

## STAFF REPORT



## CITY OF OCEANSIDE

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DATE: October 16, 2013

TO: Honorable Mayor and City Councilmembers

FROM: Water Utilities Department

SUBJECT: **WATER SALES AGREEMENT WITH VISTA IRRIGATION DISTRICT FOR THE SALE OF TREATED WATER FROM THE WEESE WATER FILTRATION PLANT**

**SYNOPSIS**

Staff and the Utilities Commission recommend that the City Council approve a 3-year water sales agreement with the Vista Irrigation District for first-year revenue in the amount of \$462,000 for the sale of treated water from the Weese Water Filtration Plant; appropriate \$83,800 to the Weese Plant Budget; approve increases in the amount of \$83,800 to certain purchase orders; and authorize the City Manager to execute the agreement.

**BACKGROUND**

For several years, the Vista Irrigation District (VID) has expressed an interest in purchasing water treated at the Weese Water Filtration Plant. The proposed agreement is a culmination of many years of discussion and negotiation between the City and VID and would allow raw water, purchased from the San Diego County Water Authority, to be treated at the City's Weese Filtration Plant and sold to VID, offsetting fixed costs to operate the plant and allow for optimization of the plant.

**ANALYSIS**

The Robert A. Weese Water Filtration Plant is owned by the Water Utilities Department. Its function is to treat raw (untreated) water purchased from the San Diego County Water Authority for distribution to Oceanside water customers. Constructed in 1983, the plant is capable of treating up to 25 million gallons of water per day and delivering that supply via a regional San Diego County Water Authority pipeline (North County Distribution Pipeline) to the City of Oceanside, the Vista Irrigation District, the Rainbow Municipal Water District and the Vallecitos Water District.

This agreement would allow the City to maximize water treatment at the Weese plant, reduce overall unit water treatment costs, and generate income from water sales. For VID, the agreement provides additional reliability and operational flexibility.

The City also has an existing agreement with the San Diego County Water Authority which specifies allowable water exchanges between the two parties, similar to the

proposed agreement. Under the terms, the City has the ability to deliver treated water in excess of that needed within the Oceanside system for use by the other retail agencies. In return, the City would receive a credit equal to the treated water rate charged by the Water Authority. This agreement also stipulated that the request for excess water had to come from the Water Authority and not from the retail agencies. Although the intent of the provision would have allowed the plant to be used at its full capacity and the City to collect revenues in excess of the cost to treat water, historically the Water Authority has not invoked the provision. However, Water Authority staff has drafted a side letter to the original agreement in order to remove any barriers which would prohibit the sale of treated water under the proposed agreement with VID. The side letter is attached as Exhibit B.

**Future Demand for Treated Water:**

Historically, approximately 22 million gallons of water per day in the hotter summer months and 13.5 million gallons of water per day in the cooler months was treated and served to Oceanside customers from the Weese Plant. Over time, as additional local supplies have been developed and added to the city's water supply mix, the plant production has decreased to 19.5 and 11.5 million gallons of water per day being treated in the summer and the winter, respectively. In addition to water treated at the Weese plant, the City also purchases treated water from the San Diego County Water Authority, produces local water from the Mission Basin, and produces a small amount of recycled water. As supplies are projected to be developed locally to meet the City Council's goal of 50 percent local supplies by 2030, the Weese plant production is projected to be further reduced.

The proposed agreement would provide for the delivery and sale of 5 million gallons/day to VID from November 1 through April 30 and 2.5 million gallons/day to VID from May 1 through October 31. These delivery figures equate to an annual total of 4,190 acre-feet. (1 acre-foot equals 325,851 gallons)

**Water Treatment Costs:**

The Department incurs both fixed and variable costs in the treatment of water at the Weese plant. Fixed costs, such as employee salaries, benefits, taxes or contracts for maintenance services, and internal service charges for IT and General Administration, are incurred regardless whether the plant is operating and treating a minimum amount of water or whether the plant is optimized and treating at its full capacity. Alternatively, variable costs, such as the costs associated with the purchase of untreated water and treatment chemicals, vary depending on the volume of water treated.

Although the Weese plant is capable of treating up to 25 million gallons/day (25 mgd) of raw water, it will typically treat much less than the 25 mgd capacity due to water demands in the cooler winter months. The Weese plant can treat a total of ~28,000 acre-feet/year. In 2012, the Weese plant treated 16,400 acre-feet of water, thereby underutilizing its treatment capacity by 11,600 acre-feet. Due to the fixed cost component of the plant, the impact of treating less water at the Weese plant is a more expensive unit cost of water. However, as the plant is optimized and able to treat more supplies, the unit cost of water decreases. Additionally, water supply costs from the San Diego County Water Authority which will ultimately be delivered to VID would be directly billed to VID by the Water Authority.

**FISCAL IMPACT**

The proposed base treatment cost to be charged to VID is \$132/acre-foot. Anticipated treatment chemical costs for Oceanside to treat water are approximately \$20/acre-foot. This cost/acre-foot only considers the variable cost of chemicals used in the treatment process and does not account for fixed costs such as labor or capital expenses. The base cost of \$132/acre-foot would be adjusted annually, based on the Consumer Price Index (CPI-U), San Diego, CA. The index will be based on the CPI for December 31, 2013, and applied starting on July 1, 2014, and continue on each July 1st thereafter, based on the previous December's index.

Under the terms of the agreement, the anticipated annual revenue for a full year would be \$553,080. \$83,800 of the \$553,080 revenue would need to be put towards the purchase of additional chemicals. The remaining \$469,290 would offset annual operating costs for the Weese plant, currently budgeted at \$1,369,031. Due to the agreement being adopted for a partial year, the annual revenue is anticipated to be \$462,000.

Staff is requesting Council approve a budget appropriation to increase the Weese Plant Budget by \$83,800, applied to business unit 750754711.5355.0002, to account for the projected increase in chemical usage. Additionally, staff is requesting the Council approve an increase to the projected Water Revenue Budget in the amount of \$462,000 to account 1711.4471.0011 (Water Sales to VID).

Finally, due to the increased cost of chemicals associated with the treatment of water under the agreement, increases to the following purchase orders for chemicals are being requested;

**Table 1**

<b>Vendor</b>	<b>Chemical</b>	<b>Account Number</b>	<b>Original PO Total</b>	<b>New Total</b>	<b>Increase</b>
Airgas	Ammonium Hydroxide	750754711.5355.0002	\$57,500	\$67,750	\$10,250
Brenntag	Sodium Hydroxide	750754711.5355.0002	\$50,500	\$62,600	\$12,100
JCI Jones	Chlorine	750754711.5355.0002	\$52,500	\$72,600	\$20,100
Polydyne	Cationic Polymer	750754711.5355.0002	\$46,500	\$61,500	\$15,000
Solvay Rhodia	Aluminum Sulfate	750754711.5355.0002	\$50,000	\$60,000	\$10,000
Univar	Sodium Hypochlorite	750754711.5355.0002	\$23,400	\$32,500	\$9,100
Univar	Sulfuric Acid	750754711.5355.0002	\$12,000	\$19,250	\$7,250
<b>Total</b>			<b>\$292,400</b>	<b>\$376,200</b>	<b>\$83,800</b>

**COMMISSION OR COMMITTEE REPORT**

The Utilities Commission received an oral report on this item at the May 20, 2013 & the September 10, 2013 Utilities Commission meeting and reviewed this item at the October 15, 2013, Utilities Commission meeting.

**CITY ATTORNEY'S ANALYSIS**

The referenced documents have been reviewed by the City Attorney and approved as to form.

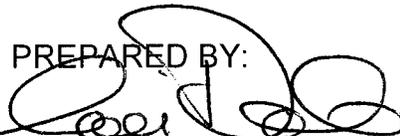
**INSURANCE REQUIREMENTS**

The City's standard insurance requirements will be met.

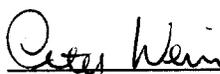
**RECOMMENDATIONS**

Staff and the Utilities Commission recommend that the City Council approve a 3-year water sales agreement with the Vista Irrigation District for first-year revenue in the amount of \$462,000 for the sale of treated water from the Weese Water Filtration Plant; appropriate \$83,800 to the Weese Plant Budget; approve increases in the amount of \$83,800 to certain purchase orders; and authorize the City Manager to execute the agreement.

PREPARED BY:

  
Cari Dale  
Water Utilities Director

SUBMITTED BY:

  
Peter A. Weiss  
City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager

Michael Blazenski, Interim Financial Services Director

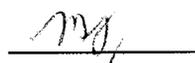
  


Exhibit A: Water Sale Agreement with Vista Irrigation District

Exhibit B: Side Letter with San Diego County Water Authority

**AGREEMENT BETWEEN CITY OF OCEANSIDE AND VISTA IRRIGATION  
DISTRICT FOR SALE OF TREATED WATER FROM WEESE FILTRATION PLANT**

THIS AGREEMENT ("Agreement"), dated \_\_\_\_\_ for identification purposes, is entered into by and between the City of Oceanside, a municipal corporation ("City") and Vista Irrigation District, a special governmental district organized and operating under the Irrigation District Law, Water Code Section 20500, et seq. ("VID"). The City and VID may hereinafter be referred to individually as a "Party" and collectively as the "Parties."

**Recitals**

A. The City owns the Robert A. Weese Filtration Plant ("WFP"), which has a nominal capacity of 25 million gallons per day ("mgd"), a Chlorine Contact Basin ("CCB") and the portion of the pipeline and tunnel between the Regulatory Structure ("RS") and the CCB, which is located within the WFP property boundary. The WFP was put into service in 1983 and utilizes direct filtration to treat imported water from the San Diego County Water Authority ("Authority"). The City has excess capacity and desires to maximize the efficiency of the WFP by maximizing its treatment output year-round.

B. The Authority owns the North County Distribution Pipeline ("NCDP"), a Regulatory Structure ("RS"), and a portion of the pipeline and tunnel between the RS and CCB, located outside the WFP property boundary. The RS receives treated water from the Second San Diego Aqueduct and treated water from the WFP through the CCB for delivery via the NCDP. The Authority owns, operates and maintains the NCDP including the Oceanside 6 Flow Control Facility ("OC6-FCF") and the Vista Irrigation District 11 Flow Control Facility ("VID11-FCF") at the western terminus of the NCDP.

C. VID owns a 36 inch transmission main from the VID11-FCF that supplies water to a 5 million gallon ("MG") reservoir and also directly supplies five pressures zones in the northern portion of VID. The VID11-FCF has the capacity to deliver 32.5 mgd, or 50 cubic feet per second ("CFS"). VID desires to diversify its water supply options and reliability at the VID11-FCF by utilizing water treated at the WFP.

D. VID has the authority to enter into this Agreement by virtue of, inter alia, Water Code Sections 22228, 22230, 22075 and 22225, which empower VID to enter into and perform contracts for the exchange, transfer or delivery of water; to make contracts to carry out its purposes; to do any act necessary to furnish sufficient water within VID for any beneficial purpose; and to perform all acts necessary to carry out fully the provisions of the Irrigation District Law. The City has the authority to enter into this Agreement pursuant to Water Code Section 380 et seq.

E. The City and VID recognize the importance of optimizing local treatment sources, developing partnerships with member agencies and operating facilities in a cost-effective manner, and mutually desire to enter into this Agreement to accomplish this goal.

## Executory Agreements

NOW, THEREFORE, in consideration of the facts set forth above, and the covenants, terms and conditions herein, the City and VID do hereby agree as follows:

1. Sale of Weese Water.

a. Minimum Delivery/Sale Requirement:

i. Winter Period: During the period from November 1 through April 30 of each year during the term of this Agreement, the City shall deliver and sell to VID, and VID shall purchase from the City, 5 MGD (7.7 CFS) continuous flow from the WFP, subject to an Authority Treated Water Shortage Condition described below.

ii. Summer Period: During the period from May 1 through October 31 of each year during the term of this Agreement, the City shall deliver and sell to VID, and VID shall purchase from the City, 2.5 MGD (3.9 CFS) continuous flow from the WFP, subject to an Authority Treated Water Shortage Condition described below.

b. Right of First Refusal to Surplus Weese Water: VID has the right of first refusal to purchase from the City any water from the WFP that is surplus to the needs of the City.

i. The City shall provide VID 24 hours telephonic and facsimile or email notice of the amount and timing of available surplus WFP water.

ii. VID shall provide telephonic and facsimile or email notice to the City within 24 hours of receipt of the notice whether VID will exercise its right of first refusal for the surplus WFP water.

iii. The City shall deliver and sell, and VID shall purchase, such surplus WFP water to which VID has exercised its right of first refusal.

c. Authority Treated Water Shortage Condition:

i. An "Authority Treated Water Shortage Condition" is defined as a condition in which Authority has declared that it cannot provide treated water supplies for a period of 7 days or more in sufficient quantities to meet the average daily potable water demands of the City or VID.

ii. In the event of an Authority Treated Water Shortage Condition:

1. The City shall deliver and sell to VID, and VID shall purchase from the City, an equivalent of 2 MGD (3.1 CFS) flow from the WFP, each day of the Authority Shortage Condition.

iii. VID has the right of first refusal to purchase from the City any WFP water that is surplus to the needs of the City during the Authority Treated Water Shortage Condition.

1. The City shall provide VID 24 hours telephonic and facsimile or email notice of the amount and timing of such available surplus WFP water.

2. VID shall provide telephonic and facsimile or email notice to the City within 24 hours of receipt of notice whether VID will exercise its right of first refusal for such surplus WFP Water.

3. The City shall deliver and sell, and VID shall purchase, such surplus WFP water to which VID has exercised its right of first refusal during the Authority Treated Water Shortage Condition.

2. Delivery of Weese Water to VID.

a. The City and VID shall coordinate reporting and billing arrangements with Authority, such that Authority raw water treated at the WFP and delivered to VID under this Agreement shall be considered raw water delivered to VID for the purpose of determining any Authority rates or charges that are calculated based on total water deliveries to Authority's member public agencies using Authority facilities, to the same extent that such rates and charges are imposed on Authority's member public agencies.

b. The City shall deliver WFP water to VID via the NCDP and/or City facilities. Deliveries via the NCDP to VID shall be coordinated with Authority current and/or future water order times.

c. The City shall deliver WFP water to VID at the following specified minimum pressure at interconnection: 175 pounds per square inch.

d. The WFP water delivered by the City to VID shall meet or exceed all federal and state water quality requirements for drinking water.

3. Invoicing and Payment for Weese Water.

a. The treatment cost to be paid by VID to the City for the treatment of raw water at the WFP and the transmission of the treated WFP water through City facilities to the point of interconnection with VID's facilities shall be \$132.00 per acre foot ("Treatment Cost"), subject to adjustment pursuant to Section 3.b below.

b. Effective each July 1<sup>st</sup>, the Treatment Cost shall be adjusted to reflect inflationary costs. Such increases shall be calculated as an increase equal to the amount of the increase in the annual Consumer Price Index (CPI-U), San Diego, CA for the previous calendar year ended. These adjustments shall be reflected on invoices sent on or after July 1<sup>st</sup> of each year of this Agreement.

c. The City shall read the interconnection meter(s) measuring WFP water delivered to VID on a monthly basis.

d. The City shall transmit invoice to VID within 30 days of the City's receipt of the monthly Authority invoice, for WFP water delivered to VID during the preceding month.

e. VID shall pay each City invoice for WFP water within 30 days of receipt, unless VID disputes the invoice.

4. Legal Relations and Requirements.

a. No Acquisition of WFP Capacity. The Parties do not intend and nothing in this Agreement shall be construed to effect a conveyance of WFP capacity by the City to VID.

b. Limitation on Assignment. This Agreement shall not be assigned or transferred, nor shall any of the duties hereunder be delegated, without the express written consent of the other Party. Any attempt to assign or delegate this Agreement without the express written consent of the other Party shall be void and of no force or effect. Consent by a Party to one assignment shall not be deemed to be a consent to any subsequent assignment. Subject to the foregoing, this Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns.

c. Compliance with Law. Each Party shall be responsible for complying with all local, state and federal laws relating to its performance under this Agreement, whether or not said laws are expressly stated or referred to herein.

d. Indemnity. To the greatest extent allowed by law, each Party shall defend, indemnify and hold harmless the other Party and its officers, agents and employees (the "Indemnified Party") against all claims for damages to persons or property arising out of the negligent acts, errors or omissions or wrongful acts or conduct of the indemnifying Party, or its employees, agents, subcontractors, or others in connection with the performance of the obligations under this Agreement, except for those claims arising from the willful misconduct, sole negligence or active negligence of an Indemnified Party. The indemnification hereunder shall include any and all costs, expenses, attorneys' fees, expert fees and liability assessed against or incurred by an Indemnified Party in defending against such claims or lawsuits, whether the same proceed to judgment or not. Further, upon written request by an Indemnified Party, the other Party shall, at its own expense, defend any such suit, action or proceeding brought against the Indemnified Party.

e. Disputes.

i. Any controversy or claim arising out of or relating to this Agreement, or concerning the breach or interpretation thereof, shall be first submitted to mediation, the cost of which shall be borne equally by the Parties.

ii. No suit shall be brought on this Agreement unless all statutory claims filing requirements have been met.

f. No Waiver. The failure by either Party to demand performance of this Agreement by the other Party does not constitute a waiver of the Demanding Party's rights or remedies with respect to past, present or future breaches or defaults by the other Party.

5. Term and Termination.

a. Term: The term of this Agreement shall be for three years (the "Initial Term"), commencing on \_\_\_\_\_, and expiring on \_\_\_\_\_. Upon expiration of the Initial Term, this Agreement shall be automatically renewed and shall continue in full force and effect unless and until terminated by either Party by giving six months' advance written notice to the other Party.

b. Termination for Cause: Notwithstanding Subsection 5.a, above, if either Party ("Demanding Party") has a good faith belief that the other Party ("Defaulting Party") is not complying with the terms of this Agreement, the Demanding Party shall give written notice of the default (with reasonable specificity) to the Defaulting Party and demand the default to be cured within thirty (30) days of the notice. If the defaulting party is actually in default of this Agreement and fails to cure the default within thirty (30) days of the notice, or if more than thirty (30) days are reasonably required to cure the default and the Defaulting Party fails to give adequate assurance of due performance within ten (10) days of the notice, the Demanding Party may terminate this Agreement upon written notice to the Defaulting Party.

6. Miscellaneous.

a. Notices. Except as set forth in Section 1.b and Section 1.c.iii above, all notices, demands, requests, consents or other communications which this Agreement contemplates or authorizes, or requires or permits either Party to give to the other, shall be in writing and shall be personally delivered or mailed to the respective Party as follows:

TO CITY:

City of Oceanside  
300 North Coast Highway  
Oceanside, CA 92054  
Attn: Water Utilities Director

TO VID:

Vista Irrigation District  
1391 Engineer Street  
Vista, CA 92081-8836  
Attn: General Manager

Telephone: \_\_\_\_\_  
Facsimile: \_\_\_\_\_  
Email: \_\_\_\_\_

Telephone: (760) 597-3117  
Facsimile: (760) 597-3017  
Email: [rcoox@vid-h2o.org](mailto:rcoox@vid-h2o.org)

Either Party may change its address by notice to the other party as provided herein. Communications shall be deemed to have been given and received on the first to occur of:

i. Actual receipt at the offices of the Party to whom the communication is to be sent, as designated above, or

ii. Three (3) working days following the deposit in the United States mail of registered or certified mail, postage prepaid, return receipt requested, addressed to the offices of the Party to whom the communication is to be sent, as designated above

b. Warranty of authority of signers. The individuals executing this Agreement represent and warrant that they have the right, power, legal capacity and authority to enter into and to execute this Agreement on behalf of the respective legal entities of the City and VID.

c. Force majeure. Any delay in performance under this Agreement by either Party shall be excused if such delay is caused by unforeseen events beyond the Parties' control. Such unforeseen events include but are not limited to war, government regulations, labor disputes, strikes, fires, earthquakes, floods, adverse weather, other similar action of the elements, and other causes substantially equal in gravity.

d. Severability. Should any provision herein be found or deemed to be invalid, the Agreement shall be construed as not containing such provision and all other provisions, which are otherwise lawful, shall remain in full force and effect, and to this end the provisions of this Agreement are severable.

e. Integration, construction and amendment.

i. This Agreement comprises the entire integrated understanding between the City and VID concerning the City's sale to VID of treated water from the WFP, and this Agreement supersedes all prior negotiations, representations or agreements.

ii. The interpretation, validity and enforcement of this Agreement shall be governed by and construed under the laws of the State of California. This Agreement does not limit any other rights or remedies available to the Parties.

iii. This Agreement may not be modified orally or in any manner other than by a writing signed by the Parties hereto.

IN WITNESS WHEREOF, the Parties hereto for themselves, their heirs, executors, administrators, successors and assigns do hereby agree to the full performance of the covenants herein contained and have caused this Agreement to be executed by setting hereunto their signatures on the dates indicated below:

VISTA IRRIGATION DISTRICT

CITY OF OCEANSIDE

By: *R. A. Cook*

By: \_\_\_\_\_

Name: *Roy A. Cook*  
Title: *General Manager*

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

Date: *10/9/13*

Date: \_\_\_\_\_

APPROVED AS TO FORM  
OCEANSIDE CITY ATTORNEY  
*John P. Mullen*  
JOHN P. MULLEN

October 1, 2013

Ms. Cari Dale, Water Utilities Director  
City of Oceanside  
300 North Coast Highway  
Oceanside, CA 92054-2886

Mr. Roy Coox, General Manager  
Vista Irrigation District  
1391 Engineer St.  
Vista, CA 92081-8836

**Re:** Agreement Between the City of Oceanside and Vista Irrigation District for Sale of Treated Water from Weese Filtration Plant

Dear Ms. Dale and Mr. Coox:

This letter is intended to supplement to the Agreement between the city of Oceanside (Oceanside) and Vista Irrigation District (Vista ID) for Purchase of Treated Water from Weese Filtration Plant (WFP Agreement), in regards to use of Water Authority facilities to provide for delivery of treated water under the WFP Agreement.

The WFP Agreement provides that Vista ID shall purchase treated water from Oceanside's Weese Filtration Plant (WFP), via the Water Authority's North County Distribution Pipeline (NCDP), at Vista ID's VID11 treated water service connection.

The Water Authority hereby waives its rights under the 1994 Agreement Between the Water Authority and Oceanside For Operation of the North County Distribution Pipeline Regulatory Structure, Chlorine Contact Basin, and Oceanside 6 Flow Control Facility (NCDP Agreement), with respect to implementation of the WFP Agreement only.

Under the WFP Agreement, Oceanside agrees to deliver to Vista ID from WFP a minimum continuous flow of 5 million gallons daily (MGD, or 7.7 cfs) from November 1 through April 30, and a minimum continuous flow of 2.5 MGD (3.9 cfs) from May 1 through October 31, during the term of the Agreement. In addition, Vista ID obtains the right to first refusal of any excess treated deliveries from WFP that are in surplus of Oceanside's own treated water requirements.

Additionally should the Water Authority declare a Treated Water Shortage Condition (Shortage Condition) at any time, Oceanside shall deliver a reduced flow of 2 MGD (3.1 cfs) during each day of a Shortage Condition. For purposes of this Agreement, a Shortage Condition would be one in which the Water Authority declares it cannot provide treated water supplies for seven or more days in sufficient quantity to satisfy the average daily potable demands of Oceanside or Vista ID.

The following reporting terms shall apply to the treated water deliveries between Oceanside and Vista ID through the WFP Agreement:

- Vista ID's purchase of treated deliveries under the WFP Agreement shall be handled as an exchange of untreated water, from Oceanside to Vista ID, on each agency's respective monthly invoices from the Water Authority. Oceanside and Vista shall be responsible for paying all appropriate Water Authority rates and charges associated with the delivery of water to each respective agency's meter by the Water Authority as reported to the Water Authority by Oceanside as described more specifically in the following paragraph.
- Oceanside must report to the Water Authority with the monthly exchange to Vista ID at VID11 on or before the third business day of the month.
- Water Authority will credit Oceanside the Water Authority melded untreated M&I supply rate and unit transportation rate on its monthly invoice and charge Vista ID the corresponding unit rates for the monthly exchange amount.
- Vista ID will pay Oceanside directly for treatment services
- Water Authority will reduce the existing NCDP treated water exchange credit to Oceanside by the reported amount of the untreated exchange governed by the WFP Agreement.

The Water Authority's NCDP Flow Control Facility (FCF) currently has a minimum meter capacity of 5 cfs. If the use of NCDP FCF is required to meet demands in the NCDP, then flows under the WFP Agreement must be adjusted to maintain the minimum meter capacity. At some point in the future if the meter minimum cannot be met on a consistent basis, Vista ID and Oceanside may request and pay all costs to a) resize the NCDP connection, or b) install a low-flow bypass, in order to provide proper control range and maintain the necessary safety and operational requirements of the pipeline.

The initial term of the arrangement described in this letter is three years from both the executed date of this letter and the WFP Agreement. Upon expiration, if the WFP

Agreement is renewed, Oceanside and Vista ID will notify the Water Authority that they intend to continue the exchange under the existing or similar terms.

Please sign below to indicate your concurrence with the reporting terms itemized above. Those individuals executing this Letter Agreement represent and warrant that they have legal capacity and authority to do so on behalf of their respective legal entities.

Sincerely,

Ken Weinberg  
Director of Water Resources

San Diego County Water Authority

Approved by: \_\_\_\_\_ Date \_\_\_\_\_  
Frank Belock, Jr.  
Deputy General Manager

City of Oceanside

Concurrence: \_\_\_\_\_ Date \_\_\_\_\_  
Cari Dale  
Water Utilities Director

Vista Irrigation District

Concurrence: \_\_\_\_\_ Date \_\_\_\_\_  
Roy Coox  
General Manager

KW/TB

cc: Gary Eaton, Director of O&M  
Jim Fisher, O&M Manager