APPENDIX 1: MASTER WASTEWATER DISPOSAL AGREEMENT WITH CITY OF SAN DIEGO, 3/2/1998

MASTER WASTEWATER DISPOSAL

AGREEMENT

WITH

THE CITY OF SAN DIEGO

DATED 3/2/1998

COPY

REGIONAL WASTEWATER DISPOSAL AGREEMENT

BETWEEN

THE CITY OF SAN DIEGO

AND

THE PARTICIPATING AGENCIES

IN

THE METROPOLITAN SEWERAGE SYSTEM

DOCUMENT NO. 00-18517
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SAN DIEGO, CALIFORNIA

REVISED 3/2/98

REGIONAL WASTEWATER DISPOSAL

AGREEMENT

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REGIONAL WASTEWATER DISPOSAL AGREEMENT

THIS REGIONAL WASTEWATER DISPOSAL AGREEMENT is made and entered into this _____ day of _____, 1997, by and between the CITY OF SAN DIEGO, a municipal corporation ("the City"); and the CITY OF CHULA VISTA, a municipal corporation; the CITY OF CORONADO, a municipal corporation; the CITY OF DEL MAR, a municipal corporation; the CITY OF EL CAJON, a municipal corporation; the CITY OF IMPERIAL BEACH, a municipal corporation; the CITY OF LA MESA, a municipal corporation; the LEMON GROVE SANITATION DISTRICT, a political subdivision of the State of California; the CITY OF NATIONAL CITY, a municipal corporation; the CITY OF POWAY, a municipal corporation; the WINTER GARDENS SEWER MAINTENANCE DISTRICT, a maintenance district established pursuant to California Streets & Hwys. Code section 5820 et seq.; the ALPINE SANITATION DISTRICT, a political subdivision of the State of California; the LAKESIDE SANITATION DISTRICT, a political subdivision of the State of California; the SPRING VALLEY SANITATION DISTRICT, a political subdivision of the State of California; the OTAY WATER DISTRICT, a political subdivision of the State of California; and the PADRE DAM MUNICIPAL WATER DISTRICT, a political subdivision of the State of California (the "Participating Agencies").

RECITALS

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

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

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

WHEREAS, the purposes of this Agreement are: 1) to replace the 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 whicb 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.

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

I. DEFINITIONS

A. **Annual Average Daily Flow** is the number, in millions of gallons of wastewater per day ("MGD"), calculated by dividing total Flow on a fiscal year basis by 365 days.

B. **Capital Improvement Costs** are costs associated with the planning, design, financing, construction, or reconstruction of facilities.

C. **Chemical Oxygen Demand** or **"COD"** means the measure of the chemically decomposable material in wastewater, as determined by the procedures specified in the most current edition of "Standard Methods for the Examination for Water and Wastewater," or any successor publication which establisbes the industry standard.

D. **Contract Capacity** is the contractual right possessed by eacb Participating Agency to discharge wastewater into the Metro System pursuant to this Agreement up to the limit set forth in Exhibit B attached bereto. Contract Capacity is stated in terms of Annual Average Daily Flow.

E. **Flow** is the amount of wastewater discharged by the City and each Participating Agency.

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

G. **Metro System Costs** are those costs set forth in Section V.B.1.

H. **Metro System Revenues** are those revenues set forth in Section V.B.2.

I. **Metropolitan Sewerage System** or **Metro System** shall mean and consist of those facilities and contract rights to facilities which are shown and/or described in Exhibit A attached hereto and incorporated by this reference, including any amendments thereto authorized by this Agreement.

J. **Municipal System** shall mean the City's wastewater collection system, which consists of pipelines and pump stations, that collects wastewater within the City

of San Diego and conveys it to the Metropolitan Sewerage System for treatment and disposal.

K. **New Capacity** is the capacity to discharge wastewater outside the Metro System, above the Contract Capacity set forth in Exhibit B attached hereto.

L. **New Contract Capacity** is the capacity to discharge wastewater into the Metro System, above the Contract Capacity set forth in Exhibit B attached hereto.

M. **North City Water Reclamation Plant** is the 30 million gallons per day (as of the date of this Agreement) wastewater treatment facility which includes four major processes: primary treatment, secondary treatment, tertiary treatment, and disinfection.

N. **Operation and Maintenance Costs** are the costs of those items and activities required by sound engineering and management practices to keep the conveyance, disposal, treatment, and reuse facilities functioning in accordance with all applicable laws, rules, and regulations.

O. **Point Loma Wastewater Treatment Plant** is the 240 million gallons per day (as of the date of this Agreement) advanced primary treatment plant which includes four major processes: screening, grit removal, sedimentation, and digestion.

P. **Reclaimed Water (or Recycled Water)** shall have the definition set forth in Title 22, Division 4 of the California Code of Regulations and shall mean water which, as a result of treatment of wastewater, is suitable for a direct beneficial use or a controlled use that otherwise could not occur.

Q. **Reclaimed Water (or Recycled Water) Distribution System** shall mean and consist of those eight (8) reclaimed water projects listed in Attachment B of the Stipulated Final Order for Injunctive Relief approved by the U.S. District Court on June 6, 1997 in U.S.A. v. City of San Diego, Case No. 88-1101-B, and attached hereto as Exhibit E.

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

S. **Return Flow** shall mean the effluent created by the dewatering of digested biosolids, which includes centrate.

T. **Reuse** shall mean to use again, such as water which has been reclaimed or repurified, or sludge that has been converted to biosolids for beneficial use.

U. **South Bay Land/Ocean Outfall** is the facility that is jointly owned by the International Boundary & Water Commission (U.S. Section IBWC) and the City of San Diego. The Outfall is planned to convey and discharge treated effluent from the IBWC's International Wastewater Treatment Plant and treated effluent from the City's South Bay Water Reclamation Plant and the South Bay Secondary Treatment Plant. As of the date of this Agreement, the Outfall has a current Average Daily Flow Capacity of 174 million gallons per day . As of the date of this Agreement, the City owns 39.94% of the capacity of the Outfall and the balance of the capacity is owned by the IBWC.

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

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

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

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

II. OWNERSHIP AND OPERATION OF THE METRO SYSTEM

A. Rights of the Parties.

The City is the owner of the Metro System, and of any additions to the Metro System or other facilities constructed pursuant to this Agreement. All decisions with respect to the planning, design, construction, operation and maintenance of the Metro System shall rest with the City, in consultation with the Metro Commission. The Participating Agencies shall have a contractual right to use the Metro System and to participate in its operation as set forth in

this Agreement. Subject to the terms of this Agreement, and in conformance with all applicable laws, the City may transfer ownership of all or part of the Metro System at any time. In the event of a transfer, the City's successor shall be bound by the terms of this Agreement. Subject to the terms of this Agreement, any Participating Agency may transfer or assign its rights and obligations under this Agreement. Any transfer shall first be approved by the City. No transfer may occur if the City determines, after consultation with the Participating Agencies involved, that the proposed transfer will imbalance, or will otherwise adversely impact the City's ability to operate the Metro System.

B. Metro System Services.

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

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

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

C. Flow Commitment.

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

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

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

D. Funding Obligations.

Nothing in this Section or in this Agreement shall obligate the City to make any payment for the acquisition, construction, maintenance or operation of the Metro System from moneys derived from taxes or from any income and revenue of the City other than moneys in or sewer revenues which go into the Sewer Revenue Fund for the Metro System and from construction funds derived from the sale of such sewer revenue bonds for the Metro System as

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

E. Financial Statements.

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

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

F. Limitations on Types and Condition of Wastewater.

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

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

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

4. The City and the Participating Agencies agree that nothing in this Agreement, including the termination of the existing sewage disposal agreements, shall affect the

validity of the Interjurisdictional Pretreatment Agreements, or the separate transportation agreements that are currently in effect between or among the City and the Participating Agencies.

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

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

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

G. Right of First Refusal.

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

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

for the close of escrow, and any other material terms and conditions on which the sale is to be consummated.

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

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

III. PAYMENT AND MONITORING PROVISIONS

A. Payment for Metro System Facilities.

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

B. Payment for Additional Metro System Facilities.

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

to the Participating Agencies. The City shall keep an updated version of Exhibit A on file with the City Clerk. Exhibit A may be amended to reflect other changes to the Metro System only as expressly provided in this Agreement.

C. Payment for Operation and Maintenance.

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

D. Charges Based on Flow and Strength.

A Participating Agency's share of the charges in this Section shall he assessed pursuant to Section V of this Agreement hased on its proportionate Flow in the Metro System and the Strength of its wastewater.

E. Monitoring Flow and Strength.

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

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

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

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

IV. CAPACITY RIGHTS

A. Contract Capacity.

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

B. Transfers of Contract Capacity.

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

C. Allocation of Additional Capacity.

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

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

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

D. Reductions in Contract Capacity.

The parties further recognize that the Contract Capacity in Exhibit B may be modified to comply with, or in response to, applicable permit conditions, or related regulatory action, or sound engineering principles. In the event that the capacity of the Metro System is rerated to a level below the total capacity set forth in Exhibit B, the Contract Capacity in Exhibit B shall be reallocated proportionately pending the acquisition or construction of new facilities .

The City shall acquire or construct such facilities as necessary to provide the Contract Capacity rights set forth in Exhibit B, as planning and capacity needs require. The costs of such facilities shall be assessed pursuant to Section III.B. above.

E. Amendments to Exhibits B and C.

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

F. The South Bay Land/Ocean Outfall.

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

V. SYSTEM OF CHARGES

A. Charges Authorized.

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

1. SSC (Sewer System Charge);

2. ECC (Existing Capacity Charge);

3. NCCC (New Contract Capacity Charge).

B. SSC (Sewer System Charge).

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

1. Metro System Costs

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

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

(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 II.F.7.

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

b. Excluded Costs

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

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

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

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

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

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

(7) Excluded Operation and Maintenance Costs set forth in Section III.C.

2. Metro System Revenues

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

(1) Any grant or loan receipts or any other receipts that are attributable to the Metro System, including all compensation or receipts from the sale, lease, or other conveyance or transfer of any asset of the Metro System .

(2) All compensation or receipts from the sale or other conveyance or transfer of any Metro System by-products, including, but not limited to gas, electrical energy, sludge products, and Reclaimed Water excepting therefrom any receipts allocated pursuant to subsection 2.a.(3) below.

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

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

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

b. Excluded Revenue

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

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

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

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

3. Calculation of SSC Rates

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

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

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

4. Estimate and Billing Schedule and Year End Adjustment

a. Estimate - The City shall estimate the SSC rates on an annual basis prior to January 15. The City shall quantify the SSC rates by estimating the quantity of Flow, COD and SS for each party, based on that party's actual flow and the cumulative data of sampling for COD and SS over the preceding years. If cumulative data is no longer indicative of discharge from a Participating Agency due to the implementation of methods to reduce Strength, previous higher readings may be eliminated.

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

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

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

C. ECC (Existing Capacity Charge).

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

D. NCCC (New Contract Capacity Charge).

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

E. Debt Financing.

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

VI. PLANNING

A. Projected Flow and Capacity Report.

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

B. Other Planning Information.

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

C. Ten-Year Capital Improvement Plan.

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

D. Notice to Metro Commission.

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

VII. FACILITIES SOLELY FOR NEW CONTRACT CAPACITY

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

A. Determination of Need for New Contract Capacity.

1. As part of its planning efforts, and considering the planning information provided to the City by the Participating Agencies, the City shall determine when additional facilities beyond those acquired or constructed pursuant to Section III above will be necessary solely to accommodate a need for New Contract Capacity in the Metro System, whether by the City or by the Participating Agencies. The City shall determine: (1) the amount of New Contract Capacity needed; (2) the Participating Agency or Agencies, or the City, as the case may be, in need of the New Contract Capacity; (3) the type and location of any capital improvements necessary to provide the New Contract Capacity; (4) the projected costs of any necessary capital improvements; and, (5) the allocation of the cost of any such facilities to the Participating Agency and/or the City for which any New Contract Capacity is being developed. The City shall notify the Participating Agencies of its determination within sixty days of making such determination.

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

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

4. The City and the Participating Agency or Agencies which need New Contract Capacity shall thereafter enter into an agreement specifying the terms and conditions pursuant to which the New Contract Capacity will be provided, including the amount of capacity and the New Contract Capacity. Each party obtaining New Contract Capacity shall reimburse

the Metro System for the costs of acquisition, planning, design, and construction of facilities necessary to provide the New Contract Capacity that have been paid by other parties under Section VII.B.3.

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

B. Charges for Facilities Providing New Contract Capacity

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

2. Notwithstanding any provision in this Agreement, the City and the Participating Agencies shall pay for the Operation and Maintenance Costs of all facilities pursuant to the payment provisions of Section III, including those facilities acquired and constructed to provide New Contract Capacity in the Metro System.

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

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

C. Penalty for Failure to Pay.

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

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

VIII. THE METRO COMMISSION

A. Membership.

The Metro Commission shall consist of one representative from each Participating Agency. Each Participating Agency shall have the right to appoint a representative of its choice to the Metro Commission. If a Participating Agency is a dependent district whose governing body is that of another independent public agency that Participating Agency shall be represented on the Metro Commission by a representative appointed by the governing body which shall have no more than one representative no matter how many Participating Agencies it governs. Each member has one vote in any matter considered by the Metro Commission. The Metro Commission shall establish its own meeting schedule and rules of conduct. The City may participate in the Metro Commission on an ex officio, non-voting, basis.

B. Advisory Responsibilities of Metro Commission.

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

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

IX. DISPUTE RESOLUTION

This Section governs all disputes arising out of this Agreement.

A. Voluntary Mediation.

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

B. Arbitration.

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

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

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

3. Discovery regarding the subject matter of the arbitration shall be allowed as provided in Code of Civil Procedure Section 1283.05 (or its successors), except that depositions may be taken without first obtaining permission from the arbitrator. The arbitrator's fee shall be paid in equal shares by the parties who participate in the arbitration. The arbitrator may award costs to the prevailing party, except, bowever, all costs incurred by the City for arbitration arising under Section VII shall be a Metro System cost and charged accordingly. The decision of the arbitrator shall be final and binding.

C. Performance Required During Dispute.

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

X. INSURANCE AND INDEMNITY

A. City Shall Maintain All Required Insurance.

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

2. Throughout the term of this Agreement the City shall procure and maintain in effect general liability insurance covering, to the extent reasonably available, any and all

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

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

B. Substantially Equivalent Coverage.

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

XI. INTERRUPTION OF SERVICE

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

XII. NOTICES REQUIRED UNDER AGREEMENT

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

City shall keep an updated version of Exhibit D on file with the City Clerk. The City shall provide a copy of the amended Exhibit D to all parties.

XIII. EFFECTIVE DATE AND TERMINATION

A. Effective Date.

This Agreement shall be effective thirty (30) days after execution by the City and at least fifty percent (50%) of the Participating Agencies. Participating Agencies which have not executed the Agreement on the effective date will not be Participating Agencies under this Agreement until the Agreement is amended pursuant to paragraph XIV(B) hereof. Nothing in this paragraph shall limit the City's discretion in determining whether to execute this Agreement.

B. Preferences.

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

C. Termination.

Subject to the rights and obligations set forth in Section XIII.C. below, this Agreement shall terminate on December 31, 2050. 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 2050 on or before December 31, 2040.

D. Contract Capacity Rights Survive Termination.

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

E. Abandonment.

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

XIV. GENERAL

A. Exhibits.

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

Exhibit A	Metro Facilities;
Exhibit B	Contract Capacities;
Exhibit C	Existing Capacity Charge Listing;
Exhibit D	Notice Listing; and
Exhibit E	Map of Reclaimed Water Projects.

B. Amendment of Agreement.

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

C. Construction of Agreement.

1. Drafting of Agreement

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

2. Entire Agreement

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

3. Agreement Binding on All

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

4. Severability

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

5. Choice of Law

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

D. Declarations Re: Agreement.

1. Understanding of Intent and Effect of Agreement

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

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

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

3. Restrictions on Veto of Transfers and Acquisitions of Capacity

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

4. Right to Make Other Agreements

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

5. Counterparts

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

IN WITNESS WHEREOF, THE PARTIES HERETO have executed this Disposal Agreement to be in effect as of the date provided in Section XIII.A.

Agency

1. City of Chula Vista
   by Shirley Horton dated 5/19/98
2. City of Coronado
   by _____ dated _____
3. City of Del Mar
   by _____ dated _____
4. City of El Cajon
   by _____ dated _____
5. City of Imperial Beach
   by _____ dated _____
6. City of La Mesa
   by _____ dated _____
7. City of Lemon Grove
   by _____ dated _____
8. City of National City
   by _____ dated _____
9. City of Poway
   by _____ dated _____
10. City of San Diego
    by _____ dated _____
11. Winter Gardens Sewer Maintenance District
    by _____ dated _____
12. Lakeside/Alpine Sanitation Districts
    by _____ dated _____
13. Spring Valley Sanitation District
    by _____ dated _____

IN WITNESS WHEREOF, THE PARTIES HERETO have executed this Disposal Agreement to be in effect as of the date provided in Section XIII.A.

Agency

1. City of Chula Vista
   by _____ dated _____

2. City of Coronado
   by _____ dated March 20, 1998

3. City of Del Mar
   by _____ dated _____

4. City of El Cajon
   by _____ dated _____

5. City of Imperial Beach
   by _____ dated _____

6. City of La Mesa
   by _____ dated _____

7. City of Lemon Grove
   by _____ dated _____

8. City of National City
   by _____ dated _____

9. City of Poway
   by _____ dated _____

10. City of San Diego
    by _____ dated _____

11. Winter Gardens Sewer Maintenance District
    by _____ dated _____

12. Lakeside/Alpine Sanitation Districts
    by _____ dated _____

13. Spring Valley Sanitation District
    by _____ dated _____

IN WITNESS WHEREOF, THE PARTIES HERETO have executed this Disposal Agreement to be in effect as of the date provided in Section XIII.A.

Agency

1. City of Chula Vista
   by _____ dated _____

2. City of Coronado
   by _____ dated _____

3. City of Del Mar
   by [signature] dated 4-14-98

4. City of El Cajon
   by _____ dated _____

5. City of Imperial Beach
   by _____ dated _____

6. City of La Mesa
   by _____ dated _____

7. City of Lemon Grove
   by _____ dated _____

8. City of National City
   by _____ dated _____

9. City of Poway
   by _____ dated _____

10. City of San Diego
    by _____ dated _____

11. Winter Gardens Sewer Maintenance District
    by _____ dated _____

12. Lakeside/Alpine Sanitation Districts
    by _____ dated _____

13. Spring Valley Sanitation District
    by _____ dated _____

IN WITNESS WHEREOF, THE PARTIES HERETO have executed this Disposal Agreement to be in effect as of the date provided in Section XIII.A.

Agency

1. City of Chula Vista
   by _____ dated _____

2. City of Coronado
   by _____ dated _____

3. City of Del Mar
   by _____ dated _____

4. City of El Cajon
   by Joan Shoemaker dated 18 May 1998
   Joan Shoemaker, Mayor ATTEST: Marilynn Linn
   Marilynn Linn, City Clerk

5. City of Imperial Beach
   by _____ dated _____

6. City of La Mesa
   by _____ dated _____

7. City of Lemon Grove
   by _____ dated _____

8. City of National City
   by _____ dated _____

9. City of Poway
   by _____ dated _____

10. City of San Diego
    by _____ dated _____

11. Winter Gardens Sewer Maintenance District
    by _____ dated _____

12. Lakeside/Alpine Sanitation Districts
    by _____ dated _____

13. Spring Valley Sanitation District
    by _____ dated _____

IN WITNESS WHEREOF, THE PARTIES HERETO have executed this Disposal Agreement to be in effect as of the date provided in Section XIII.A.

Agency

1. City of Chula Vista
   by _____ dated _____

2. City of Coronado
   by _____ dated _____

3. City of Del Mar
   by _____ dated _____

4. City of El Cajon
   by _____ dated _____

5. City of Imperial Beach, Mayor M. Bixler
   by Michael B Bixler dated 18 March 1998

6. City of La Mesa
   by _____ dated _____

7. City of Lemon Grove
   by _____ dated _____

8. City of National City
   by _____ dated _____

9. City of Poway
   by _____ dated _____

10. City of San Diego
    by _____ dated _____

11. Winter Gardens Sewer Maintenance District
    by _____ dated _____

12. Lakeside/Alpine Sanitation Districts
    by _____ dated _____

13. Spring Valley Sanitation District
    by _____ dated _____

IN WITNESS WHEREOF, THE PARTIES HERETO have executed this Disposal Agreement to be in effect as of the date provided in Section XIII.A.

Agency

1. City of Chula Vista
   by _____ dated _____

2. City of Coronado
   by _____ dated _____

3. City of Del Mar
   by _____ dated _____

4. City of El Cajon
   by _____ dated _____

5. City of Imperial Beach
   by _____ dated _____

6. City of La Mesa
   by Art Madrid dated 4-16-98

7. City of Lemon Grove
   by _____ dated _____

8. City of National City
   by _____ dated _____

9. City of Poway
   by _____ dated _____

10. City of San Diego
    by _____ dated _____

11. Winter Gardens Sewer Maintenance District
    by _____ dated _____

12. Lakeside/Alpine Sanitation Districts
    by _____ dated _____

13. Spring Valley Sanitation District
    by _____ dated _____

IN WITNESS WHEREOF, THE PARTIES HERETO have executed this Disposal Agreement to be in effect as of the date provided in Section XIII.A.

Agency

1. City of Chula Vista
   by _____ dated _____

2. City of Coronado
   by _____ dated _____

3. City of Del Mar
   by _____ dated _____

4. City of El Cajon
   by _____ dated _____

5. City of Imperial Beach
   by _____ dated _____

6. City of La Mesa
   by _____ dated _____

7. City of Lemon Grove
   by _____ dated 4/9/98

8. City of National City
   by _____ dated _____

9. City of Poway
   by _____ dated _____

10. City of San Diego
    by _____ dated _____

11. Winter Gardens Sewer Maintenance District
    by _____ dated _____

12. Lakeside/Alpine Sanitation Districts
    by _____ dated _____

13. Spring Valley Sanitation District
    by _____ dated _____

IN WITNESS WHEREOF, THE PARTIES HERETO have executed this Disposal Agreement to be in effect as of the date provided in Section XIII.A.

Agency

1. City of Chula Vista
   by _____ dated _____

2. City of Coronado
   by _____ dated _____

3. City of Del Mar
   by _____ dated _____

4. City of El Cajon
   by _____ dated _____

5. City of Imperial Beach
   by _____ dated _____

6. City of La Mesa
   by _____ dated _____

7. City of Lemon Grove
   by _____ dated _____

8. City of National City
   by George H Waters dated 3-11-98

9. City of Poway
   by _____ dated _____

10. City of San Diego
    by _____ dated _____

11. Winter Gardens Sewer Maintenance District
    by _____ dated _____

12. Lakeside/Alpine Sanitation Districts
    by _____ dated _____

13. Spring Valley Sanitation District
    by _____ dated _____

IN WITNESS WHEREOF, THE PARTIES HERETO have executed this Disposal Agreement to be in effect as of the date provided in Section XIII.A.

Agency

1. City of Chula Vista
   by _____ dated _____

2. City of Coronado
   by _____ dated _____

3. City of Del Mar
   by _____ dated _____

4. City of El Cajon
   by _____ dated _____

5. City of Imperial Beach
   by _____ dated _____

6. City of La Mesa
   by _____ dated _____

7. City of Lemon Grove
   by _____ dated _____

8. City of National City
   by _____ dated _____

9. City of Poway
   by _____ dated 3/10/98
   Deputy Mayor

10. City of San Diego
    by _____ dated _____

11. Winter Gardens Sewer Maintenance District
    by _____ dated _____

12. Lakeside/Alpine Sanitation Districts
    by _____ dated _____

IN WITNESS WHEREOF, THE PARTIES HERETO have executed this Disposal Agreement to be in effect as of the date provided in Section XIII.A.

Agency

1. City of Chula Vista
   by _____ dated _____

2. City of Coronado
   by _____ dated _____

3. City of Del Mar
   by _____ dated _____

4. City of El Cajon
   by _____ dated _____

5. City of Imperial Beach
   by _____ dated _____

6. City of La Mesa
   by _____ dated _____

7. City of Lemon Grove
   by _____ dated _____

8. City of National City
   by _____ dated _____

9. City of Poway
   by _____ dated _____

10. City of San Diego
    by _____ dated 6/24/98

11. Winter Gardens Sewer Maintenance District
    by _____ dated _____

12. Lakeside/Alpine Sanitation Districts
    by _____ dated _____

13. Spring Valley Sanitation District
    by _____ dated _____

IN WITNESS WHEREOF, THE PARTIES HERETO have executed this Disposal Agreement to be in effect as of the date provided in Section XIII.A.

Agency

1. City of Chula Vista
   by _____ dated _____

2. City of Coronado
   by _____ dated _____

3. City of Del Mar
   by _____ dated _____

4. City of El Cajon
   by _____ dated _____

5. City of Imperial Beach
   by _____ dated _____

6. City of La Mesa
   by _____ dated _____

7. City of Lemon Grove
   by _____ dated _____

8. City of National City
   by _____ dated _____

9. City of Poway
   by _____ dated _____

10. City of San Diego
    by _____ dated _____

11. Winter Gardens Sewer Maintenance District
    by THOMAS J PASTUSZKA dated 4/21/98
    CLERK OF THE BOARD OF SUPERVISORS

12. Lakeside/Alpine Sanitation Districts
    by _____ dated 4/21/98
    THOMAS J PASTUSZKA, CLERK OF THE BOARD OF DIRECTORS

13. Spring Valley Sanitation District
    by _____ dated 4/21/98
    THOMAS J PASTUSZKA, CLERK OF THE BOARD OF DIRECTORS

Approved and/or authorized by the Board of Supervisors of the County of San Diego
Date: 4/21/98 Minute Order No 28
THOMAS J PASTUSZKA
Clerk of the Board of Supervisors
By: _____ Deputy Clerk

APPROVED AS TO FORM AND LEGALITY
COUNTY COUNSEL
BY _____ DEPUTY

REVISED 3/2/98

14. Otay Water District
by _____ dated 4-1-98

15. Padre Dam Municipal Water District
by _____ dated _____

14. Otay Water District
by _____ dated _____

15. Padre Dam Municipal Water District
by Mark Robak dated 3-24-98

APPROVED AS TO FORM AND LEGALITY
ON THIS 25TH DAY OF JUNE, 1998

CASEY GWINN, City Attorney
City of San Diego

By Ted Bromfield
Ted Bromfield, Deputy City Attorney

City of San Diego
Metropolitan Sewerage System

Metro Facilities

I. Original Facilities
- Pt. Loma Wastewater Treatment Plant
- Pt. Loma Ocean Outfall
- Pump Station #1
- Pump Station #2
- South Metro Interceptor
- North Metro Interceptor
- Metro Force Mains 1 & 2
- Digested Sludge Pipeline
- Fiesta Island Sludge Processing Facility
- Fiesta Island Centrate Pipeline.

II. Fiesta Island Replacement Project (FIRP) And State Ocean Plan (SOP) Compliance Facilities
- Pt. Loma Outfall Extension
- Fiesta Island Replacement Project Digested Sludge Pipeline
- Fiesta Island Replacement Project Pump Station
- Metro Biosolids Center (FIRP Facilities)

III. Other Metro Facilities
- North City Water Reclamation Plant
- Metro Biosolids Center (NCWR Plant Related Facilities)
- North City Tunnel Connector
- North City Raw Sludge Pipeline
- Centrate Pipeline
- Rose Canyon Parallel Trunk Sewer
- Second Rose Canyon Trunk Sewer
- East Mission Bay Trunk Sewer
- Morena Blvd. Interceptor
- South Bay Water Reclamation Plant
- Dairy Mart Road & Bridge Rebab[1]
- Grove Avenue Pump Station
- Grove Avenue Pump Station Sewer Pipeline

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[1] The City and the Participating Agencies shall continue their joint effort to seek federal funding for the Dairy Mart Road and Bridge Rehabilitation Project with a goal of requiring 60% federal participation.

City of San Diego
Metropolitan Sewerage System

Metro Facilities

III. Other Metro Facilities (continued)

- South Bay Raw Sludge Pipeline
- South Bay Land/Ocean Outfall[2]
- Environmental Monitoring & Technical Services Laboratory
- Centrate Treatment Facility at Metropolitan Biosolids Center
- Sludge & Biosolids Management Facility (Monofill)
- Metro Operations Center (MOC) Complex
- Additional 8 mgd Water Reclamation Treatment Capacity

IV. Additional Metro Facilities

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

- South Bay Sludge Processing Facility
- South Bay Secondary Treatment Plant, Phase I (21 MGD)
- South Bay Secondary Sewers, Phase I

B. Note: These facilities will be required as part of the Metro System for hydraulic capacity, good engineering practices, compliance with OPRA, and to maintain the City's Waiver. In the event that hydraulic capacity demands, or the obligations of OPRA (or its successor) or the terms of the City's Waiver change, these facilities may not be required or may be modified or supplemented, as appropriate, pursuant to the terms of this Agreement.

- South Bay Secondary Treatment Plant, Phase II (28 MGD)
- South Bay Secondary Sewers, Phase II

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[2] 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 has an exclusive right to 4.8 MGD.

City of San Diego
Metropolitan Sewerage System

Contract Capacities

Annual Average Daily Flow
in
Millions of Gallons Per Day

Metro Agency	Original Contract Capacity	Additional Contract Capacity[1]	New Contract Capacity[2]	Transferred Contract Capacity[3]	Total Contract Capacity	Percent of Total
Chula Vista	19.843	0.000	0.000	0.000	19.843	8.268%
Coronado	3.078	0.000	0.000	0.000	3.078	1.283%
Del Mar	0.821	0.000	0.000	0.000	0.821	0.342%
El Cajon	10.260	0.000	0.000	0.000	10.260	4.275%
Imperial Beach	3.591	0.000	0.000	0.000	3.591	1.496%
La Mesa	6.464	0.000	0.000	0.000	6.464	2.693%
Lakeside-Alpine	4.586	0.000	0.000	0.000	4.586	1.911%
Lemon Grove	2.873	0.000	0.000	0.000	2.873	1.197%
National City	7.141	0.000	0.000	0.000	7.141	2.975%
Otay	1.231	0.000	0.000	0.000	1.231	0.513%
Padre Dam	6.382	0.000	0.000	0.000	6.382	2.659%
Poway	5.130	0.000	0.000	0.000	5.130	2.138%
Spring Valley	10.978	0.000	0.000	0.000	10.978	4.574%
Wintergardens	1.241	0.000	0.000	0.000	1.241	0.517%
Subtotal	83.619	0.000	0.000	0.000	83.619	34.841%

REVISED 3/2/98

Metro Agency	Original Contract Capacity	Additional Contract Capacity[1]	New Contract Capacity[2]	Transferred Contract Capacity[3]	Total Contract Capacity	Percent of Total
San Diego	156.381	0.000	0.000	0.000	156.381	65.159%
Total	**240.000**	**0.000**	**0.000**	**0.000**	**240.000**	**100.00%**

1. Additional Contract Capacity is capacity allocated pursuant to Section IV.C. of this Agreement.

2. New Contract Capacity is capacity obtained pursuant to Section VII. of this Agreement.

3. Transferred Contract Capacity is capacity obtained pursuant to Section IV.B. of this Agreement.

City of San Diego
Metropolitan Sewerage System
Existing Capacity Charge Listing

PARTICIPATING AGENCY	ANNUAL CAPACITY CHARGE THROUGH FEBRUARY 1, 2003
Chula Vista	$219,892
Coronado	25,613
El Cajon	108,277
Imperial Beach	33,138
La Mesa	62,334
Lemon Grove	22,872
National City	71,495
Spring Valley	114,663
Del Mar	20,408
Otay Water District	14,518
Lakeside/Alpine	155,901
Padre Dam Muni. Water District	151,888
Poway	162,949
Wintergardens	33,856
AGENCIES TOTAL	**$1,197,804**

City of San Diego
Metropolitan Sewerage System

Notice Listing

City Manager
City of Chula Vista
276 Fourth Ave.
Chula Vista, CA 91910
Phone: 691-5031
Fax: 585-5612

City Manager
City of La Mesa
8130 Allison Avenue
La Mesa, CA 91941
Phone: 667-1101
Fax: 462-7528

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

City Manager
City of Coronado
1825 Strand Way
Coronado, CA 92118
Phone: 522-7335
Fax: 522-7846

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

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

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

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

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

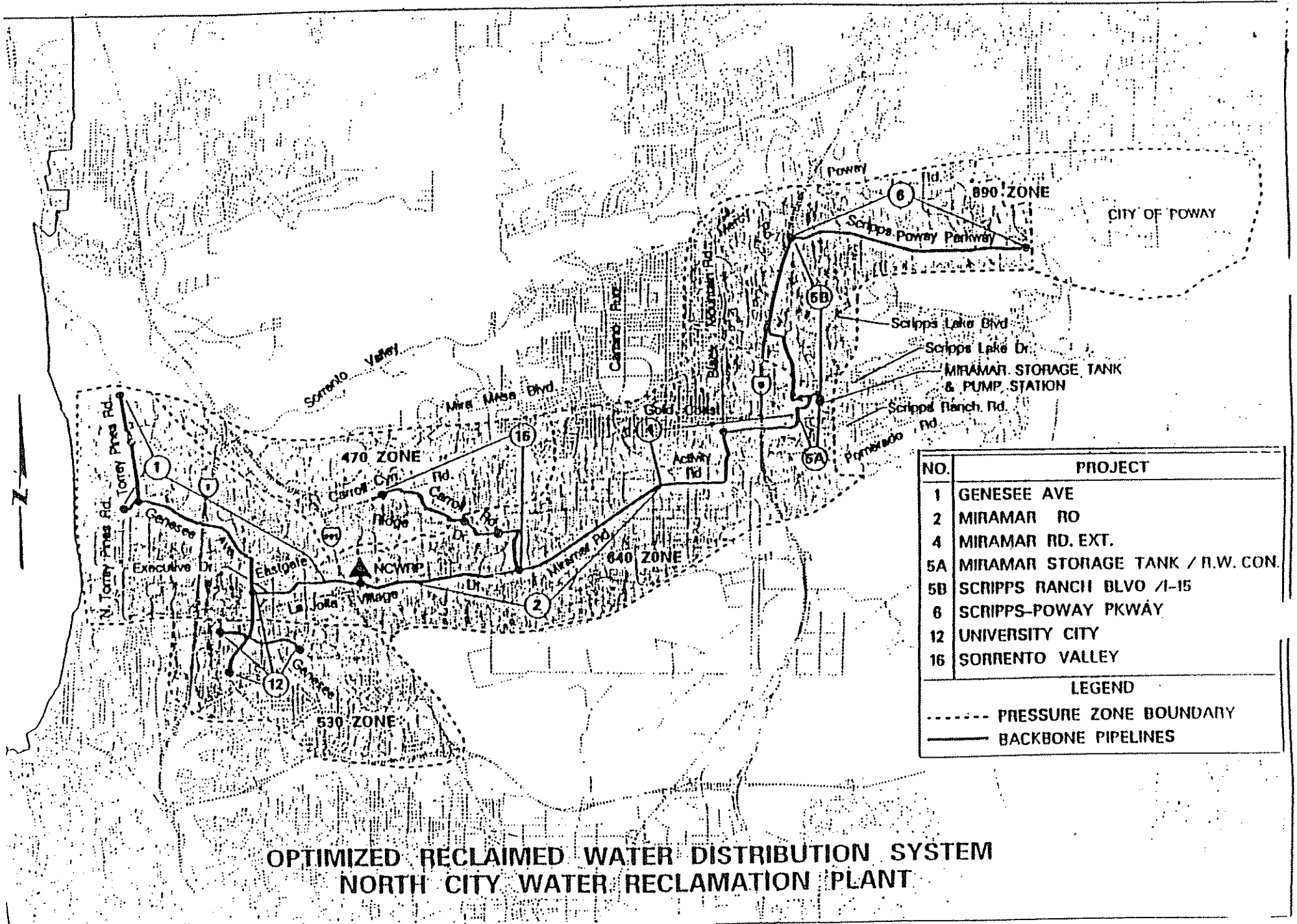
City Manager
City of El Cajon
200 E. Main Street
El Cajon, CA 92020
Phone: 441-1716
Fax: 441-1770

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

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

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

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OPTIMIZED RECLAIMED WATER DISTRIBUTION SYSTEM
NORTH CITY WATER RECLAMATION PLANT

Passed and adopted by the Council of The City of San Diego on MAY 18 1998 by the following vote:

YEAS: WEAR, KEHOE, STEVENS, STALLINGS, MCCARTY, VARGAS, MAYOR GOLDING.

NAYS: NONE.

NOT PRESENT: MATHIS, WARDEN

AUTHENTICATED BY:

SUSAN GOLDING
Mayor of The City of San Diego, California

CHARLES G. ABDELNOUR
City Clerk of The City of San Diego, California

(Seal)

By: Mary L. Cegelka, Deputy

I HEREBY CERTIFY that the above and foregoing is a full, true and correct copy of ORDINANCE NO. O-18517 (New Series) of The City of San Diego, California.

I FURTHER CERTIFY that said ordinance was not finally passed until twelve calendar days had elapsed between the day of its introduction and the day of its final passage, to wit, on MAY 04 1998 and on MAY 18 1998.

I FURTHER CERTIFY that the reading of said ordinance in full was dispensed with by a vote of not less than a majority of the members elected to the Council, and that there was available for the consideration of each member of the Council and the public prior to the day of its passage a written or printed copy of said ordinance.

CHARLES G. ABDELNOUR
City Clerk of The City of San Diego, California

(Seal)

By: Mary L. Cegelka, Deputy

(O-98-122)

ORDINANCE NUMBER O-18517 (NEW SERIES)

ADOPTED ON MAY 18 1998

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SAN DIEGO AUTHORIZING NEW REGIONAL WASTEWATER DISPOSAL AGREEMENTS.

BE IT ORDAINED, by the Council of The City of San Diego, that the City Manager is hereby authorized and empowered to execute, for and on behalf of the City, a new Regional Wastewater Disposal Agreement to supersede the Regional Wastewater Disposal Agreement of 1963, with the following entities, in the form of agreement on file in the office of the City Clerk as Document Number OO-18517: City of Chula Vista, City of Coronado, City of Del Mar, City of El Cajon, City of Imperial Beach, City of La Mesa, Lakeside/Alpine Sanitation Districts, Lemon Grove Sanitation District, City of National City, Otay Water District, Padre Dam Municipal Water District, City of Poway, Spring Valley Sanitation District, and Winter Gardens Sewer Maintenance District.

BE IT FURTHER ORDAINED, that this ordinance shall take effect and be in force on the thirtieth day from and after its passage.

APPROVED: CASEY GWINN, City Attorney

By Ted Bromfield
Ted Bromfield
Deputy City Attorney

TB:mb
04/20/98
Or.Dept:MWWD
O-98-122
Form=o&t.frm