

STAFF REPORT



ITEM NO. **20**
CITY OF OCEANSIDE

DATE: March 7, 2007
TO: Honorable Mayor and City Councilmembers
FROM: Water Utilities Department
SUBJECT: **STATEMENT OF UNDERSTANDING AND UTILITIES CONTRACT BETWEEN THE CITY OF OCEANSIDE AND CAMP PENDLETON FOR INTERIM CAPACITY IN THE CITY OF OCEANSIDE OCEAN OUTFALL**

SYNOPSIS

Camp Pendleton has advised Water Utilities staff that they will be exercising the second one-year extension option as outlined in the statement of understanding and utilities contract for interim capacity in the City of Oceanside's ocean outfall that was approved by Council on December 15, 1999. A revision was made on May 9, 2000, extending the term of the contract to November 2008. The duration of the approved statement of understanding and utilities contract is five years with the option of three one-year extensions not to exceed a total of eight years.

BACKGROUND

On December 15, 1999, the City Council approved a statement of understanding and utilities contract with Camp Pendleton for interim capacity in the City of Oceanside's ocean outfall. The statement of understanding and utilities contract provide for the conveyance of up to 3.6 million gallons per day (GPD) of secondary treated wastewater from five existing Camp Pendleton wastewater treatment plants. A May 9, 2000 revision extended the term of the contract to November 2008. Camp Pendleton sent a letter to the City on October 28, 2005, giving notice of their intent to exercise the three option years (Exhibit A).

In March 1994, Camp Pendleton approached the City with a proposal to obtain capacity in the City's ocean outfall. The proposal was initiated because Camp Pendleton had received a cease and desist order from the Regional Water Quality Control Board. The order was issued as a result of wastewater discharged into the Santa Margarita River Basin that did not comply with the basin plan objectives. This was in violation of Camp Pendleton's Land Disposal Permit. City Council denied Camp Pendleton's request for capacity in the ocean outfall in October 1997.

Since 1997, Camp Pendleton has attempted to construct all necessary wastewater effluent facilities on base to comply with the cease and desist order. However, proposed percolation ponds on base were found to pose a threat to sensitive endangered species habitats located near the ponds. No other viable short-term alternatives for disposal of treated effluent were found on base.

Camp Pendleton approached the City in April 1999 with a request for consideration of a revised proposal for interim capacity in the City's ocean outfall. The proposal presented a solution that would allow Camp Pendleton to discharge into the City's ocean outfall while it is in the process of obtaining Congressional authorization and funding for the construction of a tertiary treatment facility on base. The entire process, including construction, is expected to take from five to seven years.

ANALYSIS

A statement of understanding and utilities contract was developed by Camp Pendleton and City staff which delineated the terms and conditions for Camp Pendleton to access the City's ocean outfall until its tertiary treatment plant is constructed. A revision was made on May 9, 2000, extending the term of the contract to November 2008, including the three one-year extensions.

Camp Pendleton constructed 2.2 miles of effluent pipeline in Oceanside that connects with the Oceanside ocean outfall line. Camp Pendleton was responsible for all expenditures associated with design and construction of the pipeline. Additionally, Camp Pendleton was responsible for all costs incurred by the City in providing construction inspection within the City limits. Camp Pendleton began discharging in the ocean outfall in September 2003.

Camp Pendleton paid \$634,700 for the five-year lease and will pay \$126,940 per year for each of three additional years. The charge for the entire lease is calculated on Camp Pendleton's average flow of 2.9 million GPD, or 16.1 percent of the total flow of 18 million GPD through the outfall. The total average outfall flow includes Oceanside's 13.7 million GPD, Fallbrook Public Utilities District's 1.4 million GPD and Camp Pendleton's 2.9 million GPD. Funds will accrue to the sewer fund.

Camp Pendleton also paid \$325,000 for the five-year lease and will pay \$65,000 per year for the three additional years for all costs associated with the transporting of treated effluent through the City-owned pipeline. This charge offsets the annual impact of the pipeline on the public right-of-way within the City limits. Funds will accrue to the sewer fund.

FISCAL IMPACT

Camp Pendleton's cost share for operations and maintenance since the pipeline went into service in 2003 has been approximately \$10,000 per year. The funds being paid by Camp Pendleton to the City will pay for future expenditures that will become necessary as the pipeline ages.

COMMISSION OR COMMITTEE REPORT

Does not apply.

CITY ATTORNEY'S ANALYSIS

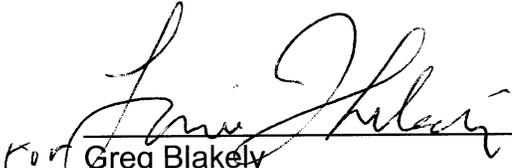
City Attorney analysis does not apply.

RECOMMENDATIONS

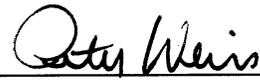
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PREPARED BY:

SUBMITTED BY:



Greg Blakely
Administrative Manager



Peter A. Weiss
Interim City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager



Lonnie Thibodeaux, Water Utilities Director



Exhibit A: Camp Pendleton extension letter dated October 28, 2005



UNITED STATES MARINE CORPS

**MARINE CORPS BASE
BOX 555010
CAMP PENDLETON, CALIFORNIA 92055-5010**

IN REPLY REFER TO:

11000

FACPWO

OCT 28 2005

City of Oceanside
Attn: City Manager
300 North Coast Highway
Oceanside, California 92054

Dear Sirs:

Pursuant to the Statement of Understanding Between the United States Marine Corps at Camp Pendleton and the City of Oceanside for Sewage Capacity in the City of Oceanside Ocean Outfall, dated 09 December 1999, we are giving our notice of intent to activate our three option years for sewer capacity in the ocean outfall.

If you have any questions please contact Mr. Ed Rogers at 760-725-6452 or Mr. Kirk Nelson at 760-725-6027.

Sincerely,

A handwritten signature in cursive script, appearing to read "R. A. Eve".

R. A. EVE
Colonel, U.S. Marine Corps
Assistant Chief of Staff, Facilities
By direction of
the Commanding Officer