ITEM NO. 10

STAFF REPORT

CITY OF OCEANSIDE

DATE: December 18, 2013

TO: Honorable Mayor and City Councilmembers

FROM: Water Utilities Department

SUBJECT: **AMENDMENT 3 TO THE STATEMENT OF UNDERSTANDING BETWEEN THE CITY OF OCEANSIDE AND CAMP PENDLETON FOR SEWAGE CAPACITY IN THE CITY OF OCEANSIDE OCEAN OUTFALL**

SYNOPSIS

Staff and the Utilities Commission recommend that the City Council approve Amendment 3 to the Statement of Understanding (SOU) between United States Marine Corps Base at Camp Pendleton and the City of Oceanside for sewage capacity in the City of Oceanside's ocean outfall and extending the term of the SOU from November 1, 2013, to October 31, 2015, and approve a budget amendment in the amount of $69,013; and authorize the City Manager to execute the amendment.

BACKGROUND

On December 15, 1999, the City Council approved the SOU for sewage capacity in the City of Oceanside's ocean outfall (Exhibit A). The SOU provides 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. In May 9, 2000, a revision was administratively approved to extend the term of the SOU to October 31, 2008, including three one-year renewal options. On October 8, 2008, the City Council approved to extend the term of the SOU by a base period of three years, terminating on October 31, 2011, with two additional one-year renewal options, extending the termination date to October 31, 2013 (Exhibit B). On March 28, 2012, Council approved Amendment 2 to the SOU to extend the agreement to October 31, 2013 (Exhibit C).

ANALYSIS

A statement of understanding was developed by Camp Pendleton and City staff which delineated the terms and conditions for Camp Pendleton to access the City's ocean outfall.

The current terms of the SOU require that Camp Pendleton pay a sewer capacity charge of $126,940 per year and a service extension charge of $65,000 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. The sewer capacity charge and service extension charge total $191,940 annually. In addition, Camp Pendleton pays a proportional share of the actual costs for

Operation and Maintenance of the outfall pump station, which on average, is $1,700/month and includes regulatory sampling, electricity and personnel costs.

Staff is recommending approval of Amendment 3 (Exhibit D) including the following revisions to the SOU:

- Language extending the term of the agreement for one year, from November 1, 2013, to October 31, 2015;
- Language adding $160,748 in costs for October 31, 2013, to October 31, 2014, for Capacity Charges for a total annual cost of $287,688. The increased costs reflect San Diego Consumers Price Index (CPI) increases added to the initial base year cost from 1999. The Capacity Charge for November 1, 2014, – October 31, 2015, will be $287,688 + CPI;
- Language adding $4,400 in costs for October 31, 2013, to October 31, 2014, for the Water Department Administration Costs for a total annual cost of $4,400. The increased costs reflect CPI increases added to the initial base year cost from 1999. The Water Department Administration Costs for November 1, 2014, – October 31, 2015, will be $4,400 + CPI;

All other terms and conditions in the original SOU are unchanged. Camp Pendleton has verbally requested a long-term extension to the SOU. Staff will be working with the Regional Board to modify the outfall permit capacity so that future city uses and Camp Pendleton flows may be accommodated long-term. Staff will only bring forward a long-term SOU for consideration next year if the outfall permit capacity is modified. In addition, over the next year, staff will be negotiating with Camp Pendleton to complete the terms of a long-term SOU which staff has proposed include:

- Access to 1 million gallons/day of low cost recycled water at the back gate;
- The addition of a capital replacement charge;
- The addition of a surcharge in lieu of taxes, payable to the General Fund; and
- Lease of 0.5 acres of land adjacent to the Harbor for City use as parking.

FISCAL IMPACT

For Fiscal Year 2013-14 the total fixed annual charge to Camp Pendleton for the use of capacity in the ocean outfall is $292,088. The current amount budgeted under account 1721.4461.0005 for fiscal year 2013-2014 is $223,075 therefore a budget amendment of $69,013 is needed. Revenue in the amount of $292,088 is deposited to the Sewer Operating Fund (1721.4461.0005).

COMMISSION OR COMMITTEE REPORT

The Utilities Commission was briefed of staff's recommendation at its meeting on September 10, 2013.

CITY ATTORNEY'S ANALYSIS

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

INSURANCE REQUIREMENTS

Does not apply.

RECOMMENDATIONS

Staff and the Utilities Commission recommend that the City Council approve Amendment 3 to the Statement of Understanding (SOU) between United States Marine Corps Base at Camp Pendleton and the City of Oceanside for sewage capacity in the City of Oceanside's ocean outfall and extending the term of the SOU from November 1, 2013, to October 31, 2015, and approve a budget amendment in the amount of $69,013; and authorize the City Manager to execute the amendment.

PREPARED BY:

Cari Dale
Water Utilities Director

SUBMITTED BY:

Steven R. Jepsen
City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager

James R. Riley, Financial Services Director

Exhibit A: Camp Pendleton SOU dated December 15, 1999
Exhibit B: Amendment 1 to the Camp Pendleton SOU
Exhibit C: Amendment 2 to the Camp Pendleton SOU
Exhibit D: Amendment 3 to the Camp Pendleton SOU

EXHIBIT A

STATEMENT OF UNDERSTANDING BETWEEN UNITED STATES MARINE CORPS AT CAMP PENDLETON AND THE CITY OF OCEANSIDE FOR SEWAGE CAPACITY IN THE CITY OF OCEANSIDE OCEAN OUTFALL

This Statement of Understanding (SOU) contains the present understandings of the United States Marine Corps at Camp Pendleton (USMC Camp Pendleton) and the City of Oceanside concerning the City's provision of sewage capacity and operation and maintenance service in the City of Oceanside Ocean Outfall System to USMC Camp Pendleton.

SECTION A - TERMS/DEFINITIONS

1. **Capital Expense:** For purposes of this Agreement, a Capital Expense shall be defined as any project costing more than $5,000.00, with the exception of those costs clearly being part of Operation and Maintenance (e.g. annual inspection of Outfall).

2. **Catastrophic Damage:** as referred to in Section F, paragraphs 5 and 6, means any damage caused by acts of God or of public enemy; such as, but not limited to. earthquakes, fires, floods, bombings, etc.

3. **Marine Corps Base, Camp Pendleton:** may also be referred to in this Agreement as the Base, MCB, Camp Pendleton or the Government.

4. **MCON P-527:** means the Navy Military Construction (MCON) project involving the installation of pipelines (see Section G, attachment 1), pumping stations, sampling stations, an equalization basin, and holding ponds. All of the equipment and facilities installed by means of this MCON project shall be owned by the Government, with the exception of the pipeline extending from the boundary of MCB to the connection point at the Outfall, of which ownership shall be turned over to the City as partial consideration for connection to the Outfall. The MCON project will permit secondary treated effluent originating from existing sewage treatment plants (STPs) on the base to flow to the Ocean Outfall. Refer to Section G, Attachment 1 for the Government pipeline overview drawing.

5. **Naval Facilities Engineering Command, Southwest Division:** may also be referred to in this contract as SWDIV or the Government.

6. **Outfall:** means the City of Oceanside's Ocean Outfall, including ballast and associated appurtenance.

7. **Peak Daily Flow:** means the highest sustained instantaneous flow for a period of fifteen (15) minutes during a twenty-four (24) hour period.

8. **Permitted Flow:** means the maximum amount of effluent allowed to be discharged by the Base into the Outfall system which cannot exceed 3.6 mgd.

9. **Regional Water Quality Control Board (RWQCB):** means the California regulatory agency having authority to establish and enforce water standards including waste discharge requirements. Permitting by the RWQCB is, however, subject to approval from the State Water Resources Control Board, and the U.S. Environmental Protection Agency for ocean discharges.

10. **Service:** Service referred to in and provided under this Agreement refers specifically to the City's performance of Operation and Maintenance of the Outfall and maintenance and repair of the treated effluent pipeline extending from the MCB Camp Pendleton boundary to connection at the Outfall.

11. **The City of Oceanside:** may also be referred to as Oceanside or the City.

SECTION B - ELEMENTS OF THE AGREEMENT (SUPPLIES/SERVICES/PRICES/COSTS)

1. **Term:** The duration of this Agreement is a base period of five years, and three one-year options effective from the date the Base begins pumping effluent into the Ocean Outfall. The option years may be activated at the Government's option by providing a 30-day advance notice to the City of such intention.

2. **Infrastructure:** Camp Pendleton will design and construct 2.2 miles of effluent pipeline in Oceanside that will connect with the Ocean Outfall line. The pipeline sequence will start at the City's northern boundary near Interstate 5 and Harbor Drive, crossing the San Luis Rey Bridge, then primarily follow a route along Tremont Street. Camp Pendleton will install telemetry from the Lemon Grove Pump Station to the San Luis Rey Treatment Plant and a metering and sampling station in the City of Oceanside to monitor the effluent leaving the base. The City would then take ownership of the pipeline within the City limits after project completion and acceptance. To help minimize the impact on the construction area, Camp Pendleton will repave the streets, in which pipeline is installed, from curb to curb.

3. **Fees:**
   a. **Sewage Capacity Charge:** Camp Pendleton's short term (during the 5-year base period agreement) utilization of 3.6 mgd maximum of sewage capacity in the City's Ocean Outfall. The capacity charge for the three option years will be included in the utility contract. There is a lump sum amount for the first 5 years and additional amounts for each of the next three years.

Capacity Charge for base period (5 years):	**$634,700**
Capacity charge for first option year:	**$126,940**
Capacity charge for second option year:	**$126,940**
Capacity charge for third option year:	**$126,940**

Note: Base period is calculated on the basis of Camp Pendleton's percentage of current flows through the ocean outfall. The average flow for the City of Oceanside's facilities is 13.7 mgd and Fallbrook is 1.4 mgd. Combined with the 2.9 mgd from the Base equals a total actual flow of 18.0 mgd. The Base's percentage would be 16.1%. Add in the $40,000 per year from reduced reporting and figure for 5 years to get $634,700. This fee is a flat rate based on the volume of effluent discharged. Other than agreed upon ocean outfall and pipeline operation and maintenance charges described below, no other fees or service charges (if otherwise applicable) shall be charged for Camp Pendleton's use of the ocean outfall, provided the volume (i.e. flow) of the effluent disposed through the ocean outfall remains at or below 3.6 mgd.

b. **Service Extension Charge:** This provides for all costs associated with the transporting of treated effluent through the City-owned effluent pipeline. This charge will offset the annual impact of the pipeline on the public right-of-way within the city limits. There is a lump sum amount for the first 5 years and additional amounts for each of the next three years.

Service Extension Charge for base period (5 years):	**$325,000**
Service Extension Charge for first option year:	**$65,000**
Service Extension Charge for second option year:	**$65,000**
Service Extension Charge for third option year:	**$65,000**

Note: The base period value is one-half (for 5 years) of the original agreement for $108,000 per year which was negotiated down to $650,000 for 10 years.

c. **Ocean Outfall Annual Operation and Maintenance Charge:** The cost provides for Camp Pendleton's proportionate 16.1% share of the outfall. Terms and conditions shall be part of the utility contract.

Operation and Maintenance charge: **$671**/month (Initial monthly estimate - reconciled annually)

d. **Effluent Pipeline Operation and Maintenance Charge:** The charge provides for the city-owned portion of effluent pipeline extending from the boundary of Camp Pendleton to its connection at the outfall. No change in dollar amount. Terms and conditions shall be part of the utility contract.

Pipeline Operation and Maintenance Charge: **$500**/month (Initial monthly estimate – reconciled annually)

e. **Pipeline Construction Inspection:** The City will hire an inspector to monitor the pipeline construction project within City limits. Project duration is expected to be three to four months. Construction of the pipeline within the City's Business District will not occur during tourist season (June 1st – September 30th). The Business District is defined as those portions of work between the intersection of Michigan Avenue and Tremont Street (Station 75+00) to the intersection of Sportfisher Drive and Tremont Street (Station 100+00). No change in dollar amount.

Pipeline Inspection charge: **$28,000** (one-time lump sum)

f. **Upgrade of La Salina WWTP Pump Station:** This charge provides for all costs associated with upgrading the City's pumping capacity in order to overcome pressure differentials due to the increased flows to the Ocean Outfall from Camp Pendleton. The costs include design, engineering, retrofitting or replacement of pumps and associated components. MCB Camp Pendleton agrees to purchase a 16.1% share of the upgrades to the La Salina WWTP Pump Station. The La Salina WWTP Pump Station upgrade shall be completed within 24 months of receipt of payment from the Government. Although the terms of this agreement are for 5 years with three one year option periods, should additional agreements be reached between the City and MCB Camp Pendleton for the continued use of the Outfall, no additional sums will be required for any costs associated with the upgrade to the La Salina Plant. The phrase "no additional sums" shall include, but not be limited to, the maintenance or other costs associated with the use of the upgraded pumping capacity beyond the 5 year base period and the option periods. This assumes that no additional adverse impacts due to flow from MCB Camp Pendleton will occur, i.e., flow remains at or below 3.6 mgd.

Pump Station upgrade: **$289,800** (one-time lump sum)
Note: Based upon a 16.1% share of planned capital improvements with a cost of $1.8 Million.

SECTION C - DESCRIPTION/SPECIFICATIONS/WORK STATEMENT

1. **General Requirements:** The City shall provide capacity in the present Ocean Outfall for the disposal of secondary treated effluent and shall be responsible for the overall management, and operation and maintenance (O&M) of the Outfall, and the City owned portion of the effluent pipeline. The Government shall pay its proportional share (16.1%) of Outfall O&M, and 100% of the City owned portion of the effluent pipeline O&M to the City pursuant to this contract.

2. **Premises to be Serviced:** MCB

3. **Permitted Flow:** Peak Daily flow 3.6 mgd
   Estimated annual flow 1,314 mgy

4. **Point of Connection:** The point of connection shall be made as shown in the final construction drawings of the Military Construction (MCON) project, P-527.

5. **Description of Service:** The City shall provide to the Government a maximum of 3.6 mgd of capacity in the Outfall to dispose of secondary treated effluent flow originating from Camp Pendleton Sewage Treatment Plants. The capacity shall be considered leased property of the Government.

6. **Sewage Capacity Charge:** This is a one time lump sum amount for the five year base period of this Agreement fulfilling all City requirements for providing Camp Pendleton the utilization of 3.6 mgd maximum of sewage capacity in the City's Ocean Outfall. Terms and conditions for the three option year periods shall be part of the Utilities Contract.

7. **Service Extension Charge:** This is a one-time lump sum amount for the five year base period of this Agreement fulfilling all City requirements for providing the transporting of treated effluent through the City limits to the Outfall. Terms and conditions for the three option year periods shall be part of the Utilities Contract.

8. **Operation and Maintenance of the Outfall:** The City shall be responsible for providing the Operation and Maintenance of the Outfall in accordance with good industry practices, and all applicable laws, rules and regulations. Terms and conditions shall be part of the Utilities Contract.

9. **Operation and Maintenance of City Owned Treated Effluent Pipeline:** The City shall be responsible for providing the Operation and Maintenance of the City owned portion of the treated effluent pipeline in accordance with good industry practices, and all applicable laws, rules and regulations. Terms and conditions shall be part of the Utilities Contract.

10. **Inspection of Treated Effluent Pipeline:** The City shall provide construction inspection services for the City owned portion of the treated effluent pipeline in fulfillment of all City requirements pertaining to such construction projects taking place within the City limits

11. **Upgrade of the La Salina Pump Station:** The City shall provide all design, engineering, retrofitting or replacement of pumps and associated components necessary to accommodate the increased head at the pump station caused by the additional effluent flow to the Outfall from the MCB.

SECTION D - INSPECTION AND ACCEPTANCE

1. **Monitoring of effluent:** The effluent flow from Camp Pendleton shall be treated secondary effluent as prescribed in applicable standards adopted by, and from time to time revised by, the Federal, State, or local agencies having regulatory authority. No reductions in treatment levels below City treatment levels or flows in excess of permitted flows will be permitted without prior approval of the City. Further, such modifications to Camp Pendleton's effluent discharge requirements below City effluent discharge requirements shall be approved by the City. The Government shall maintain a sampling/monitoring station on base to test the quality of treated effluent prior to discharge into the Outfall. The frequency of the sampling shall be on a daily basis with the results of such sampling being recorded, and such records being sent on a monthly basis to the City for their review. In the event effluent quality standards as prescribed by the applicable NPDES permit are not met, the Government shall cooperate with the regulatory authorities and take the necessary steps to bring the effluent into compliance with the quality standards.

SECTION E - AGREEMENT ADMINISTRATION DATA

1. **Communications:** All communications regarding this Agreement shall be addressed as follows:

Oceanside:
City of Oceanside
Water Utilities Department
Attn: Mr. Barry Martin
Water Utilities Director
300 Coast Highway
Oceanside, CA 92054
Telephone: (760) 966-4873 FAX (760) 966-4874

Camp Pendleton:
Attn: Facilities Maintenance Officer
Assistant Chief of Staff, Facilities
Box 555009
Cam Pendleton, CA 92055
Emergency telephone number (760) 725-4368

For non-emergency communication:
Southwest Division, Naval Facilities Engineering Command
Attn: Code 5C02.KJ
1220 Pacific Highway, Rm. 135
San Diego, CA 92132-5187
Telephone: (619) 532-1456 FAX (619) 532-2381

SECTION F - SPECIAL CONTRACT REQUIREMENTS

1. **Government Property:** The 3.6 mgd sewage outfall capacity the Government is leasing under this Agreement shall be considered leased property of the Government. The Government has the right at the expiration of this Agreement to determine whether to renew the Agreement with the City under substantially like terms, or to enter into negotiations with the City.

2. **National Pollutant Discharge Elimination System (NPDES) Permit:** The Government agrees to obtain a NPDES permit for Camp Pendleton's 3.6 mgd capacity by going through the necessary permitting process as required by the Regional Water Quality Control Board or other cognizant regulatory Agency.

3. **Anti-degradation Study:** The Government agrees to obtain an anti-degradation study if required by the Regional Water Quality Control Board or other cognizant regulatory Agency for the 3.6 mgd acquired under this contract.

4. **Treated Effluent Pipeline Ownership and Limits of Use:** The ownership of the treated effluent pipeline extending from the boundary of MCB to the Outfall is hereby transferred from the Government to the City upon completion of pipeline construction by way of this Agreement as consideration of a connection charge to the Outfall. As part of the ownership transfer, the City hereby agrees that its ownership rights in the pipeline are subject to the Government's right to exclusive use of said pipeline for the transmission of treated effluent. However, it is the intent of the Government to consider common use proposals of said pipeline to further community relationships and to minimize total operating costs. Any alternate or common use of said pipeline for the life of this agreement must have prior written approval of the Government.
If relocation of the pipeline is necessary over the course of the Agreement, and agreed to by both parties, the cost of such relocation, subject to the availability of funding, shall be borne by the Government.

5. **City Owned Treated Effluent Pipeline (replacement and catastrophic damage repair):** Although the pipeline extending from the boundary of MCB to the connection with the Ocean Outfall shall be owned and operated by the City, it is hereby agreed that the Government, due to its receiving full benefit of said pipeline, shall be responsible, subject to the availability of funding, for all costs associated with the repair of any catastrophic damage caused to the pipeline over the course of this agreement. In the event of any future common use of said pipeline, as approved by the Government, catastrophic damage repair shall be shared proportionately by the common pipeline users. This excludes any costs associated with the remaining portion of the system, i.e., the Ocean Outfall piping, La Salina Pumping Station, etc.

6. **Catastrophic Flow Event:** A catastrophic flow event is defined as an event that requires the curtailment of flow to the Ocean Outfall due to uncontrollable circumstances such as extreme weather conditions, e.g., a fifty (50) year flood. Both the City and MCB would be responsible to curtail their respective flows during a catastrophic event. The City would notify MCB when such a circumstance occurs and act as a coordinator during the event for controlling flow.

7. **Management of Outfall:** The City shall manage, operate, and maintain the Outfall in an efficient and economical manner sufficient to maintain and preserve it in good repair and working order, all in accordance with recognized and sound engineering practices. The City further agrees to convey and dispose of all effluent received into the Outfall under the terms of this contract in such a manner as to comply with all applicable laws, rules, and regulations.

8. **Anti-Deficiency Act:** Any requirement for the payment or obligation of funds, under the terms of this Agreement, shall be subject to the availability of appropriated funds, and no provision herein shall be interpreted to require obligation or payment of funds in violation of the Anti-Deficiency Act, 31 USC 1341 et seq., the dates established for requiring the payment of obligation of such funds shall be appropriately adjusted. Nothing in this Agreement shall be construed as implying that Congress will, at a later time, appropriate funds sufficient to meet deficiencies.

9. **Cancellation of Option Years:** The term of this agreement consists of a base period of five years and three one-year options. All costs and consideration for the base period and the option years have been negotiated and are included in this Statement of Understanding. The Government may exercise its right to any of the option years at anytime during the term of the agreement so long as the following criteria have been satisfied:

   (1) The Government will present an annual report to the City Council on the status of the funding for military construction of the alternative sewage effluent disposal facility and the status of that project no later than December of each calendar year.
   (2) The Government certifies to the City Council that it has secured full project funding before the expiration of the five-year base period of the agreement.

10. **Termination of Agreement:** This agreement shall terminate at the end of the five-year base period in the event funding for the alternative sewage effluent disposal facility has not been secured.

    In the event the government fails to reach an agreement with the construction contractor under Contract N68711-94-C-1546, MCON P-527B, Sewage Treatment Plant Modifications, Santa Margarita Area, San Onofre/San Mateo Areas at Marine Corps Base, Camp Pendleton, California for the pipeline work, this Agreement shall be rendered null and void.

SECTION G - LIST OF ATTACHMENTS

1. **Drawings:** Government effluent pipeline overview drawing

The foregoing is acknowledged:

USMC CAMP PENDLETON

W. A. SPENCER
Colonel, U.S. Marine Corps
Assistant Chief of Staff, Facilities

CITY OF OCEANSIDE

STEVEN R. JEPSEN
City Manager

City Original
Document No. 08-D0606-1
10/8/08 (16) 5-0

EXHIBIT B

AMENDMENT TO
STATEMENT OF UNDERSTANDING (SOU)
BETWEEN
UNITED STATES MARINE CORPS AT CAMP PENDLETON
AND
THE CITY OF OCEANSIDE
FOR
SEWAGE CAPACITY IN THE CITY OCEANSIDE OCEAN OUTFALL

The purpose of this Amendment is to extend the period of the current SOU for an additional base period of three years with two one-year options. This Amendment will take effect on November 1, 2008 and remain in effect until October 31, 2011.

All provisions of the SOU dated December 9, 1999 will remain in effect unless specifically altered by this Amendment to the original SOU.

SECTION A – TERMS/DEFINITIONS

Provisions remain in effect.

SECTION B – ELEMENTS OF THE AGREEMENT
(SUPPLIES/SERVICES/PRICES/COSTS)

1. Term: (to be added to the end of the paragraph). By Amendment, this SOU is extended for an additional base period of three years with two one-year options. The option may be activated by the Government with the prior approval of the Oceanside City Council. This Amendment will take effect on November 1, 2008.

3. Fees: (this language replaces the current paragraph 3. Fees).

a. Sewage Capacity Charge for additional base period of three years with two (2) one-year options:

The Capacity Charge for each year of the three year base of this amendment:	**$126,940**
The Capacity Charge for the first option year:	**$126,940**
The Capacity Charge for the second option year:	**$126,940**

b. Service Extension Charge for additional base period of three years with two (2) one-year options:

Service Extension Charge for each year of the three year base of this amendment:	**$65,000**
The Extension Charge for the first option year:	**$65,000**
The Extension Charge for the second option year:	**$65,000**

e. Pipeline Construction Inspection: Shall not be included (Completed previously).

f. Upgrade of La Salina WWTP Pump Station: Shall not be included (Completed previously).

SECTION C – DESCRIPTION/SPECIFICATIONS/WORK STATEMENT

Provisions remain in effect.

SECTION D – INSPECTION AND ACCEPTANCE:

1. Monitoring of Effluent: (Change the first sentence to read) "The effluent flow from Camp Pendleton shall be, as a minimum, treated secondary effluent…"

SECTION E – AGREEMENT ADMINISTRATION DATA

1. Communications: All communications regarding this agreement shall be addressed as follows:

Oceanside:

City of Oceanside
Water Utilities Department
Attn: Mr. Lonnie Thibodeaux
Water Utilities Director
300 Coast Highway
Oceanside, CA 92054
Telephone: (760) 435-5830 FAX (760) 435-5814

Camp Pendleton:

Attn: Assistant Chief of Staff, (AC/S) Facilities
Box 555013
Marine Corps Base
Camp Pendleton, CA 92055
Telephone (760) 725-6451

NAVFAC:

(To be supplied)

SECTION F – SPECIAL CONTRACT REQUIREMENTS

Provisions remain in effect.

SECTION G – LIST OF ATTACHMENTS

Provided previously.

The foregoing is acknowledged:

MCB CAMP PENDLETON

GARY W. STOREY
Colonel, U.S. Marine Corps
Assistant Chief of Staff, Facilities

CITY OF OCEANSIDE

PETER WEISS
City Manager

APPROVED AS TO FORM
OCEANSIDE CITY ATTORNEY
BARBARA L. HAMILTON
Assistant City Attorney

City Original
Document No. 12-D0178-1
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EXHIBIT C

SECOND AMENDMENT TO STATEMENT OF UNDERSTANDING (SOU) BETWEEN UNITED STATES MARINE CORPS AT CAMP PENDLETON AND THE CITY OF OCEANSIDE FOR SEWAGE CAPACITY IN THE CITY OF OCEANSIDE OCEAN OUTFALL

The purpose of this Second Amendment is to extend the period of the SOU for both of two option years. This Amendment will take effect on November 1, 2011 and remain in effect until October 31, 2013.

All provisions of the SOU, dated December 09, 1999 and amended October 8, 2008, will remain in effect unless specifically altered by this Second Amendment to the Original SOU.

SECTION B – ELEMENTS OF THE AGREEMENT (SUPPLIES/SERVICES/PRICES/COSTS)

1. **Term:** (to be added to the end of the paragraph). By Amendment, this SOU is extended for two years, as requested to the Government in writing and with approval of the Oceanside City Council. This amendment will take effect on November 1, 2011.

2. **Infrastructure:** (to be added to the end of the paragraph). The parties agree to partner in exploring the feasibility and terms for achieving the following beneficial goals: (1) the City's use of Camp Pendleton's tertiary treated effluent; and (2) long-term outfall capacity to support Camp Pendleton (e.g. either permanent capacity or leased capacity of 20 years or more). The terms of any agreement reached as a result of such partnering will be set forth in a separate written agreement or further amendment to this SOU.

3. **Fees:** **(this language replaces the current paragraph 3, Fees, as previously amended)**

   a. **Sewage Capacity Charge for the two (2) one-year options:**

      The Capacity Charge for the first option year: **$126,940**
      The Capacity Charge for the second option year: **$126,940**

   b. **Service Extension Charge for two (2) one-year options:**

      The Extension Charge for the first option year: **$65,000**
      The Extension Charge for the second option year: **$65,000**

   c. **Ocean Outfall Annual Operation and Maintenance Charge:** The cost provides for Camp Pendleton's proportionate 16.1% share of the outfall. Terms and conditions shall be part of the utility contract.

      Operations and Maintenance Charge: **$2,000**/month (monthly estimate reconciled annually)

d. **Effluent Pipeline Operation and Maintenance Charge:** The charge provides for the city-owned portion of effluent pipeline extending from the boundary of Camp Pendleton to its connection at the outfall. Terms and conditions shall be part of the utility contract.

Pipeline Operation and Maintenance Charge:	**$500**/month (monthly estimate reconciled annually)

SECTION C – DESCRIPTION/SPECIFICATIONS/WORK STATEMENT

1. **General Requirements:** (to replace the current paragraph 1). The City shall provide capacity in the present Ocean Outfall for the disposal of tertiary treated effluent and brine and shall be responsible for the overall management, and operation and maintenance (O&M) of the Outfall, and the City owned portion of the effluent pipeline. As specifically billed, the Government shall pay its proportional share (16.1%) of Outfall O&M, and 100% of the City owned portion of the effluent pipeline O&M to the City pursuant to Section B.3.c and d. of this contract.

5. **Description of Service:** (to replace the current paragraph 5) The City shall provide to the Government a maximum of 3.6 MGD of capacity in the Outfall to dispose of non-disinfected tertiary treated effluent and brine flow originating from Camp Pendleton Sewage Treatment Plants and Water Treatment Facilities. The capacity shall be considered leased property of the Government.

SECTION E – AGREEMENT ADMINISTRATION DATA

1. **Communications: (to replace the current paragraph 1)** All communications regarding this Agreement shall be addressed as follows:

Oceanside:	City of Oceanside Water Utilities Department Attn: Water Utilities Director 300 Coast Highway Oceanside, CA 92054 Telephone: (760) 435-5827 FAX (760)435-5814
Camp Pendleton:	Attn: Assistant Chief of Staff (AC/S Facilities) Box 555013 Camp Pendleton, CA 92055

SECTION F – SPECIAL CONTRACT REQUIREMENTS

6. **Flow Curtailment Event: (to replace the current paragraph 6)** A flow curtailment event is defined as an event that requires the curtailment of flow to the Oceanside Ocean Outfall due to uncontrollable circumstances that would otherwise exceed the capacity of the outfall such as extreme wet weather conditions. The MCB would be responsible to curtail/divert its flows during such an event, when notified by the City to do so and until such

time that the outfall flow capacity problem has been resolved. The City would act as a coordinator during the event for curtailing/controlling flow among the collective users. As curtailing flow can be a costly operation, the frequency and duration of curtailments will be limited to only times when exceeding outfall capacity is highly likely and after other collective users that are exceeding their allowed capacity are called upon first to curtail flows. It is noted that the flow diversion capacity of MCB is limited to approximately 100 million gallons.

The foregoing is acknowledged:

MCB CAMP PENDLETON
MCB

BY: R S Hellman 3/26/2012
ROBERT S. HELLMAN
Colonel, U.S. Marine Corps
Assistant Chief of Staff, Facilities

CITY OF OCEANSIDE
CITY

BY: Peter Weiss
PETER WEISS, CITY MANAGER

Holly A Probaugh, ASST.
ATTEST, CITY CLERK

John P Mullen
APPROVED AS TO FORM:
CITY ATTORNEY

EXHIBIT D

Third Amendment to
Statement of Understanding (SOU)
Between
United States Marine Corps at Camp Pendleton
And
The City of Oceanside
For
Sewage Capacity in the City of Oceanside Ocean Outfall

The purpose of this Third Amendment to SOU is to extend the period of the SOU for two (2) years. This amendment will take effect on November 1, 2013, and remain in effect until October 31, 2015.

All provisions of the SOU, dated December 9, 1999, and amended October 8, 2008, and March 28, 2012, will remain in effect unless specifically modified by this Third Amendment to the SOU.

SECTION B – ELEMENTS OF THE AGREEMENT (SUPPLIES/SERVICES/PRICES/COSTS)

1. Term: (to be added to the end of the paragraph). By amendment, this SOU is extended for two years, as requested by the Government in writing and with approval of the Oceanside City Council. This amendment will take effect on November 1, 2013 and terminate on October 31, 2015.

2. Fees: (this language replaces the current paragraph 3, Fees, as previously amended)

a. Sewage Capacity Charge for each of the two years :

(1) The capacity charge for 11/1/13 thru 10/31/14: $287,688.

(2) The Sewage Capacity Charge for 11/1/14 thru 10/31/15 shall be the previous year's Sewage Capacity Charge ($287,688) adjusted by the change in the San Diego Consumer Price Index (CPI) from First Half of 2013 to First Half of 2014. For the purpose of this agreement, San Diego CPI is defined as that published by the U.S. Department of Labor, Bureau of Labor Statistics at: (http://data.bls.gov/pdq/SurveyOutputServlet?data_tool=dropmap&series_id=CUURA424SA0,CUUSA424SA0)

b. Oceanside Water Department Administration Charge for each of the two years:

(1) The administration charge for 11/1/13 thru 10/31/14: $4,400.

(2) The administration charge for 11/1/14 thru 10/31/15 shall be the previous year's administration charge ($4,400) adjusted by the change in the San Diego CPI from First Half of 2013 to First Half of 2014. For the purpose of this agreement, San Diego CPI is defined as that published by the U.S. Department of Labor, Bureau of Labor Statistics at: (http://data.bls.gov/pdq/SurveyOutputServlet?data_tool=dropmap&series_id=CUURA424SA0,CUUSA424SA0)

c. **Ocean Outfall Annual Operation and Maintenance Charge:**

(1) All other O&M charges included in the Second Amendment to this SOU are hereby incorporated into this amendment and remain unchanged.

3. Nothing in this Amendment is to be construed as limiting the parties from adding to, deleting or changing any of the foregoing provisions in a future written amendment to the SOU signed by the parties.

The foregoing is acknowledged:

MCB CAMP PENDLETON
MCB

BY: _____
CHARLES R. REUNING
Captain, U.S. Navy
Assistant Chief of Staff, GF (Facilities)
Marine Corps Base, Camp Pendleton

CITY OF OCEANSIDE
CITY

BY: _____
Steven R. Jepsen, City Manager

_____
ATTEST; CITY CLERK

_____ ASST.
APPROVED AS TO FORM
CITY ATTORNEY