

COUNTY OF SAN DIEGO SANITATION DISTRICT
REGULAR MEETING
MEETING AGENDA
WEDNESDAY, SEPTEMBER 30, 2020, 9:00 AM
BOARD OF SUPERVISORS NORTH CHAMBER
1600 PACIFIC HIGHWAY
SAN DIEGO, CA 92101

- A. Roll Call
- B. Non-Agenda Public Communication: Opportunity for members of the public to speak to the Board on any subject matter within the Board’s jurisdiction but not an item on today’s agenda.
- C. Approval of the Statement of Proceedings/Minutes for the meeting of August 5, 2020 and August 25, 2020.

NOTICE: THE BOARD OF SUPERVISORS MAY TAKE ANY ACTION WITH RESPECT TO THE ITEMS INCLUDED ON THIS AGENDA. RECOMMENDATIONS MADE BY COUNTY STAFF DO NOT LIMIT ACTIONS THAT THE BOARD OF SUPERVISORS MAY TAKE. MEMBERS OF THE PUBLIC SHOULD NOT RELY UPON THE RECOMMENDATIONS IN THE BOARD LETTER AS DETERMINATIVE OF THE ACTION THE BOARD OF SUPERVISORS MAY TAKE ON A PARTICULAR MATTER.

Supporting documentation and attachments for items listed on the agenda can be viewed online at www.sandiegocob.com or in the Office of the Clerk of the Board of Supervisors at the County Administration Center, 1600 Pacific Highway, Room 402, San Diego, CA 92101.

ASSISTANCE FOR PERSONS WITH DISABILITIES:

Agendas and records are available in alternative formats upon request. Contact the Clerk of the Board of Supervisors office at 619-531-5434 with questions or to request a disability-related accommodation. Individuals requiring sign language interpreters should contact the Countywide ADA Title II Coordinator at (619) 531-4908. To the extent reasonably possible, requests for accommodation or assistance should be submitted at least 72 hours in advance of the meeting so that arrangements may be made. An area in the front of the room is designated for individuals requiring the use of wheelchair or other accessible devices.

Agenda Items

- | Agenda # | Subject |
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| 1. | AMENDED AND RESTATED REGIONAL WASTEWATER DISPOSAL AGREEMENT BETWEEN THE CITY OF SAN DIEGO AND THE PARTICIPATING AGENCIES IN THE METROPOLITAN SEWERAGE SYSTEM
[FUNDING SOURCE: CHARES TO SANITATION DISTRICT RATEPAYERS] |

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1. SUBJECT: AMENDED AND RESTATED REGIONAL WASTEWATER DISPOSAL AGREEMENT BETWEEN THE CITY OF SAN DIEGO AND THE PARTICIPATING AGENCIES IN THE METROPOLITAN SEWERAGE SYSTEM (DISTRICTS: 1 & 2)

OVERVIEW

The San Diego County Sanitation District (Sanitation District) provides wastewater service to over 36,000 customers in eight unincorporated communities in the region. Since 1963, the Sanitation District has conveyed over 99% of the wastewater it collected from residences and businesses to the City of San Diego's Metropolitan Wastewater System (Metro) for treatment and disposal. The Sanitation District is one of 12 agencies (Participating Agencies) that formed an agreement in 1998 with Metro (Regional Agreement) that requires each participating agency to pay a share of the operating expenses of the Metro system based on the volume and strength of the wastewater treated on behalf of that agency. For the Sanitation District this equates to \$13.2 million in FY 2020-21 or over 40% of the Sanitation District's annual operating budget.

In 2015, as part of the re-issue of the operating permit for the primary Metro treatment facility, the Point Loma Wastewater Treatment Plant, the City of San Diego (City) was required to implement measures to offload wastewater flows from the Point Loma Plant or be subject to future mandates to upgrade the plant's treatment processes at an estimated cost of over \$1.8 billion. The City, in cooperation with the Participating Agencies, subsequently developed a plan to offload flows through implementation of a new regional water purification program called Pure Water San Diego (Pure Water) that would divert, treat, and reuse over one-half of the wastewater flows currently treated at the Point Loma Plant and discharged to the ocean. In addition to achieving compliance with the federal and State mandates to offload the Point Loma Plant, the program will provide a new safe and reliable source of up to 83 million gallons per day of potable water for the region.

Pure Water will include new wastewater treatment and conveyance facilities that will be incorporated into the Metro system. Costs to construct and operate these facilities will be included in future service charges assessed to the Participating Agencies per terms of the Regional Agreement. However, since the Regional Agreement did not contemplate the addition to the Metro system of water reuse facilities, which benefit both wastewater and water ratepayers, additional provisions need to be incorporated to ensure that costs associated with the Pure Water program are fairly allocated to the Participating Agencies. In 2018, the City and Participating Agencies developed an *Amended and Restated Regional Wastewater Disposal Agreement* (Amended Agreement) that contains long-term financial protections for wastewater ratepayers by more specifically defining cost allocations between water and wastewater agencies. Additionally, since the cost to upgrade the current facility was estimated at \$1.8 billion, the Amended Agreement would establish a total project funding cap of \$1.8 billion for the City's and Participating Agencies' wastewater enterprises. The proposed cost allocations ensure that wastewater ratepayers only fund project improvements that directly benefit wastewater customers. The funding cap ensures that wastewater ratepayers will fund in total no more than the projected cost for improvements to the existing Metro system that would be required if the Pure Water program is not implemented.

The Amended Agreement also reduces future Pure Water cost share commitments for agencies that plan to decrease future wastewater flows to the Metro System. This provision will have direct benefits for the Sanitation District which is partnering with Padre Dam Water District and the City of El Cajon to develop the East County Advanced Water Purification Program

(ECAWP). Once constructed, ECAWP will reduce the volume of wastewater sent to Metro from the Sanitation District by nearly 50%. Since the cost of the Metro System will be allocated based on volume of wastewater treated, the Sanitation District's contribution will be reduced. Finally, the Amended Agreement includes a future revenue sharing component that is expected to pay back wastewater ratepayers over time for their investment in Pure Water.

The Metro system costs are passed on to ratepayers automatically through sewer rates and charges. Based on preliminary budget forecasts by the City, charges to the Sanitation District are expected to increase annually by up to seven percent during the construction of the first phase of the Pure Water program anticipated to occur between Fiscal Year (FY) 2021-22 and FY 2024-25. These costs are not controlled by the Sanitation District. However, approval of the Amended Agreement will provide important protections to ratepayers by placing limitations on the extent of Pure Water costs that will be funded by wastewater agencies, and placing a cap on the maximum cost obligations of wastewater agencies to no more than the agencies would be liable for if the Pure Water program is not implemented. For the Sanitation District this cost is estimated to be no more than 5% of the total costs or \$90 million over 45 years.

Today's proposed action is to approve the Amended and Restated Wastewater Disposal Agreement between the City of San Diego and the Participating Agencies in the Metropolitan Sewerage System.

RECOMMENDATION(S)
CHIEF ADMINISTRATIVE OFFICER

1. Find that the proposed action is exempt from review under the California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3) of the CEQA Guidelines because it can be seen with certainty that there is no possibility that the Amended and Restated Wastewater Disposal Agreement may have a significant effect on the environment.
2. Approve and Authorize the Clerk of the Board to execute the AMENDED AND RESTATED REGIONAL WASTEWATER DISPOSAL AGREEMENT BETWEEN THE CITY OF SAN DIEGO AND THE PARTICIPATING AGENCIES IN THE METROPOLITAN SEWERAGE SYSTEM (Attachment A).

FISCAL IMPACT

Funds for this request are included in the FY 2020-21 Operational Plan for the San Diego County Sanitation District. Approval of the Amended Agreement will result in no change to the estimated expenditures for Metro services of \$13.2 million in FY 2020-21. The funding source is charges to Sanitation District ratepayers. There will be no change in net General Fund cost and no additional staff years.

Future year costs are undetermined and will be based on the final financing plan for the Pure Water program. Any increases in annual Metro system costs due to implementation of the Pure Water program, as limited by the Amended Agreement, will be passed on to Sanitation District ratepayers through adjustments to future sewer rates and charges. The City of San Diego's preliminary budget forecasts estimate charges to the Sanitation District would increase up to seven percent annually during the construction of the first phase of the Pure Water program, anticipated between FY 2021-22 and FY 2024-25. Associated costs and revenue increases would be included in future years Operational Plans in the Sanitation District.

BUSINESS IMPACT STATEMENT

N/A

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