by this Agreement that refers to a City administrative process by which the subject of a particular action is presented to the City's Director of the Public Utilities Department or their designee for approval, based on discussion and evaluation according to sound engineering standards if applicable, and any additional requirements related to review for the action requiring the City's Administrative Approval as set forth in this Agreement.

1.3 **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 the number of days in the applicable year, which is a term used for billing purposes.

1.4 **ARA** shall mean the Amended and Restated Regional Wastewater Disposal Agreement between the City and the Participating Agencies effective August 22, 2021.

1.5 **Capital Expense Rate** shall mean the same as the term is defined in Section 6.7.2.

1.6 **Capital Improvement Costs** means all costs of the planning, design, financing, construction, and/or replacement necessary to render a capital project facility fully operational, including upgrades and reconstruction, consistent with the City's policies and procedures. This includes costs for planning and environmental work; procurement of consultants or contractors to perform such work; construction management; investigative studies and pre-design work; labor and materials; inspection and testing; and financing cost including interest on financial instruments.

1.7 **Centrate** shall mean the liquid byproduct that results from the dewatering of digested solids as part of wastewater treatment processes.

1.8 **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.

1.9 **City** shall mean and refer to the City of San Diego.

1.10 **City’s Water Utility** shall mean any and all facilities, properties, improvements and works at any time owned, controlled or operated by the City as part of the public utility system of the City for water purposes, for the development, obtaining, conservation, production, storage, treatment, transmission, furnishing and distribution of water and its other commodities or byproducts for public and private use (whether located within or without the City), and any related or incidental operations designated by the City as part of the Water System, including reclaimed and re-purified water.

1.11 **City Water Utility PWP Costs** are those Pure Water Program costs allocated to the City’s Water Utility and therefore excluded as Metro System Costs under Section 6.3 of this Agreement.

1.12 **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 limits set forth in **Exhibit B, Distribution of Wastewater System Capacity Rights**, attached hereto.

1.13 **Contract Capacity Transfers** shall refer to the capacity transfers initiated based on Metered Flow and Strength data using the methodology set forth in **Exhibit E, Methodology for Contract Capacity Transfers**, which change a Participating Agency’s Contract Capacity, as set forth more fully in Section 4.4.3.1 and 4.4.3.2. These changes will generally be made to a single Participating Agency’s annual Contract Capacity to correct capacity exceedances but can also be made to reduce a Participating Agency’s Contract Capacity.

1.14 **CWA** shall mean the San Diego County Water Authority.

1.15 **ECAWP JPA** shall mean the East County Advanced Water Purification Joint Powers Authority. The ECAWP JPA itself is not a Participating Agency or a Party to this Agreement.

1.16 **ECAWP JPA Agencies** shall mean collectively the City of El Cajon, the Padre Dam Municipal Water District, and the San Diego County Sanitation District.

1.17 **ECAWP Project** shall mean the ECAWP JPA’s project to capture and treat wastewater that would otherwise be disposed of in the Metro System to produce an annual average supply of approximately 11.5 MGD of new local drinking water, as well as other byproducts such as recycled water and energy recovery facilities.

1.18 **Fixed Capacity** shall mean the capacities for Monthly Average Daily Flow, Incremental Peak Flow, RSDP, COD and TSS for each agency as set forth in Exhibit B.

1.19 **Fixed Capacity Charge** shall mean the charges set forth in Exhibit B that are identified as “Fixed Capacity Charges” that represent the Parties’ proportional charges for

maintaining the Metro System. Items such as debt service are also included in the Fixed Capacity Charges.

1.20 **Flow** shall refer to the flow of wastewater discharged by the City and/or one or more Participating Agency/ies into the Metro System.

1.21 **Functional Allocated Billing or FAB** shall mean the method for distributing all capital, operations, and maintenance Metro System Costs and Revenues on an annual basis by grouping expenses according to their purposes and the current approved Functional-Design Methodology.

1.22 **Functional-Design Methodology** shall mean the process of allocating fixed and variable Operation and Maintenance Costs and Capital Improvement Costs to Flow, RSDP and Strength parameters recognizing the benefits of both the design criteria and the primary function of a unit process.

1.23 **Incremental Peak Flow** shall mean the Peak Flow minus the Monthly Average Daily Flow.

1.24 **Industrial Wastewater** means all wastewater, excluding domestic wastewater, and shall include all wastewater from any producing, manufacturing, processing, institutional, commercial, service, agricultural, or other operation. These may also include wastes of human origin similar to domestic wastewater.

1.25 **Industrial User** means a discharger of Industrial Wastewater to a public sewer. A Participating Agency may be an Industrial User.

1.26 **Joint Administrative Approval Process** is an approval process authorized by this Agreement by which an Administrative Agreement may be created, revised, supplemented, replaced or terminated, subject to the review and approval process set forth more fully in Section 15.

1.27 **MBC Return** shall mean and refer to Centrate created at the Metropolitan Biosolids Center, 5240 Convoy St, San Diego, CA 92111. MBC Return shall contain Metered Flow, TSS and COD.

1.28 **Metered Flow** shall mean the amount or volume of wastewater captured by meters that exist throughout the Metro System, estimates from unit count areas, or agreed upon estimates of flows where unit counts are not appropriate. When meters are out of service, estimates can be used to fill in data gaps. These meters, which may or may not be owned by the City, are further defined in **Exhibit F, Metro System Flow Formulas and Sampling Locations**, which may be amended from time to time.

1.29 **Metro Commission or Metro JPA** is the advisory body described under Section 9.

1.30 **Metro System Costs** shall mean, at a minimum, those costs set forth in Section 5.3 and as otherwise set forth in this Agreement.

1.31 **Metro System Revenues** are those revenues set forth in Section 5.5.

1.32 **Metropolitan Sewerage System** or **Metro System** shall mean and consist of those facilities which are listed, shown and/or described in **Exhibit A, Metro Facilities** (Electronic Exhibit); file name: [Enter]; time stamp of file, software used to open and view file including version; included herewith as CD-ROM/DVD-ROM, including any amendments thereto authorized by this Agreement. Exhibit A includes current constructed facilities and proposed future facilities.

1.33 **Monthly Average Daily Flow** is the number, in MGD, calculated by dividing total Flow on a monthly basis by the number of days in that month.

1.34 **Municipal System** shall mean the City's wastewater collection system, consisting of pipelines and pump stations, which collects wastewater within the City of San Diego and conveys it to the Metropolitan Sewerage System for treatment and disposal.

1.35 **New Contract Capacity** shall mean capacity in excess of the Contract Capacity set forth in Exhibit B and authorized subject to Section 3.3.

1.36 **North City Water Reclamation Plant** or **NCWRP** is the wastewater treatment facility located at 4949 Eastgate Mall in San Diego, which includes four major processes: primary treatment, secondary treatment, tertiary treatment, and disinfection.

1.37 **Operation and Maintenance Costs** are the costs to operate, maintain, manage, repair, and keep the Metro System conveyance, disposal, treatment, and reuse facilities functioning in accordance with all applicable laws, rules, and regulations.

1.38 **Participating Agencies** shall mean all the local governments and agencies that executed this Agreement other than the City.

1.39 **Peak Flow** represents the wastewater flow in millions of gallons of wastewater per day that is captured in the highest 1-hour period in a fiscal year.

1.40 **Point Loma Wastewater Treatment Plant** or **PLWTP** is the main City wastewater treatment plant with a Monthly Average Daily Flow capacity of 240 million gallons per day and a peak flow capacity of 432 million gallons per day (as of the date of this Agreement). It is an advanced primary treatment plant which includes four major processes: screening, grit removal, chemically enhanced sedimentation, and digestion.

1.41 **Pooled Capacity** shall refer to the capacity in the Metro system greater than that which has been designated in Exhibit B. Pooled Capacity amounts are shown in Exhibit E, Methodology for Contract Capacity Transfers, and may be recalculated from time to time as set forth more fully in this Agreement.

1.42 **Postage Stamp Methodology** is a methodology that can allocate a single uniform cost to any of the annual Contract Capacity cost parameters identified in Exhibit B. This methodology assumes that even though a particular discharger may not utilize all of the infrastructure, all dischargers into the Metro System benefit from the shared infrastructure.

1.43 **Projected Future Strength and Flow Amounts** are the five (5) values described below:

1.43.1 **Projected Future Metro Flow** is the estimated amount of Monthly Average Daily Flow, stated in millions of gallons per day (MGD), that the City and each Participating Agency are projected to have in a designated future year – currently, the 2050 fiscal year. Projected Future Metro Flow for each Party is stated in Exhibit B.

1.43.2 **Projected Future Incremental Peak Flow** is the estimated amount of Annual Incremental Peak Flow, stated in millions of gallons per day (MGD), that the City and each Participating Agency are projected to have in a designated future year – currently, the 2050 fiscal year. Projected Future Incremental Peak Metro Flow for each Party is stated in Exhibit B.

1.43.3 **Projected Future RSDP Flow** is the estimated amount of RSDP Flow, stated in millions of gallons per day (MGD), that the City and each Participating Agency are projected to have in a designated future year – currently, the 2050 fiscal year. Projected Future RSDP Flow for each Party is stated in Exhibit B.

1.43.4 **Projected Future COD Flows** is the estimated amount of Chemical Oxygen Demand (COD), stated in pounds per day, that the City and each Participating Agency are projected to have in a designated fiscal year – currently, the 2050 fiscal year. Projected Future COD Flows for each Party are stated in Exhibit B.

1.43.5 **Projected Future TSS Flows** is the estimated amount of Total Suspended Solids (TSS) stated in pounds per day, that the City and each Participating Agency are projected to have in a designated fiscal year – currently, the 2050 fiscal year. Projected Future TSS Flows for each Party are stated in Exhibit B.

1.44 **Pure Water Capital Melded Percentage** is the proportionate share stated in Column 7 of Exhibit B (formerly Column 12 of Exhibit G of the ARA), by which Pure Water Program Capital Improvement Costs, Repurified Water Revenue, and the Capital Expense Rate will be allocated among the City and the Participating Agencies. The Pure Water Capital Melded Percentage is based on each Party's proportionate share of Projected Future Metro Flow, Projected Future TSS Flows, and Projected Future COD Flows, which proportions are weighted as described in Footnote 5 of Exhibit B.

1.45 **Pure Water Program** or **PWP** is the City's phased, multi-year program designed 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.

1.46 **PWP Phase 1** or **Phase 1** shall mean the first phase of the Pure Water Program, which modifies/constructs Metro System and Water Repurification System facilities and is designed to produce an annual average of 30 million gallons per day of Repurified Water.

1.47 **PWP Phase 2** or **Phase 2** shall mean the second phase of the Pure Water Program which modifies/constructs Metro System and Water Repurification System facilities and is designed to produce up to an additional annual average of 53 million gallons per day of Repurified Water.

1.48 **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.

1.49 **Reject Stream from Demineralization Process** or **RSDP** is a flow reject stream and treatment byproduct from a demineralization process at a potable reuse facility. Separately conveyed, it bypasses all secondary wastewater treatment processes. This flow primarily contains liquid and salts.

1.50 **Repurified Water** shall mean water which, as a result of advanced treatment of Recycled Water, is suitable for use as a source of domestic (or potable) water supply.

1.51 **Repurified Water Revenue** is the cost savings that will be realized when the City's Water Utility's annual costs per-acre foot for Repurified Water, including City Water Utility PW Costs, are less than the purchase costs per-acre foot for comparable water from the San Diego County Water Authority, as further described in Section 6.

1.52 **Residuals** shall mean RSDP and Centrate. In the future, Residuals may include other waste byproducts if the Parties agree in writing that other byproducts may be discharged into the Metro System.

1.53 **South Bay Ocean Outfall** or **SBOO** is the facility that is jointly owned by the International Boundary & Water Commission (U.S. Section IBWC) and the City. The outfall conveys and discharges treated effluent from the IBWC's International Wastewater Treatment Plant and treated effluent from the City's South Bay Water Reclamation 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.

1.54 **South Bay Water Reclamation Plant** or **SBWRP** is the wastewater treatment facility located at 2411 Dairy Mart Road in San Diego, which includes four major processes: primary treatment, secondary treatment, tertiary treatment, and disinfection.

1.55 **Strength** means the measurement of Total Suspended Solids and Chemical Oxygen Demand within the Flow and any other measurement required by law after the date of this Agreement or necessary for the Functional Design Methodology.

1.56 **Total Suspended Solids** or **TSS** 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.

1.57 **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 used for recycled and repurified water.

1.58 **Two-Party Approval** is an approval mechanism under this Agreement that requires the City's Administrative Approval and a two-thirds (2/3) vote or greater of the Metro JPA Directors present at a duly noticed Metro JPA public meeting as described more particularly in Section 16.

1.59 **Variable Costs** shall refer to the portion of the Functional Design Methodology costs that are allocated based on Metered Flow and Strength.

1.60 **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 to the extent being used to produce Repurified Water, the North City Pure Water Facility; the Repurified Water conveyance system, which will transport Repurified Water from the North City Pure Water 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 Pure Water Program. These facilities are constructed and maintained at the expense of the City water utility and are excluded Metro System Costs under this Agreement.

## **2. OWNERSHIP AND OPERATION OF THE METRO SYSTEM**

2.1 Rights of the Parties. The City is the owner of the Metro System, and any additions to the Metro System or other facilities constructed pursuant to this Agreement. As more particularly set forth in this Agreement, and subject to the terms and conditions of this Agreement, the rights of the Parties generally include the following:

2.1.1 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 JPA.

2.1.2 The Participating Agencies shall have a contractual right to use the Metro System and to participate in its operation.

2.1.3 The City may transfer ownership of all or part of the Metro System at any time. In the event of a transfer, including a sale under Section 2.7, the City's successor shall be bound by the terms of this Agreement, and the Participating Agencies rights under this Agreement shall not be affected by such a transfer.

2.1.4 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 reasonably determines, after consultation with the Participating Agencies involved, that the proposed transfer will imbalance or adversely impact the City's ability to operate the Metro System.

### **2.2 Metro System Services.**

2.2.1 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.

2.2.2 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.

2.2.3 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.

## 2.3 Flow Commitment.

2.3.1 Subject to the provisions of this Agreement and absent a separate agreement of the Parties, all Flow within the capacity limits set forth in Exhibit B or any amendments or changes thereto shall remain in the Metro System.

2.3.2 This Agreement shall not preclude any Party from diverting Flow as a result of the construction of reclamation/reuse facilities or New Capacity outside of the Metro System.

2.3.3 Any Participating Agency may negotiate an agreement with the City to reduce all or part of their Contract Capacity. If a Participating Agency reduces its Contract Capacity to zero, that Participating Agency's rights shall terminate under this Agreement and that Participating Agency shall no longer be considered a member of the Metro JPA. However, the agreement between the City and Participating Agency shall provide that the Participating Agency pays its proportionate share of Capital Improvement Costs for the remainder of the useful life of the facility(ies) constructed during the time the Participating Agency possessed Contract Capacity in the Metro System. This shall include, but is not limited to, any remaining portions of outstanding debt that was incurred for capital facilities during the time the Participating Agency had the right to send Flow into the Metro System, and the cost to disconnect the Participating Agency's system from the Metro System. Any Contract Capacity that a Participating Agency chooses to relinquish under this section shall be treated as Pooled Capacity after the effective date of an agreement between the City and that Participating Agency. This section does not apply to Inter-Agency transfers of Contract Capacity, which involve the relinquished Contract Capacity being assigned to and assumed by another Participating Agency or the City. Inter-Agency transfers are governed by Section 3.2

2.3.4 Flow Projections. Currently, the Projected Future Strength and Flow Amounts are projected to the year 2050 in order to allow the Parties time to plan for future development and growth. However, these projections may be amended from time to time through the Exhibit B amendment processes in this Agreement to more fairly align with actual flow and strength data. The parties shall begin discussion to recalculate the Projected Future Strength and Flow Amounts set forth in Exhibit B by no later than January 1, 2040.

2.4 Funding Obligations. The City shall fund the acquisition, construction, maintenance and/or operation of the Metro System from monies in (or sewer revenues which populate) the Sewer Revenue Fund for the Metro System, and/or from construction funds derived from the sale of duly authorized sewer revenue bonds for the Metro System. Nothing in this Section or Agreement shall (i) obligate the City to make any payment for the acquisition, construction, maintenance or operation of the Metro System from monies derived from taxes or any other income or revenue of the City; (ii) be construed to obligate the City or any Participating

Agency 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 and, in the City's case, San Diego Charter Section 99; or (iii) 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. For the avoidance of doubt, subsections (i) and (ii) shall not relieve the City from its obligations to fund the Metro System as provided in this Section 2.4.

## 2.5 Limitations on Types and Condition of Wastewater.

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

2.5.2 Each Participating Agency will ensure that all Industrial Users of its wastewater system are regulated by and comply with the City's industrial pretreatment program. City shall not require the Participating Agencies to take any actions against such Industrial Users beyond that which are (1) required under applicable laws, rules and regulations, (2) taken by the City, or (3) that can be taken, but are not being taken by the City.

2.5.3 City and the Participating Agencies agree that the Interjurisdictional Pretreatment Agreements executed by and between the City and each Participating Agency, as applicable, shall terminate effective upon the date of this Agreement. However, the separate transportation agreements that are currently in effect between or among the City and the Participating Agencies shall remain in effect in accordance with their terms. Each Participating Agency will not discharge wastewater originating outside its respective boundaries into the Metro System without the approval of the City, which shall not be unreasonably withheld.

2.5.4 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. Nothing in this Agreement shall affect or prohibit the ability of any Participating Agency to hold third parties responsible for such violations. However, City shall be responsible for enforcement actions related to the violation of any applicable laws, rules, or regulations associated with industrial waste dischargers regulated by City, though each Participating Agency shall collaborate with City when necessary, on any enforcement response for pretreatment violations within a Participating Agency's jurisdiction. However, the City shall not be responsible for enforcement or monitoring related to a Participating Agency's compliance with its own NPDES Permit.

2.5.5 Food establishments and dischargers of fats, oils, and grease (FOG) are regulated and monitored by individual Participating Agencies within their jurisdiction. Participating Agencies are responsible for the provision of FOG programs, services, and enforcement within their jurisdiction. The City will not provide FOG-related services or programs outside of the City's jurisdiction.

2.6 Enforcement Actions. In the event a regulatory agency, imposes any penalty or fine, or takes other enforcement action, or a private citizen brings a citizen enforcement action to enforce

regulatory requirements, (collectively, “Enforcement Actions”) relating to the conveyance, treatment, or disposal of wastewater in or from the Metro System or operation of the Metro System, the City shall determine as part of its investigation and response to the notice of violation whether the City or a Participating Agency or Agencies caused or contributed to the violation for reasons which may include, without limitation, exceeding their Contract Capacity, the contents of their wastewater, or the failure to maintain or operate the Metro System or a Participating Agency’s system. Any costs associated with an Enforcement Action including but not limited to fines, penalties, corrective measures, and costs of defense (collectively, “Penalty(ies)”) shall be shared by the Participating Agencies and the City proportionately based on Fixed Capacity as set forth in the then current Exhibit B, unless the City determines, based on verifiable facts, that the violation for which the Penalty is imposed was caused by, or was the result of, gross negligence or willful misconduct of the City or a Participating Agency.

2.6.1 For any Enforcement Actions (1) related to sanitary sewer overflows of 10,000,000 gallons or more from the Metro System occurring after the effective date of this Agreement, or (2) that the City reasonably anticipates will result in the Participating Agencies’ collective responsibility for the Penalties imposed to exceed 10% of the Metro Participating Agencies combined annual operations and maintenance budget for the Metro System for the fiscal year in which the Penalty is imposed (“Threshold Amount”), the City’s determination will be subject to review by the Metro JPA as set forth in 2.6.1.1 through 2.6.1.8 below. The scope of the Metro JPA’s review shall be limited to whether the violation for which the Penalty is imposed was caused by, or was the result of, gross negligence or willful misconduct of the City or a Participating Agency, and if so, how the Penalty should be fairly allocated. For all other Enforcement Actions, the City’s determination related to the allocation of Penalty shall be final.

2.6.1.1 The City will provide a copy of any report submitted to a regulatory agency in response to an Enforcement Action to the Metro JPA within 30 days of submitting that report to the regulatory agency. In that same communication, the City will also provide a summary of the City’s findings regarding causation and preliminary determination regarding the allocation of any Penalties. If these determinations have not been made, the City will provide an anticipated date that the information will be provided.

2.6.1.2 If the Metro JPA disputes the City’s determination as to the allocation, as evidenced by a vote approved by two-thirds of the Metro JPA Directors present at a duly noticed meeting, it shall notify the City in writing of the same within 90 days of receiving the City’s preliminary allocation determination.

2.6.1.3 The City and representatives of the Metro JPA shall meet and confer to discuss the matter and try to reach an agreement on the appropriate allocation. To facilitate resolution, the meet and confer process shall be treated as a settlement discussion under the California Evidence Code and shall be a confidential process. The meet and confer process shall focus on whether the violation for which the Penalties are being imposed is the result, in whole or in part, of the gross negligence or willful misconduct of the City or a Participating Agency, and if so, how the Penalties shall be allocated.

2.6.1.4 If through the meet and confer process, the City determines that the Participating Agencies’ collective responsibility for the Penalties imposed will be less than the

Threshold Amount, then the City will inform the Metro JPA of this determination and allocate the Penalty as such, and no further action by the Metro JPA is required.

2.6.1.5 If through the meet and confer process, the City and representatives of the Metro JPA reach an agreement, and the Participating Agencies' collective responsibility for the Penalties imposed will be equal to or greater than the Threshold Amount, then that agreement shall be subject to the Two-Party Approval process. The City and representatives of the Metro JPA shall have an opportunity to present the proposed agreement to the Metro JPA before a vote on the determination.

2.6.1.6 If the City and representatives of the Metro JPA are unable to reach an agreement and Participating Agencies' collective responsibility for the Penalties imposed is equal to or exceeds the Threshold Amount, the City will make a final determination regarding allocation of the Penalty and present the determination to the Metro Commission.

2.6.1.7 In the event that Two Party Approval is required but is not achieved, each Participating Agency shall pay the portion of the Penalty allocated to them at the time that it is invoiced, however, such payment may be made under protest. The Parties shall engage in the dispute resolution procedures under this Agreement to resolve the issue, prior to any Party having the right to initiate litigation.

2.6.1.8 Penalties in excess of the Threshold Amount shall be separated out in the reconciliation billing and notated as a spill penalty with reference to the first day of the spill associated with the penalty.

## 2.7 Right of First Refusal.

2.7.1 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, collection, or reclamation facility or outfall within the Metro System.

2.7.2 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 City shall provide all Participating Agencies with written notice of the Offer per Section 13. The Participating Agencies shall have ninety (90) days from the date of mailing of the Offer (the "**Intent to Respond Period**") in which to notify the City of their intent to respond to the Offer. If a Participating Agency or Agencies notify the City of their intent to respond to the Offer, that Participating Agency or those

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. If no Participating Agency or Agencies notifies the City of its (or their) intent to respond to the Offer within the Intent to Respond Period, the City may move forward with the sale of the Metro System without further notice to the Participating Agency in accordance with Section 2.7.3 below.

2.7.3 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, collection 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. The City's sale of the Metro System under Section 2.7, is a transfer of ownership subject to Section 2.1.3.

2.7.4 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 2.7.1 if the City reasonably 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.

2.8 Uniform Enforcement of Pretreatment Program by City. The Parties have determined that it is in their best interests for a single agency to be responsible for management of the pretreatment program for the Metro System in order to: (a) Ensure protection of the entire Metro System, including the successful operation of the Pure Water Program; (b) Provide consistent and uniform regulation of Industrial Users, including those subject to pretreatment requirements; (c) Provide for transparent and fair cost recovery from all dischargers; and (d) Promote efficiency and accountability in the administration of the Metro System. For these reasons, the Parties are delegating pretreatment responsibilities to the City, except regulation of Food Establishments and FOG dischargers, as more fully set forth in this Agreement and in Administrative Agreement #1 Between City of San Diego and Participating Agencies for the Unified Management of Industrial Waste Discharge Pretreatment and Enhanced Source Control Programs ("**Administrative Agreement #1**"). Notwithstanding the above, the City may enter into supplementary agreements with an individual Participating Agency, or a group of Participating Agencies, relating to industrial waste discharge pretreatment and enhanced source control programs unique to such Participating Agency(ies), so long as the supplementary agreement incorporates a separate cost proportional to the participation of such Participating Agency or group of Participating Agencies that is the sole responsibility of such Participating Agency(ies).

2.8.1 Delegation of Authority. Each Participating Agency shall and hereby does delegate to City full authority and responsibility to operate, manage, and enforce an effective pretreatment program throughout the Metro System to ensure that all Industrial Users are subject to uniform rules and regulations, with direct billing to Industrial Users by the City to begin on the first July 1 following execution of this Agreement.

2.8.2 Operations and Maintenance. Procedures relating to the operation, management, enforcement, and cost recovery for the pretreatment program are set forth in Administrative Agreement #1.

2.8.3 Amending Pretreatment Program Procedures. Administrative Agreement #1 may be amended from time to time as set forth in Section 15. In the event of any conflict between this Agreement and Administrative Agreement #1, the terms of this Agreement shall control.

2.8.4 Adoption of Local Ordinances. By no later than June 30 following the Effective Date of this Agreement, every Participating Agency shall adopt a local ordinance conforming with the sample ordinance contained in Administrative Agreement #1 and the City's pretreatment ordinance, each as amended from time to time, to ensure consistency throughout the Metro System.

2.8.5 Identification of New Industrial Users. Participating Agencies shall notify the City of any identified potential new Industrial Users within their respective boundaries while the City will bear responsibility for inventory assessments on a regular basis as set forth in Administrative Agreement #1.

2.8.6 Permitting and Permit Compliance. Nothing in this Agreement shall be construed to relieve any discharger to the Metro System of the responsibility to obtain and comply with any required permits for, and to comply with rules and regulations applicable to, dischargers to the Metro System. If the City determines that an Industrial Wastewater Control Program Permit is required, it shall issue the permit subject to the City's permit requirements. The City's approval or denial of any application for, or revocation of, an Industrial User Permit shall be in accordance with Chapter 6, Article 4 of the San Diego Municipal Code as well as any other applicable federal, state or local regulations, any published City guidance related to the Industrial Wastewater Control Program, and the City's Enforcement Response Plan, all as may be amended, renumbered, or renamed from time to time. The City and any Participating Agency may elect to coordinate and combine issuing their wastewater discharge permits to Industrial Users when deemed appropriate by both parties. Any agreement between the City and the Participating Agencies related to permitting under the Industrial Wastewater Control Program, shall not transfer responsibility to City for any other type of permitting outside of the City's jurisdiction, or subject any local agency as that term is defined in California Government Code section 53090, to local building and zoning ordinances that the local agency is not otherwise legally subject to.

2.8.7 Inventory of Industrial Users. City shall create and maintain an inventory of all Industrial User within the Metro System as soon as reasonably practicable following execution of this Agreement. The Participating Agencies shall review the inventory and shall notify the City

of an Industrial User(s) in its jurisdiction that is not identified on the inventory as set forth in Administrative Agreement #1.

2.8.8 Evaluation, Monitoring, Enforcement and Program Review. Upon the effective date of this Agreement, it shall be the City's right and obligation to carry out pretreatment evaluation, permitting, monitoring and/or enforcement throughout the Metro System consistent with the procedures set forth in Administrative Agreement #1. The City's pretreatment program review shall occur as necessary, but no less than once every five (5) years. Nothing herein shall be construed as prohibiting any Participating Agency from enforcement of its own pretreatment ordinance within its jurisdiction.

2.8.9 City's Direct Billing of Industrial Users. The City shall directly bill Industrial User throughout the Metro System to recover costs associated with the pretreatment program as set forth in Administrative Agreement #1. The City Council shall set and approve such costs in a publicly noticed meeting pursuant to the procedures set forth in Administrative Agreement #1.

2.9 Wastewater Generated at Military Bases. The City may contract directly with federal military bases that are connected to the Metro System for wastewater services and capacity subject to the terms of this Section 2.9. If a United States military base is located within a Participating Agency's jurisdiction, the Participating Agency may request that the City bill that military base directly as a separate and distinct customer. In the event the City agrees to accept the military's wastewater and bill the military base as a separate and distinct customer, then (1) the Participating Agency shall have no billing obligations with respect to the military base; (2) each Participating Agency whose sewage line conveys the military base's wastewater reserves the right to negotiate and charge the federal government a conveyance or transportation fee for use of that Participating Agency's sewer line; (3) the City shall require that the military base comply with the applicable City pretreatment rules; and (4) the City agrees that the wastewater generated by the military base shall not be considered wastewater of the Participating Agency with respect to capacity once the City enters into an agreement with the military base. Any transfers of capacity that are appropriate or necessary to accommodate flow from military bases, if needed, would be governed by Section 3.2 herein, "Inter-Agency Transfers of Contract Capacity."

### 3. CAPACITY RIGHTS

3.1 Contract Capacity. Each Participating Agency shall have the contractual right to discharge wastewater to the Metro System up to the limits set forth in Exhibit B ("**Contract Capacity**"). Each Party's Contract Capacity as stated in Exhibit B, is used for the purpose of allocating the Metro System's Pure Water Program Capital Improvement Costs, Repurified Water Revenue, and the Capital Expense Rate under this Agreement.

3.2 Inter-Agency Transfers of Contract Capacity. The Participating Agencies and the City may buy, transfer, sell or exchange all or part of their Contract Capacity among themselves on such terms as they may agree upon, subject to the following:

3.2.1 Any Party requesting to buy, transfer, sell, or exchange all or part of their Contract Capacity ("**Inter-Agency Transfer**") shall provide a written proposal to the City

including the proposed terms of such Inter-Agency Transfer. The Party requesting the Inter-Agency Transfer shall also provide notice to all other Participating Agencies under Section 13 concurrently with submitting the proposal to the City.

3.2.2 All Participating Agencies will have 45 days to provide any technical input to the City regarding the proposed Inter-Agency Transfer. Any Participating Agency providing technical input shall provide a copy of such input to all other Participating Agencies under Section 13 concurrently with submitting the input to the City.

3.2.3 Upon receipt of a request for an Inter-Agency Transfer, the City will review the request, consult with the affected Participating Agencies, and consider any technical input provided by other Participating Agencies.

3.2.4 All proposed purchases, transfers, sales or exchanges of Contract Capacity require the City's Administrative Approval prior to becoming effective. No Contract Capacity may be transferred if the City determines that said transfer will imbalance, 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. If the Participating Agency makes such an offer, the City may not unreasonably withhold Administrative Approval.

3.2.5 If the City approves the offer as proposed, the City shall adjust the Contract Capacity set forth in Exhibit B per Section 3.6 to reflect the approved changes. If the City determines, after taking the steps in Section 3.2.3 that an Inter-Agency Transfer may be approved if the request is modified, the City will provide a written notice to all Participating Agencies of the modified Inter-Agency Transfer under Section 13 no less than 30 days prior to the Inter-Agency Transfer becoming effective. Such modified Inter-Agency Transfer will become effective 30 days following the written notice being provided, and the City will prove an updated Exhibit B per Section 3.6 reflecting the approved changes.

3.2.6 If a Participating Agency reduces its Contract Capacity to zero through an Inter-Agency Transfer, that Participating Agency's rights under this Agreement shall terminate and that Participating Agency shall no longer be a member of the Metro JPA. The Participating Agency shall remain responsible for all outstanding financial obligations under this Agreement, unless the Inter-Agency Transfer Agreement assigns those obligations to the Participating Agency accepting the transfer and that agency assumes those obligations. Outstanding financial obligations include, but are not limited to, a Participating Agency's proportionate share of Capital Improvement Costs for the remainder of the useful life of the facility(ies) constructed during the time the Participating Agency possessed Contract Capacity in the Metro System, including any remaining portions of outstanding debt incurred for capital facilities during the time the Participating Agency had the right to send Flow into the Metro System, and the cost to disconnect the Participating Agency's system from the Metro System.

3.3 New Contract Capacity. The Parties recognize that 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, acquisition of facilities, increased flows, or as required by regulatory or similar such action. If capacity in excess of the Contract Capacity ("**New Contract**

**Capacity**”) is required or requested by a Party, the Parties shall negotiate in good faith to provide the needed or requested capacity. If the Parties agree to provide New Contract Capacity, they shall memorialize the agreement for New Contract Capacity in an Administrative Agreement subject to the Joint Administrative Approval Process set forth in Section 15. If the parties execute an Administrative Agreement for New Contract Capacity, Exhibit B shall also be adjusted pursuant to Section 3.6 to reflect the New Contract Capacity.

3.4 Reductions in Metro System Capacity. The Parties further recognize that Metro System Capacity may be reduced 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 re-rated to levels below the numbers reflected in the Totals Line set forth in Exhibit B, then the Contract Capacity shall be reallocated proportionately among the Parties based on the percentages of fixed ownership set forth in Exhibit B at that point in time, subject to the City’s Administrative Approval and amendment of Exhibit B.

3.5 Restrictions on Veto of Transfers and Acquisitions of Capacity. Each Party understands and agrees that no Participating Agency has a right to veto or prevent the transfer of capacity between other Participating Agencies or the City, nor the creation or acquisition of new capacity for another Participating Agency or Agencies. By signing this Agreement, each Participating Agency is expressly preapproving 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 JPA and, where applicable, through exercise of its rights under the dispute resolution provisions of this Agreement.

3.6 Amendments to Exhibits B. If the City determines that an amendment to Exhibit B is required for any reason other than a request from a Participating Agency under Sections 2.3.3 and Sections 3.2, and that reason only requires the City’s Administrative Approval, the City shall prepare and circulate to all Participating Agencies the proposed amendment to Exhibit B within 60 days of determining such an amendment is necessary. The Participating Agencies will have sixty (60) days to provide comments to the City, and all comments submitted to the City by a Participating Agency shall also concurrently be submitted to all other Participating Agencies. The City will review all comments received, prepare final amendments to Exhibit B to reflect adjustments in Contract Capacity, and circulate the final amended Exhibit B by no later than sixty (60) days after the City’s Administrative Approval. If the amendment to Exhibit B requires an approval process other than the City’s Administrative Approval, the Parties will follow the required approval process, and once that is completed, the City will prepare and provide the final version of Exhibit B within 60 days of the completion of the approval process. The City shall note each amendment and amendment date in the Exhibit List and shall keep an updated version of Exhibit B on file with the City Public Utilities Department at all times. An amendment to Exhibit B shall not be retroactive, except as provided in Section 4.4.3.3.

3.7 The South Bay Ocean Outfall. Nothing in this Agreement shall limit the City’s right to transfer capacity rights in assets that are not a part of the Metro System, including without limitation that portion of the South Bay Ocean Outfall which is not part of the Metro System.

#### **4. FINANCE, BUDGETING, AND ACCOUNTING: PAYMENT AND MONITORING PROVISIONS**

4.1 Payment for Metro System Facilities. Through the system of charges set forth in Section 5 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 .

4.2 Payment for Additional Metro System Facilities. Through the system of charges set forth in Section 5 of this Agreement, each Participating Agency shall pay its share of the costs of acquisition, planning, design and construction of such facilities, in addition to those set forth on Exhibit A, as are necessary to (a) convey, treat, dispose, and reuse wastewater in the Metro System; (b) provide the Contract Capacity set forth in Exhibit B; and (c) maintain hydraulic capacity as otherwise required by sound engineering principles. Each Participating Agency shall pay its share of the costs necessary to ensure the Metro System maintains compliance with applicable laws, rules and regulations, including the Ocean Pollution Reduction Act of 1994 and its successor(s), as well as present and future waivers of applicable treatment standards at any Metro System treatment facility. Exhibit A may be amended to reflect replaced or rehabilitated facilities, or changes in facilities, subject to the City's Administrative Approval; however, if the City proposes to add a new Metro facility to Exhibit A, or convert a City facility to a Metro facility that will be added to Exhibit A, then each such amendment shall be (1) subject to the City's Administrative Approval, in its sole discretion, when the addition or conversion is for the purpose of complying with applicable laws, rules, or regulations; or (2) supported by an independent third-party study setting forth the benefits to the Metro System of each new facility, including a cost allocation for capital and projected annual maintenance costs if the addition or conversion is for any other purpose. For any new Metro facility or conversion of a City facility to a Metro facility proposed to be added or converted under (2) above, any such proposal must be memorialized in an Administrative Agreement subject to the Joint Administrative Approval Process set forth in Section 15. Once approved, the City shall amend Exhibit A accordingly and shall give notice of any amendments to all Participating Agencies. The City shall keep an updated version of Exhibit A on file with the City Public Utilities Department. Exhibit A may be amended to reflect other changes to the Metro System only as expressly provided in this Agreement.

4.3 Payment for Operation and Maintenance. Through the system of charges set forth in Section 5 of this Agreement, each Participating Agency shall pay its share of the Operation and Maintenance Costs of all Metro System facilities. The Participating Agencies shall not pay for the Operation and Maintenance Costs of the Water Repurification System, which are City Water Utility PW Costs.

#### 4.4 Charges Based on Flow, Strength and Fixed Capacity: Exception.

4.4.1 Except as otherwise described in this Section 4.4, a Participating Agency's share of the charges in this Section 4 shall be based on its proportionate Flow, Strength, and Fixed Capacities as set forth in Exhibit B, as described more fully in Section 5.

4.4.2 Notwithstanding Section 4.4.1, or any other provision of this Agreement, a Participating Agency's share of PWP Phase 1 Capital Improvement Costs, PWP Phase 1 Repurified Water Revenue, and Pure Water Program Capital Expense Rate attributable to the

Metro System as described in Sections 6.6 and 6.7 shall be assessed or credited based on the Parties' proportionate share of the Pure Water Capital Merged Percentages set forth in Column 7 of Exhibit B. The City shall annually allocate the estimated and actual PWP Phase 1 Capital Improvement Costs and revenues which are attributable to the Metro System in proportion to each Party's Pure Water Capital Merged Percentages as set forth in Column 7 of Exhibit B when estimating quarterly payments and conducting year-end adjustments.

4.4.3 Each Party recognizes that operation within respective Projected Future Strength and Flow Amounts is essential to the accurate allocation of costs and revenues under the Pure Water Program. In recognition of same, the Parties agree as follows:

4.4.3.1 Contract Capacity Transfers – Increases in Fixed Capacity Components. Beginning in the next fiscal year after the effective date of this Agreement, if a Party exceeds their Capacity Rights or any individual component of the Capacity Rights set forth in Exhibit B, by any one of the following triggers based upon data available at the completion of a fiscal year: (1) Three percent (3%) in a fiscal year for any two consecutive fiscal years, (2) One MGD in a fiscal year for any two consecutive fiscal years, or (3) The equivalent Strength of one MGD in a fiscal year for any two consecutive fiscal years; then, the City shall prepare an amendment to Exhibit B that reflects a Contract Capacity Transfer for that Party based on the available information about such Party's exceedance(s) and the methodology set forth in Exhibit E. After Phase 2 is completed, if, due to contract capacity transfers or reductions in capacity, the Pooled Capacity drops to less than two percent (2%) of the total Contract Capacity, a capacity study shall be initiated to evaluate existing facilities for new capacity. The City shall thereafter amend Exhibit B under the process set forth in Section 3.6 to reflect the new Contract Capacity for all Parties. Any changes to the methodology in Exhibit E shall be made pursuant to an Administrative Agreement subject to the Joint Administrative Approval Process described in Section 15.

4.4.3.2 Contract Capacity Transfers – Decreases in Fixed Capacity Components. Beginning in the next fiscal year after the effective date of this Agreement, if a Party can show through an independent report that its Monthly Average Daily Flow, annual average pounds per day of COD, annual average pounds per day of TSS, Incremental Peak Flow, or RSDP is projected to decrease ten percent (10%) or more below their Projected Future Strength and Flow Amounts using data from a minimum of three (3) consecutive prior fiscal years as support, then City shall prepare a proposed amendment to Exhibit B that reflects the new Projected Future Strength and Flow Amounts for all Parties based on such Party's decrease and other relevant information using sound engineering principles and the guidelines set forth in Exhibit E. The City's proposed amendment shall be subject to the Two-Party Approval Process. If approved, the City shall thereafter amend Exhibit B using the process set forth in Section 3.6.

4.4.3.3 If Exhibit B is amended to update one or more Parties' Projected Future Strength and Flow Amounts pursuant to Section 4.4.3.1 or 4.4.3.2, the change in Projected Future Strength and Flow Amounts shall be effective retroactively to the beginning of that fiscal year, 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 prior Exhibit B Fixed Capacity amounts (which were based on prior Projected Future Strength and Flow Amounts) shall pay the retroactive amount due in quarterly installments

in its quarterly payments the following fiscal year; any Party that overpaid based on previous Exhibit B Fixed Capacity amounts shall receive a credit in quarterly installments in its quarterly payments the following fiscal year. Notwithstanding the preceding sentence, if the retroactive amount due exceeds 20% of a Party's average annual Metro System payments for the previous four (4) fiscal years, such Party may elect to pay the retroactive amount due in its quarterly payments over the subsequent four (4) fiscal years, with interest, based on the most recent quarterly earnings rate of the City's Treasurer's Pooled Rate of Return; any Party that overpaid in an amount that exceeds 20% of their annual average Metro System payments for the previous four (4) fiscal years based shall receive a credit in its quarterly payments spread over the following four (4) fiscal years.

#### 4.5 Monitoring Flow and Strength.

4.5.1 The City shall monitor Flow and Strength. The City shall own and operate as part of the Metro System monitoring devices which will measure the amount of Flow discharged into the Metro System, unless otherwise agreed by the City and a Participating Agency. These devices shall be installed at locations appropriate to accurately monitor Flow and Strength. The City may also monitor Flow and Strength at other locations as it deems appropriate. For all currently unmetered areas, unit counts or agreed upon flow estimates where unit counts are not appropriate shall be used. For adding or subtracting unit count areas, the average current Metro Flow per unit shall be used consistently for all Parties. These unmetered unit counts will be updated at least once every five (5) years. If the flow in an unmetered area is over 0.5 MGD at a specific connection point, then a meter shall be added for that area, if possible. Exhibit F provides the Flow formulas that shall be used to determine the payment obligation for each Party, or a grouping or subgrouping of Parties, as applicable. Exhibit F shall be distributed to all Parties with the budget estimates that are sent annually pursuant to Section 5.7.1. The City currently provides all Participating Agencies with access to their data from the Flow metering devices, including providing access to their raw data, and will continue to do so according to the Parties' established practices on the Effective Date of this Agreement. Changes to Exhibit F may be made upon the City's Administrative Approval.

4.5.2 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. The frequency, nature, and locations of Strength measurements, as well as the procedures used to determine Strength, shall be reviewed at least once every five (5) years and if changes are appropriate or required, the City may change the Strength measurements subject to the Two-Party Approval process. When conducting sampling within a Participating Agency's service area, the City shall follow appropriate safety and security measures. The City and Participating Agencies will coordinate with the Participating Agency's operations staff to ensure facilities are not negatively impacted by inspections.

4.5.3 The City shall report Strength data to the Participating Agencies at least quarterly.

4.5.4 The City shall notify the Metro JPA's Executive Director and any directly affected Participating Agency within 24 hours of any unpermitted or unlawful discharge or release of effluent from the Metro System which may be reportable to the Regional Board, or any other regulatory agency, and which may result in civil or criminal penalties or administrative

enforcement proceedings pursuant to Water Code sections 13261, et seq., section 13300, et seq., Government Code section 54740 et seq., or other provisions of law. Upon request from the Metro JPA or a Participating Agency, City shall provide the Metro JPA or affected Participating Agencies with copies of all non-privileged related correspondence to and from the Regional Board. The City shall endeavor to confer with Metro JPA staff during the report preparation process and before any report is submitted to a regulatory or enforcement agency.

## **5. FINANCE, BUDGETING, AND ACCOUNTING: SYSTEM OF CHARGES**

5.1 Charges Authorized. The City agrees to implement, and the Parties agree to abide by a system of charges called Functional Allocated Billing (**FAB**). This system allows the City to equitably recover from all Participating Agencies their proportional share of the net Metro System Costs described in this section:

5.2 Functional Allocated Billing (FAB). The City shall annually determine the FAB rate based on the projected Metro System Costs (as defined below) for the forthcoming fiscal year, less all Metro System Revenues (as defined below).

### 5.2.1 Calculation of FAB Rates.

5.2.1.1 The City shall determine the unit FAB rates by allocating net costs (Metro System Costs less Metro System Revenues) between the fixed and measured variable parameters of Capacity Rights, such as Monthly Average Daily Flow, Incremental Peak Flow, COD, TSS, and RSDP as set forth in Exhibit B. These allocations are based on the approved Functional-Design Methodology analyses for sewer system components and estimated Operation and Maintenance (O&M) Costs allocated to each parameter.

5.2.1.2 Beginning one (1) year after substantial completion of the final project of Phase 1 of the Pure Water Program for which sewer revenue funds were used, the City shall have the FAB, which includes the Functional Design Methodology, professionally reviewed at least once every five (5) years.

5.2.1.3 After conducting a professionally developed independent third-party report, the City may propose to change the FAB, including the Functional Design Methodology, to include any other parameter, or modify any term governed by this Section 5.2.1, by way of an Administrative Agreement subject to the Joint Administrative Approval Process set forth in Section 15. However, the City may revise the FAB, including the Functional Design Methodology at any time to include any other measurement required by law after the effective date of this Agreement subject to the City's Administrative Approval, in its sole discretion. City will notify all Participating Agencies of any such review or revision no later than sixty (60) days after City's Administrative Approval. Once approved, the FAB resulting from any review or revision under this Section will become the current approved version until it is revised by a future professional independent third-party study or a change in law.

5.2.1.4 Each of the parameters will have a fixed and variable O&M charge between 0% and 100%. Fixed Capacity Charges will be based on the Contract Capacity in Exhibit B. Variable charges will be based on measured parameters such as Metered Flow, Strength and RSDP.

5.2.1.5 Costs for capital improvements, capital replacement, and rehabilitation costs including financing shall be based on the approved Functional-Design Methodology and the Contract Capacity in Exhibit B.

5.2.1.6 The net cost allocated to each of the parameters shall be divided by the total Metro System quantity for that parameter to determine the unit rates for each parameter. These unit rates shall apply uniformly to all Parties.

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

5.3.1 Except as provided in Section 5.4 (Excluded Costs), the annual Operation and Maintenance Costs and annual costs associated with administration, 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, shall be calculated using generally accepted accounting practices to reflect the costs of the Metro System.

5.3.2 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 2.5.5.

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

5.4.1 Costs related to the City of San Diego's municipal sewer, water (including City Water Utility PWP Costs), and/or stormwater systems as determined by City's reasonable calculations consistent with sound engineering and best management practices.;

5.4.2 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;

5.4.3 Capital Improvement Costs or Operations and Maintenance Costs of any non-Metro System facility not included in Exhibit A, including, but not limited to, any costs associated with the ECAWP Project;

5.4.4 Those costs otherwise identified as excluded costs in Section 6.3.

5.5 Metro System Revenues and Allocations. The following revenues shall be at a minimum considered Metro System Revenues for purposes of determining the annual FAB rate:

5.5.1 Any grant or loan receipts or any other receipts that are attributable to the Metro System or Metro System components of the Pure Water Program, 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 or Metro System components of the Pure Water Program. Any such receipts attributable to the Metro System components of the Pure Water Program shall be allocated among

the City and the Participating Agencies in the proportions set forth in Exhibit B Fixed Capacity amounts.

5.5.2 All compensation or receipts from the sale or other conveyance or transfer of any Metro System byproducts, including, but not limited to, gas, electrical energy, sludge products, and Recycled Water produced at the NCWRP and SBWRP and the future Central Area Plant.

5.5.3 Payments by the City's Water Utility for the Capital Expense Rate, as calculated under provisions in Section 6.7. These proceeds shall be allocated among the City and Participating Agencies in the proportions set forth in Exhibit B Fixed Capacity amounts.

5.5.4 Those portions of Repurified Water Revenue attributable to the Metro System, as calculated under provisions in Section 6.6.3. These revenues shall be allocated among the City and Participating Agencies in the proportions set forth in Exhibit B Fixed Capacity amounts.

5.5.5 Any other non-operating revenues, including, but not limited to interest income included in the income credit portion of the annual audit.

5.6 Excluded Revenue. The following revenues shall be excluded from Metro System Revenues for purposes of determining the annual FAB rate:

5.6.1 Proceeds from the issuance of debt for Metro System projects.

5.7 Estimate and Billing Schedule and Year End Adjustment.

5.7.1 The City shall estimate the FAB rates on an annual basis prior to January 15 and provide budget estimates for the upcoming fiscal year to all Parties. The City shall quantify the FAB rates by estimating the quantity of Flow, Strength, and Fixed Capacity Charges for each Party, based on that Party's Metered Flow for the past year and the cumulative data of sampling for Strength constituents such as COD and TSS over the preceding five years and Fixed Capacities set forth in Exhibit B. If the cumulative five-year Strength data is no longer indicative of discharge from a Party, and a Contract Capacity Transfer has been approved pursuant to Sections 4.4.3.1, 4.4.3.2, or 3.2, then the City may eliminate the previous higher readings subject to the City's Administrative Approval.

5.7.2 Prior to March 1 of each year the City will provide a mid-year review of the current year's Metro System Capital Improvement Costs and Operations and Maintenance Costs and offsetting non-operating revenues such as grant or loan proceeds, including fiscal year-end projections and provide such reviews to the Participating Agencies.

5.7.3 The City shall determine the volume of MBC Return on an annual basis and for billing purposes only. The costs of treating MBC Return shall be allocated to the Parties in proportion to their Metered Flow and Strength. If a Party's Monthly Average Daily Flow plus MBC Return exceeds their Contract Capacity set forth in Exhibit B, it shall not be treated as an exceedance pursuant to Section 4.4.3.1.

5.7.4 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, Strength, and Fixed Capacity Charges, divided by four.

5.7.5 At the end of each fiscal year, the City shall determine the actual Metro System Costs and the actual Metered 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 and Strength such as COD, TSS and Fixed Capacity Charges based on actual costs for the year as determined through the annual audit process in Section 5.8.2 of this Agreement. The City shall then recalculate the FAB rate for the year using actual audited costs for the year, actual Metered Flow, Residuals, MBC Return, cumulative Strength factors, and Fixed Capacity Charges for the City and for each Participating Agency. The City shall credit any future charges or bill for any additional amounts due against the quarter after the prior year costs have been audited.

## 5.8 Financial Statements.

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

5.8.2 Annual Audit. 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. A copy of said report shall be available to any Participating Agency. As part of said audit, the actual amount of City Water Utility's PW Costs, Pure Water Program costs attributable to the Metro System, Repurified Water Revenue, and the Capital Expense Rate shall be determined and audited by the City's external auditors and Participating Agency representatives, and a cumulative and annual summary of such amounts shall be included as a footnote or attached to the audit of the Metro System. Cost summaries shall include separate lines for Capital Improvement Costs and Operation and Maintenance Costs.

5.8.3 The City shall make a good faith effort to complete the annual audit, and any related adjustments under this Agreement as described in Section 5.8.2, by the end of the following fiscal year.

5.9 Debt Financing. The City retains the sole right to determine the timing and amount of debt financing required to provide Metro System Facilities. The annual debt service plus in-progress Capital Improvement Costs to maintain capacity in and of the Metro System shall be allocated to the Participating Agencies consistent with the Exhibit B Contract Capacity allocations effective on the date the debt is issued. If a Participating Agency wishes to prepay Capital Improvement Costs, and the City is able to accommodate such a request, then a Participating Agency may prepay their proportional share of Capital Improvement Projects. If a Participating Agency wishes to withdraw or reduce their Flows and/or Strengths from the Metro System per

Section 2.3.3 of this Agreement, such agency will remain responsible for its pro-rata share of all outstanding debt incurred at the time the debt was issued until it is satisfied, irrespective of withdrawal, reduction in Flows and/or Strengths, or Agreement expiration. If the City refunds debt, it shall allocate such refunds consistent with the Exhibit B Contract Capacity allocations effective on the date the debt was issued.

5.10 Allocation of Operating Reserves and Debt Service Coverage. The Parties shall continue to comply with the protocol set forth in **Exhibit C, Administrative Protocol on Allocation of Operating Reserves and Debt Service Coverage to Participating Agencies**, which exhibit may be amended from time to time consistent with Section 5.11.

5.11 Amending the System of Charges. Except as otherwise provided in Section 5.2.1.6, the Parties may amend any provision in this Section 5 regarding the Finance, Budgeting, and Accounting System of Charges in an Administrative Agreement subject to the Joint Administrative Approval Process set forth in Section 15.

## **6. FINANCE, BUDGETING, AND ACCOUNTING: PURE WATER PROGRAM COST ALLOCATION AND REVENUES – PHASE 1**

6.1 North City Water Reclamation Plant Modification. As part of Phase 1 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 Pure Water Facility on a nearby site to produce Repurified Water. This Section sets forth the costs and revenues associated with the Pure Water Program attributable to the Metro System. Exhibit A includes current constructed Metro System facilities and existing and proposed future Phase 1 facilities.

6.2 New, Expanded or Modified Metro System Facilities. Each new, expanded, or modified Metro System facility, which is part of the Pure Water Program, and is used in relation to the production of Repurified Water (in addition to the modification and expansion of the North City Water Reclamation Plant) shall be governed by this Section.

6.3 Costs Excluded from Metro System Costs – Phase 1. 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) shall be excluded from Metro System Costs for purposes of calculating the annual FAB rate.

### **6.3.1 General Exclusions:**

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

6.3.1.2 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.

6.3.1.3 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. Such costs may consider the current asset value or market value of the existing Metro System facility.

6.3.2 Cost Exclusions Specific to North City Water Reclamation Plant Improvements:

6.3.2.1 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 52 MGD capacity shall be based on the current tank volume necessary to provide 30 MGD capacity.

6.3.2.2 Costs for the methanol feed system.

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

6.3.2.4 Costs for the use of existing tertiary water filters for Repurified Water purposes. Such costs may consider the depreciated value of such filters or use such other appropriate valuation methods as agreed by the City and authorized representatives of the Metro JPA. Costs under this section shall be reimbursed or credited by City's Water Utility to the Metro System.

6.4 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 FAB rate (and therefore not qualify as City Water Utility PW Costs):

6.4.1 Costs for chemically enhanced primary treatment for up to 52 MGD capacity.

6.4.2 Costs for primary effluent equalization for up to 52 MGD capacity.

6.4.3 Costs for increased volume of aeration tanks that will provide up to, but not exceeding, 52 MGD capacity.

6.4.4 Costs to add secondary clarifier tanks sufficient for up to 52 MGD capacity.

6.4.5 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.

6.4.6 Costs for treatment and conveyance of all MBC Return (micro-filtration and tertiary backwash) based on Flow, COD, and TSS.

## 6.5 Reallocation of PWP Costs incurred since FY 2014.

6.5.1 The allocation of Pure Water Program costs, retroactive to June 30, 2014, will be calculated the year the Agreement goes into effect, will be completed no less than two fiscal years following the production of 30 MGD by Phase 1 of the Pure Water Program.

6.5.1.1 All the O&M task orders, or costs that cannot be directly assigned to a PWP Phase 1 capital improvement project such as program management, environmental documents, etc., will be reallocated by the final water/wastewater cost split, and will include interest accruing since June 2014 at the interest rate earned by the City of San Diego for each applicable fiscal year as shown by the sample interest calculation included in **Exhibit G, Sample of Interest Calculation**. This postpones the reconciliation of costs until the substantial completion of all construction projects for Phase 1 (City Water Utility PW Costs and Metro). This reconciliation will be performed during the audit of the fiscal year in which substantial completion of all projects occurs.

6.5.1.2 All Phase 1 PWP CIP projects were bid and awarded by October 2022 which is FY2023. All shared Phase 1 CIP projects will be reallocated to the actual construction cost split once the project is awarded, and the cost loaded CPM is completed and negotiated between the City and the Participating Agencies during the FY2023 audit. All CIP soft costs incurred since 2014 will be reallocated like the O&M task orders during the audit of the year of substantial completion of the actual Phase 1 CIP projects. If interest is owed to the Metro System for soft costs starting in FY 2014, such interest shall be considered Metro System Revenues consistent with Section 5.5.5.

## 6.6 Revenue Sharing for Repurified Water.

6.6.1 Background. Initially, the Parties anticipate that the cost per acre foot associated with the production of Repurified Water will be more expensive than the cost per acre foot of untreated imported water. However, it is anticipated that Repurified Water produced under Phase 1 will be less expensive than untreated imported water sometime in the future. Once Repurified Water produced under Phase 1 becomes less expensive than the cost of untreated imported water, the Parties agree that there will be revenue from the Pure Water Program.

6.6.2 Calculation. Revenue sharing shall occur in each fiscal year during which the annual cost per acre foot associated with the production of Repurified Water is less than the cost of untreated water per acre foot from the San Diego County Water Authority (“CWA”). The annual cost difference shall be known as “**Repurified Water Revenue**.” Repurified Water Revenue shall be determined as follows:

Annual cost per acre foot of CWA untreated water purchased by the City for delivery at Miramar Reservoir (which shall be determined based on the total costs for water actually billed to the City by CWA for water delivered at Miramar Reservoir in a fiscal year, divided by the number of acre-feet of CWA water delivered at Miramar Reservoir that year)

less

Annual cost per acre-foot of City Water Utility PW Costs (which shall be determined based on total annual City Water Utility PW Costs divided by the number of acre-feet of Repurified Water actually produced in that year)

the result of which is multiplied by

The number of acre feet of Repurified Water produced by Pure Water Program facilities during the applicable fiscal year.

**Exhibit H, Summary of Billings from County Water Authority Showing Costs for Untreated Water**, is a summary of the most recent CWA rate structure and cost allocations to the City of San Diego for untreated water. The Parties agree that Exhibit H shall be referred to by the Parties in the future in determining how costs for water delivered at Miramar Reservoir are calculated. If no untreated water is delivered at Miramar Reservoir in a given year, then the closest point of delivery of untreated water to the City shall be used. The City shall annually update Exhibit H to reflect the most recent CWA rate structure and cost allocations to the City of San Diego.

The City shall estimate whether there will be Repurified Water Revenue in the upcoming fiscal year prior to January 15 of each year, and these amounts shall be incorporated into the budget estimates for the upcoming fiscal year to all Parties.

6.6.3 Revenue Sharing. Repurified Water Revenue shall initially be shared between the City's Water Utility and the Metro System based on the relative actual Capital Improvement Costs for the Pure Water Program contributed by City's Water Utility and the Metro System. Such Capital Improvement Cost contributions are currently estimated as 62% City's Water Utility and 38% Metro System. The Metro System's portion of the Repurified Water Revenue shall be applied to debt attributable to the Metro System first, until the debt attributable to the Metro System is fully paid.

Following full payment of debt attributable to the Metro System, Repurified Water Revenue shall be shared based on the relative actual Operation and Maintenance Costs for Pure Water Program facilities contributed by City's Water Utility and the Metro System, calculated annually. Such Operation and Maintenance Costs are currently estimated as 76% City's Water Utility and 24% Metro System on an annual basis.

In all instances referred to in this Section 6.6.3, the Metro System portion of the Repurified Water Revenue shall be allocated among the City and the Participating Agencies consistent with Section 4.4.2.

6.6.4 Year-End Adjustment. At the end of each fiscal year during which there is Repurified Water Revenue, the City shall determine the actual cost per acre foot of CWA untreated water purchased by the City, the actual cost per acre foot of City Water Utility PW Costs, and the actual amount of Repurified Water produced at Pure Water Program facilities.

Based on the actual cost and production information, the City will recalculate the Repurified Water Revenue for the prior fiscal year. The City will credit any future charges or bill for any additional amounts due the quarter after the prior year costs have been audited.

6.6.5 Change in Potable Reuse Method. The Parties acknowledge that the Pure Water Program Phase 1 will initially use indirect potable reuse surface water augmentation. The use of CWA untreated water costs in calculating Repurified Water Revenue is intended to provide an appropriate point of comparison to costs for producing Repurified Water that will be introduced into surface water. The Parties agree that if the City desires to implement direct potable reuse (in which Repurified Water would be introduced directly into a water supply pipeline or facility), the Parties shall meet and negotiate in good faith regarding an amendment to this Section 6.6, to appropriately update the formula for Repurified Water Revenue, which form of amendment shall occur via an Administrative Agreement and shall be subject to the Joint Administrative Approval Process set forth in Section 15.

#### 6.7 Capital Expense Rate.

6.7.1 Background. The Point Loma Wastewater Treatment Plant operates under a National Pollutant Discharge Elimination System (“NPDES”) permit modified under section 301(h) & (j)(5) of the Clean Water Act. If such modified permit were ever revoked or not renewed, the Parties agree that, under current law, the City would have an obligation to upgrade the PLWTP to secondary treatment. The Parties further agree that \$1.8 billion is a fair and comprehensive estimation of the costs that could be incurred by the Metro System to meet the legal requirements related to the Metro System under current law. The estimate of \$1.8 billion is based on the net present value of the capital cost to develop 180 MGD of secondary treatment at PLWTP as of November 15, 2018.

Therefore, the Parties agree that \$1.8 billion represents the maximum amount of Capital Improvement Costs that the Metro System should be obligated to contribute to the Pure Water Program, the purpose of which is not solely the disposal of wastewater, but also the production of Repurified Water. The Parties agree that this \$1.8 billion maximum contribution should apply whether or not the PLWTP is actually upgraded to secondary treatment to meet legal requirements in the future because, as of the date of the Agreement, the Parties have the option of upgrading the PLWTP to full secondary treatment for the cost of approximately \$1.8 billion.

In light of the above, the Parties have agreed that if Metro System costs related to the Pure Water Program exceed the \$1.8 billion, City’s Water Utility will pay a charge for each acre foot

of secondary treated effluent produced by Metro System facilities and used for the production of Repurified Water.

6.7.2 Capital Expense Rate. Under the circumstances described in this Section 6.7, City's Water Utility shall pay a charge ("**Capital Expense Rate**") for each acre-foot of secondary treated effluent produced by Metro System facilities and used for the production of Repurified Water. The Capital Expense Rate costs or revenues attributable to the Metro System shall be assessed or credited consistent with Section 4.4.2. City's Water Utility shall pay the Capital Expense Rate if the following costs alone, or in combination, exceed \$1.8 billion (which amount shall be adjusted for inflation):

6.7.2.1 The sum of all Capital Improvement Costs and associated debt attributable to the Metro System components of the Pure Water Program under this Section 6.7.2; and/or

6.7.2.2 The sum of all Capital Improvement Costs and associated debt for the full or partial upgrading of the PLWTP to secondary treatment.

Notwithstanding the above, the Capital Expense Rate shall not apply if the PLWTP is actually upgraded to secondary treatment (or beyond) due to: (a) a change in federal or state statutory law making it necessary to upgrade the PLWTP 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) & G)(5) of the Clean Water Act is thereby revoked or denied renewal due to a finding that the discharge from the PLWTP violates anti-degradation rules or regulations promulgated under section 403 of the Clean Water Act.

6.7.3 Calculation of Capital Expense Rate. The amount per acre-foot of the Capital Expense 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 Section 6 and (ii) upgrading of the PLWTP to secondary treatment (if any)

*less*

\$1.8 billion, as adjusted for inflation each July 1 (starting on July 1, 2019) to reflect the annual percentage change in the Engineering News Records – Los Angeles construction cost index

*the result of which is multiplied by*

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

*the result of which is 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.

The City shall estimate whether the Capital Expense Rate shall apply to the upcoming fiscal year (and its amount) prior to January 15 of each year, and the estimated amount of the Capital Expense Rate shall be effective on July 1 of the upcoming fiscal year.

For purposes of this Section 6.7.3, Capital Improvement Costs and associated debt shall include such costs and revenue incurred by the Metro System prior to the effective date of the Agreement.

6.7.4 Year-End Adjustment. At the end of each fiscal year during which the Capital Expense Rate applies, 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 Section 6 and any upgrading of the PLWTP to secondary treatment, and the actual amount of secondary treated effluent produced by Metro System facilities and used for the production of Repurified Water.

Based on the actual cost, interest, and effluent information, the City will recalculate the Capital Expense Rate for the prior fiscal year. The City will credit any future charges or bill for any additional amounts due the quarter after the prior year costs have been audited.

6.7.5 Duration; Expiration. The Capital Expense Rate shall continue until the cost difference between (a) the actual sum of Pure Water Program Capital Improvement Costs and associated debt attributable to the Metro System under Section 6.7 and/or the costs to upgrade the PLWTP and (b) \$1.8 billion (as adjusted for inflation), has been fully paid, or the Agreement expires, whichever is sooner. Notwithstanding, it is the express intent and desire of the City and the Participating Agencies that if the Agreement expires before the cost difference has been paid through the Capital Expense Rate, that the Capital Expense Rate continue in any extension of this Agreement negotiated by the Parties pursuant to Section 14.2 until the cost difference has been fully paid.

6.8 Amending Pure Water Program Cost Allocation and Revenues – Phase 1. Except as otherwise provided in Section 6.6.2, the Parties may amend any provision in this Section 6 regarding the Finance, Budgeting, and Accounting for the Pure Water Program Cost Allocation and Revenues for Phase 1 in an Administrative Agreement subject to the Joint Administrative Approval Process set forth in Section 15.

## **7. FINANCE, BUDGETING, AND ACCOUNTING: PURE WATER PROGRAM COST ALLOCATION AND REVENUES – PHASE 2**

7.1 Pure Water Program – Phase 2. The Second Phase of the Pure Water Program (“**Phase 2**”) shall create up to an additional 53 MGD of Repurified Water at Phase 2 facilities. The Parties agree to incorporate all terms relating to Phase 2 into this Agreement through an Administrative Agreement subject to the Joint Administrative Approval Process set forth in Section 15, subject to the requirements set forth in this Section 7 below.

## 7.2 Costs Excluded As Metro System Costs.

Costs Excluded from Metro System Costs for Phase 2 shall be identified in an Administrative Agreement subject to the Joint Administrative Approval Process and approvals set forth in Section 15. However, the Administrative Agreement must reflect that all of the following PWP Phase 2 costs, including Capital Improvement Costs, Operation and Maintenance Costs, and other related costs (including administration, insurance, claims, and overhead) shall be excluded from Metro System Costs for the purposes of calculating the annual Phase 2 FAB rate, and shall be City Water Utility PW Costs:

7.2.1 Costs of the Phase 2 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). This shall include 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 Phase 2 Repurified Water.

7.2.2 Costs for fail-safe disposal, if necessary, for design capacity for Phase 2 Repurified Water, including, but not limited to, any costs associated with the reservation of capacity at the Point Loma Wastewater Treatment Plant.

7.2.3 Costs for the demolition or replacement of existing Metro System facilities with similar facilities for the purpose of making space available for Phase 2 Water Repurification System facilities. Such costs may take into account the current asset value or market value of the existing Metro System facility.

7.2.4 Costs for the Phase 2 methanol feed system.

7.2.5 Costs for Phase 2 RSDP disposal including, but not limited to, pump stations, pipelines, retreatment, ocean outfall, and monitoring.

7.2.6 50% of the costs for the MBR Tanks and system for Phase 2.

7.2.7 All membrane integrity monitoring systems for Phase 2.

7.2.8 All Phase 2 systems downstream of MBR's.

7.3 Revenue Sharing for Repurified Water – Phase 2. Terms regarding revenue sharing for Repurified Water for Phase 2 shall be identified in an Administrative Agreement subject to the Joint Administrative Approval Process set forth in Section 15. However, this Administrative Agreement must reflect terms related to Phase 2 revenue sharing for Repurified Water that conceptually mimic those terms set forth in Section 6.6. The Metro System portion of the Repurified Water Revenue for Phase 2 shall be allocated among the City and the Participating Agencies consistent with Section 4.4.2, as may be amended or updated to account for changes in PWP Phase 2.

7.4 Capital Expense Rate – Phase 2. Terms regarding the Capital Expense Rate for Phase 2 shall be identified in an Administrative Agreement subject to the Joint Administrative Approval Process and approvals set forth in Section 15. However, this Administrative Agreement

must reflect terms that conceptually mimic the terms in Section 6.7, reflecting a continuation of the Capital Expense Rate through Phase 2 up until the PWP achieves up to 83 MGD of Repurified Water, taking into account production of water suitable for potable reuse occurring at all treatment processes for wastewater upstream from and at the PLWTP. The Pure Water Program Capital Expense Rate costs or revenues attributable to the Metro System shall be assessed or credited consistently with Section 4.4.2, as may be amended or updated to account for changes in PWP Phase 2.

## **8. FUTURE NEGOTIATIONS AND COOPERATION**

This Agreement specifically contemplates Phase 1 and Phase 2 of the Pure Water Program, which consists of new, expanded, or modified Metro System and Water Repurification System facilities projected to produce up to 83 million gallons per day of Repurified Water. The Parties intend to meet and negotiate in good faith regarding the referenced Administrative Agreements identified in this Agreement. All items outside the scope of the Joint Administrative Approval Process shall be negotiated by the Parties through the amendment processes described in Section 16.3, if necessary.

## **9. THE METRO COMMISSION**

9.1 **Establishment and Membership.** The 1998 Agreement created and established (and the ARA reestablished) the Metro Commission as a commission consisting of one representative from each Participating Agency. On October 25, 2000, the Participating Agencies entered into a Joint Exercise of Power Agreement which created a separate public entity, the Metro Wastewater Joint Powers Authority (“**Metro JPA**”), for the purpose, among others, of taking responsibility, actions, and making decisions pertaining to the 1998 Agreement on behalf of the Participating Agencies. The Metro Commission and the Metro JPA are and shall hereinafter be treated as one and the same entity for all intents and purposes under this Agreement, including for the purpose of accepting and executing the responsibilities delegated to the Metro JPA in this Agreement. Each Participating Agency shall have the right to appoint a representative of its choice to the Metro Commission/Metro JPA, and the Participating Agency’s appointee to the Metro Commission shall also serve as that Participating Agency’s representative on the Metro JPA Board of Directors. 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/Metro JPA 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/Metro JPA. The Metro Commission/Metro JPA 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. To the extent this Agreement expands or amends the powers or purposes set forth in the Metro JPA Joint Exercise of Powers Agreement, the Participating Agencies expressly agree to such expansion or amendment consistent with the terms of this Agreement.

### **9.2 Advisory Responsibilities of Metro JPA.**

9.2.1 The Metro JPA shall act as an advisory body to the Mayor and City Council on policy issues and matters affecting and relating to the Metro System and shall be included in

the City's list of boards and commissions on the City's website. The City shall present the position of the majority of the Metro JPA to the City's governing body in written staff reports. The Metro JPA may prepare and submit materials in advance and may appear at any City hearings on Metro System matters and present its position to the governing body of the City.

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

9.3 Delegation of Decision-Making Authority of the Metro JPA. The Participating Agencies hereby delegate to the Metro JPA the authority to take certain actions pursuant to the approval processes provided in this Agreement, as permitted by law, including but not limited to Government Code 6506. The Participating Agencies agree that the Metro JPA has delegated authority to approve Administrative Agreements on behalf of each Participating Agency pursuant to the process set forth in Section 15. The Participating Agencies agree and acknowledge that the Metro JPA has authority to bind each Participating Agency to Administrative Agreements through the Joint Administrative Approval Process. All Participating Agencies agree to promptly execute Administrative Agreements after approval by the Metro JPA. By signing this Agreement, each Participating Agency is expressly preapproving such actions.

9.4 Standing. If a dispute arises among the Parties relating to or arising from a Party's obligation under this Agreement or an associated Administrative Agreement, the Metro JPA shall have standing to enforce the terms of this Agreement against the City on behalf of two or more Participating Agencies if a majority of the Metro JPA votes to take action relating to this Agreement on behalf of two or more Participating Agencies.

## **10. DISPUTE RESOLUTION**

This Section governs all disputes arising out of this Agreement and any associated Administrative Agreements.

10.1 Mandatory Non-Binding Mediation. If a dispute arises among the Parties relating to or arising from a Party's obligations under this Agreement or an associated Administrative Agreement that cannot be resolved through informal discussions and meetings, the Parties involved in the dispute shall first endeavor to settle the dispute in an amicable manner, using mandatory non-binding mediation under the rules of JAMS, AAA, or any other neutral organization agreed upon by the Parties before having recourse in a court of law. Mediation shall be commenced by sending a Notice of Demand for Mediation 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 JPA.

10.2 Selection of Mediator. A single mediator that is acceptable to the Parties involved in the dispute shall be used to mediate. The mediator will be knowledgeable in the subject matter of this Agreement, if possible, and chosen from lists furnished by JAMS, AAA, or any other agreed upon mediator.

10.3 Mediation Expenses. The expenses of witnesses for either side shall be paid by the Party producing such witnesses. All mediation costs, including required travel and other expenses

of the mediator, and the cost of any expert advice produced at the direct request of the mediator, shall be Metro System costs.

10.4 Conduct of Mediation. Mediation hearings will be conducted in an informal manner. Discovery shall not be allowed. The discussions, statements, writings and admissions and any offers to compromise during the proceedings will be confidential to the proceedings (pursuant to California Evidence Code sections 1115 - 1128 and 1152) and will not be used for any other purpose unless otherwise agreed by the Parties in writing. The Parties may agree to exchange any information they deem necessary. The Parties involved in the dispute shall have representatives attend the mediation who are authorized to settle the dispute, though a recommendation of settlement may be subject to the approval of each agency's boards or legislative bodies. Either Party may have attorneys, witnesses or experts present.

10.5 Mediation Results. Any resultant agreements from mediation shall be documented in writing. The results of the mediation shall not be final or binding unless otherwise agreed to in writing by the Parties. Mediators shall not be subject to any subpoena or liability and their actions shall not be subject to discovery.

10.6 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.

## **11. INSURANCE**

### **11.1 City Shall Maintain All Required Insurance.**

11.1.1 Throughout the term of this Agreement the City shall procure and maintain in effect liability insurance covering Metro System assets and operations in the same manner, and to the same extent, as the City insures similar assets and operations of the City. Such insurance may be provided through separate policies for the Metro System, or by consolidating the Metro System with other City assets and operations for insurance purposes. If the Metro System is insured separately, policy limits, deductibles, and self-insured retentions shall be equivalent to what the City procures for other similar City assets and operations. The City shall maintain all insurance required by law, including workers' compensation insurance, and may self-insure for certain losses when allowed by law. The proportionate cost of insurance for the Metro System shall be included in the computation of the FAB.

11.1.2 If the Metro System is insured separately, any policy or policies of liability insurance carried by the City for the Metro System shall name the Participating Agencies as additional insureds with evidence of same supplied to each upon request.

11.1.3 Upon request by the Metro JPA or a Participating Agency, the City shall promptly provide written coverage and policy information, including, but not limited to, the scope of coverage, policy limits, deductibles, and self-insured retentions, including information on any claims made against the policies and remaining limits and deductibles.

11.2 Substantially Equivalent Coverage. In the event of a transfer of the Metro System to a nonpublic entity pursuant to Section 2.1, coverage substantially equivalent to all the above provisions shall be maintained by any successor in interest.

## **12. 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 interruption.

## **13. NOTICES REQUIRED UNDER AGREEMENT**

The City and each Participating Agency shall give notice when required by this Agreement. All notices required by this Agreement must be in writing and must be sent via email and either served personally or mailed via first class U.S. mail. The notices shall be sent to the officer listed for each Party, at the address and email address listed for each Party in **Exhibit D, Notice Listing**, 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, the City shall amend Exhibit D to reflect the changes. The amendment shall be made within sixty (60) days after receipt of the Party's notice regarding the change in officer and/or address. The City shall keep an updated version of Exhibit D, notated with the most recent amendment date, on file with the City Public Utilities Department. The City shall provide a copy of the amended Exhibit D to all Parties by no later than sixty (60) days after amending Exhibit D.

## **14. EFFECTIVE DATE AND EXPIRATION**

14.1 Effective Date. This Agreement shall be effective on July 1 of the fiscal year commencing after execution by the City and all of the Participating Agencies and shall be dated as of the signature date of the last executing Party. For example, irrespective of whether the last executing Party signs this Agreement on September 1, 2025, January 1, 2026, or June 30, 2026, the effective date of the Agreement would be July 1, 2026.

14.2 Expiration. Subject to the rights and obligations set forth in Section 14.3, unless amended, replaced, or terminated earlier by mutual consent of all the Parties, this Agreement shall expire on June 30, 2065. This Agreement is subject to extension by agreement of the Parties. The Parties shall commence discussions on an agreement to provide wastewater treatment services beyond the year 2065 on or before December 31, 2055, or at such time, if any, that the PLWTP is required to be upgraded to secondary treatment. The Parties may create, amend or terminate any associated Administrative Agreements addressing implementation of this Agreement, as provided in this Agreement.

14.3 Contract Capacity Rights Survive Expiration. The Participating Agencies' Contract Capacity rights and rights to obtain wastewater treatment services from the facilities referred to in, or constructed pursuant to this Agreement shall survive the expiration of the Agreement. Provided, however, for any Participating Agency to exercise such rights, the Participating Agency shall comply with all the following requirements: (a) provide at least six months' written notice prior to the expiration of this Agreement; (b) upon expiration of this Agreement, pay their proportional

share of Metro System Costs according to the billing methodologies set forth in this Agreement in order to maintain their right(s) to such wastewater treatment services; and (c) agree to recalculate and pay proportional share of future Metro System Costs based on the City's and all remaining Participating Agencies' proportionate shares. In the event this Agreement expires and one or more Participating Agency(ies) continue to pay their proportional share of all Metro System Costs, the City shall have the right to continue managing, operating, and expanding the Metro System subject to the same terms set forth in this Agreement, unless otherwise agreed to in writing by and between the City and a Participating Agency. In the event one or more Participating Agency(ies) exercise its/their right(s) to maintain Contract Capacity and wastewater treatment services, such Participating Agency(ies) shall also maintain the right to continue receiving any and all revenues contemplated by this Agreement, including, but not limited to, Metro System Revenues.

14.4 Abandonment. After June 30, 2065, the City may abandon operation of 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 mediation under Section 10. In the event of abandonment, the City shall retain ownership of all Metro System assets free of any claim of the Participating Agencies. Abandonment by the City with continued operation by a different entity shall not terminate or affect a Contract Capacity rights of a Participating Agency so long as that Participating Agency has continued to pay their proportional share of Capital Improvement Costs and Operation and Maintenance Costs according to the billing methodologies set forth in this Agreement. Nothing in this language shall be construed to require the City to continue as operator of the Metro System after the ten-year (10) notice period has run.

## **15. ADMINISTRATIVE AGREEMENTS**

### **15.1 Use and Process for Administrative Agreements.**

15.1.1 Purpose. Administrative Agreements are intended to implement the intent of the Parties in an efficient and effective manner without reopening or renegotiating the terms of this Agreement. Administrative Agreements are limited to addressing issues that are authorized by this Agreement. Administrative Agreements are separate and distinct from Exhibits to this Agreement, and are designed to address procedural, operational, technical, and administrative issues. Terms in this Agreement may only be modified through the Joint Administrative Approval Process if this Agreement expressly authorizes the use of an Administrative Agreement.

15.1.2 Amendments, Supplements, or Successors to Administrative Agreements. Where this Agreement refers to an Administrative Agreement, such reference shall include any amendment(s) to that Administrative Agreement or supplemental or successor Administrative Agreement(s).

15.1.3 Function. Administrative Agreements are made among all the Parties but deal with a specific function or group of like functions, for the benefit of regional wastewater treatment within the Metro System, or for the implementation of this Agreement.

15.1.4 Current Agreements. The Administrative Agreements which are approved and executed simultaneously with the execution of this Agreement are listed **Exhibit I, List of Administrative Agreements**. The City shall update Exhibit I each time an Administrative Agreement is approved, amended, revised or terminated pursuant to this Agreement.

15.1.5 Development and Joint Administrative Approval Process. Any Party can present an Administrative Agreement, or an amendment or supplement thereto, or termination thereof, to the City for approval by way of the **Joint Administrative Approval Process** set forth in this Section. The City will endeavor in good faith to respond within 60 days of submission of a proposed Administrative Agreement. If the City needs additional time to evaluate the proposed Administrative Agreement, it will advise all Participating Agencies in writing of the anticipated review time. Once an Administrative Agreement receives City's Administrative Approval, then, with respect to the Participating Agencies, the proposed Administrative Agreement may be presented to the Metro JPA at a duly noticed meeting for review and a first reading. Sixty (60) days or more after the first reading, after the Metro JPA Directors have had opportunity to consult with their respective agency staff and governing boards, the Administrative Agreement may be presented at a duly noticed meeting for a second reading and approved upon an affirmative vote by no less than two-thirds of the members of the Metro JPA during a duly noticed public meeting (in other words, upon the affirmative vote of at least eight or more of the twelve members of the Metro JPA, irrespective of how many Metro JPA Directors are present at the meeting, unless the number of Participating Agencies changes). If the second reading does not occur within One Hundred and Twenty (120) days after the first reading, the proposed Administrative Agreement shall no longer be taken into consideration, unless the City and the Metro JPA Directors agree to a different timeline. An Administrative Agreement, amendment thereto, or termination thereof, must receive City's Administrative Approval and at least a two-third affirmative vote by the Metro JPA Directors before it can become effective. Administrative Agreements are binding contracts as against the City and all Participating Agencies, irrespective of whether or not any Participating Agency's particular Metro JPA Director voted to approve the agreement or not, or was absent or abstained. The Metro JPA has the authority to bind the Participating Agencies to Administrative Agreements pursuant to the delegated authority provided to the Metro JPA in Section 9.3 herein.

## 16. GENERAL

### 16.1 Exhibits.

16.1.1 Exhibit List. This Agreement references Exhibits A through J. Each exhibit is attached to this Agreement and is incorporated herein by reference. All exhibits to this agreement shall be listed in **Exhibit J, Exhibit List**. The City shall update the Exhibit List from time to time each time an Exhibit is amended or revised pursuant to this Agreement.

16.2 Electronic Exhibits and Attachments. Acknowledgement and Acceptance: The Parties hereby acknowledge and agree that the exhibit(s) and attachment(s) related to this Agreement, or any of its associated Administrative Agreements, indicated as an Electronic Exhibits above (collectively, the "**Electronic Exhibits**") may be in an electronic format that cannot be readily or accurately converted into a physical or printed form. The Parties expressly agree that such Electronic Exhibits shall nonetheless be deemed to be valid and enforceable attachments to this Agreement and shall be incorporated by reference as if fully set forth herein.

16.2.1 Identification and Access: All Electronic Exhibits shall bear the same Exhibit identifier and name (i.e., Exhibit A – Metro Facilities) set forth in the Exhibit List, and shall be clearly identified as an Electronic Exhibit in the Exhibit List, including a file name, a time stamp of file, and a note indicating the software used to open and view the file, including version. The Electronic Exhibit shall be loaded on to a CD-ROM, DVD-ROM, or other electronic storage medium that is a write-once medium without the ability to further edit. Each Party shall receive an identical copy of the Electronic Exhibit(s) via identical storage mediums. The City shall ensure that all Participating Agencies have full and unrestricted access to Electronic Exhibits for the duration of the Agreement and any applicable retention period thereafter, including by providing access to any necessary software, applications, or systems required to view, interact with, or manipulate the Electronic Exhibits in their native format; such as through website access via the GIS Online platform: <https://sandiego.maps.arcgis.com>. No interaction or manipulation of any Electronic Exhibit shall in any way constitute a bona fide change or amendment to the Electronic Exhibit.

16.2.2 Storage and Security: Each Party shall be responsible for securely storing and maintaining the integrity of the Electronic Exhibits in their possession or control. This includes, but is not limited to, implementing and maintaining reasonable and appropriate technical, administrative, and physical safeguards to protect the confidentiality, availability, and integrity of the Electronic Exhibits, and to prevent unauthorized access, disclosure, alteration, or destruction thereof.

16.2.3 Authentication and Admissibility: The Parties hereby stipulate and agree that the Electronic Exhibits shall be deemed to be original documents and authentic for all purposes under applicable law, and that the Parties may rely upon and introduce such Electronic Exhibits as evidence in any proceeding arising out of or relating to this Agreement, without the need for further foundation, authentication, or certification.

16.2.4 Receipt and Completeness: Each Party hereby acknowledges and confirms that they have received, reviewed, and had a reasonable opportunity to inspect all Electronic Exhibits that are attached to and incorporated into this Agreement as of the Effective Date. By executing this Agreement, each Party represents and warrants that, to the best of their knowledge, the Electronic Exhibits are complete, accurate, and free from material errors, omissions, or defects. The Parties further agree to notify the other Party promptly upon discovering any discrepancies or inaccuracies in the Electronic Exhibits, and to cooperate in good faith to resolve any such issues in a timely manner.

16.2.5 Amendments and Modifications to Electronic Exhibits: Any amendments or modifications to the Electronic Exhibits shall be made in accordance with the procedures set forth in this Agreement for amending or modifying the terms and conditions hereof, and any such amended or modified Electronic Exhibits shall be deemed to replace and supersede any prior version thereof. Amended Electronic Exhibits shall also be loaded onto a new and separate CD-ROM, DVD-ROM, or other electronic storage medium that is a write-once medium without the ability to further edit. Each Party shall receive identical copies of the Electronic Exhibits via identical storage mediums. Amended Electronic Exhibits shall bear identical Exhibit Identifiers as their predecessor exhibits, but with a different suffix (for example, Exhibit A, when amended, shall be identified as Exhibit A-1, a subsequent amendment shall be identified as Exhibit A-2, etc.).

16.3 Amendments to Agreement. There shall be four (4) ways to amend, modify, and/or change the terms set forth in this Agreement:

16.3.1 Amendments. Except as set forth in Sections 16.3.2, 16.3.3, and 16.3.4, amendments to this Agreement require the approval of all Parties. Such amendments must be in writing and signed by a duly authorized representative from each Party. Unless specifically referenced as being subject to one of the approval mechanisms set forth in Sections 16.3.2, 16.3.3, or 16.3.4 below, any amendment, modification, and/or changes to the terms of this Agreement must occur pursuant to this Section 16.3.1. This provision controls over all other provisions in this Agreement.

16.3.2 Joint Administrative Approval Process. As set forth in this Agreement, the Joint Administrative Approval Process requires the approval described in Section 15.1.5. The following actions may be taken subject to the Joint Administrative Approval Process:

- (a) Agreements for New Contract Capacity as specifically set forth in Section 3.3
- (b) Addition of new Metro Facilities or conversion of City facility to a Metro facility as specifically set forth in Section 4.2
- (c) Changes to Exhibit E (Methodology for Contract Capacity Transfers)
- (d) Revisions to FAB as specifically set forth in Section 5.2.1.3, except as provided therein
- (e) Changes to Finance, Budgeting, and Accounting System of Charges as specifically set forth in Section 5.11
- (f) Changes to Costs Excluded from Metro System Costs – Phase 1 as specifically set forth in Section 6.3
- (g) Amending the formula for Repurified Water Revenue as specifically set forth in Section 6.6.2
- (h) Changes to Finance, Budgeting, and Accounting for the Pure Water Program Cost Allocation and Revenues for Phase 1 as specifically set forth in Section 6.8
- (i) Certain terms relating to Phase 2 as specifically set forth in Section 7.1
- (j) Changes to Costs Excluded from Metro System Costs – Phase 2 as specifically set forth in Section 7.2
- (k) Terms regarding revenue sharing for Repurified Water for Phase 2 as specifically set forth in Section 7.3

- (l) Terms regarding the Capital Expense Rate for Phase 2 as specifically set forth in Section 7.4
- (m) Creation, changes, amendments, modifications to, or terminations of any Administrative Agreements as specifically set forth in Article 15.

16.3.3 Two-Party Approval. As set forth in this Agreement, Two-Party Approval requires the City's Administrative Approval and a two-thirds (2/3) vote or greater of the Metro JPA Directors present at a duly noticed Metro JPA public meeting. The following actions may be taken subject to Two-Party Approval:

- (a) Determinations regarding liability as specifically set forth in Section 2.5.5
- (b) Contract Capacity Transfers – Decreases as specifically set forth in Section 4.4.3.2
- (c) Changes to Strength measurements as specifically set forth in Section 4.5.2

16.3.4 City Administrative Approval. As set forth in this Agreement, the City's Administrative Approval requires discussion, evaluation, and approval by the Director of the City of San Diego's Public Utilities Department or their designee. The City may, in the City's sole discretion, refer a decision subject to the City's Administrative Approval to the City Council for a recommendation, approval, or other action. No action is required on the part of a Participating Agency. The following actions may be taken subject to the City's Administrative Approval:

- (a) Transfers of Contract Capacity as specifically set forth in Section 3.2
- (b) Reductions in Metro System Capacity as specifically set forth in Section 3.4
- (c) Amending Exhibit B as specifically set forth in Section 3.6
- (d) Amending Exhibit A as specifically set forth in Section 4.2
- (e) Contract Capacity Transfers – Increases as specifically set forth in Section 4.4.3.1
- (f) Changes to Exhibit F (Metro System Flow Formulas and Sampling Locations) as specifically set forth in Section 4.5.1
- (g) Changes to FAB to include measurements required by law as specifically set forth in Section 5.2.1.3

- (h) Changes to Exhibit H if CWA changes their rate structure as specifically set forth in Section 6.6.2
- (i) Changes to Exhibit D (Notice) as specifically set forth in Section 13.

#### 16.4 Construction of Agreement.

16.4.1 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 no ambiguity should be construed for or against the City or any Participating Agency on account of such drafting.

16.4.2 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.

16.4.3 Agreement Binding on All; No Third-Party Beneficiaries. 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, and any such third-party beneficiaries are expressly disclaimed.

#### 16.4.4 Severability.

16.4.4.1 Should any provision of this Agreement or any associated Administrative Agreement be held invalid or illegal, such invalidity or illegality shall not invalidate the whole of the 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 except to the extent that enforcement of the Agreement without the invalidated provision would materially and adversely frustrate either the City's or a Participating Agency's essential objectives set forth in this Agreement or the applicable Administrative Agreement.

16.4.4.2 Should a court determine that one or more components of the allocation of costs set forth in this Agreement or any associated Administrative Agreement places the City or a Participating Agency in violation of Article XIII D, Section 6 of the California Constitution with respect to their ratepayers, such components shall no longer be of force or effect. In such an event, the City and the Participating Agencies shall promptly meet to renegotiate the violative component of the cost allocation to comply with Article XIII D, Section 6 of the California Constitution, and use the dispute resolution process in Section 10 of this Agreement if an agreement cannot be reached through direct negotiation.

16.4.4.3 Should a state or federal agency provide a final, written determination that the method of allocating Pure Water Program Capital Improvement Costs under this Agreement violates the requirements of state or federal grants or loans which are, or will be, used to fund the wastewater components of the Pure Water Program, such allocation method will no longer be of any force or effect. In such an event, the allocation of Repurified Water Revenue and the Capital Expense Rate will continue to be based on the Parties' actual payments to fund the Pure Water Program Capital Improvement Costs attributable to the Metro System. The City and the Participating Agencies shall also promptly meet to negotiate an alternative cost allocation method that would comply with such grant or loan funding requirements.

16.4.5 Choice of Law. This Agreement and any of its associated Administrative Agreements shall be construed and enforced pursuant to the laws of the State of California.

16.4.6 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.

#### 16.5 Declarations Re: Agreement.

16.5.1 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.

16.5.2 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.

16.6 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, including through joint powers agreements, without the need to amend this Agreement, provided that such agreements are consistent with this Agreement. Nothing in this Agreement or Section 6 limits or restricts the right of the City or the Participating Agencies to enter into separate agreements regarding the industrial pretreatment program, or for the purchase or sale of Repurified Water produced by the Water Repurification System, or sharing in City Water Utility PW Costs; however, such agreements shall not affect the cost allocation and Metro System revenues delineated in Section 5.

16.7 Statute of Limitations to Resolve Billing Issues. Notwithstanding any longer statute of limitations in State law, if the City or a Participating Agency wishes to dispute a bill (including, but not limited to, an audited bill or an audit reconciliation) on the basis of an alleged overpayment

or underpayment arising under this Agreement, the Party alleging the dispute must provide written notice regarding the disputed bill to all Parties to this Agreement promptly upon discovery of such a billing issue. The written notice shall invoke or reference this Section. The Parties agree that such refunds or collections shall not accrue for more than three (3) years from the date that such billing is received by the Participating Agency, or one (1) year from the date that an audited reconciliation is received by the Participating Agency, whichever date is later. The City and the Participating Agencies hereby waive any applicable statute of limitations available under State law that exceed the time frames set forth in this Section 16.7. Upon receipt of the written notice regarding the billing dispute, any Participating Agency wishing to participate in the resolution of the dispute shall be allowed to do so and to present evidence to all Parties in support of their position. The involved Parties' determination regarding the outcome of the billing dispute, including any related adjustments to each Participating Agency's share of net Metro System costs or revenues resulting from the resolution of such billing issues, shall be final. Nothing in this section relieves a Participating Agency from its obligations to make timely payments under this Agreement irrespective of whether or not a bill is being disputed. If the Parties are unable to resolve a billing dispute, the Parties shall utilize the dispute resolution processes in this Agreement.

16.8 Counterparts and Electronic Signatures. 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. A faxed, .pdf, or other electronic copy of the fully executed original version of this Agreement shall have the same legal effect as an executed original for all purposes. Electronic signatures (including but not limited to signatures via DocuSign) shall be acceptable, enforceable, and shall have the same legal effect as an original signature.

16.9 Transparency. Upon request, the City shall promptly provide each Participating Agency with access to all records and information reflecting Flow and Strength of sewage in the Metro System, including, but not limited to, Flow data from all Metro System meters, worksheets or calculations that are used by City to develop cost information for any costs contemplated by this Agreement, and any Strength or other data utilized by the City when calculating annual sewage Flow and/or other costs imposed pursuant to this Agreement (including, but not limited to, pretreatment costs). The Parties shall work in good faith together to ensure the Participating Agencies have reasonable and full transparency under this Agreement.

16.10 Incorporation of Recitals. All of the recitals set forth in this Agreement, and all of the exhibits attached to this Agreement, are by this reference incorporated in and made a part of this Agreement as though fully set forth herein.

16.11 Joint Exercise of Power. It is the intent of the Parties that this Agreement is intended to exercise the governmental authority granted pursuant to Gov. Code Section 6500 *et seq.* which provides for the joint exercise of governmental powers.

IN WITNESS WHEREOF, the Parties have executed this Second Amendment and Restated Regional Wastewater Disposal Agreement and the associated Administrative Agreements(s) identified herein as of the date first set forth above.

**CITY OF CHULA VISTA**

Approved as to Form:

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**CITY OF CORONADO**

Approved as to Form:

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**CITY OF DEL MAR**

Approved as to Form:

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**CITY OF EL CAJON**

Approved as to Form:

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**CITY OF IMPERIAL BEACH**

Approved as to Form:

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**CITY OF LA MESA**

Approved as to Form:

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**LEMON GROVE SANITATION DISTRICT** Approved as to Form:

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**CITY OF NATIONAL CITY**

Approved as to Form:

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**OTAY WATER DISTRICT**

Approved as to Form:

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**PADRE DAM MUNICIPAL WATER DISTRICT**

Approved as to Form:

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**CITY OF POWAY**

Approved as to Form:

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**CITY OF SAN DIEGO**

Approved as to Form:

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**SAN DIEGO COUNTY SANITATION DISTRICT**

Approved as to Form:

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## EXHIBIT I

### LIST OF ADMINISTRATIVE AGREEMENTS

| NO. | TITLE                                                                                                                                                                                                     | EFFECTIVE<br>DATE | AMENDMEN<br>T DATE |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------------|
| 1.  | Agreement Between City of San Diego and Participating Agencies in the Metropolitan Sewerage System for Unified Management of Industrial Waste Discharge Pretreatment and Enhanced Source Control Programs |                   |                    |
| 2.  |                                                                                                                                                                                                           |                   |                    |
|     |                                                                                                                                                                                                           |                   |                    |
|     |                                                                                                                                                                                                           |                   |                    |
|     |                                                                                                                                                                                                           |                   |                    |

## EXHIBIT J

### EXHIBIT LIST

| Exhibit  | Name                                                                                                                                                                                                                                            | Amended Date |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| <b>A</b> | Metro Facilities (Electronic Exhibit); file name: 2025-10_Exhibit A Metro Facilities.aprx; time stamp of file: 10/23/2025 3:38 PM, software used to open and view file including version: ArcGIS Pro 3.5.0; included herewith as CD-ROM/DVD-ROM |              |
| <b>B</b> | Distribution of Wastewater System Capacity Rights                                                                                                                                                                                               |              |
| <b>C</b> | Administrative Protocol on Allocation of Operating Reserves and Debt Service Coverage to Participating Agencies                                                                                                                                 |              |
| <b>D</b> | Notice Listing                                                                                                                                                                                                                                  |              |
| <b>E</b> | Methodology for Contract Capacity Transfers                                                                                                                                                                                                     |              |
| <b>F</b> | Metro System Flow Formulas and Sampling Locations                                                                                                                                                                                               |              |
| <b>G</b> | Sample of Interest Calculation                                                                                                                                                                                                                  |              |
| <b>H</b> | Summary of Billings from County Water Authority Showing Costs for Untreated Water                                                                                                                                                               |              |
| <b>I</b> | List of Administrative Agreements                                                                                                                                                                                                               |              |
| <b>J</b> | Exhibit List                                                                                                                                                                                                                                    |              |

# SARA EXHIBITS A-H

Accompanying SARA 10/23/25

## Exhibit A: Listing of Metro Facilities as of 10/23/2025

Metro Facilities (Electronic Exhibit);

file name: 2025-10\_Exhibit A Metro Facilities.aprx

time stamp of file: 10/23/2025 3:38 PM

software used to open and view file including version:  
ArcGIS Pro 3.5.

## **EXHIBIT A**

### **METRO FACILITIES AS OF 10/23/2025**

#### **TREATMENT FACILITIES**

##### Point Loma Facilities (PLWWTP)

- Advanced Primary Treatment Plant
- Ocean Outfall
- Access Road
- Power Generation Facility

##### North City

- Water Reclamation Plant (NCWRP)

##### South Bay

- Water Reclamation Plant (SBWRP)
- South Bay Land/Ocean Outfall<sup>1</sup>

#### **SLUDGE TREATMENT CONVEYANCE FACILITIES**

- Metro Biosolids Center (MBC)
- Point Loma Digesters<sup>3</sup>
- Digested Sludge Pipeline: Point Loma to MBC
- Raw sludge pipeline: NCWRP to MBC
- Centrate Pipeline: MBC to NCWRP
- Raw sludge pipeline: SBWRP to South Metro Interceptor

#### **CONVEYANCE**

- Pump Station 1
- Pump Station 1 Force Main
- Pump Station 2

<sup>1</sup> The South Bay Land/Ocean Outfall is jointly owned by the International Boundary and Water Commission, U.S. Section (60.06%) and the City of San Diego (39.94%). The capacity of the City's portion of the outfall as of the date of this Agreement is 74 MGD average dry weather flow, of which the Metro System has a capacity right to 69.2 MGD and the City as an exclusive right to 4.8 MGD

<sup>2</sup> Gravity pipeline connection between NCWRP and the North Metro Interceptor

<sup>3</sup>Included separately from rest of treatment plant to acknowledge role in sludge treatment process.

- Pump Station 2 Force Mains
- Pump Station 2 Backup Power Generation Facility
- South Metro Interceptor
- North Metro Interceptor
- Grove Avenue Pump Station
- Grove Avenue Pump Station Force Main
- Rose Canyon Parallel Trunk Sewer<sup>2</sup>
- Second Rose Canyon Trunk Sewer<sup>2</sup>
- East Mission Bay Trunk Sewer<sup>2</sup>
- Morena Blvd. Interceptor<sup>2</sup>
- Metro System Meters (including 88 billing meters and 14 operational meters)
- North City Tunnel Connector
- West Point Loma Interceptor

### **OTHER FACILITIES**

- Environmental Monitoring and Technical Services Laboratory (95% Metro Ownership)
- Metro Operation Center aka MOC (17% Metro Ownership)
- Dairy Mart Road & Bridge

### **FUTURE METRO FACILITIES**

#### **Phase 1 Pure Water (Under Construction – Percent ownership will be assigned after audit)**

- Expand NCWRP
- Morena Pump Station
- Morena Pump Station Force Main
- Centrate/RSDP Line (From NCWRP to North Metro Interceptor)
- East Mission Gorge / East County residuals line (Water, Muni, and Metro combined assets)

<sup>1</sup> The South Bay Land/Ocean Outfall is jointly owned by the International Boundary and Water Commission, U.S. Section (60.06%) and the City of San Diego (39.94%). The capacity of the City's portion of the outfall as of the date of this Agreement is 74 MGD average dry weather flow, of which the Metro System has a capacity right to 69.2 MGD and the City as an exclusive right to 4.8 MGD

<sup>2</sup> Gravity pipeline connection between NCWRP and the North Metro Interceptor

<sup>3</sup>Included separately from rest of treatment plant to acknowledge role in sludge treatment process.

## **Phase 2 Pure Water Planned**

- Phase 2 Pure Water (TBD)
- Phase 2 Pure Water Centrate Line (TBD)

## **Reserved Rights- Other Future Facilities**

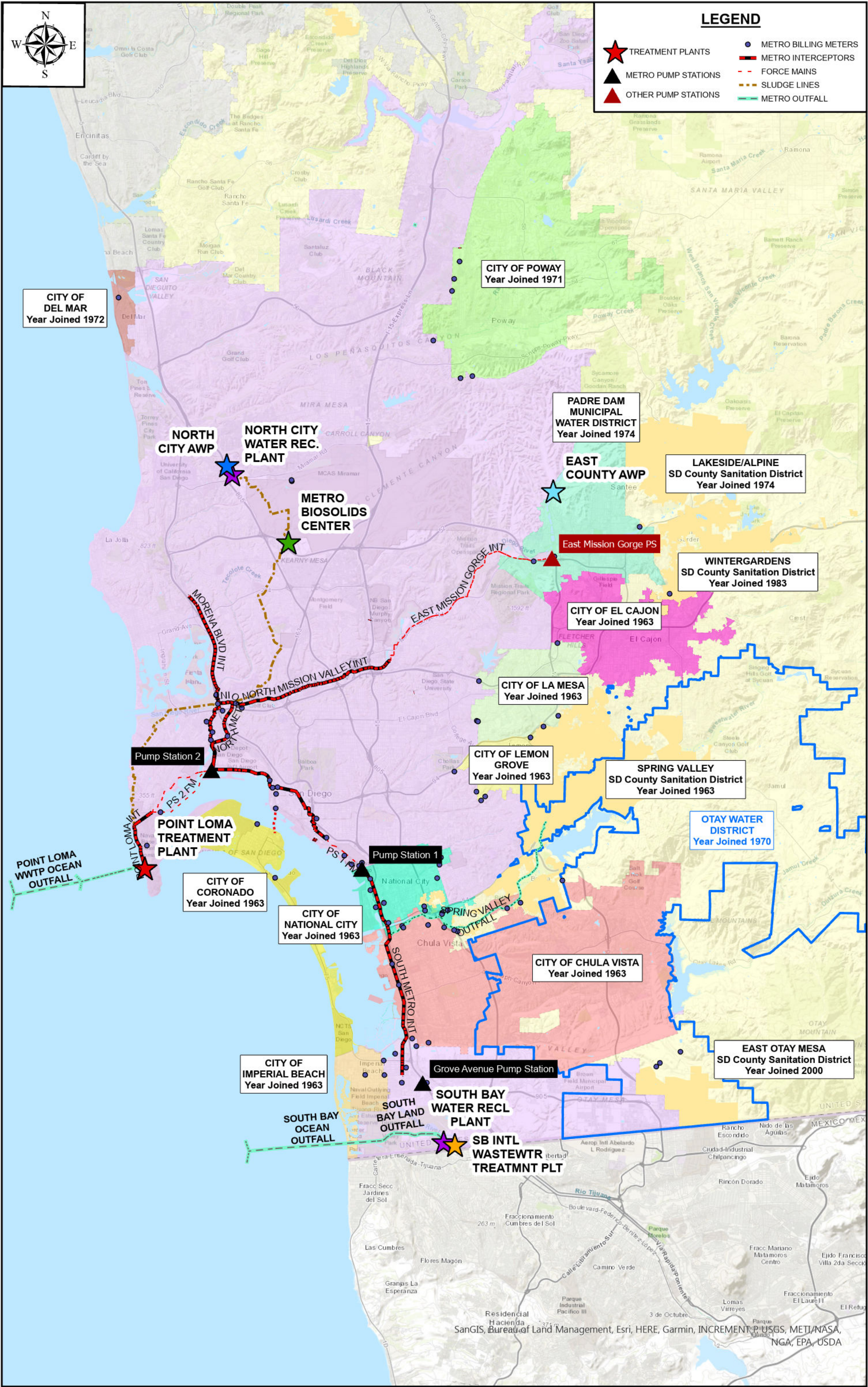
The facilities listed in this category will potentially be required as part of the Metro System for hydraulic capacity, good engineering practices and/or compliance with applicable law, rules or regulations, including compliance with OPRA, and continuation and maintaining the City's Waiver of applicable treatment standards at the Point Loma Wastewater Treatment Plant ("Waiver").

- South Bay Secondary Treatment Plant (21-28 MGD)
- South Bay Secondary Sewers & Pump Station (Sweetwater River)
- South Bay Sludge Processing Facility
- Wet Weather Storage Facilities

<sup>1</sup> The South Bay Land/Ocean Outfall is jointly owned by the International Boundary and Water Commission, U.S. Section (60.06%) and the City of San Diego (39.94%). The capacity of the City's portion of the outfall as of the date of this Agreement is 74 MGD average dry weather flow, of which the Metro System has a capacity right to 69.2 MGD and the City as an exclusive right to 4.8 MGD

<sup>2</sup> Gravity pipeline connection between NCWRP and the North Metro Interceptor

<sup>3</sup>Included separately from rest of treatment plant to acknowledge role in sludge treatment process.



## Exhibit B

### Distribution of Wastewater System Capacity Rights

## EXHIBIT B

| DISTRIBUTION OF WASTEWATER SYSTEM CAPACITY RIGHTS |                                           |                                                |                         |                                               |                                  |                                  |                                 |
|---------------------------------------------------|-------------------------------------------|------------------------------------------------|-------------------------|-----------------------------------------------|----------------------------------|----------------------------------|---------------------------------|
| AGENCY                                            | ANNUAL FIXED CAPACITY RIGHTS <sup>1</sup> |                                                |                         |                                               |                                  |                                  |                                 |
|                                                   | 1                                         | 2                                              | 3                       | 4                                             | 5                                | 6                                | 7                               |
|                                                   | Average Flow <sup>2</sup> ,<br>MGD        | Incremental<br>Peak Flow <sup>3</sup> ,<br>MGD | RSPD <sup>4</sup> , MGD | Total Allowable<br>Flow <sup>3</sup> ,<br>MGD | TSS <sup>2</sup> ,<br>1,000 lbs. | COD <sup>2</sup> ,<br>1,000 lbs. | Pure Water Phase 1 <sup>5</sup> |
| Chula Vista                                       | 18.33                                     | 19.52                                          | 0                       | 37.85                                         | 22,082                           | 38,419                           | 11.699%                         |
| Coronado                                          | 1.90                                      | 3.03                                           | 0                       | 4.93                                          | 2,089                            | 3,336                            | 1.152%                          |
| Del Mar                                           | 0.00                                      | 0.30                                           | 0                       | 0.30                                          | 0                                | 0                                | 0.020%                          |
| East Otay Mesa                                    | 1.79                                      | 3.48                                           | 0                       | 5.27                                          | 1,915                            | 3,336                            | 1.096%                          |
| El Cajon                                          | 1.29                                      | 19.93                                          | 0.602                   | 21.82                                         | 2,196                            | 3,052                            | 0.497%                          |
| Imperial Beach                                    | 2.47                                      | 4.48                                           | 0                       | 6.95                                          | 2,045                            | 3,844                            | 1.411%                          |
| La Mesa                                           | 5.29                                      | 23.90                                          | 0                       | 29.19                                         | 4,668                            | 9,636                            | 2.823%                          |
| Lakeside/Alpine                                   | 0.07                                      | 1.67                                           | 0.310                   | 2.05                                          | 238                              | 293                              | 0.153%                          |
| Lemon Grove                                       | 2.40                                      | 4.51                                           | 0                       | 6.91                                          | 2,289                            | 4,387                            | 1.395%                          |
| National City                                     | 4.65                                      | 3.07                                           | 0                       | 7.72                                          | 4,562                            | 9,161                            | 2.852%                          |
| Otay                                              | 0.38                                      | 0.57                                           | 0                       | 0.95                                          | 984                              | 835                              | 0.457%                          |
| Padre Dam                                         | 0.44                                      | 6.54                                           | 0.364                   | 7.34                                          | 632                              | 890                              | 0.444%                          |
| Poway                                             | 3.10                                      | 8.80                                           | 0                       | 11.90                                         | 3,113                            | 5,073                            | 1.869%                          |
| Spring Valley                                     | 5.74                                      | 5.05                                           | 0                       | 10.79                                         | 6,039                            | 10,597                           | 3.765%                          |
| Wintergardens                                     | 0.02                                      | 1.08                                           | 0.080                   | 1.18                                          | 65                               | 80                               | 0.044%                          |
| <b>SUBTOTAL</b>                                   | <b>47.9</b>                               | <b>105.9</b>                                   | <b>1.356</b>            | <b>155.1</b>                                  | <b>52,916</b>                    | <b>92,938</b>                    | <b>29.677%</b>                  |
| San Diego                                         |                                           |                                                |                         |                                               |                                  |                                  |                                 |
| Wastewater                                        | 124.05                                    | 136.16                                         | 0                       | 260.21                                        | 130,032                          | 252,818                          | 70.323%                         |
| Water                                             | 0                                         | 0                                              | 14.3                    | 0.00                                          | 0                                | 0                                | 0                               |
| <b>SUBTOTAL</b>                                   | <b>124.1</b>                              | <b>136.2</b>                                   | <b>14.3</b>             | <b>260.2</b>                                  | <b>130,032</b>                   | <b>252,818</b>                   | <b>70.323%</b>                  |
| Metro I&I                                         | -                                         | 82                                             | -                       | 82                                            | -                                | -                                | -                               |
| <b>TOTAL</b>                                      | <b>171.9</b>                              | <b>324.1</b>                                   | <b>15.7</b>             | <b>497.4</b>                                  | <b>182,948</b>                   | <b>345,756</b>                   | <b>100%</b>                     |

1. Currently based on 2050 projected flows and strengths.

2. Based on monthly average flow and strength.

3. Based on hourly average flow.

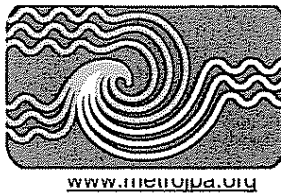
4. Reject Stream from Demineralization Process

5. Pure Water Phase 1 Capital Melded Percentages as established in Exhibit G of the "Amended and Restated Regional Wastewater Disposal Agreement Between the City of San Diego and the Participating Agencies in the Metropolitan Sewerage System" memorialized here only for use in billing Pure Water Phase 1 capital expenses. The following fractions were used to calculate the Melded Percentage (Based on 5 year average and not subject to change except by agreement of the parties.)

|       |       |       |
|-------|-------|-------|
| FLOW  | SS    | COD   |
| 0.482 | 0.257 | 0.243 |

## Exhibit C

### Administrative Protocol on Allocation of Operating Reserves and Debt Service Coverage to Participating Agencies



April 19, 2010

Rod Greek  
Public Utilities Deputy Director  
City of San Diego, Metropolitan Wastewater  
9192 Topaz Way  
San Diego, CA 92123

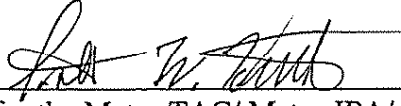
Re: Administrative Protocol on Allocation of Operating Reserves and Debt Service  
Coverage to Participating Agencies

Dear Mr. Greek:

This letter is intended to memorialize the attached Administrative Protocol on Allocation of Operating Reserves and Debt Service Coverage to Participating Agencies ("Protocol") negotiated between the City of San Diego and Metro TAC/ Metro JPA/ Metro Commission, on behalf of the Participating Agencies under the Regional Wastewater Disposal Agreement. Your signature will indicate acceptance of the Protocol on behalf of the City.

By countersigning this letter, the City of San Diego and Metro TAC/ Metro JPA/ Metro Commission acknowledge and agree to the terms and conditions contained in the attached Protocol.

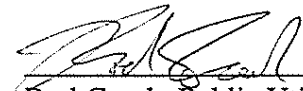
Sincerely,

 4/21/10  
for the Metro TAC/ Metro JPA/ Metro Commission

Enclosure

The Protocol is accepted by the City of San Diego pursuant to the terms and conditions set forth in the attachment hereto:

Date: 4/19/10

  
Rod Greek, Public Utilities Deputy Director

The Protocol is accepted by Metro TAC/ Metro JPA/ Metro Commission on behalf of the Participating Agencies pursuant to the terms and conditions set forth in the attachment hereto:

Date: 5/6/10



**The Joint Powers Authority Proactively Addressing Regional Wastewater Issues**

Chula Vista • Coronado • Del Mar • Imperial Beach • La Mesa • Lemon Grove Sanitation District  
National City • Otay Water District • Poway • Padre Dam Municipal Water District  
County of San Diego, representing East Otay, Lakeside/Alpine, Spring Valley & Winter Gardens Sanitation Districts

## **Administrative Protocol on Allocation of Operating Reserves and Debt Service Coverage to Participating Agencies**

### **BACKGROUND:**

In early 2008 the MetroTAC formed a working group in response to the City of San Diego's request for \$20 million in funding in FYE 2009 from the Participating Agencies ("PAs") for operating reserves and debt service coverage. The working group continued to meet with City of San Diego staff regarding the establishment of a mutually agreed upon protocol through early February 2010. A summary of the City of San Diego's 2008 proposal and the negotiated 2010 protocol is included as Attachment A.

At its regular meeting of February 17, 2010, the MetroTAC approved the following recommendations to move to the Finance Committee of the Metro Wastewater JPA and thereafter to the Metro Commission/ Metro Wastewater JPA for discussion and action:

- Proceed with PAs funding a 1.2 debt service ratio coverage
- Proceed with PAs funding a 45 day operating reserves
- The PAs will fund no other reserves
- FY07 and FY08 refund monies will be used to fund the operating reserves
- Interest accrual on operating reserves and undesignated accounts will start with FY10 (beginning on July 1, 2009)

The Finance Committee of the Metro Wastewater JPA, at its February 24, 2010 meeting, took action to recommend approval of the above, by the Metro Commission/ Metro Wastewater JPA. At its March 4, 2010 meeting, the Metro Commission/ Metro Wastewater JPA, comprised of representatives of the PAs, approved the components of the negotiated policy, with the understanding that any such policy would serve as an administrative protocol regarding the allocation of debt service coverage to the PAs and funding of operating reserves by the PAs.

### **PROTOCOL REGARDING PA FUNDING OF OPERATING RESERVES:**

#### **Background:**

Operating reserves are established to provide funding for unforeseen events that might occur during the course of the fiscal year such as unforeseen major maintenance or capital projects. The PAs performed a survey of other regional wholesale agencies and determined that agencies such as the San Diego County Water Authority maintain a 45 day operating reserves. Although the City of San Diego's current policy is to increase operating reserves for its retail customers from 45 to 70 days, the City realizes that if a major maintenance incident should occur it can immediately request payment from the PAs per the Regional Wastewater Disposal Agreement. The City of San Diego's retail customer's rates cannot be immediately increased due to Proposition 218 requirements for noticing and public hearings.

#### **Protocol:**

Attachment B is a summary of the funding strategy showing each PAs 2007 and 2008 refunds based on recent City Metro Wastewater Exhibit E audits. The refunds will be used to fund the PAs 45 day operating reserves contribution. In the majority of cases most PAs will see a refund even after they have

fully funded their portion of the operating reserves. PAs that do not have adequate refunds will be billed for their portion of the reserve in the next quarterly 2010 billing. The operating reserves for each fiscal year will be established based on 45 days of operating revenues as determined by the following formula:

**Fiscal Year Estimated Operating Expenses (not including CIP and debt service)**

**365 days X 45 days**

The number of days included in the calculation cannot be changed without prior consent of the PAs.

The operating reserves will be maintained by the City of San Diego and interest will accrue on a monthly basis based on actual interest rates on the City's investments. This interest revenue will be added to the PAs undesignated fund balance for that fiscal year. As part of each year's Exhibit E audit the actual required operating reserves and interest earned on it will be determined and audited by the City of San Diego's external auditors and PA representatives. A summary of the operating reserves balance and interest earned for each PA will be included as a footnote or attachment to the City Metro Wastewater Exhibit E Audit.

**PROTOCOL REGARDING ALLOCATION OF DEBT SERVICE COVERAGE TO PAs**

**Background:**

A 1.2 debt service coverage ratio is a requirement for all of the outstanding Metro parity debt. A cash flow prepared by the City of San Diego shows (Attachment C) that if the PAs are billed at the current level (\$65 million annually to cover the PAs portion of operations, pay-go capital, and debt service expense) for the next three to five years that this requirement can be achieved without additional contributions by the PAs. This provides the PAs a stable projected annual Metro contribution for the next three to five years.

**Protocol:**

The PAs will maintain through annual contributions and use of PA undesignated fund balance a positive cash flow not to exceed 1.2 times the PA share of the required annual debt service on Metro Debt. The debt service coverage ratio of 1.2 cannot be changed without prior consent of the PAs.

The undesignated fund balance will be maintained by the City of San Diego and interest will accrue on a monthly basis based on actual interest rates on the City's investments. This interest revenue will be added to the PAs undesignated fund balance for that fiscal year.

As part of each year's Exhibit E audit the actual required reserve coverage and interest earned on the undesignated fund balance will be determined and audited by the City of San Diego's external auditors and PA representatives. A summary of the debt service coverage requirement and portion of interest earned on the undesignated fund balance for each PA will be included as a footnote or attachment to the City Metro Wastewater Exhibit E Audit.

If the cash flow in any year does not provide the required 1.2 debt service coverage the PAs will be billed the additional required revenue including interest.

# **Draft**

Schedule of Participating Agency Contributions to Operations Reserve and Debt Service Coverage Cash flow FY 2007-2011  
Prepared on: February 23, 2010

## **HOW TO READ CASH FLOW SPREADSHEET:**

Blue font = data inputted directly into spreadsheet

Green font = data imported from another spreadsheet in workbook

Black font = Calculation, see legend to determine calculation

| Line # | Cash flow Component                   | Legend                      | Foot-note # |
|--------|---------------------------------------|-----------------------------|-------------|
| 1      | Current Projected Revenue Stream      | Input                       |             |
| 2      | Annual Refund After Exhibit E Audit   | Input                       |             |
| 3      | Transfer (to)/from Operating Reserve  | Line 21-Prior Year          | (1)         |
| 4      | Undesignated Fund Balance Interest    | Line 17 X Interest Rate     | (2)         |
| 5      | Operating Reserve Interest            | Calculated Off-Line         |             |
| 6      | Gross PA System Revenue               | Sum(Line1,Line5)            |             |
| 7      | Less:                                 |                             |             |
| 8      | PA Estimated Total Operating Expenses | Prior year X 1.01           | (3)         |
| 9      | Net PA System Revenue                 | Line 6 - Line 8             |             |
| 11     | PA Annual Debt Service Payment        | Calculated Off-Line         |             |
| 12     | CIP Pay Go - 20% of Projected CIP     | Input                       | (4)         |
| 13     | Total CIP and Debt Service            | Line 12 + 13                |             |
| 14     | Net Income after CIP and Debt Service | Line 10 - 14                |             |
| 15     | PA Undesignated Fund Balance          | Line 16 + Prior Year        |             |
| 16     | Calculated Debt Service Ratio         | Line 10/Line 12             | (5)         |
| 17     | Operating Reserve (45 days)           | (Line 8/365 days) X 45 days |             |

## **Footnotes:**

- (1) average of current year ending balance + prior year ending balance times 3.2%
- (2) average monthly balance times LAIF rate (first year calculated at half year interest)
- (3) FY09 based on average of FY07 & FY08 then 1% inflation
- (4) 20% of projected Metro CIP
- (5) Minimum coverage requirement 1.2 time annual Metro debt service

| AUDITED      |              | PROJECTED    |               |              |               |               |              |              |              |  |
|--------------|--------------|--------------|---------------|--------------|---------------|---------------|--------------|--------------|--------------|--|
| FY07         | FY08         | FY09         | FY10          | FY11         | FY12          | FY13          | FY14         | FY15         |              |  |
| \$54,007,596 | \$63,231,038 | \$57,249,960 | \$64,487,408  | \$65,000,000 | \$65,000,000  | \$65,000,000  | \$55,000,000 | \$65,000,000 | \$65,000,000 |  |
|              |              |              | (8,209,431)   | (1,500,000)  | (3,000,000)   | (2,500,000)   | (2,100,000)  | (1,800,000)  | (1,800,000)  |  |
|              |              |              | (4,281,432)   | (42,814)     | (43,242)      | (43,675)      | (44,112)     | (44,553)     | (44,553)     |  |
|              |              |              | 79,990        | 258,156      | 225,608       | 113,282       | 62,579       | 58,899       | 58,899       |  |
|              |              |              | 164,514       | 166,159      | 167,821       | 159,499       | 171,194      | 172,905      | 172,905      |  |
| \$54,007,596 | \$63,231,038 | \$57,249,960 | \$52,241,049  | \$63,881,500 | \$62,350,187  | \$62,739,106  | \$63,089,661 | \$63,387,252 | \$63,387,252 |  |
| \$32,304,298 | \$37,150,042 | \$34,727,170 | \$34,727,170  | \$35,074,442 | \$35,425,186  | \$35,779,438  | \$36,137,232 | \$36,498,605 | \$36,498,605 |  |
| \$21,703,298 | \$26,080,996 | \$22,522,790 | \$17,513,379  | \$28,807,059 | \$26,925,001  | \$26,959,668  | \$26,952,429 | \$26,888,647 | \$26,888,647 |  |
| \$20,373,393 | \$19,850,051 | \$20,441,069 | \$24,049,989  | \$24,043,880 | \$22,479,039  | \$22,478,266  | \$22,478,075 | \$22,478,730 | \$22,478,730 |  |
|              |              |              | 1,318,048     | 5,610,210    | 7,369,218     | 5,800,940     | 4,570,129    | 4,655,009    | 4,655,009    |  |
| 15,955,891   | 19,337,539   | 20,441,069   | 25,368,037    | 29,654,090   | 29,848,257    | 28,279,206    | 27,048,204   | 27,133,739   | 27,133,739   |  |
| \$5,747,407  | \$6,743,457  | \$2,081,721  | (\$7,854,157) | (\$847,032)  | (\$2,923,257) | (\$1,319,537) | (\$95,775)   | (\$245,092)  | (\$245,092)  |  |
| \$5,747,407  | \$12,490,864 | \$14,572,585 | \$6,718,428   | \$5,871,396  | \$2,948,139   | \$1,628,602   | \$1,532,827  | \$1,287,735  | \$1,287,735  |  |
|              |              |              | 0.73          | 1.20         | 1.20          | 1.20          | 1.20         | 1.20         | 1.20         |  |
|              |              |              | \$4,281,432   | \$4,324,246  | \$4,367,489   | \$4,411,164   | \$4,455,275  | \$4,499,828  | \$4,499,828  |  |

## **FY10 Operating Reserve Calc:**

PA Operating Expenses:  
divided by:  
Equals:  
Times:

\$34,727,170  
365  
\$95,143  
45

\$4,281,432  
Times ave monthly LAIF interest Rate:  
FY10 Estimated Interest Earned:

0.038425 (range from 3.18% to 4.53% per month)  
\$164,514

## **FY10 Operating Reserve Interest Calc:**

PA Operating Expenses:  
Times ave monthly LAIF interest Rate:  
FY10 Estimated Interest Earned:

\$4,281,432  
0.038425 (range from 3.18% to 4.53% per month)  
\$164,514

FY07-FY08 Operating Reserve Rate Stabilization  
Based on 2008 Flows  
FINAL

| Agency          | EXHIBIT E AUDIT ADJUSTMENTS |               |                | 2008 FLOWS & LOADS |                   |                   |
|-----------------|-----------------------------|---------------|----------------|--------------------|-------------------|-------------------|
|                 | FY 2007                     | FY 2008       | TOTAL          | 2008 FLOWS & LOADS | OPERATING RESERVE | NET               |
| CHULA VISTA     | (\$1,837,010)               | (\$2,100,751) | (\$3,937,761)  | 28.083%            | \$1,202,374       | (\$2,735,387)     |
| CORONADO        | (\$189,910)                 | (\$366,858)   | (\$556,768)    | 3.356%             | \$143,693         | (\$413,075)       |
| DEL MAR         | (\$87,785)                  | (\$103,913)   | (\$191,698)    | 1.029%             | \$44,061          | (\$147,637)       |
| EL CAJON        | (\$290,369)                 | \$66,888      | (\$223,481)    | 15.270%            | \$653,789         | \$430,308         |
| IMPERIAL BEACH  | (\$132,300)                 | (\$130,153)   | (\$262,453)    | 3.652%             | \$156,373         | (\$106,080)       |
| LA MESA         | (\$99,793)                  | (\$40,190)    | (\$139,983)    | 8.842%             | \$378,561         | \$238,578         |
| LAKESIDE/ALPINE | (\$293,313)                 | (\$243,206)   | (\$536,519)    | 5.357%             | \$229,368         | (\$307,151)       |
| LEMON GROVE     | (\$147,034)                 | (\$195,043)   | (\$342,077)    | 3.611%             | \$154,615         | (\$187,462)       |
| NATIONAL CITY   | (\$637,379)                 | (\$947,043)   | (\$1,584,422)  | 7.572%             | \$324,211         | (\$1,260,211)     |
| OTAY            | \$123,792                   | (\$138,545)   | (\$14,753)     | 0.459%             | \$19,668          | \$4,915           |
| PADRE DAM       | (\$789,976)                 | (\$1,752,218) | (\$2,542,194)  | 5.198%             | \$222,537         | (\$2,319,657)     |
| POWAY           | (\$683,251)                 | \$130,168     | (\$553,083)    | 5.770%             | \$247,021         | (\$306,062)       |
| SPRING VALLEY   | (\$611,093)                 | (\$667,539)   | (\$1,278,632)  | 10.316%            | \$441,691         | (\$836,941)       |
| WINTERGARDENS   | (\$71,984)                  | (\$56,162)    | (\$128,146)    | 1.482%             | \$63,470          | (\$64,676)        |
| TOTAL           | (\$5,747,405)               | (\$6,544,565) | (\$12,291,970) | 100%               | \$4,281,432       | \$ (8,010,538.00) |

## Exhibit D

### Notice Listing

**EXHIBIT D**  
**NOTICE LISTING**

Maria Kachadoorian  
City Manager  
City of Chula Vista  
276 Fourth Avenue  
Chula Vista, CA 91919  
Phone: (619) 691 5031  
[mkachadoorian@chulavista.ca.gov](mailto:mkachadoorian@chulavista.ca.gov)

Tina Friend  
City Manager  
City of Coronado  
1825 Strand Way  
Coronado, CA 92113  
Phone: (619) 522-7335  
[cm@coronado.ca.us](mailto:cm@coronado.ca.us)

Ashley Jones  
City Manager  
City of Del Mar  
1050 Camino Del Mar  
Del Mar, CA 92014  
Phone: 755-9313 ext. 25  
[ajones@delmar.ca.us](mailto:ajones@delmar.ca.us)

Graham Mitchell  
City Manager  
City of El Cajon  
200 Civic Center Way  
El Cajon CA 92020  
Phone: (619) 441-1716  
[gmitchell@elcajon.gov](mailto:gmitchell@elcajon.gov)

Tyler Foltz  
City Manager  
City of Imperial Beach  
825 Imperial Beach Blvd.  
Imperial Beach, CA 91932  
Phone: (619) 423-8300 ext. 7  
[tfoltz@imperialbeachca.gov](mailto:tfoltz@imperialbeachca.gov)

Greg Humora  
City Manager  
City of La Mesa  
8130 Allison Avenue  
La Mesa, CA 91942  
Phone: (619) 667-1101  
[Ghumora@cityoflamesa.us](mailto:Ghumora@cityoflamesa.us)

Lydia Romero  
City Manager  
City of Lemon Grove  
3232 Main Street  
Lemon Grove, CA 91945  
Phone: (619) 464-6934  
[ldershem@lemongrove.ca.us](mailto:ldershem@lemongrove.ca.us)

Scott Huth  
Acting City Manager  
City of National City  
1243 National City Blvd.  
National City, CA 91950  
Phone: (619) 336-4240  
[CMO@nationalcityca.gov](mailto:CMO@nationalcityca.gov)

Chris Hazeltine  
City Manager  
City of Poway  
13325 Civic Center Drive  
Poway, CA 92064  
Phone: (858) 679-4200  
[chazeltine@poway.org](mailto:chazeltine@poway.org)

Mayor Todd Gloria  
Chief Operating Officer  
City of San Diego  
202 "C" Street  
San Diego, CA 92101  
Phone: (619) 236-5949  
[mayortoddgloria@sandiego.gov](mailto:mayortoddgloria@sandiego.gov)

Ebony Shelton  
Chief Administrative Officer County  
of San Diego  
1600 Pacific Highway, Rm. 209  
San Diego, CA 92101  
Phone: (619) 531-5250  
[Cao\\_mail@sdgounty.ca.gov](mailto:Cao_mail@sdgounty.ca.gov)

Jose Martinez  
General Manager  
Otay Water District  
2554 Sweetwater Springs Blvd.  
Spring Valley, CA 91977  
Phone: (619) 670-2210  
[jose.martinez@otaywater.gov](mailto:jose.martinez@otaywater.gov)

Kyle Swanson  
CEO/General Manager  
Padre Dam Municipal Water  
District  
9300 Fanita Pkwy  
Santee, CA 92071  
Phone: (619) 258-4673  
[kswanson@padre.org](mailto:kswanson@padre.org)

## Exhibit E

### Methodology for Contract Capacity Transfers.

**EXHIBIT E**  
**METHODOLOGY FOR CONTRACT CAPACITY TRANSFERS**

The following exhibit describes the methodology for transferring contract capacities from the Metro Pooled Capacity (summarized in the table below) to a Party's contract capacity defined in Exhibit B.

| <b>POOLED CAPACITY</b>   |                              |                                              |                            |                            |
|--------------------------|------------------------------|----------------------------------------------|----------------------------|----------------------------|
|                          | <b>Average Flow,<br/>mgd</b> | <b>Incremental Peak<sup>1</sup>,<br/>mgd</b> | <b>TSS,<br/>1,000 lbs.</b> | <b>COD,<br/>1,000 lbs.</b> |
| After Phase 1 Pure Water | 0                            | 10 <sup>2</sup>                              | 96,820                     | 27,521                     |
| After Phase 2 Pure Water | 10                           | 20                                           | 96,820                     | 27,521                     |

1. At Point Loma WWTP

2. Assume system storage

If a transfer of contract capacity is initiated as set forth in Section 4.4.3.1, capacity will be taken from the Pooled Capacity and added to the Party in need of additional capacity. Thereafter, the above table of Pooled Capacity will be updated with the subject column reduced, and Exhibit B will be updated with the subject Party's contract capacity correspondingly increased.

In lieu of transferring average flow capacity from the Pooled Capacity to a Party, the Party can choose to transfer Incremental Peak Flow Capacity to Average Flow Capacity keeping Total Allowable Flow the same, assuming the Party would still have sufficient Total Allowable Flow Capacity for their peak flows.

If a transfer of contract capacity as set forth in Section 4.4.3.2, the reverse shall occur and the subject Party's contract capacity will be reduced in Exhibit B and the Pooled increased.

In lieu of transferring average flow capacity to the Pooled Capacity from a Party, the Party can choose to transfer Average Flow Capacity to Incremental Peak Flow Capacity keeping Total

Allowable Flow the same, if they anticipate needing their current Total Allowable Flow for their peak flows.

The remainder of this Exhibit has examples of how these transfers would be performed and the estimated effect on a Party's share of Metro System Costs under the FAB Billing System. Please note Metro System costs will change from time to time as well as Contract Capacities per Exhibit B, so the following are only examples and not meant to be exact. These examples are based on Exhibit B as of the signing of this agreement, not necessarily the last revision of this exhibit. These examples are currently based on FY24 unaudited costs and estimated FY27 billing units.

**AVERAGE FLOW EXAMPLE ~ 5% INCREASE IN CONTRACT CAPACITY FROM POOLED CAPACITY**

If the City of Chula Vista needed a 5% Increase in Average Flow Contract Capacity from the Pooled Capacity, then Exhibit B Contract Capacity would be updated as follows

| DISTRIBUTION OF WASTEWATER SYSTEM CAPACITY RIGHTS |                              |                            |           |                           |                 |                 |
|---------------------------------------------------|------------------------------|----------------------------|-----------|---------------------------|-----------------|-----------------|
| AGENCY                                            | ANNUAL FIXED CAPACITY RIGHTS |                            |           |                           |                 |                 |
|                                                   | 1                            | 2                          | 3         | 4                         | 5               | 6               |
|                                                   | Average Flow, MGD            | Incremental Peak Flow, MGD | RSPD, MGD | Total Allowable Flow, MGD | TSS, 1,000 lbs. | COD, 1,000 lbs. |
| Chula Vista (Old)                                 | 18.33                        | 19.52                      | 0         | 37.85                     | 22,082          | 38,419          |
| Chula Vista (New)                                 | 19.25                        | 19.52                      | 0         | 38.77                     | 22,082          | 38,419          |

If the City of Chula Vista needed a 5% Increase in Contract Capacity, then Chula Vista's costs increase ~4%. All other agencies' costs would decrease proportionally.

|                   | OWNERSHIP         |                            |           |                 |                 | USE               |           |                 |                 | TOTAL        |            |
|-------------------|-------------------|----------------------------|-----------|-----------------|-----------------|-------------------|-----------|-----------------|-----------------|--------------|------------|
| AGENCY            | Average Flow, MGD | Incremental Peak Flow, MGD | RSDP, MGD | TSS, 1,000 lbs. | COD, 1,000 lbs. | Metered Flow, MGD | RSDP, MGD | TSS, 1,000 lbs. | COD, 1,000 lbs. | TOTAL        | % of Total |
| Chula Vista (Old) | \$2,910,602       | \$1,330,563                | \$0       | \$2,040,479     | \$527,941       | \$11,035,399      | \$0       | \$7,560,599     | \$2,941,160     | \$28,346,743 | 11.1%      |
| Chula Vista (New) | \$3,041,025       | \$1,327,783                | \$0       | \$2,040,479     | \$527,941       | \$12,028,890      | \$0       | \$7,560,599     | \$2,941,160     | \$29,467,877 | 11.6%      |

| AGENCY           | OLD                   | NEW                   |
|------------------|-----------------------|-----------------------|
| Chula Vista      | \$ 28,346,743         | \$ 29,467,877         |
| Coronado         | \$ 2,351,663          | \$ 2,340,482          |
| Del Mar          | \$ 20,447             | \$ 20,405             |
| East Otay Mesa   | \$ 1,072,840          | \$ 1,069,001          |
| El Cajon         | \$ 3,311,325          | \$ 3,300,158          |
| Imperial Beach   | \$ 3,397,789          | \$ 3,379,514          |
| La Mesa          | \$ 8,545,592          | \$ 8,504,174          |
| Lakeside/Alpine  | \$ 305,946            | \$ 304,943            |
| Lemon Grove      | \$ 3,041,920          | \$ 3,026,888          |
| National City    | \$ 6,275,512          | \$ 6,243,265          |
| Otay             | \$ 946,616            | \$ 943,355            |
| Padre Dam        | \$ 750,193            | \$ 748,140            |
| Poway            | \$ 4,347,435          | \$ 4,326,388          |
| Spring Valley    | \$ 7,182,725          | \$ 7,147,114          |
| Wintergardens    | \$ 135,844            | \$ 135,453            |
| <b>SUBTOTAL</b>  | <b>\$ 70,032,590</b>  | <b>\$ 70,957,155</b>  |
| <b>San Diego</b> |                       |                       |
| SD Wastewater    | \$ 182,904,588        | \$ 181,993,097        |
| SD Water         | \$ 1,457,146          | \$ 1,444,072          |
| <b>SUBTOTAL</b>  | <b>\$ 184,361,734</b> | <b>\$ 183,437,169</b> |
| Regional Sludge  | \$ -                  | \$ -                  |
| <b>TOTAL</b>     | <b>\$ 254,394,325</b> | <b>\$ 254,394,325</b> |

**AVERAGE FLOW EXAMPLE ~ 5% INCREASE IN CONTRACT CAPACITY FROM INCREMETNAL PEAK**

If the City of Chula Vista needed a 5% Increase in Average Flow Contract Capacity from their Incremental Peak, then Exhibit B Contract Capacity would be updated as follows

| DISTRIBUTION OF WASTEWATER SYSTEM CAPACITY RIGHTS |                              |                            |           |                           |                 |                 |
|---------------------------------------------------|------------------------------|----------------------------|-----------|---------------------------|-----------------|-----------------|
| AGENCY                                            | ANNUAL FIXED CAPACITY RIGHTS |                            |           |                           |                 |                 |
|                                                   | 1                            | 2                          | 3         | 4                         | 5               | 6               |
|                                                   | Average Flow, MGD            | Incremental Peak Flow, MGD | RSPD, MGD | Total Allowable Flow, MGD | TSS, 1,000 lbs. | COD, 1,000 lbs. |
| Chula Vista (Old)                                 | 18.33                        | 19.52                      | 0         | 37.85                     | 22,082          | 38,419          |
| Chula Vista (New)                                 | 19.25                        | 18.61                      | 0         | 37.85                     | 22,082          | 38,419          |

If the City of Chula Vista needed a 5% Increase in Contract Capacity, then Chula Vista's costs increase ~3.8%. All other agencies' costs would decrease proportionally.

|                   | OWNERSHIP         |                            |           |                 |                 | USE               |           |                 |                 | TOTAL        |            |
|-------------------|-------------------|----------------------------|-----------|-----------------|-----------------|-------------------|-----------|-----------------|-----------------|--------------|------------|
| AGENCY            | Average Flow, MGD | Incremental Peak Flow, MGD | RSDP, MGD | TSS, 1,000 lbs. | COD, 1,000 lbs. | Metered Flow, MGD | RSDP, MGD | TSS, 1,000 lbs. | COD, 1,000 lbs. | TOTAL        | % of Total |
| Chula Vista (Old) | \$2,910,602       | \$1,330,563                | \$0       | \$2,040,479     | \$527,941       | \$11,035,399      | \$0       | \$7,560,599     | \$2,941,160     | \$28,346,743 | 11.1%      |
| Chula Vista (New) | \$3,041,423       | \$1,268,493                | \$0       | \$2,040,479     | \$527,941       | \$12,031,492      | \$0       | \$7,560,599     | \$2,941,160     | \$29,411,586 | 11.6%      |

| AGENCY           | OLD                   | NEW                   |
|------------------|-----------------------|-----------------------|
| Chula Vista      | \$ 28,346,743         | \$ 29,411,586         |
| Coronado         | \$ 2,351,663          | \$ 2,341,152          |
| Del Mar          | \$ 20,447             | \$ 20,449             |
| East Otay Mesa   | \$ 1,072,840          | \$ 1,069,587          |
| El Cajon         | \$ 3,311,325          | \$ 3,303,299          |
| Imperial Beach   | \$ 3,397,789          | \$ 3,380,539          |
| La MESA          | \$ 8,545,592          | \$ 8,508,472          |
| Lakeside/Alpine  | \$ 305,946            | \$ 305,226            |
| Lemon Grove      | \$ 3,041,920          | \$ 3,027,850          |
| National City    | \$ 6,275,512          | \$ 6,244,378          |
| Otay             | \$ 946,616            | \$ 943,505            |
| Padre Dam        | \$ 750,193            | \$ 749,149            |
| Poway            | \$ 4,347,435          | \$ 4,328,094          |
| Spring Valley    | \$ 7,182,725          | \$ 7,148,584          |
| Wintergardens    | \$ 135,844            | \$ 135,622            |
| <b>SUBTOTAL</b>  | <b>\$ 70,032,590</b>  | <b>\$ 70,917,492</b>  |
| <b>San Diego</b> |                       |                       |
| SD Wastewater    | \$ 182,904,588        | \$ 182,031,622        |
| SD Water         | \$ 1,457,146          | \$ 1,445,211          |
| <b>SUBTOTAL</b>  | <b>\$ 184,361,734</b> | <b>\$ 183,476,833</b> |
| Regional Sludge  | \$ -                  | \$ -                  |
| <b>TOTAL</b>     | <b>\$ 254,394,325</b> | <b>\$ 254,394,325</b> |

# INCREMENTAL PEAK FLOW EXAMPLE ~5% INCREASE IN CONTRACT CAPACITY FROM POOLED CAPACITY

If the City of Chula Vista needed a 5% Increase in Incremental Peak Contract Capacity from the Pooled Capacity, then Exhibit B Contract Capacity would be updated as follows

| DISTRIBUTION OF WASTEWATER SYSTEM CAPACITY RIGHTS |                              |                            |           |                           |                 |                 |
|---------------------------------------------------|------------------------------|----------------------------|-----------|---------------------------|-----------------|-----------------|
| AGENCY                                            | ANNUAL FIXED CAPACITY RIGHTS |                            |           |                           |                 |                 |
|                                                   | 1                            | 2                          | 3         | 4                         | 5               | 6               |
|                                                   | Average Flow, MGD            | Incremental Peak Flow, MGD | RSPD, MGD | Total Allowable Flow, MGD | TSS, 1,000 lbs. | COD, 1,000 lbs. |
| Chula Vista (Old)                                 | 18.33                        | 19.52                      | 0         | 37.85                     | 22,082          | 38,419          |
| Chula Vista (New)                                 | 18.33                        | 20.50                      | 0         | 38.83                     | 22,082          | 38,419          |

If the City of Chula Vista needed a 5% Increase in Contract Capacity, then Chula Vista's costs increase ~0.2%. All other agencies' costs would decrease proportionally.

|                   | OWNERSHIP         |                            |           |                 |                 | USE               |           |                 |                 | TOTAL        |            |
|-------------------|-------------------|----------------------------|-----------|-----------------|-----------------|-------------------|-----------|-----------------|-----------------|--------------|------------|
| AGENCY            | Average Flow, MGD | Incremental Peak Flow, MGD | RSDP, MGD | TSS, 1,000 lbs. | COD, 1,000 lbs. | Metered Flow, MGD | RSDP, MGD | TSS, 1,000 lbs. | COD, 1,000 lbs. | TOTAL        | % of Total |
| Chula Vista (Old) | \$2,910,602       | \$1,330,563                | \$0       | \$2,040,479     | \$527,941       | \$11,035,399      | \$0       | \$7,560,599     | \$2,941,160     | \$28,346,743 | 11.1%      |
| Chula Vista (New) | \$2,910,196       | \$1,394,000                | \$0       | \$2,040,479     | \$527,941       | \$11,032,852      | \$0       | \$7,560,599     | \$2,941,160     | \$28,407,227 | 11.2%      |

| AGENCY          | OLD            | NEW            |
|-----------------|----------------|----------------|
| Chula Vista     | \$ 28,346,743  | \$ 28,407,227  |
| Coronado        | \$ 2,351,663   | \$ 2,350,944   |
| Del Mar         | \$ 20,447      | \$ 20,400      |
| East Otay Mesa  | \$ 1,072,840   | \$ 1,072,211   |
| El Cajon        | \$ 3,311,325   | \$ 3,307,956   |
| Imperial Beach  | \$ 3,397,789   | \$ 3,396,688   |
| La MESA         | \$ 8,545,592   | \$ 8,540,979   |
| Lakeside/Alpine | \$ 305,946     | \$ 305,642     |
| Lemon Grove     | \$ 3,041,920   | \$ 3,040,886   |
| National City   | \$ 6,275,512   | \$ 6,274,315   |
| Otay            | \$ 946,616     | \$ 946,455     |
| Padre Dam       | \$ 750,193     | \$ 749,111     |
| Poway           | \$ 4,347,435   | \$ 4,345,604   |
| Spring Valley   | \$ 7,182,725   | \$ 7,181,144   |
| Wintergardens   | \$ 135,844     | \$ 135,662     |
| SUBTOTAL        | \$ 70,032,590  | \$ 70,075,225  |
| San Diego       |                |                |
| SD Wastewater   | \$ 182,904,588 | \$ 182,863,179 |
| SD Water        | \$ 1,457,146   | \$ 1,455,920   |
| SUBTOTAL        | \$ 184,361,734 | \$ 184,319,099 |
| Regional Sludge | \$ -           | \$ -           |
| TOTAL           | \$ 254,394,325 | \$ 254,394,325 |

**RSDP EXAMPLE ~ 5% INCREASE IN CONTRACT CAPACITY**

If the City of El Cajon needed a 5% Increase in RSDP Contract Capacity, then Exhibit B Contract Capacity would be updated as follows

| DISTRIBUTION OF WASTEWATER SYSTEM CAPACITY RIGHTS |                              |                            |           |                           |                 |                 |
|---------------------------------------------------|------------------------------|----------------------------|-----------|---------------------------|-----------------|-----------------|
| AGENCY                                            | ANNUAL FIXED CAPACITY RIGHTS |                            |           |                           |                 |                 |
|                                                   | 1                            | 2                          | 3         | 4                         | 5               | 6               |
|                                                   | Average Flow, MGD            | Incremental Peak Flow, MGD | RSPD, MGD | Total Allowable Flow, MGD | TSS, 1,000 lbs. | COD, 1,000 lbs. |
| El Cajon (Old)                                    | 1.29                         | 19.93                      | 0.602     | 21.82                     | 2,196           | 3,052           |
| El Cajon (New)                                    | 1.29                         | 19.93                      | 0.632     | 21.85                     | 2,196           | 3,052           |

If the City of Chula El Cajon needed a 5% Increase in Contract Capacity, then Chula Vista's costs increase ~2.1%. All other agencies' costs would decrease proportionally.

|                | OWNERSHIP         |                            |           |                 |                 | USE               |           |                 |                 | TOTAL       |            |
|----------------|-------------------|----------------------------|-----------|-----------------|-----------------|-------------------|-----------|-----------------|-----------------|-------------|------------|
| AGENCY         | Average Flow, MGD | Incremental Peak Flow, MGD | RSDP, MGD | TSS, 1,000 lbs. | COD, 1,000 lbs. | Metered Flow, MGD | RSDP, MGD | TSS, 1,000 lbs. | COD, 1,000 lbs. | TOTAL       | % of Total |
| El Cajon (Old) | \$204,838         | \$1,358,378                | \$6,517   | \$202,924       | \$41,940        | \$625,109         | \$65,117  | \$616,086       | \$190,415       | \$3,311,325 | 1.3%       |
| E Cajon (New)  | \$204,837         | \$1,357,377                | \$6,841   | \$202,924       | \$41,940        | \$624,752         | \$34,671  | \$616,086       | \$190,415       | \$3,382,124 | 1.3%       |

| AGENCY          | OLD            | NEW            |
|-----------------|----------------|----------------|
| Chula Vista     | \$ 28,346,743  | \$ 28,339,437  |
| Coronado        | \$ 2,351,663   | \$ 2,351,013   |
| Del Mar         | \$ 20,447      | \$ 20,432      |
| East Otay Mesa  | \$ 1,072,840   | \$ 1,072,562   |
| El Cajon        | \$ 3,311,325   | \$ 3,382,124   |
| Imperial Beach  | \$ 3,397,789   | \$ 3,396,719   |
| La Mesa         | \$ 8,545,592   | \$ 8,542,569   |
| Lakeside/Alpine | \$ 305,946     | \$ 305,784     |
| Lemon Grove     | \$ 3,041,920   | \$ 3,041,021   |
| National City   | \$ 6,275,512   | \$ 6,273,843   |
| Otay            | \$ 946,616     | \$ 946,432     |
| Padre Dam       | \$ 750,193     | \$ 749,779     |
| Poway           | \$ 4,347,435   | \$ 4,346,059   |
| Spring Valley   | \$ 7,182,725   | \$ 7,180,836   |
| Wintergardens   | \$ 135,844     | \$ 135,768     |
| SUBTOTAL        | \$ 70,032,590  | \$ 70,084,378  |
| San Diego       |                |                |
| SD Wastewater   | \$ 182,904,588 | \$ 182,854,978 |
| SD Water        | \$ 1,457,146   | \$ 1,454,969   |
| SUBTOTAL        | \$ 184,361,734 | \$ 184,309,947 |
| Regional Sludge | \$ -           | \$ -           |
| TOTAL           | \$ 254,394,325 | \$ 254,394,325 |

**TOTAL SUSPENDED SOLIDS EXAMPLE ~ 5% INCREASE IN CONTRACT CAPACITY FROM POOLED CAPACITY**

If the City of Chula Vista needed a 5% Increase in TSS Contract Capacity from the Pooled Capacity, then Exhibit B Contract Capacity would be updated as follows

| DISTRIBUTION OF WASTEWATER SYSTEM CAPACITY RIGHTS |                              |                            |           |                           |                 |                 |
|---------------------------------------------------|------------------------------|----------------------------|-----------|---------------------------|-----------------|-----------------|
| AGENCY                                            | ANNUAL FIXED CAPACITY RIGHTS |                            |           |                           |                 |                 |
|                                                   | 1                            | 2                          | 3         | 4                         | 5               | 6               |
|                                                   | Average Flow, MGD            | Incremental Peak Flow, MGD | RSPD, MGD | Total Allowable Flow, MGD | TSS, 1,000 lbs. | COD, 1,000 lbs. |
| Chula Vista (Old)                                 | 18.33                        | 19.52                      | 0         | 37.85                     | 22,082          | 38,419          |
| Chula Vista (New)                                 | 19.25                        | 19.52                      | 0         | 38.77                     | 23,186          | 38,419          |

If the City of Chula Vista needed a 5% Increase in Contract Capacity, then Chula Vista's costs increase ~2.6%. All other agencies' costs would decrease proportionally.

|                   | OWNERSHIP         |                            |           |                 |                 | USE               |           |                 |                 | TOTAL        |            |
|-------------------|-------------------|----------------------------|-----------|-----------------|-----------------|-------------------|-----------|-----------------|-----------------|--------------|------------|
| AGENCY            | Average Flow, MGD | Incremental Peak Flow, MGD | RSDP, MGD | TSS, 1,000 lbs. | COD, 1,000 lbs. | Metered Flow, MGD | RSDP, MGD | TSS, 1,000 lbs. | COD, 1,000 lbs. | TOTAL        | % of Total |
| Chula Vista (Old) | \$2,910,602       | \$1,330,563                | \$0       | \$2,040,479     | \$527,941       | \$11,035,399      | \$0       | \$7,560,599     | \$2,941,160     | \$28,346,743 | 11.1%      |
| Chula Vista (New) | \$2,910,602       | \$1,330,563                | \$0       | \$2,129,678     | \$527,941       | \$11,035,399      | \$0       | \$8,224,526     | \$2,941,160     | \$29,099,869 | 11.4%      |

| AGENCY          | OLD            | NEW            |
|-----------------|----------------|----------------|
| Chula Vista     | \$ 28,346,743  | \$ 29,099,869  |
| Coronado        | \$ 2,351,663   | \$ 2,343,749   |
| Del Mar         | \$ 20,447      | \$ 20,447      |
| East Otay Mesa  | \$ 1,072,840   | \$ 1,070,428   |
| El Cajon        | \$ 3,311,325   | \$ 3,302,439   |
| Imperial Beach  | \$ 3,397,789   | \$ 3,388,031   |
| La Mesa         | \$ 8,545,592   | \$ 8,523,126   |
| Lakeside/Alpine | \$ 305,946     | \$ 305,003     |
| Lemon Grove     | \$ 3,041,920   | \$ 3,032,733   |
| National City   | \$ 6,275,512   | \$ 6,254,625   |
| Otay            | \$ 946,616     | \$ 941,107     |
| Padre Dam       | \$ 750,193     | \$ 749,005     |
| Poway           | \$ 4,347,435   | \$ 4,334,133   |
| Spring Valley   | \$ 7,182,725   | \$ 7,158,161   |
| Wintergardens   | \$ 135,844     | \$ 135,517     |
| SUBTOTAL        | \$ 70,032,590  | \$ 70,658,374  |
| San Diego       |                |                |
| SD Wastewater   | \$ 182,904,588 | \$ 182,278,804 |
| SD Water        | \$ 1,457,146   | \$ 1,457,146   |
| SUBTOTAL        | \$ 184,361,734 | \$ 183,735,951 |
| Regional Sludge | \$ -           |                |
| TOTAL           | \$ 254,394,325 | \$ 254,394,325 |

**TOTAL CHEMICAL OXYGEN DEMAND EXAMPLE ~ 5% INCREASE IN CONTRACT CAPACITY FROM POOLED CAPACITY**

If the City of Chula Vista needed a 5% Increase in COD Contract Capacity from the Pooled Capacity, then Exhibit B Contract Capacity would be updated as follows

| DISTRIBUTION OF WASTEWATER SYSTEM CAPACITY RIGHTS |                              |                            |           |                           |                 |                 |
|---------------------------------------------------|------------------------------|----------------------------|-----------|---------------------------|-----------------|-----------------|
| AGENCY                                            | ANNUAL FIXED CAPACITY RIGHTS |                            |           |                           |                 |                 |
|                                                   | 1                            | 2                          | 3         | 4                         | 5               | 6               |
|                                                   | Average Flow, MGD            | Incremental Peak Flow, MGD | RSPD, MGD | Total Allowable Flow, MGD | TSS, 1,000 lbs. | COD, 1,000 lbs. |
| Chula Vista (Old)                                 | 18.33                        | 19.52                      | 0         | 37.85                     | 22,082          | 38,419          |
| Chula Vista (New)                                 | 19.25                        | 19.52                      | 0         | 38.77                     | 22,082          | 40,339          |

If the City of Chula Vista needed a 5% Increase in Contract Capacity, then Chula Vista's costs increase ~1%. All other agencies' costs would decrease proportionally.

|                   | OWNERSHIP         |                            |           |                 |                 | USE               |           |                 |                 | TOTAL        |            |
|-------------------|-------------------|----------------------------|-----------|-----------------|-----------------|-------------------|-----------|-----------------|-----------------|--------------|------------|
| AGENCY            | Average Flow, MGD | Incremental Peak Flow, MGD | RSDP, MGD | TSS, 1,000 lbs. | COD, 1,000 lbs. | Metered Flow, MGD | RSDP, MGD | TSS, 1,000 lbs. | COD, 1,000 lbs. | TOTAL        | % of Total |
| Chula Vista (Old) | \$2,910,602       | \$1,330,563                | \$0       | \$2,040,479     | \$527,941       | \$11,035,399      | \$0       | \$7,560,599     | \$2,941,160     | \$28,346,743 | 11.1%      |
| Chula Vista (New) | \$2,910,602       | \$1,330,563                | \$0       | \$2,040,479     | \$551,269       | \$11,035,399      | \$0       | \$7,560,599     | \$3,202,612     | \$28,631,524 | 11.3%      |

| AGENCY           | OLD                   | NEW                   |
|------------------|-----------------------|-----------------------|
| Chula Vista      | \$ 28,346,743         | \$ 28,631,524         |
| Coronado         | \$ 2,351,663          | \$ 2,349,193          |
| Del Mar          | \$ 20,447             | \$ 20,447             |
| East Otay Mesa   | \$ 1,072,840          | \$ 1,072,103          |
| El Cajon         | \$ 3,311,325          | \$ 3,308,915          |
| Imperial Beach   | \$ 3,397,789          | \$ 3,394,165          |
| La Mesa          | \$ 8,545,592          | \$ 8,536,429          |
| Lakeside/Alpine  | \$ 305,946            | \$ 305,720            |
| Lemon Grove      | \$ 3,041,920          | \$ 3,038,467          |
| National City    | \$ 6,275,512          | \$ 6,267,241          |
| Otay             | \$ 946,616            | \$ 945,687            |
| Padre Dam        | \$ 750,193            | \$ 749,916            |
| Poway            | \$ 4,347,435          | \$ 4,343,173          |
| Spring Valley    | \$ 7,182,725          | \$ 7,174,270          |
| Wintergardens    | \$ 135,844            | \$ 135,764            |
| <b>SUBTOTAL</b>  | <b>\$ 70,032,590</b>  | <b>\$ 70,273,015</b>  |
| <b>San Diego</b> |                       |                       |
| SD Wastewater    | \$ 182,904,588        | \$ 182,664,163        |
| SD Water         | \$ 1,457,146          | \$ 1,457,146          |
| <b>SUBTOTAL</b>  | <b>\$ 184,361,734</b> | <b>\$ 184,121,309</b> |
| Regional Sludge  | \$ -                  | \$ -                  |
| <b>TOTAL</b>     | <b>\$ 254,394,325</b> | <b>\$ 254,394,325</b> |



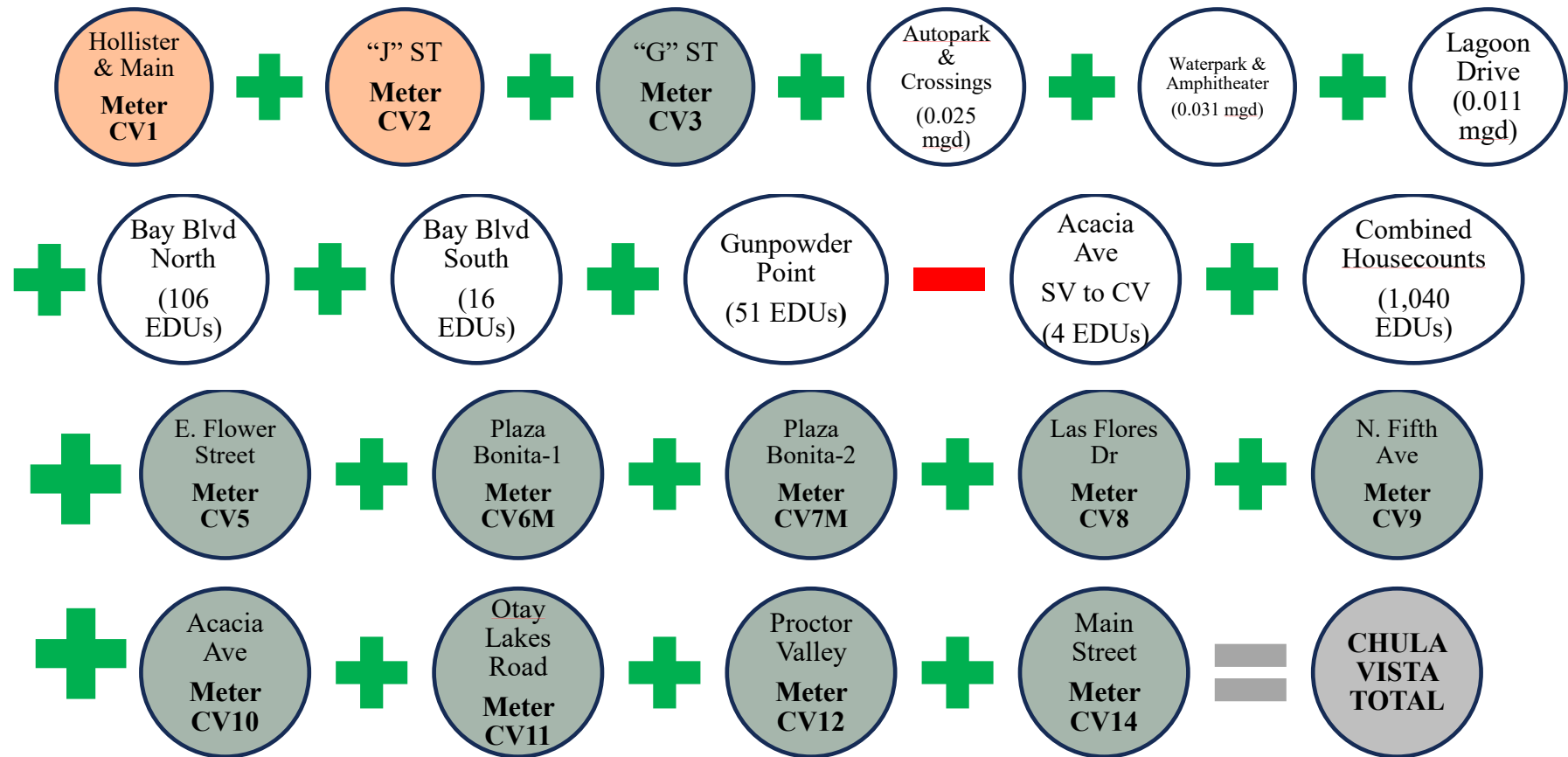
EXHIBIT F –  
METRO SYSTEM FLOW FORMULAS AND  
SAMPLING LOCATIONS

JULY 2025

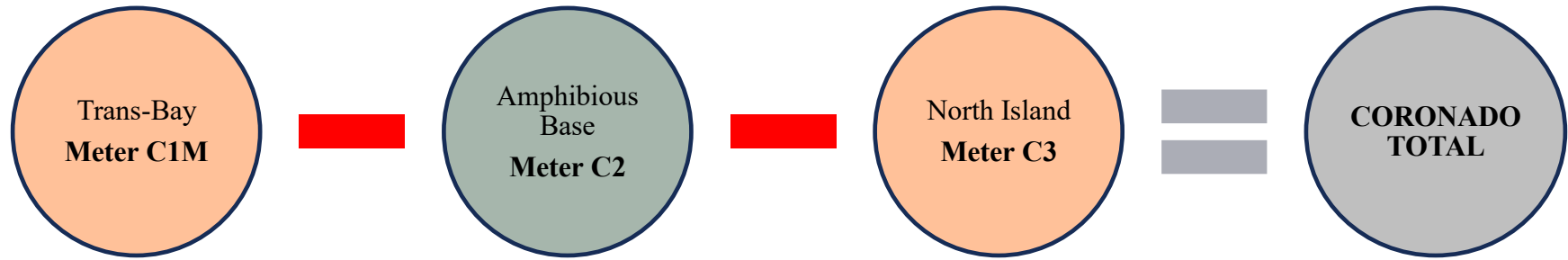
**LEGEND**

-  Billing and Sampling Meters
-  Billing Meters
-  Municipal Meter

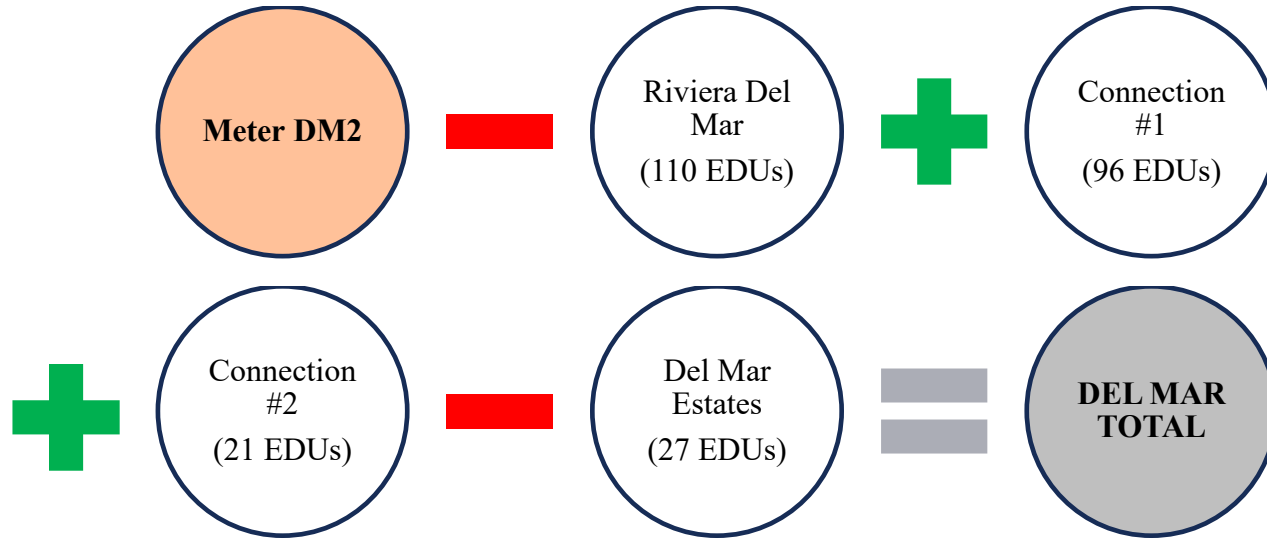
## CHULA VISTA



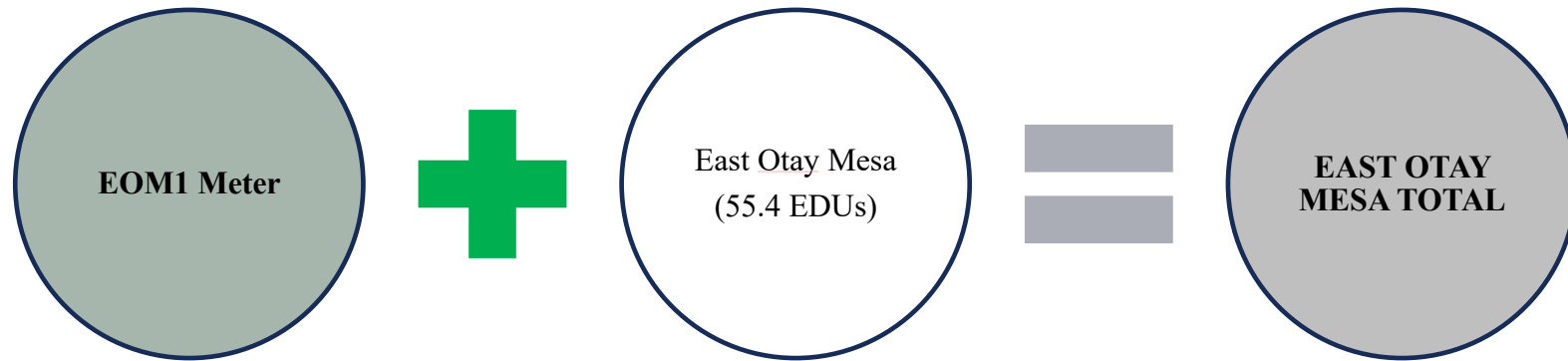
## CORONADO



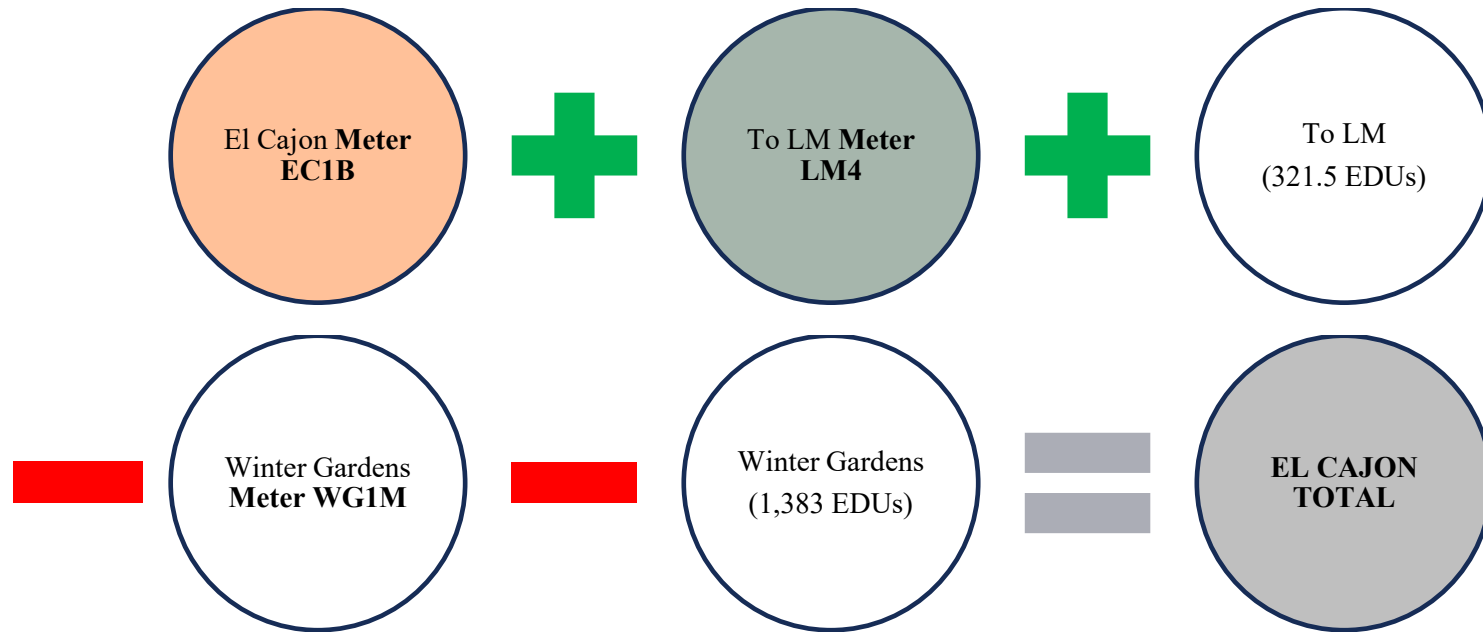
## DEL MAR



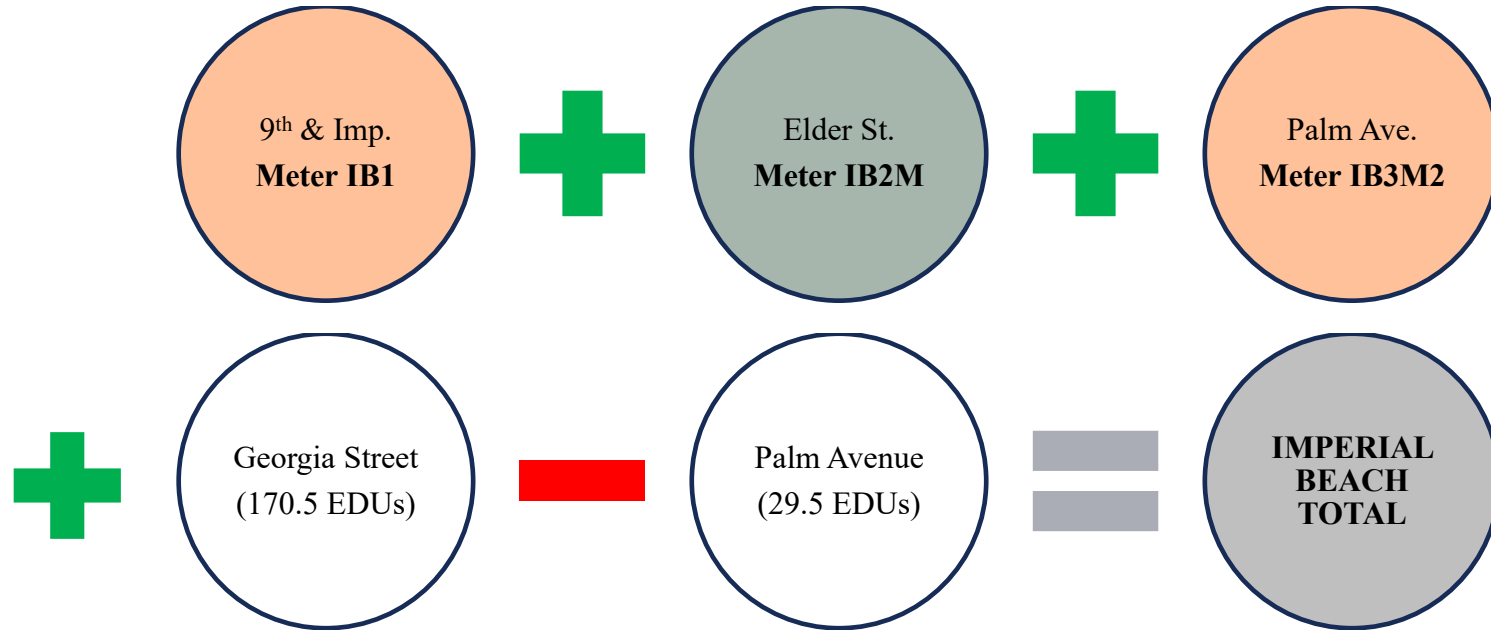
## EAST OTAY MESA



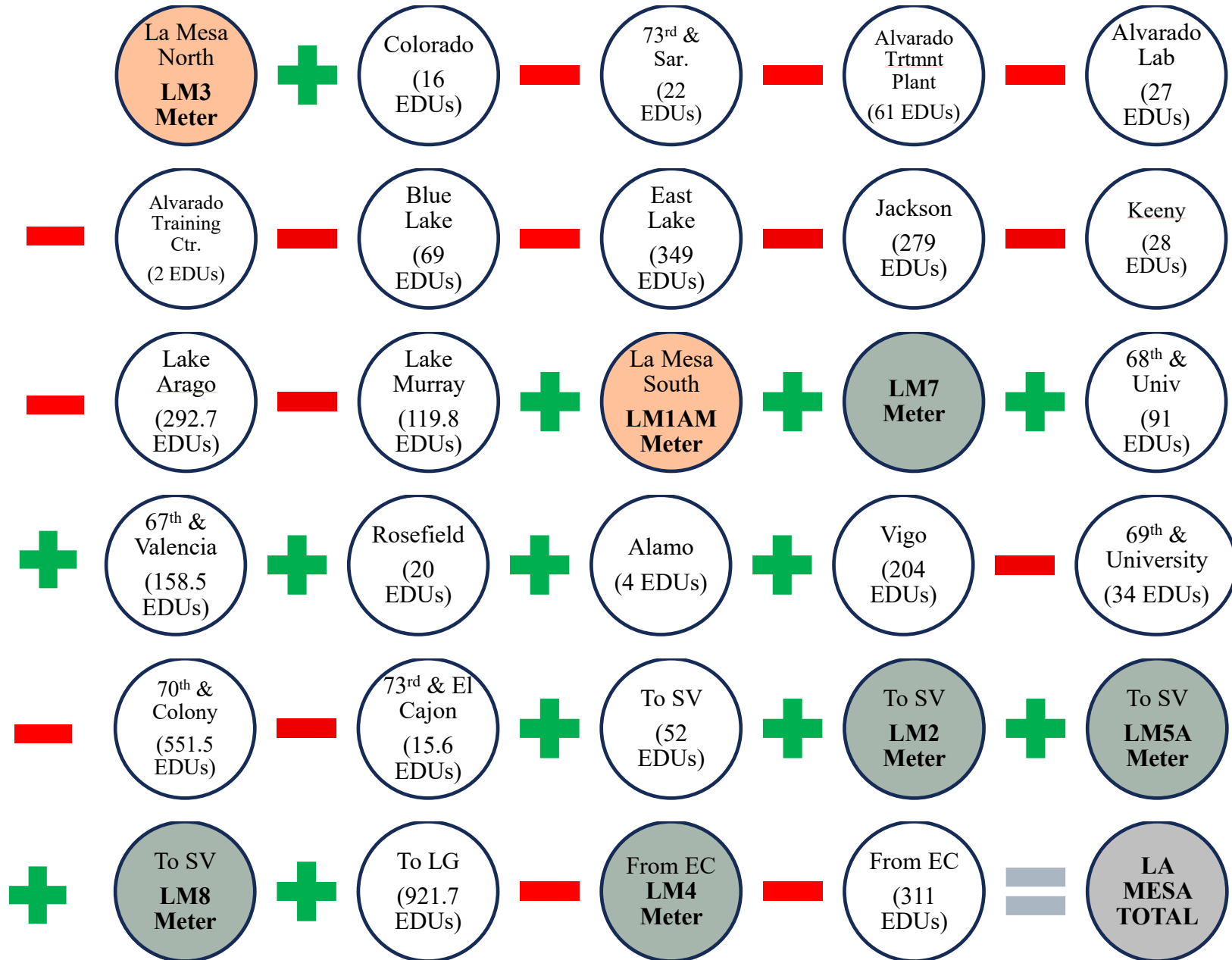
## EL CAJON



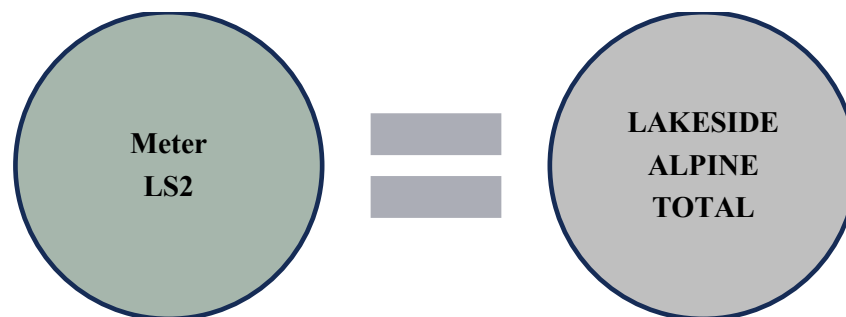
## IMPERIAL BEACH



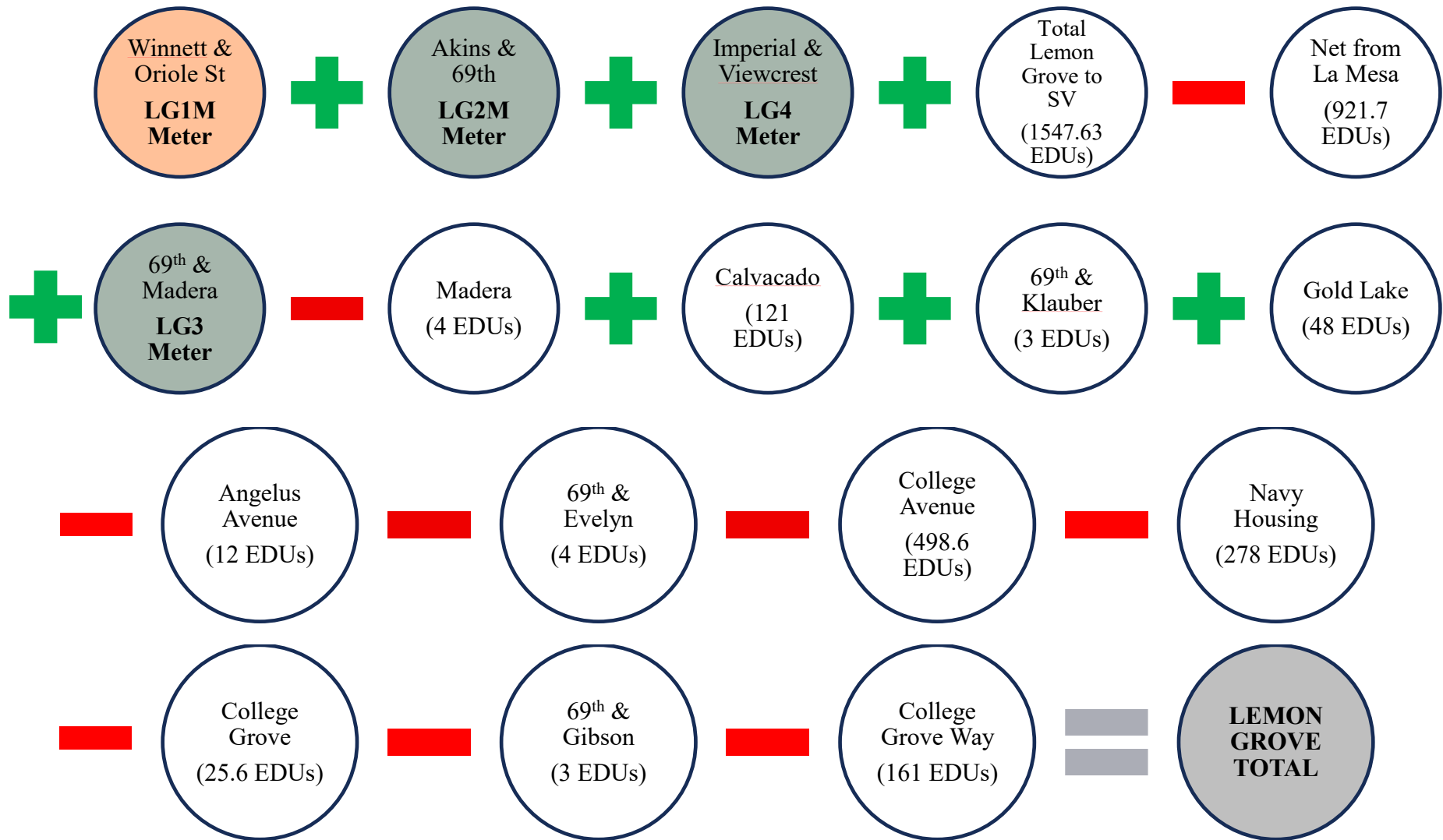
## LA MESA



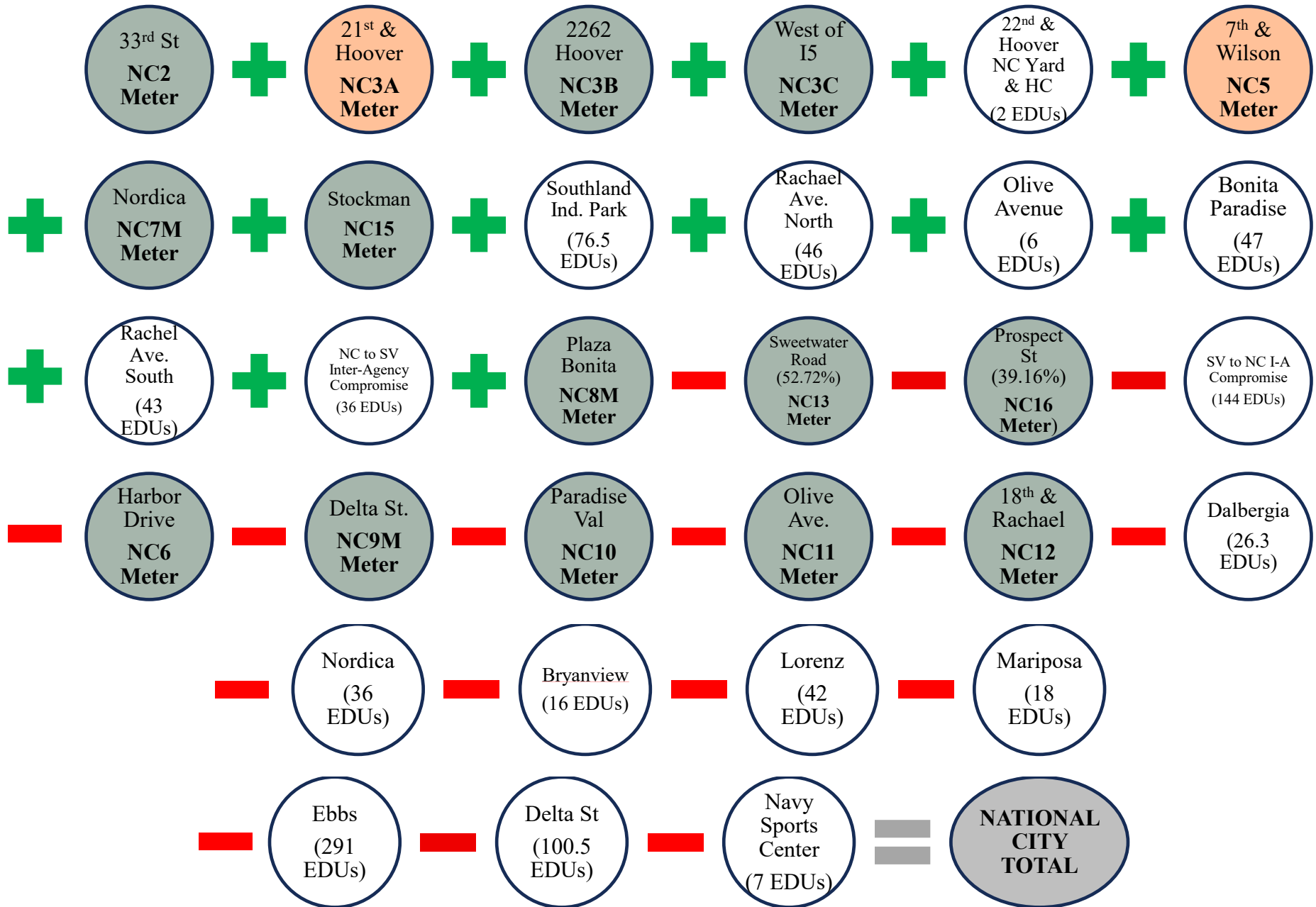
## LAKESIDE/ALPINE



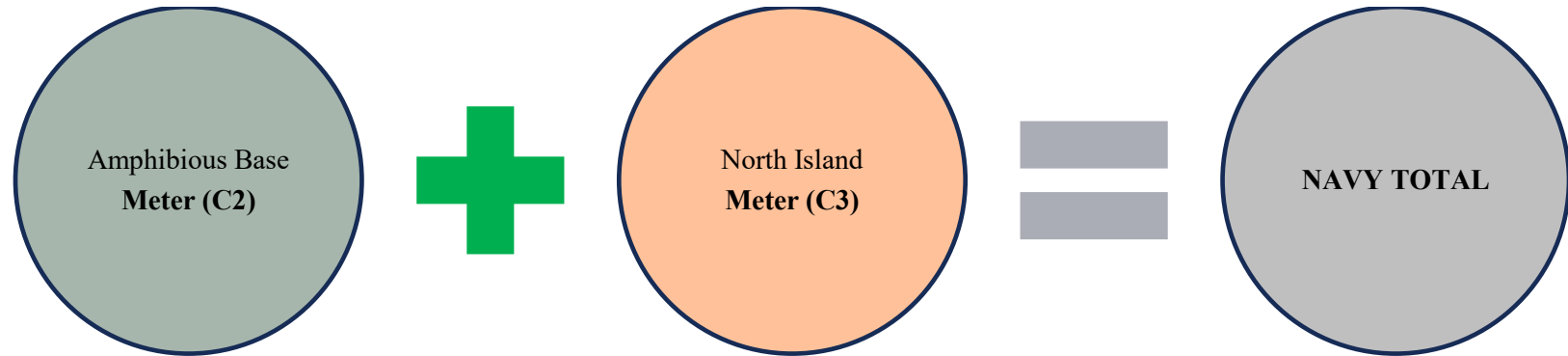
## LEMON GROVE



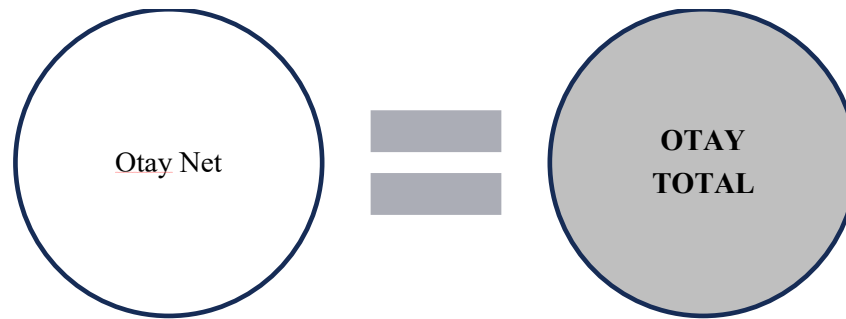
## NATIONAL CITY



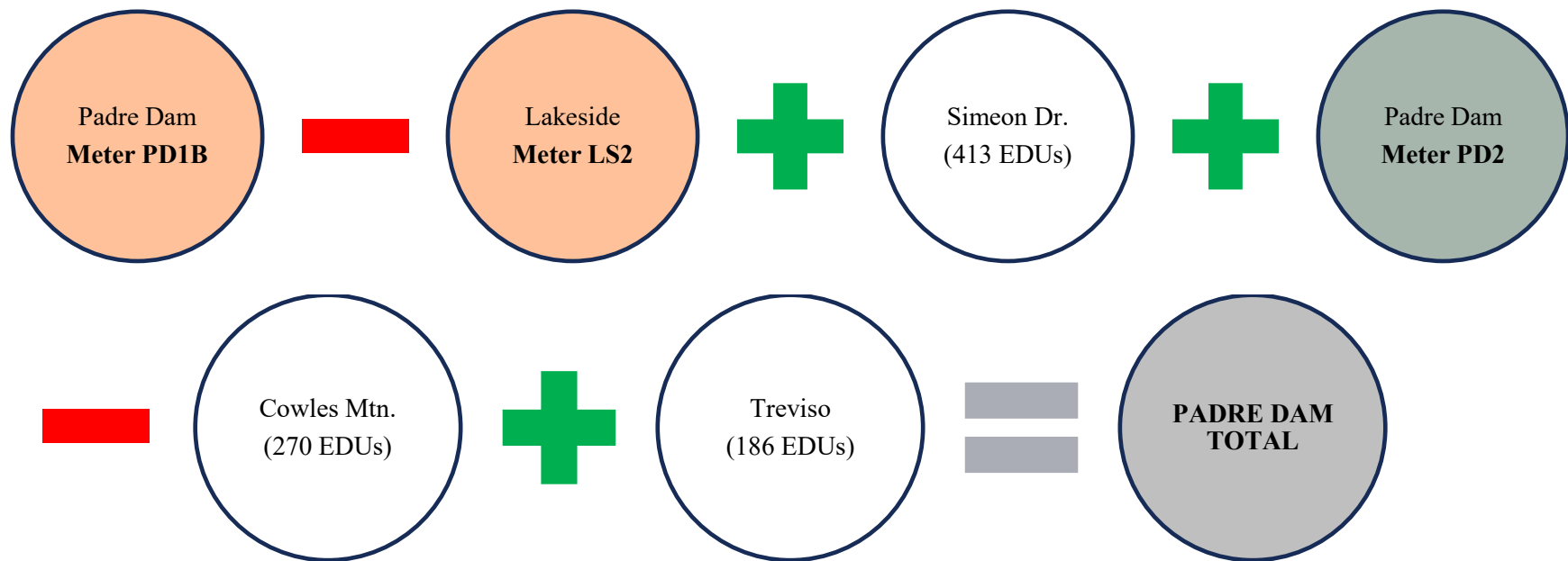
## NAVY



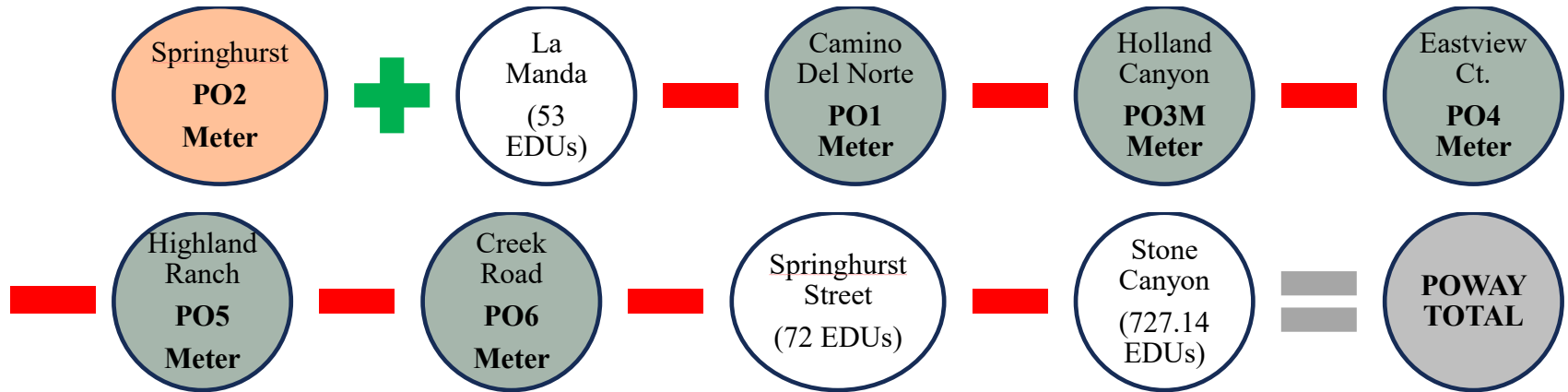
## OTAY



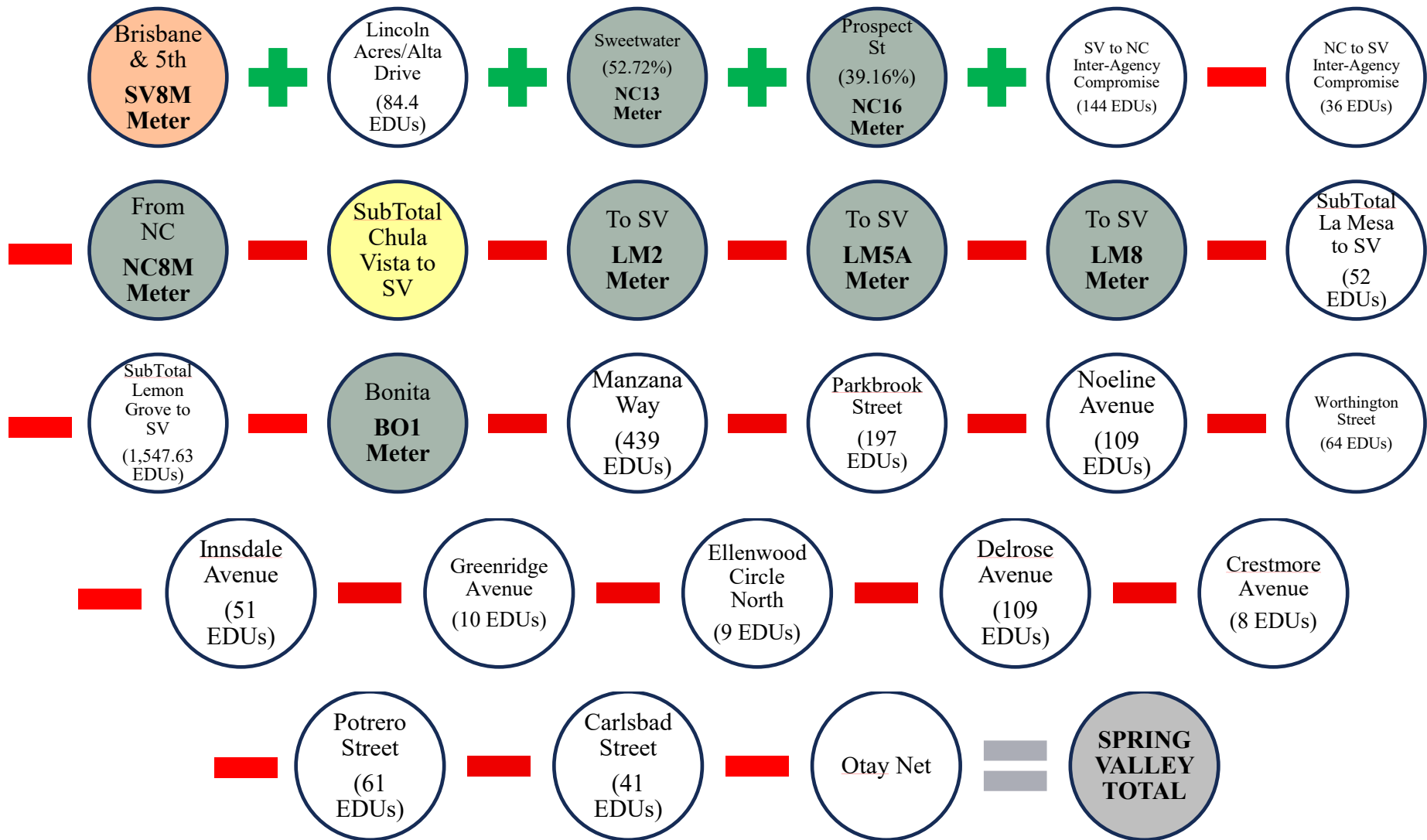
## PADRE DAM



## POWAY

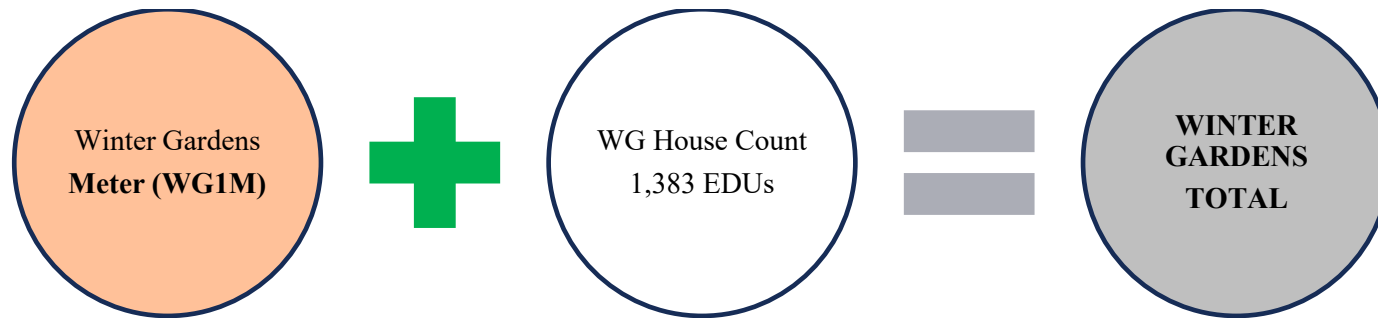


## SPRING VALLEY

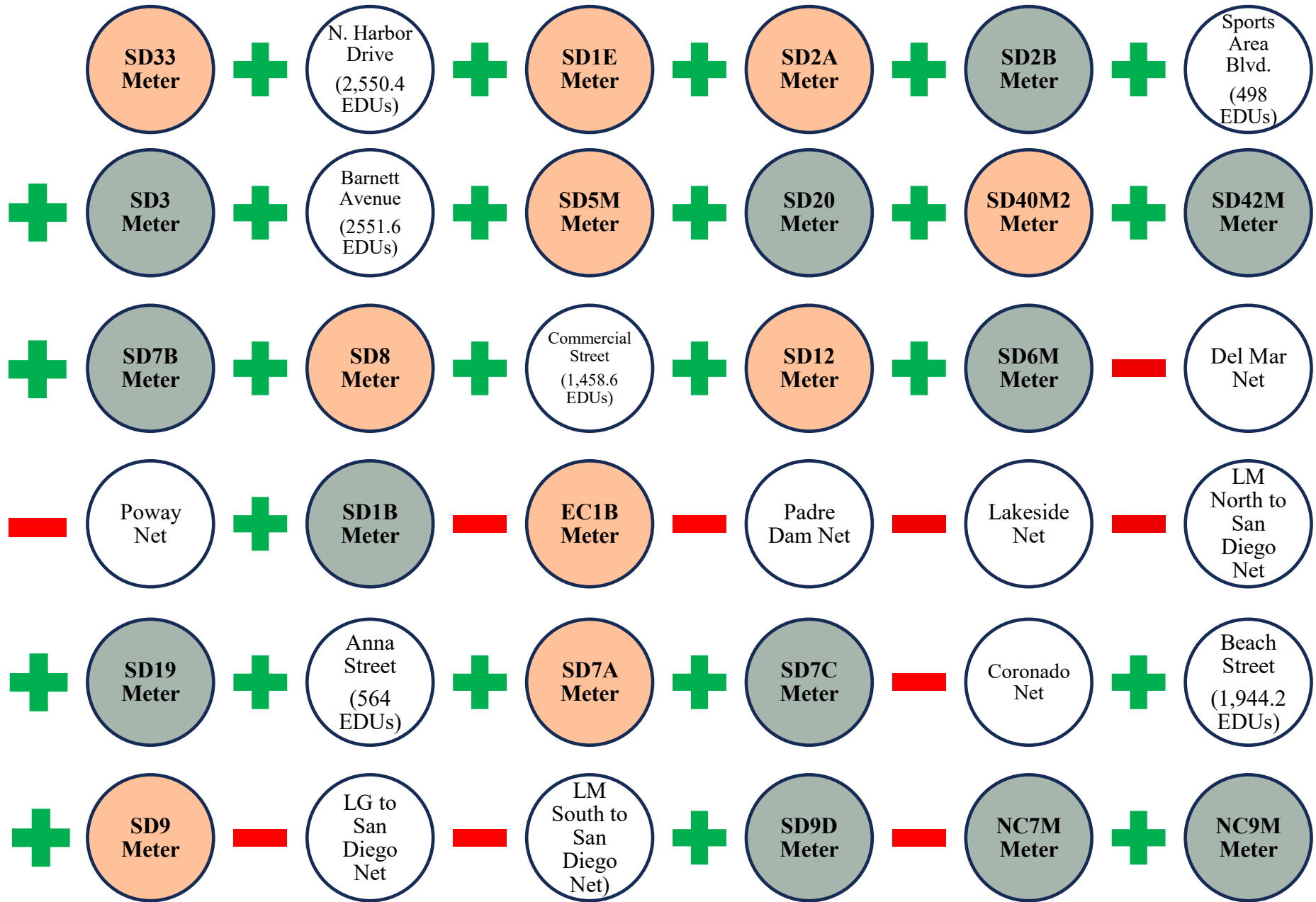


SubTotal Chula Vista to SV = Combined Housecounts – Acacia Ave + CV5 + CV6 + CV7M + CV8 + CV9 + CV10 + CV11 + CV12 + CV14

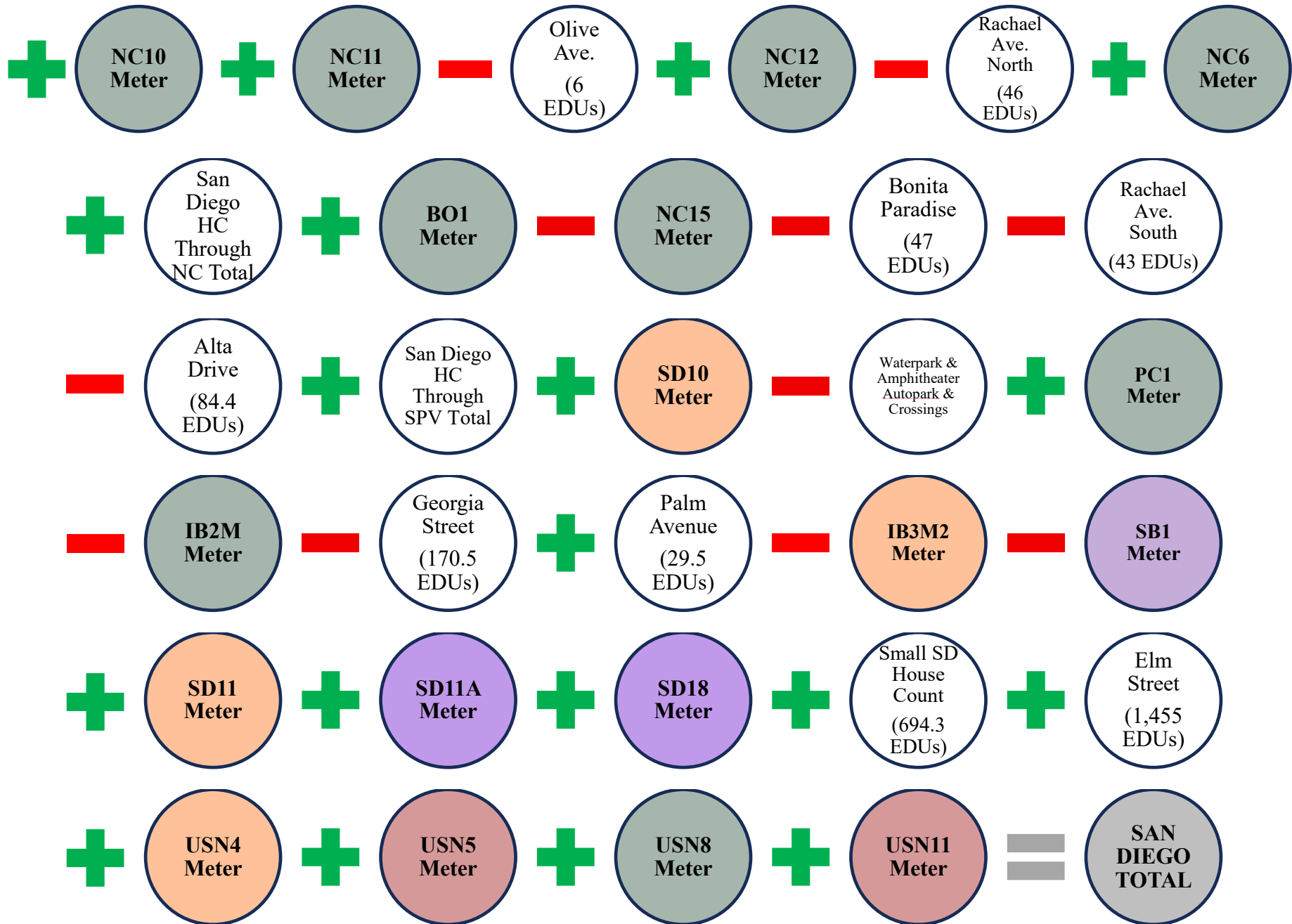
## WINTER GARDENS



## CITY OF SAN DIEGO



## CITY OF SAN DIEGO (Continued)



## Exhibit G

### Sample of the Interest Calculation

**Purpose:** To document assumptions used to account for the time value of money for shared Pure Water costs (**Allocated Shared Costs**) that were agreed to be reconciled at a later date based on final Phase 1 project costs. This is discussed in Section 6.6: Reallocation of PWP Costs incurred since FY2014 and cited in Section 6.6.1.3. See the example" Calculator Spreadsheet" below and accompanying footnotes.

|                                                     |     |
|-----------------------------------------------------|-----|
| Pending Final Audits:                               |     |
| Estimated Final Metro % of Pure Water Costs (Draft) | 45% |
| Estimated JPA % Share of Metro Expenses (Draft)     | 30% |

Exhibit G - Sample of the Interest Calculation (Section 6.6) (Continued)

Procedures and Assumptions:

The City proposes the following procedures be used to allocate these costs. These costs will be allocated 1 year after substantial completion of Pure Water Phase 1, as part of the annual Audit of Metro costs (Projected to be annual audit of metro activity for Fiscal Year 2026). The City will prepare a yearly update to the calculator as part of the preparation for the yearly metro audit.

Column Description:

|                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Cost Included (Column C)                             | This column represents cost subject to this calculator. This includes Purchase Orders (and their associated expenditures) that have been split 50%/50% (50/50 POs) from 2014 to 2022 and have been included as part of each yearly audit of Metro JPA Pure Water costs. This sheet is prepared by the City and reviewed by the JPA's consultants on a yearly basis to determine samples for the Pure Water O&M costs. After awarding of all Pure Water construction contracts, new costs will use an updated percentage based on actual awarded construction contracts. This date will be called out on the purchase order sheet and a new line on the calculator will be added to track the change in percent allocation. Open purchase orders using the 50/50 split will be separated on the calculator sheet until they are fully spent, closed or amended to the new split. |
| Original Splits % (Column D & E)                     | These columns split the total costs of the 50/50 POs based on their original share between the water and Metro funds. This establishes each funds initial share of the costs                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Original Share (Column F & G)                        | These columns split the total costs in Column C by the percentages in Columns D and E.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Metro Post Allocation Share(Column H)                | This column uses Metro funds final share of Phase 1 costs, as a percentage of total project costs, and applies it to costs included in Column C. This represents the actual share of costs based on the final allocation costs.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Amounts Subject to Interest (Column I)               | This column takes the difference between the initial splits for Metro (Column F) and the Metro post allocation share (Column H). These are the new expenditures from that fiscal year subject to the interest calculation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Running Metro Balance Subject to Interest (Column J) | This column takes any prior year balance in Column J, the prior year accrued interest in Column K and adds the new expenditures from Column I. This is the total balanced used to calculate each year's interest owed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Yearly Interest Earnings (Column K)                  | This column takes the annual interest earnings shown in Column M and assumed monthly compounding of Metro balance in Column J. Compounding period is consistent with the City's monthly interest earnings paid on City funds.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Estimated PA share (Column L)                        | This column estimates the portion of interest earnings that is expected to be credited to the Participating Agencies. Individual Agencies will be credited during the audit following one year after the substantial completion of Pure Water Phase 1. Agencies will be credited at weighted average of costs from 2014 to one year after substantial completion of Phase 1, based on the PA's individual annual percent share of Metro costs.                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Annual Interest Rate (Column M)                      | This column shows the annual percent returns on funds invested by the City Treasurer. This is based on the Treasurers annual return on investments as invested under the City's investment policy. This is the rate used to calculate yearly interest owed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

Notes

This calculator was designed to account for the time value of money related to (50/50 POs). If additional Phase 1 item (CIP expenses, Revenue, etc.) need to account for the time value of money, the assumptions used in Columns I-K will remaining consistent in those calculations. Columns C through H and the associated percentages used will be adapted to fit the types of costs being allocated.

## Exhibit H

### Summary of Billings from County Water Authority Showing Costs for Untreated Water

Sample Bill from the County Water Authority for all city of San Diego Water purchases for the month of December 2024 to provide clarity for any sewer only providers. Additional documentation will be provided at a later date walking from this bill to the purified water calculation



A Public Agency  
4677 Overland Avenue, San Diego, California, 92123-1233  
(858) 522-6673 FAX (858) 522-6561

Billed to:

San Diego, City of



Service Address:

2797 Caminito Chollas  
San Diego, CA 92105-

December 2024

Invoice Summary

|                         |                     |
|-------------------------|---------------------|
| Mailed: 1/10/2025       | Due Date: 2/14/2025 |
| Invoice Number: 1224-15 | Page 1 of 8         |

| Net Deliveries                         |  | Current Month Volume (AF) | Adjustment Volume (AF) | CYTD Volume (AF) |
|----------------------------------------|--|---------------------------|------------------------|------------------|
| Tier 1 Total Treated Water Delivered   |  | 2,081.1                   |                        | 17,964.3         |
| Tier 1 Total Untreated Water Delivered |  | 7,970.5                   |                        | 96,706.3         |
| Tier 1 Usage                           |  | 10,051.6                  |                        | 114,670.6        |

| Supply Charges |                                    | Volume (AF) | Rate (\$/AF) | Total (\$)       | CYTD Volume (AF) |
|----------------|------------------------------------|-------------|--------------|------------------|------------------|
| CWA            | Forced Delivery - Untreated        | 231.3       | \$ 1,200.00  | \$ 277,560.00    | 46,134.1         |
| CWA            | Regular Meter Delivery - Treated   | 2,069.2     | \$ 1,600.00  | \$ 3,310,720.00  | 17,627.4         |
| CWA            | Regular Meter Delivery - Untreated | 12,973.7    | \$ 1,200.00  | \$ 15,568,440.00 | 129,500.4        |
| Subtotal       |                                    | 15,274.2    |              | \$ 19,156,720.00 | 193,261.9        |

| Water Exchanges |                                           | Volume (AF) | Rate(\$/AF) | Total (\$)        | CYTD Volume (AF) |
|-----------------|-------------------------------------------|-------------|-------------|-------------------|------------------|
| CWA             | Total To Other Agencies Untreated Water   | (5,285.0)   | \$ 1,200.00 | (\$ 6,342,000.00) | (79,483.9)       |
| CWA             | Total From Other Agencies Treated Water   | 11.9        | \$ 1,600.00 | \$ 19,040.00      | 336.9            |
| CWA             | Total From Other Agencies Untreated Water | 50.5        | \$ 1,200.00 | \$ 60,600.00      | 473.1            |
| Subtotal        |                                           | (5,222.6)   |             | (\$ 6,262,360.00) | (78,673.9)       |

|          |  |          |                 |
|----------|--|----------|-----------------|
| Subtotal |  | 10,051.6 | \$ 1,899,752.40 |
|----------|--|----------|-----------------|

| Fixed Charges |                              | Total (\$)      |
|---------------|------------------------------|-----------------|
| CWA           | Customer Service Charge      | \$ 933,611.00   |
| CWA           | Emergency Storage Charge     | \$ 2,197,725.00 |
| CWA           | Infrastructure Access Charge | \$ 1,760,089.00 |
| CWA           | Supply Reliability Charge    | \$ 1,504,825.00 |



**A Public Agency**  
**4677 Overland Avenue, San Diego, California, 92123-1233**  
**(858) 522-6673 FAX (858) 522-6561**

**Billed to:**

**December 2024**

| Variable Charges                       | Volume (AF) | Rate(\$/AF) | Total (\$)      |
|----------------------------------------|-------------|-------------|-----------------|
| Invoice Summary                        |             |             |                 |
| Transportation Charge - Meter Delivery | 15,274.2    | \$ 189.00   | \$ 2,886,823.80 |
| Transportation Charge - Water Exchange | (5,222.6)   | \$ 189.00   | (\$ 987,071.40) |
| Variable Charges                       | Volume (AF) | Rate(\$/AF) | Total (\$)      |
| Transportation Charge - Meter Delivery | 15,274.2    | \$ 189.00   | \$ 2,886,823.80 |
| Transportation Charge - Water Exchange | (5,222.6)   | \$ 189.00   | (\$ 987,071.40) |

San Diego, City of



Mailed: 1/10/2025

Due Date: 2/14/2025

Invoice Number: 1224-15

Page 2 of 8

**Service Address:**

2797 Caminito Chollas  
San Diego, CA 92105-

| Fixed Charges                   | Total (\$)             |
|---------------------------------|------------------------|
| MWD Capacity Reservation Charge | \$ 287,980.00          |
| MWD Readiness-to-Serve Charge   | \$ 406,779.00          |
| Subtotal                        | <b>\$ 7,091,009.00</b> |

**Current Balance \$ 21,885,121.40**

Previous Balance \$ 17,919,593.50

**Total Due And Payable \$ 39,804,714.90**

**REMIT TO:**

SAN DIEGO COUNTY WATER AUTHORITY  
4677 Overland Avenue  
San Diego, CA 92123-1233

Payment is due on the last business day of the month and shall be delinquent if not received in investable funds by 2 p.m. of the tenth business day of the following month.

Delinquency charges are 1% of the total amount if paid within five business days of the delinquency, 2% thereafter. Reference San Diego County Water Authority Ordinance No. 2007-03 Revenue Collection Policy for a complete explanation of billing and payment for water deliveries.



A Public Agency  
4677 Overland Avenue, San Diego, California, 92123-1233  
(858) 522-6673 FAX (858) 522-6561

**Billed to:**

San Diego, City of



**December 2024**

**Invoice Detail**

Mailed: 1/10/2025

Due Date: 2/14/2025

Invoice Number: 1224-15

Page 3 of 8

**Service Address:**

2797 Caminito Chollas  
San Diego, CA 92105-

**Supply Charges**

**CWA**

**Forced Delivery - Untreated**

| Meter No                 | Begin Read | End Read  | 1000 CU. FT. | AC. FT. | Rate(\$/AF) | Dollars(\$)   |
|--------------------------|------------|-----------|--------------|---------|-------------|---------------|
| Over Weir,WEIR           | 248,532    | 248,761   | 228          | 5.2     | \$ 1,200.00 | \$ 6,240.00   |
| San Diego,02             | 2,012,753  | 2,022,602 | 9,849        | 226.1   | \$ 1,200.00 | \$ 271,320.00 |
| Untreated Water Subtotal |            |           |              | 231.3   |             | \$ 277,560.00 |

**Regular Meter Delivery - Treated**

| Meter No                      | Begin Read | End Read   | 1000 CU. FT. | AC. FT. | Rate(\$/AF) | Dollars(\$)     |
|-------------------------------|------------|------------|--------------|---------|-------------|-----------------|
| San Diego, 27                 | 197,491    | 210,099    | 12,609       | 289.5   | \$ 1,600.00 | \$ 463,200.00   |
| San Diego, 30                 | 3,079      | 3,080      | 2            | 0.0     | \$ 1,600.00 | \$ 0.00         |
| San Diego,10                  | 3,300,807  | 3,316,240  | 15,433       | 354.3   | \$ 1,600.00 | \$ 566,880.00   |
| San Diego,11                  | 11,413,060 | 11,461,025 | 47,966       | 1,101.1 | \$ 1,600.00 | \$ 1,761,760.00 |
| San Diego,14                  | 5,034,606  | 5,046,789  | 12,183       | 279.7   | \$ 1,600.00 | \$ 447,520.00   |
| San Diego,15                  | 3,837,922  | 3,839,738  | 1,816        | 41.7    | \$ 1,600.00 | \$ 66,720.00    |
| SD 18/21 Bypass,<br>18/21 B/P | 7,490      | 7,616      | 127          | 2.9     | \$ 1,600.00 | \$ 4,640.00     |
| Treated Water Subtotal        |            |            |              | 2,069.2 |             | \$ 3,310,720.00 |

**Regular Meter Delivery - Untreated**

| Meter No | Begin Read | End Read | 1000 CU. FT. | AC. FT. | Rate(\$/AF) | Dollars(\$) |
|----------|------------|----------|--------------|---------|-------------|-------------|
|----------|------------|----------|--------------|---------|-------------|-------------|



A Public Agency  
4677 Overland Avenue, San Diego, California, 92123-1233  
(858) 522-6673 FAX (858) 522-6561

**Billed to:**

San Diego, City of



**December 2024**

**Invoice Detail**

Mailed: 1/10/2025

Due Date: 2/14/2025

Invoice Number: 1224-15

Page 4 of 8

**Service Address:**

2797 Caminito Chollas  
San Diego, CA 92105-

**Supply Charges**

**CWA**

|                          |            |            |         |          |             |                  |
|--------------------------|------------|------------|---------|----------|-------------|------------------|
| Leakage (SD-1),01        | 0          | 31         | 540     | 12.4     | \$ 1,200.00 | \$ 14,880.00     |
| San Diego, 28            | 7,377,561  | 7,443,701  | 66,141  | 1,518.4  | \$ 1,200.00 | \$ 1,822,080.00  |
| San Diego, DCFSV66       | 1,434,378  | 1,651,079  | 216,701 | 4,974.8  | \$ 1,200.00 | \$ 5,969,760.00  |
| San Diego,05A            | 9,627,449  | 9,733,405  | 105,956 | 2,432.4  | \$ 1,200.00 | \$ 2,918,880.00  |
| San Diego,05B            | 8,808,476  | 8,932,713  | 124,237 | 2,852.1  | \$ 1,200.00 | \$ 3,422,520.00  |
| San Diego,05C            | 1,405,570  | 1,428,831  | 23,261  | 534.0    | \$ 1,200.00 | \$ 640,800.00    |
| San Diego,06A            | 2,967,595  | 2,969,351  | 1,756   | 40.3     | \$ 1,200.00 | \$ 48,360.00     |
| San Diego,06B WEIR       | 1,591,412  | 1,591,432  | 20      | 0.5      | \$ 1,200.00 | \$ 600.00        |
| San Diego,20             | 11,002,113 | 11,028,633 | 26,520  | 608.8    | \$ 1,200.00 | \$ 730,560.00    |
| Untreated Water Subtotal |            |            |         | 12,973.7 |             | \$ 15,568,440.00 |

**Supply Charges Subtotal** **15,274.2** **\$ 19,156,720.00**

**Supply Charges Total** **15,274.2** **\$ 19,156,720.00**

**Water Exchanges**

**CWA**

**To Other Agencies Untreated Water**

| Exchange Location                          | To Agency                        | AC. FT.   | Rate(\$/AF) | Dollars(\$)       | Comments               |
|--------------------------------------------|----------------------------------|-----------|-------------|-------------------|------------------------|
| DCFSV66                                    | San Diego County Water Authority | (4,974.8) | \$ 1,200.00 | (\$ 5,969,760.00) | credit for no purchase |
| Del Mar (NA)                               | Del Mar, City of                 | (78.9)    | \$ 1,200.00 | (\$ 94,680.00)    |                        |
| San Vicente Acct                           | San Diego County Water Authority | (231.3)   | \$ 1,200.00 | (\$ 277,560.00)   |                        |
| To Other Agencies Untreated Water Subtotal |                                  | (5,285.0) |             | (\$ 6,342,000.00) |                        |



A Public Agency  
4677 Overland Avenue, San Diego, California, 92123-1233  
(858) 522-6673 FAX (858) 522-6561

**Billed to:**

San Diego, City of



**December 2024**

**Invoice Detail**

Mailed: 1/10/2025

Due Date: 2/14/2025

Invoice Number: 1224-15

Page 5 of 8

**Service Address:**

2797 Caminito Chollas  
San Diego, CA 92105-

**Water Exchanges**

**CWA**

**From Other Agencies Treated Water**

| Exchange Location                          | From Agency   | AC. FT. | Rate(\$/AF) | Dollars(\$)  | Comments |
|--------------------------------------------|---------------|---------|-------------|--------------|----------|
| El Camino Real                             | Santa Fe I.D. | 1.0     | \$ 1,600.00 | \$ 1,600.00  |          |
| Highland Ct.                               | Santa Fe I.D. | 0.2     | \$ 1,600.00 | \$ 320.00    |          |
| Otay TP                                    | Otay W.D.     | 10.7    | \$ 1,600.00 | \$ 17,120.00 |          |
| From Other Agencies Treated Water Subtotal |               | 11.9    |             | \$ 19,040.00 |          |

**From Other Agencies Untreated Water**

| Exchange Location                            | From Agency | AC. FT. | Rate(\$/AF) | Dollars(\$)  | Comments |
|----------------------------------------------|-------------|---------|-------------|--------------|----------|
| Fletcher Well                                | Helix W.D.  | 50.5    | \$ 1,200.00 | \$ 60,600.00 |          |
| From Other Agencies Untreated Water Subtotal |             | 50.5    |             | \$ 60,600.00 |          |

|                                 |  |                  |                          |  |  |
|---------------------------------|--|------------------|--------------------------|--|--|
| <b>Water Exchanges Subtotal</b> |  | <b>(5,222.6)</b> | <b>(\$ 6,262,360.00)</b> |  |  |
| <b>Water Exchanges Total</b>    |  | <b>(5,222.6)</b> | <b>(\$ 6,262,360.00)</b> |  |  |

**Variable Charges**

**Transportation Charge - Meter Delivery**

| Meter No./Location | AC. FT. | Rate(\$/AF) | Dollars(\$)   | Comments |
|--------------------|---------|-------------|---------------|----------|
| Leakage (SD-1),01  | 12.4    | \$ 189.00   | \$ 2,343.60   |          |
| Over Weir,WEIR     | 5.2     | \$ 189.00   | \$ 982.80     |          |
| San Diego, 27      | 289.5   | \$ 189.00   | \$ 54,715.50  |          |
| San Diego, 28      | 1,518.4 | \$ 189.00   | \$ 286,977.60 |          |
| San Diego, 30      | 0.0     | \$ 189.00   | \$ 0.00       |          |
| San Diego, DCFSV66 | 4,974.8 | \$ 189.00   | \$ 940,237.20 |          |



**A Public Agency**  
**4677 Overland Avenue, San Diego, California, 92123-1233**  
**(858) 522-6673 FAX (858) 522-6561**

**Billed to:**

San Diego, City of



**December 2024**

**Invoice Detail**

Mailed: 1/10/2025

Due Date: 2/14/2025

Invoice Number: 1224-15

Page 6 of 8

**Service Address:**

2797 Caminito Chollas  
San Diego, CA 92105-

**Variable Charges**

|                                                 |          |           |                 |
|-------------------------------------------------|----------|-----------|-----------------|
| San Diego,02                                    | 226.1    | \$ 189.00 | \$ 42,732.90    |
| San Diego,05A                                   | 2,432.4  | \$ 189.00 | \$ 459,723.60   |
| San Diego,05B                                   | 2,852.1  | \$ 189.00 | \$ 539,046.90   |
| San Diego,05C                                   | 534.0    | \$ 189.00 | \$ 100,926.00   |
| San Diego,06A                                   | 40.3     | \$ 189.00 | \$ 7,616.70     |
| San Diego,06B WEIR                              | 0.5      | \$ 189.00 | \$ 94.50        |
| San Diego,10                                    | 354.3    | \$ 189.00 | \$ 66,962.70    |
| San Diego,11                                    | 1,101.1  | \$ 189.00 | \$ 208,107.90   |
| San Diego,14                                    | 279.7    | \$ 189.00 | \$ 52,863.30    |
| San Diego,15                                    | 41.7     | \$ 189.00 | \$ 7,881.30     |
| San Diego,20                                    | 608.8    | \$ 189.00 | \$ 115,063.20   |
| SD 18/21 Bypass, 18/21 B/P                      | 2.9      | \$ 189.00 | \$ 548.10       |
| Transportation Charge - Meter Delivery Subtotal | 15,274.2 |           | \$ 2,886,823.80 |

**Transportation Charge - Water Exchange**

| Meter No./Location                              | AC. FT.   | Rate(\$/AF) | Dollars(\$)     | Comments               |
|-------------------------------------------------|-----------|-------------|-----------------|------------------------|
| DCFSV66                                         | (4,974.8) | \$ 189.00   | (\$ 940,237.20) | credit for no purchase |
| Del Mar (NA)                                    | (78.9)    | \$ 189.00   | (\$ 14,912.10)  |                        |
| El Camino Real                                  | 1.0       | \$ 189.00   | \$ 189.00       |                        |
| Fletcher Well                                   | 50.5      | \$ 189.00   | \$ 9,544.50     |                        |
| Highland Ct.                                    | 0.2       | \$ 189.00   | \$ 37.80        |                        |
| Otay TP                                         | 10.7      | \$ 189.00   | \$ 2,022.30     |                        |
| San Vicente Acct                                | (231.3)   | \$ 189.00   | (\$ 43,715.70)  |                        |
| Transportation Charge - Water Exchange Subtotal | (5,222.6) |             | (\$ 987,071.40) |                        |



A Public Agency  
4677 Overland Avenue, San Diego, California, 92123-1233  
(858) 522-6673 FAX (858) 522-6561

**Billed to:**

San Diego, City of



**December 2024**

**Invoice Detail**

Mailed: 1/10/2025

Due Date: 2/14/2025

Invoice Number: 1224-15

Page 7 of 8

**Service Address:**

2797 Caminito Chollas  
San Diego, CA 92105-

|                                  |                 |                        |
|----------------------------------|-----------------|------------------------|
| <b>Variable Charges Subtotal</b> | <b>10,051.6</b> | <b>\$ 1,899,752.40</b> |
| <b>Variable Charges Total</b>    | <b>10,051.6</b> | <b>\$ 1,899,752.40</b> |

**Fixed Charges**

**CWA**

| <b>Customer Service Charge</b>                             | <b>Annual (\$)</b> | <b>Monthly (\$)</b> |
|------------------------------------------------------------|--------------------|---------------------|
| Annual Customer Service Charge for Calendar Year 2024      | \$ 11,203,332.00   |                     |
| Customer Service Charge December                           |                    | \$ 933,611.00       |
| <b>Emergency Storage Charge</b>                            | <b>Annual (\$)</b> | <b>Monthly (\$)</b> |
| Annual Emergency Storage Charge for Calendar Year 2024     | \$ 26,372,700.00   |                     |
| Emergency Storage Charge December                          |                    | \$ 2,197,725.00     |
| <b>Infrastructure Access Charge</b>                        | <b>Annual (\$)</b> | <b>Monthly (\$)</b> |
| Annual Infrastructure Access Charge for Calendar Year 2024 | \$ 21,121,068.00   |                     |
| Infrastructure Access Charge December                      |                    | \$ 1,760,089.00     |
| <b>Supply Reliability Charge</b>                           | <b>Annual (\$)</b> | <b>Monthly (\$)</b> |
| Annual Supply Reliability Charge for Calendar Year 2024    | \$ 18,057,900.00   |                     |
| Supply Reliability Charge December                         |                    | \$ 1,504,825.00     |

**MWD**

| <b>Capacity Reservation Charge</b>                        | <b>Annual (\$)</b> | <b>Monthly (\$)</b> |
|-----------------------------------------------------------|--------------------|---------------------|
| Annual Capacity Reservation Charge for Calendar Year 2024 | \$ 3,455,760.00    |                     |
| Capacity Reservation Charge December                      |                    | \$ 287,980.00       |
| <b>Readiness-to-Serve Charge</b>                          | <b>Annual (\$)</b> | <b>Monthly (\$)</b> |
| Annual Readiness-to-Serve Charge for Fiscal Year 2025     | \$ 4,881,348.00    |                     |
| Readiness-to-Serve Charge December                        |                    | \$ 406,779.00       |

|                               |                        |
|-------------------------------|------------------------|
| <b>Fixed Charges Subtotal</b> | <b>\$ 7,091,009.00</b> |
|-------------------------------|------------------------|

|                              |                         |
|------------------------------|-------------------------|
| <b>Current Balance</b>       | <b>\$ 21,885,121.40</b> |
| Previous Balance             | \$ 17,919,593.50        |
| <b>Total Due And Payable</b> | <b>\$ 39,804,714.90</b> |

Generated Date: 01/10/2025 11:21 AM

19-6364



**A Public Agency**  
**4677 Overland Avenue, San Diego, California, 92123-1233**  
**(858) 522-6673 FAX (858) 522-6561**

**Billed to:**

San Diego, City of



**Service Address:**

2797 Caminito Chollas  
San Diego, CA 92105-

**December 2024**

**Invoice Detail**

Mailed: 1/10/2025

Due Date: 2/14/2025

Invoice Number: 1224-15

Page 8 of 8

**REMIT TO:**

SAN DIEGO COUNTY WATER AUTHORITY  
4677 Overland Avenue  
San Diego, CA 92123-1233

Payment is due on the last business day of the month and shall be delinquent if not received in investable funds by 2 p.m. of the tenth business day of the following month. Delinquency charges are 1% of the total amount if paid within five business days of the delinquency, 2% thereafter. Reference San Diego County Water Authority Ordinance No. 2007-03 Revenue Collection Policy for a complete explanation of billing and payment for water deliveries.

## ADMINISTRATIVE AGREEMENT #1

### AGREEMENT BETWEEN CITY OF SAN DIEGO AND PARTICIPATING AGENCIES IN THE METROPOLITAN SEWERAGE SYSTEM FOR UNIFIED MANAGEMENT OF INDUSTRIAL WASTE DISCHARGE PRETREATMENT AND ENHANCED SOURCE CONTROL PROGRAMS

This Administrative Agreement #1 (“**Administrative Agreement**”), Agreement Between City of San Diego and Participating Agencies in the Metropolitan Sewerage System for Unified Management of Industrial Waste Discharge Pretreatment and Enhanced Source Control Programs is entered by and among the CITY OF SAN DIEGO, a municipal corporation (“**City**”), on the one hand; 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 OTAY WATER DISTRICT, a political subdivision of the State of California; 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 (individually a “**Participating Agency**” or collectively, the “**Participating Agencies**”), on the other hand, and shall be effective 30 days after execution by all Parties (the “**Effective Date**”). City and each Participating Agency may be referred to herein individually as a “**Party**” and collectively as the “**Parties**.”

WHEREAS, City operates the Metro System, a regional wastewater system that collects, treats and disposes of wastewater generated from within City’s boundaries and from within the service areas of the Participating Agencies, in accordance with NPDES Permit No. CA107409 and California Waste Discharge Requirements; and

WHEREAS, City desires to carry out a uniform industrial waste disposal, pretreatment and enhanced source control program (“**Industrial Pretreatment and Source Control Program**,” as defined below) on behalf of itself and the Participating Agencies in the Metropolitan Sewerage System (“**Metro System**”) throughout the Metro System service area; and to help ensure that City can meet the requirements of its NPDES permits, including implementation of both indirect potable reuse under Phase 1 of Pure Water San Diego and a potential future direct potable reuse (“**DPR**”) program; and

WHEREAS City and Participating Agencies determined that the centralized operation of an Industrial Pretreatment and Source Control Program provides certain **General Benefits** (as defined below) to all users of the Metro System. Absent an Industrial Pretreatment and Source Control Program providing these General Benefits, the increased costs would be incurred as general treatment and disposal costs of the Metro System. Additionally, any Participating Agency with Industrial Users in their jurisdiction would also incur the costs of operating their own program; and

WHEREAS, pursuant to Government Code Sections 6502 and 6513, the Participating Agencies may delegate to City full authority to carry out a common Industrial Pretreatment and Source Control Program, on behalf of City and the Participating Agencies, which meets the requirements of federal and state law, including City's required permits, and is consistent with the Industrial Pretreatment and Source Control Program ordinances enacted by City and each Participating Agency, as amended from time to time; and

WHEREAS, pursuant to such delegation, City may issue industrial user permits or discharge authorizations to Industrial Users, levy and collect industrial waste Discharge, Pretreatment, and permitting fees, fines and penalties, and recover other costs of monitoring and enforcement from industrial and other users discharging to the Metro System on behalf of the Participating Agencies; and

WHEREAS, City and the Participating Agencies must ensure that all Industrial Users within the Metro System are regulated under an effective Industrial Pretreatment and Source Control Program that conforms to all applicable laws, rules and regulations; and

WHEREAS, previously, City and the Participating Agencies individually entered into individual "Interjurisdictional Pretreatment Agreements" under which the Participating Agencies agreed to adopt and diligently enforce an ordinance which conforms to the minimum legal requirements contained in the Federal Pretreatment Regulations and other provisions of Federal and California law, including carrying out an industrial Pretreatment program and complying with all NPDES and waste discharge requirements issued to each Participating Agency; and

WHEREAS, currently, the costs related to the industrial Discharges inspection, monitoring, and enforcement program within City's boundaries, including related administrative and laboratory costs, are excluded from the amounts charged by City as Metro System Costs to City and the Participating Agencies pursuant to section 5.2.1.2.3 of the Amended and Restated Regional Wastewater Disposal Agreement ("ARA" as defined further herein), and

WHEREAS, City and the Participating Agencies agreed, pursuant to section 2.9.1.3 of the ARA, to negotiate in good faith to allow certain costs relating to the Industrial Pretreatment and Source Control Program to be charged as Metro System Costs to City and Participating Agencies in recognition of the General Benefits that the program provides to the Metro System; and

WHEREAS, based on the above, the Participating Agencies agree to delegate City, as the agent of each PA, and City agrees to accept, the authority and responsibility for diligently inspecting, monitoring and enforcing City's Industrial Pretreatment and Source Control Program ordinances on behalf of the Participating Agencies within their respective boundaries through administrative or legal proceedings, with Participating Agencies working in coordination with City as necessary in enforcement efforts. The City shall not be responsible for, and does not accept authority or responsibility to inspect, monitor or enforce any source control program requirements for any Participating Agency's NPDES permits, and

WHEREAS, City and Participating Agencies intend for all costs relating to the Industrial Pretreatment and Source Control Program be recovered, to the maximum extent permissible by law, through fees, costs, charges, and fines billed directly to Industrial Users subject to the

Industrial Pretreatment and Source Control Program, and for such fees, costs, charges, and fines to be reviewed and updated periodically to ensure maximum cost recovery. These costs include, but are not limited to, costs of permitting, inspection, compliance monitoring, setting of Local Limits, source control, and enforcement.

NOW, THEREFORE IT IS AGREED:

1. **RECITALS INCORPORATED.** The foregoing recitals are true and correct and are hereby incorporated into this Administrative Agreement by reference.

2. **DEFINITIONS.** Terms in this Administrative Agreement shall have the same meaning as set forth in the Code of Federal Regulations [C.F.R.] at 40 C.F.R. 401.11 and 403.3. The meaning of various other terms as used in this Administrative Agreement shall be as follows:

(a) **“Act”** means the Federal Water Pollution Control Act, also known as the Clean Water Act, as amended, 33 U.S.C. 1251 et seq.

(b) **“ARA”** means Amended and Restated Regional Wastewater Disposal Agreement executed by and between the City and the Participating Agencies.

(c) **“Categorical Pretreatment Standard,” “Categorical Standard,” “National Pretreatment Standard,” “Pretreatment Standard,” or “Standard”** means any regulation containing pollutant discharge limits promulgated by the EPA in accordance with section 307(b) and (c) of the Act, which applies to Industrial Users. This term includes prohibitive discharge limits established pursuant to 40 C.F.R. 403.5.

(d) **“C.F.R.”** means the Code of Federal Regulations.

(e) **“Discharge” or “Indirect Discharge”** means the introduction of pollutants into the POTW from any nondomestic source regulated under section 307(b), (c), or (d) of the Act.

(f) **“EPA”** means the United States Environmental Protection Agency.

(g) **“FOG”** means Fats, Oils and Greases. Any substance such as a vegetable or animal product that is used in, or is a byproduct of, the cooking or food preparation process, and that turns or may turn viscous or solidifies with a change in temperature or other conditions.

(h) **“Food Establishment”** means food facilities defined in California Retail Food Code (commencing with Health and Safety Code section 113700), and any commercial entity within the boundaries of City and the Participating Agencies, operating in a permanently constructed structure such as a room, building, or place, or portion thereof, maintained, used, or operated for the purpose of storing, preparing, serving, or manufacturing, packaging, or otherwise handling food for sale to other entities, or for consumption by the public, its members or employees, and which has any process or device that uses or produces FOG, or grease vapors, steam, fumes, smoke or odors that are required to be removed by a Type I or Type II hood, as defined in the California Retail Food Code. A limited food preparation establishment is not considered a Food Service Establishment when engaged only in reheating, hot holding or assembly of ready to eat food products and as a result, there is no wastewater Discharge containing a significant amount of FOG. A limited food preparation establishment does not include any operation that changes the form, flavor, or consistency of food.

(i) **“General Benefits”** mean and refer to the benefits provided to all users of the Metro System as the result of the Industrial Pretreatment and Source Control Program, including, but not limited to: a decrease in damage to and extended life of collection systems, pump stations and treatment systems by limiting Discharge of corrosive chemicals; consistency and efficiencies in enforcement, such as the provision of a database for potential violations of permit requirements and a reduction in time to identify sources of actual or potential violations; a decreased risk of permit violations that could result in fines and increased permitting costs to customers; the centralized conduction and management of strength and other sampling for agency billings, or as required for investigation of sewer system issues; increased regional awareness of impacts of Discharges of hazardous materials to the Metro Sewer System; a safer sewer system for wastewater employees; a reduction in illegal Discharges to the Metro System (because City will monitor and accept trucked waste and septage from septic tanks from customers throughout the county); and avoidance or reduction of Discharges to system that could result in plant upsets, bypass, spills, or other disruption of the system, including avoiding penalties or fines resulting from the same.

(j) **“General Benefits Costs”** mean and refer to the costs associated with providing General Benefits to the Metro System, which are calculated as set forth herein. General Benefits Costs shall be charged to the City and the Participating Agencies based on their proportionate share of Flow and Strength, as defined in the SARA.

(k) **“Industrial Pretreatment and Source Control Program”** means an industrial waste Discharge, Pretreatment, and source control program that is sufficient to meet the requirements of federal and state law and the City’s NPDES Permit requirements relating to the Discharge to public sewers upstream of the Metro System. Such program may include, but not be limited to, permitting, inspection, compliance monitoring, Local Limits , source control mechanisms, laboratory work, enforcement, program administration and overhead, and claims relating to the program. The City’s program is known as the Industrial Wastewater Control Program or IWCP.

(l) **“Industrial Wastewater”** means wastewater from any producing, manufacturing, processing, institutional, commercial, service, agricultural, or other similar operation even if such wastewater is combined with domestic wastewater, and includes groundwater and surface run-on at project sites with active construction dewatering or groundwater remediation as defined in Chapter 6, Article 4, Division 2 of the San Diego Municipal Code. If the definition of Industrial Wastewater provided in Chapter 6, Article 4, Division 2 of the San Diego Municipal Code is modified during the term of this Agreement in a way that conflicts with this definition, the meaning in the San Diego Municipal Code shall supersede this definition, without the necessity of an amendment to this Agreement.

(m) **“Industrial User”** means a source of Indirect Discharge.

(n) **“Industrial Users’ Costs”** means that portion of the Total Program Costs remaining to be allocated among Industrial Users in accordance with applicable law, after deducting the Trucked Waste Costs and the amount of the General Benefits Costs from the Total Program Costs.

(o) **“Interference”** means a Discharge which, alone or in conjunction with a discharge or discharges from other sources, both: (1) inhibits or disrupts the POTW, its treatment processes or operations, or its sludge processes, use or disposal; and (2) therefore is a cause of a violation of any requirement of the POTW’s National Pollutant Discharge Elimination System [NPDES]

permit (including an increase in the magnitude or duration of a violation) or of the prevention of sewage sludge use or disposal in compliance with the following statutory provisions and regulations or permits issued thereunder (or more stringent State or local regulations): Section 405 of the Clean Water Act, the Solid Waste Disposal Act [SWDA] (including title II, more commonly referred to as the Resource Conservation and Recovery Act [RCRA], and including State regulations contained in any State sludge management plan prepared pursuant to subtitle D of the SWDA), the Clean Air Act, the Toxic Substances Control Act, and the Marine Protection, Research and Sanctuaries Act.

(p) **“Laboratory Services Costs”** mean that portion of the laboratory services costs incurred by the City related to IWCP, determined by the number of IWCP samples processed compared to the number of total samples processed by the laboratory. For example, if the laboratory services processed 100 total samples in a year, and 40 of those samples were IWCP samples, then 40% of the City’s total Laboratory Services Costs would be part of the Total Program Costs as defined below.

(q) **“Local Limit”** means a numerical limit on a pollutant established by the City to implement the general and specific prohibitions currently set forth in San Diego Municipal Code section 64.0512, as may be amended, renumbered, or retitled from time to time. Such limits shall be technically based and shall require EPA and/or Regional Water Quality Control Board approval prior to implementation.

(r) **“Metro System”** means and consist of those facilities of the Metropolitan Sewerage System which are listed, shown and/or described in Exhibit A attached to the SARA, as may be amended from time to time.

(s) **“Publicly Owned Treatment Works”** or **“POTW”** means treatment works as defined by section 212 of the Act, which is owned by a State or municipality (as defined by section 502(4) of the Act). This definition includes any devices and systems used in the storage, treatment, recycling and reclamation of municipal sewage or industrial wastes of a liquid nature. It also includes sewers, pipes and other conveyances only if they convey wastewater to a POTW Treatment Plant. The term also means the municipality as defined in section 502(4) of the Act, which has jurisdiction over the Indirect Discharges to and the discharges from such a treatment works.

(t) **“POTW Treatment Plant”** means that portion of the POTW which is designed to provide treatment (including recycling and reclamation) of municipal sewage and industrial waste.

(u) **“Pretreatment”** means the reduction of the amount of pollutants, the elimination of pollutants, or the alteration of the nature of pollutant properties in wastewater prior to or in lieu of discharging or otherwise introducing such pollutants into a POTW. The reduction or alteration may be obtained by physical, chemical or biological processes, process changes or by other means, except as prohibited by 40 C.F.R. 403.6 (d). Appropriate pretreatment technology includes control equipment, such as equalization tanks or facilities, for protection against surges or slug loadings that might interfere with or otherwise be incompatible with the POTW. However, where wastewater from a regulated process is mixed in an equalization facility with unregulated wastewater or with wastewater from another regulated process, the effluent from the equalization facility must meet an adjusted pretreatment limit calculated in accordance with 40 C.F.R. 403.6(e).

(v) **“Pretreatment Requirement”** means any substantive or procedural requirement related to Pretreatment, other than a National Pretreatment Standard, imposed on an Industrial User.

(w) **“SARA”** means the Second Amended and Restated Regional Wastewater Disposal Agreement made and entered into by and between the CITY OF SAN DIEGO, a municipal corporation, on the one hand; 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 OTAY WATER DISTRICT, a political subdivision of the State of California; 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 (collectively, the “Participating Agencies”), on the other hand.

(x) **“Total Program Costs”** means all of the costs incurred by the City’s Public Utilities Department to staff, operate, and maintain the City’s Industrial Wastewater Control Program (or successor program if renamed in the future). Permissible program costs include but are not limited to personnel, permit issuance, monitoring and related programmatic and administrative costs including costs associated with reasonable overhead, regulatory compliance, and laboratory services.

(y) **“Trucked Waste Costs”** mean the costs associated with administering the City’s Industrial Wastewater Control Program and treating the wastewater disposed of into the wastewater system through delivery by a transport truck, which costs are charged directly to the trucking discharger.

3. **ORDINANCE ADOPTION.** No later than 60 days after the Effective Date of this Administrative Agreement, each Party to this Administrative Agreement shall begin the process of amending its Pretreatment ordinances or resolutions, as applicable, including providing public notices as may be required by law, as necessary to implement this Administrative Agreement. Each Participating Agency shall adopt an ordinance delegating authority to City to implement, operate and enforce an Industrial Pretreatment and Source Control Program against Industrial Users in the Metro System, in a form substantially similar to the model ordinance attached to this Administrative Agreement as **Attachment A**. Each Participating Agency must provide a copy of its adopted ordinance to City. Each Party’s revised ordinances or resolutions (as applicable) governing Pretreatment shall be adopted and effective by no later than the effective date of the SARA as set forth in Section 14.1 of the SARA.

4. **NOTICE AND AMENDMENTS.** On or shortly after the Effective Date of this Administrative Agreement, City shall notify the Participating Agencies of any amendments to City’s ordinances or Municipal Code relating to Pretreatment, in order to develop and maintain, insofar as possible, a uniform set of wastewater disposal regulations at least as stringent as those adopted by City throughout the Metro System, including the established Local Limits and source control measures for protection of the Pure Water program. Throughout the life of this

Administrative Agreement, City shall continue to notify the Participating Agencies of any amendments to City's ordinances or Municipal Code relating to the Industrial Pretreatment and Source Control Program which may require the Participating Agencies to take action to ensure their ordinances, rules or regulations relating to Pretreatment conform or adhere to City's rules and requirements. When necessary, each Participating Agency shall adopt and routinely maintain Industrial Pretreatment and Source Control Program ordinances or resolutions which conform or adhere to the rules adopted by City. City shall not require that the Participating Agencies adopt any ordinances or amendments that are more stringent than ordinances or amendments that have been adopted by City.

5. **IDENTIFICATION OF INDUSTRIAL USERS.** Participating Agencies shall be responsible for notifying all known Industrial Users in their jurisdiction which are subject to regulation under the Act about the change from Participating Agency to City Pretreatment oversight, and the change from Participating Agency to City direct billing and enforcement, by no later than the first July 1 after the Effective Date of this Administrative Agreement. The cost of this notice will be borne by the individual Participating Agency providing the notice. Each Participating Agency shall create and maintain a reporting procedure mutually acceptable to the City and Participating Agency that includes a monthly report identifying potential new Industrial Users, including the name of the business, business address, type of business, and contact information. The reporting procedure shall also include a requirement that the Participating Agency promptly inform the City of a potential new Industrial User after the Participating Agency becomes aware of the new potential Industrial User. Each Participating Agency shall provide notice and a blank copy of the City's Industrial Wastewater Control Program Industrial User Permit application to each identified potential new Industrial User. The notice may indicate that the Pretreatment program fees or charges billed and collected by City are in addition to any business license fees, permits or general wastewater service charges adopted and imposed by the Participating Agency. The notice shall be in a form approved from time to time by City. Thereafter, it shall be the responsibility of the City and the potential new Industrial User to coordinate regarding potential permitting and compliance, subject to the provisions in Section 2.8.6 of the SARA which govern permitting and permit compliance. New residential users, and dischargers of FOG, including Food Establishments, to the Participating Agencies' collection system need not be reported to City, absent unusual circumstances. City and each Participating Agency shall meet and confer prior to making changes to administrative procedures unique to a Participating Agency relating to the identification of a potential new Industrial User.

6. **INVENTORY.** City shall create and maintain an inventory, that will be available to the Participating Agencies upon request, of all Industrial Users within the Metro System as soon as reasonably practicable after the Effective Date of this Administrative Agreement. If the City includes this inventory in an annual report, no additional inventory is required to be created. Upon request from a Participating Agency, the City will provide the location or locations, and the point of contact for each Industrial User. City shall update this inventory as often as reasonably practicable, but by no later than March 1 of each year. If a Participating Agency is aware of an Industrial User within its jurisdiction which is not noted on the City's inventory, the Participating

Agency shall promptly notify the City of the name of the business, business address, type of business and contact information so that the City may investigate as appropriate.

7. **EVALUATION, PERMITTING AND MONITORING.** It shall be City's right and obligation to perform all evaluation, permitting, and monitoring required under the Act or any National Pretreatment Standards as required by City's NPDES permit, for all Industrial Users discharging to the Metro System. City shall review and amend its Pretreatment Requirements as necessary, but no less than every five (5) years, to ensure full compliance with Federal and State Laws. The City shall follow the requirements set forth in Section 2.8.6 of the SARA with respect to permitting and permit compliance. The City shall not be responsible for evaluation, permitting, or monitoring requirements contained in a Participating Agency's NPDES Permit.

8. **DILIGENT ENFORCEMENT.** City shall be responsible for identifying any Interference or other unlawful Discharges by Industrial Users in the Metro System, other than Discharges by Food Establishments and other FOG dischargers, and shall be responsible for initiating and administering enforcement actions related to the violation of any applicable laws, rules, or regulations associated with Discharge. The Participating Agencies hereby delegate authority to City to diligently enforce the provisions of Article 4, of Chapter 6, commencing with § 64.0100, et seq. of City's Municipal Code, as may be updated or amended, against Industrial Users throughout the Metro System and in each Participating Agency's service areas, and City hereby accepts these enforcement rights, liabilities and obligations; provided, however, that each Participating Agency shall undertake within their boundaries, primary enforcement of Food Establishment and FOG Discharges to protect the collection system within its jurisdiction and City shall have no responsibility therefor.

(a) City may, in its authority as provided herein, commence informal or formal enforcement procedures against a delinquent Industrial User according to the procedures set forth in the City's then current Enforcement Response Plan. If City issues formal enforcement to an Industrial User in a Participating Agency's jurisdiction, City shall carbon-copy that Participating Agency on the letter or transmission delivering the Compliance Order to the Industrial User in order to ensure the Participating Agency receives notice that formal enforcement procedures have commenced in its jurisdiction.

(b) City may revoke an Industrial User permit as provided in City's Enforcement Response Plan. Before a Permit Revocation Notice is delivered to an Industrial User in a Participating Agency's jurisdiction, City shall contact that Participating Agency to discuss and, if necessary, coordinate termination of the Industrial User's services. City and the Participating Agency shall work together in identifying a termination of services date before City delivers a Permit Revocation Notice to the Industrial User.

9. **ENFORCEMENT AND COOPERATION BY PARTICIPATING AGENCIES.** Nothing herein shall be construed as prohibiting any Participating Agency from enforcing its own Pretreatment ordinance within its jurisdiction, nor shall this agreement require the City to accept a delegation of authority to enforce a Pretreatment ordinance adopted by a

Participating Agency that is more stringent or contains different requirements than the City's. Notwithstanding the delegation of authority to City, each Participating Agency retains authority to implement and enforce its own ordinance and to contract with other agencies for such purposes, including without limitation through a joint powers agreement. However, such enforcement shall be in cooperation and coordination with the City and shall not interfere with City's enforcement. Participating Agencies shall be solely responsible for enforcement of Discharges of FOG and Food Establishments within their service areas. In the event a Participating Agency adopts an ordinance more stringent than City's, the Participating Agency may enforce the ordinance itself, or negotiate and enter into a separate agreement with City under which City will enforce the Participating Agency's ordinance; provided, however, that any added costs of such enforcement will be borne by the Participating Agencies adopting the ordinance and shall not be borne by City or the other Participating Agencies. If the authority of City to act as agent of a Participating Agency is challenged by any person in a manner which may restrict or prevent City from performing the permitting, inspection, monitoring or enforcing of applicable provisions of law, the Participating Agency will cooperate in good faith with City and take such actions as are reasonably necessary to ensure effective implementation and enforcement of the Participating Agency's ordinance and this Administrative Agreement.

10. **COSTS FOR INDUSTRIAL WASTE CONTROL PROGRAM.** City shall, not less often than every 5 years, adopt resolutions establishing fees, costs, charges and fines sufficient to recover the full cost of carrying out the Industrial Pretreatment and Source Control Program. City shall directly bill Industrial Users to recover the costs and charges of the Industrial Pretreatment and Source Control Program, with additional billings sent directly to Industrial Users as needed for any enforcement costs (including related monitoring) incurred by City.

(a) Method for Allocating Industrial Pretreatment and Source Control Program Costs. To establish the costs that are recovered from Industrial Users, the City will take the following steps during each annual budget process:

1. Determine the budgeted Total Program Costs for the upcoming Fiscal Year. The budgeted Trucked Waste Costs and budgeted General Benefits Costs shall be determined periodically, but no less often than every five (5) years, consistent with the cost-of-service study required by Section 10(d) below.
2. Deduct the budgeted Trucked Waste Costs and the amount of the budgeted General Benefits Costs from the budgeted Total Program Costs for the upcoming Fiscal Year.

In other words: (Total Program Costs) – (Trucked Waste Costs) – (General Benefits Costs) = (Industrial Users' Costs)

3. Allocate the remaining costs to Industrial Users as Industrial Users' Costs through permit fees and annual charges ("**Permit Fees**").

(b) If, at the end of a Fiscal Year, the actual Total Program Costs are determined to have exceeded the total amounts collected from Industrial Users' Costs, Trucked Waste Costs, and General Benefit Costs, the remaining costs for that fiscal year shall be allocated to the City and the Participating Agencies with Industrial Users within their jurisdiction, in proportion to the total Permit Fees charged to Industrial Users in each Party's jurisdiction compared to the total amount of Permit Fees charged for all Industrial Users for the applicable fiscal year. For example, if the Permit Fees charged for Industrial Users in the City of San Diego is \$2,000,000, and the Permit Fees charged to all Industrial Users in that same fiscal year was \$4,000,000 then fifty-percent (50%) of the remaining costs for that fiscal year ( $\$2,000,000/\$4,000,000$ ) will be allocated to the City of San Diego. The remaining Participating Agencies shall pay their respective proportionate shares according to the same methodology (Permit Fees charged for Industrial Users in the Participating Agencies Jurisdiction divided by the total Permit Fees charged for the fiscal year). See the table attached hereto as **Attachment B** for a more complete example.

(c) City shall seek, to the maximum extent permitted by law, to ensure that Industrial Users' Costs shall be paid for entirely by the Industrial Users regulated under the ordinances of City and Participating Agencies, through permit fees, fines, administrative penalties, inspection fees and other cost recovery mechanisms provided for under the ordinances of City and Participating Agencies, as applicable. However, this section is not intended to prevent the City from approving Industrial User fees based on a cost of service study that phases in fee increases to mitigate significant fee spikes, which may not be fully cost recoverable for a specific fiscal year as further discussed in subsection 10(h) below.

(d) Periodically, but no less often than every five (5) years, City shall cause to be performed a cost-of-service study or other appropriate study to ensure that permit fees, fines, administrative penalties, inspection fees and other cost recovery mechanisms, including General Benefit costs, are sufficient to fully fund the Industrial Pretreatment and Source Control Program. The City will work with Metro JPA staff as part of this process in advance of any presentation to the Metro Commission or the San Diego City Council. The costs of this study shall be allocated based on the results of the study as either programmatic or administrative costs.

(e) The City will bring a yearly update to the Metro Commission, after the release of the City's Annual Comprehensive Financial Report (ACFR), that provides an update on the program and will include recorded revenues and expenses for the completed year.

(f) City will provide notice of fee structure changes in accordance with the requirements of City's Municipal Code as well as applicable state rules.

(g) City will make a good faith effort to conduct outreach to Industrial Users regarding potential changes to the program fees.

(h) If the City proposes a fee structure for Industrial User fees based on a cost of service study that is not fully cost recoverable for a fiscal year (or years) that are part of the study in order to phase-in or mitigate significant fee increases for Industrial Users, the City will provide a presentation to the Metro Commission on the proposed fees and how it would impact the

calculation in Sections 10(a) and 10(b) above. If the Metro Commission takes a vote regarding the proposed fee structure, City staff will provide that information to the City Council for the City Council's consideration at the time the proposed fees are before the City Council for adoption, however, the City Council may choose to adopt the fee or not, in accordance with its legislative authority. If the fees adopted based on a cost of service study are set at an amount intended to recover the full cost of carrying out the Industrial Pretreatment and Source Control Program over the study period (but not to exceed five (5) years), no Participating Agency shall have a claim against the City for a failure to adopt fully cost recoverable fees.

(i) City will in its sole discretion select and procure billing system software to use for this program.

**11. TERMINATION OF INDIVIDUAL PRETREATMENT AGREEMENTS.** Any and all previously approved "Interjurisdictional Pretreatment Agreements" between City and any Participating Agency shall be terminated on the Effective Date of the SARA.

**12. PERMIT OBLIGATIONS CONTINUE.** Nothing herein shall be construed to relieve any Industrial User to the Metro System of the responsibility to obtain a permit for, and to comply with rules and regulations applicable to Industrial Users to the Metro System.

**13. LIABILITIES.** If a third-party liability, penalty or fine arises relating to City's operation of this Industrial Pretreatment and Source Control Program, then all costs arising from the liability, penalty or fine shall be directly passed through to the Industrial User(s) found to be responsible for the liability, penalty or fine. If the Industrial User(s) responsible for the liability, penalty or fine cannot be ascertained or identified, or if the Industrial User(s) initiates bankruptcy proceedings or is declared bankrupt, then the liability, penalty or fine shall be absorbed as part of the Total Program Costs, and shall be allocated among the City and the Participating Agencies in accordance with the methodology described in Section 10(b). The Participating Agencies shall not be responsible for any liability, penalty or fine, or portion thereof, that arises from City's gross negligence or willful misconduct.

**14. DELEGATION OF AMENDMENT OR TERMINATION AUTHORITY TO METRO COMMISSION.** The Participating Agencies hereby delegate to the Metro Commission the authority to approve, by a vote of no less than two-thirds of the members of the Metro Commission at a duly noticed public meeting (in other words, upon the affirmative vote of no less than eight of the twelve members of the Metro Commission, irrespective of how many Metro Commissioners are present at the meeting), any amendments or supplements to this Administrative Agreement, including, if necessary, termination of this Administrative Agreement.

**15. MISCELLANEOUS PROVISIONS.**

(a) A Participating Agency's local limits may be more stringent than the City's Local Limits, but may not be less stringent.

(b) City is performing services under this Administrative Agreement as an independent contractor and is not an employee of any of the Participating Agencies. No employee or agent of City shall be considered an employee of any of the Participating Agencies. City shall be and remain responsible for all payroll, compensation, employee benefits, and employment administration of any of its employees who perform services under this Administrative Agreement.

(c) Books, documents, papers, accounting records, and other evidence pertaining to costs and revenues related to this Administrative Agreement shall be maintained by City and made available Participating Agencies to the same extent as under the SARA.

(d) If any term of this Administrative Agreement shall be held invalid in any judicial action, the remaining terms shall be unaffected.

(e) Other agreements by and between the Parties to this Administrative Agreement or any other entity are neither prohibited nor modified in any manner by execution of this Administrative Agreement, except as expressly provided herein.

(f) Except as otherwise provided in this Administrative Agreement, the rights and obligations of any Party to this Administrative Agreement shall not be assignable or transferable without the consent of the governing body of each Party hereto; provided, however, that this provision shall not affect City's ability to contract with a third party to provide services related to this Administrative Agreement.

(g) This Administrative Agreement is made in the State of California, under the Constitution and laws of such State, and shall be construed and enforced in accordance with the laws of such State.

(h) This Administrative Agreement shall be binding upon and shall inure to the benefit of the successors of the Parties hereto.

(i) The Parties are hereby authorized to take any and all legal or equitable actions, including but not limited to an injunction and specific performance, necessary or permitted by law to enforce this Administrative Agreement.

(j) Except as otherwise may be provided in this Administrative Agreement, neither this Administrative Agreement nor any provision hereof may be modified or amended except by a written instrument approved pursuant to Section 15 of the SARA. In the event of any conflict between the SARA and this Administrative Agreement, the terms of the SARA shall control.

(k) This Administrative Agreement may be executed in counterparts, each of which shall constitute an original and all of which together shall constitute one and the same agreement.

(l) All the covenants contained in this Administrative Agreement are for the express benefit of each and all such Parties. This Administrative Agreement is not intended to benefit any third parties, and any third-party beneficiaries are expressly disclaimed.

(m) Notices required or permitted hereunder shall be provided in the manner set forth in the SARA.

(n) The individuals executing this Administrative Agreement represent and warrant that they have the legal capacity and authority to do so on behalf of their respective legal entities.

(o) The term of this Administrative Agreement shall run concurrently with and remain in effect in accordance with the provisions of Section 15 of the SARA.

IN WITNESS WHEREOF, the Parties have executed this Administrative Agreement effective as of the date first set forth above.

**CITY OF CHULA VISTA**

Approved as to Form:

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**CITY OF CORONADO**

Approved as to Form:

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**CITY OF DEL MAR**

Approved as to Form:

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**CITY OF EL CAJON**

Approved as to Form:

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**CITY OF IMPERIAL BEACH**

Approved as to Form:

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**CITY OF LA MESA**

Approved as to Form:

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**LEMON GROVE SANITATION DISTRICT**

Approved as to Form:

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**CITY OF NATIONAL CITY**

Approved as to Form:

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**OTAY WATER DISTRICT**

Approved as to Form:

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**PADRE DAM MUNICIPAL WATER DISTRICT**

Approved as to Form:

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**CITY OF POWAY**

Approved as to Form:

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**CITY OF SAN DIEGO**

Approved as to Form:

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**SAN DIEGO COUNTY SANITATION DISTRICT**

Approved as to Form:

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## ATTACHMENT A

### Ordinance of the [Member Agency] Amending Ordinance [xxx]

#### **Delegating Authority to City of San Diego to Enforce Regulations for the Discharge of Wastewater to Sewerage Facilities, Pretreatment and Source Control Program**

WHEREAS, [Participating Agency] has adopted Ordinance/Resolution [number], establishing a local sewer use ordinance, including a pretreatment and source control program to control discharges from all industrial and other users of its wastewater collection and treatment system pursuant to the requirements of 40 CFR Part 403 and California law; and

WHEREAS, [Participating Agency] has contracted with City of San Diego to manage, treat and dispose of wastewater discharged within [Participating Agency]'s boundaries and conveyed to the Metropolitan Sewerage System, a regional wastewater system owned by City of San Diego and in which [Participating Agency] owns contract capacity; and

WHEREAS, Government Code sections 6502 and 6513, and [Water Code section, etc.] provide authority for [Participating Agency] to contract with City of San Diego for such purposes and to delegate to City of San Diego primary responsibility for implementation and enforcement of Ordinance [number], as may be amended from time to time; and

WHEREAS, [Participating Agency] desires City of San Diego to assume primary responsibility for implementation and enforcement of [Participating Agency]'s regulations for the control of discharges to the Metropolitan Sewerage System from all industrial and other users of its wastewater collection and treatment system pursuant to the requirements of 40 CFR Part 403 and California law, other than food establishments and dischargers of fats, oils and grease for which [Participating Agency] retains primary responsibility, and the City of San Diego shall not be responsible for, and does not accept authority or responsibility to inspect, monitor or enforce any source control program requirements for any Participating Agency's NPDES permits.

NOW, THEREFORE BE IT ORDAINED:

1. Notwithstanding any provision of Ordinance [number] to the contrary, the [City council/Board of Directors], hereby delegates to City of San Diego authority to implement and enforce the terms and conditions of the Industrial Waste Discharge Pretreatment and Enhanced Source Control Program in [Participating Agency]'s jurisdiction as the agent of [Participating Agency], to be effective upon the date of execution of the **ADMINISTRATIVE AGREEMENT BETWEEN CITY OF SAN DIEGO AND PARTICIPATING AGENCIES IN THE METROPOLITAN SEWERAGE SYSTEM FOR UNIFIED MANAGEMENT OF INDUSTRIAL WASTE DISCHARGE PRETREATMENT AND ENHANCED SOURCE CONTROL PROGRAM** dated [insert], as may be amended from time to time, to the **SECOND AMENDED AND RESTATED REGIONAL WASTEWATER DISPOSAL AGREEMENT BETWEEN CITY OF SAN DIEGO AND THE PARTICIPATING AGENCIES IN THE METROPOLITAN SEWERAGE SYSTEM**.

2. A copy of this amendment shall be forwarded to City of San Diego by the clerk/secretary forthwith upon its adoption.

Approved and adopted by the following vote this \_\_\_\_ day of \_\_\_\_, 2025:

Ayes:

Noes:

Absent

Abstain:

[add signature lines for chair of governing body and secretary/clerk]



# SARA: FAB

May 1, 2025

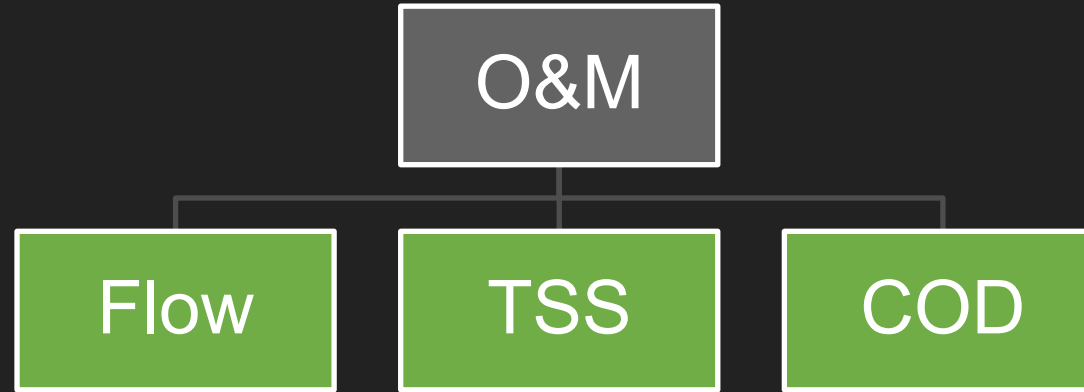
*Unique situation, unique system, unique framework  
Based on sound engineering principles*



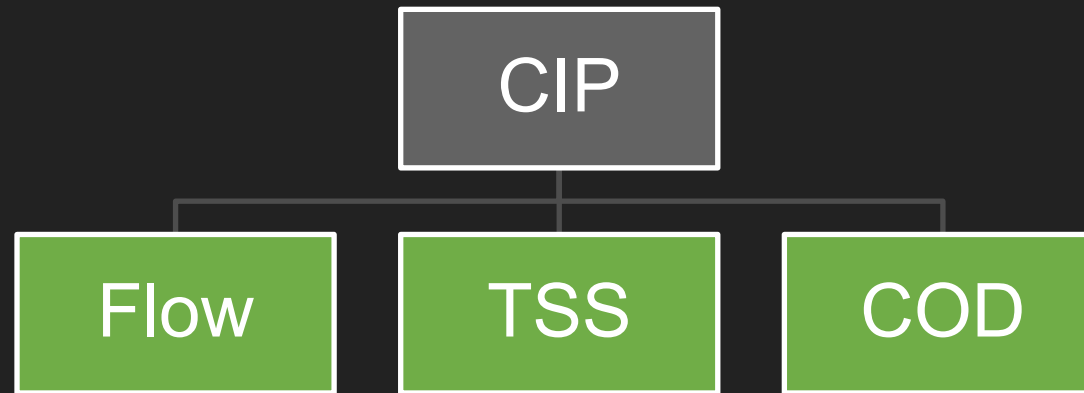
# Project Background

# Current Functional-Design Allocations

Functional

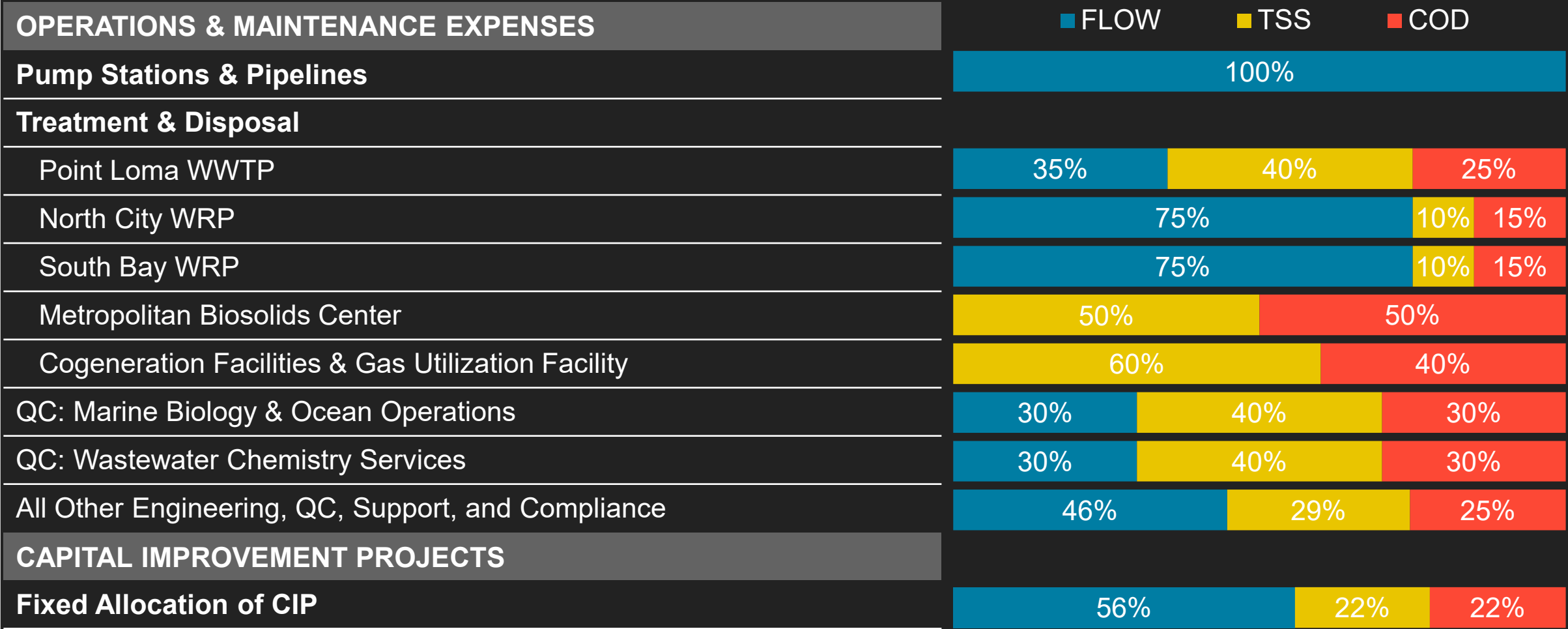


Design





# Existing Framework: Metro System Wastewater





# Why Make Changes?

## Update Allocation Basis:

1. Current allocations developed in 1998
2. Updated with Pure Water elements in 2019, implemented in 2023
  - Melded Percentage (Exhibit G)
  - Pure Water Capital Cost Rate (Exhibit F)
  - Pure Water Revenue Share (Exhibit F)

## Changing System Dynamics:

1. Pt. Loma: Cornerstone Treatment Facility → RSDP\* & Peaking Plant
2. City and PA Advanced Water Treatment
3. Evolving Flows & Loads

*\*RSDP = Reject Stream from a Demineralization Process at Advanced Water Purification Facilities*



# How did we get here?

**2018:** Identified the agreement and billing system would require updating

- Included a specific need for a fixed charge and a capacity basis
- Recognized East County's future reduced flows

**2021:** Goals of ARA update agreed upon

- Fair to all parties
- Increase capacity-based user charge
- Strive to keep charges near current costs
- Etc.

**2022-Present:** Develop Exhibit B

- Ownership units of service for average flow, incremental peak, RSDP, COD and TSS

**2022:** Presentation on approach to billing framework update to MetroTAC

**2023:** Consensus on functional-design allocation percentages

**Feb. 2024:** Presented approach to allocating RSDP-related costs to MetroTAC

**Apr. 2024:** Presented approach to capacity allocations and fixed charges to MetroTAC



# Project Approach



# Four Key Changes

## Update Allocations

- Presented to Metro JPA in November 2023

## Incorporate Municipal RSDP Discharges

- Presented to Metro JPA in May 2024

## Recover Costs Associated with Capacity Needs

- Presented to Metro JPA in May 2024

## Add a Fixed Charge to Billing Framework

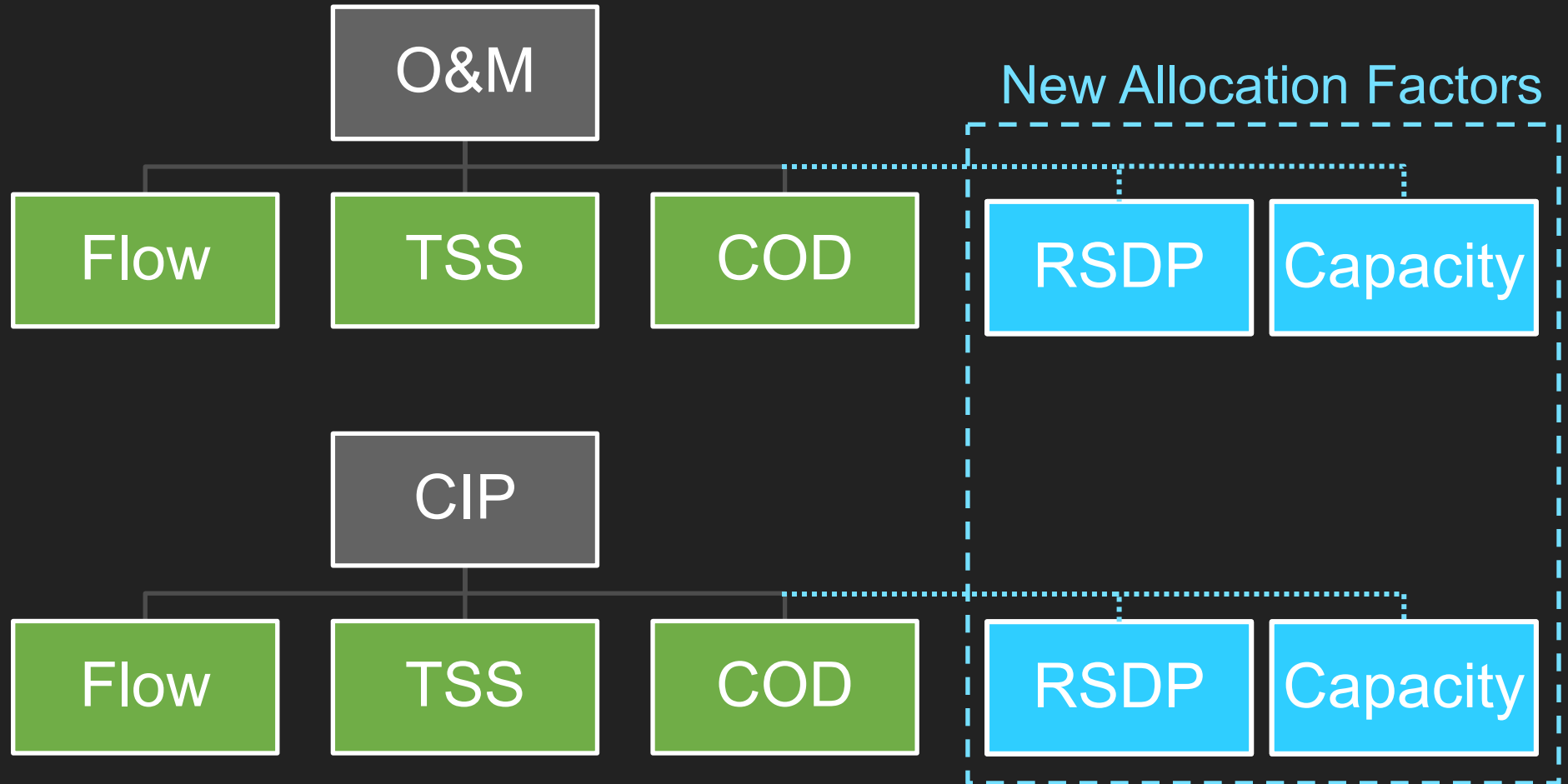
- Presented to Metro TAC in May 2024



Functional

Design

# Functional-Design Allocations





# Functional-Design Allocations

## Design Basis

1. Detailed review of physical assets
  - Allocations by plant and by function/process
  - Allocating asset value to parameters
2. Similar approach for capital projects

## Functional Basis

1. Detailed review of entire O&M budget
2. Allocate direct O&M budget by plant
  - Functional allocation of assets
  - Question: “What kinds of things will change?”
3. Work with operations & engineering staff to review functional basis
  - Review and affirm allocations based on process and asset changes, and projected staffing and operating costs





# Allocation Workshop

Contract Working Group gathered in person in PUD offices

- City Engineers & Operations Staff
- City Finance Staff
- PA Engineering & Financial Consultants
- City Engineering & Financial Consultants

Reviewed modeling approach & developed allocations

- Estimated relative value of each unit process for each plant
- Allocated unit processes to parameters
- **Led to consensus on all allocation factors at October 18 Metro TAC meeting**

Discussed potential for RSDP allocation basis

- Provided background for potential RSDP allocation
- Discussed findings of studies of RSDP on chemicals, aeration, retention time, etc.
- **Determined a RSDP cost recovery approach, final numbers to be determined**

**Unique situation, unique system, unique framework needed  
Based on sound engineering principles**



# Billing and Agency Impacts



# Current System, 2024 Flows & Strength

## Table D O&M

| DESCRIPTION                         | ACTUAL COSTS  | ALLOCATION OF O&M COSTS          |                                      |                               |                                   |            |                |         |              |          |              |                            |                                |                |
|-------------------------------------|---------------|----------------------------------|--------------------------------------|-------------------------------|-----------------------------------|------------|----------------|---------|--------------|----------|--------------|----------------------------|--------------------------------|----------------|
|                                     |               | AVERAGE/<br>METERED<br>FLOW<br>% | AVERAGE/<br>METERED<br>FLOW<br>COSTS | INCREMENTAL<br>PEAK FLOW<br>% | INCREMENTAL<br>PEAK FLOW<br>COSTS | BRINE<br>% | BRINE<br>COSTS | SS<br>% | SS<br>COSTS  | COD<br>% | COD<br>COSTS | PURE WATER<br>PHASE 1<br>% | PURE WATER<br>PHASE 1<br>COSTS | TOTAL<br>COSTS |
| <u>OPERATION AND MAINTENANCE :</u>  |               |                                  |                                      |                               |                                   |            |                |         |              |          |              |                            |                                |                |
| TRANSMISSION AND SYSTEM MAINTENANCE | \$4,128,492   | 100.0%                           | \$4,128,492                          | 0.0%                          | \$0                               | 0.0%       | \$0            | 0.0%    | \$0          | 0.0%     | \$0          | 0.0%                       | \$0                            | \$4,128,492    |
| PUMP STATION 2                      | \$17,132,620  | 100.0%                           | \$17,132,620                         | 0.0%                          | \$0                               | 0.0%       | \$0            | 0.0%    | \$0          | 0.0%     | \$0          | 0.0%                       | \$0                            | \$17,132,620   |
| NORTH CITY WRP                      | \$13,531,645  | 75.0%                            | \$10,148,734                         | 0.0%                          | \$0                               | 0.0%       | \$0            | 10.0%   | \$1,353,164  | 15.0%    | \$2,029,747  | 0.0%                       | \$0                            | \$13,531,645   |
| SOUTH BAY WRP                       | \$9,434,238   | 75.0%                            | \$7,075,679                          | 0.0%                          | \$0                               | 0.0%       | \$0            | 10.0%   | \$943,424    | 15.0%    | \$1,415,136  | 0.0%                       | \$0                            | \$9,434,238    |
| POINT LOMA                          | \$28,065,010  | 35.0%                            | \$9,822,753                          | 0.0%                          | \$0                               | 0.0%       | \$0            | 40.0%   | \$11,226,004 | 25.0%    | \$7,016,252  | 0.0%                       | \$0                            | \$28,065,010   |
| ENVIRONMENTAL SUPPORT               | \$11,916,276  | 30.0%                            | \$3,574,883                          | 0.0%                          | \$0                               | 0.0%       | \$0            | 40.0%   | \$4,766,510  | 30.0%    | \$3,574,883  | 0.0%                       | \$0                            | \$11,916,276   |
| COGENERATION + MBC                  | \$26,219,808  | 0.0%                             | \$0                                  | 0.0%                          | \$0                               | 0.0%       | \$0            | 50.0%   | \$13,109,904 | 50.0%    | \$13,109,904 | 0.0%                       | \$0                            | \$26,219,808   |
| OPERATIONAL SUPPORT                 | \$13,985,817  | 47.0%                            | \$6,571,049                          | 0.0%                          | \$0                               | 0.0%       | \$0            | 28.7%   | \$4,020,110  | 24.3%    | \$3,394,658  | 0.0%                       | \$0                            | \$13,985,817   |
| BUSINESS SUPPORT ADMINISTRATION     | \$40,421,814  | 47.0%                            | \$18,991,648                         | 0.0%                          | \$0                               | 0.0%       | \$0            | 28.7%   | \$11,618,924 | 24.3%    | \$9,811,241  | 0.0%                       | \$0                            | \$40,421,814   |
| PURE WATER O&M                      | \$4,645,891   | 47.0%                            | \$2,182,810                          | 0.0%                          | \$0                               | 0.0%       | \$0            | 28.7%   | \$1,335,424  | 24.3%    | \$1,127,657  | 0.0%                       | \$0                            | \$4,645,891    |
| TOTAL OPERATIONS AND MAINTENANCE    | \$169,481,609 | 46.98%                           | \$79,628,667                         | 0.00%                         | \$0                               | 0.00%      | \$0            | 28.54%  | \$48,373,465 | 24.47%   | \$41,479,477 | 0.00%                      | \$0                            | \$169,481,609  |



# Current System, 2024 Flows & Strength

## Table D Capital Cost & Totals

| DESCRIPTION                                            | ACTUAL COSTS  | ALLOCATION OF CAPITAL COSTS |                    |                         |                             |         |             |       |              |       |              |                      |                          |               |
|--------------------------------------------------------|---------------|-----------------------------|--------------------|-------------------------|-----------------------------|---------|-------------|-------|--------------|-------|--------------|----------------------|--------------------------|---------------|
|                                                        |               | AVERAGE FLOW %              | AVERAGE FLOW COSTS | INCREMENTAL PEAK FLOW % | INCREMENTAL PEAK FLOW COSTS | BRINE % | BRINE COSTS | SS %  | SS COSTS     | COD % | COD COSTS    | PURE WATER PHASE 1 % | PURE WATER PHASE 1 COSTS | TOTAL COSTS   |
| <u>CAPITAL IMPROVEMENT PROGRAM:</u>                    |               |                             |                    |                         |                             |         |             |       |              |       |              |                      |                          |               |
| PAY-AS-YOU-GO METRO 41509                              | \$32,569,264  | 55.8%                       | \$18,173,649       | 0.0%                    | \$0                         | 0.0%    | \$0         | 22.0% | \$7,165,238  | 22.2% | \$7,230,377  | 0.0%                 | \$0                      | \$32,569,264  |
| DEBT SERVICE                                           | \$53,555,115  | 55.8%                       | \$29,883,754       | 0.0%                    | \$0                         | 0.0%    | \$0         | 22.0% | \$11,782,125 | 22.2% | \$11,889,236 | 0.0%                 | \$0                      | \$53,555,115  |
| TOTAL NON-PUREWATER CAPITAL IMPROVEMENT PROGRAM        | \$86,124,379  | 55.8%                       | \$48,057,404       | 0.0%                    | \$0                         | 0.0%    | \$0         | 22.0% | \$18,947,363 | 22.2% | \$19,119,612 | 0.0%                 | \$0                      | \$86,124,379  |
|                                                        |               |                             |                    |                         |                             |         |             |       |              |       |              |                      |                          |               |
| TOTAL NON-PURE WATER O&M & CAPITAL IMPROVEMENT PROGRAM | \$255,605,989 | 50.0%                       | \$127,686,071      | 0.0%                    | \$0                         | 0.0%    | \$0         | 26.3% | \$67,320,829 | 23.7% | \$60,599,089 | 0.0%                 | \$0                      | \$255,605,989 |
|                                                        |               |                             |                    |                         |                             |         |             |       |              |       |              |                      |                          |               |
| PURE WATER CAPITAL RATE COST (PAY-GO)                  | \$14,035,210  | 0.0%                        | \$0                | 0.0%                    | \$0                         | 0.0%    | \$0         | 0.0%  | \$0          | 0.0%  | \$0          | 100.0%               | \$14,035,210             | \$14,035,210  |
|                                                        |               |                             |                    |                         |                             |         |             |       |              |       |              |                      |                          |               |
| TOTAL COSTS                                            | \$269,641,199 | 47.4%                       | \$127,686,071      | 0.0%                    | \$0                         | 0.0%    | \$0         | 25.0% | \$67,320,829 | 22.5% | \$60,599,089 | 5.2%                 | \$14,035,210             | \$269,641,199 |



# Current System, Post-2027 Flows & Strength

## Table D O&M

| DESCRIPTION                         | ACTUAL COSTS  | ALLOCATION OF O&M COSTS          |                                      |                               |                                   |            |                |         |              |          |              |                            |                                |                |
|-------------------------------------|---------------|----------------------------------|--------------------------------------|-------------------------------|-----------------------------------|------------|----------------|---------|--------------|----------|--------------|----------------------------|--------------------------------|----------------|
|                                     |               | AVERAGE/<br>METERED<br>FLOW<br>% | AVERAGE/<br>METERED<br>FLOW<br>COSTS | INCREMENTAL<br>PEAK FLOW<br>% | INCREMENTAL<br>PEAK FLOW<br>COSTS | BRINE<br>% | BRINE<br>COSTS | SS<br>% | SS<br>COSTS  | COD<br>% | COD<br>COSTS | PURE WATER<br>PHASE 1<br>% | PURE WATER<br>PHASE 1<br>COSTS | TOTAL<br>COSTS |
| <u>OPERATION AND MAINTENANCE :</u>  |               |                                  |                                      |                               |                                   |            |                |         |              |          |              |                            |                                |                |
| TRANSMISSION AND SYSTEM MAINTENANCE | \$4,128,492   | 100.0%                           | \$4,128,492                          | 0.0%                          | \$0                               | 0.0%       | \$0            | 0.0%    | \$0          | 0.0%     | \$0          | 0.0%                       | \$0                            | \$4,128,492    |
| PUMP STATION 2                      | \$17,132,620  | 100.0%                           | \$17,132,620                         | 0.0%                          | \$0                               | 0.0%       | \$0            | 0.0%    | \$0          | 0.0%     | \$0          | 0.0%                       | \$0                            | \$17,132,620   |
| NORTH CITY WRP                      | \$13,531,645  | 75.0%                            | \$10,148,734                         | 0.0%                          | \$0                               | 0.0%       | \$0            | 10.0%   | \$1,353,164  | 15.0%    | \$2,029,747  | 0.0%                       | \$0                            | \$13,531,645   |
| SOUTH BAY WRP                       | \$9,434,238   | 75.0%                            | \$7,075,679                          | 0.0%                          | \$0                               | 0.0%       | \$0            | 10.0%   | \$943,424    | 15.0%    | \$1,415,136  | 0.0%                       | \$0                            | \$9,434,238    |
| POINT LOMA                          | \$28,065,010  | 35.0%                            | \$9,822,753                          | 0.0%                          | \$0                               | 0.0%       | \$0            | 40.0%   | \$11,226,004 | 25.0%    | \$7,016,252  | 0.0%                       | \$0                            | \$28,065,010   |
| ENVIRONMENTAL SUPPORT               | \$11,916,276  | 30.0%                            | \$3,574,883                          | 0.0%                          | \$0                               | 0.0%       | \$0            | 40.0%   | \$4,766,510  | 30.0%    | \$3,574,883  | 0.0%                       | \$0                            | \$11,916,276   |
| COGENERATION + MBC                  | \$26,219,808  | 0.0%                             | \$0                                  | 0.0%                          | \$0                               | 0.0%       | \$0            | 50.0%   | \$13,109,904 | 50.0%    | \$13,109,904 | 0.0%                       | \$0                            | \$26,219,808   |
| OPERATIONAL SUPPORT                 | \$13,985,817  | 47.0%                            | \$6,571,049                          | 0.0%                          | \$0                               | 0.0%       | \$0            | 28.7%   | \$4,020,110  | 24.3%    | \$3,394,658  | 0.0%                       | \$0                            | \$13,985,817   |
| BUSINESS SUPPORT ADMINISTRATION     | \$40,421,814  | 47.0%                            | \$18,991,648                         | 0.0%                          | \$0                               | 0.0%       | \$0            | 28.7%   | \$11,618,924 | 24.3%    | \$9,811,241  | 0.0%                       | \$0                            | \$40,421,814   |
| PURE WATER O&M                      | \$4,645,891   | 47.0%                            | \$2,182,810                          | 0.0%                          | \$0                               | 0.0%       | \$0            | 28.7%   | \$1,335,424  | 24.3%    | \$1,127,657  | 0.0%                       | \$0                            | \$4,645,891    |
| TOTAL OPERATIONS AND MAINTENANCE    | \$169,481,609 | 46.98%                           | \$79,628,667                         | 0.00%                         | \$0                               | 0.00%      | \$0            | 28.54%  | \$48,373,465 | 24.47%   | \$41,479,477 | 0.00%                      | \$0                            | \$169,481,609  |



# Current System, Post-2027 Flows & Strength

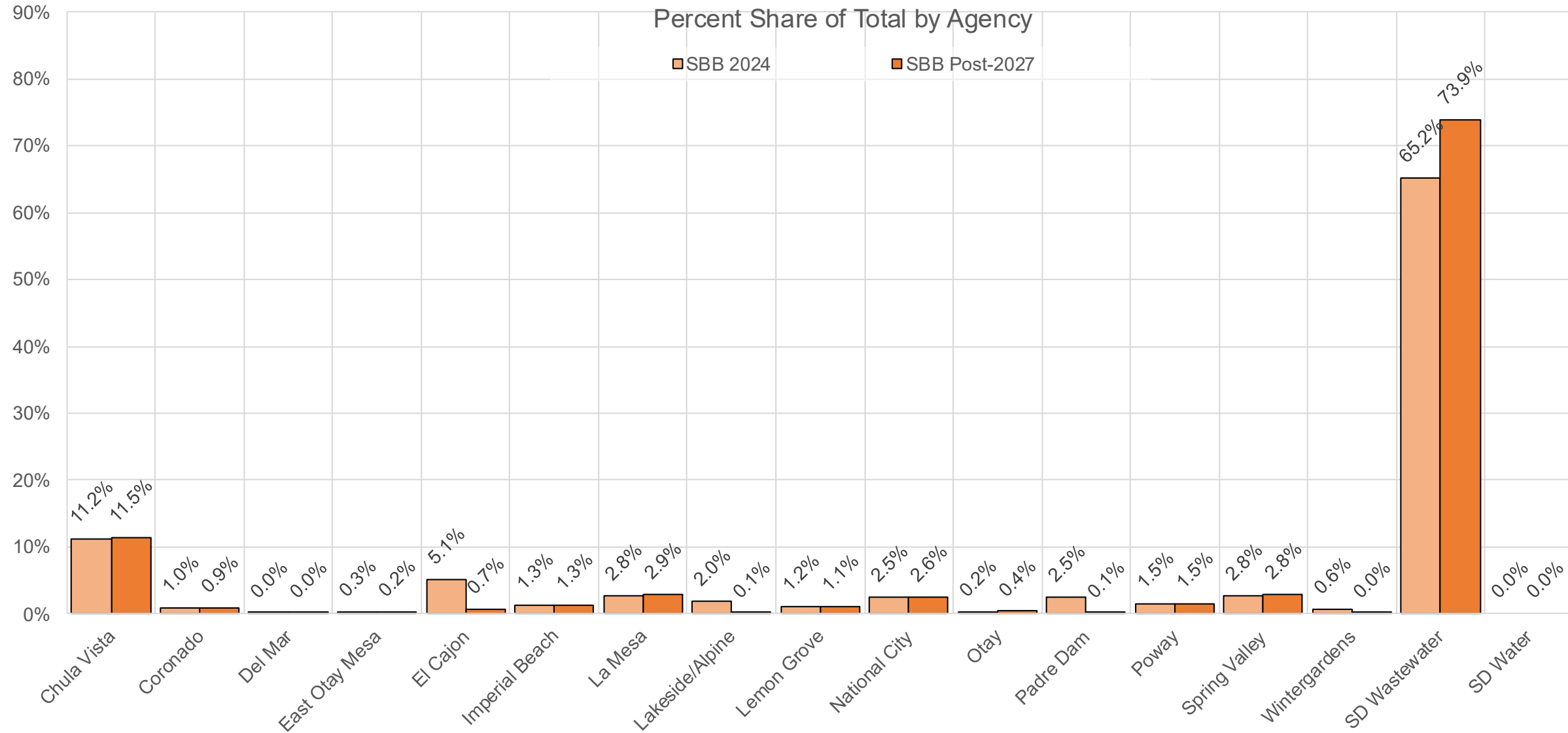
## Table D Capital Cost & Totals

| DESCRIPTION                                            | ACTUAL COSTS  | ALLOCATION OF CAPITAL COSTS |                    |                         |                             |         |             |       |              |       |              |                      |                          |               |
|--------------------------------------------------------|---------------|-----------------------------|--------------------|-------------------------|-----------------------------|---------|-------------|-------|--------------|-------|--------------|----------------------|--------------------------|---------------|
|                                                        |               | AVERAGE FLOW %              | AVERAGE FLOW COSTS | INCREMENTAL PEAK FLOW % | INCREMENTAL PEAK FLOW COSTS | BRINE % | BRINE COSTS | SS %  | SS COSTS     | COD % | COD COSTS    | PURE WATER PHASE 1 % | PURE WATER PHASE 1 COSTS | TOTAL COSTS   |
| <u>CAPITAL IMPROVEMENT PROGRAM:</u>                    |               |                             |                    |                         |                             |         |             |       |              |       |              |                      |                          |               |
| PAY-AS-YOU-GO METRO 41509                              | \$32,569,264  | 55.8%                       | \$18,173,649       | 0.0%                    | \$0                         | 0.0%    | \$0         | 22.0% | \$7,165,238  | 22.2% | \$7,230,377  | 0.0%                 | \$0                      | \$32,569,264  |
| DEBT SERVICE                                           | \$53,555,115  | 55.8%                       | \$29,883,754       | 0.0%                    | \$0                         | 0.0%    | \$0         | 22.0% | \$11,782,125 | 22.2% | \$11,889,236 | 0.0%                 | \$0                      | \$53,555,115  |
| TOTAL NON-PUREWATER CAPITAL IMPROVEMENT PROGRAM        | \$86,124,379  | 55.8%                       | \$48,057,404       | 0.0%                    | \$0                         | 0.0%    | \$0         | 22.0% | \$18,947,363 | 22.2% | \$19,119,612 | 0.0%                 | \$0                      | \$86,124,379  |
|                                                        |               |                             |                    |                         |                             |         |             |       |              |       |              |                      |                          |               |
| TOTAL NON-PURE WATER O&M & CAPITAL IMPROVEMENT PROGRAM | \$255,605,989 | 50.0%                       | \$127,686,071      | 0.0%                    | \$0                         | 0.0%    | \$0         | 26.3% | \$67,320,829 | 23.7% | \$60,599,089 | 0.0%                 | \$0                      | \$255,605,989 |
|                                                        |               |                             |                    |                         |                             |         |             |       |              |       |              |                      |                          |               |
| PURE WATER CAPITAL RATE COST (PAY-GO)                  | \$14,035,210  | 0.0%                        | \$0                | 0.0%                    | \$0                         | 0.0%    | \$0         | 0.0%  | \$0          | 0.0%  | \$0          | 100.0%               | \$14,035,210             | \$14,035,210  |
|                                                        |               |                             |                    |                         |                             |         |             |       |              |       |              |                      |                          |               |
| TOTAL COSTS                                            | \$269,641,199 | 47.4%                       | \$127,686,071      | 0.0%                    | \$0                         | 0.0%    | \$0         | 25.0% | \$67,320,829 | 22.5% | \$60,599,089 | 5.2%                 | \$14,035,210             | \$269,641,199 |



# Summary of Agency Impacts

*Current SBB: 2024 and Post-2027*





# FAB System, 2024 Flows & Strength

## Table D O&M

| DESCRIPTION                         | ACTUAL COSTS  | ALLOCATION OF O&M COSTS          |                                      |                               |                                   |            |                |         |              |          |              |                            |                                |                |
|-------------------------------------|---------------|----------------------------------|--------------------------------------|-------------------------------|-----------------------------------|------------|----------------|---------|--------------|----------|--------------|----------------------------|--------------------------------|----------------|
|                                     |               | AVERAGE/<br>METERED<br>FLOW<br>% | AVERAGE/<br>METERED<br>FLOW<br>COSTS | INCREMENTAL<br>PEAK FLOW<br>% | INCREMENTAL<br>PEAK FLOW<br>COSTS | BRINE<br>% | BRINE<br>COSTS | SS<br>% | SS<br>COSTS  | COD<br>% | COD<br>COSTS | PURE WATER<br>PHASE 1<br>% | PURE WATER<br>PHASE 1<br>COSTS | TOTAL<br>COSTS |
| OPERATION AND MAINTENANCE :         |               |                                  |                                      |                               |                                   |            |                |         |              |          |              |                            |                                |                |
| TRANSMISSION AND SYSTEM MAINTENANCE | \$10,234,213  | 100.0%                           | \$10,234,213                         | 0.0%                          | \$0                               | 0.0%       | \$0            | 0.0%    | \$0          | 0.0%     | \$0          | 0.0%                       | \$0                            | \$10,234,213   |
| PUMP STATION 2                      | \$17,132,620  | 76.7%                            | \$13,145,988                         | 23.3%                         | \$3,986,632                       | 0.0%       | \$0            | 0.0%    | \$0          | 0.0%     | \$0          | 0.0%                       | \$0                            | \$17,132,620   |
| NORTH CITY WRP                      | \$13,531,645  | 53.7%                            | \$7,266,493                          | 0.0%                          | \$0                               | 0.0%       | \$0            | 19.3%   | \$2,611,607  | 27.0%    | \$3,653,544  | 0.0%                       | \$0                            | \$13,531,645   |
| SOUTH BAY WRP                       | \$9,434,238   | 51.8%                            | \$4,882,218                          | 0.0%                          | \$0                               | 0.0%       | \$0            | 22.0%   | \$2,075,532  | 26.3%    | \$2,476,488  | 0.0%                       | \$0                            | \$9,434,238    |
| POINT LOMA                          | \$28,065,010  | 43.2%                            | \$12,122,597                         | 20.3%                         | \$5,698,685                       | 0.0%       | \$0            | 29.5%   | \$8,279,178  | 7.0%     | \$1,964,551  | 0.0%                       | \$0                            | \$28,065,010   |
| ENVIRONMENTAL SUPPORT               | \$13,507,435  | 100.0%                           | \$13,507,435                         | 0.0%                          | \$0                               | 0.0%       | \$0            | 0.0%    | \$0          | 0.0%     | \$0          | 0.0%                       | \$0                            | \$13,507,435   |
| ENGINEERING SERVICES                | \$0           | 29.8%                            | \$0                                  | 3.1%                          | \$0                               | 0.0%       | \$0            | 51.0%   | \$0          | 16.2%    | \$0          | 0.0%                       | \$0                            | \$0            |
| COGENERATION + MBC                  | \$26,219,808  | 5.0%                             | \$1,310,990                          | 0.0%                          | \$0                               | 0.0%       | \$0            | 85.0%   | \$22,286,837 | 10.0%    | \$2,621,981  | 0.0%                       | \$0                            | \$26,219,808   |
| OPERATIONAL SUPPORT                 | \$13,985,817  | 52.9%                            | \$7,396,345                          | 8.2%                          | \$1,146,727                       | 0.0%       | \$0            | 29.8%   | \$4,173,920  | 9.1%     | \$1,268,825  | 0.0%                       | \$0                            | \$13,985,817   |
| BUSINESS SUPPORT ADMINISTRATION     | \$32,724,934  | 52.9%                            | \$17,306,455                         | 8.2%                          | \$2,683,187                       | 0.0%       | \$0            | 29.8%   | \$9,766,412  | 9.1%     | \$2,968,880  | 0.0%                       | \$0                            | \$32,724,934   |
| PURE WATER O&M                      | \$4,645,891   | 52.9%                            | \$2,456,962                          | 8.2%                          | \$380,926                         | 0.0%       | \$0            | 29.8%   | \$1,386,517  | 9.1%     | \$421,486    | 0.0%                       | \$0                            | \$4,645,891    |
| TOTAL OPERATIONS AND MAINTENANCE    | \$169,481,609 | 52.88%                           | \$89,629,696                         | 8.20%                         | \$13,896,156                      | 0.00%      | \$0            | 29.84%  | \$50,580,004 | 9.07%    | \$15,375,753 | 0.00%                      | \$0                            | \$169,481,609  |



# FAB System, 2024 Flows & Strength

## Table D Capital Cost & Totals

| DESCRIPTION                                            | ACTUAL COSTS  | ALLOCATION OF CAPITAL COSTS (FIXED) |                    |                         |                             |         |             |       |              |       |              |                      |                          |               |
|--------------------------------------------------------|---------------|-------------------------------------|--------------------|-------------------------|-----------------------------|---------|-------------|-------|--------------|-------|--------------|----------------------|--------------------------|---------------|
|                                                        |               | AVERAGE FLOW %                      | AVERAGE FLOW COSTS | INCREMENTAL PEAK FLOW % | INCREMENTAL PEAK FLOW COSTS | BRINE % | BRINE COSTS | SS %  | SS COSTS     | COD % | COD COSTS    | PURE WATER PHASE 1 % | PURE WATER PHASE 1 COSTS | TOTAL COSTS   |
| DEBT :                                                 |               |                                     |                    |                         |                             |         |             |       |              |       |              |                      |                          |               |
| HISTORICAL REVENUE BONDS                               | \$46,912,142  | 55.8%                               | \$26,174,550       | 0.0%                    | \$0                         | 0.0%    | \$0         | 22.0% | \$10,319,627 | 22.2% | \$10,417,964 | 0.0%                 | \$0                      | \$46,912,142  |
| BOND 2022A                                             | \$1,604,532   | 27.3%                               | \$437,844          | 4.3%                    | \$68,944                    | 0.0%    | \$0         | 54.3% | \$871,914    | 14.1% | \$225,830    | 0.0%                 | \$0                      | \$1,604,532   |
| STATE REVOLVING FUNDS NON-PURE WATER                   | \$5,038,441   | 26.9%                               | \$1,357,222        | 15.9%                   | \$801,617                   | 0.0%    | \$0         | 48.2% | \$2,427,933  | 9.0%  | \$451,669    | 0.0%                 | \$0                      | \$5,038,441   |
| TOTAL DEBT                                             | \$53,555,115  | 52.2%                               | \$27,969,616       | 1.6%                    | \$870,562                   | 0.0%    | \$0         | 25.4% | \$13,619,475 | 20.7% | \$11,095,462 | 0.0%                 | \$0                      | \$53,555,115  |
| PAY-AS-YOU-GO METRO SYSTEM:                            |               |                                     |                    |                         |                             |         |             |       |              |       |              |                      |                          |               |
| PAY-AS-YOU-GO METRO 41509                              | \$32,569,264  | 39.3%                               | \$12,789,244       | 4.7%                    | \$1,541,268                 | 0.0%    | \$0         | 42.7% | \$13,913,899 | 13.3% | \$4,324,853  | 0.0%                 | \$0                      | \$32,569,264  |
| TOTAL NON-PUREWATER CAPITAL IMPROVEMENT PROGRAM        | \$86,124,379  | 47.3%                               | \$40,758,860       | 2.8%                    | \$2,411,830                 | 0.0%    | \$0         | 32.0% | \$27,533,374 | 17.9% | \$15,420,315 | 0.0%                 | \$0                      | \$86,124,379  |
|                                                        |               |                                     |                    |                         |                             |         |             |       |              |       |              |                      |                          |               |
| TOTAL NON-PURE WATER O&M & CAPITAL IMPROVEMENT PROGRAM | \$255,605,989 | 51.0%                               | \$130,388,556      | 6.4%                    | \$16,307,986                | 0.0%    | \$0         | 30.6% | \$78,113,378 | 12.0% | \$30,796,069 | 0.0%                 | \$0                      | \$255,605,989 |



# FAB System, Post-2027 Flows & Strength

## Table D O&M

| DESCRIPTION                         | ACTUAL COSTS  | ALLOCATION OF O&M COSTS          |                                      |                               |                                   |            |                |         |              |          |              |                            |                                |                |
|-------------------------------------|---------------|----------------------------------|--------------------------------------|-------------------------------|-----------------------------------|------------|----------------|---------|--------------|----------|--------------|----------------------------|--------------------------------|----------------|
|                                     |               | AVERAGE/<br>METERED<br>FLOW<br>% | AVERAGE/<br>METERED<br>FLOW<br>COSTS | INCREMENTAL<br>PEAK FLOW<br>% | INCREMENTAL<br>PEAK FLOW<br>COSTS | BRINE<br>% | BRINE<br>COSTS | SS<br>% | SS<br>COSTS  | COD<br>% | COD<br>COSTS | PURE WATER<br>PHASE 1<br>% | PURE WATER<br>PHASE 1<br>COSTS | TOTAL<br>COSTS |
| OPERATION AND MAINTENANCE :         |               |                                  |                                      |                               |                                   |            |                |         |              |          |              |                            |                                |                |
| TRANSMISSION AND SYSTEM MAINTENANCE | \$10,234,213  | 100.0%                           | \$10,234,213                         | 0.0%                          | \$0                               | 0.0%       | \$0            | 0.0%    | \$0          | 0.0%     | \$0          | 0.0%                       | \$0                            | \$10,234,213   |
| PUMP STATION 2                      | \$17,132,620  | 73.3%                            | \$12,555,789                         | 23.6%                         | \$4,050,401                       | 3.1%       | \$526,430      | 0.0%    | \$0          | 0.0%     | \$0          | 0.0%                       | \$0                            | \$17,132,620   |
| NORTH CITY WRP                      | \$13,531,645  | 53.7%                            | \$7,266,493                          | 0.0%                          | \$0                               | 0.0%       | \$0            | 19.3%   | \$2,611,607  | 27.0%    | \$3,653,544  | 0.0%                       | \$0                            | \$13,531,645   |
| SOUTH BAY WRP                       | \$9,434,238   | 51.8%                            | \$4,882,218                          | 0.0%                          | \$0                               | 0.0%       | \$0            | 22.0%   | \$2,075,532  | 26.3%    | \$2,476,488  | 0.0%                       | \$0                            | \$9,434,238    |
| POINT LOMA                          | \$28,065,010  | 41.1%                            | \$11,547,295                         | 20.6%                         | \$5,789,839                       | 1.7%       | \$484,147      | 29.5%   | \$8,279,178  | 7.0%     | \$1,964,551  | 0.0%                       | \$0                            | \$28,065,010   |
| ENVIRONMENTAL SUPPORT               | \$13,507,435  | 100.0%                           | \$13,507,435                         | 0.0%                          | \$0                               | 0.0%       | \$0            | 0.0%    | \$0          | 0.0%     | \$0          | 0.0%                       | \$0                            | \$13,507,435   |
| ENGINEERING SERVICES                | \$0           | 29.5%                            | \$0                                  | 3.1%                          | \$0                               | 0.3%       | \$0            | 51.0%   | \$0          | 16.2%    | \$0          | 0.0%                       | \$0                            | \$0            |
| COGENERATION + MBC                  | \$26,219,808  | 5.0%                             | \$1,310,990                          | 0.0%                          | \$0                               | 0.0%       | \$0            | 85.0%   | \$22,286,837 | 10.0%    | \$2,621,981  | 0.0%                       | \$0                            | \$26,219,808   |
| OPERATIONAL SUPPORT                 | \$13,985,817  | 51.9%                            | \$7,258,352                          | 8.3%                          | \$1,165,069                       | 0.9%       | \$119,651      | 29.8%   | \$4,173,920  | 9.1%     | \$1,268,825  | 0.0%                       | \$0                            | \$13,985,817   |
| BUSINESS SUPPORT ADMINISTRATION     | \$32,724,934  | 51.9%                            | \$16,983,569                         | 8.3%                          | \$2,726,106                       | 0.9%       | \$279,967      | 29.8%   | \$9,766,412  | 9.1%     | \$2,968,880  | 0.0%                       | \$0                            | \$32,724,934   |
| PURE WATER O&M                      | \$4,645,891   | 51.9%                            | \$2,411,122                          | 8.3%                          | \$387,020                         | 0.9%       | \$39,746       | 29.8%   | \$1,386,517  | 9.1%     | \$421,486    | 0.0%                       | \$0                            | \$4,645,891    |
| TOTAL OPERATIONS AND MAINTENANCE    | \$169,481,609 | 51.90%                           | \$87,957,477                         | 8.33%                         | \$14,118,435                      | 0.86%      | \$1,449,940    | 29.84%  | \$50,580,004 | 9.07%    | \$15,375,753 | 0.00%                      | \$0                            | \$169,481,609  |



# FAB System, Post-2027 Flows & Strength

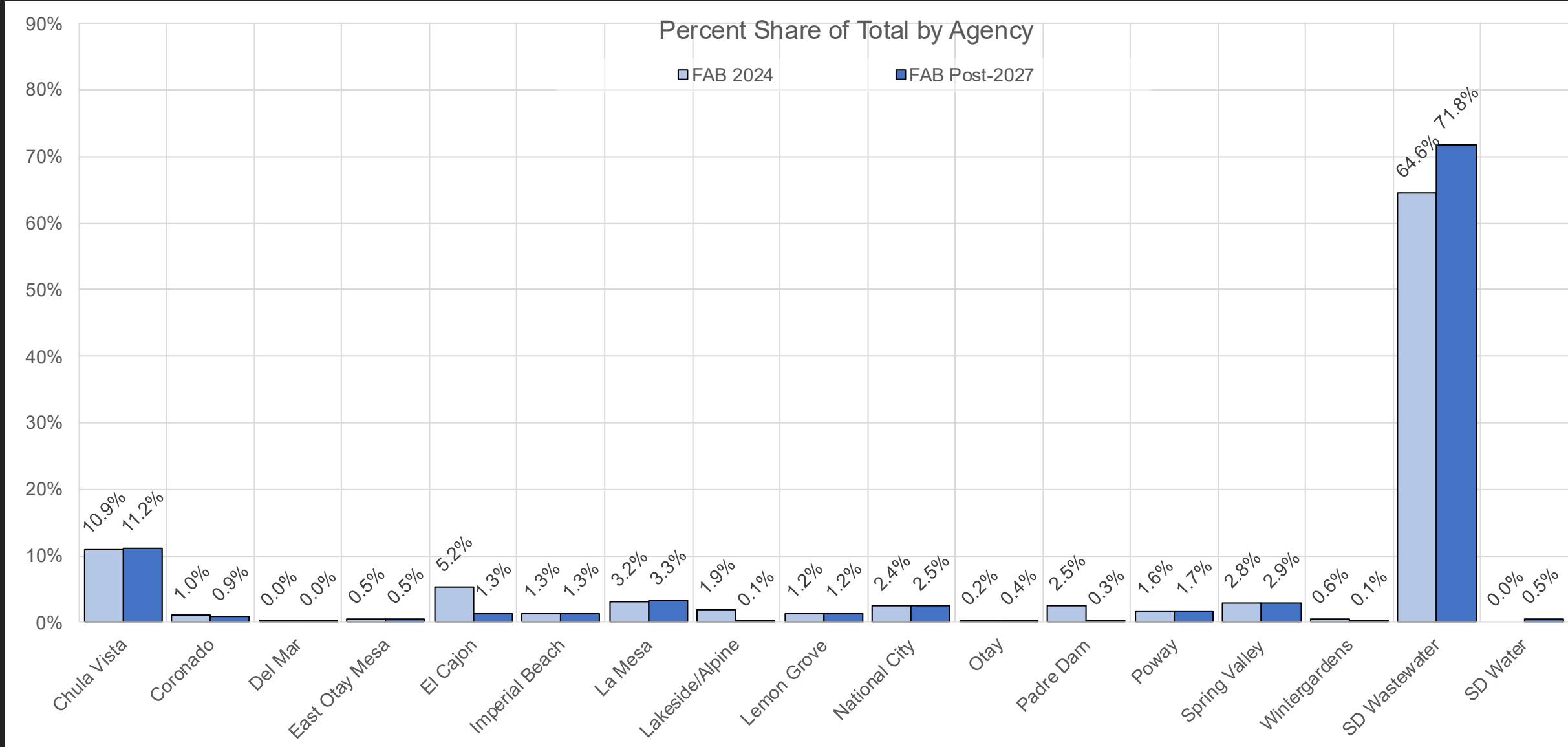
## Table D Capital Cost & Totals

| DESCRIPTION                                            | ACTUAL COSTS  | ALLOCATION OF CAPITAL COSTS (FIXED) |                    |                         |                             |         |             |       |              |       |              |                      |                          | TOTAL COSTS   |
|--------------------------------------------------------|---------------|-------------------------------------|--------------------|-------------------------|-----------------------------|---------|-------------|-------|--------------|-------|--------------|----------------------|--------------------------|---------------|
|                                                        |               | AVERAGE FLOW %                      | AVERAGE FLOW COSTS | INCREMENTAL PEAK FLOW % | INCREMENTAL PEAK FLOW COSTS | BRINE % | BRINE COSTS | SS %  | SS COSTS     | COD % | COD COSTS    | PURE WATER PHASE 1 % | PURE WATER PHASE 1 COSTS |               |
| <u>DEBT:</u>                                           |               |                                     |                    |                         |                             |         |             |       |              |       |              |                      |                          |               |
| HISTORICAL REVENUE BONDS                               | \$46,912,142  | 55.8%                               | \$26,174,550       | 0.0%                    | \$0                         | 0.0%    | \$0         | 22.0% | \$10,319,627 | 22.2% | \$10,417,964 | 0.0%                 | \$0                      | \$46,912,142  |
| BOND 2022A                                             | \$1,604,532   | 27.0%                               | \$433,234          | 4.3%                    | \$68,670                    | 0.3%    | \$4,885     | 54.3% | \$871,914    | 14.1% | \$225,830    | 0.0%                 | \$0                      | \$1,604,532   |
| STATE REVOLVING FUNDS NON-PURE WATER                   | \$5,038,441   | 25.9%                               | \$1,303,617        | 15.8%                   | \$798,427                   | 1.1%    | \$56,795    | 48.2% | \$2,427,933  | 9.0%  | \$451,669    | 0.0%                 | \$0                      | \$5,038,441   |
| TOTAL DEBT                                             | \$53,555,115  | 52.1%                               | \$27,911,401       | 1.6%                    | \$867,097                   | 0.1%    | \$61,680    | 25.4% | \$13,619,475 | 20.7% | \$11,095,462 | 0.0%                 | \$0                      | \$53,555,115  |
| <u>PAY-AS-YOU-GO METRO SYSTEM:</u>                     |               |                                     |                    |                         |                             |         |             |       |              |       |              |                      |                          |               |
| PAY-AS-YOU-GO METRO 41509                              | \$32,569,264  | 39.0%                               | \$12,686,178       | 4.7%                    | \$1,535,135                 | 0.3%    | \$109,200   | 42.7% | \$13,913,899 | 13.3% | \$4,324,853  | 0.0%                 | \$0                      | \$32,569,264  |
| TOTAL NON-PUREWATER CAPITAL IMPROVEMENT PROGRAM        | \$86,124,379  | 47.1%                               | \$40,597,579       | 2.8%                    | \$2,402,232                 | 0.2%    | \$170,880   | 32.0% | \$27,533,374 | 17.9% | \$15,420,315 | 0.0%                 | \$0                      | \$86,124,379  |
| TOTAL NON-PURE WATER O&M & CAPITAL IMPROVEMENT PROGRAM | \$255,605,989 | 50.3%                               | \$128,555,056      | 6.5%                    | \$16,520,667                | 0.6%    | \$1,620,820 | 30.6% | \$78,113,378 | 12.0% | \$30,796,069 | 0.0%                 | \$0                      | \$255,605,989 |



# Summary of Agency Impacts

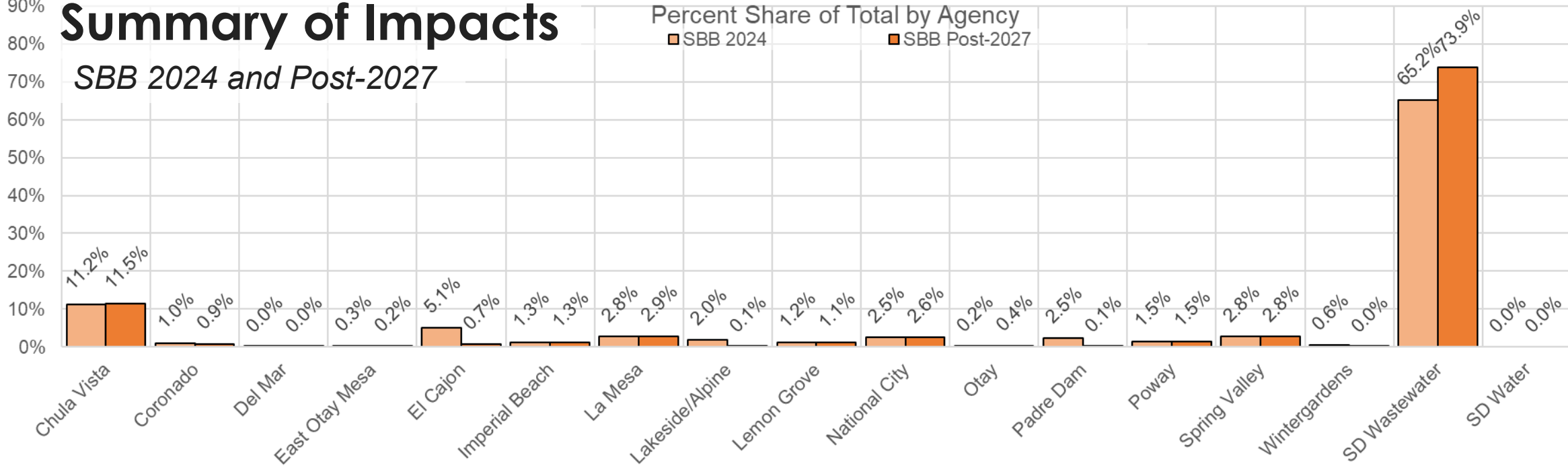
*Proposed FAB: 2024 and Post-2027*



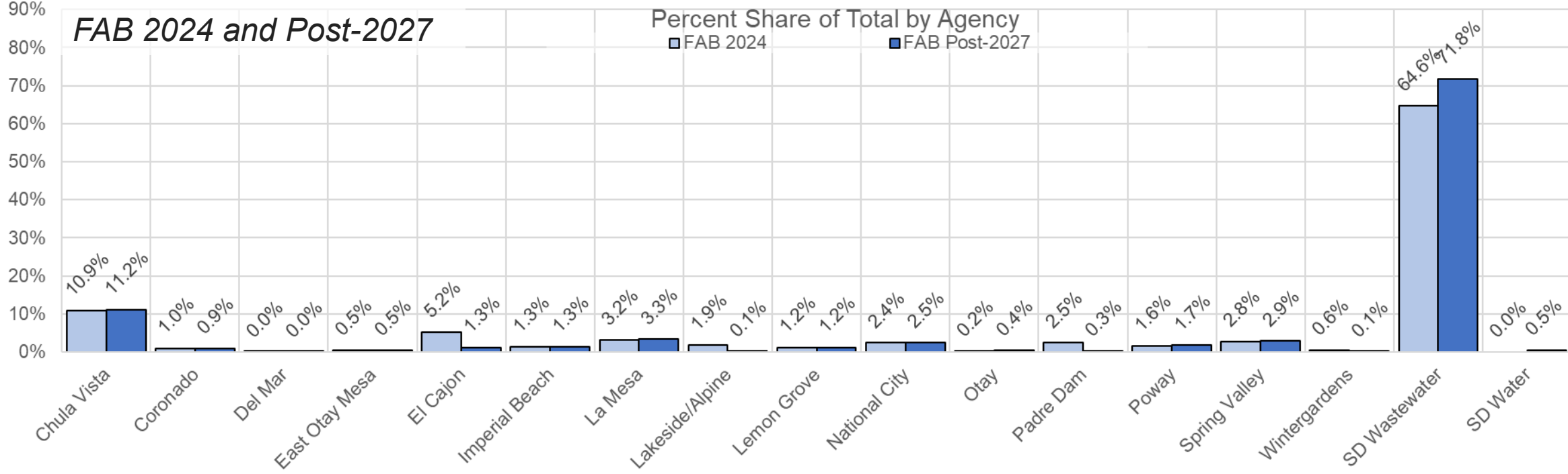


# Summary of Impacts

## SBB 2024 and Post-2027



## FAB 2024 and Post-2027





# Example Agency Details

Chula Vista

|             |              | Ownership          |                        |            |                 |                 |                  | Use                |                        |            |                 |                 |
|-------------|--------------|--------------------|------------------------|------------|-----------------|-----------------|------------------|--------------------|------------------------|------------|-----------------|-----------------|
|             |              | Average Flow (MGD) | Incremental Peak (MGD) | RSDP (MGD) | TSS (1,000 lbs) | COD (1,000 lbs) | Pure Water Share | Metered Flow (MGD) | Incremental Peak (MGD) | RSDP (MGD) | TSS (1,000 lbs) | COD (1,000 lbs) |
| Chula Vista | TOTAL \$     |                    |                        |            |                 |                 |                  |                    |                        |            |                 |                 |
| 2024        |              | 18.3               | 19.5                   | 0.0        | 22,082          | 38,419          | 11.7%            | 18.2               | 19.3                   | 0.0        | 19,584          | 37,842          |
| SBB         | \$30,267,491 | \$0                | \$0                    | \$0        | \$0             | \$0             | \$1,641,933      | \$13,932,865       | \$0                    | \$0        | \$7,957,389     | \$6,735,304     |
| FAB         | \$29,290,627 | \$2,775,068        | \$1,317,214            | \$0        | \$1,841,447     | \$507,432       | \$1,641,933      | \$11,162,436       | \$0                    | \$0        | \$7,161,944     | \$2,883,153     |
| Post-2027   |              | 18.3               | 19.5                   | 0.0        | 22,082          | 38,419          | 11.7%            | 17.5               | 18.6                   | 0.0        | 21,049          | 36,622          |
| SBB         | \$30,916,271 | \$0                | \$0                    | \$0        | \$0             | \$0             | \$1,641,933      | \$14,003,204       | \$0                    | \$0        | \$8,400,322     | \$6,870,812     |
| FAB         | \$30,122,671 | \$2,977,931        | \$1,332,145            | \$0        | \$2,077,671     | \$555,834       | \$1,641,933      | \$11,035,399       | \$0                    | \$0        | \$7,560,599     | \$2,941,160     |



# Example Agency Details

El Cajon

|           |              | Ownership          |                        |            |                 |                 |                  | Use                |                        |            |                 |                 |
|-----------|--------------|--------------------|------------------------|------------|-----------------|-----------------|------------------|--------------------|------------------------|------------|-----------------|-----------------|
|           |              | Average Flow (MGD) | Incremental Peak (MGD) | RSDP (MGD) | TSS (1,000 lbs) | COD (1,000 lbs) | Pure Water Share | Metered Flow (MGD) | Incremental Peak (MGD) | RSDP (MGD) | TSS (1,000 lbs) | COD (1,000 lbs) |
| El Cajon  | TOTAL \$     |                    |                        |            |                 |                 |                  |                    |                        |            |                 |                 |
| 2024      |              | 7.8                | 20.0                   | 0.0        | 12,211          | 17,318          | 0.5%             | 7.9                | 20.3                   | 0.0        | 11,075          | 17,444          |
| SBB       | \$13,737,400 | \$0                | \$0                    | \$0        | \$0             | \$0             | \$69,733         | \$6,063,004        | \$0                    | \$0        | \$4,499,920     | \$3,104,743     |
| FAB       | \$14,085,277 | \$1,180,880        | \$1,351,035            | \$0        | \$1,018,342     | \$228,731       | \$69,733         | \$4,857,429        | \$0                    | \$0        | \$4,050,094     | \$1,329,034     |
| Post-2027 |              | 1.3                | 19.9                   | 0.6        | 2,196           | 3,052           | 0.5%             | 1.0                | 15.3                   | 0.3        | 1,715           | 2,371           |
| SBB       | \$1,992,295  | \$0                | \$0                    | \$0        | \$0             | \$0             | \$69,733         | \$793,223          | \$0                    | \$0        | \$684,512       | \$444,827       |
| FAB       | \$3,393,379  | \$209,576          | \$1,359,993            | \$6,571    | \$206,623       | \$44,156        | \$69,733         | \$625,109          | \$0                    | \$65,117   | \$616,086       | \$190,415       |



# Example Agency Details

*City of San Diego*

|                       |               | Ownership          |                        |            |                 |                 |                  | Use                |                        |             |                 |                 |
|-----------------------|---------------|--------------------|------------------------|------------|-----------------|-----------------|------------------|--------------------|------------------------|-------------|-----------------|-----------------|
| SD Water + Wastewater | TOTAL \$      | Average Flow (MGD) | Incremental Peak (MGD) | RSDP (MGD) | TSS (1,000 lbs) | COD (1,000 lbs) | Pure Water Share | Metered Flow (MGD) | Incremental Peak (MGD) | RSDP (MGD)  | TSS (1,000 lbs) | COD (1,000 lbs) |
| 2024                  |               | 124.1              | 136.2                  | 0.0        | 130,032         | 252,818         | 70.3%            | 109.9              | 120.7                  | 0.0         | 103,127         | 222,686         |
| SBB                   | \$175,726,582 | \$0                | \$0                    | \$0        | \$0             | \$0             | \$9,869,977      | \$84,319,930       | \$0                    | \$0         | \$41,902,089    | \$39,634,586    |
| FAB                   | \$174,253,975 | \$18,780,535       | \$9,187,214            | \$0        | \$10,843,745    | \$3,339,220     | \$9,869,977      | \$67,553,649       | \$0                    | \$0         | \$37,713,425    | \$16,966,210    |
| Post-2027             |               | 124.1              | 136.2                  | 14.3       | 130,032         | 252,818         | 70.3%            | 118.1              | 129.7                  | 6.0         | 123,840         | 240,779         |
| SBB                   | \$199,150,114 | \$0                | \$0                    | \$0        | \$0             | \$0             | \$9,869,977      | \$94,683,968       | \$0                    | \$0         | \$49,422,577    | \$45,173,593    |
| FAB                   | \$195,102,241 | \$20,153,677       | \$9,291,347            | \$156,079  | \$12,234,799    | \$3,657,734     | \$9,869,977      | \$74,616,876       | \$0                    | \$1,302,341 | \$44,482,141    | \$19,337,270    |



# Thank you

**Benjamin Stewart**

Principal

Sacramento, California

[Benjamin.A.Stewart@Stantec.com](mailto:Benjamin.A.Stewart@Stantec.com)