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Del Mar City Council Meeting Agenda

City of Del Mar, Town Hall
1050 Camino del Mar, Del Mar, California 92014

Civility Works: The Del Mar Code of Civil Discourse: Together we will promote inclusion; listen to understand; show respect; be clear and fair; and focus on the issue.

Regular Meeting

Tuesday, January 20, 2026 at 4:30 PM

Tracy Martinez
Mayor

John W. Spelich
Deputy Mayor

Terry Gaasterland
Council Member

Dan Quirk
Council Member

Ashley Jones
City Manager

Leslie E. Devaney
City Attorney

Sarah Krietor
Administrative Services
Manager/City Clerk

Public Participation/Comment: Members of the public can participate in City Council meetings in-person or via written comment (Red Dot). Anyone may address the City Council for up to three minutes, at the Mayor's discretion, on items on the agenda. Members of the public wishing to speak on items not on the agenda may do so under Public Oral Communications. Agenda items may be addressed in any order at the discretion of the Mayor. When addressing the Council, please state your name for the record. Any electronic presentations must be received before 9 a.m. on the date of the Council meeting. No PowerPoint presentations can be loaded during the meeting.

In-Person Participation: Please submit a completed "Speaker Slip", including the item number you wish to speak on, to the City Clerk prior to the Mayor announcing the agenda item. The forms are located near the door at the rear of the Meeting Room. When called to speak, please approach the podium and state your name for the record.

Written Comments: Members of the public can participate in the meeting by submitting a written red dot comment via email to cityclerk@delmar.ca.us. The deadline to submit written comments is 12 p.m. on the day of the meeting and the subject line of your email should clearly state the agenda item you are commenting on.

Viewing the Meeting and Access to Agenda Materials: Members of the public can watch the meeting live on the City's website at: <http://delmar.12milesout.com/Video/Live> and on Cable TV Spectrum Ch. 24, AT&T Ch. 99 starting at 4:30 PM. Agenda materials and communications from the public on agenda items, "Red Dots", are available on the City's website: <http://www.delmar.ca.us/AgendaCenter> and a hard copy of the agenda materials are available at Del Mar City Hall and the Del Mar Library during their business hours.

Assistance for Persons with Disabilities: In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Administrative Services Department at 1050 Camino del Mar or by calling (858) 755-9313. Notification of at least 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

- I. CALL TO ORDER/ROLL CALL
- II. CITY ATTORNEY CLOSED SESSION REPORT
- III. PLEDGE OF ALLEGIANCE
- IV. PUBLIC ORAL COMMUNICATIONS

Each person wishing to speak before the City Council on any matter not on the agenda shall submit a "Speaker Slip" to the City Clerk when Public Oral Communication is announced. Each speaker will have up to three (3) minutes to speak at the discretion of the Mayor and may be asked clarifying questions. Information received during Public Oral Communication may be received, placed on a future agenda, or referred to the City Manager by the City Council. State law generally precludes the City Council from discussing or acting upon any topic presented during oral communications that is not described on the posted agenda.

Note: there is a time limit of 30 minutes for this section of public communications and each speaker will be heard in the order of the submission of their speaker slip. Speakers who have turned in a speaker slip prior to the time oral communications was called on the agenda, but were not heard during the initial time period shall be called to speak at the end of the agenda.

- V. COMMUNITY ANNOUNCEMENTS
- VI. CITY MANAGER'S REPORT
- VII. CONSENT CALENDAR

All items listed on the Consent Calendar are considered to be routine and will be acted upon with one motion. There will be no separate discussion of these items unless a member of the City Council or the public so requests, in which event, the item will be pulled from the Consent Calendar and considered separately after the motion to approve the Consent Calendar. If you wish to remove an item from the Consent Calendar, please submit a "Speaker Slip" to the City Clerk.

**1. Approval of Minutes: January 6, 2026 Regular and Special Meeting,
January 12, 2026 Special Meeting**

Recommended Action: Approve Minutes.

Reference: Clerk's Minutes Book

2. Ratification of List of Demands dated January 20, 2026

Recommended Action: Ratify the List of Demands.

Reference: Clerk's File No. 201-3

3. Waiver of Reading of Ordinances on Agenda

Recommended Action: Waive Reading of Ordinances.

Reference: Clerk's File No. 401-4

4. Resolutions to Approve the Second Amended and Restated Regional Wastewater Disposal Agreement between the City of San Diego and the Participating Agencies in the Metropolitan Sewerage System

Recommended Action: Staff recommends that the City Council adopt a Resolution (Attachment A) approving the Second Amended and Restated Regional Wastewater Disposal Agreement (SARA) and a Resolution (Attachment B) authorizing unified management of industrial waste discharge pretreatment and enhanced source control.

Reference: Clerk's File No. 406-1

5. Authorization to Purchase Vactor Ramjet and Truvac Hydro Excavation Trucks for the Public Works Department

Recommended Action: Staff recommends that the City Council: 1) Approve the purchase of a Vactor Ramjet truck in Fiscal Year (FY) 2025-2026 and a Truvac Hydro Excavation Truck in FY 2026-2027; 2) Authorize the City Manager to execute the necessary paperwork to facilitate the purchases; and 3) Amend the FY 2025-2026 Operating and Capital Budget for the purchase of the Vactor Ramjet truck and direct staff to include funds for the purchase of the Truvac Hydro Excavation Truck in the FY 2026-2027 Operating and Capital Budget as described in the Fiscal Impact.

Reference: Clerk's File No. 601-5

6. Agreement with ClearSource Financial Consulting for a Cost Allocation Plan and Comprehensive User Fee Study

Recommended Action: Staff recommends the City Council: 1) Approve the Agreement for a Cost Allocation Plan and Comprehensive User Fee Study with ClearSource Financial Consulting (Attachment A); and 2) Authorize the City Manager to execute the Agreement and any subsequent amendments provided for under the Agreement contingent upon satisfactory performance by the consultant.

Reference: Clerk's File No. 406-1

7. Appointment to the Measure Q Citizen Oversight Committee

Recommended Action: Measure Q Oversight Committee Council liaisons Terry Gaasterland and Dan Quirk recommend the City Council appoint Caitlin Laipenieks to the Measure Q Citizen Oversight Committee as an at-large voting member for a full three-year term from January 20, 2026, through January 31, 2029.

Reference: Clerk's File No. 401-5

VIII. PUBLIC HEARING

8. Introduction of an Ordinance to Process Administrative Corrections to Del Mar Municipal Code Chapter 23.12, Division 7 to Reflect Adoption of the 2025 California Green Building Code with Local Amendments

Recommended Action: Staff recommends the City Council introduce an Ordinance (Attachment A) to process administrative corrections requested by the California Building Standards Commission that involve amending Del Mar Municipal Code (DMMC) Chapter 23.12, Division 7 to reflect local adoption of the 2025 California Green Building Code by the City Council in September 2025, and the City's intent to carry forward local amendments previously adopted by the City Council in 2018 that require new non-residential construction to comply with the CalGreen Code Appendix A5.

Reference: Clerk's File No. 401-4, 401-9

IX. COUNCIL MEETING RECESS

X. CITY COUNCIL OTHER BUSINESS

9. Consideration of a Cost Sharing Agreement with the City of Solana Beach for Fire Management Transition Services

Recommended Action: Staff recommends that the City Council: 1) Approve a Cost Sharing Agreement (Agreement) with the City of Solana Beach for Fire Management Transition Services (Attachment A); and 2) Authorize the City Manager to execute the Agreement and any subsequent amendments provided for under the Agreement contingent upon satisfactory performance.

Reference: Clerk's File No. 406-1, 1101-8

10. Official Council Vote on Del Mar 2026 SANDAG Board Appointments

Recommended Action: Mayor Martinez and Deputy Mayor Spelich recommend that the City Council take an official vote to appoint a primary and 1st and 2nd

alternate representatives to the San Diego Association of Governments (SANDAG) Board for 2026.

Reference: Clerk's File No. 1506-1

XI. REGIONAL ORGANIZATION REPORTS

A Councilmember assigned as a liaison to a regional organization may make a written or oral report. State law precludes the Council from commenting on, discussing, or acting on a report unless the item of business within the report is described in the agenda.

- A. Clean Energy Alliance JPA (CEA) Board of Directors (Spelich/Gaasterland)
- B. CSA-17 Ambulance District Advisory Board (Martinez/Quirk)
- C. Fire Governance Board, Solana Beach/Del Mar/Encinitas (Martinez/Spelich)
- D. League of California Cities – San Diego Chapter (Gaasterland/Martinez)
- E. North County Transit District (NCTD) (Martinez/Spelich)
- F. Regional Solid Waste Association (Spelich/Quirk)
- G. San Diego Association of Governments Board (SANDAG) (Gaasterland/Martinez/Spelich)
- H. SANDAG Borders Committee (Gaasterland)
- I. SANDAG Regional Planning Committee (Martinez)
- J. SANDAG Shoreline Preservation Working Group (Gaasterland/Spelich/Martinez)
- K. SANDAG LOSSAN Executive Task Force (Gaasterland/Martinez)
- L. San Diego Metropolitan Wastewater Commission/JPA (Worden)
- M. San Dieguito River Valley Regional Open Space Park JPA –Executive Committee (Gaasterland/Martinez)
- N. Other Regional Organization Reports

XII. COUNCIL COMMITTEES/SUBCOMMITTEES/COMMUNITY ORG REPORTS

A Councilmember assigned as a liaison to a City Committee, Council Subcommittee OR Community Organization may make a written or oral report. State law precludes the Council from commenting on, discussing, or acting on a report, unless the item of business within the report is described in this agenda.

- A. Civic Center Operations Guide Update Subcommittee (Spelich/Gaasterland)
- B. Del Mar Community Connections (Martinez/Spelich)
Recommended Action: Receive Report
- C. Del Mar Village Association (Gaasterland/Martinez)
- D. Finance Committee (Spelich/Gaasterland)
- E. Housing Subcommittee (Gaasterland/Martinez)
- F. Human Resources Subcommittee (Gaasterland/Martinez)
- G. Legislative Subcommittee (Martinez/Spelich)
- H. Measure Q Citizen Oversight Committee (Quirk/Gaasterland)
- I. Parks and Recreation Committee (Martinez/Quirk)
- J. Del Mar Railroad Subcommittee (Gaasterland/Martinez)
- K. Lagoon Committee (Gaasterland/Spelich)
- L. Planning Process Subcommittee (Includes Sea-Level Rise Adaptation Plan Implementation) (Gaasterland/Spelich)

- M. Shores Park Master Plan Ad-Hoc Advisory Committee (Gaasterland/Spelich)
- N. Sustainability Advisory Committee (Martinez/Gaasterland)
- O. Traffic and Parking Advisory Committee (Quirk/Spelich)
- P. Undergrounding Program Advisory Committee (Gaasterland/Spelich)
- Q. Other Committee-Subcommittee Reports

XIII. UPCOMING AGENDA ITEMS

The following topics/items are tentatively planned for upcoming agendas. The title, wording, and planned date for these items are subject to change. Final agendas are posted at City Hall 72 hours in advance of the meetings and are also posted on our web site with the accompanying staff report. Please watch our web site: www.delmar.ca.us for City Council Agendas.

February 3, 2026
Adoption of Ordinance (Admin Corrections to DMMC 23.12)
2026 Legislative Policy Guidelines
Amendment to State Lands Commission Lease Agreement for Camino del Mar Bridge
Approval of Finance Management Analyst Position
First Reading of New Ordinance Related to Digging of holes on City beaches
Public Review Period for Draft San Dieguito Shoreline Mitigated Negative Declaration (MND)
Council Direction Regarding Process for Updating City Tree Policy and Regulations
Council Action Related to STR Permit Implementation

XIV. CERTIFICATION

I, Sarah Krietor, Administrative Services Manager/City Clerk for the City of Del Mar, hereby certify that a copy of this agenda was posted at City Hall on the 15th day of January, 2026 at approximately 2:30 p.m.



Sarah Krietor, Administrative Services Manager/
City Clerk

1/15/2026
Date



**CITY OF DEL MAR
CITY COUNCIL REGULAR MEETING MINUTES
JANUARY 6, 2026
City of Del Mar Town Hall
1050 Camino del Mar, Del Mar California 92014**

The minutes set forth the actions taken by the City Council on the matters stated. Audio/video recordings of the City Council proceedings are retained for a period of ten years, in accordance with the City's Records Retention Schedule. Audio/video recordings, as well as written materials presented to the City Council, including Red Dots (materials provided to the City Council after the agenda has published), are available on the City's website at www.delmar.ca.us/AgendaCenter or by contacting the Administrative Services Department at (858) 755-9313.

CALL TO ORDER

Mayor Tracy Martinez called the Regular Meeting to order at 4:55 p.m.

ROLL CALL

Present: Mayor Tracy Martinez; Deputy Mayor John Spelich; Councilmembers Terry Gaasterland and Dan Quirk

CITY ATTORNEY CLOSED SESSION REPORT

City Attorney Leslie Devaney reported that there were no reportable actions or recusals for the January 6, 2026, Closed Session. She reported that Item C was not discussed and will be continued to January 20, 2026.

PLEDGE OF ALLEGIANCE

Mayor Martinez led the Pledge of Allegiance.

PUBLIC ORAL COMMUNICATIONS

Mayor Martinez opened public oral communications and the following people spoke:

- 1) Polly Cipparone representing the Del Mar Library
- 2) Diana Kutlow representing Senator Blakespear

Mayor Martinez closed public oral communications.

CITY COUNCIL COMMUNITY ANNOUNCEMENTS

Councilmember Gaasterland reported on the successful Penguin Plunge that occurred on New Year's Day.

CITY MANAGER'S REPORT

City Manager Ashley Jones reported on the upcoming absolute work window for the San Diego Association of Governments (SANDAG) Del Mar Bluff 5 Stabilization Project from January 9, 2026, to January 12, 2026.

Council questions focused on how the public can engage SANDAG with questions and comments regarding the project; whether SANDAG can present a project update to City Council at a future meeting; clarification on the approval history of the project and the project's design; and clarification that a prior City Council approved encroachment permits related to the project but approval of the design and overall

project is outside of the City's regulatory authority. Councilmembers Gaasterland and Quirk requested a future agenda item from SANDAG regarding the project's history and clarifying any pending questions. Council also requested an update on SDG&E's impact on the Camino del Mar Bridge construction schedule at the City Council's upcoming Goals and Priorities Workshop.

CONSENT CALENDAR

Administrative Services Manager/City Clerk Sarah Krietor read the titles of the items included on the Consent Calendar. There were no public speakers for the consent calendar items.

IT WAS MOVED BY GAASTERLAND, SECONDED BY QUIRK TO APPROVE THE CONSENT CALENDAR ITEMS 1 THROUGH 5. (VOTE 4-0)

Ayes: Mayor Martinez; Deputy Mayor Spelich; Councilmembers Gaasterland and Quirk; Noes: 0; Recuse: 0; Absent: 0; Abstain: 0.

ITEM 1: APPROVAL OF MINUTES: DECEMBER 15, 2025 REGULAR AND SPECIAL MEETING (CLERK'S MINUTES BOOK)

Council approved the minutes, on consent.

ITEM 2: RATIFICATION OF LIST OF DEMANDS, DATED JANUARY 6, 2026 (CLERK'S FILE NO. 201-3)

Council approved the list of demands, on consent.

ITEM 3: WAIVER OF READING OF ORDINANCES ON AGENDA (CLERK'S FILE NO. 401-4)

Council waived the reading of ordinances, on consent.

ITEM 4: AGREEMENT WITH HINDERLITER, DE LLAMAS & ASSOCIATES FOR SALES, USE, AND DISTRICT TAX INFORMATION, AUDIT, AND CONSULTING SERVICES (CLERK'S FILE NO. 406-1)

Council approved an Agreement for Sales, Use, and District Tax Information, Audit, and Consulting Services with Hinderliter, de Llamas & Associates (HdL); and authorized the City Manager to execute the Agreement and any subsequent amendments provided for under the Agreement contingent upon satisfactory performance by the consultant, on consent.

PUBLIC HEARING

ITEM 5: ADOPTION OF AN ORDINANCE TO REPEAL AND REPLACE CHAPTER 11.40 OF THE DEL MAR MUNICIPAL CODE TO PROHIBIT THE USE OF EXPANDED POLYSTYRENE AND SINGLE-USE, NON-COMPOSTABLE DISPOSABLE FOOD SERVICE WARE CITYWIDE, AND SINGLE-USE PLASTIC BEVERAGE BOTTLES AT CITY FACILITIES AND CITY-SPONSORED EVENTS (CLERK'S FILE NO. 401-4, 401-9)

Mayor Martinez opened the public hearing. There were no public speakers for the item. Mayor Martinez closed public communication.

City Council adopted Ordinance 1025, "AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF DEL MAR, CALIFORNIA, REPEALING AND REPLACING CHAPTER 11.40 OF THE DEL MAR MUNICIPAL CODE PROHIBITING USE OF EXPANDED POLYSTYRENE AND SINGLE-USE NON-COMPOSTABLE PLASTIC DISPOSABLE FOOD SERVICE WARE", on consent.

ITEM 6: DE NOVO HEARING OF AN APPEAL OF THE PLANNING COMMISSION'S DENIAL OF A VARIANCE (V24-003) REQUEST FOR REDUCTIONS TO FRONT AND REAR YARD (SETBACKS) REQUIREMENTS FOR A NON-CONFORMING LOT (CLERK'S FILE NO. 301-3)

Mayor Martinez introduced the item and provided an overview of the De Novo hearing procedure for the appeal. A presentation was provided by Principal Planner Matt Bator. Assistant City Attorney Ralph Hicks and Planning and Community Development Director Karen Brindley were available to answer questions.

Council disclosures regarding the hearing were as follows: Deputy Mayor Spelich disclosed that he spoke with Assistant City Attorney Ralph Hicks, watched the Planning Commission hearing twice, spoke to two Planning Commissioners, read the materials and red dots, and spoke to the applicants and several neighbors; Councilmember Quirk disclosed that he met with the applicant and reviewed all red dots and materials for the item; Councilmember Gaasterland reviewed the materials and red dots, spoke with the applicant's next door neighbors the Clarks, looked at the subject property from the Clark's yard, and walked the applicant's property with her husband; and Mayor Martinez read the agenda report, met with the application inside and outside of their property, visited the Clark's property inside and outside of the house, read the red dot letters, spoke with staff and Assistant City Attorney Ralph Hicks, spoke with one Planning Commissioner, and that she participates in the Del Mar Women's Giving non-profit with applicant Beth Westburg.

Council questions focused on clarification of the site plan shown in staff's presentation; elevation differential on the property; clarification on the information shown in the typography map included in staff's presentation; when in the development process a California Environmental Quality Act (CEQA) analysis would be completed; whether any parcels on the previously private portion of San Dieguito Drive conform (are larger than 40,000 sq feet); history of subdivision that resulted in the current lot size; clarification on the lot size of the Westberg property; fire road easement proposed as part of the variance application and related regulation/enforcement; floor area ratio applicable to a future proposed project if variance is granted; square footage of variance requested; and whether Council can specify the location the home could be constructed in within the variance area.

Applicant Reid Westburg and applicant's representative Lee Andelin provided comments.

Mayor Martinez opened the item to public comment and the following people spoke:

- 1) Marc Westburg
- 2) Nan Johnson
- 3) Janet Wilson
- 4) Amy Cheshire with one donation of time from Chuck Marsh
- 5) Eric Clark
- 6) Tate Scott with donations of time from Becky Walker and Wade Walker
- 7) Laura DeMarco with one donation of time from Jennifer McDowell

Mayor Martinez closed the item to public comment.

The applicant's representative Lee Andelin provided a rebuttal on behalf of the applicant.

Council additional questions focused on clarifying the legal definition of a per se taking; details of the Certificate of Compliance issued for the property; whether there are other small lots along Crest Canyon; CEQA analysis and exception process; and septic issues.

Council discussion focused on division within the neighborhood regarding the project; considerations related to fire road access; parameters for which the City Council can consider and potentially approve a variance area; considerations about how the Design Review Board approval of a future project may interact with any variance approved this evening; and related floor area ratio regulations.

IT WAS MOVED BY COUNCILMEMBER QUIRK AND SECONDED BY COUNCILMEMBER GAASTERLAND TO ADOPT RESOLUTION 2026-01, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DEL MAR, CALIFORNIA, MODIFYING AND THEN APPROVING VARIANCE APPLICATION V24-003, A REQUEST FOR RELIEF FROM DEL MAR MUNICIPAL CODE SECTIONS 30.10.070.C.1.(A) AND 30.10.070.C.1.(B) TO REDUCE THE REQUIRED FRONT AND REAR YARD SETBACKS OF THE SUBSTANDARD SIZED LOT FOR DEVELOPMENT OF A RESIDENTIAL DWELLING UNIT AND DETACHED GARAGE ON A VACANT LOT LOCATED ADJACENT TO 1439 ORIBIA ROAD (APN: 299-200-74-00), DEL MAR, CALIFORNIA" WITH AMENDMENTS ESTABLISHING A 10 FOOT SET BACK ON THE EAST, WEST AND SOUTH SIDE OF THE SOUTH HALF OF THE LOT WITH THE ALLOWED FLOOR AREA TO COMPLY WITH THE R1-40 ZONE STANDARDS, THEREBY APPROVING THE VARIANCE (VOTE -4-0)

Ayes: Mayor Martinez; Deputy Mayor Spelich; Councilmembers Gaasterland and Quirk; Noes: 0; Recuse: 0; Absent: 0; Abstain: 0.

Planning and Community Development Director Brindley suggested that the City Council

COUNCIL MEETING RECESS:

The City Council took a meeting recess from approximately 6:58 p.m. to 7:10 p.m.

CITY COUNCIL OTHER BUSINESS

ITEM 7: 2026 CITY COUNCIL LOCAL AND REGIONAL APPOINTMENTS (CLERK'S FILE NO. 401-1)

An introduction to the item was provided by City Manager Jones. A presentation was provided by Administrative Services Manager Krietor.

Council questions focused on the process for amending the local and regional appointments and outcome if the City Council does not have consensus on a given appointment.

Mayor Martinez opened the item to public comment and the following people spoke:

- 1) Jas Grewal read a letter submitted by Suren Dutia with a donation of time from Tate Scott

Mayor Martinez closed the item to public comment.

Councilmember Gaasterland called a point of order regarding the public comment about the compensation she has received from SANDAG for her service on the Board of Directors which is

consistent with the compensation received by other SANDAG Board of Directors and other assertions in the red dot submitted by Suren Dutia.

Council discussion focused on reviewing the 2025 list of local and regional appointments and potential changes.

Council consensus was to make the following changes to the 2026 Regional and Local Appointments: 1) Appoint Mayor Martinez and Deputy Mayor Spelich to the Legislative Subcommittee; 2) Appoint Deputy Mayor Spelich to serve on the Civic Center Operations Guide Subcommittee with Councilmember Gaasterland, who was previously appointed; 3) Reappoint former Councilmember and resident Dwight Worden to represent the City on the METRO JPA Commission; and 4) Update the SANDAG Shoreline Preservation Working Group representatives to reflect Councilmember Gaasterland as the primary representative with Deputy Mayor Spelich as 1st alternate and Mayor Martinez as 2nd alternate.

After discussing at length, there was no Council consensus or vote on the 2026 SANDAG Board of Directors primary or alternate appointment(s).

REGIONAL ORGANIZATION AND COUNCIL COMMITTEES/SUBCOMMITTEES/COMMUNITY ORGANIZATION REPORTS

City Council representatives reported on the North County Transit District.

ADJOURNMENT

Mayor Martinez adjourned the meeting at 9:14 p.m.

Sarah Krietor, Administrative Services Manager/
City Clerk



**DEL MAR CITY COUNCIL
SPECIAL MEETING MINUTES
CLOSED SESSION
JANUARY 6, 2026**

City of Del Mar Town Hall
1050 Camino del Mar, Del Mar, California 92014

CALL TO ORDER

Mayor Tracy Martinez called the meeting to order at 2:45 p.m.

ROLL CALL

Present: Mayor Tracy Martinez; Deputy Mayor John Spelich; Councilmembers Terry Gaasterland and Dan Quirk (arrived at 2:50 p.m.)

PUBLIC COMMENT

Mayor Martinez opened public comment and the following people spoke:

- 1) Amy Cheshire
- 2) Bob Scott
- 3) Beth Westberg
- 4) Lee M. Andelin with a donation of time from Reid Westberg

Mayor Martinez closed public oral communication.

CLOSED SESSION

- A) Description: Conference with Legal Counsel - Significant Exposure to Litigation
Number of Cases: One
Description: De Novo Hearing related to Variance Application V24-003
Authority: Government Code Section 54956.9(d)(2)
Reportable Action: None.
- B) Public Employment
Title: City Attorney
Authority: Government Code Section 54957
Reportable Action: None.
- C) Public Employee Performance Evaluation
Title: City Manager
Authority: Government Code Section 54957
Reportable Action: None. The item was not heard and will be continued to a future meeting.

SPECIAL MEETING MINUTES

January 6, 2026

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ADJOURNMENT

Mayor Martinez adjourned the meeting at 4:50 p.m.

Sarah Krietor, Administrative Services Manager/
City Clerk



**DEL MAR CITY COUNCIL
SPECIAL MEETING MINUTES
CLOSED SESSION
JANUARY 12, 2026**

City of Del Mar Town Hall
1050 Camino del Mar, Del Mar, California 92014

CALL TO ORDER

Mayor Tracy Martinez called the meeting to order at 1:30 p.m.

ROLL CALL

Present: Mayor Tracy Martinez; Deputy Mayor John Spelich; Councilmembers Terry Gaasterland and Dan Quirk

CLOSED SESSION

- A) Public Employment
Title: City Attorney
Authority: Government Code Section 54957
Reportable Action: None.

ADJOURNMENT

Mayor Martinez adjourned the meeting at 6:10 p.m.

Sarah Krietor, Administrative Services Manager/
City Clerk



LIST OF DEMANDS
CITY OF DEL MAR
for
City Council Meeting
January 20, 2026

Vendor Payment Checks	\$ 180,646.52
Voids	(52,518.74)
Electronic Fund Transfers (EFT)	1,166,205.69
Electronic Wires	337,567.34
Total	<u><u>\$ 1,631,900.81</u></u>

Approved by: 

Marco Camacho
Finance Manager/Treasurer

Date: 1/15/26

Approved by: _____

Tracy Martinez
Mayor

Date: _____

Attachments: Check Registers

Bank : eusbnk EFT GENERAL ACCOUNT US BANK

Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total	
7415	12/26/2025	ace02	ACE UNIFORMS LLC	SD0249840	12/11/2025	UNIFORMS FIRE	323.24	323.24
	Voucher:	7415						
7416	12/26/2025	cha71	CHARTER COMM HOLDINGS	189125601	12/14/2025	INTERNET CH DEC	1,391.08	
	Voucher:	7416		189123801	12/14/2025	LFGRD FIBER DEC	413.54	
				189125701	12/14/2025	CH FIBER TO FIRE DEC	413.54	
				189123801	11/14/2025	LFGRD FIBER NOV	412.74	
				189112801	12/14/2025	VIDEO TRANSPORT/PEG DEC	336.01	
				189125801	12/14/2025	VIDEO TRANSPORT/PEG CH DE	336.01	
				189125401	12/14/2025	DMTV INTERNET DEC	119.99	
				189125501	12/14/2025	PUBLIC WIFI CH DEC	119.99	
				8448 41 006 01714	12/13/2025	PUBLIC WIFI PHCC DEC	116.25	
				189125201	12/14/2025	INTERNET TV STUDIO DEC	93.34	3,752.49
7417	12/26/2025	dev02	DEVANEY PATE MORRIS & C	11223	12/15/2025	CITY ATTORNEY NOV	25,661.60	
	Voucher:	7417		11222	12/12/2025	LEGAL FEES NOV	634.40	26,296.00
7418	12/26/2025	dix01	DIXIELINE LUMBER CO	06-0625564	12/17/2025	OPERATING SUPP PW	136.96	
	Voucher:	7418		06-0624588	12/9/2025	OPERATING SUPP PW	82.60	
				06-0624735	12/10/2025	CLEANING SUPP PW	14.65	
				06-0624586	12/9/2025	MAINT/REPAIR SUPP PW	2.82	237.03
7419	12/26/2025	ips02	IPS GROUP INC	INV119299	12/17/2025	PAPER ROLLS/BATTERIES CS	4,089.00	4,089.00
	Voucher:	7419						
7420	12/26/2025	lif01	LIFE-ASSIST	2036865	12/22/2025	AMBULANCE SUPP FIRE	304.50	304.50
	Voucher:	7420						
7421	12/26/2025	man12	MANERI TRAFFIC CONTROL	24815	12/10/2025	STREET SIGNS PW	467.08	467.08
	Voucher:	7421						
7422	12/26/2025	mic11	MICHAEL BAKER INTERNATI	1266264	11/4/2025	CITY ENGR SRVCS OCT	50,004.86	50,004.86
	Voucher:	7422						
7423	12/26/2025	nat21	NATIONWIDE MEDICAL/SUR	IN51824	12/16/2025	AMBULANCE SUPP FIRE	62.25	62.25
	Voucher:	7423						
7424	12/26/2025	nha01	NHA ADVISORS, LLC	01853	11/14/2025	UP FINANCING - TO #3	47,500.00	47,500.00
	Voucher:	7424						
7425	12/26/2025	pac28	PACIFIC MOBILE STRUCTUF	INV-00501156	1/1/2026	MOBILE OFFICE PW JAN	299.07	299.07
	Voucher:	7425						
7426	12/26/2025	par51	PARKWOOD LANDSCAPE M	110300	10/31/2025	CITYWIDE LANDSCAPE SERVICE	14,289.00	14,289.00
	Voucher:	7426						

Bank : eusbnk EFT GENERAL ACCOUNT US BANK (Continued)

<u>Check #</u>	<u>Date</u>	<u>Vendor</u>	<u>Invoice</u>	<u>Inv Date</u>	<u>Description</u>	<u>Amount Paid</u>	<u>Check Total</u>	
7427	12/26/2025	san56	SAN ELIJO JOINT POWERS,	12092025	12/9/2025	OPERATIONS/MAINT 3Q	298,824.67	298,824.67
	Voucher:	7427						
						Sub total for EFT GENERAL ACCOUNT US BANK:	446,449.19	

Bank : qusbnk GENERAL ACCOUNT US BANK

Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total
140548	12/26/2025	adt02	ADT SECURITY SERVICES	1184485096	12/13/2025	ALARM 1700 COAST JAN/MAR	143.82
		Voucher: 140548		1184486982	12/13/2025	ALARM PW JAN	138.90
140549	12/26/2025	asc03	ASCENT ENVIRONMENTAL II	20250258.01 - 1	12/15/2025	CONSULTING SRVCS NOV	11,862.61
		Voucher: 140549					11,862.61
140550	12/26/2025	bad01	BADGER METER INC	1775104	12/11/2025	MAINT/REPAIR SUPP PW	1,502.77
		Voucher: 140550		1775329	12/12/2025	MAINT/REPAIR SUPP PW	1,255.68
140551	12/26/2025	res01	CALWEN INC, DBA RESCUE	PC33741	12/11/2025	UNIFORMS CS	630.00
		Voucher: 140551					630.00
140552	12/26/2025	cit07	CITY OF SAN DIEGO	1000437192	12/2/2025	WATER TREATMENT OCT	33,520.81
		Voucher: 140552					33,520.81
140553	12/26/2025	sol01	CITY OF SOLANA BEACH	12222025	12/22/2025	OFF TRACK NOV	1,188.25
		Voucher: 140553		12182025	12/18/2025	OFF TRACK OCT	754.15
140554	12/26/2025	cos04	CO'S TRAFFIC CONTROL, IN	00186031	12/8/2025	TRAFFIC SIGNS PW	649.00
		Voucher: 140554					649.00
140555	12/26/2025	cou16	COUNTY OF SAN DIEGO - RI	25CTOFDMM05	12/1/2025	RADIO MAINT LFGRD	1,314.74
		Voucher: 140555					1,314.74
140556	12/26/2025	del06	DEL MAR AUTOMOTIVE SER	051426	12/10/2025	VEH MAINT PW	188.10
		Voucher: 140556		051410	12/9/2025	VEH MAINT PW #85	124.72
140557	12/26/2025	ell07	ELLIOT, SHAUNA	12162025	12/16/2025	CITATION REFUND	125.00
		Voucher: 140557					125.00
140558	12/26/2025	gfo01	GFOA	3126461	12/1/2025	ERP CONSULT SVRCS	6,000.00
		Voucher: 140558					6,000.00
140559	12/26/2025	int09	GREGORY CONLEY, DBA IN1	497	11/13/2025	SCADA MAINT NOV	306.26
		Voucher: 140559					306.26
140560	12/26/2025	haw01	HAWTHORNE MACHINERY C	PS001013088	12/12/2025	CATERPILLAR REPAIR PW	331.94
		Voucher: 140560					331.94
140561	12/26/2025	lal01	JOHN B LALLEY JR, DBA LAL	253	11/30/2025	ELECTRICAL SRVCS PW	955.00
		Voucher: 140561		252	8/15/2025	ELECTRICAL SRVCS PW	684.00
140562	12/26/2025	lea09	LEARNSOFT ENTERPRISE T	180737	12/16/2025	COMPUTER TRAINING CS	255.00
		Voucher: 140562					255.00
140563	12/26/2025	mun12	MUNICIPAL RESOURCE GRF	251241	12/17/2025	EXEC COACHING NOV	1,650.00
		Voucher: 140563					1,650.00
140564	12/26/2025	boh02	NANCY K. BOHL INC. DBA:, T	INV107646	12/8/2025	EAP SERVICES DEC	390.00
		Voucher: 140564					390.00

Bank : qusbnk GENERAL ACCOUNT US BANK (Continued)

Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total
140565	12/26/2025	nea02	NEAL ELECTRIC CORP	90455	12/16/2025	LANDSCAPE LIGHTS PHCC	944.70
		Voucher: 140565	90450	12/16/2025	ELECTRICAL SRVCS LFGRDS	649.72	1,594.42
140566	12/26/2025	pir02	PIRTEK CARLSBAD	243-T0000487	12/15/2025	VEH MAINT PW	1,617.25
		Voucher: 140566					1,617.25
140567	12/26/2025	rcp01	RCP BLOCK & BRICK INC.	33518818	12/15/2025	DECOMPOSED GRANITE PW	721.05
		Voucher: 140567					721.05
140568	12/26/2025	san138	SAN DIEGO ELEVATOR & LIF	10007	5/30/2025	ELEV MAINT LG MAY	150.00
		Voucher: 140568					150.00
140569	12/26/2025	sdq01	SAN DIEGO GAS & ELECTRI	0042 2198 4063 2	12/16/2025	UTILITIES NOV	5,289.43
		Voucher: 140569					5,289.43
140570	12/26/2025	san75	SAN DIEGO MAIN	12172025	12/17/2025	BULK MAIL POSTAGE FY26	5,000.00
		Voucher: 140570					5,000.00
140571	12/26/2025	san20	SAN DIEGUITO RIVER PARK	12222025	12/22/2025	OFF TRACK NOV	594.12
		Voucher: 140571	12182025	12/18/2025	OFF TRACK OCT	377.07	971.19
140572	12/26/2025	sch69	SCHMIDT DESIGN GROUP IN	25-412.02	11/30/2025	LANDSCAPE CONSULT SHORES	14,506.60
		Voucher: 140572	25-412.01	10/31/2025	LANDSCAPE CONSULT SHORES	999.60	15,506.20
140573	12/26/2025	sig12	SIGNA DIGITAL SOLUTIONS	42358440	12/12/2025	COPIER CH DEC	812.64
		Voucher: 140573	33843997	7/13/2024	COPIER PW JUL	138.74	
			42308081	12/12/2025	COPIER PW DEC	138.74	1,090.12
140574	12/26/2025	str31	STRONG MOBILE DIESEL LL	240001480	12/9/2025	VEH MAINT PW	2,012.45
		Voucher: 140574	240001493	12/11/2025	VEH MAINT PW	160.50	2,172.95
140575	12/26/2025	uli02	ULINE	201830151	12/15/2025	OPERATING SUPP PW	392.56
		Voucher: 140575					392.56
140576	12/26/2025	uni31	UNITED SITE SRVCS OF, CA	114-14168087	12/11/2025	PORTABLE RESTROOM - DEC	1,450.85
		Voucher: 140576	114-14168090	12/11/2025	PORTABLE RESTROOM - DEC	565.25	
			114-14168089	12/11/2025	PORTABLE RESTROOM - DEC	265.25	2,281.35
140577	12/26/2025	usb03	US BANK CORP PYMT SYST	4246 0445 5565 0	11/24/2025	US BANK CHARGES NOV	23,130.04
		Voucher: 140577					23,130.04
140578	12/26/2025	vis07	VISTA PAINT CORPORATION	2025-207428-00	12/17/2025	TRAFFIC PAINT PW	271.14
		Voucher: 140578					271.14
140579	12/26/2025	wax02	WAXIE'S ENTERPRISES, LLC	83681987	12/10/2025	JANITORIAL SUPPLIES	992.74
		Voucher: 140579	83691990	12/16/2025	JANITORIAL SUPPLIES	791.47	
			83686682	12/12/2025	KITCHEN SUPP PW	87.14	1,871.35
140580	12/26/2025	wes29	WEST COAST ARBORISTS IN	237429	11/30/2025	TREE MAINT 11-16 - 11/30	2,850.00
		Voucher: 140580					2,850.00

Sub total for GENERAL ACCOUNT US BANK: 128,879.80

46 checks in this report.

Grand Total All Checks: 575,328.99



VoidCKEP
12/23/25 8:03AM

Void Check Posting List
City of Del Mar

Document #: 922898 Void Date: 11/27/2025 Posting #: 36834 Group: eescalante
Check #: 7346 Bank code: eusbnk Check Date: 11/26/25
Vendor: nha01 NHA ADVISORS, LLC
Post into: 05/2026 Check amount: 47,500.00

Doc Source	Account Number	Description	Amount
disb	B 02.2110.0000	A/P GENERAL	47,500.00 CR
disb S*	B 02.1100.0000	CASH AND INVESTMENT	47,500.00 DB
disb S*	B 72.1160.0000	UNION BANK - GENER	47,500.00 DB
disb S*	B 72.1100.0000	CASH AND INVESTMENTS	47,500.00 CR
Balance Sheet Totals:	95,000.00 DB	95,000.00 CR	Difference: 0.00

Summary Documents

Document #: 922899 **Posting #:** 36834 **Date:** 11/27/25
Reference: 02
Description: disb - FUND 02 SUMMARY
Post into: 05/2026

Account Number	Description	Amount
B 02.1100.0000	Automatic Summary	47,500.00 DB

Balance Sheet Totals: 47,500.00 DB CR Difference:

Document #: 922900 **Posting #:** 36834 **Date:** 11/27/25
Reference: 72
Description: disb - FUND 72 SUMMARY
Post into: 05/2026

Account Number	Description	Amount
B 72.1160.0000	Automatic Summary	47,500.00 DB
B 72.1100.0000	Automatic Summary	47,500.00 CR

Balance Sheet Totals: 47,500.00 DB 47,500.00 CR Difference: 0.00

		<i>Balance Sheet Fund Totals</i>		
<u>Fund</u>		<u>Debits</u>	<u>Credits</u>	<u>Difference</u>
02	Measure Q	47,500.00	47,500.00	0.00
72	INVESTMENTS	47,500.00	47,500.00	0.00

Errors / Warnings

Documents with errors : 0
Documents with warnings : 0

Bank : qusbnk GENERAL ACCOUNT US BANK

Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total
4190	12/26/2025	irs01	IRS, UNITED STATES TREAS	Ben183082	12/26/2025	FEDERAL TAX: PAYMENT	42,132.46
		Voucher: 4190					42,132.46
4191	12/26/2025	per01	PERS	Ben183084	12/26/2025	PERS CONTRIBUTIONS: PAYMEN	57,143.80
		Voucher: 4191					57,143.80
4192	12/26/2025	edd01	EMPLOYMENT DEVELOPME	Ben183086	12/26/2025	STATE TAX: PAYMENT	12,542.15
		Voucher: 4192					12,542.15
4193	12/26/2025	per02	PERS 457	Ben183088	12/26/2025	CALPERS 457 DEFERRED COMF	3,101.49
		Voucher: 4193					3,101.49
Sub total for GENERAL ACCOUNT US BANK:							114,919.90

Bank : eusbnk EFT GENERAL ACCOUNT US BANK

<u>Check #</u>	<u>Date</u>	<u>Vendor</u>	<u>Invoice</u>	<u>Inv Date</u>	<u>Description</u>	<u>Amount Paid</u>	<u>Check Total</u>
7428	12/26/2025	mis07	107413 STATE ST BANK & TF Ben183078	12/26/2025	401A PLAN: PAYMENT	555.16	555.16
		Voucher:	7428				
7429	12/26/2025	mis08	303845 STATE ST BANK & TF Ben183070	12/26/2025	MISSION SQUARE 457B: PAYMEI	10,693.71	10,693.71
		Voucher:	7429				
7430	12/26/2025	mis09	803808 STATE ST BANK & TF Ben183080	12/26/2025	RETIREMENT HEALTH SAVINGS	748.81	748.81
		Voucher:	7430				
7431	12/26/2025	uni21	DEL MAR CITY EMPLOYEES Ben183072	12/26/2025	DMCEA DUES: PAYMENT	286.00	286.00
		Voucher:	7431				
7432	12/26/2025	nat15	NATIONAL BENEFIT SERVICE Ben183076	12/26/2025	SEC. 125 FLEXIBLE SAVINGS AC	1,856.19	1,856.19
		Voucher:	7432				
7433	12/26/2025	par21	U.S. BANK PARS FFC 674602 Ben183074	12/26/2025	PUBLIC AGENCY RETIREMENT S	1,412.31	1,412.31
		Voucher:	7433				
Sub total for EFT GENERAL ACCOUNT US BANK:							15,552.18

10 checks in this report.

Grand Total All Checks: 130,472.08



VoidCKEP
12/23/25 3:34PM

Void Check Posting List
City of Del Mar

Document #: 923226 Void Date: 10/06/2025 Posting #: 36851 Group: eescalante
 Check #: 140221 Bank code: gusbnk Check Date: 09/30/25
 Vendor: pas06 PASCUAL Y PASCUAL BALTAZAR
 Post into: 04/2026 Check amount: 3,980.00

Doc Source	Account Number	Description	Amount
disb	B 51.2110.0000	A/P-GENERAL	3,980.00 CR
disb	S* B 51.1100.0000	CASH AND INVESTMENTS	3,980.00 DB
disb	S* B 72.1160.0000	UNION BANK - GENER	3,980.00 DB
disb	S* B 72.1100.0000	CASH AND INVESTMENTS	3,980.00 CR
Balance Sheet Totals:		7,960.00 CR	Difference: 0.00

Summary Documents

Document #: 923227 **Posting #:** 36851 **Date:** 10/06/25
Reference: 51
Description: disb - FUND 51 SUMMARY
Post into: 04/2026

Account Number	Description	Amount
B 51.1100.0000	Automatic Summary	3,980.00 DB

Balance Sheet Totals: 3,980.00 DB CR Difference:

Document #: 923228 **Posting #:** 36851 **Date:** 10/06/25
Reference: 72
Description: disb - FUND 72 SUMMARY
Post into: 04/2026

Account Number	Description	Amount
B 72.1160.0000	Automatic Summary	3,980.00 DB
B 72.1100.0000	Automatic Summary	3,980.00 CR

Balance Sheet Totals: 3,980.00 DB 3,980.00 CR Difference: 0.00

		<i>Balance Sheet Fund Totals</i>		
<u>Fund</u>		<u>Debits</u>	<u>Credits</u>	<u>Difference</u>
51	WATER	3,980.00	3,980.00	0.00
72	INVESTMENTS	3,980.00	3,980.00	0.00

Errors / Warnings

Documents with errors : 0
Documents with warnings : 0

VoidCKEP
12/23/25 3:58PM

Void Check Posting List
City of Del Mar

Document #: 923231 Void Date: 12/23/2025 Posting #: 36853 Group: eescalante
Check #: 138528 Bank code: gusbnk Check Date: 08/02/24
Vendor: sig12 SIGNA DIGITAL SOLUTIONS INC
Post into: 00/0000 Check amount: 138.74

<u>Doc Source</u>	<u>Account Number</u>	<u>Description</u>	<u>Amount</u>
			0.00
Balance Sheet Totals:	0.00 DB	0.00 CR	Difference: 0.00

<i>Balance Sheet Fund Totals</i>			
<u>Fund</u>	<u>Debits</u>	<u>Credits</u>	<u>Difference</u>

Errors / Warnings

Documents with errors : 0
Documents with warnings : 0

Bank : eusbnk EFT GENERAL ACCOUNT US BANK

Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total
7434	1/5/2026	lif06	GEN DIGITAL INC.	10010642192	12/15/2025	VOL LIFELOCK BENEFITS	135.92
	Voucher:	7434					135.92
7435	1/5/2026	leg04	LEGALACCESSPLANS USA,	60406	12/1/2025	VOL LEGAL EASE INSURANCE: F	143.60
	Voucher:	7435					143.60
Sub total for EFT GENERAL ACCOUNT US BANK:							279.52

Bank : qusbnk GENERAL ACCOUNT US BANK

Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total	
8138	1/5/2026	hea02	HEALTH NET	BFC29AJAN26	12/15/2025	HEALTH INS JAN	44,746.70	44,746.70
	Voucher:	8138						
8139	1/5/2026	kai01	KAISER PERMANENTE	475311868041	12/10/2025	HEALTH INS JAN	15,586.48	15,586.48
	Voucher:	8139						
8140	1/5/2026	mut01	MUTUAL OF OMAHA	002003019710	12/12/2025	AD&D LIFE B&D JAN	4,852.11	4,852.11
	Voucher:	8140						
8141	1/5/2026	pri11	PRINCIPAL FINANCIAL GROU	1003938-10001JA	12/17/2025	DENTAL/VISION INS JAN	5,414.48	5,414.48
	Voucher:	8141						
8142	1/5/2026	sun11	SUN LIFE ASSURANCE CO, (915639-0001JAN2	12/16/2025	FF LIFE INS JAN	54.00	54.00
	Voucher:	8142						
140581	1/5/2026	cap01	CAPF CA PUBLIC SAFETY AI	Ben183068	12/26/2025	CAPF: PAYMENT	234.00	234.00
	Voucher:	140581						
Sub total for GENERAL ACCOUNT US BANK:							70,887.77	

8 checks in this report.

Grand Total All Checks: 71,167.29



VoidCKEP
01/02/26 2:15PM

Void Check Posting List
City of Del Mar

Document #: 923262 Void Date: 01/02/2026 Posting #: 36861 Group: eescalante
Check #: 139103 Bank code: gusbnk Check Date: 12/20/24
Vendor: cac01 CACEO
Post into: 00/0000 Check amount: 100.00

<u>Doc Source</u>	<u>Account Number</u>	<u>Description</u>	<u>Amount</u>
			0.00
Balance Sheet Totals:	0.00 DB	0.00 CR	Difference: 0.00

VoidCKEP
01/02/26 2:15PM

Void Check Posting List
City of Del Mar

<u>Fund</u>	<i>Balance Sheet Fund Totals</i>	<u>Debits</u>	<u>Credits</u>	<u>Difference</u>
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Errors / Warnings

Documents with errors : 0
Documents with warnings : 0

VoidCKEP
01/02/26 2:21PM

Void Check Posting List
City of Del Mar

Document #: 923263 Void Date: 01/02/2026 Posting #: 36862 Group: eescalante
Check #: 139120 Bank code: gusbnk Check Date: 12/20/24
Vendor: qui14 STEVE QUIRK
Post into: 00/0000 Check amount: 800.00

<u>Doc Source</u>	<u>Account Number</u>	<u>Description</u>	<u>Amount</u>
			0.00
Balance Sheet Totals:	0.00 DB	0.00 CR	Difference: 0.00

<i>Balance Sheet Fund Totals</i>			
<u>Fund</u>	<u>Debits</u>	<u>Credits</u>	<u>Difference</u>

Errors / Warnings

Documents with errors : 0
Documents with warnings : 0

Bank : eusbnk EFT GENERAL ACCOUNT US BANK

Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total	
7436	1/8/2026	kay01	ADAM KAYE	DEC-25	12/31/2025	Adam Kaye Communications - as-r	4,575.00	4,575.00
		Voucher:	7436					
7437	1/8/2026	bak09	BAKER ELECTRIC	6894	12/22/2025	ELECTRICAL SRVCS CH	2,775.00	2,775.00
		Voucher:	7437					
7438	1/8/2026	cal81	CALLTOWER INC	202933958	12/25/2025	TELEPHONE JAN	263.47	263.47
		Voucher:	7438					
7439	1/8/2026	cha71	CHARTER COMM HOLDINGS	189123701	12/14/2025	FIBER CONNECTION PW DEC	568.62	
		Voucher:	7439	189125301	12/14/2025	CH FIBER TO LFGRDS DEC	491.08	
				189123101	12/14/2025	LIFEGUARD FIBER DEC	491.08	
				189123401	12/14/2025	CABLE/INTERNET PW DEC	231.19	
				189123001	12/14/2025	LFGRD CABLE/INTERNET DEC	100.00	1,881.97
7440	1/8/2026	cor15	CORONADO MOBILE STORA	JAN-25	1/1/2026	STORAGE CONTRS JAN	255.00	255.00
		Voucher:	7440					
7441	1/8/2026	del02	DEL MAR BLUE PRINT CO, I	635470	12/18/2025	PRINTING SRVCS CS	464.33	464.33
		Voucher:	7441					
7442	1/8/2026	dix01	DIXIELINE LUMBER CO	06-0626032	12/23/2025	OPERATING SUPP FIRE	89.78	
		Voucher:	7442	06-0626095	12/23/2025	OPERATING SUPP PW	76.31	
				06-0625615	12/19/2025	MAINT/REPAIR SUPP PW	53.78	
				06-0626601	12/31/2025	OPERATING SUPP FIRE	34.66	
				06-0626279	12/29/2025	OPERATING SUPP FIRE	16.14	
				06-0626375	12/29/2025	MAINT/REPAIR SUPP PW	7.62	
				06-0626100	12/23/2025	OPERATING SUPP PW	6.16	284.45
7443	1/8/2026	iba02	IBANK, CA INFRASTRUCTUR	16-113-226	2/1/2026	IBANK LOAN - CH DEBT	204,598.08	
		Voucher:	7443	26-153-226	2/1/2026	IBANK LOAN - UNDERGROUND	33,245.83	
				15-110-226	2/1/2026	IBANK - WW LOAN	21,230.12	259,074.03
7444	1/8/2026	ips02	IPS GROUP INC	INV118554	11/30/2025	PRKG MTR TRANS FEE NOV	3,087.83	3,087.83
		Voucher:	7444					
7445	1/8/2026	kle01	KLEINFELDER	1560234	11/20/2025	CDM BRIDGE OCT	113,919.14	
		Voucher:	7445	1564981	12/19/2025	CDM BRIDGE NOV	18,810.59	132,729.73
7446	1/8/2026	lif01	LIFE-ASSIST	2037640	12/23/2025	AMBULANCE SUPP FIRE	551.43	551.43
		Voucher:	7446					
7447	1/8/2026	man12	MANERI TRAFFIC CONTROL	24890	12/24/2025	STREET SIGNS	282.75	282.75
		Voucher:	7447					

Bank : eusbnk EFT GENERAL ACCOUNT US BANK (Continued)

Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total
7448	1/8/2026	nv501	NV5 INC	486985	12/3/2025	GIS SRVCS OCT/NOV	7,717.50
	Voucher:	7448		486983	12/3/2025	GIS SRVCS SEP/NOV	1,237.50
7449	1/8/2026	pho01	PHOENIX GROUP INFO SYS	112025036	12/18/2025	CITE SRVCS - NOV	11,411.32
	Voucher:	7449		1120251036	12/18/2025	ADMIN CITE SRVCS - NOV	453.88
7450	1/8/2026	san12	SAN DIEGO COUNTY SHERIFF	12302025	12/30/2025	LAW ENF NOV	235,279.18
	Voucher:	7450					
7451	1/8/2026	san107	SAN DIEGO DIVERS	6898	11/7/2025	DIVE EQUIP MAINT CS	832.41
	Voucher:	7451					
7452	1/8/2026	wex01	WEX BANK	0496-00-496745-1	12/23/2025	GAS & OIL CS DEC	726.25
	Voucher:	7452					
Sub total for EFT GENERAL ACCOUNT US BANK:							663,883.03

Bank : qusbnk GENERAL ACCOUNT US BANK

Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total	
140582	1/8/2026	ame02	AMERICAN WATER WORKS	SO272674	11/19/2025	MBRSHR RWL PW	539.00	539.00
		Voucher:	140582					
140583	1/8/2026	sbc03	AT&T	9391054486	12/20/2025	TELEPHONE DEC	185.85	
		Voucher:	140583	9391026230	12/20/2025	TELEPHONE DEC	63.41	
				9391031506	12/20/2025	TELEPHONE DEC	62.21	
				9391065056	12/27/2025	TELEPHONE DEC	30.35	
				9391065055	12/27/2025	TELEPHONE DEC	30.32	372.14
140584	1/8/2026	bab03	BABCOCK LABORATORIES,	CL51198-10666	12/18/2025	WATER TESTING	575.00	575.00
		Voucher:	140584					
140585	1/8/2026	bar29	BARNETT QUALITY CONTRC	26011	12/6/2025	UTILITY UG DIST X1A	5,280.51	
		Voucher:	140585	26012	12/6/2025	JDB BLUFF PROJECT	305.00	5,585.51
140586	1/8/2026	emb02	CHRISTOPHER J GIAQUINTA	872543	12/22/2025	EMBROIDERY SRVCS PW	97.84	97.84
		Voucher:	140586					
140587	1/8/2026	lei05	COLIN LEIBOLD, LEIBOLD M	1292	12/29/2025	PHOTO SERVICES	5,000.00	5,000.00
		Voucher:	140587					
140588	1/8/2026	dat06	DATTILIO, DANIELLE	12232025	12/23/2025	PHCC EVENT REFUND	650.00	650.00
		Voucher:	140588					
140589	1/8/2026	dem09	DEMING DESIGNS INC	7095	12/22/2025	TOOLS/EQUIP CS	869.00	869.00
		Voucher:	140589					
140590	1/8/2026	fer01	FERRELLGAS LP	1132410586	12/18/2025	PROPANE FIRE	204.86	204.86
		Voucher:	140590					
140591	1/8/2026	ats01	GARDA CL WEST LOCKBOX	10836244	1/1/2026	ARMORED SRVCS JAN	749.46	749.46
		Voucher:	140591					
140592	1/8/2026	gro14	GROSS, ERIC	01052026	1/5/2026	PHCC EVENT REFUND	800.00	800.00
		Voucher:	140592					
140593	1/8/2026	haz04	HAZAN, ALISON	12152025	12/15/2025	PHCC EVENT REFUND	800.00	800.00
		Voucher:	140593					
140594	1/8/2026	lon06	LONG, JOSEPH CHARLES	01052026	1/5/2026	PHCC EVENT REFUND	800.00	800.00
		Voucher:	140594					
140595	1/8/2026	nea02	NEAL ELECTRIC CORP	90455	12/16/2025	LANDSCAPE LIGHTS PHCC	944.70	
		Voucher:	140595	90450	12/16/2025	ELECTRICAL SRVCS LFGRDS	649.72	1,594.42
140596	1/8/2026	par35	PARADIGM MECHANICAL CC	114237	12/22/2025	HVAC SRVCS CH	2,062.00	2,062.00
		Voucher:	140596					
140597	1/8/2026	por10	PORTABLE STORAGE CORP	170460	12/22/2025	STORAGE CS JAN	176.00	176.00
		Voucher:	140597					

Bank : qusbnk GENERAL ACCOUNT US BANK (Continued)

Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total	
140598	1/8/2026	sdg02	SAN DIEGO GAS & ELECTRI	0012 6209 1548 9	12/31/2025	UTILITIES DEC	104.51	104.51
		Voucher:	140598					
140599	1/8/2026	san112	SAN DIEGO HUMANE SOCIE	JAN-26	1/1/2026	ANIMAL SRVCS JAN	4,388.00	4,388.00
		Voucher:	140599					
140600	1/8/2026	sou02	SOUTHCOAST HEATING & A	1464478	12/19/2025	HVAC SRVCS PW	425.00	425.00
		Voucher:	140600					
140601	1/8/2026	uni25	STAXUP - UNITS LLC	19313	1/5/2026	STORAGE CS JAN	289.85	289.85
		Voucher:	140601					
140602	1/8/2026	ste30	STELLA FOUNDATION	01022026	1/5/2026	PHCC EVENT REFUND	800.00	800.00
		Voucher:	140602					
140603	1/8/2026	sta09	SWRCB, ATTN: AFRS	WS-1054982	12/3/2025	WATER SYSTEM FEES FY26	17,072.78	17,072.78
		Voucher:	140603					
140604	1/8/2026	ter01	TERMINIX INT CO LTD, PART	467052697	12/16/2025	PEST CONTROL FIRE - DEC	85.86	85.86
		Voucher:	140604					
140605	1/8/2026	ver12	VERIZON	73553692	12/20/2025	TELEPHONE DEC	128.54	128.54
		Voucher:	140605					
140606	1/8/2026	ver03	VERIZON WIRELESS	570653198-00008	12/18/2025	TELEPHONE DEC	354.13	
		Voucher:	140606	872374736-00003	12/18/2025	TELEPHONE DEC	253.79	
				872374736-00004	12/18/2025	TELEPHONE DEC	226.20	
				570653198-00006	12/18/2025	TELEPHONE DEC	221.81	
				570653198-00009	12/18/2025	TELEPHONE DEC	93.62	
				570653198-00007	12/18/2025	TELEPHONE DEC	38.01	1,187.56
140607	1/8/2026	wax02	WAXIE'S ENTERPRISES, LLC	83703632	12/23/2025	JANITORIAL SUPPLIES	1,824.40	
		Voucher:	140607	83703626	12/23/2025	JANITORIAL SUPPLIES	1,059.88	
				83703625	12/23/2025	JANITORIAL SUPPLIES	1,041.56	
				83706778	12/29/2025	JANITORIAL SUPPLIES	172.97	4,098.81
Sub total for GENERAL ACCOUNT US BANK:								49,456.14

43 checks in this report.

Grand Total All Checks: 713,339.17



Bank : eusbnk EFT GENERAL ACCOUNT US BANK

Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total
7453	1/8/2026	del14	DEL MAR VILLAGE ASSOCIA 7	1/7/2026	DMVA AGRMNT NOV	24,035.40	24,035.40
	Voucher:	7453					
7454	1/8/2026	dix01	DIXIELINE LUMBER CO	06-0619611	OPERATING SUPP PW	169.67	
	Voucher:	7454	06-0619562	10/27/2025	OPERATING SUPP PW	136.06	
			06-0619554	10/27/2025	OPERATING SUPP PW	16.62	322.35
Sub total for EFT GENERAL ACCOUNT US BANK:							24,357.75

Bank : qusbk GENERAL ACCOUNT US BANK

Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total
140608	1/8/2026	sdg02	SAN DIEGO GAS & ELECTRI	0066 5392 2766 7	12/5/2025	UTILITIES NOV	1,049.17
	Voucher:	140608		0066 5392 2766 7	1/7/2026	UTILITIES DEC	1,027.41
						Sub total for GENERAL ACCOUNT US BANK:	2,076.58

3 checks in this report.

Grand Total All Checks: 26,434.33



Bank : qusbnk GENERAL ACCOUNT US BANK

Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total
4194	1/9/2026	irs01	IRS, UNITED STATES TREAS	Ben183194	1/9/2026	FEDERAL TAX: PAYMENT	47,766.11
	Voucher:	4194					
4195	1/9/2026	per01	PERS	Ben183196	1/9/2026	PERS CONTRIBUTIONS: PAYMEN	61,478.31
	Voucher:	4195					
4196	1/9/2026	per02	PERS 457	Ben183198	1/9/2026	CALPERS 457 DEFERRED COMF	2,651.49
	Voucher:	4196					
4197	1/9/2026	edd01	EMPLOYMENT DEVELOPME	Ben183200	1/9/2026	STATE TAX: PAYMENT	14,122.20
	Voucher:	4197					
Sub total for GENERAL ACCOUNT US BANK:							126,018.11

Bank : eusbnk EFT GENERAL ACCOUNT US BANK

<u>Check #</u>	<u>Date</u>	<u>Vendor</u>	<u>Invoice</u>	<u>Inv Date</u>	<u>Description</u>	<u>Amount Paid</u>	<u>Check Total</u>
7455	1/9/2026	mis07	107413 STATE ST BANK & TF Ben183190	1/9/2026	401A PLAN: PAYMENT	555.16	555.16
		Voucher:	7455				
7456	1/9/2026	mis08	303845 STATE ST BANK & TF Ben183182	1/9/2026	MISSION SQUARE 457B: PAYMEI	10,498.61	10,498.61
		Voucher:	7456				
7457	1/9/2026	mis09	803808 STATE ST BANK & TF Ben183192	1/9/2026	RETIREMENT HEALTH SAVINGS	748.81	748.81
		Voucher:	7457				
7458	1/9/2026	uni21	DEL MAR CITY EMPLOYEES Ben183184	1/9/2026	DMCEA DUES: PAYMENT	286.00	286.00
		Voucher:	7458				
7459	1/9/2026	nat15	NATIONAL BENEFIT SERVICE Ben183188	1/9/2026	SEC. 125 FLEXIBLE SAVINGS AC	1,856.19	1,856.19
		Voucher:	7459				
7460	1/9/2026	par21	U.S. BANK PARS FFC 674602 Ben183186	1/9/2026	PUBLIC AGENCY RETIREMENT S	1,739.25	1,739.25
		Voucher:	7460				
Sub total for EFT GENERAL ACCOUNT US BANK:							15,684.02

Bank : qusbk GENERAL ACCOUNT US BANK

<u>Check #</u>	<u>Date</u>	<u>Vendor</u>	<u>Invoice</u>	<u>Inv Date</u>	<u>Description</u>	<u>Amount Paid</u>	<u>Check Total</u>
8143	1/9/2026	cal62 CALPERS	100000018160654	12/23/2025	REPLACEMENT BENEFIT FUNDS	25,975.56	25,975.56
	Voucher:	8143					
Sub total for GENERAL ACCOUNT US BANK:							25,975.56

11 checks in this report.

Grand Total All Checks: 167,677.69





City of Del Mar Agenda Report

TO: Honorable Mayor and City Councilmembers

FROM: Polly Robertson, Management Analyst
Joe Bride, Public Works Director
Via Ashley Jones, City Manager

DATE: January 20, 2026

SUBJECT: Resolutions to Approve the Second Amended and Restated Regional Wastewater Disposal Agreement between the City of San Diego and the Participating Agencies in the Metropolitan Sewerage System

REQUESTED ACTION/RECOMMENDATION:

Staff recommends that the City Council adopt a Resolution (Attachment A) approving the Second Amended and Restated Regional Wastewater Disposal Agreement (SARA) and a Resolution (Attachment B) authorizing unified management of industrial waste discharge pretreatment and enhanced source control.

BACKGROUND:

The City of Del Mar operates an independent, City-owned and maintained wastewater system consisting of gravity sewer pipes, pump stations, and force mains serving City residents and businesses. To dispose of the City's wastewater, the City has contracts in place with the San Elijo Joint Powers Authority (SEJPA) and Metropolitan Sewerage System (Metro System).

The City primarily contracts with the San Elijo Joint Power Authority (SEJPA) to transport wastewater to the San Elijo Water Reclamation Facility in the City of Encinitas (along with Encinitas, Rancho Santa Fe, and Solana Beach). The City is also a Participating Agency (PA) in the Metro System, which ultimately discharges wastewater to the Point Loma Wastewater Treatment Plant. Del Mar is one of twelve PAs that convey wastewater to the Metro System for treatment.

In 2016, infrastructure was constructed to allow the City to alternatively pump wastewater either to the Metro System or SEJPA. The City has pumped the majority of its wastewater to SEJPA since April 2018. However, Del Mar maintains its connection to the Metro System, which acts as an emergency backup system that is available during peak flow conditions should the SEJPA system become overwhelmed and unable to accommodate the City's wastewater discharge. Having access to the Metro System avoids any risk to the City of costly spills and related fines by the San Diego Water Quality Control Board and comes at a very low cost to the City.

City Council Action:

In 1998, a Regional Wastewater Disposal Agreement was negotiated between the City of San Diego and the Metro System PAs (including Del Mar). This agreement established roles and responsibilities, billing structures, and an advisory role for the PAs through the creation of the Metro Commission (a City of San Diego commission with one representative appointed by each PA). The agreement also provided for Metro Commission due diligence and review of shared costs related to the regional (later renamed “Metro”) facilities.

In 2000, the PAs formed the Metro Wastewater Joint Powers Authority (Metro JPA) as a separate legal entity authorized to act on matters related to the Regional Wastewater Disposal Agreement. The Metro JPA and the Metro Commission consist of the same appointed representatives and function as a single body.

The Metro JPA meets monthly in publicly noticed meetings with City of San Diego to approve costs, receive updates, and discuss regional wastewater matters. Del Mar is an original member of the Metro JPA and is currently represented by resident and former Councilmember Dwight Worden. The City’s Public Works Director represents the City on the Metro Technical Advisory Committee (TAC). The recommendation to approve the SARA is jointly supported by City staff and Mr. Worden as the City’s representative to the Metro JPA.

Several years ago, the City of San Diego and Metro JPA identified the need to modernize the 1998 agreement, which was no longer adequate for addressing evolving system needs. In 2021, the parties adopted an amended agreement intended as an interim measure. That amendment left six unresolved issues (referred to as the “Parking Lot Items”) to be addressed through future negotiations.

DISCUSSION/ANALYSIS:

Over the past four years, the Metro JPA has negotiated revised goals, objectives, and final agreement language, resulting in the Second Amended and Restated Regional Wastewater Disposal Agreement (SARA) now presented for City Council consideration. All Metro JPA members are presenting SARA to their respective governing bodies for approval, which so far has been approved by the City of Coronado, City of La Mesa, City of Lemon Grove, and City of Poway.

SARA Agreement

The proposed SARA (Exhibit A and Attachments C and D) amends and restates the 2021 Amended Agreement between the City of San Diego and the twelve PAs that use the Metro System. Upon adoption, SARA will replace the Amended Agreement and would be effective for the next forty years, through 2065. Attachment C provides a simplified summary of the SARA, major components of which include the following:

- Introduction of a new Functional Allocated Billing methodology to more accurately allocate Metro System costs based on actual system use.
- Retention of PA status for the City of Del Mar at an estimated annual cost of approximately \$21,000, providing 300,000 gallons per day of Peak Flow Capacity.

This capacity allows Del Mar to divert wastewater to the Metro System during emergency conditions when SEJPA is unable to accept flows.

- For example, during the August 2023 Hurricane Hillary event, SEJPA experienced operational issues and Del Mar diverted approximately 90,000 gallons of wastewater to the Metro System; avoiding a potential Sanitary Sewer Overflow (SSO).
 - SSOs are regulated by the State Water Resources Control Board and may be subject to fines of up to \$10 per gallon of discharge into sensitive receptors.
- Clarification of withdrawal provisions, allowing a PA to exit the Metro System upon payment of its proportionate share of historical capital costs, but eliminating the Metro System as an emergency backup if withdrawn.
 - Modernization of the legal document that governs regional cooperation on wastewater treatment and recycled/repurified water planning.
 - Modernization and reorganization of agreement language to reflect current operational and regulatory realities.
 - Resolution of the six previously tabled “Parking Lot Items” from the 2021 amendment including:
 1. Establishing cost-sharing approaches for Phases 1 and 2 of San Diego’s Pure Water Program
 2. A new billing method to allocate Metro System costs more accurately based on how each agency uses the Metro System
 3. Establishing Uniform Enforcement of Pretreatment (formerly Industrial Waste Discharge) Program by City of San Diego
 4. Outlining how future regional water reuse projects may be included in capital cost calculations
 5. An updated sample formula for calculating revenue from repurified water
 6. Provisions for treatment and billing of wastewater from military bases
 - Added flexibility for future adjustments to keep the agreement relevant.

Pure Water San Diego Considerations

The Pure Water San Diego program is a dual-purpose potable water and wastewater project intended to reduce flows to the Point Loma Treatment Plant while providing a new regional potable water supply. The prior agreement framework was insufficient to fully address the concerns of the Metro JPA and the City of San Diego related to repurified water. SARA updates the governing framework to better address these considerations.

Administrative Agreement No. 1

SARA establishes a new framework for implementing specific programmatic or ministerial changes through Administrative Agreements, eliminating the need for frequent amendments

to the primary agreement. Administrative Agreements may be approved by a PA through delegated authority to its Metro Commissioner/Metro JPA Board Member and becomes effective upon reaching the required approval threshold.

Although the City of Del Mar has no commercial or industrial users that require a pretreatment permit, Administrative Agreement No. 1 (Attachment B, Exhibit A) addresses the pretreatment program conducted by the City of San Diego. The pretreatment program involves the inspection and permitting of facilities within a range of commercial and industrial classifications that have a wastewater discharge, which has historically been conducted by City of San Diego. Key changes under Administrative Agreement No. 1 include:

- Inspection and permitting costs will be billed directly by the City of San Diego to affected business owners, rather than billed to Del Mar for cost recovery.
- Clarification of legal responsibilities between the City of San Diego and PAs related to pretreatment.

FISCAL IMPACT:

There is no fiscal action to be taken by the City Council related to the recommended action. Funds for the City's estimated \$21,000 annual cost under the SARA are available in the approved FY 2025-26 Operating Budget.

ENVIRONMENTAL IMPACT:

The proposed City Council action does not constitute a "project" under the definition set forth in California Environmental Quality Act (CEQA) Guidelines Section 15378 because it will not have a potential to result in a direct or indirect physical change in the environment and is, therefore, not subject to CEQA. No further action under CEQA is required.

NEXUS TO CITY COUNCIL GOALS AND PRIORITIES:

Amendments to City of San Diego Wastewater Transportation and Disposal Agreements is a Tier 1 City Council priority item.

ATTACHMENTS:

- Attachment A – Resolution No. 2026-XX
Exhibit A - SARA Agreement
- Attachment B – Resolution No. 2026-XX
Exhibit A - Administrative Agreement No.1
- Attachment C – Understanding SARA
- Attachment D – SARA Exhibits

RESOLUTION NO. 2026-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DEL MAR, CALIFORNIA AUTHORIZING THE CITY MANAGER TO APPROVE THE SECOND AMENDED AND RESTATED REGIONAL WASTEWATER DISPOSAL AGREEMENT BETWEEN THE CITY OF SAN DIEGO AND THE PARTICIPATING AGENCIES IN THE METROPOLITAN SEWERAGE SYSTEM

WHEREAS, the 1998 Regional Wastewater Disposal Agreement between the City of San Diego and the participating agencies previously set planning, capacity rights and cost allocations of wastewater facilities in the Regional Metro Wastewater System; and

WHEREAS, the City of Del Mar transports wastewater collected in the City to the Point Loma Wastewater Treatment Plant under the 1998 Regional Wastewater Disposal Agreement; and

WHEREAS, the City of Del Mar Resolution No. 2018-77 passed on the 29th day of October 2018, approved the First Amended and Restated Wastewater Disposal Agreement which addressed the amendments related to the Pure Water program and allocations of costs and financial protection of wastewater rate payers; and

WHEREAS, further necessary modifications to the First Amended Regional Agreement precipitated a Second Amended and Restated Wastewater Disposal Agreement clarifying and expanding on items related to the wastewater billing methodology, agency roles and responsibilities, and cost-sharing approaches for Phase 1 and Phase 2 of the Pure Water Program; and

WHEREAS, the Second Amended and Restated Agreement was considered and approved by Metro Commission/ Metro JPA on October 2, 2025, with a vote of 11-1; and

WHEREAS, each participating agency and the City of San Diego are required to approve the Agreement independently, with the implementation date of July 1, 2026, following the last participating agency approval.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Del Mar, California, that:

1. The above recitals are true and correct;
2. The City Manager is authorized to approve and sign the Second Amended and Restated Regional Wastewater Disposal Agreement, and
3. For any future Metropolitan Sewerage Administration Agreements with non-substantive impacts to the City of Del Mar, the City Manager is authorized to sign such a modified agreement.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Del Mar, California, at the Regular Meeting held this 20th day of January 2026.

Tracy Martinez, Mayor
City of Del Mar

APPROVED AS TO FORM:

Leslie E. Devaney, City Attorney
City of Del Mar

ATTEST AND CERTIFICATION:

STATE OF CALIFORNIA
COUNTY OF SAN DIEGO
CITY OF DEL MAR

I, SARAH KRIETOR, Administrative Services Manager/City Clerk of the City of Del Mar, California, DO HEREBY CERTIFY, that the foregoing is a true and correct copy of Resolution No. 2026-XX, adopted by the City Council of the City of Del Mar, California, at a Regular Meeting held the 20th day of January, 2026, by the following vote:

AYES:

NOES:

RECUSE:

ABSENT:

ABSTAIN:

Sarah Krietor, Administrative Services
Manager/City Clerk
City of Del Mar

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

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ACRONYM LIST:

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

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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:

<p>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)</p> <p style="text-align: center;"><u>less</u></p> <p>\$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</p> <p style="text-align: center;"><u>the result of which is multiplied by</u></p> <p>1.42 (which estimates the total interest on a 30-year State Revolving Fund loan with an interest rate of 2.5%)</p> <p style="text-align: center;"><u>the result of which is divided by</u></p>
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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 DATE	AMENDMENT 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
A	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	Distribution of Wastewater System Capacity Rights	
C	Administrative Protocol on Allocation of Operating Reserves and Debt Service Coverage to Participating Agencies	
D	Notice Listing	
E	Methodology for Contract Capacity Transfers	
F	Metro System Flow Formulas and Sampling Locations	
G	Sample of Interest Calculation	
H	Summary of Billings from County Water Authority Showing Costs for Untreated Water	
I	List of Administrative Agreements	
J	Exhibit List	

RESOLUTION NO. 2026-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DEL MAR, CALIFORNIA AUTHORIZING THE CITY MANAGER TO APPROVE THE METROPOLITAN SEWERAGE SYSTEM ADMINISTRATIVE AGREEMENT NO. 1 FOR UNIFIED MANAGEMENT OF INDUSTRIAL WASTE DISCHARGE PRETREATMENT AND ENHANCED SOURCE CONTROL PROGRAMS BETWEEN THE CITY OF SAN DIEGO AND THE PARTICIPATING AGENCIES IN THE METROPOLITAN SEWERAGE SYSTEM

WHEREAS, the 1998 Regional Wastewater Disposal Agreement between the City of San Diego and the participating agencies previously set planning, capacity rights and cost allocations of wastewater facilities in the Regional Metro Wastewater System; and

WHEREAS, the City of Del Mar transports wastewater collected in the City to the Point Loma Wastewater Treatment Plant under the 1998 Regional Wastewater Disposal Agreement; and

WHEREAS, the City of Del Mar Resolution No. 2018-77 passed on the 29th day of October 2018, approved the First Amended and Restated Wastewater Disposal Agreement which addressed the amendments related to the Pure Water program and allocations of costs and financial protection of wastewater rate payers; and

WHEREAS, further necessary modifications to the First Amended Regional Agreement precipitated a Second Amended and Restated Wastewater Disposal Agreement clarifying and expanding on items related to the wastewater billing methodology, agency roles and responsibilities, and cost-sharing approaches for Phase 1 and Phase 2 of the Pure Water Program; and

WHEREAS, Administrative Agreement No.1 to the Second Amended and Restated Regional Wastewater Disposal Agreement addresses specific programmatic details related to the Industrial Waste Discharge Pretreatment and Enhanced Source Control Program which is coordinated by the City of San Diego, and includes permitting, inspection, compliance monitoring, source control mechanisms, laboratory work, enforcement, program administration and overhead, and claims management.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Del Mar, California, that:

1. The above recitals are true and correct;
2. The City Manager is authorized to approve and sign Administrative Agreement No. 1 to the Second Amended and Restated Regional Wastewater Disposal Agreement; and
3. For any future Metropolitan Sewerage Administration Agreements with non-substantive impacts to the City of Del Mar, the City Manager is authorized to sign such a modified agreement.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Del Mar, California, at the Regular Meeting held this 20th day of January, 2026.

Tracy Martinez, Mayor
City of Del Mar

APPROVED AS TO FORM:

Leslie E. Devaney, City Attorney
City of Del Mar

ATTEST AND CERTIFICATION:

STATE OF CALIFORNIA
COUNTY OF SAN DIEGO
CITY OF DEL MAR

I, SARAH KRIETOR, Administrative Services Manager/City Clerk of the City of Del Mar, California, DO HEREBY CERTIFY, that the foregoing is a true and correct copy of Resolution No. 2026-XX, adopted by the City Council of the City of Del Mar, California, at a Regular Meeting held the 20th day of January, 2026, by the following vote:

AYES:

NOES:

RECUSE:

ABSENT:

ABSTAIN:

Sarah Krietor, Administrative Services
Manager/City Clerk
City of Del Mar

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]

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).

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 Outfall¹

SLUDGE TREATMENT CONVEYANCE FACILITIES

- Metro Biosolids Center (MBC)
- Point Loma Digesters³
- 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

¹ 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

² Gravity pipeline connection between NCWRP and the North Metro Interceptor

³Included 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 Sewer²
- Second Rose Canyon Trunk Sewer²
- East Mission Bay Trunk Sewer²
- Morena Blvd. Interceptor²
- 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)

¹ 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

² Gravity pipeline connection between NCWRP and the North Metro Interceptor

³Included 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

¹ 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

² Gravity pipeline connection between NCWRP and the North Metro Interceptor

³Included separately from rest of treatment plant to acknowledge role in sludge treatment process.

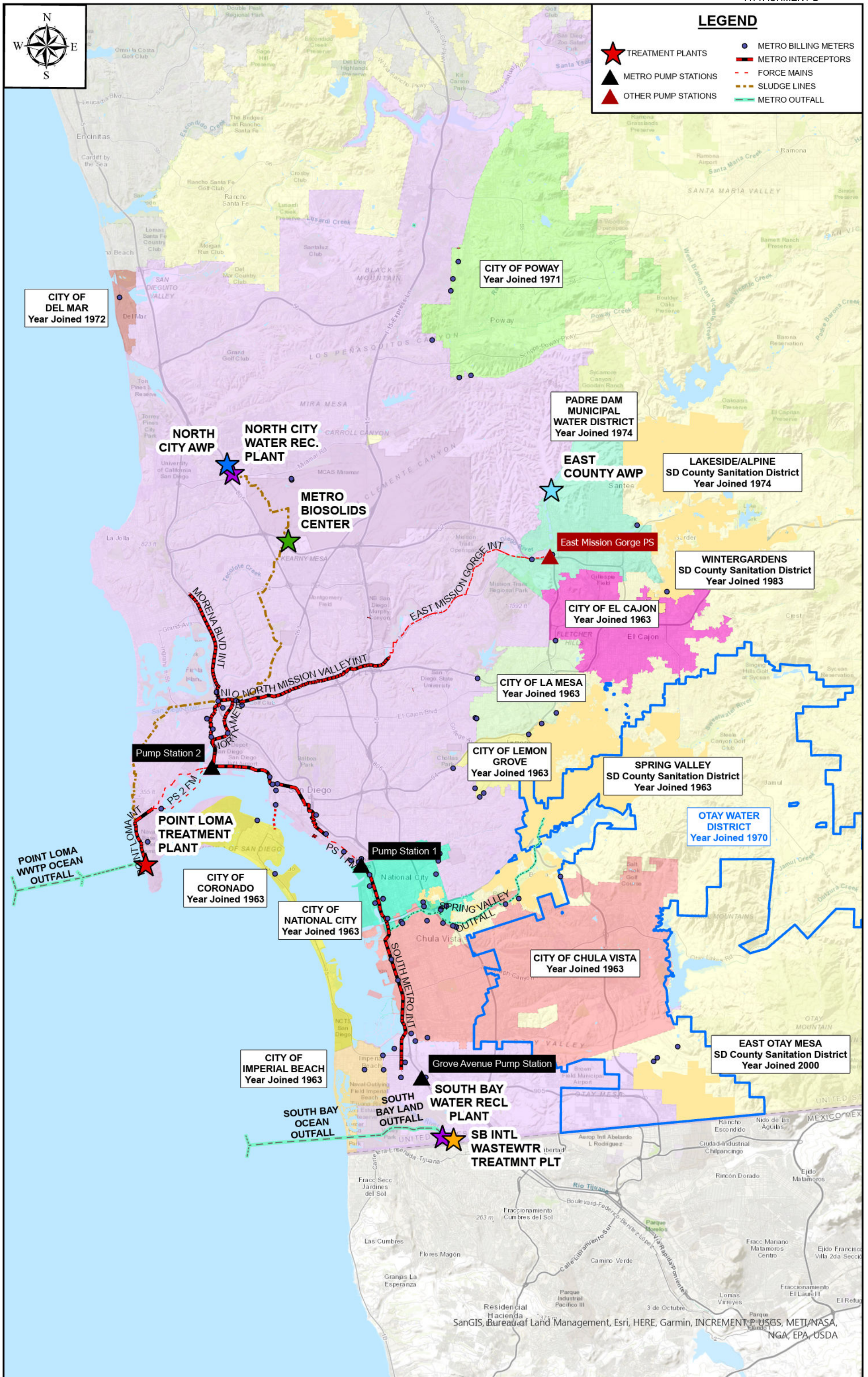


Exhibit B

Distribution of Wastewater System Capacity Rights

EXHIBIT B

DISTRIBUTION OF WASTEWATER SYSTEM CAPACITY RIGHTS							
AGENCY	ANNUAL FIXED CAPACITY RIGHTS ¹						
	1	2	3	4	5	6	7
	Average Flow ² , MGD	Incremental Peak Flow ³ , MGD	RSPD ⁴ , MGD	Total Allowable Flow ³ , MGD	TSS ² , 1,000 lbs.	COD ² , 1,000 lbs.	Pure Water Phase 1 ⁵
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%
SUBTOTAL	47.9	105.9	1.356	155.1	52,916	92,938	29.677%
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
SUBTOTAL	124.1	136.2	14.3	260.2	130,032	252,818	70.323%
Metro I&I	-	82	-	82	-	-	-
TOTAL	171.9	324.1	15.7	497.4	182,948	345,756	100%

1. Currently based on 2050 projected flows and strengths.

2. Based on monthly average flow and strength.

3. Based on hourly average flow.

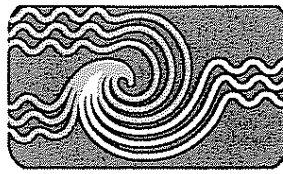
4. Reject Stream from Demineralization Process

5. Pure Water Phase 1 Capital Merged 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 Merged 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



www.metrojpa.org

Ernest Ewin, Chairman

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,



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:

$$\frac{\text{Fiscal Year Estimated Operating Expenses (not including CIP and debt service)}}{365 \text{ days} \times 45 \text{ days}}$$

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 #	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15
1	Current Projected Revenue Stream	Input		\$54,007,596	\$63,231,038	\$57,249,960	\$64,487,408	\$65,000,000	\$65,000,000	\$65,000,000	\$65,000,000	\$65,000,000
2	Annual Refund After Exhibit E Audit	Input					(8,209,431)	(1,500,000)	(3,000,000)	(2,500,000)	(2,100,000)	(1,800,000)
3	Transfer (to)/from Operating Reserve	Line 21-Prior Year	(1)				(4,281,432)	(42,814)	(43,242)	(43,675)	(44,112)	(44,553)
4	Undesignated Fund Balance Interest	Line 17 X Interest Rate	(1)				79,990	258,156	225,608	113,282	62,579	58,889
5	Operating Reserve Interest	Calculated Off-Line	(2)				164,514	166,159	167,821	169,499	171,194	172,906
6	Gross PA System Revenue	Sum(Line1,Line5)		\$54,007,596	\$63,231,038	\$57,249,960	\$62,241,049	\$63,881,500	\$62,350,187	\$62,739,106	\$63,089,661	\$63,387,252
7	Less:											
8	PA Estimated Total Operating Expenses	Prior year X 1.01	(3)	\$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
9	Net PA System Revenue	Line 6 - Line 8		\$21,703,298	\$26,080,996	\$22,522,790	\$17,513,879	\$28,807,058	\$26,925,001	\$26,959,668	\$26,952,429	\$26,888,647
11	PA Annual Debt Service Payment	Calculated Off-Line		\$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
12	CIP Pay Go - 20% of Projected CIP	Input	(4)	(4,417,502)	(512,512)	-	1,318,048	5,610,210	7,369,218	5,800,940	4,570,129	4,655,009
13	Total CIP and Debt Service	Line 12 + 13		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
14	Net Income after CIP and Debt Service	Line 10 - 14		\$5,747,407	\$6,743,457	\$2,081,721	(\$7,854,157)	(\$847,032)	(\$2,923,257)	(\$1,339,537)	(\$95,775)	(\$245,092)
15	PA Undesignated Fund Balance	Line 16 + Prior Year		\$5,747,407	\$12,490,864	\$14,572,585	\$6,718,428	\$5,871,396	\$1,948,199	\$1,628,602	\$1,532,827	\$1,287,735
16	Calculated Debt Service Ratio	Line 10/Line 12					0.73	1.20	1.20	1.20	1.20	1.20
17	Operating Reserve (45 days)	(Line 8/365 days) X 45 days					\$4,281,432	\$4,324,246	\$4,367,489	\$4,411,164	\$4,455,275	\$4,499,828

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

FY10 Operating Reserve Calls:
 PA Operating Expenses: \$4,727,170
 divided by: 365
 Equals: \$9,143
 Times: 45
 45 day Operating Reserve: \$4,281,432

FY10 Operating Reserve Interest Calls:
 PA Operating Expenses: \$4,281,432
 Times ave monthly LAIF Interest Rate: 0.038425 (range from 3.18% to 4.53% per month)
 FY10 Estimated Interest Earned: \$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
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Chula Vista, CA 91919
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mkachadoorian@chulavista.ca.gov

Tina Friend
City Manager
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Phone: (619) 522-7335
cm@coronado.ca.us

Ashley Jones
City Manager
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Del Mar, CA 92014
Phone: 755-9313 ext. 25
ajones@delmar.ca.us

Graham Mitchell
City Manager
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Tyler Foltz
City Manager
City of Imperial Beach
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Imperial Beach, CA 91932
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Greg Humora
City Manager
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Ghumora@cityoflamesa.us

Lydia Romero
City Manager
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3232 Main Street
Lemon Grove, CA 91945
Phone: (619) 464-6934
sdershem@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

Chris Hazeltine
City Manager
City of Poway
13325 Civic Center Drive
Poway, CA 92064
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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.

POOLED CAPACITY				
	Average Flow, mgd	Incremental Peak¹, mgd	TSS, 1,000 lbs.	COD, 1,000 lbs.
After Phase 1 Pure Water	0	10 ²	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

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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.

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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.

AGENCY	OWNERSHIP					USE				TOTAL	
	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
SUBTOTAL	\$ 70,032,590	\$ 70,957,155
San Diego		
SD Wastewater	\$ 182,904,588	\$ 181,993,097
SD Water	\$ 1,457,146	\$ 1,444,072
SUBTOTAL	\$ 184,361,734	\$ 183,437,169
Regional Sludge	\$ -	\$ -
TOTAL	\$ 254,394,325	\$ 254,394,325

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AVERAGE FLOW EXAMPLE ~ 5% INCREASE IN CONTRACT CAPACITY FROM INCREMENTAL 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.

AGENCY	OWNERSHIP					USE				TOTAL	
	Average Flow, MGD	Incremental Peak Flow, MGD	RSPD, MGD	TSS, 1,000 lbs.	COD, 1,000 lbs.	Metered Flow, MGD	RSPD, 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
SUBTOTAL	\$ 70,032,590	\$ 70,917,492
San Diego		
SD Wastewater	\$ 182,904,588	\$ 182,031,622
SD Water	\$ 1,457,146	\$ 1,445,211
SUBTOTAL	\$ 184,361,734	\$ 183,476,833
Regional Sludge	\$ -	\$ -
TOTAL	\$ 254,394,325	\$ 254,394,325

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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.

AGENCY	OWNERSHIP					USE				TOTAL	
	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

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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.

AGENCY	OWNERSHIP					USE				TOTAL	
	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

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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.

AGENCY	OWNERSHIP					USE				TOTAL	
	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

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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.

AGENCY	OWNERSHIP					USE				TOTAL	
	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
SUBTOTAL	\$ 70,032,590	\$ 70,273,015
San Diego		
SD Wastewater	\$ 182,904,588	\$ 182,664,163
SD Water	\$ 1,457,146	\$ 1,457,146
SUBTOTAL	\$ 184,361,734	\$ 184,121,309
Regional Sludge	\$ -	\$ -
TOTAL	\$ 254,394,325	\$ 254,394,325




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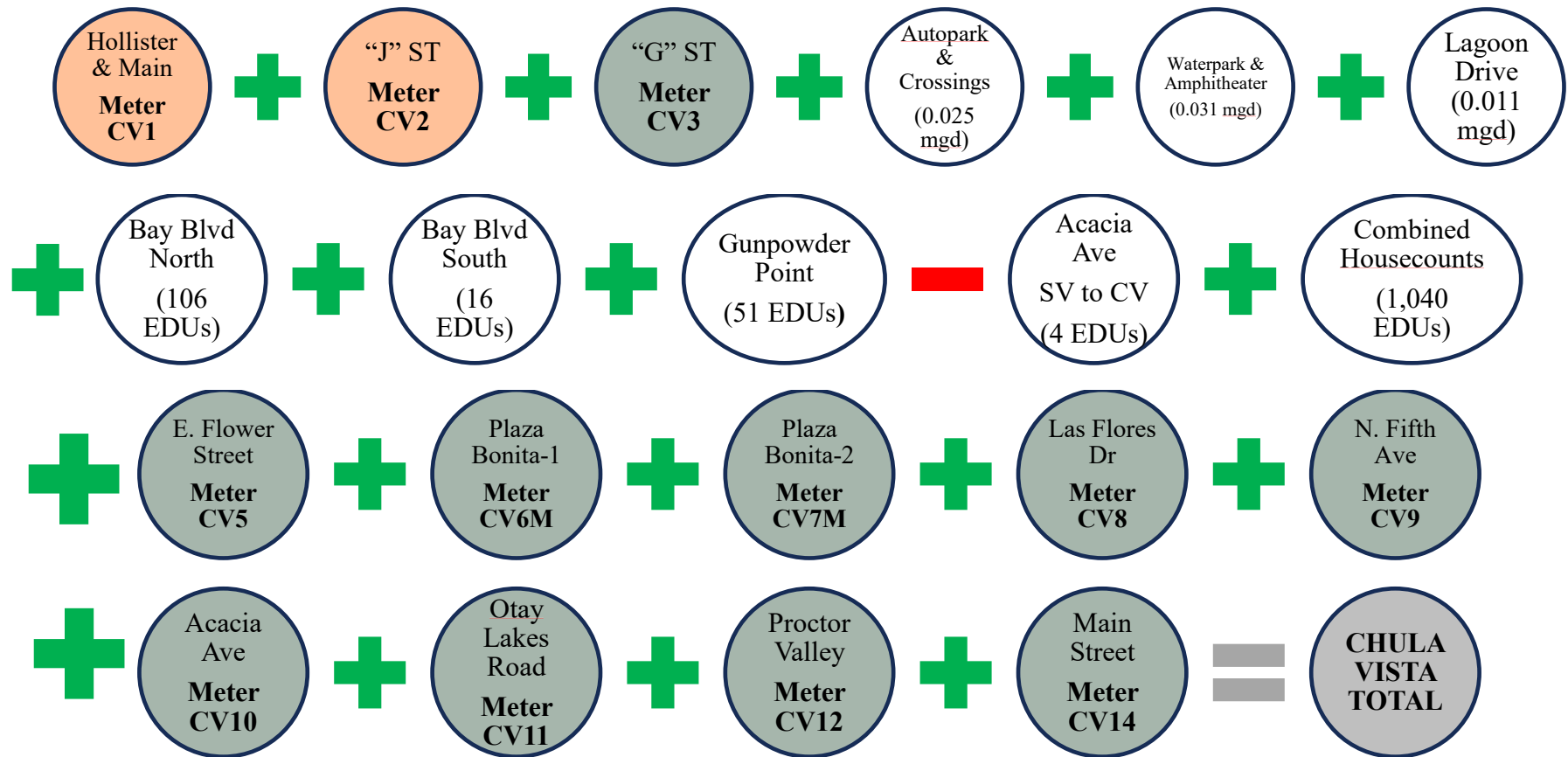
EXHIBIT F –
METRO SYSTEM FLOW FORMULAS AND
SAMPLING LOCATIONS

JULY 2025

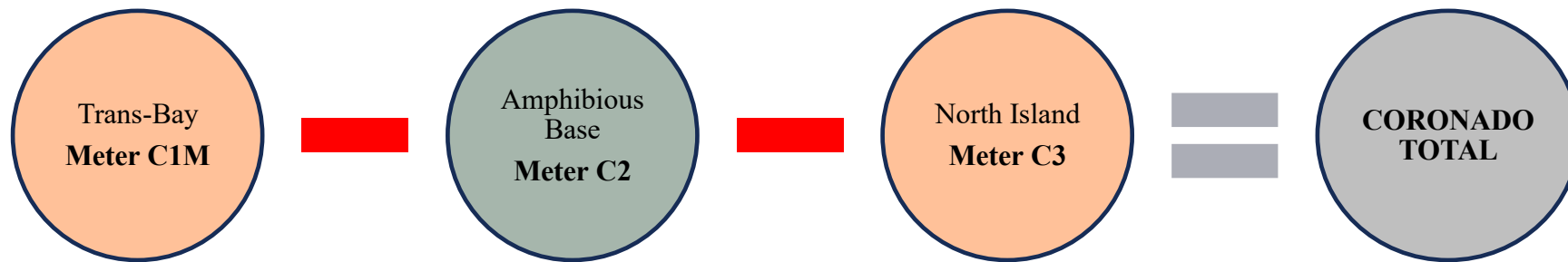
LEGEND

-  Billing and Sampling Meters
-  Billing Meters
-  Municipal Meter

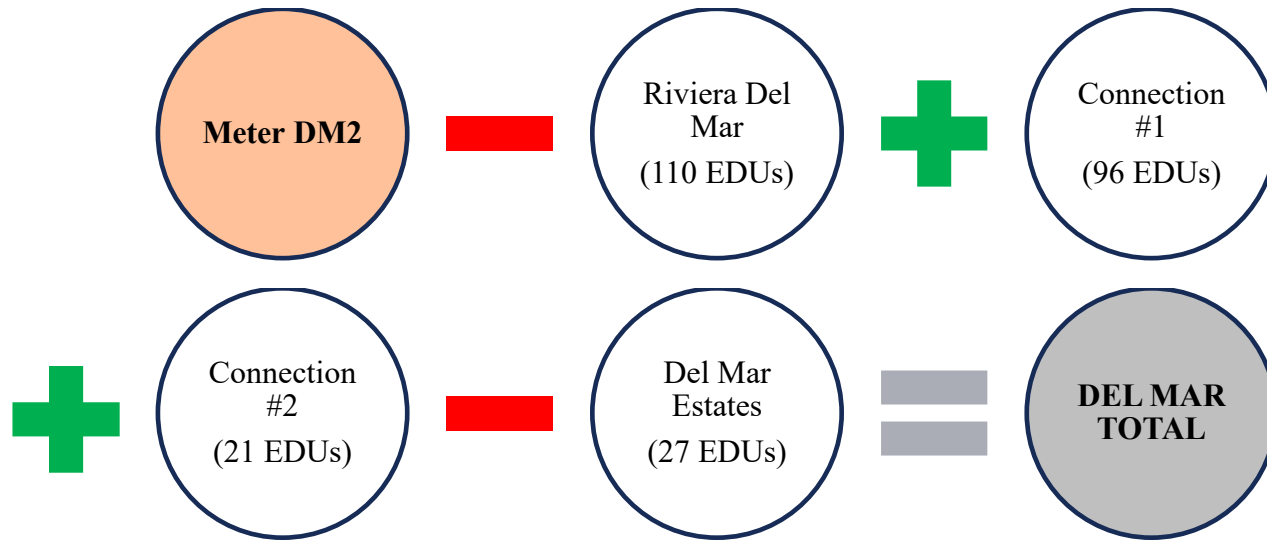
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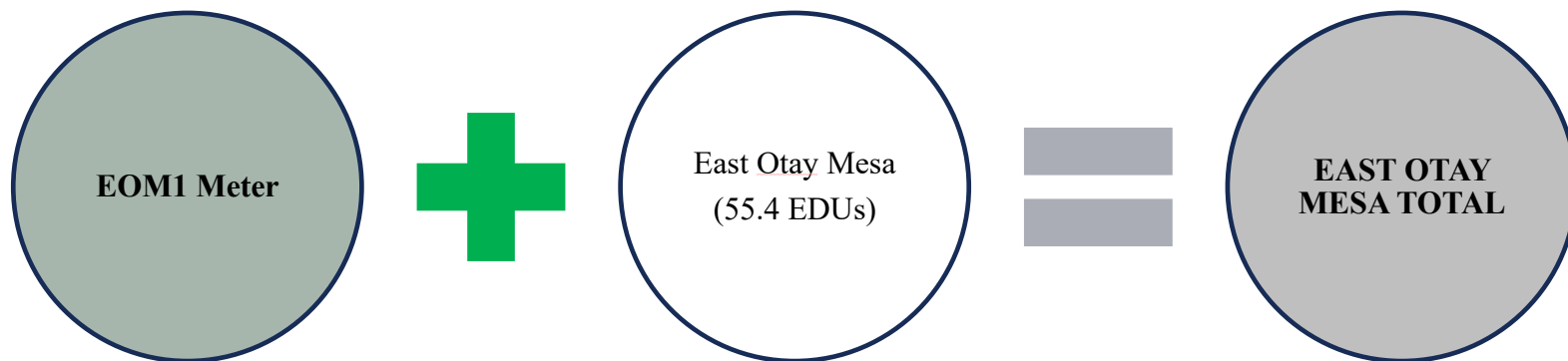
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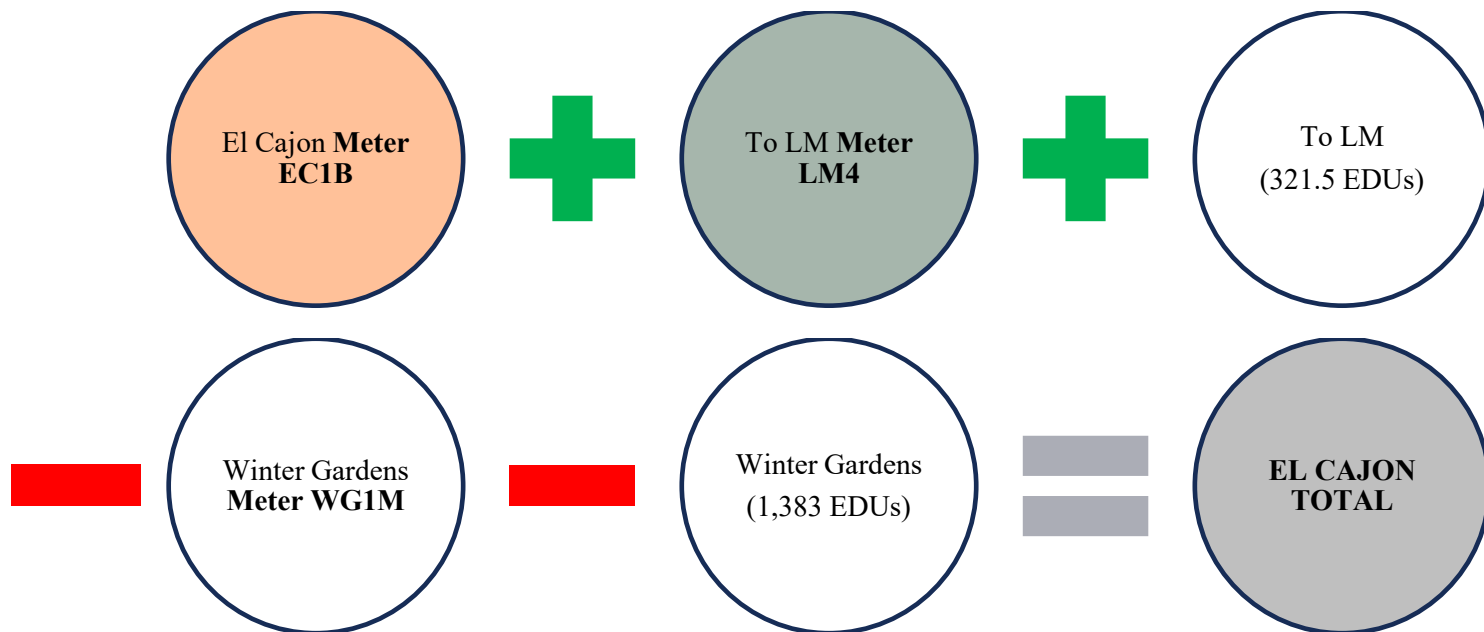
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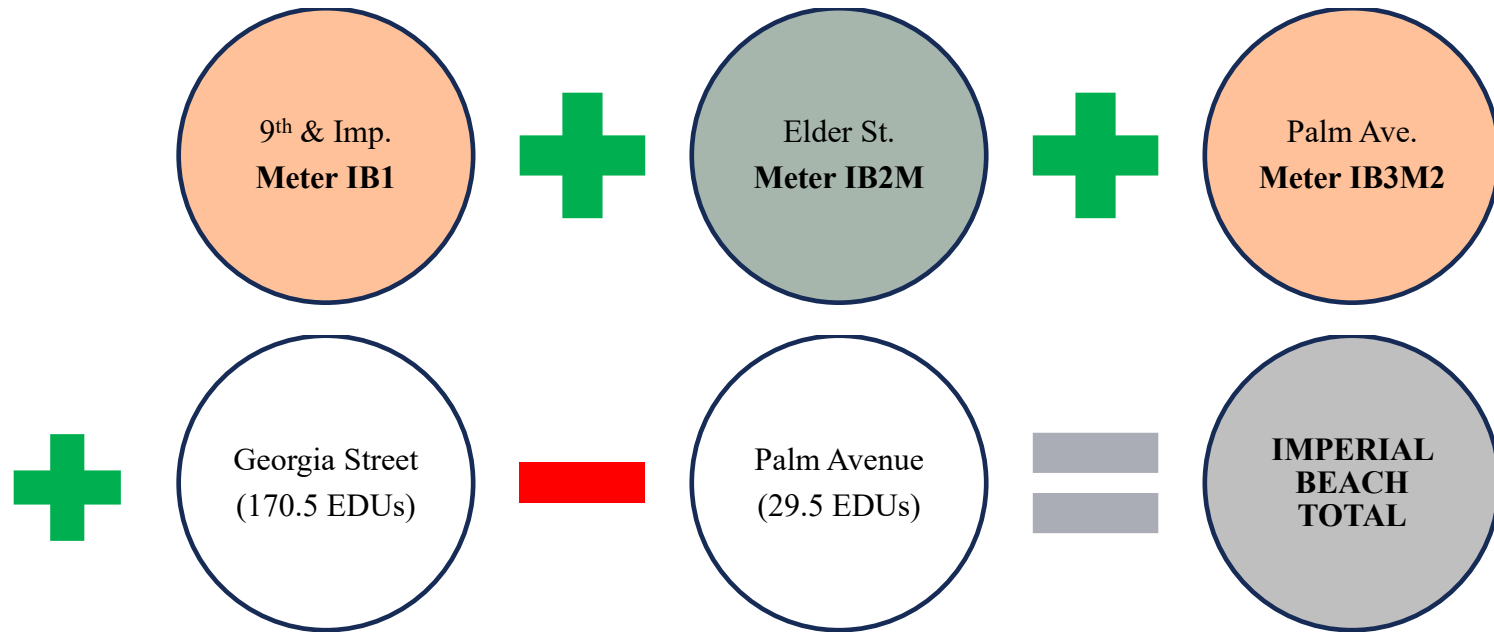
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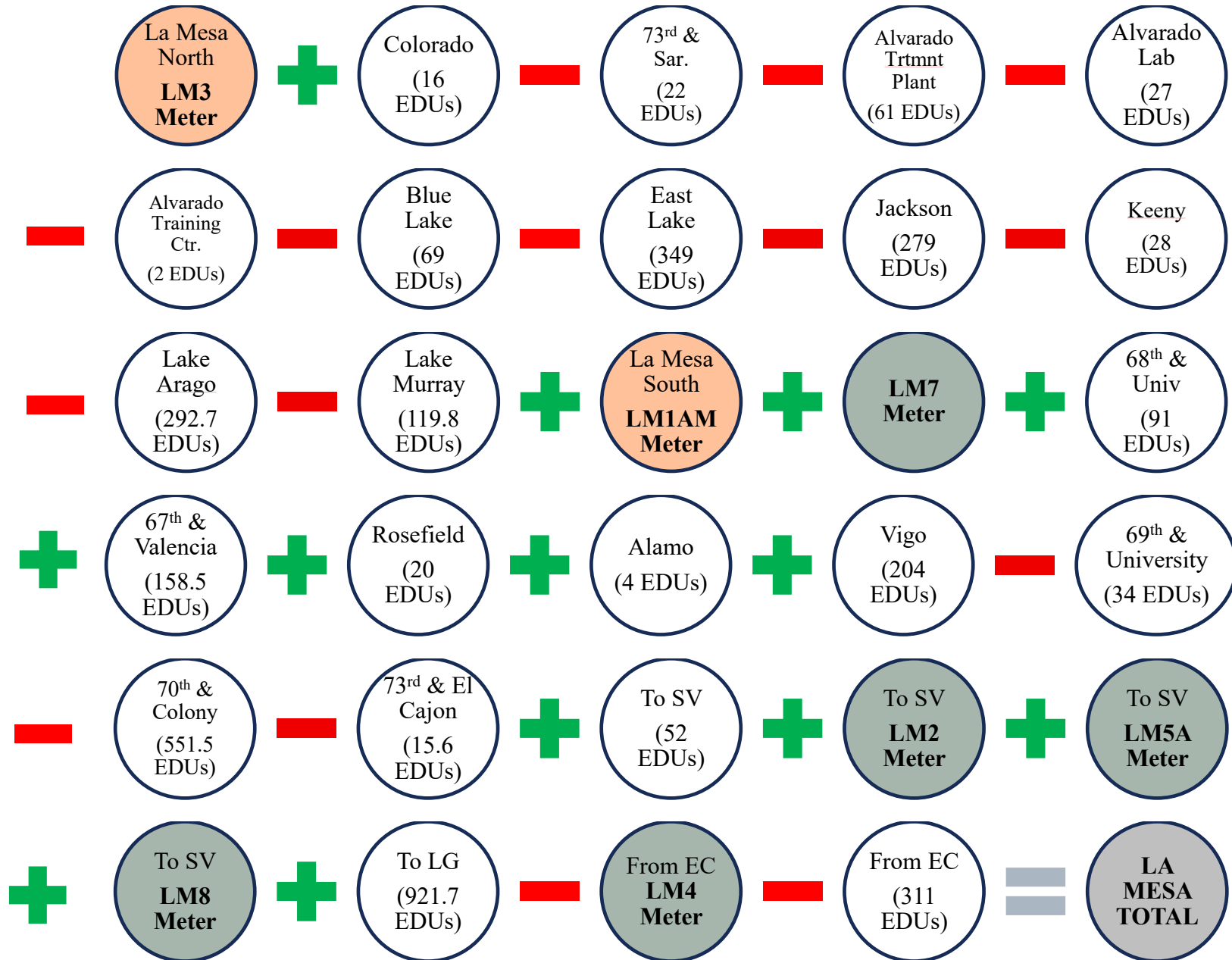
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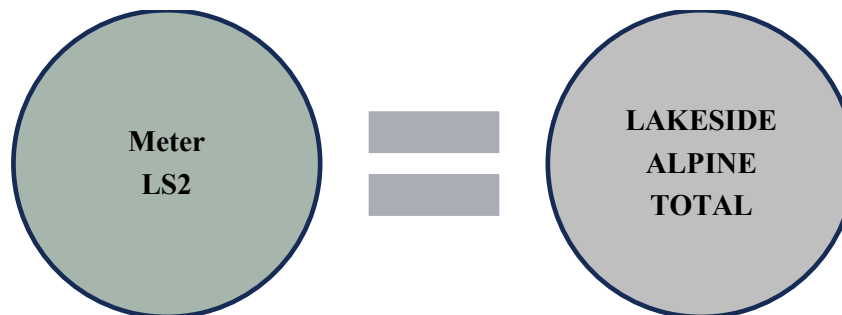
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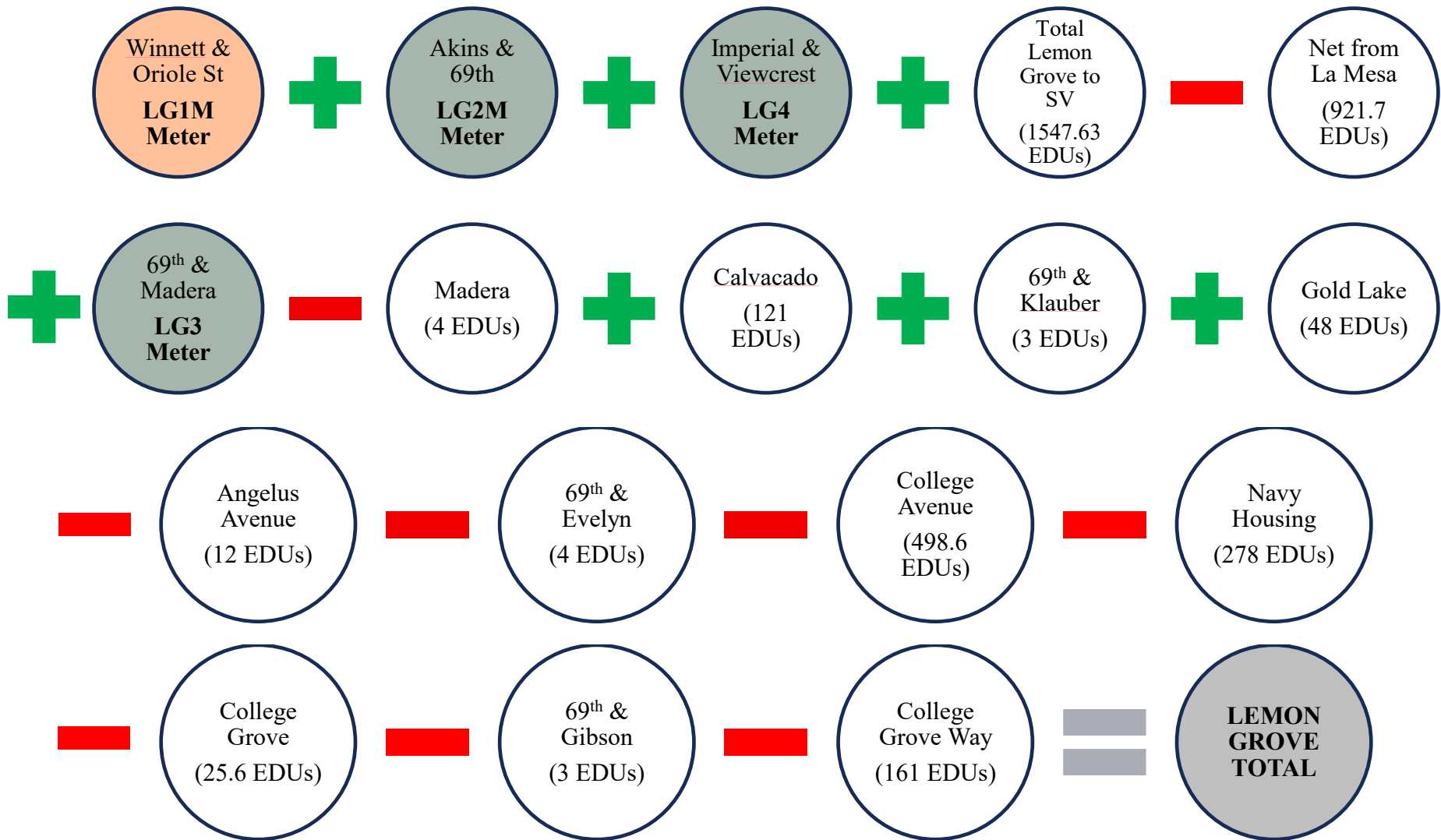
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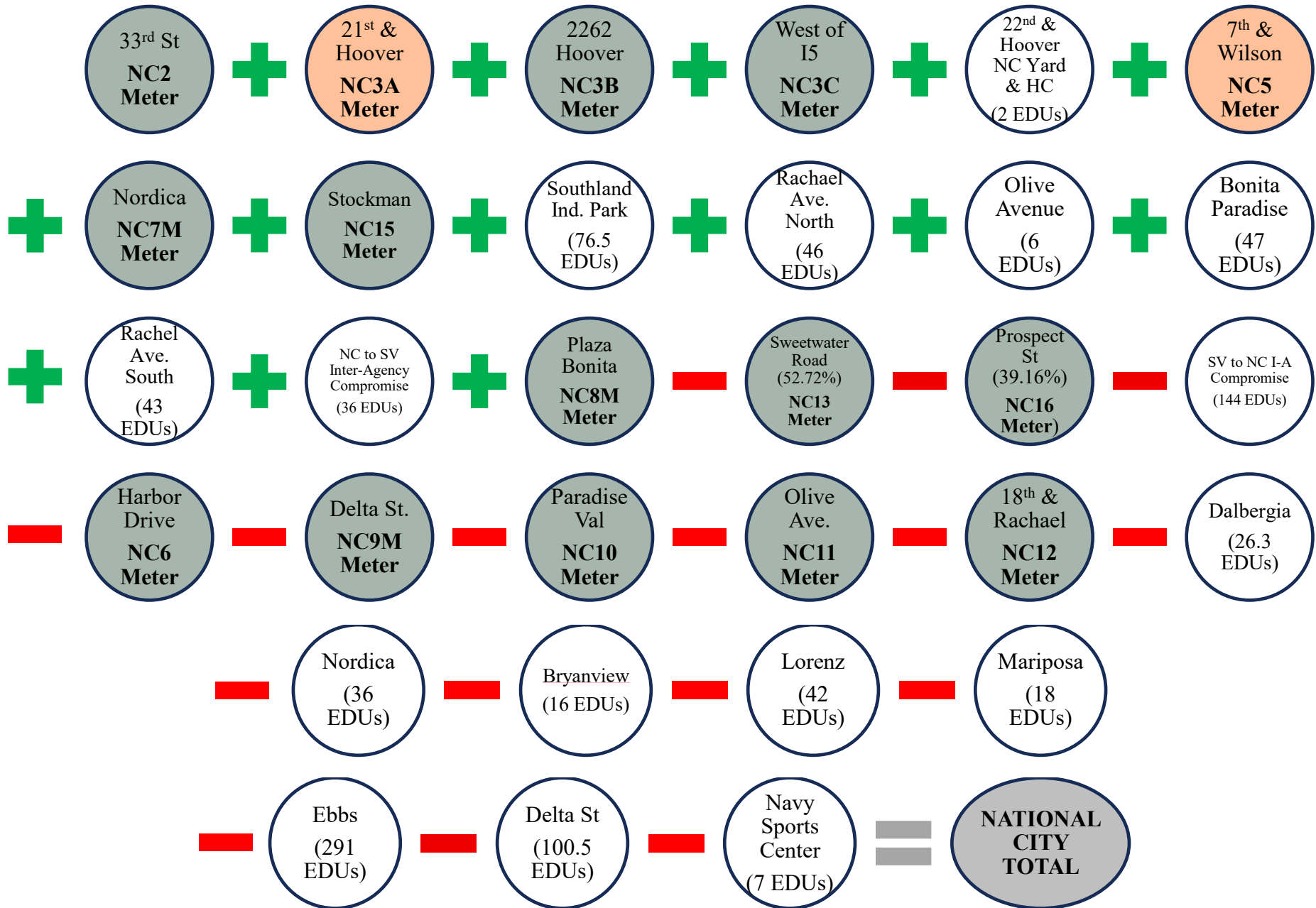
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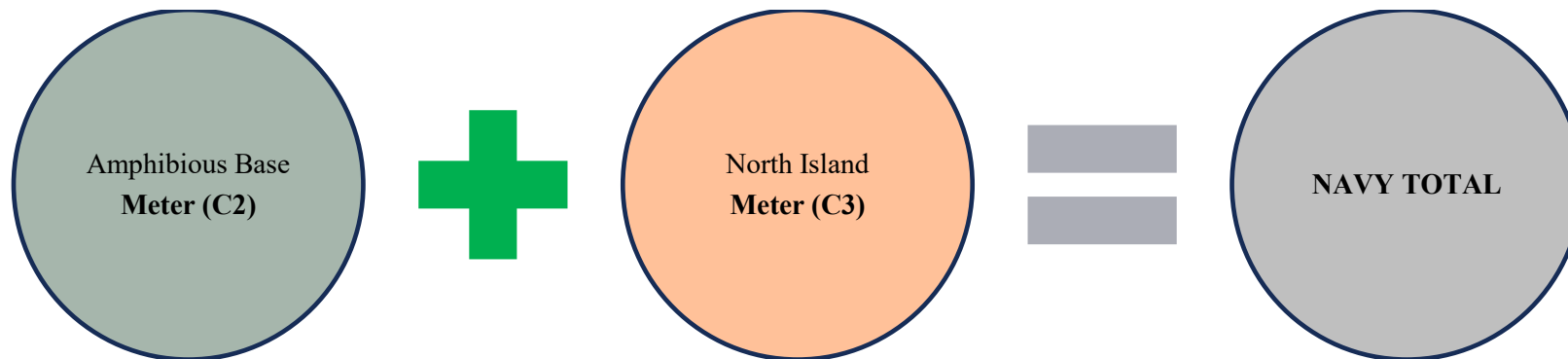
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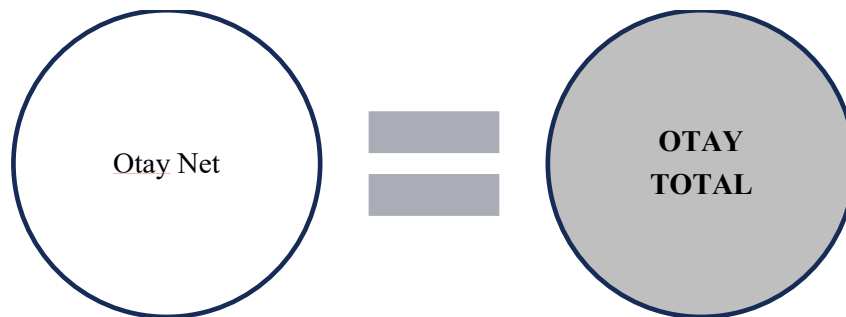
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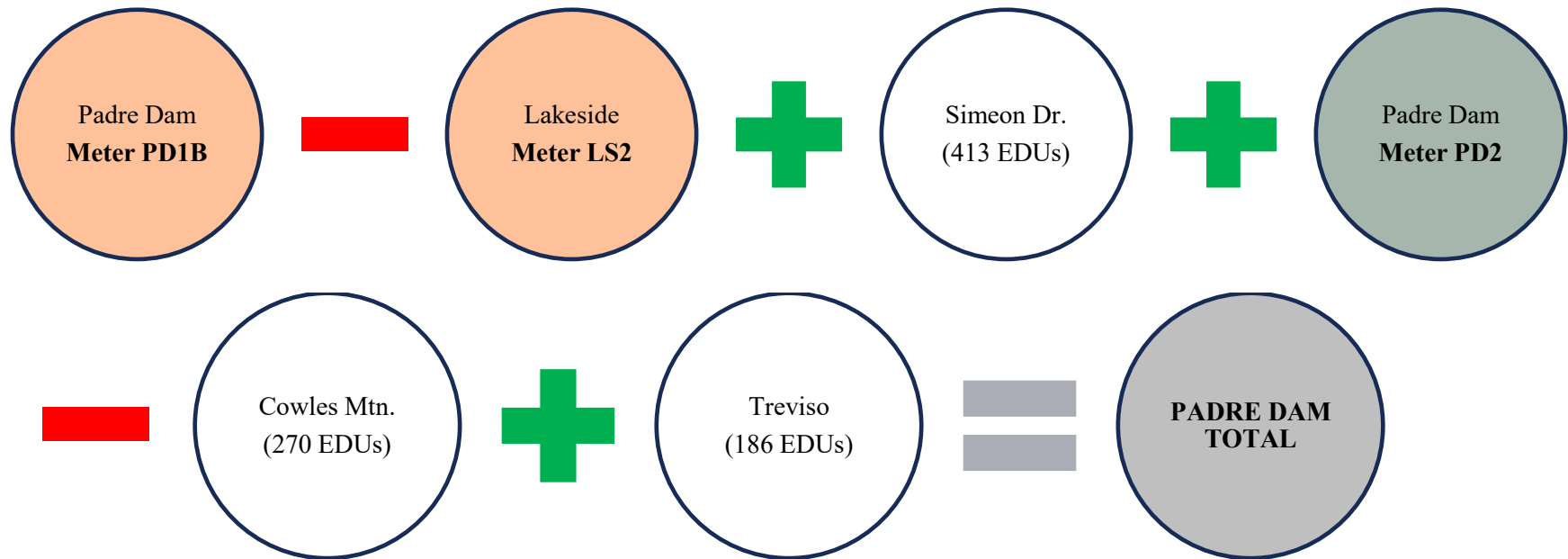
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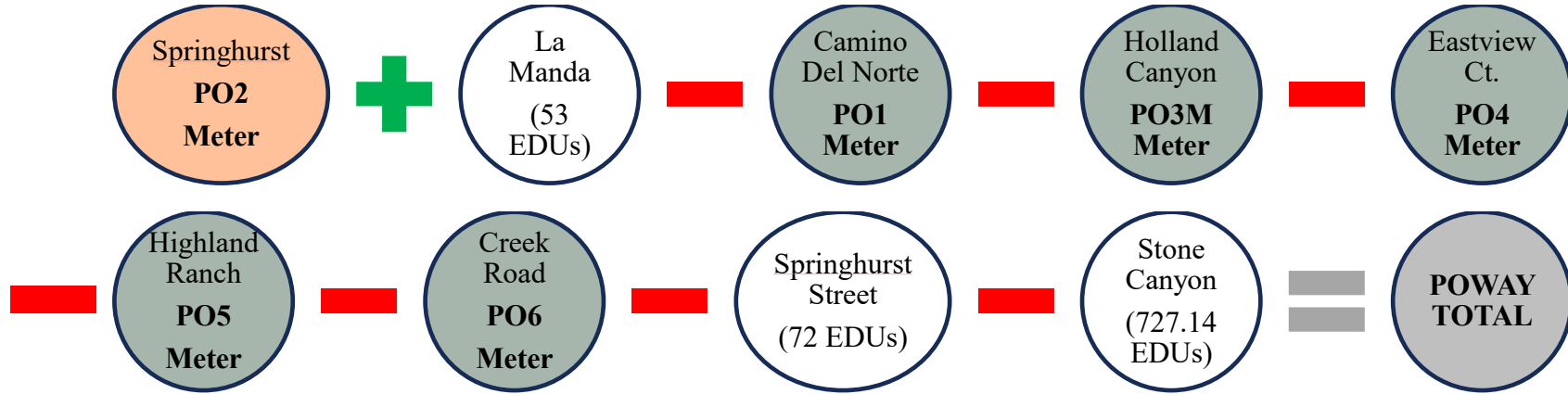
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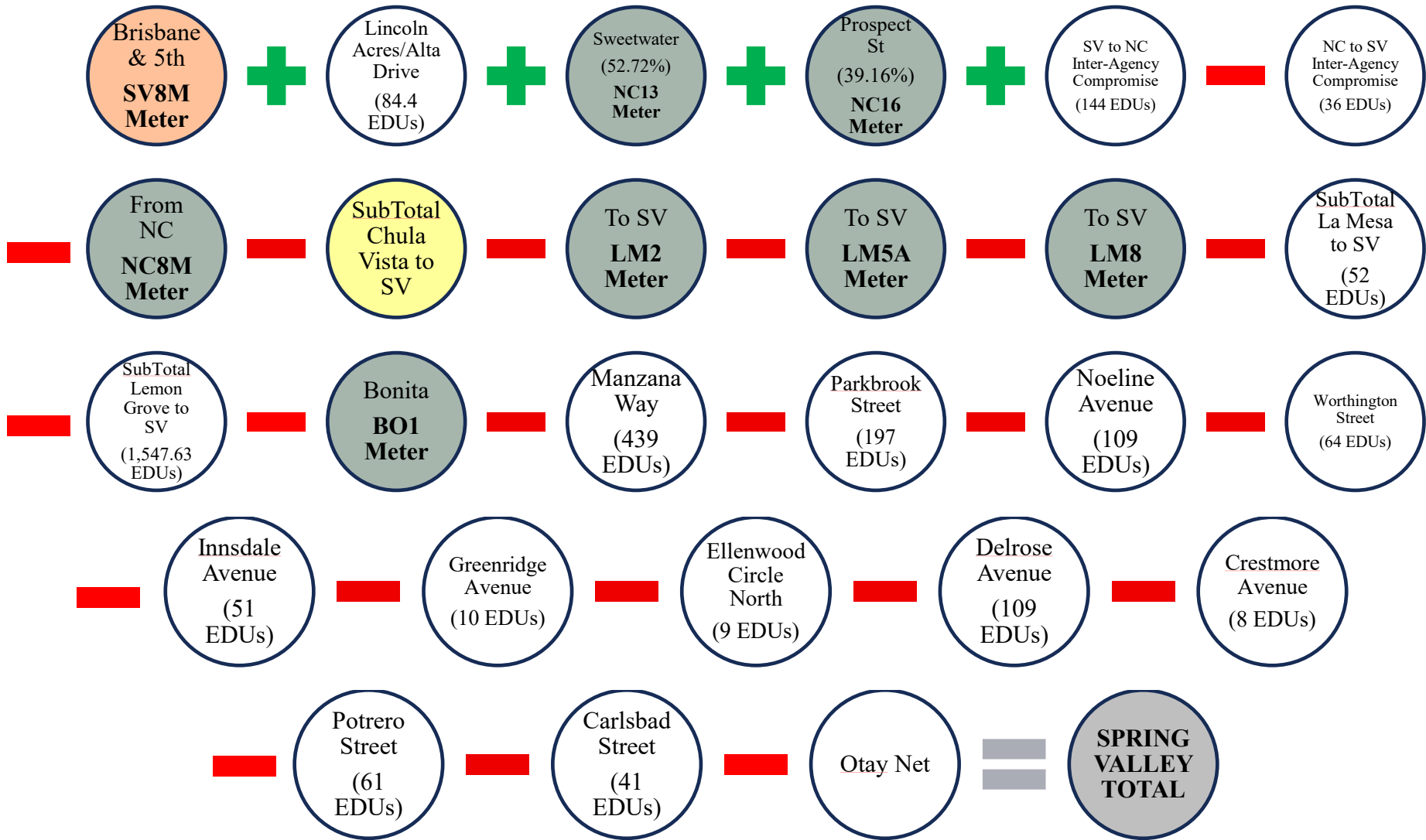
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POWAY

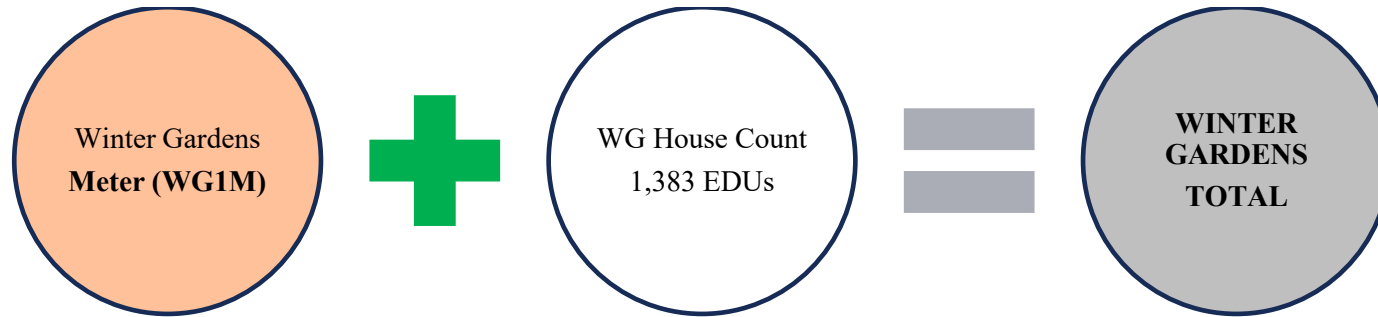


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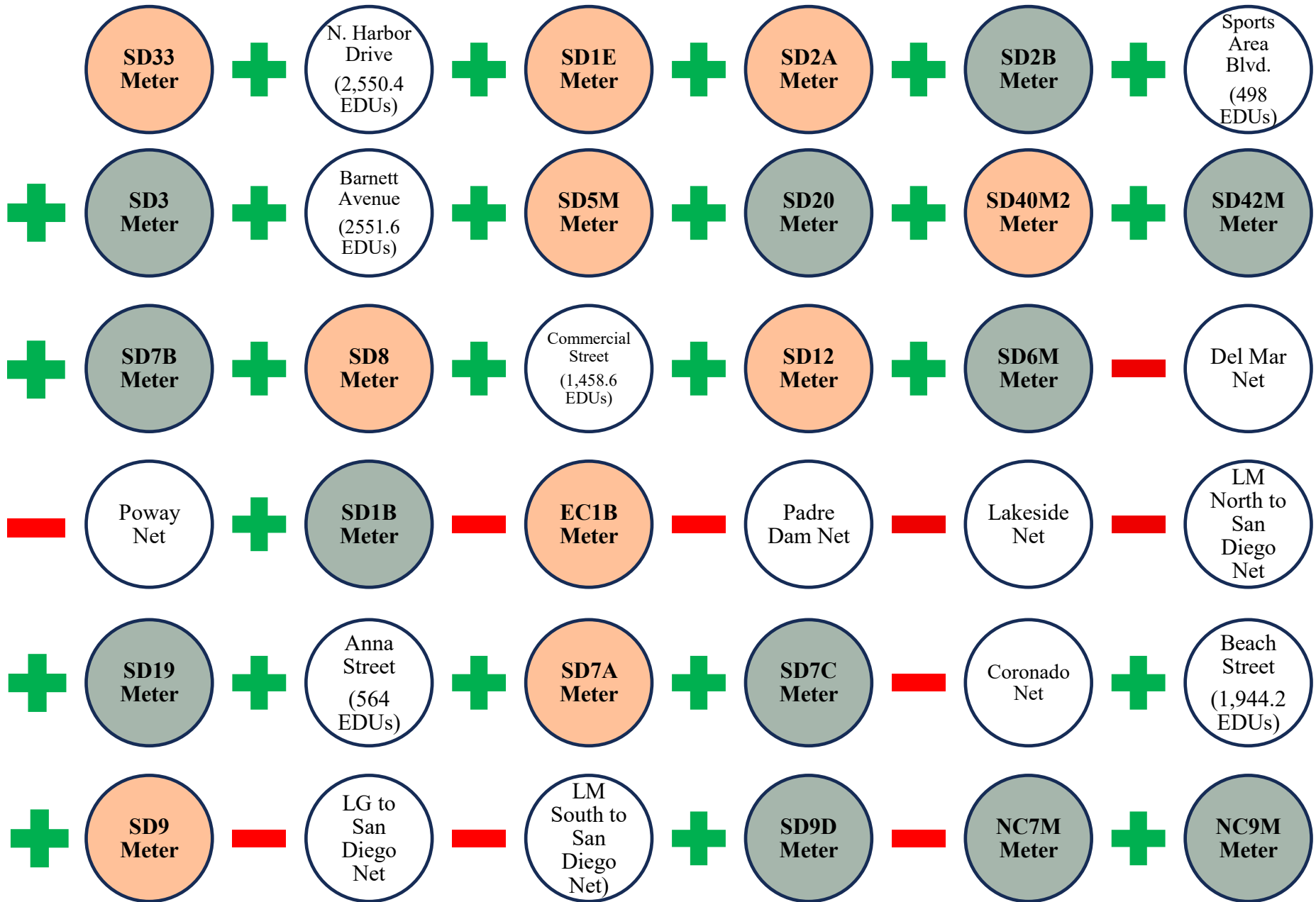


SubTotal Chula Vista to SV = Combined Housecounts – Acacia Ave + CV5 + CV6 + CV7M + CV8 + CV9 + CV10 + CV11 + CV12 + CV14

WINTER GARDENS



CITY OF SAN DIEGO



CITY OF SAN DIEGO (Continued)

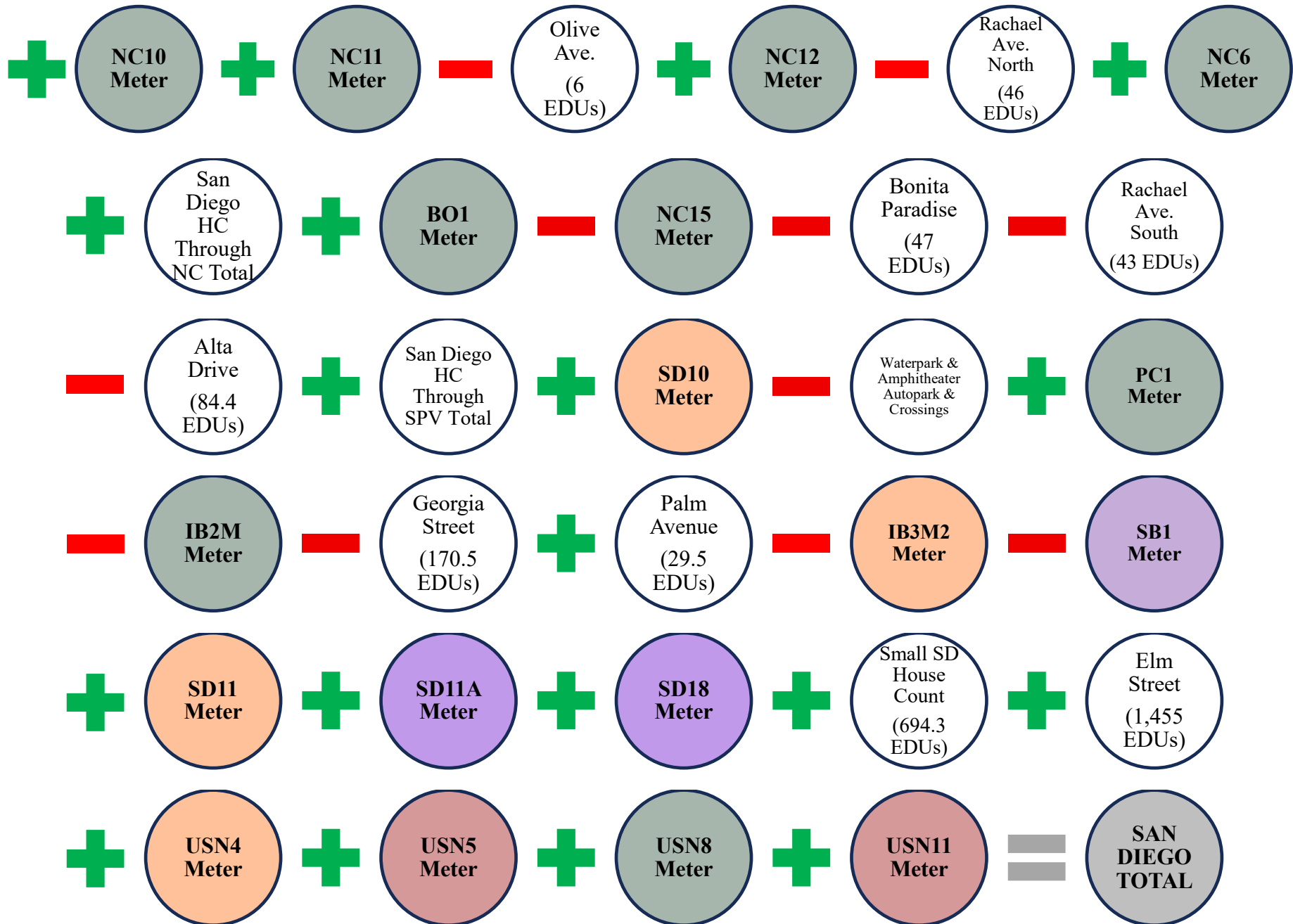


Exhibit G

Sample of the Interest Calculation

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

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 I 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.

	C	D	E	F	G	H	I	J	K	L	M
	50/ 50 Expenses from That Year	Original Metro Split %	Original Water Split %	Original Metro Share	Original Water Share	Metro Post Allocation Share	Amounts Subject to Interest (50% Cost - Metro Share%)	Running Metro Balance Subject to Interest (New Activity + Prior Year Balance + Prior Interest Earning)	Yearly Interest Earnings (Compounded Monthly)	Estimated PA share (Average share of Interest Earnings)	Annual Interest Rate (San Diego City Treasurers)
FY 2014	\$630,109	50%	50%	\$315,055	\$315,055	\$283,549	\$31,505	\$31,505.46	\$138.27	\$41.48	0.438%
FY 2015	\$2,476,617	50%	50%	\$1,238,309	\$1,238,309	\$1,114,478	\$123,831	\$155,474.59	\$871.33	\$261.40	0.559%
FY 2016	\$4,503,182	50%	50%	\$2,251,591	\$2,251,591	\$2,026,432	\$225,159	\$381,505.03	\$2,971.03	\$891.31	0.776%
FY 2017	\$7,398,893	50%	50%	\$3,699,447	\$3,699,447	\$3,329,502	\$369,945	\$754,420.72	\$8,150.10	\$2,445.03	1.075%
FY 2018	\$6,194,711	50%	50%	\$3,097,355	\$3,097,355	\$2,787,620	\$309,736	\$1,072,306.36	\$14,783.19	\$4,434.96	1.370%
FY 2019	\$7,844,738	50%	50%	\$3,922,369	\$3,922,369	\$3,530,132	\$392,237	\$1,479,326.46	\$31,230.90	\$9,369.27	2.091%
FY 2020	\$8,018,735	50%	50%	\$4,009,367	\$4,009,367	\$3,608,431	\$400,937	\$1,911,494.09	\$43,708.61	\$13,112.58	2.263%
FY 2021		50%	50%	\$0	\$0	\$0	\$0	\$1,955,202.70	\$29,649.45	\$8,894.84	1.506%
FY 2022		50%	50%					\$1,984,852.16	\$16,257.11	\$4,877.13	0.816%
FY 2023		32%	68%					\$2,001,109.26	\$35,993.15	\$10,797.94	1.784%
FY 2024		32%	68%					\$2,037,102.41	\$59,323.71	\$17,797.11	2.874%
FY 2025		32%	68%								TBD
FY 2026		32%	68%								TBD
FY 2027		32%	68%								TBD
Totals	\$37,066,985			\$18,533,493	\$18,533,493	\$16,680,143	\$1,853,349	\$13,764,299	\$243,077	\$72,923	N/A
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



December 2024

Invoice Summary

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

Service Address:

2797 Caminito Chollas
 San Diego, CA 92105-

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
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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



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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

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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	\$ 7,091,009.00

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.



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Billed to:

San Diego, City of

December 2024

Invoice Detail



Mailed: 1/10/2025

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Invoice Number: 1224-15

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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, 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(\$)
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San Diego, City of

December 2024

Invoice Detail



Mailed: 1/10/2025

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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)	



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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	

Water Exchanges Subtotal	(5,222.6)	(\$ 6,262,360.00)
Water Exchanges Total	(5,222.6)	(\$ 6,262,360.00)

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	



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December 2024

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Service Address:

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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)	



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December 2024

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Mailed: 1/10/2025	Due Date: 2/14/2025
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Service Address:

2797 Caminito Chollas
 San Diego, CA 92105-

Variable Charges Subtotal	10,051.6	\$ 1,899,752.40
Variable Charges Total	10,051.6	\$ 1,899,752.40

Fixed Charges

CWA

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

MWD

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

Fixed Charges Subtotal		\$ 7,091,009.00
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Current Balance	\$ 21,885,121.40
Previous Balance	\$ 17,919,593.50
Total Due And Payable	\$ 39,804,714.90

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December 2024

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Service Address:

2797 Caminito Chollas
San Diego, CA 92105-

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.



City of Del Mar Agenda Report

TO: Honorable Mayor and City Councilmembers

FROM: Polly Robertson, Management Analyst
Joe Bride, Public Works Director
Via Ashley Jones, City Manager

DATE: January 20, 2026

SUBJECT: Authorization to Purchase Vactor Ramjet and Truvac Hydro Excavation Trucks for the Public Works Department

REQUESTED ACTION/RECOMMENDATION:

Staff recommends that the City Council: 1) Approve the purchase of a Vactor Ramjet truck in Fiscal Year (FY) 2025-2026 and a Truvac Hydro Excavation Truck in FY 2026-2027; 2) Authorize the City Manager to execute the necessary paperwork to facilitate the purchases; and 3) Amend the FY 2025-2026 Operating and Capital Budget for the purchase of the Vactor Ramjet truck and direct staff to include funds for the purchase of the Truvac Hydro Excavation Truck in the FY 2026-2027 Operating and Capital Budget as described in the Fiscal Impact.

BACKGROUND:

The City of Del Mar's Public Works Department relies on specialized equipment, including a Vactor truck, to operate and maintain the City's water, wastewater, stormwater, and street infrastructure. A Vactor truck combines high-pressure water jetting and vacuum systems and is used to: clean sewer pipelines; pressure wash and vacuum storm drain inlets, percolation pits, utility vaults, and restroom interceptors; perform hydro-excavation around active utilities; and respond to emergency spills.

The City's existing Vactor truck is approximately 14 years old and is showing substantial signs of deterioration. The City has spent over \$50,000 in the last few years on repairs, and certain parts have exceeded their useful life and are becoming obsolete.

DISCUSSION/ANALYSIS:

Lessons Learned/Agency Efficiencies

The City's existing Vactor truck is the first Vactor truck ever owned by the City, and staff has identified several lessons learned and efficient practices of other agencies, as further

City Council Action:

described below, that inform the recommended replacement strategy for the City's Vector Truck.

- Vehicle Size and Maneuverability - The existing Vector truck is approximately 33 feet long and has difficulty maneuvering within Del Mar's hillside, streets, and alleys, limiting access to certain sewer, water, and storm drain facilities. This is similar to why EDCO uses smaller trash and recycling trucks in Del Mar to improve operational efficiency.
- Vacuum Capacity Limitations - The existing vacuum system is equipped with a 3 cubic yard (CY) debris tank, which is undersized and requires frequent trips for disposal. Larger debris tanks (up to 10 CY, which are typical) would significantly reduce emptying frequency and improve productivity, efficiency, and emergency response capacities.
- Jetting System Limitations - The existing high-pressure water jetting system is equipped with a ¾ inch hose and a 35-gallons-per-minute (GPM) water pump, which is insufficient to clean steep sewer grades or remove difficult blockages. Modern systems equipped with 1-inch hoses and 60-85 GPM pumps can effectively clean steep grades and remove most blockages.
- Capacity and Redundancy Constraints - The City currently relies on a single combination jetting and vacuum vehicle to perform most water, wastewater, storm drain maintenance, and emergency response activities. This single-vehicle configuration does not provide sufficient capacity to meet the City's current and anticipated maintenance requirements, resulting in the need to contract out supplemental Vector Truck services from outside vendors at an estimated cost of approximately \$17,000 per year.

In addition, the San Diego Regional Water Quality Control Board has notified the City that storm drain maintenance requirements will be increasing, which is expected to further increase the need for contracted services if alternative City equipment resources are not secured. While staff would expand preventative maintenance activities, the existing Vector truck is already operating at capacity.

Staff consulted with peer agencies, including Vallecitos Water District, Encina Wastewater Authority, and the City of Vista, which have doubled maintenance capacities by having two smaller, specialized vehicles – one dedicated to jetting sewer lines and one for vacuuming, storm drain cleaning, and hydro-excavation.

- Emergency Response Limitations - The existing Vector truck can only respond to one location at a time during a sewer emergency. Historically, Del Mar has coordinated with the City of Encinitas during major blockages, with one agency performing jetting while the other removes debris from downstream manholes.

Possessing multiple vehicles would eliminate the City's reliance on other agencies, and related costs, to respond to sewer emergencies.

- Increased Operational Efficiency - Staff visited neighboring agencies and test-drove both of the recommended vehicles. The smaller vehicles are easier to maneuver on narrow streets, such as those found throughout Del Mar, provide equivalent jetting power to larger units, and offer enhanced safety and reduced vehicle liability. Because of their size, the vehicles can carry larger water tanks without exceeding DMV weight restrictions and require less frequent refilling.

Having two vehicles would double operational capacity, increase flexibility, and improve emergency response capability, allowing crews to perform simultaneous maintenance and emergency functions, which helps to ensure that Del Mar will continue to be in compliance with the San Diego Regional Water Quality Control Board expectations and minimize the City's exposure to spills and related costly fines.

Recommendation for Vector Truck Replacement

Based on the information provided above, along with the desire to increase operational efficiency and reduce dependency on outside resources that may not always be available for immediate emergency response, staff recommends replacing the existing Vector truck with a Vector Ramjet truck and TruVac Hydro excavation truck.

The Vector Ramjet truck would be the first truck purchased, to occur in Fiscal Year 2025-26, with an 85-GPM water pump, 800 feet of 1-inch hose, and 1,500-gallon water tank, for an estimated cost of \$515,000.

Purchase of the TruVac Hydro excavation truck, with a 10 CY debris tank, 1,000-gal water tank, pressure washer, and a vacuum system, would occur in Fiscal Year 2026-2027 at an estimated cost of \$580,000.

Until purchase and delivery of the second vehicle, staff would utilize the existing Vector Truck exclusively for vacuum operations, reducing wear and extending its useful life through FY 2027- 2028.

Funding for Proposed Truck Purchases

Approximately \$800,000 is appropriated across the water, wastewater, and clean water enterprise funds in the City's adopted FY 2025-2026 Operating Budget to replace the current Vector Truck. Purchase of the two proposed vehicles during the current and upcoming fiscal year will cost approximately \$1,095,000, which leaves an unfunded amount of approximately \$295,000.

If approved by the Council, purchase of the Vector Truck in FY 2025-26 will require a minor budget adjustment of \$35,000 as further described in the fiscal impact section

below. Necessary adjustments to the FY 2026-27 budget for purchase of the Truvac Hydro evacuation truck will be included in the FY 2026-27 Budget Update later this year.

Staff proposes to purchase the Vector Ramjet and Truvac Hyrdo Excavation trucks directly from HAAKER Equipment, which are exempt from competitive bidding per Del Mar Municipal Code 7.04.090(B), since the recommended models are only available for purchase from a single source. Following order placement, the estimated delivery timeframe for the Vector Ramjet is approximately 8 to 10 months. The Truvac Hyrdo Excavation Truck will be purchased in FY 2026-2027.

FISCAL IMPACT:

The fiscal impact to purchase the Vector Ramjet in FY 2025-26 is \$515,000, one-third (1/3) of which will be funded by the Cleanwater Fund and two-thirds (2/3) will come from the Wastewater Fund. There is a total of \$480,000 in the approved Machinery and Equipment budget between these two funds, leaving an unfunded amount of \$35,000. Council approval of the recommended action will result in an amendment to the FY 2025-2026 Operating and Capital Budget to allocate \$35,000 between the Cleanwater and Wastewater Funds as detailed below:

MACHINERY AND EQUIPMENT	FUND	ACCOUNT	AMOUNT
Vector Ramjet Truck	Cleanwater	55.5840.5500	\$11,650
	Wastewater	57.5840.5500	\$23,350
		Total	\$35,000

Additionally, if Council approves the recommended actions, staff will include funding in the amount of approximately \$580,000 for the purchase of the Truvac Hydro Excavation Truck in the FY 2026-2027 Operating and Capital Budget Update which will be presented to the City Council in June 2026.

ENVIRONMENTAL IMPACT:

The proposed City Council action does not constitute a “project” under the definition set forth in California Environmental Quality Act (CEQA) Guidelines Section 15378 because it will not have a potential to result in a direct or indirect physical change in the environment and is, therefore, not subject to CEQA. No further action under CEQA is required.

ATTACHMENTS:

Attachment A – Vector Equipment Photos

Purchase of a Vactor Ramjet Truck for the Public Works Department

January 20, 2026



CITY OF
DELMAR

Existing Vactor Truck; 35 gpm water pump, 3 CY Debris Tank



Recommendation 1; Vactor Ramjet 85 gpm Water Pump



Recommendation 2; Truvac Hydro Excavator, 10CY Tank



Not Recommended, Vactor 2110, 9 feet longer, 85 gpm Water Pump, 10CY Tank





City of Del Mar Agenda Report

TO: Honorable Mayor and City Councilmembers

FROM: Kseniia Izgarskaia, Senior Management Analyst
Marco Camacho, Finance Manager/Treasurer
Via Ashley Jones, City Manager

DATE: January 20, 2026

SUBJECT: Agreement with ClearSource Financial Consulting for a Cost Allocation Plan and Comprehensive User Fee Study

REQUESTED ACTION/RECOMMENDATION:

Staff recommends the City Council: 1) Approve the Agreement for a Cost Allocation Plan and Comprehensive User Fee Study with ClearSource Financial Consulting (Attachment A); and 2) Authorize the City Manager to execute the Agreement and any subsequent amendments provided for under the Agreement contingent upon satisfactory performance by the consultant.

BACKGROUND:

State and local governments use charges and fees to recover the cost of public services especially when they benefit a particular group versus the community as a whole. The City's last comprehensive user fee study was completed in 2019. In the ensuing years, fees have been adjusted to account for changes in the Consumer Price Index (CPI). Industry best practices recommend that user fees be adjusted annually based on CPI or changes in cost allocations and updated comprehensively every five years.

In addition to recouping the direct cost of labor and materials associated with processing and administering user services, it is common for local governments to also recover indirect costs. Indirect costs relate to a local government's central service departments (e.g., Finance, Human Resources, City Clerk, Facilities, Information technology) that are allocated to the local government's operating departments. A cost allocation plan therefore identifies the burden placed upon central services by the operating department in order to allocate a proportional share of central services costs. The City's cost allocation plan was last updated in 2017. Industry best practices recommend indirect cost allocation plans be evaluated annually to account for any significant changes to costs or organizational structure, with comprehensive updates performed every three years.

The purpose of this project is twofold. First, the City is looking to update its Cost Allocation Plan to identify the total (direct and indirect) cost of providing various services within the City's operations. Second, the City plans to conduct a Comprehensive User Fee Study to evaluate

City Council Action:

and update its fee structure and rates, account for total service costs and desired cost recovery, and to maintain equity and legal compliance.

DISCUSSION/ANALYSIS:

On October 1, 2025, the City issued a Request for Proposals (RFP 2025-04) soliciting proposals from qualified firms to develop a comprehensive Cost Allocation Plan and Comprehensive User Fee Study for the City. The City received two proposals during the solicitation period from Matrix Consulting Group and ClearSource Financial Consulting (ClearSource). Both proposals were evaluated by staff based on the firms’ experience, qualifications, customer service, references from other local clients, and other relevant criteria. Proposed costs and fees were also evaluated to ensure they were in line with current market rates for the services to be provided.

After a thorough evaluation, staff recommends that the City Council approve the Agreement (Attachment A) with ClearSource for an initial three-year period beginning on January 20, 2026, and ending on January 20, 2029, with the option to extend the agreement for an additional two-year period upon satisfactory service. This term will provide the City extended access to ClearSource beyond the initial projects for additional services related to updates or reviews of user fees, the cost allocation plan, or other cost of service studies.

Founded in 2011, ClearSource is a California-based financial consulting firm focusing on serving municipal agencies and specializing on revenue management through cost-of-service-based resources. While ensuring legal compliance, the firm is dedicated to equitable forms of locally controlled cost recovery with extensive experience preparing user and regulatory fee studies, cost allocation plans, and indirect cost rates. ClearSource clients include public agencies of various structures and sizes, such as the cities of Santa Ana, Oxnard, Huntington Beach, Morro Bay, Solvang, Santa Clara County, Ventura County, and the Carmel Valley Recreation & Park District.

Under the Agreement, ClearSource will help the City identify the total current costs of internal support services, total current costs of external services, recovery targets, appropriate fee structures, and the impact to the source funds of changes to user fees. The total project is estimated to take approximately 180 days from commencement to delivery of the final report documents for presentation and public engagement. The nexus between updating a Cost Allocation Plan and Comprehensive User Fee Study with the same consultant offers the City a clear benefit in terms of cost, schedule, and resource allocation.

FISCAL IMPACT:

The total cost of the agreement is not to exceed \$49,920. There is a total of \$32,320 currently appropriated in the approved Fiscal Year (FY) 2025-26 Operating and Capital Budget (Budget). Council approval of the recommended action will result in an amendment to the FY 2025-26 Budget to allocate an additional \$17,600.

CONTRACTUAL SERVICES	FUND	ACCOUNT	AMOUNT
Agreement for Cost Allocation Plan and User Fee Study	General Fund	01.5400.3200	\$17,600

	Total	\$17,600
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ENVIRONMENTAL IMPACT:

The proposed City Council action does not constitute a “project” under the definition set forth in California Environmental Quality Act (CEQA) Guidelines Section 15378 because it will not have a potential to result in a direct or indirect physical change in the environment and is, therefore, not subject to CEQA.

NEXUS TO CITY COUNCIL GOALS AND PRIORITIES:

A Cost Allocation Plan Update is a Tier 2 priority on the Fiscal Year 2025-2026 and 2026-2027 Council approved work plan.

ATTACHMENTS:

Attachment A – Agreement with ClearSource Financial Consulting

**PROFESSIONAL SERVICES AGREEMENT BETWEEN
THE CITY OF DEL MAR AND CLEARSOURCE FINANCIAL CONSULTING
FOR COST ALLOCATION PLAN AND COMPREHENSIVE USER FEE STUDY**

This Professional Services Agreement (“Agreement”) is made and entered into this 20th day of January, 2026 by and between the City of Del Mar, a Charter City and a municipal corporation (“City”), and ClearSource Financial Consulting (“Consultant”) (collectively “Parties”).

WHEREAS, the City desires to employ a consultant to complete a comprehensive Cost Allocation Plan and a Comprehensive User Fee Study for the City (“Consulting Services”). Said work is to be performed in accordance with the terms and conditions set forth below and as described in the scope of services, attached hereto as Exhibit “A” and incorporated herein; and

WHEREAS, the City has initially determined that Consultant is qualified by experience and ability to perform the services desired by City, and Consultant is willing to perform such services; and

WHEREAS, Consultant will conduct all the work as described and detailed in this Agreement to be provided to the City.

NOW, THEREFORE, the Parties hereto mutually covenant and agree with each other as follows:

1. CONSULTING SERVICES.

1.1 Scope of Services. The Consultant shall perform the Consulting Services as set forth in the written Scope of Services, attached hereto as **Exhibit “A”** and incorporated herein. Such services shall be provided at the direction of the City.

1.2. Designated Point of Contact. City shall provide Consultant access to appropriate staff and resources for the coordination and provision of services. Prior to the start of services, each Party shall identify for the other a designated point of contact for administration and oversight of the services to be provided under this Agreement, with notification of any change to the point of contact within thirty (30) days.

1.3. City Modification of Scope of Services. City may order changes to the Scope of Services within the general scope of this Agreement consisting of additions, deletions, or other revisions. If such changes cause a change in the Consultant’s cost of, or time required for, completion of the Scope of Services, an equitable adjustment to Consultant’s compensation and/or contract time shall be made, subject to the City’s approval. All such changes shall be authorized in writing, executed by Consultant and City. If such a change results in an extension of the term of this Agreement or increases the maximum amount to be paid under this Agreement, no such change shall have any force or effect unless an amendment to this Agreement is approved by the City Council.

2. DURATION OF AGREEMENT.

2.1 Term, Time for Performance. This Agreement shall be effective for a period of one-year beginning on January 20, 2026, and ending on January 20, 2027. Time is of the essence for this Agreement and each provision of this Agreement, unless otherwise specified in this Agreement.

2.2 Delay. Any delay occasioned by causes beyond the control of Consultant may merit an extension of time for the completion of the Scope of Services. When such delay

occurs, Consultant shall immediately notify the Project Coordinator in writing of the cause and the extent of the delay, whereupon the Project Coordinator shall ascertain the facts and the extent of the delay and grant an extension of time for the completion of the Consulting Services when justified by the circumstances provided that no extension of time shall be granted which would extend the time for performance beyond the date specified in section 2.1 above.

2.3 City's Right to Terminate for Default. Should Consultant be in default of any covenant or condition hereof, City may immediately terminate this Agreement for cause if Consultant fails to cure the default within ten (10) calendar days of receiving written notice of the default.

2.4 City's Right to Terminate without Cause. Without limiting its rights in the event of Consultant's default, City may terminate this Agreement, without cause, by giving written notice to Consultant. Such termination shall be effective upon receipt of the written notice. Consultant shall be compensated for all effort and material expended on behalf of City under the terms of this Agreement, up to the effective date of termination. All personal property remaining in City facilities or on City property thirty (30) days after the expiration or termination of this Agreement shall be, at City's election, considered the property of City.

3. PERFORMANCE AFTER TERMINATION. Upon termination of this Agreement as provided herein, Consultant shall, within such reasonable time period as may be directed by City Manager, complete those items of work which are in various stages of completion and which City Manager determines are necessary to be completed by Consultant to allow the project to be completed in a timely, logical, and orderly manner. Upon termination, all finished or unfinished documents, data, studies, surveys, drawings, models, photographs, reports, and other materials prepared by Consultant shall be delivered to the City Manager, upon his request, as property of City.

4. COMPENSATION.

4.1 Total Amount. Compensation to Consultant shall be provided in accordance with the rates described in the Fee Schedule contained in **Exhibit "B."** Consultant shall bill the City for work provided and shall present a written request for such payment monthly. City shall pay all invoices in arrears and shall in no event be required to pay for any services provided by Consultant in advance. Consultant acknowledges that it is not guaranteed any particular amount of work.

4.2 Additional Services. City may, as the need arises or in the event of an emergency, request additional services of Consultant. Should such additional services be required, Compensation therefore shall be paid to the Consultant in accordance with Scope of Services contained in Exhibit "A." City and Consultant shall agree to the costs prior to commencement of such work.

5. INDEPENDENT CONTRACTOR. Consultant is, for all purposes arising out of this Agreement, an independent contractor. The Consultant has and shall retain the right to exercise full control and supervision of all persons assisting the Consultant in the performance of said services hereunder, the City only being concerned with the finished results of the work being performed. Neither Consultant nor Consultant's employees shall in any event be entitled to any benefits to which City employees are entitled, including, but not limited to, overtime, any retirement benefits, workers' compensation benefits, any injury leave or other leave benefits, Consultant being solely responsible for all such matters, as well as, compliance with social security and income tax withholding and all other regulations and laws governing such matters.

6. STATEMENT OF EXPERIENCE. Consultant agrees that it has the financial resources, service experience, completion ability, personnel, and experience in dealing with public agencies necessary for performing the Scope of Services and that such performance shall be in accordance with the standards customarily adhered to by an experienced and competent Consultant using the degree of care and skill ordinarily exercised by reputable Consultants practicing in the same field of service in the State of California. By executing this Agreement, Consultant represents that it has demonstrated trustworthiness and possesses the quality, fitness, and capacity to perform the Agreement in a manner satisfactory to City. Additionally, Consultant and all of Consultant's employees or agents shall secure and maintain in force such permits and licenses as are required by law in connection with the furnishing of services pursuant to this Agreement.

7. AUDIT OF RECORDS.

7.1 At any time during normal business hours and as often as may be deemed necessary, the Consultant shall make available to a representative of City for examination all of its records with respect to all matters covered by this Agreement and shall permit City to audit, examine, and/or reproduce such records. Consultant shall retain such financial and program service records for at least four (4) years after termination or final payment under this Agreement.

7.2 The Consultant shall include the City's right to audit under this section in any and all of their subcontracts, and shall ensure that these sections are binding upon all subcontractors.

8. CONFIDENTIALITY. All Consulting services performed by Consultant, including, but not limited to, all drafts, data, correspondence, proposals, reports, research and estimates compiled or composed by Consultant, pursuant to this Agreement, are for the sole use of the City, its agents and employees. Neither the documents nor their contents shall be released to any third party without the prior written consent of the City. This provision does not apply to information that (a) was publicly known, or otherwise known to Consultant, at the time that it was disclosed to Consultant by the City, (b) subsequently becomes publicly known through no act or omission of Consultant or (c) otherwise becomes known to Consultant other than through disclosure by the City. Except for any subcontractors that may be allowed upon prior agreement, neither the documents nor their contents shall be released to any third party without the prior written consent of the City. The sole purpose of this section is to prevent disclosure of City's confidential and proprietary information by Consultant or subcontractors.

9. CONFLICTS OF INTEREST.

9.1 Consultant shall at all times comply with all federal, state and local conflict of interest laws, regulations, and policies applicable to public contracts and procurement practices, including, but not limited to, California Government Code §§ 81000 et seq. (Political Reform Act) and §§ 1090 et seq. Consultant shall immediately disqualify itself and shall not use its official position to influence in any way any matter coming before the City in which the Consultant has a financial interest as defined in Government Code § 87103. Consultant represents that it has no knowledge of any financial interests, which would require it to disqualify itself from any matter on which it might perform services for the City.

9.2 Consultant shall comply with all of the reporting requirements of the Political Reform Act. The Consultant shall file a Fair Political Practices Commission Form 700 (Assuming Office Statement) within thirty (30) calendar days of the City's determination that the Consultant is subject to a conflict of interest code, if applicable. The Consultant shall also file a

Form 700 (Annual Statement) on or before April 1, disclosing any financial interests held during the previous calendar year for which the Consultant was subject to a conflict of interest code.

9.3 If, in performing the Consulting Services set forth in this Agreement, the Consultant makes, or participates in, a “governmental decision” as described in Title 2, section 18701(a)(2) of the California Code of Regulations, or performs the same or substantially all the same duties for the City that would otherwise be performed by a City employee holding a position specified in the department's conflict of interest code, the Consultant shall be subject to a conflict of interest code requiring the completion of one or more statements of economic interests disclosing the Consultant's relevant financial interests.

10. OWNERSHIP OF DOCUMENTS. All documents, data, studies, drawings, maps, models, photographs and reports prepared by Consultant under this Agreement shall be considered the property of City. Consultant shall be permitted to reference and use said materials for use in future studies, work, and marketing so long as said materials are considered “public documents” and are not subject to attorney-client privilege, or the subject of pending closed or executive session discussions.

11. INSURANCE

11.1 Consultant shall procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder and the results of that work by the Consultant, their agents, representatives, employees or subcontractors. Insurance shall be placed with insurers with a current A.M. Best's rating of no less than “A” and “VII” and are admitted to do business in the State of California, unless otherwise approved in writing by the City's Risk Manager.

11.2 Consultant's liabilities, including but not limited to Consultant's indemnity obligations, under this Agreement, shall not be deemed limited in any way to the insurance coverage required herein. All policies of insurance required hereunder must provide that the City is entitled to thirty (30) days prior written notice (ten (10) days for cancellation due to non-payment of premium) of cancellation or non-renewal of the policy or policies. Maintenance of specified insurance coverage is a material element of this Agreement.

11.3 Types and Amounts Required. Consultant shall maintain, at minimum, the following insurance coverage for the duration of this Agreement:

11.3.1 Commercial General Liability (CGL). Insurance written on an ISO Occurrence form CG 00 01 07 98 or equivalent providing coverage at least as broad which shall cover liability arising from any and all personal injury or property damage in the amount of **\$1,000,000** per occurrence and subject to an annual aggregate of **\$2,000,000**. There shall be no endorsement or modification of the CGL limiting the scope of coverage for either insured vs. insured claims or contractual liability. All defense costs shall be outside the limits of the policy.

11.3.2 Commercial Automobile Liability. For all of the Consultant's automobiles including owned, hired and non-owned automobiles, automobile insurance written on an ISO form CA 00 01 12 90 or a later version of this form or an equivalent form providing coverage at least as broad for bodily injury and property damage for a combined single limit of **\$300,000** per occurrence. Insurance certificate shall reflect coverage for any automobile (any auto).

11.3.3 Workers' Compensation. For all of the Consultant's employees who are subject to this Agreement and to the extent required by applicable state or federal law,

a Workers' Compensation policy providing at minimum **\$1,000,000** employers' liability coverage. The Consultant shall provide an endorsement that the insurer waives the right of subrogation against the City and its respective elected officials, officers, employees, agents and representatives.

11.3.4 Consulting Liability. Consulting liability (errors and omissions) coverage with a limit of **\$1,000,000** per claim and **\$2,000,000** annual aggregate. The Consultant shall ensure both that (1) the policy retroactive date is on or before the date of commencement of the Scope of Services; and (2) the policy will be maintained in force for a period of three years after substantial completion of the Scope of Services or termination of this Agreement whichever occurs last. The Consultant agrees that for the time period defined above, there will be no changes or endorsements to the policy that increase the City's exposure to loss. All defense costs shall be outside the limits of the policy.

11.4 Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions are the responsibility of the Consultant and must be declared to and approved by the City. At the option of the City, either (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its officers, officials, employees, and volunteers, or (2) the Consultant shall provide a financial guarantee satisfactory to the City guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

11.5 Additional Required Provisions. The commercial general liability and automobile liability policies shall contain, or be endorsed to contain, the following provisions:

11.5.1 The City, its officers, officials, employees, and representatives shall be named as additional insureds. The City's Additional Insured status must be reflected on additional insured endorsement form which shall be submitted to the City.

11.5.2 The policies are primary and non-contributory to any insurance that may be carried by the City, as reflected in an endorsement which shall be submitted to the City.

11.6 Verification of Coverage. Consultant shall furnish the City with original certificates and amendatory endorsements effecting coverage required by this Section 11. The endorsement should be on forms provided by the City or on other than the City's forms provided those endorsements conform to City requirements. All certificates and endorsements are to be received and approved by the City before work commences. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements affecting the coverage required by these specifications at any time.

12. DEFENSE AND INDEMNIFICATION.

12.1 Consultant agrees to indemnify, defend (with attorneys approved by City), and hold harmless the City, and its officers, officials, agents and employees (the "Indemnified Parties") from any and all claims, demands, costs or liability that arise out of, or pertain to, or relate to the Consultant, its employees, agents, and subcontractors performance of services under this Agreement. Consultant's duty to indemnify under this section shall not include liability for damages for death or bodily injury to persons, injury to property, or other loss, damage or expense arising from the sole negligence or willful misconduct by the City or its elected officials, officers, agents, and employees. Consultant's indemnification obligations shall not be limited by the insurance provisions of this Agreement. The Parties expressly agree that any payment, attorney's fees, costs or expense City incurs or makes to or on behalf of an injured employee under the City's self-administered workers' compensation is included as a loss,

expense, or cost for the purposes of this section, and that this section will survive the expiration or early termination of this Agreement.

12.2 This indemnity is in addition to any other rights or remedies which City may have under the law or this Agreement. In the event of any claim or demand made against any party which is entitled to be indemnified hereunder, City may, at its sole discretion, reserve, retain or apply any monies due to Consultant under this Agreement for the purpose of resolving such claims; provided however, that City may release such funds if Consultant provides City with reasonable assurances of protection of the City's interest. The City shall, in its sole discretion determine whether such assurances are reasonable.

12.3 Consultant agrees that its duty to defend arises upon an allegation of liability based upon the performance of services under this Agreement by Consultant, its officers, agents, representatives, employees, sub-consultants, or anyone for whom Consultant is liable and that an adjudication of Consultant's liability is not a condition precedent to Consultant's duty to defend.

13. SUBCONTRACTORS.

13.1 The Consultant's hiring or retaining of third parties (i.e. subcontractors) to perform services related to the Project is subject to prior approval by the City.

13.2 All contracts entered into between the Consultant and its subcontractor shall also provide that each subcontractor shall obtain insurance policies, which shall be kept in full force and effect during any and all work on this Project and for the duration of this Agreement. The Consultant shall require the subcontractor to obtain all policies described in section 11 of this Agreement in the amounts required by the City, which shall not be greater than the amounts required of the Consultant.

13.3 In any dispute between the Consultant and its subconsultants, the City shall not be made a party to any judicial or administrative proceeding to resolve the dispute. The Consultant agrees to defend and indemnify the City as described in section 12 of this Agreement should the City be made a party to any judicial or administrative proceeding to resolve any such dispute or should the City incur any costs in responding to third-party discovery requests.

14. NON-DISCRIMINATION. Consultant shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, ancestry, physical or mental disability, medical condition, genetic information, marital status, military or veteran status, gender, gender identity, gender expression, sexual orientation, or any other class protected under state, federal, or local law. Consultant shall take affirmative action to insure that applicants are employed and that employees are treated during employment without regard to any class or category protected under state, federal, or local law and shall make reasonable accommodation to qualified individuals with disabilities. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, transfer, recruitment, or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. Consultant agrees to post in conspicuous places available to employees and applicants for employment any notices provided by City setting forth the provisions of this non-discrimination clause.

15. NOTICES. All communications to either party by the other party shall be delivered to the persons listed below. Any such written communications by mail shall be conclusively deemed to have been received by the addressee five (5) calendar days after the

deposit thereof in the United States Mail, postage prepaid and properly addressed as noted below.

If to City:
City of Del Mar
City Clerk
1050 Camino del Mar
Del Mar, CA 92014
cityclerk@delmar.ca.us

If to Consultant:
ClearSource Financial Consulting
President
7960 B Soquel Drive, Suite 363
Aptos, CA 95003
tmadsen@clearsourcefinancial.com

16 ASSIGNABILITY. This Agreement and any portion thereof shall not be assigned or transferred, nor shall any of the Consultant's duties be delegated or sub-contracted, without the express written consent of the City.

17. RESPONSIBILITY FOR EQUIPMENT. City shall not be responsible nor held liable for any damage to persons or property consequent upon the use, misuse, or failure of any equipment used by Consultant or any of Consultant's employees or subcontractors, even if such equipment has been furnished, rented, or loaned to Consultant by City. The acceptance or use of any such equipment by Consultant, Consultant's employees, or subcontractors shall be construed to mean that Consultant accepts full responsibility for and agrees to exonerate, indemnify and hold harmless City from and against any and all claims for any damage whatsoever resulting from the use, misuse, or failure of such equipment.

18. CALIFORNIA LAW; VENUE/MISC. This Agreement shall be construed and interpreted according to the laws of the State of California. Any action brought to enforce or interpret any portion of this Agreement shall be brought in the county of San Diego, California. Consultant hereby waives any and all rights it might have pursuant to California Code of Civil Procedure section 394.

19. COMPLIANCE WITH LAWS. The Consultant shall comply with all laws, ordinances, regulations, and policies of the federal, state, and local governments applicable to this Agreement, including California Labor Code section 1720, et seq., relating to payment of prevailing wages for public works projects, if applicable. Consultant shall indemnify and defend the Indemnified Parties from and against any liability incurred due to any failure on the part of Consultant to comply with any applicable Laws.

To the extent Consultant is required to comply with prevailing wage requirements, Consultant does hereby acknowledge that they are aware of, have read, and understand the terms and implications of SB 854 and Consultant and any subconsultants ensure that they are familiar with and comply with its requirements. Such requirements include, but are not limited to, the registration requirement with the Department of Industrial Relations, State of California (DIR), pursuant to Labor Code section 1725.5. As of March 1, 2015, in compliance with SB 854, the City requires all affected contractors and consultants to be registered with the DIR prior to submitting a bid or proposal on any eligible District project. As of April 1, 2015, failure to comply with the requirements of SB 854 by any contractor or consultant, including registration with the DIR pursuant to Labor Code section 1725.5, shall be a material breach of this Agreement which may be terminated by the City in its sole and absolute discretion. Where applicable, this project is subject to compliance monitoring and enforcement by the DIR.

20. CONSULTANT'S CERTIFICATION OF AWARENESS OF IMMIGRATION REFORM AND CONTROL ACT OF 1986. Consultant certifies that Consultant is aware of the requirements of the Immigration Reform and Control Act of 1986 (8 USC §§ 1101-1525) and has complied and will comply with these requirements, including, but not limited to, verifying the

eligibility for employment of all agents, employees, subcontractors, and consultants that are included in this Agreement.

21. ENTIRE AGREEMENT. This Agreement sets forth the entire understanding of the Parties with respect to the subject matters herein. There are no other understandings, terms or other agreements expressed or implied, oral or written, except as set forth herein.

22. AMENDMENTS. This Agreement may be modified or amended only by a written document executed by both Consultant and City and approved as to form by the City Attorney. No change, alteration, or modification of the terms or conditions of this Agreement, and no verbal understanding of the Parties, their officers, agents, or employees shall be valid unless agreed to in writing by both Parties.

23. NO WAIVER. No failure of either the City or the Consultant to insist upon the strict performance by the other of any covenant, term or condition of this Agreement, nor any failure to exercise any right or remedy consequent upon a breach of any covenant, term, or condition of this Agreement shall constitute a waiver of any such breach of such covenant, term or condition.

24. SEVERABILITY. The unenforceability, invalidity, or illegality of any provision of this Agreement shall not render any other provision unenforceable, invalid, or illegal.

25. DRAFTING AMBIGUITIES. The Parties agree that they are aware that they have the right to be advised by counsel with respect to the negotiations, terms and conditions of this Agreement, and the decision of whether or not to seek advice of counsel with respect to this Agreement is a decision which is the sole responsibility of each Party. This Agreement shall not be construed in favor of or against either Party by reason of the extent to which each Party participated in the drafting of the Agreement.

26. LEGAL FEES. In the event of the bringing of any action or suit by either party hereto against the other party hereunder to enforce or interpret any of the provisions, covenants or conditions of this Agreement, or arising out of any tortious conduct by either party incident to this Agreement, the prevailing party in such action or suit shall be entitled to recover all costs and expenses of suit, including reasonable attorneys' fees. In any action or suit brought to enforce this Agreement, the damages available shall be limited to specific performance or other such equitable relief that the court may order.

27. CONFLICTS BETWEEN TERMS. If an apparent conflict or inconsistency exists between the main body of this Agreement and the Exhibits, the main body of this Agreement shall control. If a conflict exists between an applicable federal, state, or local law, rule, regulation, order, or code and this Agreement, the law, rule, regulation, order, or code shall control. Varying degrees of stringency among the main body of this Agreement, the Exhibits, and laws, rules, regulations, orders, or codes are not deemed conflicts, and the most stringent requirement shall control. Each Party shall notify the other immediately upon the identification of any apparent conflict or inconsistency concerning this Agreement.

28. EXHIBITS INCORPORATED. All Exhibits referenced in this Agreement are incorporated into the Agreement by this reference.

29. SIGNING AUTHORITY. The representative for each Party signing on behalf of a corporation, partnership, joint venture, or governmental entity hereby declares that authority has been obtained to sign on behalf of the corporation, partnership, joint venture, or entity and agrees to hold the other Party or Parties hereto harmless if it is later determined that such authority does not exist.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement the day and year first hereinabove written.

CITY OF DEL MAR,
a municipal corporation

CLEARSOURCE FINANCIAL CONSULTING,
a California corporation

By: _____
Ashley Jones, City Manager

By: _____
Terry Madsen, President

ATTEST:

Sarah Krietor, Administrative Services
Director/City Clerk

APPROVED AS TO FORM:

Leslie E. Devaney, City Attorney

EXHIBIT "A" **SCOPE OF SERVICES**

Consultant shall perform the following scope of services:

1) Component 1 - Cost Allocation Plan

The purpose of this project is to recommend an Office of Management and Budget (OMB) Circular A-87 compliant cost allocation plans and develop an Excel-based model which correctly allocates overhead costs to each of the City's services. Consultant shall:

1. Work with City staff to define the purpose, uses, and goals for an overhead cost allocation plan, ensuring that the development of the plan will be both accurate and appropriate for the City's current needs.
2. Identify the total cost of providing each City service at the appropriate activity level and in a manner consistent with all applicable laws, statutes, rules and regulations governing the collection of fees, rates, and charges by public entities including, but not limited to, the State Controller's Office Guidelines for Cost Claiming and OMB 2 CFR Part 225 standards.
3. Develop a Cost Allocation Model for calculating the full costs of providing each City service. The requirements of the model shall allow for the following:
 - a) The addition, revision, or removal of direct and overhead costs so that the overhead cost allocation plan can be easily adapted to a range of activities, both simple and complex.
 - b) The ability to continuously update the model and overhead cost allocation plan from year-to-year as the organizational structure, costs, and inflation change.
 - c) The addition of hypothetical service area information for future service enhancements, and the ability to calculate the estimated cost of providing the service under consideration (i.e. ad-hoc analysis).
 - d) Identify available data which can be effectively and efficiently incorporated into the Cost Allocation Model, including opportunities for simplifying and improving data collection activities to provide for annual indirect cost plan assessments and updates.
4. Report on other matters that surface during the evaluation that the City should consider, including but not limited to, advising on potential services not currently subject to cost allocation that may be eligible for allocation.
5. Work with the Finance Division in developing service provisions, cost categories, allocation criteria for current and future programs, and training related to the developed Cost Allocation Model and indirect costing activities.
6. Draft an Overhead Cost Allocation Plan and participate in various presentations to select City staff, the City Council, and advisory bodies as deemed necessary by staff. Collect and document comments and concerns from staff and Council members and incorporate those comments as directed.

7. Provide the City with the final Cost Allocation Plan in Microsoft Excel format, including related schedules and cost documentation in a format that can be edited and updated by City staff to accommodate changes in the organization, or changes in costs, or indexing/inflation. Develop a model for adjusting the plan to include the addition of hypothetical service area information for future service enhancements, and the ability to calculate the estimated costs of providing the service under consideration (Scenario and "what if" analyses).

2) Component 2 – Comprehensive User Fee Study

The City is seeking to evaluate all cost of services provided and examine whether a reasonable relationship exists between the cost of providing services and current service fees, while ensuring compliance with Proposition 26, Proposition 218, and other applicable statutory requirements. In addition to proposed fee updates, the firm shall recommend cost recovery strategies and identify best practices in establishing user fees. These strategies should take into consideration the complexities and demands of each department and program. Consultant will provide thorough analysis, development of fee models and recommendations, including identifying and recommending new fees and revenue sources. Consultant shall:

1. Work and meet with City staff to refine the project scope, purpose, uses and goals of the City's Comprehensive User Fee Study to ensure that the study will be both accurate and appropriate to the City's needs. Review project schedules and answer any questions pertaining to the successful development of the study.
2. Meet with staff and conduct interviews as needed to gain an understanding of the City's processes and operations. Conduct a comprehensive review of the City's existing fees, rates and charges.
3. Identify the total cost of providing each City service at the appropriate activity level and in a manner consistent with all applicable laws, statutes, rules and regulations governing the collection of fees, rates, and charges by public entities, including but not limited to, Proposition 26 and Proposition 218.
4. Compare service costs with existing fees, recovery levels, and fee methodologies. This should include any service areas where the City is currently charging for services as well as areas where perhaps the City should charge, considering the City's practices, or the practices of similar or neighboring cities (benchmarking).
5. Recommend potential new fees and charges for existing or anticipated services the City provides but does not have any fees and/or charges established. Recommendations should be based on practices by surrounding cities that may charge for similar services, industry best practices, or the consultant's professional opinion.
6. Recommend appropriate fees and charges, including annual inflationary adjustments, based on the consultant's analysis together with the appropriate subsidy percentage for those fees where full cost recovery may be unrealistic. Include restructured fees and phased implementation plans if more effective or optimal approaches are available.
7. Prepare a report that identifies the present scope performed under the fee, the proposed scope performed under the recommended fee, present fees, recommended fees, percentage change, cost recovery percentage, revenue impact, and fee comparison with other similar jurisdictions.

8. Provide a Microsoft Excel model for adjusting these fees and charges for the City's current and future needs and provide the City with an electronic copy of the final comprehensive study, including related schedules and cost documentation in a format that can be edited and updated by City staff to accommodate changes in the organization, costs, and inflation. The requirements of the models should allow for:
 - a) Additions, revisions, or removal of the direct and overhead costs so the comprehensive fee study can be easily adapted to a range of activities, both simple and complex.
 - b) The ability of the City to continuously update the model and fees from year to year as the organization changes and for inflationary adjustments, unless otherwise recommended by consultant based on best practices and benchmarking.
 - c) The addition of hypothetical service area information for future service enhancements, and the ability to calculate the estimated costs of providing the service under consideration (i.e., ad-hoc analysis).
9. Prepare and participate in presenting the information at public meetings to the City Council, advisory groups, and City staff to facilitate their understanding of the plan and its implication for the City and make necessary adjustments as requested.
10. Consult with City staff should it become necessary to defend the City's Comprehensive User Fee as a result of any legal or other challenges.

**EXHIBIT “B”
FEE SCHEDULE**

Consultant shall be compensated in accordance with the following schedule:

- 1) Maximum consulting fee by project element

Project Element	Estimated Labor Hours	Maximum Fee
Cost Allocation Plan (Full Cost and Federal Iterations, As Needed)	76	\$14,820
Comprehensive User Fee Study	180	\$35,100
Total Not-To-Exceed Cost		\$49,920

- 2) Rates for Additional Services (optional)

As-needed additional services outside of the original scope of work may be requested by the City by issuing a Task Order. Additional services shall be billed hourly in accordance with the following rates:

Project Manager: \$195 per hour

Principal Consultant: \$195 per hour

Senior Consultant: \$195 per hour

These rates are as published by Consultant for the defined scope of work for the two project elements planned to commence in Fiscal Year 2025-26. These rates are subject to change based on the published rates of Consultant at the time of any future requested Task Order, not to exceed 3.0% or the San Diego Area Consumer Price Index (CPI), whichever is lower, increase per year from those listed above.



City of Del Mar Agenda Report

TO: Honorable Mayor and City Councilmembers

FROM: Councilmembers Terry Gaasterland and Dan Quirk, Liaisons to the
Measure Q Citizen Oversight Committee
Prepared by Denise Galvan, Management Analyst

DATE: January 20, 2026

SUBJECT: Appointment to the Measure Q Citizen Oversight Committee

REQUESTED ACTION/RECOMMENDATION:

Measure Q Oversight Committee Council liaisons Terry Gaasterland and Dan Quirk recommend the City Council appoint Caitlin Laipenieks to the Measure Q Citizen Oversight Committee as an at-large voting member for a full three-year term from January 20, 2026, through January 31, 2029.

DISCUSSION/ANALYSIS:

The purpose of the Measure Q Citizen Oversight Committee (Committee) is to review, provide oversight, and report to the City Council on Measure Q revenues and expenditures. The Committee meets bi-annually or as-needed. A primary responsibility of the Committee is verifying that revenues from Measure Q are properly reserved for projects approved by the City Council and that related expenditures are accurately tracked.

The Committee is composed of five members: two (2) Finance Committee Members (or Finance Committee Members within the last five years), and three (3) at-large community residents of Del Mar with the goal that one (1) member is from the Del Mar business community.

There is currently one (1) at-large voting member vacancy on the Committee. City staff advertised the vacancy, and one Citizen Interest Form was received during the recruitment period from Caitlin Laipenieks (Attachment A). The Council Liaisons to the Committee reviewed the application and recommend the City Council appoint Caitlin Laipenieks as an at-large voting member for a full three-year term starting on January 20, 2026, and ending on January 31, 2029.

If the recommended appointment is approved by the City Council, the Committee will have full member roster. A copy of the current Committee roster is included as Attachment B for Council's reference.

ATTACHMENTS:

Attachment A – Citizen Interest Form
Attachment B – Measure Q Citizen Advisory Committee Roster

City Council Action:

DEL MAR CITIZEN INTEREST FORM



I. APPLICANT INFORMATION

Laipenieks	Caitlin	Rae
_____ Last Name	_____ First Name	_____ Middle Initial
_____		Del Mar, CA
_____ Home Street Address*		_____ City, State

**Applicants are required to provide a physical residency address. Mailing addresses or Post Office boxes will not be accepted. The City will maintain all residency addresses strictly confidential.*

_____	_____	_____
Business Street Address (if applicable)		City, State
_____	_____	_____
Home Phone Number	Business Phone Number	E-mail Address

II. APPLICATION DETAILS

I am interested in serving on the following Committees, Board(s) or Commission(s) in order of preference (indicate 1st, 2nd choice, etc.):

- | | |
|---|--|
| <input type="checkbox"/> Design Review Board | <input type="checkbox"/> Planning Commission |
| <input type="checkbox"/> Finance Committee | <input type="checkbox"/> Shores Park Master Plan Ad-Hoc Advisory Committee |
| <input type="checkbox"/> Lagoon Committee | <input type="checkbox"/> Sustainability Advisory Committee |
| <input checked="" type="checkbox"/> 1 Measure Q Citizen Oversight Committee | <input type="checkbox"/> Traffic and Parking Advisory Committee |
| <input type="checkbox"/> Parks and Recreation Committee | <input type="checkbox"/> Undergrounding Program Advisory Committee |
| <input type="checkbox"/> Other(s) (please indicate): _____ | |

Qualifications for appointment and/or reasons for application (attach additional pages as needed):

The City of Del Mar is a small tight knit community with wonderful, engaged residents. But, we are facing significant challenges in the next few years including the increasing costs to protect our city from natural hazards (i.e. undergrounding) and the impending rail alignment. Despite the mighty strength of our Council, committees, and residents, we are at a severe disadvantage financially. Due to our low population, we cannot generate the funds necessary to face these challenges as we would like. That is why I would like to join the Measure Q Committee to ensure its revenues will be used effectively and efficiently to serve our residents. Our future depends on wise fiscal management to advocate for the City of Del Mar so it remains the city we all cherish.

Education:

Bachelor of Arts, Northwestern University 1997
 Juris Doctor, California Western School of Law 2002
 Master of Social Work, San Diego State University 2002

Relevant Experience (job or volunteer etc.):

I have been a lawyer for 23 years working for a public entity. I am familiar with the public entity committee and budget process, and have advised on aspects of it in my professional life. For the last three years, I had provided advice to a public entity on general governance including Prop 218 issues, Brown Act, Public Records requests, conflicts, gift of public funds issues and much more. Through the course of my work, I have worked on numerous public contracts and am familiar with the audit process, reporting, and enforcement. I am also intimately familiar with state and federal grant funding as one of my main public entity clients receives the majority of their funding through grants.

Name all of the Del Mar Committees/Boards/Commissions that you now serve on:

None

Please name all the Boards/Commissions/Committee/Task Forces that you have served on in the past, and if you can, the dates of your service:

None

Optional: Please list three Del Mar residents who can provide a reference:**

NAME	STREET NAME (no house number)	Phone Number
Lauren Gist	Via Alta	[REDACTED]
Laura Schaefer	6th Street	[REDACTED]
Kay Geiserman	Oribia Rd	[REDACTED]

***Due to Brown Act limitations that restrict communications between Councilmembers regarding upcoming actions of the City Council, please do not include a current sitting Councilmember as a reference for your appointment.*

Residency

	Month	Year
I have been a resident of California since:		1998
I have been a resident of San Diego County since:		1998
I have been a resident of Del Mar since:		2020

What part of town do you live in? Geographic diversity is desirable and will be taken into account. Check the [neighborhood map](#) to verify your neighborhood.

- North Bluff
- North Beach
- South Beach
- Village Center
- South Bluff
- South Hills
- North Hills
- Valley

Are you a full-time or part-time resident of Del Mar? Full-time Part-time

Is Del Mar your primary place of residence? Yes No

Are you a registered voter in Del Mar? Yes No

III. COMMITTEE SPECIFIC QUESTIONS

The following are additional questions related to specific committees. Please answer the questions only for the committee(s) you are applying for.

1. Finance Committee

The Finance Committee is looking for applicants with financial expertise and background.

Please describe your experience reviewing financial reports, conducting financial studies or any related experience. Please include any experience specific to public entities.

What aspects of the City's finances most interest you and why?

2. Measure Q Citizen Oversight Committee

Membership on the Measure Q Citizen Oversight Committee is set by category. Which membership category do you best fit in? (Select all that apply)

- Current (or within past 5 years) Finance Committee Member
- Business Community Member
- At-large Resident Member
- Other (please explain): _____

3. Traffic and Parking Advisory Committee

Which membership category do you best fit in? (Select all that apply)

- Business representative (can be a non-resident)
- Resident
- Other (please explain): _____

Do you have any special expertise or experience related to traffic and parking? If yes, please explain:

4. Parks and Recreation Committee

The Parks and Recreation Committee is looking for applicants with an interest in the City's parks and open spaces.

Please describe your personal or professional experience related to parks, open spaces, trails, public recreation or any similar experience.

What aspects of the City's parks and recreation most interest you and why?

5. [Lagoon Committee](#)

The Lagoon Committee is looking for applicants interested in the preservation of the lagoon and surrounding area.

What aspect(s) of being on the Lagoon Committee most interest you and why?

6. [Shores Park Master Plan Ad-Hoc Advisory Committee](#)

The Shores Park Master Plan Ad-Hoc Advisory Committee is looking for applicants interested in the Shores Park property and planning process.

What aspects of being on the Shores Park Master Plan Ad-Hoc Advisory Committee most interest you and why?

Please describe your approach for participating in the development of a preferred concept for the Master Plan for the Shores Park property.

7. [Sustainability Advisory Committee](#)

The Sustainability Advisory Committee members are community leaders on environmental issues.

In what ways would you like to contribute to a more sustainable world either in your personal life or on a broader community level?

Please describe any outreach or public education efforts you have participated in related to environmental issues or in other areas. Do you have skills or experience in outreach that you could bring to the Sustainability Advisory Committee?

8. [Undergrounding Program Advisory Committee](#)

The Undergrounding Program Advisory Committee is seeking applicants with an interest in the citywide undergrounding project.

Is your utility service undergrounded? What involvement did you have, if any?

What aspects of being on the Utility Undergrounding Advisory Committee most interest you?

9. [Design Review Board](#) and/or [Planning Commission](#)

Briefly describe your qualifications and experience as it relates to serving on the Design Review Board or Planning Commission. The required qualifications for each can be found in the Del Mar Municipal Code (DMMC) [Chapters 2.34](#) and [2.38](#). You will be able to provide more information at a City Council public meeting during an open interview process.

10. **For All Committees:** Thank you for completing the Citizen Interest Form. Is there anything else you would like to add to your application for the City Council to consider?

Thank you for taking the time to review my application. I am happy to answer any questions you may have.

Sincerely,
Caitlin Rae

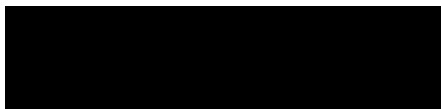
IV. SIGNATURE AND ACKNOWLEDGEMENT

Please review the important information below before signing and submitting your application. Please note that recommendations for appointments to City advisory committees (other than the Planning Commission and Design Review Board) are made by the [Council Liaisons to that Committee](#). The appointments are then placed on the consent calendar for consideration for approval by the full City Council at the next available City Council meeting. For reasons of privacy, the individual candidates are not discussed at the meeting.

Additionally, the Del Mar Conflict of Interest Code requires that members of the Design Review Board, Planning Commission, and Finance Committee file Conflict of Interest Statements with the Administrative Services Department in conformance with the Fair Political Practices Commission and the City's Conflict of Interest Code. Other advisory committee members are not required to file Conflict of Interest Statements.

By signing below, you are acknowledging that you have reviewed the Committee webpage for which you are applying and that you understand the conflict of interest filing requirement, if applicable. Part of your service may include ethics and anti-harassment training upon appointment and bi-annually. Visit the [City's Conflict of Interest Code](#) webpage to learn more about the requirement.

By submitting this application, you are signing under penalty of perjury that the information you are providing, is true and correct to the best of your knowledge.



12/7/2025

Signature

Date

Within three (3) business days you will receive a confirmation email that your application is received. If you have questions, please email cityclerk@delmar.ca.us or call (858) 755-9313 and a staff member will get back to you promptly.

City of Del Mar

Measure Q Citizen Oversight Committee

Board Roster

Steven Mcdowell

2nd Term Dec 04, 2023 - Dec 31, 2026

Position Vice Chair

Category Finance Committee
Member(Resident)

K. Alan Lonbom

2nd Term Feb 20, 2024 - Feb 28, 2027

Appointing Authority City Council

Position Chair

Category At-Large (Resident)

Nancy Stoke

1st Term Dec 02, 2024 - Dec 31, 2027

Category At-Large (Resident)

Tom McGreal

3rd Term Nov 16, 2025 - Nov 30, 2028

Appointing Authority City Council

Position Secretary

Category At-Large (Resident)

Vacancy

Category Business Owner/Representative



City of Del Mar Agenda Report

TO: Honorable Mayor and City Councilmembers

FROM: Nicole Morrow, AICP, Associate Planner
Isam Hasenin, Contract Building Official
Karen Brindley, Planning & Community Development Director
Via Ashley Jones, City Manager

DATE: January 20, 2026

SUBJECT: Introduction of an Ordinance to Process Administrative Corrections to Del Mar Municipal Code Chapter 23.12, Division 7 to Reflect Adoption of the 2025 California Green Building Code with Local Amendments

REQUESTED ACTION/RECOMMENDATION:

Staff recommends the City Council introduce an Ordinance (Attachment A) to process administrative corrections requested by the California Building Standards Commission that involve amending Del Mar Municipal Code (DMMC) Chapter 23.12, Division 7 to reflect local adoption of the 2025 California Green Building Code by the City Council in September 2025, and the City's intent to carry forward local amendments previously adopted by the City Council in 2018 that require new non-residential construction to comply with the CalGreen Code Appendix A5.

BACKGROUND

The City of Del Mar, through its Building Services Division, reviews development projects to ensure that new construction does not pose a threat to public health and safety. As a basis for review, the City relies on the regulations contained in the California Building Standards Code. On July 1, 2025, the State published the new 2025 Edition of the California Building Standards Code. The State of California regularly updates its Building Standards Code to incorporate updated safety standards. The updated codes were prepared with amendments based on updates from the International Code Council, International Association of Plumbing and Mechanical Officials, and the National Fire Protection Association intended to further improve public health and safety standards.

On September 22, 2025, the City Council adopted Ordinance No. 1022 to reflect local adoption of the 2025 Edition of the California Building Standards Code including various chapters of Title 24 of the California Code of Regulations as well as 11 local amendments to the Building Code. The City's intent was that the September 2025 Council action included and carried forward an existing local amendment from 2018 (Ordinance 937)

City Council Action:

that requires new non-residential development to comply with the CalGreen Code Appendix A5, which is a measure to implement the City's Climate Action Plan.

However, on December 2, 2025, the California Building Standards Commission (CBSC), following their review of the Ordinance No. 1022 in accordance with State procedures, considered it partially accepted for filing and requested the City process administrative corrections to DMMC Chapter 23.12, Division 7 to clarify its desire to continue to apply the CalGreen-related local amendment (Attachment B). The CBSC requested the City readopt the language of Section 23.12.070, including the required findings, to complete the filing of City's 2025 Building Code Update.

DISCUSSION/ANALYSIS:

The proposed Ordinance includes the necessary findings required by California Health and Safety Code Sections 17958.7(a), 17958.7(b), and 18941.5(b) for the ordinances associated with adoption of the 2025 Green Building Code and local amendment to the Green Building Code to be considered timely filed.

As amended, DMMC Section 23.12.070 would continue to reflect the City's adoption of the 2025 California Green Building Code (CalGreen Code). To facilitate processing of future State code updates, a new DMMC Section 23.12.071 is being added to clearly state the CalGreen Code Appendix A5 language for the local amendment in its own section, as is typically the standard format for local amendments. As shown in Attachment C, the content of the language in Section 23.12.071 will remain similar to what was adopted in Ordinance No. 1022, only the formatting and minor grammatical edits will change.

Following City Council adoption, the Ordinance will be filed with the CBSC to complete the filing process in accordance with California Health and Safety Code Section 17958.7(a).

A related concern is that the 2025 California Building Standards Code took effect statewide on January 1, 2026, and Assembly Bill 130 (2025) imposed an October 1, 2025, moratorium prohibiting amendments to a local jurisdiction's building standards through June 1, 2031. Under AB 130, a jurisdiction is allowed to amend its Building Standards under specified conditions and with the approval of the CBSC. In this circumstance, the City will be allowed to adopt the proposed Ordinance in accordance with the exception in Section 17958(b)(1) of the California Health and Safety Code that allows for the City to adopt language that is substantially similar to regulations that were in effect as of September 30, 2025.

FISCAL IMPACT:

There is no fiscal impact or action to be taken by the City Council related to this agenda item. The review of a development's conformance with the applicable building codes is processed through a separate review of development applications and building permits.

As part of that process, the City applies fees to recover a portion of the administrative costs incurred to provide such reviews. No changes are proposed for the existing City's fee schedule for issuance of Building Division related permits.

ENVIRONMENTAL IMPACT:

This project is not subject to the provisions of the California Environmental Quality Act pursuant to Section 15061(b)(3). It can be seen with certainty that the adoption of the State-mandated Building Codes with minor amendments will not have a significant effect on the environment.

HOUSING IMPACT:

Local adoption of the updated State-mandated building-related regulations will facilitate development of housing that complies with the minimum public health and safety standards as well as additional standards to reflect Del Mar's unique characteristics and approach to design and development review.

NEXUS TO CITY COUNCIL GOALS AND PRIORITIES:

Updating the DMMC to adopt the California Building Codes by reference and incorporate local modifications is a Tier 1 priority for Fiscal Year 2025-26.

ATTACHMENTS:

- Attachment A – Ordinance to Amend DMMC Sections 23.12.070 and 23.12.071
- Attachment B – Ordinance No. 1022 CBSC Filing Letter
- Attachment C – Strikeout of Adopted DMMC Section 23.12.070

ORDINANCE NO. XXXX

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF DEL MAR, CALIFORNIA, AMENDING DEL MAR MUNICIPAL CODE CHAPTER 23.12 (CALIFORNIA CODES FOR CONSTRUCTION) BY AMENDING SECTION 23.12.070, AND BY ADDING SECTION 23.12.071 TO MAKE ADMINISTRATIVE CORRECTIONS REQUESTED BY THE CALIFORNIA BUILDING STANDARDS COMMISSION, ALL RELATING TO THE APPLICABILITY OF THE 2025 CALIFORNIA BUILDING STANDARDS CODE AND ASSOCIATED NATIONAL AND STATE BUILDING AND CONSTRUCTION CODES WITHIN THE CITY OF DEL MAR

WHEREAS, the Del Mar City Council adopted Ordinance No. 1022 on September 22, 2025 to adopt the updated 2025 State of California Building Standards Code with local modifications; and

WHEREAS, the City's Building Official submitted Ordinance No. 1022 to the California Building Standards Commission for filing on September 25, 2025; and

WHEREAS, the California Building Standards Commission issued a letter to the City of Del Mar on December 2, 2025 stating that Ordinance No. 1022 was partially accepted for filing, excluding Section 23.12.070 of the DMMC due to deficiencies related to Sections 17958.7(a), 17958.7(b), and 18941.5(b) of the California Health and Safety Code due to the absence of express findings for an existing local amendment that was initially adopted by the Del Mar City Council through Ordinance No. 937 on June 18, 2018; and

WHEREAS, the California Building Standards Commission directed the City to amend Ordinance No. 1022 to process the administrative correction and refile the amended ordinance; and

WHEREAS, this Ordinance is intended to further clarify and supplement Ordinance No. 1022 adopted by the City Council on September 22, 2025 to include express findings to justify the need for local modifications to the California Green Building Code; and

WHEREAS, the 2025 California Building Standards Code is based on the 2024 editions of the International Building Code, Uniform Plumbing Code, and Uniform Mechanical Code; 2023 edition of the National Electrical Code; 2025 California Energy Code; 2025 California Residential Code; 2025 California Green Building Code; 2025 California Administrative Code; 2025 California Reference Standards Code and 2025 California Wildland-Urban Interface Code; and

WHEREAS, California Health and Safety Code section 17958 requires that cities adopt building regulations that are substantially the same as those adopted by the

California Building Standards Commission and contained in the California Building Standards; and

WHEREAS, California Health and Safety Code section 17958 permits local jurisdictions to make such changes or modifications to the California Building Standards Codes as are necessary due to local climatic, geological or topographical conditions; and

WHEREAS, on January 9, 2026, the notice of City Council public hearing was published in digital and paper versions of general circulation of the Coast News; and

WHEREAS, on January 20, 2025, the City Council held a duly noticed public hearing for introduction of the Ordinance; and

WHEREAS, the City Council finds that the minor modifications and changes to the California Building Standards Code are reasonably necessary to ensure consistent application of the codes throughout the State as has been applied to proposed development since 2018; and

WHEREAS, the proposed amendments do not constitute an amendment to the City's certified Local Coastal Program, which means that the final decision on the ordinance will be made by the Del Mar City Council.

NOW, THEREFORE, the City Council of the City of Del Mar hereby ordains as follows:

SECTION ONE:

That Section 23.12.070 Chapter 23.12 Division 1 (Building Code) of the Municipal Code is amended to read as follows:

23.12.070 - Adoption of the 2025 California Green Building Code, Part 11, Title 24 of the California Code of Regulations.

The California Green Building Code is hereby adopted and incorporated by reference herein as the City's green building code for the stated purpose of prescribing regulations in the City of Del Mar for improving public health, safety and general welfare by enhancing the design and construction of buildings through the use of building concepts having a reduced negative impact or positive environmental impact and encouraging sustainable construction practices, the 2025 California Green Building Code, Part 11, Title 24 of the California Code of Regulations, a portion of the California Building Code, as defined in the California Health and Safety Code, Section 18902 et seq.

Required Findings:

The adoption of the CalGreen Code is consistent with required State standards and is necessary to bring the DMMC into consistency Title 24 of the California Code of Regulations.

SECTION TWO:

That Section 23.12.071 of Chapter 23.12 Division 1 (Building Code) is added to read as follows:

23.12.071 - Local Amendment to the California Green Building Code - Implementation of Voluntary Tier 1 Building Code Standards as Mandatory Measures for Non-residential Construction.

Except as otherwise provided in this Chapter or by other parts of the Del Mar Municipal Code, all construction shall be in conformance with the California Building Standards Code and rules and regulations promulgated pursuant thereto, including the 2025 California Green Building Code, published by the California Building Standards Commission and Appendix A5 (Tier 1 non-residential voluntary measures), incorporated herein by reference, is adopted as mandatory provisions for all new non-residential construction and any non-residential construction over a \$150,000.00 valuation as determined by the City of Del Mar Building Division.

Required Findings:

The City of Del Mar City Council by a duly noticed public hearing adopted its Climate Action Plan (CAP) on June 6, 2016. By adopting the CAP, the City committed to reducing greenhouse gas emissions by up to 50% through the year 2035. As part of the implementation of the programs within the CAP, the City Council specifically prioritized efforts to adopt more stringent construction standards as a way to reduce energy consumption. CalGreen Tier 1 standards represent a 15% reduction (on average) of energy consumption when compared to the minimum State mandated code.

Considering the small population and land size of the City and the variety of unique factors which influence both the City's ability and need to adopt mitigation measures to reduce the impact of climate change, the adoption of Tier 1 commercial construction standards represents a commitment to meeting the City's designated emissions targets. The adoption of this modification is reasonably necessary to reach the emissions reductions targets established by the CAP and to further reduce the risks to the City imposed by climate change.

These provisions were adopted in 2018 to implement the CAP and has continued to be adopted under DMMC Section 23.12.070 in subsequent code update cycles. The language, as it will now appear in Section 23.12.071 of the DMMC, is textually the same as was adopted in Ordinance No. 937 and Ordinances No. 957 and 994

which codified the 2019 and 2022 triennial code cycles respectively. The purpose of this amendment is to allow readers to be able to distinguish between the adoption of the CalGreen Code and the requirements of Ordinance No. 937 and to establish the required findings necessary to comply with Health and Safety Code Section 17958.7. Based on the longstanding history of Ordinances No. 937, 957, and 994, this Amendment is substantially equivalent to an existing policy which conforms to State law and is therefore consistent with California Health and Safety Code Section 17958 which would permit a jurisdiction to adopt language which was previously filed by the governing body of the city or county and was in effect as of September 30, 2025.

SECTION THREE:

This Ordinance was assessed in accordance with the authority and criteria contained in the California Environmental Quality Act (CEQA), the State CEQA Guidelines, and the environmental regulations of the City. The City Council hereby finds that under Section 15061(b)(3) of the State CEQA Guidelines, this Ordinance is exempt from the requirements of CEQA because based on substantial evidence it can be seen with certainty that the provisions contained herein would not have the potential for causing a significant effect on the environment.

SECTION FOUR:

This Ordinance was introduced by the City Council on January 20, 2026.

SECTION FIVE:

The City Clerk is directed to prepare and have published in media of general circulation a summary of this Ordinance no less than five days prior to the consideration of its adoption and again within 15 days following adoption indicating votes cast.

SECTION SIX:

If any section, subsection, subdivision, paragraph, sentence, clause, phrase or portion of this Ordinance is, for any reason, held invalid or unconstitutional, such decision shall not affect the validity or effectiveness of the remaining portions of this Ordinance.

SECTION SEVEN:

Upon adoption, the City Building Official is hereby authorized and directed to file a copy of this Ordinance with the California Building Standards Commission consistent with Section 17958.7(a) of the California Health and Safety Code.

SECTION EIGHT:

This Ordinance shall take effect and be in force thirty (30) days after its passage and the City Clerk of the City of Del Mar is hereby authorized to use summary publication procedures pursuant to Government Code Section 36933 utilizing a newspaper of general circulation published in the City of Del Mar.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Del Mar, California at the Regular Meeting held this 3rd day of February 2026.

Tracy Martinez, Mayor
City of Del Mar

APPROVED AS TO FORM:

Leslie E. Devaney, City Attorney
City of Del Mar

ATTEST AND CERTIFICATION:

STATE OF CALIFORNIA
COUNTY OF SAN DIEGO
CITY OF DEL MAR

I, SARAH KRIETOR, Administrative Services Manager/City Clerk of the City of Del Mar, California, DO HEREBY CERTIFY, that the foregoing is a true and correct copy of Ordinance No. XXXX, which has been published pursuant to law, and adopted by the City Council of the City of Del Mar, California, at a Regular Meeting held the 3rd day of February 2026, by the following vote:

AYES:

NOES:

RECUSE:

ABSENT:

ABSTAIN:

Sarah Krietor, Administrative Services
Manager/City Clerk
City of Del Mar

Strikeout of Ordinance No. 1022

Chapter 23.12 – CA CODES FOR CONSTRUCTION

DIVISION 7. - GREEN BUILDING CODE

23.12.070 - Adoption of the 2025 California Green Building Code, Part 11, Title 24 of the California Code of Regulations.

~~The California Green Building Code There is adopted and incorporated by reference herein as the City's city green building code for the stated purpose of prescribing regulations in the City of Del Mar for improving public health, safety and general welfare by enhancing the design and construction of buildings through the use of building concepts having a reduced negative impact or positive environmental impact and encouraging sustainable construction practices, the 2025 California Green Building Code, Part 11, Title 24 of the California Code of Regulations, a portion of the California Building Code, as defined in the California Health and Safety Code, Section 18902 et seq. Except as otherwise provided in this chapter and other parts of the Del Mar Municipal Code, all construction shall be in conformance with the California Building Standards Code and rules and regulations promulgated pursuant thereto, including the 2025 California Green Building Code, published by the California Building Standards Commission and Appendix A5 (Tier 1 non-residential voluntary measures), incorporated herein by reference, is adopted as mandatory provisions for all new non-residential construction and any non-residential construction over a \$150,000.00 valuation as determined by the City of Del Mar Building Division.~~

23.12.071 - Local Amendment to the California Green Building Code - Implementation of Voluntary Tier 1 Building Code Standards as Mandatory Measures for Non-residential Construction.

Except as otherwise provided in this Chapter or by other parts of the Del Mar Municipal Code, all construction shall be in conformance with the California Building Standards Code and rules and regulations promulgated pursuant thereto, including the 2025 California Green Building Code, published by the California Building Standards Commission and Appendix A5 (Tier 1 non-residential voluntary measures), incorporated herein by reference, is adopted as mandatory provisions for all new non-residential construction and any non-residential construction over a \$150,000.00 valuation as determined by the City of Del Mar Building Division.

BUILDING STANDARDS COMMISSION

2525 Natomas Park Drive, Suite 130
 Sacramento, California 95833-2936
 (916) 263-0916

December 2, 2025

Nicole Morrow, AICP, Associate Planner nmorrow@delmar.ca.us
 City of Del Mar, Planning and Community Development
 1050 Camino del Mar
 Del Mar, CA 92014

Re: Ordinance # 1022 – Partial

Dear Nicole Morrow:

The purpose of this letter is to provide the determination of the California Building Standards Commission (CBSC) following review of the ordinance(s) referenced above from **City of Del Mar** on **9/25/2025** pertaining to local modifications to the provisions of the **2025** California Building Standards Code, Title 24, California Code of Regulations (Title 24).

The code modifications are partially accepted for filing. This letter attests to the filing’s compliance with the Health and Safety Code (HSC) Sections noted below, with the exception of the following deficiencies:

<input checked="" type="checkbox"/>	Missing express findings based on local conditions per HSC Sections 17958.7(a) and (b) and 18941.5(b).
Deficiencies:	23.12.070 - Adoption of the 2025 California Green Building Code , adopting Appendix A5 as Mandatory for all new non-residential construction and any non-residential construction over \$150,000.00 valuation as determined by City of Del Mar Building Division.

Please resubmit the filing including the item(s) identified in the table above. At that time, CBSC will again review the submittal for a fully acceptable for filing determination.

Additional information:

Please note that local modifications to Title 24 are specific to each edition and must be readopted by the authority having jurisdiction and filed with CBSC for each subsequent triennial edition to remain in effect.

Fire Protection District: Per HSC Section 13869.7, ordinances making modifications to Title 24, require such ratified ordinances and express findings to be filed with the Department of Housing and Community Development (HCD), Division of Codes and Standards, State Housing Law Program, rather than CBSC.

Energy efficiency: Ordinances making modifications to the energy efficiency and conservation provisions in the California Energy Code, Part 6 of Title 24, may require approval from the California Energy Commission pursuant to Public Resources Code Section 25402.1(h)(2).

If you have questions or need further information, please contact me at (916) 263-0916.

Sincerely,

Beth Maynard

Beth Maynard
 Associate Construction Analyst



City of Del Mar Agenda Report

TO: Honorable Mayor and City Councilmembers

FROM: Sarah Krietor, Administrative Services Manager/City Clerk
Ashley Jones, City Manager

DATE: January 20, 2026

SUBJECT: Consideration of a Cost Sharing Agreement with the City of Solana Beach for Fire Management Transition Services

REQUESTED ACTION/RECOMMENDATION:

Staff recommends that the City Council: 1) Approve a Cost Sharing Agreement (Agreement) with the City of Solana Beach for Fire Management Transition Services (Attachment A); and 2) Authorize the City Manager to execute the Agreement and any subsequent amendments provided for under the Agreement contingent upon satisfactory performance.

BACKGROUND:

In 2009, the cities of Encinitas, Del Mar, and Solana Beach, along with the Rancho Santa Fe Fire Protection District (RSFFPD), entered into a Cooperative Management Services Agreement (COOP) (Attachment B) to consolidate fire department executive management functions across jurisdictions with the goal of enhancing regional coordination, reducing administrative redundancy, and improving cost efficiency by sharing key fire management positions between the participating agencies. RSFFPD subsequently withdrew from the agreement in 2013.

The COOP, which has been amended five (5) times since its inception, includes a cost-sharing model based on population, geographic area, call volume, and staffing. Currently, all ten (10) shared management positions are employed by the City of Encinitas.

On June 11, 2025, the City of Encinitas City Council held a special meeting to discuss the evolving needs of the Encinitas community and whether to continue their participation in the COOP (<https://tinyurl.com/3bww3xy4>). The Encinitas City Council voted unanimously to exit the COOP.

A copy of the formal notice provided by the City of Encinitas dated June 18, 2025, is included for reference (Attachment C). The notice indicates that the City of Encinitas plans to leave the COOP by March 31, 2026, and will continue to fulfill its obligations under the COOP until that time to ensure an orderly and coordinated transition of fire management responsibilities.

On September 22, 2025, the Del Mar City Council authorized the City Manager to provide notice to the cities of Encinitas and Solana Beach that the City of Del Mar may exit the COOP

City Council Action:

between January 1 and March 31, 2026, or at a date thereafter as may agreed upon by the parties. The City of Solana Beach City Council directed their City Manager to take similar action on September 24, 2025. These actions were taken to provide maximum flexibility to Del Mar and Solana Beach as alternatives for fire management services are being explored.

Since receiving notice of the City of Encinitas's planned March 2026 departure from the COOP, the Del Mar and Solana Beach City Managers released a joint statement (<https://www.delmar.ca.us/m/newsflash/Home/Detail/1065>) regarding next steps and have been working diligently and cooperatively to identify alternative options for fire management services such as contracting with another established fire agency or potentially forming a fire department between the two cities.

DISCUSSION/ANALYSIS:

Alternatives Explored

The cities spent a considerable amount of time exploring opportunities to partner with other established local agencies for fire management services. While the opportunity to partner with another fire agency initially seemed promising, these discussions ultimately did not pan out and the cities decided looking more closely at a two-department solution was likely the best option. Prior to the formation of the COOP with Encinitas, the cities of Del Mar and Solana Beach partnered for fire management services in a two-agency arrangement from 2003-2009.

As the cities continue to move forward with this process, maintaining a high level of service, timely response, and readiness for wildfires are essential factors under consideration, along with ensuring the long-term financial viability of services to be provided.

Interim Fire Management Needs

Given the upcoming March 2026 deadline and need to ensure continuity of fire management services, staff is proposing the City Council approve an Interim Cost Sharing Agreement (Attachment A) with the City of Solana Beach that provides for shared costs between the cities for an interim Fire Chief (50%) and Public Safety Management Analyst (20%), and related expenses, to assist both agencies with the recruitment of a permanent fire chief and development of a recommended fire management structure for shared management services. Having an interim chief and support staff to prepare for the transition away from Encinitas fire management in March 2026, is critical to ensuring a smooth transition and continuity of fire management services.

The Solana Beach City Council approved hiring retired annuitant interim Fire Chief Colin Stowell on December 10, 2025, with an employment start date of January 5, 2026. Chief Stowell has over 35 years of experience and previously served as the Fire Chief for Heartland Fire Protection and Rescue and City of San Diego. He is highly experienced and respected in the fire service arena and will be a valuable resource to both agencies through the upcoming transition.

Public Employees' Retirement Law governs the process for public agencies to hire retired annuitants for vacant positions requiring specialized skills during the recruitment for a permanent appointment. In accordance with the applicable regulations, interim Chief Stowell can work up to 960 hours per fiscal year for a period of 12 months while the cities recruit to hire a permanent Fire Chief. As such, recruitment for a permanent Fire Chief is already underway and the City Manager will keep the Council informed on recruitment status.

The Agreement proposes that the City of Del Mar will reimburse the City of Solana Beach for 50% of the interim Fire Chief and up to 20% of the Public Safety Management Analyst for support services related to the fire management transition. Additionally, under the proposed Agreement, the cities would split the cost of any trainings, association memberships, and equipment for the interim Fire Chief with Solana Beach covering the costs for uniforms and office space and the City of Del Mar providing the interim Chief's vehicle.

Next Steps

Staff will continue to work cooperatively with the City of Solana Beach to:

- Be well-prepared for the transition of fire management services in March 2026.
- Participate in a joint-process to select and hire a permanent Fire Chief, develop a proposed management structure, and implement hiring as authorized by the participating cities.
- Develop a Cooperative Agreement for Fire Management Services between the Cities for consideration by participating cities during the first half of 2026.
- Complete RFQ and hire a qualified consultant to analyze long-term fire management needs and service delivery options, such as formation of a Joint Powers Authority (JPA) for fire department services between the two cities, partnering with other outside agencies, etc. in fiscal year 2026-2027 or based on timing determined by the participating agencies.

ATTACHMENTS:

Attachment A– Cost Sharing Agreement with City of Solana Beach

Attachment B– COOP Agreement and Amendments

Attachment C– City of Encinitas Notice of Withdrawal from the Cooperative Fire Management Services Agreement

**COST SHARING AGREEMENT BETWEEN
THE CITY OF SOLANA BEACH AND THE CITY OF DEL MAR
FOR FIRE MANAGEMENT TRANSITION SERVICES**

This Cost Sharing Agreement (“Agreement”), effective as of January 5, 2026, is entered into between the City of Solana Beach and the City of Del Mar (herein referred to as “Cities”) for fire management transitions services.

WHEREAS, on June 18, 2025, the cities of Del Mar and Solana Beach were notified by the City of Encinitas that the Encinitas City Council voted unanimously to terminate its participation in and withdrawal from the Cooperative Fire Management Services Agreement between the three agencies effective March 31, 2026; and

WHEREAS, the cities of Solana Beach and Del Mar desire to cooperatively explore the development of a fire management structure between the two Cities; and

WHEREAS, it is necessary that an Interim Fire Chief assist the Cities with the recruitment of a permanent Fire Chief and the development of a fire management structure for the Cities; and

WHEREAS, on December 10, 2025, the Solana Beach City Council adopted Resolution 2025-130 appointing Colin Stowell as the Interim Fire Chief; and

WHEREAS, the Cities desire to partner for fire management transition services under the terms and conditions outlined in this Agreement by sharing the cost of Interim Fire Chief and Management Analyst (Public Safety & City Management) positions employed by the City of Solana Beach.

NOW, THEREFORE, the Cities hereto mutually covenant and agree with each other as follows:

1. **SCOPE OF SERVICES.** The Cities agree to the Scope of Services, attached hereto as **Exhibit “A”** and incorporated herein.
2. **COMPENSATION/COST SHARING**

2.1 Total Amount. Costs will be shared and compensation provided in accordance with the Shared Costs/Compensation Schedule included as **Exhibit “B”** and incorporated herein. The City of Solana Beach shall bill the City of Del Mar for work provided and shall present a written request for such payment monthly. The City of Del Mar shall pay all invoices in arrears within 45 days and shall in no event be required to pay for any services provided by the City of Solana Beach in advance.

2.2 Additional Services. As the need arises or in the event of an emergency, requests for additional services may be identified and mutually agreed upon. Should such additional services be required, costs therefore shall be paid to the City of Solana Beach in accordance with the Shared Costs/Compensation Schedule included as **Exhibit “B”**. The Cities shall agree to the scope and costs of additional work prior to commencement of such work.

3. DURATION OF AGREEMENT.

3.1 Term, Time for Performance. This Agreement shall be effective for a period of one (1) year beginning on January 5, 2026, and ending on January 5, 2027.

3.2 Right to Terminate for Default. Should the City of Solana Beach or the City of Del Mar be in default of any covenant or condition hereof, the other City may immediately terminate this Agreement for cause if the city in default fails to cure the default within ten (10) calendar days of receiving written notice of the default.

3.3 Right to Terminate without Cause. Without limiting its rights in the event of a city's default, either city may terminate this Agreement, without cause, by giving written notice to the other city. Such termination shall be effective 30 days after receipt of the written notice. The City of Solana Beach shall be compensated for all effort and material expended on behalf of City of Del Mar under the terms of this Agreement, up to the effective date of termination.

4. NOTICES. All communications to either party by the other party shall be delivered to the persons listed below. Any such written communications by mail shall be conclusively deemed to have been received by the addressee five (5) calendar days after the deposit thereof in the United States Mail, postage prepaid and properly addressed as noted below.

If to City of Del Mar:
City of Del Mar
City Clerk
1050 Camino del Mar
Del Mar, CA 92014
cityclerk@delmar.ca.us

If to City of Solana Beach
City of Solana Beach
City Clerk
635 S. HWY 101
Solana Beach, CA 92075
aivey@cosb.org

5. INDEPENDENT CONTRACTOR. Nothing contained in this Agreement is intended to, or shall be construed in any manner, as creating or establishing the relationship of employer/employee between the Cities. The City of Solana Beach shall at all times remain an "independent contractor" with respect to the services to be performed under this Agreement. The City of Del Mar shall be exempt from payment of all Unemployment Compensation, FICA, retirement, life and/or medical insurance and Worker's Compensation Insurance, as the City of Solana Beach is an independent contractor.

6. HOLD HARMLESS. The Cities shall hold harmless, defend and indemnify each other from any and all claims, actions, suits, charges and judgments whatsoever that arise out of the Cities performance or nonperformance of the services or subject matter called for in this Agreement. Where fault is determined to have been comparative, principles of comparative fault will be followed, and each party shall bear the proportionate cost of any damage attributed to the fault of that party, its officers, directors, agents, employees, volunteers, or subcontractors. The Cities acknowledge that by entering into this Agreement no party waives or intends to waive any immunities to which they would be

entitled in the absence of the Agreement. Each party shall promptly notify the other Party of any claims or legal actions arising out of the performance of this Agreement.

7. AMENDMENTS. This Agreement may be modified or amended only by a written document executed by both Cities and approved as to form by the Cities' City Attorneys. No change, alteration, or modification of the terms or conditions of this Agreement, and no verbal understanding of the Cities, their officers, agents, or employees shall be valid unless agreed to in writing by both Cities.

8. CALIFORNIA LAW; VENUE/MISC. This Agreement shall be construed and interpreted according to the laws of the State of California. Any action brought to enforce or interpret any portion of this Agreement shall be brought in the county of San Diego, California.

7. SEVERABILITY. The unenforceability, invalidity, or illegality of any provision of this Agreement shall not render any other provision unenforceable, invalid, or illegal.

8. ENTIRE AGREEMENT. This Agreement sets forth the entire understanding of the Cities with respect to the subject matters herein. There are no other understandings, terms or other agreements expressed or implied, oral or written, except as set forth herein.

9. DRAFTING AMBIGUITIES. The Cities agree that they are aware that they have the right to be advised by counsel with respect to the negotiations, terms and conditions of this Agreement, and the decision of whether or not to seek advice of counsel with respect to this Agreement is a decision which is the sole responsibility of each Party. This Agreement shall not be construed in favor of or against either Party by reason of the extent to which each Party participated in the drafting of the Agreement.

10. CONFLICTS BETWEEN TERMS. If an apparent conflict or inconsistency exists between the main body of this Agreement and the Exhibits, the main body of this Agreement shall control. If a conflict exists between an applicable federal, state, or local law, rule, regulation, order, or code and this Agreement, the law, rule, regulation, order, or code shall control. Varying degrees of stringency among the main body of this Agreement, the Exhibits, and laws, rules, regulations, orders, or codes are not deemed conflicts, and the most stringent requirement shall control. Each Party shall notify the other immediately upon the identification of any apparent conflict or inconsistency concerning this Agreement.

11. EXHIBITS INCORPORATED. All Exhibits referenced in this Agreement are incorporated into the Agreement by this reference.

12. SIGNING AUTHORITY. The representative for each Party signing on behalf of a corporation, partnership, joint venture, or governmental entity hereby declares that authority has been obtained to sign on behalf of the corporation, partnership, joint venture, or entity and agrees to hold the other city or Cities hereto harmless if it is later determined that such authority does not exist.

IN WITNESS WHEREOF, the Cities hereto have executed this Agreement the day and year first hereinabove written.

CITY OF DEL MAR,
a municipal corporation

CITY OF SOLANA BEACH,
a municipal corporation

By: _____
Ashley Jones, City Manager

By: _____
Alyssa Muto, City Manager

ATTEST:

ATTEST:

Sarah Krietor, Administrative Services
Manager/City Clerk

Angela Ivey, City Clerk

APPROVED AS TO FORM:

APPROVED AS TO FORM:

Leslie E. Devaney, City Attorney

Johanna Canlas, City Attorney

EXHIBIT "A"
SCOPE OF SERVICES

The Cities agree to jointly fund, as described in Exhibit "B" to this Agreement, and utilize the positions of Interim Fire Chief and Management Analyst Public Safety employed by the City of Solana Beach.

The Interim Fire Chief shall provide services to the Cities, including but not limited to: assistance with the Fire Chief recruitment; performance of duties outlined in the City of Solana Beach Fire Chief Job Description approved on December 10, 2025, and in accordance with Retired Annuitant Agreement effective January 5, 2026, and manage Fire Department operations for the Cities; assisting the Cities with the transition of fire management services; and other related duties, as assigned and as mutually agreed upon by the Cities.

The Management Analyst Public Safety shall provide administrative and analytical support to the Interim Fire Chief, and the Cities related to the fire service management transition, as assigned and as mutually agreed upon by the Cities.

This Agreement may be amended for consistency should the Cities subsequently enter into a Cooperative Fire Management Services Agreement or similar agreement.

EXHIBIT "B"
SHARED COSTS/COMPENSATION SCHEDULE

The City of Del Mar agrees to reimburse the City of Solana Beach for expenses and costs related to this Agreement, as follows:

1. Interim Fire Chief- 50% of the Interim Fire Chief at the hourly rate of \$122.00/hr. (no benefits as retired annuitant)
2. Management Analyst - 20% of the current annual salary of \$130,728 (fully loaded cost), totaling \$26,146
3. Training – 50% of the total costs of training, association memberships, etc. for the Interim Fire Chief
4. Equipment – 50% of Equipment (e.g., computers, mobile devices, etc.) and mobile phone charges for the Interim Fire Chief and Management Analyst
5. Fuel Cost- 50% of the fuel cost for the Interim Fire Chief (fuel card provided by Solana Beach)

The City of Solana Beach agrees to provide office space for the Interim Fire Chief and pay for associated equipment and uniforms (formal and informal) and to pay for uniform cleaning.

The City of Del Mar agrees to provide a vehicle for use by the Interim Fire Chief during the term of this Agreement.

Should the hourly rate for either position be increased or otherwise adjusted during the term of this Agreement, the City of Solana Beach shall provide written notice to the City of Del Mar within five (5) business days of the adjustment. The adjusted salaries will be incorporated into the Agreement by an Amendment as permitted under Section 7 of this Agreement.

AGREEMENT FOR COOPERATIVE MANAGEMENT SERVICES

This Agreement is made and entered this 15th day of October, 2009, by and between the CITY OF DEL MAR, CITY OF ENCINITAS, RANCHO SANTA FE FIRE PROTECTION DISTRICT and the CITY OF SOLANA BEACH (hereinafter collectively referred to as "PARTIES"), all of which are public agencies organized and existing under and by virtue of the laws of the State of California.

RECITALS

WHEREAS, each party is charged with providing fire prevention and suppression activities, emergency medical services ("EMS") and emergency/disaster management as provided for in California Health and Safety Code §13862 and Government Code Chapter 7, within their respective boundaries;

WHEREAS, due to their proximity to one another and similar organizational elements, the PARTIES wish to cooperate in sharing fire management functions;

WHEREAS, sharing the functions of organizational direction and control, supervision of operations, training, fire prevention, administrative, fiscal management and disaster preparedness can provide effective leadership to multiple agencies, eliminating redundancy, duplication of effort and provide opportunities for current cost savings and an increased level of service for each party, while avoiding the full cost of completely independent fire administration;

WHEREAS, all employees of PARTIES performing pursuant to this Agreement shall remain employees of their respective jurisdiction and no express or implied employment contract exists for the same as a result of this Agreement,

WHEREAS, this Agreement provides a cost effective option for sharing said functions between the PARTIES.

NOW THEREFORE, the parties agree as follows:

1. **Purpose.** This Agreement when executed shall constitute an agreement by the PARTIES to cooperate in sharing certain management services relating to fire prevention and suppression activities, EMS and emergency/disaster management. The Parties desire to

maximize the use of existing resources, create cost containment opportunities, maintain local control and continue to deliver fire emergency medical services at a high level of service. During the duration of this Agreement, the Parties will continue to explore further opportunities to work jointly in delivering efficient emergency and fire-related services to the public.

2. **Management Services.** Each party shall furnish or contract for the management services identified in Exhibit "A" ("Description of Services").

2.1. In providing the services listed in Exhibit "A", PARTIES agree that the minimum hours to be provided by each parties' personnel shall be the amount necessary to maintain the overall level of services contemplated by the Agreement upon its effective date.

3. **Employees of PARTIES.** All personnel hired by each party for their respective fire departments, shall be and remain employees of said party and shall at all times be subject to the direction, supervision and control of said party directly or by other agencies acting on behalf of said party pursuant to this Agreement. Each party shall have sole responsibility of paying the salaries, taxes, including, but not limited to Federal Social Security Taxes, Federal, California and Employment taxes and all other employee related expenses including but not limited to Workers' Compensation Insurance and Retirement Benefits regarding their respective employees.

4. **Compliance with Applicable Statutes, Ordinance and Regulations.**

In performing the management services required under this Agreement, each party shall comply with all applicable federal, state, and county statues, ordinance and regulations.

5. **Insurance**

a. Each party shall furnish and keep in full force and effect during all times of the Agreement the following insurance:

i. Workers' Compensation insurance covering all employees exercising duties pursuant to this Agreement.

ii. Comprehensive Liability insurance to include general liability, automotive liability, and public officials and professional liability for any and all property claims or suits for damages arising out of their respective employees' duties pursuant to this Agreement including officers, agents, representatives, subcontractors or volunteers. These policies shall provide coverage for bodily injury and property damage in an amount not less than one million dollars (\$1,000,000) combined single limit per occurrence and shall name the PARTIES as an additional insured. No cancellation or change of coverage shall be effective until thirty (30) day written notice has been given to the PARTIES.

6. **Compensation.** Those PARTIES receiving fire management services agree to pay for the services herein to be performed, during the term of this Agreement. The fees for fire management services shall be calculated using the total actual cost of salaries and benefits for personnel providing the services identified in Exhibit "A" during the term of this Agreement and apportioned to reflect the extent to which the PARTIES utilize fire management services, based on the following formula:

10% equally shared

20% by population (based on the most recent figures from the State of California Department of Finance

20% by area served

20% by number of annual calls for service (based on the most recent figures from North County Dispatch Joint Powers Authority)

30% by number of fire suppression personnel

The apportionment will be calculated annually using the most recent statistics required for the above-mentioned formula.

Payment to PARTIES to render the services described in Exhibit "A" hereunder shall be set forth in Exhibit "B" which is attached hereto and incorporated herein as though fully set forth at length. The total payment shall be made in quarterly installments.

The compensation provided to the Rancho Santa Fe Fire Protection District (RSF) for the services herein shall increase each year by the actual increase in salary and benefits for the Battalion Chiefs (3) of RSF for that fiscal year.

The compensation provided to the City of Encinitas (ENC) for services herein shall increase each year by the actual increase in salary and benefits of the positions providing the personnel services to that particular party for that fiscal year.

PARTIES rendering the services described in Exhibit A will not be compensated for the cost of fuel, vehicle maintenance, future vehicle replacement, office equipment, information technology, office supplies or incidentals incurred as a result of the performance of this Agreement.

6.1 Adjustment to Compensation. PARTIES must be notified of any changes to the compensation structure, as provided for in Paragraph 6, no later than May 1st in order to facilitate the next fiscal year's budget planning process. In the event such changes cannot be made available by May 1st as a result of protracted labor negotiations, PARTIES agree to work in good faith to provide best estimates until such time the changes are final. PARTIES agree to exercise due diligence to finalize the changes for timely notification.

7. **Duration of Agreement.**

7.1 The term of this Agreement shall commence on October 15, 2009, and shall continue in full force and effect for a period of two years (2) years. This Agreement shall automatically renew on an annual basis after the initial two (2) year term.

7.2 Termination without Cause. Each party may terminate this AGREEMENT, without cause, by giving written notice to PARTIES. Such termination shall be effective ninety (90) days following receipt of the written notice.

7.3 Termination for Cause. Should any party be in default of any covenant or condition hereof, the other party may immediately terminate this AGREEMENT for cause if the defaulting party fails to cure the default within ten (10) calendar days of receiving a written notice of the default.

7.4 Performance after Termination. Should either the CITY OF DEL MAR or the CITY OF SOLANA BEACH terminate this Agreement pursuant to section 7.2 or 7.3, above, this Agreement

shall continue in full force and effect for the remaining PARTIES without a reduction in the services set forth in Exhibit A for the remaining PARTIES or an increase in the compensation due under Exhibit B except as specifically provided for in this Agreement.

8. **Joint Services.** The PARTIES agree to meet and confer in good faith to further explore joint efficiencies and effectiveness in providing services.

9. **Non-assignability.** This Agreement shall not be assigned by any party without first obtaining the express written consent of PARTIES.

10. **Notices.** Any and all notices or other communications required or permitted by this Agreement or by law to be served on or given to the PARTIES shall be in writing and shall be deemed duly served and given when personally delivered to the party whom directed or in lieu of such personal services when deposited in the United States mail, postage pre-paid to:

City of Del Mar
1050 Camino Del Mar
Del Mar, CA 92014
Attn: City Manager
Telephone: (858) 755-9313

City of Encinitas
505 S. Vulcan Avenue
Encinitas, CA 92024
Attn: Fire Chief
Telephone: (760)633-2800

Rancho Santa Fe Fire Protection District,
P.O. Box 410
Rancho Santa Fe, Ca 92067
Attn: Fire Chief
Telephone (858) 756-5971

City of Solana Beach
635 South Highway 101
Solana Beach, CA 92075
Attn: City Manager

Telephone: (858)720-2434

11. **Indemnification.** Each party agrees to defend, indemnify, and save all other parties harmless from any and all claims arising out of said party's employees' negligent acts, errors, omissions or willful misconduct while performing pursuant to this Agreement.

Each party hereby agrees to defend itself from any claim, action or proceeding arising out of the concurrent acts or omissions of their employees. In such cases, each party agrees to retain their own legal counsel, bear their own defense costs, and waive their right to seek reimbursement of such costs.

Notwithstanding the above, where a trial verdict or arbitration award allocates or determines the comparative fault of the members, the members may seek reimbursement and/or reallocation of defense costs, settlement payments, judgments and awards, consistent with said comparative fault.

For purposes of this section, the terms "employee" or "employees" shall refer to and include employees, officers, agents, representatives, subcontractors or volunteers. Notwithstanding the foregoing, no employee, officer, agent, representative, subcontractor or volunteer of any party to this Agreement shall be considered an "employee" of any other party to this Agreement for purposes of indemnification.

12. **Legal Representation and Advice.** Each party employee shall rely upon and consult with its respective jurisdiction's legal counsel regarding legal matters or issues related to the employee's performance pursuant to this Agreement. In the event that a legal matter or issue relates to two or more employees of differing jurisdictions, said jurisdictions shall meet and confer on appropriate legal representation and apportionment of costs, if applicable.

For purposes of this section, the terms "employee" or "employees" shall refer to and include employees, officers, agents, representatives, subcontractors or volunteers. Notwithstanding the foregoing, no employee, officer, agent, representative, subcontractor or volunteer of any party to this Agreement shall be considered an "employee" of any other party to this Agreement for purposes of legal representation and advice.

13. **Entire Agreement.** PARTIES agree that this Agreement constitutes the sole and only Agreement between them representing the management services and correctly sets forth their obligations and duties with respect to each other.

14. **Amendment.** This Agreement may be amended only by written consent of the PARTIES to the Agreement.

15. **Subject Headings** The subject heading of the Paragraphs in this Agreement are included solely for the purposes of convenience and references, and shall not be deemed to explain, modify, limit, amplify or aid in the meaning, construction or interpretation of any provision of this Agreement.

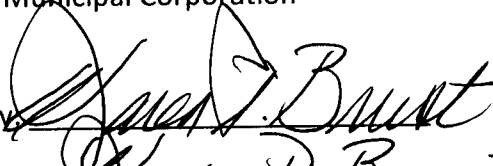
16. **No Interpretation Against Drafting.** This Agreement has been negotiated at arm's length between PARTIES hereto. Accordingly, any rule or law (including California Civil Code §1635 et seq.) or legal decisions that would require interpretation of any ambiguities in this Agreement against the party that has drafted the applicable provisions, is not applicable and is waived. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the purpose of the PARTIES.

17. **Execute in Counterparts.** The parties hereto agree that there shall be ^{two} originals of this agreement which shall be identical in all respects, including form and substance. The parties may execute this Agreement in two or more counterparts, which shall, in the aggregate, be deemed an original, but all of which, together, shall constitute one and the same instrument.

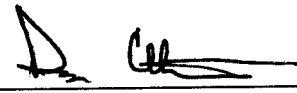
18. **Governing Law.** This Agreement shall be construed in accordance with and governed by the laws of the State of California.

Executed at San Diego, California on the date and year first appearing above.

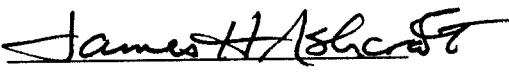
City of Del Mar
a Municipal Corporation

By: 
Name: Karen P. Brust
Its: City Manager

City of Encinitas
a Municipal Corporation

By: 
Name: D. COTTON
Its: City Manager

Rancho Santa Fe Fire Protection District

By: 
Name: James H. Ashcraft
Its: President, Board of Directors

City of Solana Beach
a Municipal Corporation

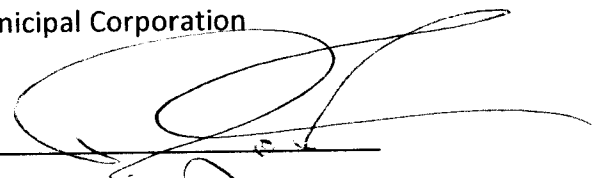
By: 
Name: David Ort
Its: City Manager

EXHIBIT A

Description of Services

The Rancho Santa Fe Fire Protection District (RSF) will furnish the following services:

1. Duty Coverage.

The Rancho Santa Fe Fire Protection District will furnish the management services that include the positions of Shift Battalion Chiefs (3) to the City of Del Mar, City of Encinitas and City of Solana Beach in order to provide supervision of operations for their Fire Departments. Said management services shall include the following:

- a. Provide emergency incident command officer coverage.*
- b. Perform a management role and assume command of field operations as well as direct assigned personnel at the scene of emergencies involving fire, all types of accidents, gas leaks, flooded structures, hazardous materials and life saving and rescue work.
- c. Make decisions on the utilization and practical application of agency resources to ensure proper emergency coverage is maintained.
- d. Effectuate policies, orders, rules and regulations. Enforce agency rules and regulations and recommend and takes disciplinary action when necessary.
- e. Assure agency health and safety guidelines are followed, and exercise discretion to ensure a safe working environment is maintained.
- f. Respond to incidents requiring a chief officer, when necessary.
- g. Daily supervision of personnel. Supervise adherence to agency policies and procedures (i.e., personnel rules, administrative policies, purchasing and budget policies, budget administration, department emergency operations policies, memorandum of understanding, vacation, and sick leave policies, etc.).
- h. Conduct morning briefings with all shift personnel at the fire stations.
- i. Communicate daily activities with each Operations Chief and disseminate critical information.
- j. Meet with company officers in each station to explain new orders, answer questions, discuss policies and procedures, and ensure proper awareness of new standards.
- k. Receive and relay and pertinent information; deliver interdepartmental mail.
- l. Assist the Operation Chief with company officers' evaluations.
- m. Assist Company Officer with counseling and coaching of subordinates when there is a performance or personnel problem, if necessary.

- n. Participate in training activities and observe companies as they participate in drills.
- o. Act as initiating official for investigations and citizen's complaints; Analyze information obtained and handle as appropriate, or develop a report for further consideration.
- p. Maintain records and review RMS reports per developed program.
- q. Participate in captains' meetings when on duty
- r. Participate in agency scheduled operations or staff meetings.

*Should RSF personnel at or above the Battalion Chief level be unavailable to respond, the Cities of Del Mar, Encinitas and Solana Beach will use shared duty officers from other cooperating agencies or choose to provide their own "Duty Officer"

The Encinitas Fire Department will furnish the following services:

1. Management services for Del Mar

The Encinitas Fire Department will furnish the management services that include the positions of Fire Chief (1), Deputy Chiefs (3), Fire Marshal (1) and Management Analyst (1) to the City of Del Mar in order to manage its Fire Department. Said management services shall include the following:

- a. Under the Direction and supervision of the City Manager of Del Mar, provide broad policy guidance, fire management expertise and leadership to Del Mar fire personnel.
- b. Confer with Del Mar Fire Department personnel when required to ascertain the needs and evaluate the efficiency of the services provided by the Del Mar Fire Department to its citizens.
- c. As directed by the City Manager, respond to citizen complaints regarding personnel or services, requests for services, and inquires.
- d. Provide support to major incidents.
- e. Promote a harmonious working relationship between fire prevention and suppression personnel of each respective agency while striving to uphold each Fire Departments Mission Statements.
- f. Coordinate assignment and maintenance programs of fire apparatus and equipment.
- g. Supervise and provide direction when needed for fire prevention suppression, and EMS activities for the City of Del Mar.
- h. Supervise personnel of the Del Mar Fire Department. Supervise adherence to Del Mar policies and procedures (i.e., personnel rules, administrative policies,

purchasing and budget policies, budget administration, department emergency operations policies, memorandum of understanding, vacation, and sick leave policies, etc.).

- i. As directed by the City Manager, attend and represent the Del Mar Fire Department and implement Del Mar's policies and directives at various local and regional meetings [i.e., City Council (when required), City Manager staff meetings, County Fire Chiefs, North Zone, CSA-17, UDC, etc.].
- j. Supervise the purchasing of materials and equipment within the budgetary constraints of Del Mar.
- k. Provide overhead supervision for safety, command and control functions on an as needed basis.
- l. Provide support personnel dependent upon nature and location of incident for Emergency Operation Center (EOC) activities, during activation.
- m. Assist in the maintenance of the Cities' emergency plans and coordinate training for Del Mar staff.
- n. Administer grant programs and submit applications for grants
- o. Prepare and review budgets and facilitate cost recovery.

2. Training Services for Del Mar

The Encinitas Fire Department will furnish training services of a Deputy Chief (Training Officer) to Del Mar in order to train, and assist in the training management of Del Mar's Fire Department. Said training services shall include the following:

- a. Under direction of the Fire Chief, coordinate the training program for the members of the Del Mar Fire Department.
- b. Prepare and oversee said training program.
- c. Monitor required annual training attendance records.
- d. Ensure annual state and federal training mandates are met.
- e. Ensure that all firefighters are instructed in the same firefighter techniques (North Zone Operations and Training Manual).
- f. Provide training guidance and management to Del Mar fire personnel.
- g. Establish training standards and develop curriculum and lesson plans.
- h. Develop a master training schedule including multi-company drills on a regular basis.
- i. Training shall include the development of a training academy for new hires.
- j. Evaluate training effectiveness and periodically review training records for completeness.
- k. Represent Del Mar at Zone and County training activities.

3. Management Services for Solana Beach

The Encinitas Fire Department proposes to furnish the management services that include the positions of Fire Chief (1) and Deputy Chiefs (2) to the City of Solana Beach in order to manage its Fire Department. Said management services shall include the following:

- a. Under the Direction and supervision of the City Manager of Solana Beach, provide broad policy guidance, fire management expertise and leadership to Solana Beach fire personnel.
- b. Confer with Solana Beach Fire Department personnel when required to ascertain the needs and evaluate the efficiency of the services provided by the Solana Beach Fire Department to its citizens.
- c. At the direction of the City Manager, respond to citizen complaints regarding personnel or services, requests for services, and inquires.
- d. Provide support to major incidents.
- e. Promote a harmonious working relationship between fire prevention and suppression personnel of each respective agency while striving to uphold each Fire Departments Mission Statements.
- f. Coordinate assignment and maintenance programs of fire apparatus and equipment.
- g. As directed by the City Manager, attend and represent the Solana Beach Fire Department and implement Solana Beach's policies and directives at various local and regional meetings [i.e., City Council (when required), City Manager staff meetings, County Fire Chiefs, North Zone, CSA-17, UDC, etc.].
- h. Supervise the purchasing of materials and equipment within the budgetary constraints of Solana Beach.
- i. Provide overhead supervision for safety, command and control functions on an as needed basis.
- j. Provide support personnel, dependent upon nature and location of incident for Emergency Operation Center (EOC) activities, during activation.

4. Training Services for Solana Beach

The Encinitas Fire Department will furnish training services of a Deputy Chief (Training Officer) to Solana Beach in order to train, and assist in the training management of Solana Beach's Fire Department. Said training services shall include the following:

- a. Under direction of the Fire Chief, coordinate the training program for the members of the Solana Beach Fire Department.
- b. Prepare and oversee said training program.
- c. Monitor required annual training attendance records.
- d. Ensure annual state and federal training mandates are met.

- e. Ensure that all firefighters are instructed in the same firefighter techniques (North Zone Operations and Training Manual).
- f. Provide training guidance and management to Solana Beach fire personnel.
- g. Establish training standards and develop curriculum and lesson plans.
- h. Develop a master training schedule including multi-company drills on a regular basis.
- i. Training shall include the development of a training academy for new hires.
- j. Evaluate training effectiveness and periodically review training records for completeness.
- k. As designated by the City Manager, represent Solana Beach at Zone and County training activities.

EXHIBIT B

Annual Payment for Services

October 15, 2009 – October 14, 2010

	DMR	SOL	ENC	RSF	Total (Salary & Benefits)
DIRECTOR PS/ FIRE CHIEF	\$ 28,576	\$ 44,762	\$ 149,573	\$ -	\$ 222,911
DEPUTY CHIEF (TRAINING) ¹	\$ 25,525	\$ 39,983	\$ 133,602	\$ -	\$ 199,110
DEPUTY CHIEF (ADMIN/SUPPORT SERVICES) ¹	\$ 25,525	\$ 39,983	\$ 133,602	\$ -	\$ 199,110
DEPUTY CHIEF (OPS) ¹	\$ 33,675	\$ -	\$ 165,435	\$ -	\$ 199,110
BATTALION CHIEF (3) ²	\$ 52,876	\$ 80,437	\$ 234,229	\$ 209,874	\$ 577,416
FIRE MARSHAL	\$ 24,748	\$ -	\$ 121,577	\$ -	\$ 146,325
MANAGEMENT ANALYST (DP, GRANTS)	\$ 19,504	\$ -	\$ 95,819	\$ -	\$ 115,323
SUBTOTAL - ENC REVENUE	\$ 157,553	\$ 124,727	N/A	N/A	
SUBTOTAL - RSF REVENUE	\$ 52,876	\$ 80,437	\$ 234,229	N/A	
TOTAL	\$ 210,429	\$ 205,164	\$1,033,838	\$ 209,874	\$ 1,659,304

Cost Allocation	DMR	SOL	ENC	RSF
Fire Chief/Training Officer/Deputy Chief	12.82%	20.08%	67.10%	
Battalion Chiefs	9.16%	13.93%	40.57%	36.35%
Ops Chief/Fire Marshal/Analyst	16.91%		83.09%	

¹ MOU with Encinitas Deputy Chiefs expires 6/30/10 and total salary and benefits cost does not reflect any possible salary increase effective 7/1/10.

² Total salary and benefits cost for Rancho Santa Fe FPD Battalion Chiefs does not reflect any possible salary increase effective 7/1/10.

**FIRST AMENDMENT TO
AGREEMENT FOR COOPERATIVE MANAGEMENT SERVICES**

This Amendment (“**Amendment**”) is entered into the 15th day of September, 2010 (“**Effective Date**”) regarding that certain AGREEMENT FOR COOPERATIVE MANAGEMENT SERVICES dated October 15, 2009 by and between CITY OF DEL MAR, CITY OF ENCINITAS, RANCHO SANTA FE FIRE PROTECTION DISTRICT and the CITY OF SOLANA BEACH (collectively the “**Parties**”) (“**Agreement**”).

Recitals

WHEREAS, Section 14 of the Agreement permits amendment of the Agreement by a writing signed by the Parties;

WHEREAS, the Parties agree to amend the Agreement as more fully stated herein.

NOW, THEREFORE, the Parties agree as follows:

1. Exhibit “A” (Description of Services) is hereby deleted and a new Exhibit “A” (Description of Services) attached hereto as Attachment “1” is substituted in its place.
2. Exhibit “B” (Annual Payments for Services) is hereby deleted and a new Exhibit “B” (Annual Payments for Services) attached hereto as Attachment “2” is substituted in its place.
3. This Amendment may be executed simultaneously or in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.
4. Except as specifically provided herein, all terms shall have the same meaning as defined in the Agreement.
5. Except as specifically amended herein, the Agreement shall remain in full force and effect.

[Signatures on Next Page]

Executed the first day and year appearing above at San Diego, California.

City of Del Mar
a Municipal Corporation

By: Mark Delin

Name: Mark Delin

Its: Assistant City Manager

City of Encinitas
a Municipal Corporation

By: Mark A. Muir

Name: MARK A. MUIR

Its: FIRE CHIEF for City Manager

Rancho Santa Fe Fire Protection District
a Special District

By: James H. Ashcraft

Name: James H. Ashcraft

Its: President, Board of Directors

City of Solana Beach
a Municipal Corporation

By: David Ott

Name: David Ott

Its: City Manager

ATTACHMENT 1

EXHIBIT A

Description of Services

The **Rancho Santa Fe Fire Protection District (RSF)** will furnish the following services:

I. Duty Coverage.

The Rancho Santa Fe Fire Protection District will furnish the management services that include the positions of Shift Battalion Chiefs (3) to the City of Del Mar, City of Encinitas and City of Solana Beach in order to provide supervision of operations for their Fire Departments. Said management services shall include the following:

- a. Provide emergency incident command officer coverage.*
- b. Perform a management role and assume command of field operations as well as direct assigned personnel at the scene of emergencies involving fire, all types of accidents, gas leaks, flooded structures, hazardous materials and life saving and rescue work.
- c. Make decisions on the utilization and practical application of agency resources to ensure proper emergency coverage is maintained.
- d. Effectuate policies, orders, rules and regulations. Enforce agency rules and regulations and recommend and takes disciplinary action when necessary.
- e. Assure agency health and safety guidelines are followed, and exercise discretion to ensure a safe working environment is maintained.
- f. Respond to incidents requiring a chief officer, when necessary.
- g. Daily supervision of personnel. Supervise adherence to agency policies and procedures (i.e., personnel rules, administrative policies, purchasing and budget policies, budget administration, department emergency operations policies, memorandum of understanding, vacation, and sick leave policies, etc.).
- h. Conduct morning briefings with all shift personnel at the fire stations.
- i. Communicate daily activities with each Operations Chief and disseminate critical information.
- j. Meet with company officers in each station to explain new orders, answer questions, discuss policies and procedures, and ensure proper awareness of new standards.
- k. Receive and relay and pertinent information; deliver interdepartmental mail.
- l. Assist the Operation Chief with company officers' evaluations.
- m. Assist Company Officer with counseling and coaching of subordinates when there is a performance or personnel problem, if necessary.
- n. Participate in training activities and observe companies as they participate in drills.

- o. Act as initiating official for investigations and citizen's complaints; Analyze information obtained and handle as appropriate, or develop a report for further consideration.
- p. Maintain records and review RMS reports per developed program.
- q. Participate in captains' meetings when on duty.
- r. Participate in agency scheduled operations or staff meetings.

*Should RSF personnel at or above the Battalion Chief level be unavailable to respond, the Cities of Del Mar, Encinitas and Solana Beach will use shared duty officers from other cooperating agencies or choose to provide their own "Duty Officer"

The **Encinitas Fire Department** will furnish the following services:

1. Management Services for Del Mar

The Encinitas Fire Department will furnish the management services that include the positions of Fire Chief (1), Deputy Chiefs (2), Fire Marshal (1) and Management Analyst (1) to the City of Del Mar in order to manage its Fire Department. Said management services shall include the following:

- a. Under the direction and supervision of the City Manager of Del Mar, provide broad policy guidance, fire management expertise and leadership to Del Mar fire personnel.
- b. Confer with Del Mar Fire Department personnel when required to ascertain the needs and evaluate the efficiency of the services provided by the Del Mar Fire Department to its citizens.
- c. As directed by the City Manager, respond to citizen complaints regarding personnel or services, requests for services, and inquires.
- d. Provide support to major incidents.
- e. Promote a harmonious working relationship between fire prevention and suppression personnel of each respective agency while striving to uphold each Fire Department's Mission Statement.
- f. Coordinate assignment and maintenance programs of fire apparatus and equipment.
- g. Supervise and provide direction when needed for fire prevention, suppression, and EMS activities for the City of Del Mar.
- h. Supervise personnel of the Del Mar Fire Department. Supervise adherence to Del Mar policies and procedures (i.e. personnel rules, administrative policies, purchasing and budget policies, budget administration, department emergency operations policies, memorandum of understanding, vacation, and sick leave policies).
- i. As directed by the City Manager, attend and represent the Del Mar Fire

Department and implement Del Mar's policies and directives at various local and regional meetings [i.e. City Council (when required), City Manager staff meetings, County Fire Chiefs, North Zone, CSA-17, UDC].

- j. Supervise the purchasing of materials and equipment within the budgetary constraints of Del Mar.
- k. Provide overhead supervision for safety, command and control functions on an as needed basis.
- l. Provide support personnel dependent upon nature and location of incident for Emergency Operation Center (EOC) activities, during activation.
- m. Assist in the maintenance of the Cities' emergency plans and coordinate training for Del Mar staff.
- n. Administer grant programs and submit applications for grants.
- o. Prepare and review budgets and facilitate cost recovery.

2. Management Services for Solana Beach

The Encinitas Fire Department proposes to furnish the management services that include the positions of Fire Chief (1), Deputy Chiefs (2), Fire Marshal (1) and Management Analyst (1) to the City of Solana Beach in order to manage its Fire Department. Said management services shall include the following:

- a. Under the direction and supervision of the City Manager of Solana Beach, provide broad policy guidance, fire management expertise and leadership to Solana Beach fire personnel.
- b. Confer with Solana Beach Fire Department personnel when required to ascertain the needs and evaluate the efficiency of the services provided by the Solana Beach Fire Department to its citizens.
- c. At the direction of the City Manager, respond to citizen complaints regarding personnel or services, requests for services, and inquires.
- d. Provide support to major incidents.
- e. Promote a harmonious working relationship between fire prevention and suppression personnel of each respective agency while striving to uphold each Fire Department's Mission Statement.
- f. Coordinate assignment and maintenance programs of fire apparatus and equipment.
- g. Supervise and provide direction when needed for fire prevention, suppression, and EMS activities for the City of Solana Beach.
- h. Supervise personnel of the Solana Beach Fire Department. Supervise adherence to Solana Beach policies and procedures (i.e. personnel rules, administrative policies, purchasing and budget policies, budget administration, department emergency operations policies, memorandum of understanding, vacation, and sick leave policies).
- i. As directed by the City Manager, attend and represent the Solana Beach Fire Department and implement Solana Beach's policies and directives at various local and regional meetings [i.e., City Council (when required), City Manager

- staff meetings, County Fire Chiefs, North Zone, CSA-17, UDC, etc.].
- j. Supervise the purchasing of materials and equipment within the budgetary constraints of Solana Beach.
- k. Provide overhead supervision for safety, command and control functions on an as needed basis.
- l. Provide support personnel, dependent upon nature and location of incident for Emergency Operation Center (EOC) activities, during activation.
- m. Assist in the maintenance of the Cities' emergency plans and coordinate training for Del Mar staff.
- n. Administer grant programs and submit applications for grants.
- o. Prepare and review budgets and facilitate cost recovery.

The **Solana Beach Fire Department** will furnish the following services:

1. Training Services for Encinitas and Del Mar

The Solana Beach Fire Department will furnish training services of a Deputy Chief - Training Officer (1) to the Encinitas and Del Mar Fire Departments in order to train and assist in the training management of the Encinitas and Del Mar Fire Departments. Said training services shall include the following:

- a. Under direction of the Fire Chief, coordinate the training program for the members of the Encinitas and Del Mar Fire Departments.
- b. Prepare and oversee said training program.
- c. Monitor required annual training attendance records.
- d. Ensure annual state and federal training mandates are met.
- e. Ensure that all firefighters are instructed in the same firefighter techniques (North Zone Operations and Training Manual).
- f. Provide training guidance and management to Encinitas and Del Mar fire personnel.
- g. Establish training standards and develop curriculum and lesson plans.
- h. Develop a master training schedule including multi-company drills on a regular basis.
- i. Training shall include the development of a training academy for new hires.
- j. Evaluate training effectiveness and periodically review training records for completeness.
- k. Represent Encinitas and Del Mar Fire Departments at Zone and County training activities, as well as Unified Disaster Council (UDC) meeting.
- l. Provide oversight of the Department(s) Community Emergency Response Team (CERT) program(s).

ATTACHMENT 2

EXHIBIT B

Annual Payment for Services

September 15, 2010 – September 14, 2011

	DMR	SOL	ENC	RSF	Total (Salary & Benefits)
DIRECTOR PS/ FIRE CHIEF	\$ 29,725	\$ 46,339	\$ 156,632	\$ -	\$ 232,695
DEPUTY CHIEF (TRAINING)	\$ 23,711	\$ 36,964	\$ 124,942	\$ -	\$ 185,617
DEPUTY CHIEF (ADMIN/SUPPORT SERVICES)	\$ 26,231	\$ 40,893	\$ 138,223	\$ -	\$ 205,348
DEPUTY CHIEF (OPS)	\$ 26,231	\$ 40,893	\$ 138,223	\$ -	\$ 205,348
BATTALION CHIEF (3) ¹	\$ 54,870	\$ 83,331	\$ 238,509	\$ 223,739	\$ 600,448
FIRE MARSHAL	\$ 20,185	\$ 31,467	\$ 106,363	\$ -	\$ 158,016
MANAGEMENT ANALYST (DISASTER PREP, GRANTS)	\$ 15,156	\$ 23,627	\$ 79,863	\$ -	\$ 118,645
TOTAL	\$ 196,109	\$ 303,514	\$ 982,755	\$ 223,739	\$ 1,706,117

ENC REVENUE	\$ 117,529	\$ 183,219	N/A	N/A
RSF REVENUE	\$ 54,870	\$ 83,331	\$ 238,509	N/A
SOL REVENUE	\$ 23,711	N/A	\$ 124,942	N/A

Cost Allocation	DMR	SOL	ENC	RSF
ENC Fire Chief/ENC Deputy Chief/SOL Training Officer/Fire Marshal/Analyst	12.77%	19.91%	67.31%	
RSF Battalion Chiefs	9.14%	13.88%	39.72%	37.26%

¹ Total salary and benefits cost for Rancho Santa Fe FPD Battalion Chiefs does not reflect any possible salary increase effective 7/1/11.

**SECOND AMENDMENT TO
AGREEMENT FOR COOPERATIVE MANAGEMENT SERVICES**

This Amendment (“**Amendment**”) is entered into the 15th day of November, 2010 (“**Effective Date**”) regarding that certain AGREEMENT FOR COOPERATIVE MANAGEMENT SERVICES dated October 15, 2009 by and between CITY OF DEL MAR, CITY OF ENCINITAS, RANCHO SANTA FE FIRE PROTECTION DISTRICT and the CITY OF SOLANA BEACH (collectively the “**Parties**”) (“**Agreement**”).

Recitals

WHEREAS, Section 14 of the Agreement permits amendment of the Agreement by a writing signed by the Parties;

WHEREAS, the Parties agree to amend the Agreement as more fully stated herein.

NOW, THEREFORE, the Parties agree as follows:

1. Exhibit “A” (Description of Services) is hereby deleted and a new Exhibit “A” (Description of Services) attached hereto as Attachment “1” is substituted in its place.
2. Exhibit “B” (Annual Payments for Services) is hereby deleted and a new Exhibit “B” (Annual Payments for Services) attached hereto as Attachment “2” is substituted in its place.
3. This Amendment may be executed simultaneously or in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.
4. Except as specifically provided herein, all terms shall have the same meaning as defined in the Agreement.
5. Except as specifically amended herein, the Agreement shall remain in full force and effect.

[Signatures on Next Page]

Executed the first day and year appearing above at San Diego, California.

City of Del Mar
a Municipal Corporation

By: *[Signature]*
Name: *Daren P. Brust*
Its: *City Manager*

City of Encinitas
a Municipal Corporation

By: *[Signature]*

Name: Phil Cotton

Its: City Manager

Rancho Santa Fe Fire Protection District
a Special District

By: *[Signature]*
Name: *James H. Ashcraft*
Its: *President, Board of Directors*

City of Solana Beach
a Municipal Corporation

By: *[Signature]*

Name: *12/14/10*

Its: _____

ATTACHMENT 1

EXHIBIT A

Description of Services

The Rancho Santa Fe Fire Protection District (RSF) will furnish the following services:

I. Duty Coverage.

The Rancho Santa Fe Fire Protection District will furnish the management services that include the positions of Shift Battalion Chiefs (3) to the City of Del Mar, City of Encinitas and City of Solana Beach in order to provide supervision of operations for their Fire Departments. Said management services shall include the following:

- a. Provide emergency incident command officer coverage.*
- b. Perform a management role and assume command of field operations as well as direct assigned personnel at the scene of emergencies involving fire, all types of accidents, gas leaks, flooded structures, hazardous materials and life saving and rescue work.
- c. Make decisions on the utilization and practical application of agency resources to ensure proper emergency coverage is maintained.
- d. Effectuate policies, orders, rules and regulations. Enforce agency rules and regulations and recommend and takes disciplinary action when necessary.
- e. Assure agency health and safety guidelines are followed, and exercise discretion to ensure a safe working environment is maintained.
- f. Respond to incidents requiring a chief officer, when necessary.
- g. Daily supervision of personnel. Supervise adherence to agency policies and procedures (i.e., personnel rules, administrative policies, purchasing and budget policies, budget administration, department emergency operations policies, memorandum of understanding, vacation, and sick leave policies, etc.).
- h. Conduct morning briefings with all shift personnel at the fire stations.
- i. Communicate daily activities with each Operations Chief and disseminate critical information.
- j. Meet with company officers in each station to explain new orders, answer questions, discuss policies and procedures, and ensure proper awareness of new standards.
- k. Receive and relay and pertinent information; deliver interdepartmental mail.
- l. Assist the Operation Chief with company officers' evaluations.

- m. Assist Company Officer with counseling and coaching of subordinates when there is a performance or personnel problem, if necessary.
- n. Participate in training activities and observe companies as they participate in drills.
- o. Act as initiating official for investigations and citizen's complaints; Analyze information obtained and handle as appropriate, or develop a report for further consideration.
- p. Maintain records and review RMS reports per developed program.
- q. Participate in captains' meetings when on duty.
- r. Participate in agency scheduled operations or staff meetings.

*Should RSF personnel at or above the Battalion Chief level be unavailable to respond, the Cities of Del Mar, Encinitas and Solana Beach will use shared duty officers from other cooperating agencies or choose to provide their own "Duty Officer"

Training Officer

The Sancho Santa Fe Fire Protection District will furnish the management services of a non-Battalion Chief (1) to oversee the training function of the Encinitas, Del Mar and Solana Beach Fire Departments. Said management services shall include the following:

- a. Under direction of the Fire Chiefs, coordinate the training program for the members of the Encinitas, Del Mar and Solana Beach Fire Departments.
- b. Prepare and oversee said training program.
- c. Monitor required annual training attendance records.
- d. Ensure annual state and federal training mandates are met.
- e. Ensure that all firefighters are instructed in the same firefighter techniques (North Zone Operations and Training Manual).
- f. Provide training guidance and management to Encinitas, Del Mar and Solana Beach fire personnel.
- g. Establish training standards and develop curriculum and lesson plans.
- h. Develop a master training schedule including multi-company drills on a regular basis.
- i. Training shall include the development of a training academy for new hires.
- j. Evaluate training effectiveness and periodically review training records for completeness.
- k. Represent the Encinitas, Del Mar and Solana Beach Fire Departments at Zone and County training activities and meetings.

- l. Provide oversight of the Department(s) Community Emergency Response Team (CERT) program(s).
- m. Oversee firefighter recruitment, testing (including promotional) and hiring.

The **Encinitas Fire Department** will furnish the following services:

I. Management Services for Del Mar

The Encinitas Fire Department will furnish the management services that include the positions of Fire Chief (1), Deputy Chiefs (2), Fire Marshal (1) and Management Analyst (1) to the City of Del Mar in order to manage its Fire Department. Said management services shall include the following:

- a. Under the direction and supervision of the City Manager of Del Mar, provide broad policy guidance, fire management expertise and leadership to Del Mar fire personnel.
- b. Confer with Del Mar Fire Department personnel when required to ascertain the needs and evaluate the efficiency of the services provided by the Del Mar Fire Department to its citizens.
- c. As directed by the City Manager, respond to citizen complaints regarding personnel or services, requests for services, and inquires.
- d. Provide support to major incidents.
- e. Promote a harmonious working relationship between fire prevention and suppression personnel of each respective agency while striving to uphold each Fire Department's Mission Statement.
- f. Coordinate assignment and maintenance programs of fire apparatus and equipment.
- g. Supervise and provide direction when needed for fire prevention, suppression, and EMS activities for the City of Del Mar.
- h. Supervise personnel of the Del Mar Fire Department. Supervise adherence to Del Mar policies and procedures (i.e. personnel rules, administrative policies, purchasing and budget policies, budget administration, department emergency operations policies, memorandum of understanding, vacation, and sick leave policies).
- i. As directed by the City Manager, attend and represent the Del Mar Fire Department and implement Del Mar's policies and directives at various local and regional meetings [i.e. City Council (when required), City Manager staff meetings, County Fire Chiefs, North Zone, CSA-17, UDC].
- j. Supervise the purchasing of materials and equipment within the budgetary constraints of Del Mar.
- k. Provide overhead supervision for safety, command and control functions on an as needed basis.

- l. Provide support personnel dependent upon nature and location of incident for Emergency Operation Center (EOC) activities, during activation.
- m. Assist in the maintenance of the Cities' emergency plans and coordinate training for Del Mar staff.
- n. Administer grant programs and submit applications for grants.
- o. Prepare and review budgets and facilitate cost recovery.

2. Management Services for Solana Beach

The Encinitas Fire Department proposes to furnish the management services that include the positions of Fire Chief (1), Deputy Chiefs (2), Fire Marshal (1) and Management Analyst (1) to the City of Solana Beach in order to manage its Fire Department. Said management services shall include the following:

- a. Under the direction and supervision of the City Manager of Solana Beach, provide broad policy guidance, fire management expertise and leadership to Solana Beach fire personnel.
- b. Confer with Solana Beach Fire Department personnel when required to ascertain the needs and evaluate the efficiency of the services provided by the Solana Beach Fire Department to its citizens.
- c. At the direction of the City Manager, respond to citizen complaints regarding personnel or services, requests for services, and inquires.
- d. Provide support to major incidents.
- e. Promote a harmonious working relationship between fire prevention and suppression personnel of each respective agency while striving to uphold each Fire Department's Mission Statement.
- f. Coordinate assignment and maintenance programs of fire apparatus and equipment.
- g. Supervise and provide direction when needed for fire prevention, suppression, and EMS activities for the City of Solana Beach.
- h. Supervise personnel of the Solana Beach Fire Department. Supervise adherence to Solana Beach policies and procedures (i.e. personnel rules, administrative policies, purchasing and budget policies, budget administration, department emergency operations policies, memorandum of understanding, vacation, and sick leave policies).
- i. As directed by the City Manager, attend and represent the Solana Beach Fire Department and implement Solana Beach's policies and directives at various local and regional meetings [i.e., City Council (when required), City Manager staff meetings, County Fire Chiefs, North Zone, CSA-17, UDC, etc.].
- j. Supervise the purchasing of materials and equipment within the budgetary constraints of Solana Beach.
- k. Provide overhead supervision for safety, command and control functions on an as needed basis.

- l. Provide support personnel, dependent upon nature and location of incident for Emergency Operation Center (EOC) activities, during activation.
- m. Assist in the maintenance of the Cities' emergency plans and coordinate training for Del Mar staff.
- n. Administer grant programs and submit applications for grants.
- o. Prepare and review budgets and facilitate cost recovery.

3. Management Services for the Rancho Santa Fe Fire Protection District

The Encinitas Fire Department proposes to furnish the management services that include the positions of Deputy Chiefs (2) in order to manage the operations and administrative services functions of its Fire Department. Said management services shall include the following:

- a. Under the direction and supervision of the Fire Chief of the Rancho Santa Fe Fire Protection District (RSFFPD), provide broad policy guidance, fire management expertise and leadership to Rancho Santa Fe fire personnel.
- b. Confer with Rancho Santa Fe Fire Department personnel when required to ascertain the needs and evaluate the efficiency of the services provided by the RSFFPD to its citizens.
- c. As directed by the Fire Chief, respond to citizen complaints regarding personnel or services, requests for services and inquires.
- d. Provide support to major incidents.
- e. Promote a harmonious working relationship between fire prevention and suppression personnel of each respective agency while striving to uphold each Fire Department's Mission Statement.
- f. Supervise and provide direction when needed for fire suppression and EMS activities of the RSFFPD.
- g. Supervise personnel of the RSFFPD. Supervise adherence to RSFFPD policies and procedures (i.e. personnel rules, administrative policies, purchasing and budget policies, budget administration, department emergency operations policies, memorandum of understanding, vacation, and sick leave policies).
- h. As directed by the Fire Chief, attend and represent the RSFFPD and implement its policies and directives at various local and regional meetings [i.e. Board of Directors (when required), staff meetings, County Fire Chiefs, North Zone, CSA-17, UDC].
- i. Supervise the purchasing of materials and equipment within the budgetary constraints of RSFFPD.
- j. Provide overhead supervision for safety, command and control functions on an as needed basis.
- k. Assume the duties of Public Information Officer (PIO), as necessary.
- l. Serve as Safety Officer, as necessary.

- m. Oversee and manage the RSFFPD participation in the Regional Communications System (RCS) and Computer Aided Dispatch (CAD) and Records Management Systems (RMS) and coordinate support to RSFFPD personnel for these systems.
- n. Oversee and manage special projects, as assigned by the Fire Chief.

The **Solana Beach Fire Department** will furnish the following services:

1. Support Services for Del Mar, Encinitas and the Rancho Santa Fe Fire Protection District

The Solana Beach Fire Department will furnish a Deputy Chief (1) to oversee the support services function of the Del Mar, Encinitas and Rancho Santa Fe Fire Departments. Said support services shall include the following:

- a. Coordinate assignment and maintenance programs of fire apparatus and equipment.
- b. As directed by the Fire Chiefs, attend and represent the RSFFPD and implement its policies and directives at various local and regional meetings [i.e. Board of Directors (when required), staff meetings, County Fire Chiefs, North Zone, CSA-17, UDC].
- c. Oversee and manage special projects, as assigned by the Fire Chiefs.
- d. Oversee maintenance program for fire stations and serve as point of contact for fire personnel for facility maintenance or procurement requests.
- e. Direct the forecast of funds needed for staffing, equipment, materials and supplies.
- f. Monitor and approve expenditures and request budget adjustments.

ATTACHMENT 2

EXHIBIT B

Annual Payment for Services

November 1, 2010 – October 30, 2011

November 15, 2010 - November 14, 2010

	DMR	SOL	ENC	RSF	Total (Salary & Benefits)
DIRECTOR PS/ FIRE CHIEF	\$ 29,725	\$ 46,339	\$ 156,631	\$ -	\$ 232,695
DEPUTY CHIEF (OPERATIONS)	\$ 18,765	\$ 28,498	\$ 81,568	\$ 76,517	\$ 205,348
DEPUTY CHIEF (ADMINISTRATIVE SERVICES)	\$ 18,765	\$ 28,498	\$ 81,568	\$ 76,517	\$ 205,348
DEPUTY CHIEF (SUPPORT SERVICES)	\$ 16,962	\$ 25,760	\$ 73,730	\$ 69,165	\$ 185,617
BATTALION CHIEF (TRAINING) ¹	\$ 17,959	\$ 27,275	\$ 78,066	\$ 73,231	\$ 196,531
BATTALION CHIEF (3) ¹	\$ 54,870	\$ 83,331	\$ 238,509	\$ 223,738	\$ 600,448
FIRE MARSHAL	\$ 20,185	\$ 31,467	\$ 106,364	\$ -	\$ 158,016
MANAGEMENT ANALYST	\$ 15,156	\$ 23,627	\$ 79,862	\$ -	\$ 118,645
TOTAL	\$ 192,387	\$ 294,795	\$ 896,298	\$ 519,168	\$ 1,902,648

ENC REVENUE	\$ 102,596	\$ 158,430	N/A	\$ 153,033
RSF REVENUE	\$ 72,829	\$ 110,605	\$ 316,574	N/A
SOL REVENUE	\$ 16,962	N/A	\$ 73,730	\$ 69,165

Cost Allocation	DMR	SOL	ENC	RSF
ENC Fire Chief/Fire Marshal/Analyst	12.77%	19.91%	67.31%	
RSF Battalion Chiefs/ ENC Deputy Chiefs / SOL Deputy Chief	9.14%	13.88%	39.72%	37.26%

¹ Total salary and benefits cost for Rancho Santa Fe FPD Battalion Chiefs does not reflect any possible salary increase effective 7/1/11.

Contract costs are shaded.

**THIRD AMENDMENT TO
AGREEMENT FOR COOPERATIVE MANAGEMENT SERVICES**

This Amendment ("**Amendment**") is entered into the 1st day of July, 2018 ("**Effective Date**") regarding that certain AGREEMENT FOR COOPERATIVE MANAGEMENT SERVICES dated October 15, 2009 by and between CITY OF DEL MAR, CITY OF ENCINITAS, RANCHO SANTA FE FIRE PROTECTION DISTRICT and the CITY OF SOLANA BEACH (collectively the "**Parties**") ("**Agreement**").

Recitals

WHEREAS, Section 14 of the Agreement permits amendment of the Agreement by a writing signed by the Parties;

WHEREAS, the Parties agree to amend the Agreement as more fully stated herein.

NOW, THEREFORE, the Parties agree as follows:

1. Section 6.0 (Compensation) in the original agreement is hereby deleted and a revised Section 6.0 (Compensation) provided below is substituted in its place.

6. **Compensation.** Those PARTIES receiving fire management services agree to pay for the services herein to be performed, during the term of this Agreement. The fees for fire management services shall be calculated using the total actual cost of salaries and benefits for personnel providing the services identified in Exhibit "A" during the term of this Agreement and apportioned to reflect the extent to which the PARTIES utilize fire management services, based on the following formula:

10% equally shared

20% by population (based on the most recent figures from the State of California Department of Finance)

20% by area served

20% by number of annual calls for service (based on the most recent figures from North County Dispatch Joint Powers Authority)

30% by number of fire suppression personnel

The apportionment will be calculated annually using the most recent statistics required for the above-mentioned formula.

The total payment to Parties to render the services described in Exhibit "A" shall be made in quarterly installments.

The compensation provided to the Parties for services herein shall increase each year by the actual increase in salary and benefits of the positions providing the personnel services to that particular party for that fiscal year.

An administrative fee agreeable to all parties will be assessed annually.

[Section 6.1 is still in effect without modification]

2. Pursuant to Section 7.2 of the Agreement, the Rancho Santa Fe Fire Protection District has terminated this Agreement without cause and is no longer party to this Agreement. Effective July 1, 2013, the Parties to the Agreement shall constitute and be defined as the City of Del Mar, City of Encinitas and City of Solana Beach.

3. Exhibit "A" (Description of Services) is hereby deleted and a new Exhibit "A" (Description of Services) attached hereto as Attachment "1" is substituted in its place.

4. Exhibit "B" (Annual Payments for Services) is hereby deleted. The annual payments for services are determined when the final personnel costs and administrative fees are known for the fiscal year and by the cost apportionment method described in Section 6. The City of Encinitas will distribute a final cost allocation to the Parties reflecting actual costs for providing personnel services for the fiscal year, when final costs are known.

5. This Amendment may be executed simultaneously or in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

6. Except as specifically provided herein, all terms shall have the same meaning as defined in the Agreement.

7. Except as specifically amended herein, the Agreement shall remain in full force and effect.

[Signatures on Next Page]

Executed the first day and year appearing above at San Diego, California.

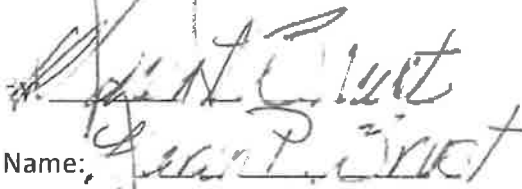
City of Del Mar
a Municipal Corporation

By: 

Name: Scott W. Huth

Its: City Manager

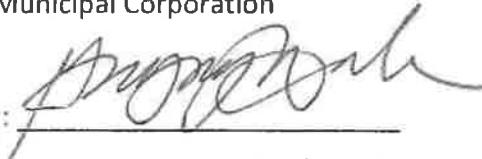
City of Encinitas
a Municipal Corporation

By: 

Name: Scott P. Ewert

Its: City Manager

City of Solana Beach
a Municipal Corporation

By: 

Name: GREGORY WADE

Its: CITY MANAGER

ATTACHMENT 1

EXHIBIT A

Description of Services

The **Encinitas Fire Department** will furnish the management services that include the positions of Fire Chief (1), Fire Marshal (1), and Management Analyst (1), to the Cities of Del Mar and Solana Beach in order to manage all Fire Departments. All other Chief Officers may be furnished by any of the three cities.

If there is a change to the allocation of positions noted above, all three cities agree to re-evaluate the cost allocation structure.

If the Fire Chief determines that an employee of this management services agreement is being utilized excessively by one party of this agreement, then the Parties agree that all three City Managers shall meet to re-balance the workload or discuss other appropriate remedies.

Cooperatively, said management services shall include the following:

1. Management Services

- a. Under the direction and supervision of the City Managers of Del Mar, Encinitas, and Solana Beach, provide broad policy guidance, fire management expertise and leadership to Del Mar, Encinitas, and Solana Beach fire personnel.
- b. Confer with Del Mar, Encinitas, and Solana Beach Fire Department personnel when required to ascertain the needs and evaluate the efficiency of the services provided by all Departments to their respective citizens.
- c. As directed by the City Managers, respond to citizen complaints regarding personnel or services, requests for services, and inquires.
- d. Provide support to major incidents.
- e. Promote a harmonious working relationship between fire prevention and suppression personnel of each respective agency while striving to uphold each Fire Department's Mission Statement.
- f. Coordinate assignment and maintenance programs of fire apparatus and equipment.
- g. Oversee maintenance program for fire stations and serve as point of contact for fire personnel for facility maintenance or procurement requests.
- h. Supervise and provide direction when needed for fire prevention, suppression, and EMS activities for the Cities of Del Mar, Encinitas, and Solana Beach.

- i. Supervise personnel of the Del Mar, Encinitas, and Solana Beach Fire Departments. Supervise adherence to Del Mar, Encinitas, and Solana Beach Department policies and procedures (i.e. personnel rules, administrative policies, purchasing and budget policies, budget administration, department emergency operations policies, memorandum of understanding, vacation, and sick leave policies).
- j. As directed by the City Managers, attend and represent the Del Mar, Encinitas, and Solana Beach Fire Departments and implement each City's policies and directives at various local and regional meetings [i.e. City Council (when required), City Manager staff meetings, County Fire Chiefs, North Zone, CSA-17, UDC].
- k. Supervise the purchasing of materials and equipment within the budgetary constraints of each Department.
- l. Direct the forecast of funds needed for staffing, equipment, materials and supplies.
- m. Monitor and approve expenditures and request budget adjustments.
- n. Provide overhead supervision for safety, command, and control functions on an as needed basis.
- o. Provide support personnel dependent upon nature and location of incident for Emergency Operation Center (EOC) activities, during activation.
- p. Assist in the maintenance of the Cities' emergency plans and coordinate training for each City's staff.
- q. Administer grant programs and submit applications for grants.
- r. Prepare and review budgets and facilitate cost recovery.

2. Duty Coverage.

- a. Provide emergency incident command officer coverage.
- b. Perform a management role and assume command of field operations as well as direct assigned personnel at the scene of emergencies involving fire, all types of accidents, gas leaks, flooded structures, hazardous materials and life saving and rescue work.
- c. Make decisions on the utilization and practical application of agency resources to ensure proper emergency coverage is maintained.
- d. Effectuate policies, orders, rules and regulations. Enforce agency rules and regulations and recommend and takes disciplinary action when necessary.
- e. Assure agency health and safety guidelines are followed, and exercise discretion to ensure a safe working environment is maintained.
- f. Respond to incidents requiring a chief officer, when necessary.
- g. Daily supervision of personnel. Supervise adherence to agency policies and procedures (i.e., personnel rules, administrative policies, purchasing and budget policies, budget administration, department emergency operations policies, memorandum of understanding, vacation, and sick leave policies, etc.).

- h. Conduct morning briefings with all shift personnel at the fire stations.
- i. Communicate daily activities with each Operations Chief and disseminate critical information.
- j. Meet with company officers in each station to explain new orders, answer questions, discuss policies and procedures, and ensure proper awareness of new standards.
- k. Receive and relay any pertinent information; deliver interdepartmental mail.
- l. Perform annual evaluations of company officers assigned to shift and ensure annual evaluations are complete for all members assigned to shift.
- m. Assist Company Officer with counseling and coaching of subordinates when there is a performance or personnel problem, if necessary.
- n. Participate in training activities and observe companies as they participate in training/drills.
- o. Act as initiating official for investigations and citizen's complaints; Analyze information obtained and handle as appropriate, or develop a report for further consideration.
- p. Maintain records and review RMS reports per developed program.
- q. Participate in captains' meetings when on duty.
- r. Participate in agency scheduled operations or staff meetings.
- s. Review FirstWatch response data at the end of every shift.
- t. Review Monthly Activity Reports.

3. Training Officer

- a. Under direction of the Fire Chief, coordinate the training program for the members of the Del Mar, Encinitas, and Solana Beach Fire Departments.
- b. Prepare and oversee said training program.
- c. Monitor required annual training attendance records.
- d. Ensure annual state and federal training mandates are met.
- e. Ensure that all firefighters are instructed in the same firefighter techniques (North Zone Operations and Training Manual).
- f. Provide training guidance and management to Del Mar, Encinitas, and Solana Beach fire personnel.
- g. Establish training standards and develop curriculum and lesson plans.
- h. Develop a master training schedule including multi-company drills on a regular basis.
- i. Training shall include the development of a training academy for new hires.
- j. Evaluate training effectiveness and periodically review training records for completeness.

- k. Represent the Del Mar, Encinitas, and Solana Beach Fire Departments at Zone and County training activities and meetings.
- l. Provide oversight of the Department(s) Community Emergency Response Team (CERT) program(s).
- m. Oversee firefighter recruitment, testing (including promotional) and hiring.

**FOURTH AMENDMENT TO
AGREEMENT FOR COOPERATIVE MANAGEMENT SERVICES**

This Amendment (“**Amendment**”) is entered into the 1st day of July, 2019 (“**Effective Date**”) regarding that certain AGREEMENT FOR COOPERATIVE MANAGEMENT SERVICES dated October 15, 2009 by and between CITY OF DEL MAR, CITY OF ENCINITAS, RANCHO SANTA FE FIRE PROTECTION DISTRICT and the CITY OF SOLANA BEACH (collectively the “**Parties**”) (“**Agreement**”).

Recitals

WHEREAS, Section 14 of the Agreement permits amendment of the Agreement by a writing signed by the Parties;

WHEREAS, the Parties agree to amend the Agreement as more fully stated herein.

NOW, THEREFORE, the Parties agree as follows:

1. Exhibit “A” (Description of Services) is hereby deleted and a new Exhibit “A” (Description of Services) attached hereto as Attachment “1” is substituted in its place.

2. This Amendment may be executed simultaneously or in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.


3. Except as specifically provided herein, all terms shall have the same meaning as defined in the Agreement.

4. Except as specifically amended herein, the Agreement shall remain in full force and effect.

[Signatures on Next Page]

Executed the first day and year appearing above at San Diego, California.

City of Del Mar
a Municipal Corporation

By: 

Name: Scott W. Hutn

Its: City Manager


City of Encinitas
a Municipal Corporation

By: 

Name: Garent P. Brust

Its: City Manager

Approved As To Form:

 6/26/19
Glenn Sabine, City Attorney Date

City of Solana Beach
a Municipal Corporation

By: 

Name: GREGORY WADE

Its: CITY MANAGER

ATTACHMENT 1

EXHIBIT A

Description of Services

The **Encinitas Fire Department** will furnish the management services that include the positions of Fire Chief (1), Fire Marshal (1), Senior Deputy Fire Marshal (1), and Management Analyst (1), to the Cities of Del Mar and Solana Beach in order to manage all Fire Departments. All other Chief Officers may be furnished by any of the three cities.

If there is a change to the allocation of positions noted above, all three cities agree to re-evaluate the cost allocation structure.

If the Fire Chief determines that an employee of this management services agreement is being utilized excessively by one party of this agreement, then the Parties agree that all three City Managers shall meet to re-balance the workload or discuss other appropriate remedies.

Cooperatively, said management services shall include the following:

1. Management Services

- a. Under the direction and supervision of the City Managers of Del Mar, Encinitas, and Solana Beach, provide broad policy guidance, fire management expertise and leadership to Del Mar, Encinitas, and Solana Beach fire personnel.
- b. Confer with Del Mar, Encinitas, and Solana Beach Fire Department personnel when required to ascertain the needs and evaluate the efficiency of the services provided by all Departments to their respective citizens.
- c. As directed by the City Managers, respond to citizen complaints regarding personnel or services, requests for services, and inquires.
- d. Provide support to major incidents.
- e. Promote a harmonious working relationship between fire prevention and suppression personnel of each respective agency while striving to uphold each Fire Department's Mission Statement.
- f. Coordinate assignment and maintenance programs of fire apparatus and equipment.
- g. Oversee maintenance program for fire stations and serve as point of contact for fire personnel for facility maintenance or procurement requests.
- h. Supervise and provide direction when needed for fire prevention, suppression, and EMS activities for the Cities of Del Mar, Encinitas, and Solana Beach.

- i. Supervise personnel of the Del Mar, Encinitas, and Solana Beach Fire Departments. Supervise adherence to Del Mar, Encinitas, and Solana Beach Department policies and procedures (i.e. personnel rules, administrative policies, purchasing and budget policies, budget administration, department emergency operations policies, memorandum of understanding, vacation, and sick leave policies).
- j. As directed by the City Managers, attend and represent the Del Mar, Encinitas, and Solana Beach Fire Departments and implement each City's policies and directives at various local and regional meetings [i.e. City Council (when required), City Manager staff meetings, County Fire Chiefs, North Zone, CSA-17, UDC].
- k. Supervise the purchasing of materials and equipment within the budgetary constraints of each Department.
- l. Direct the forecast of funds needed for staffing, equipment, materials and supplies.
- m. Monitor and approve expenditures and request budget adjustments.
- n. Provide overhead supervision for safety, command, and control functions on an as needed basis.
- o. Provide support personnel dependent upon nature and location of incident for Emergency Operation Center (EOC) activities, during activation.
- p. Assist in the maintenance of the Cities' emergency plans and coordinate training for each City's staff.
- q. Administer grant programs and submit applications for grants.
- r. Prepare and review budgets and facilitate cost recovery.

2. Duty Coverage.

- a. Provide emergency incident command officer coverage.
- b. Perform a management role and assume command of field operations as well as direct assigned personnel at the scene of emergencies involving fire, all types of accidents, gas leaks, flooded structures, hazardous materials and life saving and rescue work.
- c. Make decisions on the utilization and practical application of agency resources to ensure proper emergency coverage is maintained.
- d. Effectuate policies, orders, rules and regulations. Enforce agency rules and regulations and recommend and takes disciplinary action when necessary.
- e. Assure agency health and safety guidelines are followed, and exercise discretion to ensure a safe working environment is maintained.
- f. Respond to incidents requiring a chief officer, when necessary.
- g. Daily supervision of personnel. Supervise adherence to agency policies and procedures (i.e., personnel rules, administrative policies, purchasing and budget policies, budget administration, department emergency operations policies, memorandum of understanding, vacation, and sick leave policies, etc.).

- h. Conduct morning briefings with all shift personnel at the fire stations.
- i. Communicate daily activities with each Operations Chief and disseminate critical information.
- j. Meet with company officers in each station to explain new orders, answer questions, discuss policies and procedures, and ensure proper awareness of new standards.
- k. Receive and relay any pertinent information; deliver interdepartmental mail.
- l. Perform annual evaluations of company officers assigned to shift and ensure annual evaluations are complete for all members assigned to shift.
- m. Assist Company Officer with counseling and coaching of subordinates when there is a performance or personnel problem, if necessary.
- n. Participate in training activities and observe companies as they participate in training/drills.
- o. Act as initiating official for investigations and citizen's complaints; Analyze information obtained and handle as appropriate, or develop a report for further consideration.
- p. Maintain records and review RMS reports per developed program.
- q. Participate in captains' meetings when on duty.
- r. Participate in agency scheduled operations or staff meetings.
- s. Review FirstWatch response data at the end of every shift.
- t. Review Monthly Activity Reports.

3. Training Officer

- a. Under direction of the Fire Chief, coordinate the training program for the members of the Del Mar, Encinitas, and Solana Beach Fire Departments.
- b. Prepare and oversee said training program.
- c. Monitor required annual training attendance records.
- d. Ensure annual state and federal training mandates are met.
- e. Ensure that all firefighters are instructed in the same firefighter techniques (North Zone Operations and Training Manual).
- f. Provide training guidance and management to Del Mar, Encinitas, and Solana Beach fire personnel.
- g. Establish training standards and develop curriculum and lesson plans.
- h. Develop a master training schedule including multi-company drills on a regular basis.
- i. Training shall include the development of a training academy for new hires.
- j. Evaluate training effectiveness and periodically review training records for completeness.

- k. Represent the Del Mar, Encinitas, and Solana Beach Fire Departments at Zone and County training activities and meetings.
- l. Provide oversight of the Department(s) Community Emergency Response Team (CERT) program(s).
- m. Oversee firefighter recruitment, testing (including promotional) and hiring.

**FIFTH AMENDMENT TO
AGREEMENT FOR COOPERATIVE MANAGEMENT SERVICES**

This Fifth Amendment to the Agreement (“Fifth Amendment”) is entered into and effective the 5th day of September, 2023, (“Effective Date”), by and between the City of Del Mar, City of Encinitas, and City of Solana Beach (collectively the “Parties”).

RECITALS

WHEREAS, on October 15, 2009, the cities of Del Mar, Encinitas, and Solana Beach and the Rancho Santa Fe Fire Protection District entered into that certain Agreement for Cooperative Management Services (“Agreement”); and

WHEREAS, effective July 1, 2013, the Rancho Santa Fe Protection District is no longer a party to the Agreement, and the Agreement was amended to reflect that the cities of Del Mar, Encinitas, and Solana Beach are the remaining parties to the Agreement; and

WHEREAS, Section 14 of the Agreement allows for the Agreement to be amended only by written consent of the Parties to the Agreement; and

WHEREAS, the Parties now wish to amend the Agreement to add an Administrative Fire Captain to the list of positions to be furnished by the Encinitas Fire Department.

NOW, THEREFORE, the Parties agree as follows:

1. Exhibit “A” (Description of Services) is hereby deleted and a new Exhibit “A” (Description of Services) adding an Administrative Fire Captain position is attached hereto as Attachment “1” is substituted in its place.
2. This Amendment may be executed simultaneously or in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.
3. Except as specifically provided herein, all terms shall have the same meaning as defined in the Agreement.
4. Except as specifically amended herein, the Agreement and any prior amendments shall remain in full force and effect.

[Signatures on Next Page]

IN WITNESS WHEREOF, the Parties have caused this Fifth Amendment to be effective as of the date first written above.

City of Del Mar,
a municipal corporation

DocuSigned by:
By: Ashley Jones
A90EDB7ADB9F426...
Ashley Jones, City Manager

City of Encinitas,
a municipal corporation

DocuSigned by:
By: Pamela Antil
375134745D1849B...
Pamela Antil, City Manager

City of Solana Beach,
a municipal corporation

DocuSigned by:
By: Gregory Wade
C2E084E41CB74FB...
Gregory Wade, City Manager

ATTACHMENT 1

EXHIBIT A

Description of Services

The **Encinitas Fire Department** will furnish the management services that include the positions of Fire Chief (1), Administrative Fire Captain (1), Fire Marshal (1), Senior Deputy Fire Marshal (1), and Management Analyst (1), to the Cities of Del Mar and Solana Beach in order to manage all Fire Departments. All other Chief Officers may be furnished by any of the three cities.

If there is a change to the allocation of positions noted above, all three cities agree to re-evaluate the cost allocation structure.

If the Fire Chief determines that an employee of this management services agreement is being utilized excessively by one party of this agreement, then the Parties agree that all three City Managers shall meet to re-balance the workload or discuss other appropriate remedies.

Cooperatively, said management services shall include the following:

1. Management Services

- a. Under the direction and supervision of the City Managers of Del Mar, Encinitas, and Solana Beach, provide broad policy guidance, fire management expertise and leadership to Del Mar, Encinitas, and Solana Beach fire personnel.
- b. Confer with Del Mar, Encinitas, and Solana Beach Fire Department personnel when required to ascertain the needs and evaluate the efficiency of the services provided by all Departments to their respective citizens.
- c. As directed by the City Managers, respond to citizen complaints regarding personnel or services, requests for services, and inquiries.
- d. Provide support to major incidents.
- e. Promote a harmonious working relationship between fire prevention and suppression personnel of each respective agency while striving to uphold each Fire Department's Mission Statement.
- f. Coordinate assignment and maintenance programs of fire apparatus and equipment.
- g. Oversee maintenance program for fire stations and serve as point of contact for fire personnel for facility maintenance or procurement requests.

- h. Supervise and provide direction when needed for fire prevention, suppression, and EMS activities for the cities of Del Mar, Encinitas, and Solana Beach.
- i. Supervise personnel of the Del Mar, Encinitas, and Solana Beach Fire Departments. Supervise adherence to Del Mar, Encinitas, and Solana Beach Department policies and procedures (i.e. personnel rules, administrative policies, purchasing and budget policies, budget administration, department emergency operations policies, memorandum of understanding, vacation, and sick leave policies).
- j. As directed by the City Managers, attend and represent the Del Mar, Encinitas, and Solana Beach Fire Departments and implement each City's policies and directives at various local and regional meetings [i.e. City Council (when required), City Manager staff meetings, County Fire Chiefs, North Zone, CSA-17, UDC].
- k. Supervise the purchasing of materials and equipment within the budgetary constraints of each Department.
- l. Direct the forecast of funds needed for staffing, equipment, materials and supplies.
- m. Monitor and approve expenditures and request budget adjustments.
- n. Provide overhead supervision for safety, command, and control functions on an as needed basis.
- o. Provide support personnel dependent upon nature and location of incident for Emergency Operation Center (EOC) activities, during activation.
- p. Assist in the maintenance of the Cities' emergency plans and coordinate training for each City's staff.
- q. Administer grant programs and submit applications for grants.
- r. Prepare and review budgets and facilitate cost recovery.

2. Duty Coverage

- a. Provide emergency incident command officer coverage.
- b. Perform a management role and assume command of field operations as well as direct assigned personnel at the scene of emergencies involving fire, all types of accidents, gas leaks, flooded structures, hazardous materials and life saving and rescue work.
- c. Make decisions on the utilization and practical application of agency resources to ensure proper emergency coverage is maintained.
- d. Effectuate policies, orders, rules and regulations. Enforce agency rules and regulations and recommend and takes disciplinary action when necessary.
- e. Assure agency health and safety guidelines are followed, and exercise discretion to ensure a safe working environment is maintained.
- f. Respond to incidents requiring a chief officer, when necessary.
- g. Daily supervision of personnel. Supervise adherence to agency policies and procedures (i.e., personnel rules, administrative policies, purchasing and budget policies, budget administration, department emergency

4

- operations policies, memorandum of understanding, vacation, and sick leave policies, etc.).
- h. Conduct morning briefings with all shift personnel at the fire stations.
 - i. Communicate daily activities with each Operations Chief and disseminate critical information.
 - j. Meet with company officers in each station to explain new orders, answer questions, discuss policies and procedures, and ensure proper awareness of new standards.
 - k. Receive and relay any pertinent information; deliver interdepartmental mail.
 - l. Perform annual evaluations of company officers assigned to shift and ensure annual evaluations are complete for all members assigned to shift.
 - m. Assist Company Officer with counseling and coaching of subordinates when there is a performance or personnel problem, if necessary.
 - n. Participate in training activities and observe companies as they participate in training/drills.
 - o. Act as initiating official for investigations and citizen's complaints; Analyze information obtained and handle as appropriate, or develop a report for further consideration.
 - p. Maintain records and review RMS reports per developed program.
 - q. Participate in captains' meetings when on duty.
 - r. Participate in agency scheduled operations or staff meetings.
 - s. Review FirstWatch response data at the end of every shift.
 - t. Review Monthly Activity Reports.

3. Training Officer

- a. Under direction of the Fire Chief, coordinate the training program for the members of the Del Mar, Encinitas, and Solana Beach Fire Departments.
- b. Prepare and oversee said training program.
- c. Monitor required annual training attendance records.
- d. Ensure annual state and federal training mandates are met.
- e. Ensure that all firefighters are instructed in the same firefighter techniques (North Zone Operations and Training Manual).
- f. Provide training guidance and management to Del Mar, Encinitas, and Solana Beach fire personnel.
- g. Establish training standards and develop curriculum and lesson plans.
- h. Develop a master training schedule including multi-company drills on a regular basis.
- i. Training shall include the development of a training academy for new hires.

- j. Evaluate training effectiveness and periodically review training records for completeness.
- k. Represent the Del Mar, Encinitas, and Solana Beach Fire Departments at Zone and County training activities and meetings.
- l. Provide oversight of the Department(s) Community Emergency Response Team (CERT) program(s).
- m. Oversee firefighter recruitment, testing (including promotional) and hiring.

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact City of Encinitas:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by email send messages to: msalmon@cityofencinitas.org

To advise City of Encinitas of your new email address

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at msalmon@cityofencinitas.org and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

If you created a DocuSign account, you may update it with your new email address through your account preferences.

To request paper copies from City of Encinitas

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an email to msalmon@cityofencinitas.org and in the body of such request you must state your email address, full name, mailing address, and telephone number. We will bill you for any fees at that time, if any.

To withdraw your consent with City of Encinitas

To inform us that you no longer wish to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an email to msalmon@cityofencinitas.org and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

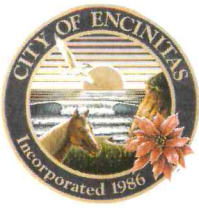
The minimum system requirements for using the DocuSign system may change over time. The current system requirements are found here: <https://support.docusign.com/guides/signer-guide-signing-system-requirements>.

Acknowledging your access and consent to receive and sign documents electronically

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to ‘I agree to use electronic records and signatures’ before clicking ‘CONTINUE’ within the DocuSign system.

By selecting the check-box next to ‘I agree to use electronic records and signatures’, you confirm that:

- You can access and read this Electronic Record and Signature Disclosure; and
- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify City of Encinitas as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by City of Encinitas during the course of your relationship with City of Encinitas.



*City of
Encinitas*

June 18, 2025

Via Certified Mail and Email

Ashley Jones, City Manager
City of Del Mar
1050 Camino Del Mar
Del Mar, CA 92014

Alyssa Muto, City Manager
City of Solana Beach
635 South Highway 101
Solana Beach, CA 92075

Subject: Notice of Withdrawal from the Cooperative Fire Management Services Agreement

Dear City Managers,

Pursuant to Section 7.2 of the Cooperative Fire Management Services Agreement dated October 15, 2009, as amended June 2023, the City of Encinitas hereby provides formal notice of its intent to withdraw from the Agreement.

This notice serves as the required written notification that the City of Encinitas will terminate its participation in the Cooperative Fire Management Services Agreement, *effective March 31, 2026*. The City of Encinitas will continue to fulfill its obligations under the Agreement during the notice period to ensure an orderly and coordinated transition of fire management responsibilities.

The decision to withdraw was made by the Encinitas City Council at a publicly noticed meeting held on June 11, 2025 following thorough evaluation of the city's evolving operational needs, increased service demands, and long-term strategic direction.

Encinitas remains committed to maintaining strong interagency relationships and regional collaboration through continued mutual aid participation, cooperative training opportunities, and emergency response coordination.

We appreciate the years of partnership and collaboration shared through this agreement and look forward to working closely with your cities to support a smooth transition.

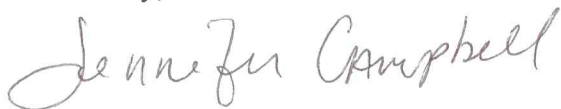
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Notice of Withdrawal Fire Management Services Agreement

Please direct all correspondence regarding this matter to:

Joshua L. Gordon
Fire Chief
City of Encinitas
jgordon@encinitasca.gov
Phone: 760 633-2801

Sincerely,

A handwritten signature in cursive script that reads "Jennifer Campbell".

Jennifer Campbell
City Manager
City of Encinitas



City of Del Mar Agenda Report

TO: Honorable City Councilmembers

FROM: Mayor Tracy Martinez and Deputy Mayor John Spelich

DATE: January 20, 2026

SUBJECT: Official Council Vote on Del Mar 2026 SANDAG Board Appointments

REQUESTED ACTION/RECOMMENDATION:

Mayor Martinez and Deputy Mayor Spelich recommend that the City Council take an official vote to appoint a primary and 1st and 2nd alternate representatives to the San Diego Association of Governments (SANDAG) Board for 2026.

BACKGROUND:

Councilmembers represent the City on regional boards and organizations, act as liaisons to City Council advisory committees, represent the City Council on community organizations, and work on specific matters in Council subcommittees. Historically, these appointments have been considered annually by the City Council.

On January 6, 2026, as part of an agenda item related to City Council appointments, the Council discussed who should fill the primary SANDAG board seat. However, there was no consensus on the primary SANDAG board member, and an official vote was not taken. More information about the January 6, 2026, Council appointment agenda item can be found at:

Link to agenda report: <https://www.delmar.ca.us/DocumentCenter/View/11818/Item-7--Council-Local-and-Regional-Appointments>

Link to video: <https://delmar.12milesout.com/video/meeting/ea2e14f7-31b7-4206-a0bf-ac453870ff3c?t=>

Subsequent to the City Council meeting, on January 8, 2026, the City Attorney was formally notified by SANDAG Board counsel that, per CPUC Article 2, 132351.1, the City's 2025 appointed representatives to the SANDAG Board, which includes Councilmember Gaasterland (Primary); Mayor Martinez (1st Alternate); and Deputy Mayor Spelich (2nd Alternate), will continue to serve until such time the City Council votes to recall or replace them.

To provide a clear record for the public and SANDAG, Mayor Martinez and Deputy Mayor Spelich recommend that the Council take a formal vote on the City's SANDAG Board appointments.

City Council Action:



City of Del Mar Council Liaison Report

TO: City Council Members

FROM: Tracy Martinez, Mayor

DATE: January 20, 2026

Del Mar Community Connections (DMCC)

DMCC met for a board meeting on 1/9/2026 followed by a presentation and lunch meeting of donors for Progress Briefing.

The DMCC board approved a strategic plan in 2023 and began implementation in 2024. See attached Strategic Plan update.

On March 28th the DMCC will have a Senior Fair Day during the Farmers market. The fair will have booths and vendors focused on senior interests and needs. This will also educate the public about the DMCC services.



STRATEGIC PLAN UPDATE 2026

MISSION

Del Mar Community Connections is a volunteer-driven organization providing programs and services that help our maturing residents live safely, vibrantly and independently in the homes they love.

CONSTITUENT GROUPS

- Active Older Adults
- Individuals in Need of Assistance (INAs)
- Family Caregivers

CORE VALUES

- Advocacy
- Collaboration
- Continuous Improvement
- Sustainability

- YEAR FIVE GOALS**
- Expansion of Programming and Transportation Services
 - Supporting Family Caregivers
- By 2028:**
- Serving 100+ INAs
 - \$5 Million in Reserves
 - Planning For a New Del Mar Community Building

5-YEAR STRATEGIC PLAN

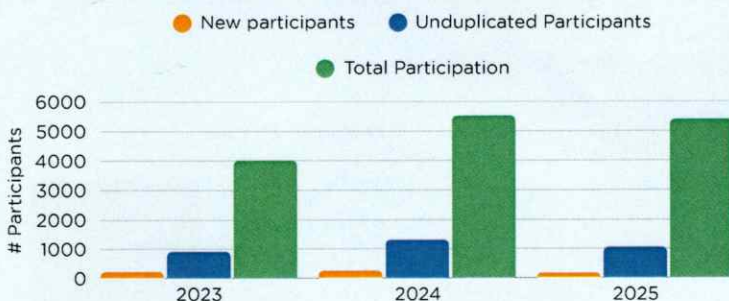


1. Build Public Awareness of DMCC and Succinctly Communicate Its Purpose

Elevator Pitch: Del Mar Community Connections helps seniors live active, vibrant lives by providing transportation, education, and social activities.

- Website and Logo revised for better readability and clarity
- Public Relations Committee launched to ensure better media coverage and outreach
- Connect Team Pilot emphasizing Neighbor-to-Neighbor outreach was rolled out to two different neighborhood segments.
- Created a Special Events Committee to manage donor events including the Fall Benefit and Spring Donor Party

New and Total Program Participation



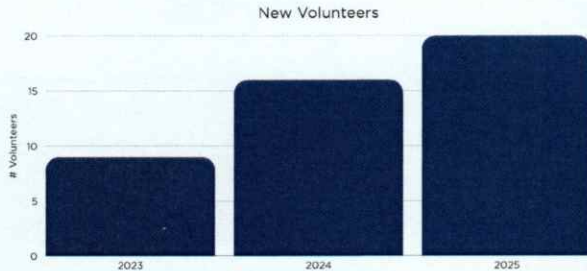
New and Total Email List Subscribers





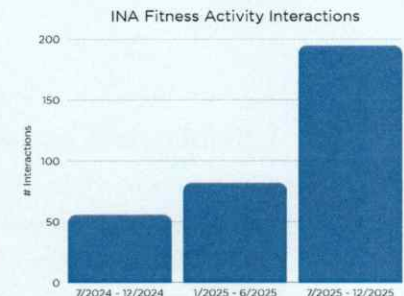
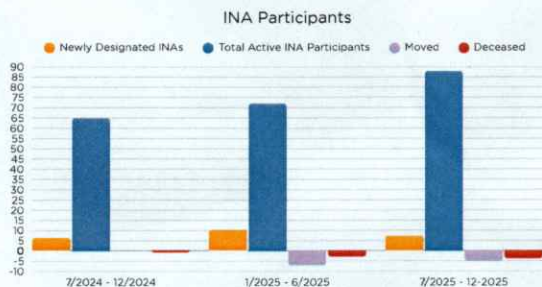
2. Attract New and Diverse Volunteers, Donors, and Board Members

- Continued to promote and expand the number of donors participating in the Legacy Society and 5-year Sustaining Member program
- Identified volunteer liaisons to collaborative partner organizations
- Continued to collaborate with regional and local partners to maximize offerings at other locations and increase volunteer support
- Strategic Plan Dashboard implemented to help prioritize needs being served



3. Identify and Increase the Number of INAs Served, and Improve Programming and Support Provided

- Expanded transportation services to 92014 west of I-5
- Maintained our in-person connections in Connect Team Pilot and over the phone.
- Increased Exercise programming by offering four programs per month by three different instructors
- Expanded Shuttle service to TLC, exercise programs, and to events
- Increase in usage of Foxy Flyer as a wheelchair van
- Received a grant from DMF to provide a contracted LCSW to support INAs and their families transitioning to home care needs and a higher level of care.



4. Assess the Needs of Family Caregivers and Identify and Provide Programming to Meet Those Needs

- Family Caregiver Support Group in conjunction with the Alzheimer's Association is offered twice monthly
- Established Grief & Loss Support Group in collaboration with St. Peter's Episcopal Church
- Provided multiple presentations on Medical Aid in Dying, Caregiver Support Needs, and Emergency Preparedness
- Referral List now limited to home care company referrals

