



DATE: February 5, 2014
TO: Honorable Mayor and City Councilmembers
FROM: Water Utilities Department
SUBJECT: **PROFESSIONAL SERVICES AGREEMENT WITH RMC FOR THE PREPARATION OF THE INDIRECT POTABLE REUSE AND PATHOGEN REMOVAL STUDY**

SYNOPSIS

Staff recommends that the City Council approve a professional services agreement with RMC of Oceanside in the amount of \$499,853 for the preparation of the Indirect Potable Reuse (IPR) and Pathogen Removal Study, and authorize the City Manager to execute the agreement (Exhibit A).

BACKGROUND

The proposed study will be used to determine how and in what quantities, the City may be able to use recycled water to increase the water production from the Mission Basin, thereby increasing local water supplies. More specifically, the study will achieve the following objectives:

- Establish the feasibility of IPR in the Mission Basin,
- Update of the existing groundwater model to show potential groundwater movement as required by regulators prior to allowing recharge of the basin,
- Development of a comprehensive recycled water program at the San Luis Rey facility to maximize water reuse via nonpotable and indirect potable reuse, and
- Demonstration of project readiness-to-proceed by quantifying and monetizing project benefits in anticipation of funding opportunities offered by the State of California Prop 84, Clean Water State Revolving Fund or United States Bureau of Reclamation.

ANALYSIS

Use of recycled water for Indirect Potable Reuse frees up potable water resources and benefits the region by making more potable water available for San Diego County Water

Agencies. Establishing new opportunities for groundwater recharge may also significantly reduce treated wastewater flows to the ocean and reduce electrical pumping costs.

On September 16, 2013, a Request for Proposals (RFP) for the preparation of a study for Indirect Potable Reuse and Pathogen Removal Study was sent to ten qualified professional engineering design firms that were listed on the Water & Wastewater Consultant List provided by the Public Works—Engineering Division (Exhibit B).

On October 17, 2013, the Water Utilities Department received proposals from two of the ten design consulting firms. Staff performed a review of the proposals for accuracy and completeness and rated the consultants based on qualifications, performance of work, ability to provide services, quality of proposal, work performance for the City and cost. Staff has determined that RMC's proposal includes the required items as outlined in the RFP (Exhibit C).

FISCAL IMPACT

Council approved the acceptance of grant funds on October 16, 2013, in the amount of \$125,000 under Metropolitan Water District's Foundational Actions Funding Program (FAF). These grant funds would offset project costs in the same amount. Since the October 16 approval date, Water Authority staff found language similar to earlier rate structure integrity language used by MWD to preclude the Water Authority from being eligible for program funding such as the FAF program, if the Water Authority were to challenge MWD's rates in court or lobbies the legislature to change them. Since the FAF funding is uncertain, staff recommends appropriating the funds from the Indirect Potable Recharge Study Project (908130200715.5326.10100) which has an available balance of \$525,000. The Professional Services Agreement is in the amount of \$499,853; therefore, adequate funds are available for the project. Should the grant funding opportunity be successful, those funds would offset funds already set aside in the Indirect Potable Recharge Study Project (908130200715.5326.10100).

The FAF Grant requires that the City sign and submit funding paperwork by November 15, 2013 (completed), and commence work prior to January 31, 2014. Although funding was suspended and is uncertain, staff is trying to adhere to the guidelines set by the FAF Grant. Work must be completed and a final report submitted to MWD before February 1, 2016. Staff anticipates that the study will be completed prior to December 31, 2015, and will have a final report prepared by the February, 2016 deadline. Staff recommends that the study continue to follow the milestones established by the grant so that the City remains eligible for the funding.

INSURANCE REQUIREMENTS

The City's standard insurance requirements will be met.

COMMISSION OR COMMITTEE REPORT

The Utilities Commission approved staff's recommendation at its regular meeting on January 21, 2014.

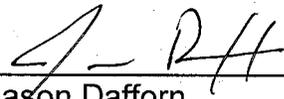
CITY ATTORNEY'S ANALYSIS

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

RECOMMENDATION

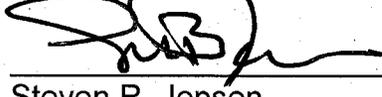
Staff recommends that the City Council approve a professional services agreement with RMC of Oceanside in the amount of \$499,853 for the preparation of the Indirect Potable Reuse and Pathogen Removal Study, and authorize the City Manager to execute the agreement.

PREPARED BY:



Jason Dafforn
Water Utilities Division Manager

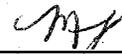
SUBMITTED BY:



Steven R. Jepsen
City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager



Cari Dale, Water Utilities Director



James R. Riley, Financial Services Director



- Exhibit A Professional Services Agreement
- Exhibit B Consultant Mailing List
- Exhibit C Consultant Rating Form
- Exhibit D San Diego County Water Authority Letter dated November 1, 2013

CITY OF OCEANSIDE

PROFESSIONAL SERVICES AGREEMENT**PROJECT: INDIRECT POTABLE REUSE AND PATHOGEN REMOVAL
STUDY - 908130200715**

THIS AGREEMENT, dated _____, 2014 for identification purposes, is made and entered into by and between the CITY OF OCEANSIDE, a municipal corporation, hereinafter designated as "CITY", and RMC, hereinafter designated as "CONSULTANT".

RECITALS

- A. CITY desires to obtain professional engineering services from an independent contractor for the above named project.
- B. CONSULTANT has submitted a proposal to provide engineering services for the CITY in accordance with the terms set forth in this Agreement.
- C. CITY desires to contract with CONSULTANT as an independent contractor and CONSULTANT desires to provide services to CITY as an independent contractor.
- D. CONSULTANT has demonstrated its competence and professional qualifications necessary for the satisfactory performance of the services designated herein by virtue of its experience, training, education and expertise.

NOW, THEREFORE, THE PARTIES MUTUALLY AGREE AS FOLLOWS:

- 1.0 **SCOPE OF WORK.** CONSULTANT desires to perform the Indirect Potable Reuse and Pathogen Removal Study more particularly described in the CONSULTANT'S scope of work dated January 15, 2014, attached hereto and incorporated herein as Exhibit A.
- 1.1 **PROFESSIONAL SERVICES PROVIDED BY CONSULTANT.** The professional services to be performed by CONSULTANT shall consist of but not be limited to the following:
 - 1.1.1 Work closely with the City Engineer in performing work in accordance with this Agreement in order to receive clarification as to the result which the CITY expects to be accomplished by CONSULTANT. The City Engineer, under the authority of the City Manager, shall be the CITY'S authorized representative in the interpretation and enforcement of all work performed in connection with this Agreement. The City Engineer may delegate authority in connection with this

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Agreement to the City Engineer's designees. For the purposes of directing the CONSULTANT'S performance in accordance with this Agreement, the City Engineer delegates authority to Jason Dafforn, Water Utilities Division Manager.

- 1.1.2 In compliance with Government Code section 7550, the CONSULTANT shall include a separate section in the proposal prepared pursuant to this Agreement, which contains a list of all the subcontractors and dollar amounts of all contracts and subcontracts required for the preparation of work described in this Agreement.
- 1.1.3 Visit and carefully examine the location of the project as often as necessary to become acquainted with all conditions which are visible or could reasonably be discovered, and which might have an impact upon the construction of the project.
- 1.1.4 Design, prepare and submit to the City Engineer, plans and specifications for the construction of the project as described in the Scope of Work, and in the time and manner set forth in this Agreement.
- 1.1.5 Prepare and submit to the City Engineer, concurrently with the design plans, the following:
 - a. A written estimate of probable construction costs.
 - b. A written list of submittals, which the construction contractor will be required to provide during the construction phase of the project.
- 1.1.6 Upon completion of construction, prepare, approve and sign a set of As-Built record drawings.
- 1.1.7 Provide office and field assistance to the City during the bidding and construction periods upon request by City Engineer to include the services listed below:
 - a. Provide consultation and advice to the City during construction of the project.
 - b. Review and comment on detailed construction drawings, shop and erection drawings submitted by the contractor, subcontractors and suppliers for compliance with the construction contract documents.
 - c. Review and comment on laboratory, shop and mill test reports on materials and equipment.
 - d. Review and make recommendations on all construction contract change orders and requests for clarification from the contractor.

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- e. Prepare engineering cost estimates.
- f. Prepare design changes and clarifications to the plans and specifications.
- g. Prepare needed reports and notices.
- h. Provide periodic visits to the site to monitor construction.
- i. Attend meetings with the City Engineer or his designees.

1.2 SERVICES PROVIDED BY CITY. The CITY shall perform the following services:

- 1.2.1 Provide access to all public improvement plans and records and furnish one copy of drawings and reports requested.
- 1.2.2 Obtain all necessary permits from other regulatory agencies and other Departments. CONSULTANT shall participate in the completion of such forms but CITY will submit these and pay for any applicable fees.
- 1.2.3 Provide sample of title block for the plans and standard form Public Works Construction Contract Documents to be used with the General Provisions (Specifications).
- 1.2.4 Upon request, verify the location of existing CITY owned utilities.
- 1.2.5 Provide all legal advertising mailings and postings required.
- 1.2.6 Duplicate all final plans and specifications.
- 1.2.7 Provide all necessary surveying and testing required for design, including geotechnical engineering services if required during construction.
- 1.2.8 Provide overall project management.
- 1.2.9 Provide coordination of all inquiries from prospective bidders during the bidding period.

2.0 TIMING REQUIREMENTS

- 2.1 Time is of the essence in the performance of work under this Agreement and the following timing requirements shall be strictly adhered to unless otherwise modified in writing as set forth in Section 2.6. Failure by CONSULTANT to

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strictly adhere to these timing requirements may result in termination of this Agreement by the CITY and the assessment of damages against the CONSULTANT for delays.

- 2.2 CONSULTANT shall prepare and deliver a copy of the Final Report to the City Engineer within 410 calendar days of the execution of this Agreement and in accordance to the project schedule included in the CONSULTANT's scope of work.
- 2.3 CONSULTANT shall submit all requests for extensions of time for performance in writing to the City engineer no later than ten (10) calendar days after the start of the condition which purportedly caused the delay, and not later than the date on which performance is due. The City Engineer shall review all such requests and may grant reasonable time extensions for unforeseeable delays which are beyond CONSULTANT'S control.
- 2.4 For all time periods not specifically set forth herein, the CONSULTANT shall respond in the most expedient and appropriate manner under the circumstances, by either telephone, fax hand delivery or mail.
- 3.0 **DESIGN CRITERIA AND STANDARDS.** All work shall be performed in accordance with applicable CITY, state and federal codes and criteria. In the performance of its professional services, CONSULTANT shall use the degree of care and skill ordinarily exercised by consultants under similar conditions.

All plans shall be ink drawn on standard mylar sheets available from the CITY at no cost to CONSULTANT. Contract specifications shall conform to the CITY'S specification procedures and the format of the CITY'S standard form Contract Documents for Public Works Construction.

- 4.0 **INDEPENDENT CONTRACTOR.** CONSULTANT'S relationship to the CITY shall be that of an independent contractor. CONSULTANT shall have no authority, express or implied, to act on behalf of the CITY as an agent, or to bind the CITY to any obligation whatsoever, unless specifically authorized in writing by the City Engineer. The CONSULTANT shall not be authorized to communicate directly with, nor in any way direct the actions of, any bidder or the construction contractor for this project without the prior written authorization by the City Engineer. CONSULTANT shall be sole responsible for the performance of any of its employees, agents or subcontractors under this agreement.

CONSULTANT shall report to the CITY any and all employees, agents and consultants performing work in connection with this project, and all shall be subject to the approval of the CITY.

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- 5.0 **CITY BUSINESS LICENSE.** Prior to the commencement of any work under this agreement, the CONSULTANT shall obtain and present a copy of an Oceanside City Business License to the City Engineer.
- 6.0 **WORKERS' COMPENSATION.** Pursuant to Labor Code section 1861, the CONSULTANT hereby certifies that the CONSULTANT is aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and the CONSULTANT will comply with such provisions and provide certification of such compliance as a part of these Award Documents. The certification shall be in accordance with Subsections 7.3 through 7.8 of this Agreement.

7.0 **LIABILITY INSURANCE.**

- 7.1 CONSULTANT shall, throughout the duration of this Agreement, maintain comprehensive general liability and property damage insurance, or commercial general liability insurance, covering all operations of CONSULTANT, its agents and employees, performed in connection with this Agreement including, but not limited to, premises and automobile.
- 7.2 CONSULTANT shall maintain liability insurance in the following minimum limits:

Comprehensive General Liability Insurance
(bodily injury and property damage)

Combined Single Limit Per Occurrence	\$ 1,000,000
General Aggregate	\$ 2,000,000*

Commercial General Liability Insurance
(bodily injury and property damage)

General limit per occurrence	\$ 1,000,000
General limit project specific	\$ 2,000,000
<u>Automobile Liability Insurance</u>	\$ 1,000,000

*General aggregate per year, or part thereof, with respect to losses or other acts or omissions of CONSULTANT under this Agreement.

- 7.3 If coverage is provided through a Commercial General Liability Insurance policy, a minimum of 50% of each of the aggregate limits shall remain available at all times. If over 50% of any aggregate limit has been paid or reserved, the CITY may require additional coverage to be purchases by the CONSULTANT to restore

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the required limits. The CONSULTANT shall also notify the CITY'S Project Manager promptly of all losses or claims over \$25,000 resulting from work performed under this contract, or any loss or claim against the CONSULTANT resulting from any of the CONSULTANT'S work.

- 7.4 All insurance companies affording coverage to the CONSULTANT for the purposes of this Section shall add the City of Oceanside as "additional insured" under the designated insurance policy for all work performed under this Agreement. Insurance coverage provided to the CITY as an additional insured shall be primary insurance and other insurance maintained by the CITY, its officers, agents and employees shall be excess only and not contributing with insurance provided pursuant to this Section.
- 7.5 All insurance companies affording coverage to the CONSULTANT pursuant to this Agreement shall be insurance organizations authorized by the Insurance Commissioner of the State of California to transact business of insurance in the state or be rated as A-X or higher by A.M. Best.
- 7.6 CONSULTANT shall provide thirty (30) days written notice to the CITY should any insurance policy required by this Agreement be cancelled before the expiration date. For the purposes of this notice requirement, any material change in the policy prior to the expiration shall be considered a cancellation.
- 7.7 CONSULTANT shall provide evidence of compliance with the insurance requirements listed above by providing, at minimum, a Certificate of Insurance and applicable endorsements, in a form satisfactory to the City Attorney, concurrently with the submittal of this Agreement.
- 7.8 CONSULTANT shall provide a substitute Certificate of Insurance no later than thirty (30) days prior to the policy expiration date. Failure by the CONSULTANT to provide such a substitution and extend the policy expiration date shall be considered a default by CONSULTANT and may subject the CONSULTANT to a suspension or termination of work under the Agreement.
- 7.9 Maintenance of insurance by the CONSULTANT as specified in this Agreement shall in no way be interpreted as relieving the CONSULTANT of any responsibility whatsoever and the CONSULTANT may carry, at its own expense, such additional insurance as it deems necessary.
- 8.0 **PROFESSIONAL ERRORS AND OMISSIONS INSURANCE.** Throughout the duration of this agreement and four (4) years thereafter, the CONSULTANT shall maintain professional errors and omissions insurance for work performed in connection with this Agreement in the minimum amount of One Million dollars (\$1,000,000).

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CONSULTANT shall provide evidence of compliance with these insurance requirements by providing a Certificate of Insurance.

- 9.0 **CONSULTANT'S INDEMNIFICATION OF CITY.** To the greatest extent allowed by law (including without limitation, California Civil Code Section 2782.8), CONSULTANT shall indemnify and hold harmless the CITY and its officers, agents and employees against all claims for damages to persons or property arising out of CONSULTANT'S work, including the negligent acts, errors or omissions or wrongful acts or conduct of the CONSULTANT, or its employees, agents, subcontractors, or others in connection with the execution of the work covered by this Agreement, except for those claims arising from the willful misconduct, sole negligence or active negligence of the CITY, its officers, agents, or employees. CONSULTANT'S indemnification shall include any and all costs, expenses, attorneys' fees, expert fees and liability assessed against or incurred by the CITY, its officers, agents, or employees in defending against such claims or lawsuits, whether the same proceed to judgment or not. Further, CONSULTANT at its own expense shall, upon written request by the CITY, defend any such suit or action brought against the CITY, its officers, agents, or employees founded upon, resulting or arising from the conduct, tortious acts or omissions of the CONSULTANT.

CONSULTANT'S indemnification of CITY shall not be limited by any prior or subsequent declaration by the CONSULTANT.

- 10.0 **ERRORS AND OMISSIONS.** In the event that the City Engineer determines that the CONSULTANT'S negligence, misconduct, errors or omissions in the performance of work under this Agreement has resulted in expense to CITY greater than would have resulted if there were no such negligence, errors or omissions in the plans or contract specifications, CONSULTANT shall reimburse CITY for the additional expenses incurred by the CITY, including engineering, construction and/or restoration expense. Nothing herein is intended to limit CITY'S rights under Sections 7, 8 or 9.
- 11.0 **NO CONFLICT OF INTEREST.** The CONSULTANT shall not be financially interested in any other CITY contract for this project. For the limited purposes of interpreting this section, the CONSULTANT shall be deemed a "City officer or employee", and this Section shall be interpreted in accordance with Government Code section 1090. In the event that the CONSULTANT becomes financially interested in any other CITY contract for this project, that other contract shall be void. The CONSULTANT shall indemnify and hold harmless the CITY, under Section 9 above, for any claims for damages resulting from the CONSULTANT'S violation of this Section.
- 12.0 **OWNERSHIP OF DOCUMENTS.** All plans and specifications, including details, computations and other documents, prepared or provided by the

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CONSULTANT under this Agreement shall be the property of the CITY. The CITY agrees to hold the CONSULTANT free and harmless from any claim arising from any use, other than the purpose intended, of the plans and specifications and all preliminary sketches, schematics, preliminary plans, architectural perspective renderings, working drawings, including details, computation and other documents, prepared or provided by the CONSULTANT. CONSULTANT may retain a copy of all material produced under this Agreement for the purpose of documenting their participation in this project.

13.0 COMPENSATION.

13.1 For work performed by CONSULTANT in accordance with this Agreement, CITY shall pay CONSULTANT in accordance with the schedule of billing rates set forth in Exhibit "A", attached hereto and incorporated herein by reference. No rate changes shall be made during the term of this Agreement without prior written approval of the City Engineer. CONSULTANT'S compensation for all work performed in accordance with this Agreement shall not exceed the total contract price of \$499,853.

No work shall be performed by CONSULTANT in excess of the total contract price without prior written approval of the City Engineer. CONSULTANT shall obtain approval by the City Engineer prior to performing any work which results in incidental expenses to CITY as set forth in Section 13.2.2.

13.2 CONSULTANT shall maintain accounting records including the following information:

13.2.1 Names and titles of employees or agents, types of work performed and times and dates of all work performed in connection with this Agreement which is billed on an hourly basis.

13.2.2 All incidental expenses including reproductions, computer printing, postage, mileage and subsistence.

13.3 CONSULTANT'S accounting records shall be made available to the City Engineer for verification of billings, within a reasonable time of the City Engineer's request for inspection.

13.4 CONSULTANT shall submit monthly invoices to CITY. CITY shall make partial payments to CONSULTANT not to exceed the total contract price within thirty (30) days of receipt of invoice, subject to the approval of the City engineer, and in accordance with the schedule of billing rates set forth in Exhibit "A", attached hereto and incorporated herein by reference.

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13.4.1 Final payment shall be made to CONSULTANT upon CONSULTANT's preparation of the final report to the satisfaction of the City Engineer.

14.0 **TERMINATION OF AGREEMENT.** Either party may terminate this Agreement by providing thirty (30) days written notice to the other party.

If any portion of the work is terminated or abandoned by the CITY, then the CITY shall pay CONSULTANT for any work completed up to and including the date of termination or abandonment of this Agreement, in accordance with Section 13. The CITY shall be required to compensate CONSULTANT only for work performed in accordance with the Agreement up to and including the date of termination.

15.0 **ASSIGNMENT AND DELEGATION.** This Agreement and any portion thereof shall not be assigned or transferred, nor shall any of the CONSULTANT'S duties be delegated, without the express written consent of the CITY. Any attempt to assign or delegate this Agreement without the express written consent of the CITY shall be void and of no force or effect. Consent by the CITY to one assignment shall not be deemed to be a consent to any subsequent assignment.

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

16.0 **ENTIRE AGREEMENT.** This Agreement comprises the entire integrated understanding between CITY and CONSULTANT concerning the work to be performed for this project and supersedes all prior negotiations, representations or agreements.

17.0 **INTERPRETATION OF THE AGREEMENT.** The interpretation, validity and enforcement of the Agreement shall be governed by and construed under the laws of the State of California. The Agreement does not limit any other rights or remedies available to CITY.

The CONSULTANT shall be responsible for complying with all local, state and federal laws whether or not said laws are expressly stated or referred to herein.

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.

18.0 **AGREEMENT MODIFICATION.** This Agreement may not be modified orally or in any manner other than by an Agreement in writing, signed by the parties hereto.

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19.0 DISPUTE RESOLUTION.

- a. 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.
- b. No suit shall be brought on this contract unless all statutory claims filing requirements have been met.

20.0 NOTICES. 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
City Engineer
300 North Coast Highway
Oceanside, CA 92054

TO CONSULTANT:

RMC
Scott Goldman
603 Seagaze Dr. #125
Oceanside, CA 92054

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:

- a. Actual receipt at the offices of the party to whom the communication is to be sent, as designated above, or
- b. 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.

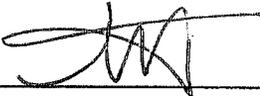
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21.0 **SIGNATURES.** The individuals executing this Agreement represent and warrant that they have the right, power, legal capacity and authority to enter into and to execute this Agreement on behalf of the respective legal entities of the CONSULTANT and the CITY.

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 Professional Services Agreement to be executed by setting hereunto their signatures on the dates indicated below:

RMC

CITY OF OCEANSIDE

By: 
Name/Title MEVEK NASE-TORAH, C.F.D.

By: _____
Steven R. Jepsen, City Manager

Date: 1-23-2014

Date: _____

By: 
Name/Title SCOTT GOLDMAN, Vice President

APPROVED AS TO FORM:

Date: 1-24-2014


City Attorney

94-3295096
Employer ID No.

NOTARY ACKNOWLEDGMENTS OF CONSULTANT MUST BE ATTACHED.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

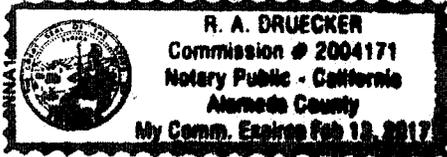
State of California

County of San Francisco }

On 01-23-2014 before me, R.A. DRUECKER, NOTARY PUBLIC
Date Here Insert Name and Title of the Officer

personally appeared MELEK RAYE NASR-TOTAH
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Place Notary Seal Above

Signature: R.A. Druecker, Notary Public
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Professional Services Agreement

Document Date: none Number of Pages: 11

Signer(s) Other Than Named Above: none

Capacity(ies) Claimed by Signer(s)

Signer's Name: Melek Raye Nasr-Totah Signer's Name: _____

- Corporate Officer — Title(s): _____
- Individual
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

Signer Is Representing: _____

CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

State of California

County of Orange

On January 24, 2014 before me, YUE QIN LIN
(Here insert name and title of the officer)

personally appeared MICHAEL SCOTT GOLDMAN

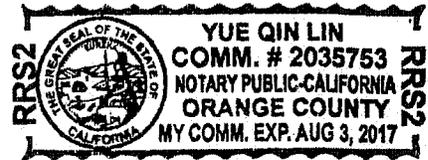
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

YUE QIN LIN
 Signature of Notary Public

(Notary Seal)



ADDITIONAL OPTIONAL INFORMATION

INSTRUCTIONS FOR COMPLETING THIS FORM

Any acknowledgment completed in California must contain verbiage exactly as appears above in the notary section or a separate acknowledgment form must be properly completed and attached to that document. The only exception is if a document is to be recorded outside of California. In such instances, any alternative acknowledgment verbiage as may be printed on such a document so long as the verbiage does not require the notary to do something that is illegal for a notary in California (i.e. certifying the authorized capacity of the signer). Please check the document carefully for proper notarial wording and attach this form if required.

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. he/she/they- is /are) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
 - ❖ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
 - ❖ Indicate title or type of attached document, number of pages and date.
 - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document

DESCRIPTION OF THE ATTACHED DOCUMENT

PROFESSIONAL SERVICES
(Title or description of attached document)

AGREEMENT
(Title or description of attached document continued)

Number of Pages 10 Document Date _____

(Additional information)

CAPACITY CLAIMED BY THE SIGNER

Individual (s)

Corporate Officer

(Title)

Partner(s)

Attorney-in-Fact

Trustee(s)

Other _____

City of Oceanside**Indirect Potable Reuse and Pathogen Removal Study****Scope of Work****January 15, 2014****Project Understanding**

The City of Oceanside (City) is undertaking this Indirect Potable Reuse (IPR) and Pathogen Removal Study to enhance water supply reliability for the City and its customers. This project will unfold during a time of significant regulatory uncertainty, with the California Department of Public Health's (CDPH's) recently-released groundwater recharge draft regulations subject to interpretation and the statewide conversation on direct potable reuse amplifying. The following unique aspects of the Oceanside setting provide significant opportunity for implementation of a cost-effective and potentially innovative IPR alternative:

- An unreliable groundwater basin that necessitates supplemental (including reverse osmosis) treatment prior to beneficial use of groundwater, but provides both storage capacity and an additional level of treatment
- Unused treatment capacity at San Luis Rey (SLR) Water Recycling Facility (WRF), providing potential for nitrification or other alternative treatment approaches
- A regional water supply that is steadily increasing in cost due to incorporation of energy-intensive desalinated ocean water supplies, making IPR more attractive from a financial perspective
- Outside funding to support implementation of a pathogen removal study, which will ultimately provide much-needed data on pathogen removal through conventional wastewater treatment to support enhanced pathogen removal credit

RMC's mission is to deliver an IPR and Pathogen Removal Study that capitalizes on these opportunities to achieve the following objectives.

OBJECTIVE 1: Establish feasibility of IPR in the Mission Basin using the novel approach of establishing pathogen removal credits in conventional WW treatment.

OBJECTIVE 2: Improve groundwater basin conditions, increasing reliability of local supplies

OBJECTIVE 3: Optimize water recycling at the San Luis Rey WRF through IPR as a supplement to conventional Non-Potable Reuse (NPR) opportunities

OBJECTIVE 4: Maximize opportunities for outside funding to limit potential impacts to ratepayers

Based on our understanding of the project and Oceanside's unique setting, we have formulated an approach which anticipates and addresses the following key issues that we anticipate will determine the City's ability to achieve its objectives.

OBJECTIVE 1: Establish feasibility of IPR in the Mission Basin using the novel approach of establishing pathogen removal credits in conventional WW treatment

The key to a successful and cost-effective project will be overcoming cumbersome regulatory requirements through a credible, innovative approach. While CDPH's updated draft Groundwater Recharge (GWR) regulations provide increased flexibility to agencies in crafting groundwater recharge projects, the pathway to capitalizing on this increased flexibility is unproven. Specifically, the current draft regulations enable agencies to implement recharge projects with less blend water and significantly reduced groundwater retention time than previously allowed.

For recharge projects that use full advanced treatment (also referred to as FAT), which includes reverse osmosis followed by an advanced oxidation process (RO/AOP), projects are no longer required to provide blend water, and the minimum retention time in the groundwater basin is reduced to two months, as compared to the six month retention time required in the past. However, an issue to be clarified in the draft regulation is how the CDPH-required minimum pathogen removal credit of 12-log enteric virus removal can be achieved with only a two or three month retention time in the groundwater basin. Typically, a project concept based on a groundwater basin retention time of two months would require pathogen removal credit for the conventional treatment portion of the treatment train. However, Soil-Aquifer Treatment (SAT), if demonstrated, can provide equivalent treatment and remove nutrients, pathogens and organics with surface spreading at recharge basins. In addition, CDPH has stipulated that for a groundwater basin retention time of less than six months, an agency would need to present a monitoring, response and remediation strategy that confirms the agency's ability to mitigate a treatment failure in the specified period. The City's regulatory strategy must be crafted to optimize the opportunities and costs associated with each potential treatment alternative in the context of regulatory requirements for pathogen removal, recharge, and waste discharge.

OBJECTIVE 2: Improve groundwater basin conditions, increasing reliability of local supplies

Under some current hydrologic conditions, production from the City's Mission Basin Groundwater Purification Facility (MBGPF) can lower levels in the Mission Basin and threaten riparian habitat and/or cause seawater intrusion. A potential challenge facing the City as it moves toward IPR through GWR is the non-homogeneous nature of the basin, making it unsuitable for tracer studies and a challenge to accurately model.

Our approach involves reviewing and updating the existing groundwater model that was developed in 2004 with an additional nine years of data to provide a modeling tool that is sufficiently robust to support the regulatory discussion and decision-making at this conceptual design level. The Mission Basin Groundwater Purification Facility (MBGPF) will need to be considered in these regulatory discussions as a unique and additional fail-safe feature.

OBJECTIVE 3: Optimize water recycling at the San Luis Rey WRF- The City is currently undertaking multiple recycled water planning processes. By coordinating these efforts, the City stands to develop a comprehensive recycled water program that incorporates both expanded nonpotable and indirect potable reuse, maximizing water reuse while optimizing cost implications and local water quality benefits.

OBJECTIVE 4: Maximize opportunities for outside funding- IPR projects inherently integrate multiple water management strategies and provide multiple water resource benefits; as such, they can be attractive projects for outside funding.

IPR projects can potentially be costly, impacting public perception and posing a challenge to implementation. In order to maximize potential for outside funding, the project must be developed with specific funding sources and timelines in mind. For example, Round 3 of the Proposition 84 Integrated Regional Water Management program will provide funding for integrated, multi-benefit projects such as the City's project. However, in order to be included in the regional application, the project must be developed sufficiently and in time for the application. Specifically, the City will need to be able to demonstrate that the project is ready to proceed, and will need to be able to quantify and monetize a wide variety of project benefits in order to be competitive. Similarly, for the project to be competitive for Clean Water State Revolving Fund or US Bureau of Reclamation Title XVI funding, specific project elements must be developed, quantified, and monetized, and the project schedule must be developed with outside funding schedules in mind.

SCOPE OF WORK

Task 1: Regulatory Structure and Potential Opportunities

Regulatory credibility is the key to success for this project. As such, developing and implementing a sound regulatory strategy will be critical to successful project development.

The Water Recycling Criteria (Title 22 of the California Code of Regulations) currently include narrative requirements for planned GWR projects. The regulations state that recycled water "shall be at all times of a quality that fully protects public health, that CDPH recommendations will be made on an individual case basis, and will be based on all relevant aspects of each project. Since 1976, CDPH has issued numerous draft versions of more detailed GWR regulations that - when finalized - will be included in Title 22. The most recent draft was issued in June 2013 and will be part of the CDPH formal regulatory package for adoption of final GWR regulations in 2014/15. The draft GWR Regulations are used by project sponsors for planning purposes and by CDPH as guidance in reviewing and approving GWR projects and providing permitting recommendations to Regional Water Quality Control Boards (RWQCBs), who issue the project permits. The draft GWR Regulations have been developed to ensure that a GWR project does not degrade groundwater used as a drinking water source; to provide multiple barriers to protect water quality and human health; and to ensure a project can identify and respond to treatment failures.

Unique issues of the Oceanside IPR Project include:

- Establishing the initial and maximum recycled water contribution (RWC). For a project that uses advanced treatment for the entire flow, CDPH has the discretion to allow a project to use 100% recycled water. However, for an agency without potable reuse experience, CDPH require initial operations using some diluent water. Strategies can be developed to provide CDPH with the necessary assurances that diluent water is not needed for project start-up.
- Developing an innovative method for establishing diluent water credit (if diluent water is needed) for an IPR project where it will be necessary to characterize available sources of dilution water.
- Groundwater modeling and tracer testing for a very complex groundwater basin.
- Justifying an Residence Response Time (RRT) of less than six months based on the results of the pathogen study; wastewater, advanced water treatment, and groundwater treatment operational protocols; monitoring; and operator training. This project is unique in that it would represent the first time that a groundwater treatment barrier would be considered as part of the RRT derivation.
- Developing boundaries for restricted zones of potable well construction under the new draft GWR Regulations and in light of complex groundwater travel/transport.
- Garnering microbial barrier credit for MBGPF

In addition to CDPH permitting, the City will require RWQCB permits. It is anticipated that, by keeping recharge out of the streambed through use of injection wells and / or off stream percolation ponds, the City can avoid the need to secure an NPDES permit that would trigger compliance with California Toxics Rule and nutrient limits, which will save valuable time and resources. Instead, it is anticipated that the City will be required to secure Recycled Water Requirements and Waste Discharge Requirements from the San Diego RWQCB. Brine discharge is expected to be addressed through an addendum to the City's Oceanside Ocean Outfall (OOO) NPDES permit.

In addition to RWQCB permitting, it is anticipated that, in order to comply with the Recycled Water Policy, the City will be required to demonstrate that the project does not lead to migration of any contaminant plumes and will not cause the dissolution of naturally occurring elements such as arsenic.

Task 1 Deliverables:

- Strategy meeting with City of Oceanside and meeting notes
- Coordination meeting with San Diego RWQCB (1)
- Coordination meeting with CDPH (1)
- Regulatory Assessment Technical Memorandum (TM)

Task 2 - Groundwater Technical Assessment

Groundwater modeling is a cornerstone of any regulatory strategy supporting a GWR IPR project. The groundwater model is needed to demonstrate sufficient travel time and to understand groundwater migration in the basin, as well as to understand the capability to both recharge recycled water and extract it for later use.

To ensure the groundwater model is sufficiently robust to support the regulatory discussion, the model will be evaluated to determine necessary upgrades, and IPR-relevant characteristics of the local

groundwater basin for recharge and soil aquifer treatment will be assessed. First, existing data on the groundwater basin will be collected and analyzed to determine what additional data and information may be necessary to support technical studies. These necessary studies will be performed as part of this task to determine critical parameters such as storage capacity, travel times, water quality, and potential recharge locations.

The model must be sufficiently developed to answer the following four key questions.

- 1) What is the available storage capacity of the Groundwater Basin?
- 2) What are the anticipated travel times of recycled water and the percentage of recycled water in blend water in the groundwater basin at selected locations?
- 3) What is the ambient groundwater quality?
- 4) What are potential recharge locations?

Once necessary model updates have been made, groundwater flow model re-calibration will be performed using the "history matching" technique. In this method, the historical groundwater level data will be compared with model-generated groundwater levels. This will include data used in the previous modeling efforts. Results of the model calibration will be explained in terms of calibration statistics, plots of observed versus model-generated water levels and transient hydrographs of observed versus model-generated heads for specific wells. The calibration statistics will be used to determine the accuracy of the updated model and the uncertainty of predictive results.

The updated model will be used to run predictive scenarios to determine the retention time from the recharge location to production wells and to determine the percentage of recycled water in blend water from production wells. In order to determine the retention time from the recharge locations to the production wells, groundwater flow model (MODFLOW) and particle tracking technique (MODPATH) runs will be made. Groundwater solute transport model (MT3DMS) runs will also be made to quantify the percentage of recycled water in blend water from production wells.

This will enable the City to demonstrate for regulators the ability of the groundwater basin to assimilate the recycled water supply with no degradation or mobilization of contaminant plumes while achieving sufficient retention time to enable the project to move forward through the permitting process.

Based on the results of this groundwater basin analysis, alternative recharge locations will be identified and assessed. The following table compares the implications of various recharge alternatives with respect to regulatory feasibility, land requirements, environmental and cost implications, and location flexibility. This table assumes that FAT is implemented due to the limited retention time in the Mission groundwater basin and water quality implications.

Task 2 Deliverables:

- TM to document groundwater quality and surface hydrology and quality
- TM to document the results of travel time assessment and applicable basin parameters

Task 3 - WRF Assessment and Pathogen Removal Study

Pathogen removal is the most important public health aspect of potable reuse. The purpose of Task 3 is to develop a data-driven, technical view of the SLR WRP to understand the levels of pathogens entering the facility, and the effectiveness of the individual unit processes in providing protection. This information is critical in understanding the suitability of the water for IPR, and will shape the requirements for the subsequent advanced treatment and groundwater basin retention requirements. Literature data on pathogen removal through wastewater treatment is limited, but is an essential new permitting requirement under the latest draft GWR regulations. This task addresses the immediate needs of the City, while benefiting the industry as a whole.

In order to design an effective pathogen study, the existing treatment process must first be evaluated. The SLR WRF is a conventional activated sludge plant with a secondary treatment capacity of 13.5 million gallons per day (MGD). The last two years of IPR-related data will be reviewed as a basis for understanding the facility's operating regime in order to craft a pathogen removal study plan.

Information developed through this assessment will be used to develop and implement a comprehensive pathogen removal study. As a first step, a literature review of the existing data for pathogen removal through conventional wastewater treatment plants will be performed. Information from both the assessment and literature review will be used to develop the pathogen removal sampling plan. A preliminary sampling plan is provided in the following table, describing proposed sampling parameters, locations, and priorities. This regime directly builds off of the methodology of three of the most important, recent studies on pathogen occurrence and removal in terms of pathogens, frequency, and location.

Preliminary SLR WRP Process and Pathogen Removal Study Sampling Locations and Frequency for Baseline 1-Year Study Duration

Sampling Locations	Total Coliform	Virus	<i>Giardia & Crypto</i>	<i>Salmonella</i>	NDMA	CECs & DBPs ⁽²⁾
Raw Influent	B	B	M	M		
Primary Effluent	B	B	(M)	M		
Secondary Effluent	B	B	M	M	Q	
Tertiary Filter Effluent	B	B	M	M		
Chlorine Disinfection Effluent	B	B	(Q)	M	Q	Q
Thickener Filtrate	(M)	(M)	(M)	(M)		
Centrifuge Filtrate	(M)	(M)	(M)	(M)		

⁽¹⁾ Sampling frequencies are indicated by letter: B=biweekly, M=monthly, and Q=quarterly. Those in parentheses indicate Tier 2 lower priority sampling locations. ⁽²⁾ CECs include 1,4-dioxane. DBPs consist of TTHM and HAAS.

The preliminary sampling plan separates samples into priority levels, with a high-priority Tier 1 set integral to the study, and a lower-priority Tier 2 providing ancillary, but valuable, information. Monitoring of residuals streams, for example, are less critical than the main plant process flow, but are recommended for Tier 2 given that they are returned to the headworks and have potential for recycling of pathogens. Additionally, *Giardia* and *Crypto* are mainly removed through physical processes, not through disinfection. Thus, minimal removal should occur through the chlorine basin; periodic sampling at this location would serve to confirm this.

Beyond the one-year baseline sampling, an additional short-term, high-resolution sampling is proposed for *Giardia*, *Crypto*, and *Salmonella* – pathogens (both regulated and unregulated) that are highly communicable and thus of particular concern for public health. One of the biggest concerns for IPR projects is that they be protective of public health even during extreme events such as an enteric virus outbreak. Collecting data on the pathogen loading and treatment performance during extreme events therefore provides further assurance of the reliability of the IPR system. Epidemiological data from CDPH and the County of San Diego Health & Human Services Agency (HHSA) will be reviewed to identify periods when infection rates from these diseases are particularly prevalent, and higher frequency (weekly) sampling will be performed over a four-week period. The team will also communicate with HHSA on the goals of this study, and request to be notified if their data show increased rates of giardiasis, cryptosporidiosis, and/or salmonellosis during the one-year study. This information will also help guide the initiation of the short-term, high-resolution sampling campaigns.

Task 3 Deliverables:

- Draft and Final Pathogen Removal Sampling Plan and Quality Assurance Project Plan
- Draft and Final Pathogen Removal Study incorporating results and analysis of data collected

Task 4 - Advanced Treatment

Due to the City's unique setting and the opportunities presented by the Pathogen Removal Study, there are a variety of treatment alternatives that the City could pursue to achieve regulatory compliance.

The draft 2013 Regulations require that treatment train achieves at least 12-log enteric virus reduction, 10-log *Giardia* cyst reduction, and 10-log *Cryptosporidium* oocyst reduction and consists of at least three separate treatment processes, and each process can be credited with no more than 6-log reduction. For each month retained underground (as demonstrated through a tracer study), a 1-log virus reduction credit is received. Due to the non-homogenous nature of the Mission groundwater basin, it is unclear whether a tracer study may be feasible, in which case numeric modeling will be used to demonstrate retention time. The draft Regulations allow 0.5-log removal for each month underground as demonstrated by numeric modeling.

It is anticipated that retention times in the Mission groundwater basin will be relatively short – likely on the order of two months. As such, significant pathogen reduction credit is not anticipated based on retention time. This credit will therefore need to be achieved elsewhere in the treatment process and potentially through implementation of full advanced treatment (FAT).

Based on the draft Regulations, several alternative approaches may be evaluated to cost-effectively implement IPR in the Mission groundwater basin. Standard technologies such as MF, UF, RO and advanced oxidation processes, or AOP (using either UV or ozone), will be assessed, along with alternative processes such as ozone/biologically active carbon/filtration. Below is an example of advanced treatment technologies' performance relative to IPR treatment requirements.

Soil-Aquifer Treatment (SAT) is an alternative to FAT that can produce water that satisfies water quality requirements for groundwater recharge with surface spreading at recharge basins. RO removes nutrients and organics but these constituents can also be removed with SAT. SAT describes the natural attenuation of contaminants as water travels through the vadose zone and then underground. Removal mechanisms include photolysis (by the sun while in the recharge basin), biodegradation, and adsorption onto soil particles. SAT is effective at removing viruses, bacteria, TOC, nutrients and CECs to various degrees. Removal is site specific and column studies must be conducted to obtain accurate estimates.

Each potential treatment approach will be evaluated in the context of cost-effectiveness, potential brine for production, ease of permitting, and other implementation considerations.

Sizing Treatment Balances Benefits and Costs

Sizing of the advanced water treatment facility (AWPF) will be determined by balancing several considerations; all of which must be evaluated in conjunction with other IPR elements (e.g. brine-concentrate management options) and in terms of the overall project benefits and costs. AWPF sizing must consider:

- Desired level of reuse (likely up to 3,000 AFY initially)
- Recovery level (can range from 80 to nearly 100%)
- Brine-management options and disposal costs
- Peak or off-peak seasonal usage versus continuous/year-round operation
- Trade off of NPR uses versus IPR uses and coordination with other planned activities

Through AWPF assessment and project development, RMC will explore potential trade-offs associated with different treatment capacities and storage impacts. Our project economic analysis will consider the benefits of the IPR supply, cost of treatment, and need for or avoided costs associated with the planned project size. This could provide significant benefit to the City related to the capacity issue with the Oceanside Ocean Outfall.

Task 4 Deliverables:

- Design criteria and conceptual layout for each process option
- TM summarizing development and evaluation of treatment options, process flow diagrams, and costs

Task 5 – Brine Minimization and Disposal Alternatives

Management of reverse osmosis concentrate (RO concentrate) is often a challenge when implementing IPR projects. The City of Oceanside has two potential discharge options: the Oceanside Land Outfall or the Fallbrook Land Outfall.

The City is currently experiencing capacity constraints on its outfall system, so any reduction in wastewater discharged during peak wet weather periods will help reduce the peak flows through the OOO and alleviate capacity constraints. The City's OOO discharge permit would likely need to be amended to accommodate RO concentrate discharge, depending on the extent of the IPR program, quality and volume of RO concentrate flows, and the RWQCB's permit limits. Projected water quality of RO concentrate flows will need to be evaluated and compared to existing outfall flows and current permit limits to ensure regulatory feasibility.

Discharge of brine into the Oceanside Land Outfall at SLR WRP could prove cost-effective, but it would impact the City's El Corazon WRF project. Under that project, water would be diverted from the City's land outfall to a new WRP for treatment and distribution for non-potable reuse (NPR) applications. However, if RO concentrate is diverted to the land outfall over the course of the entire day, flows to the El Corazon project would experience elevated TDS, potentially inhibiting reuse for irrigation purposes. This impact could be mitigated by scheduling release of RO concentrate flows over a short time period (1 or 2 hours) to allow the El Corazon WRP to draw effluent from the land outfall during the rest of the day. This would require some amount of secondary effluent storage at the El Corazon WRP so the plant can continue to operate. This approach is currently being used by the City of Escondido at its Hale Avenue Resource Recovery Facility, which receives RO concentrate flows from the Palomar Energy Project. A conductivity probe at the outfall could be used to as a simple means to measure TDS in the secondary effluent and set a maximum TDS concentration to the El Corazon WRP.

As an alternative, the discharge of brine from an IPR project could be conveyed to the Fallbrook Land Outfall. This would not impact the City's potential El Corazon WRP, but would require coordination to secure discharge capacity.

For any alternative that generates a brine-concentrate stream, the size, or flow rate, of that brine-concentrate stream can be the most important driver on the cost of the alternatives for ultimate disposal - whether discharged to an outfall, a brine-concentrate line, evaporation ponds, or a mechanical zero liquid discharge (ZLD) system. For this reason, there is an increasing interest in the minimization of brine-concentrate flow. Brine-concentrate minimization has the further advantage that it maximizes the fresh water recovered by the process. The technology for minimizing brine-concentrate flows is undergoing rapid development at the present time and a wide variety of alternatives are being explored. However, these technologies can be costly.

As part of our approach, RMC will investigate the water quality, volume, and location of RO concentrate production and outfall capacities and constraints to identify any impacts to the City's outfall permit requirements and on the potential to use the discharge flows for non-potable reuse to determine the optimal RO concentrate management approach for each IPR alternative.

Task 5 Deliverables:

- TM Summarizing brine minimization and management options that identifies the preferred approach for a given quantity of brine.

Task 6 - Alternatives Development and Evaluation

This task includes developing comprehensive IPR alternatives that consider AWWP treatment (technology, sizing, siting), RO concentrate management, and recharge pathways (location and mechanism) that can then be assessed and refined to identify the recommended alternative. Through our experience completing similar projects throughout California, we have developed a process and lessons learned to guide alternatives development.

We will implement this project to develop viable, feasible projects that would optimize the City’s IPR potential in the context of the greater water reuse program. Each concept will then be evaluated against a host of criteria designed to assess the potential project benefits. Alternatives may then be further refined and optimized prior to completing an economic assessment that considers project benefits and costs. Even with the multiple benefits associated with an IPR project, the cost to produce AWT water for the Mission Basin can be substantial. Some level of non-potable water use will still be cost effective, which is why the City is pursuing recycled water use in the Ocean Hills area with the City of Carlsbad, Backgate area with Camp Pendleton, and the El Corazon WRP.

Fortunately there is a considerable amount of recycled water available at the SLR WRF with current flows around 10 mgd. The summertime demand for recycled water would only be around 6 mgd assuming an initial IPR project at around 3,000 AFY and an El Corazon WRP with an annual demand of 1,700 AFY. This would still leave almost 4 mgd available for additional reuse. In the future as flows increase to the SLR WRF there will be more opportunities for the City to expand both the NPR and IPR systems to maximize available local supplies.

Economic Benefits and Costs Assessment

Benefits to be Quantified and Monetized	Costs to be Considered
<ul style="list-style-type: none"> • Water supply reliability • New water supply source • Water quality improvements • Salt-nutrient management plan benefits • Local economic stimulus benefits • Energy generation options • Avoided costs, such as: <ul style="list-style-type: none"> ○ Lessened energy usage ○ Wastewater disposal costs ○ Imported water supply demand ○ Future wastewater seasonal storage needs 	<ul style="list-style-type: none"> • Capital costs of each project component • Operational and energy costs, including any staffing needs • Maintenance costs (annual and periodic) • Interagency fees (e.g. brineline) • External funding opportunities

This assessment will provide further basis for comparing potential alternatives, identifying a preferred alternative, and establishing the economic feasibility of implementing IPR in the City’s setting.

Implementation

This study will be used to set up the subsequent necessary efforts in the following key areas.

Outside Funding

Obtaining outside funding is often a key to the success of a major project. RMC is a leader in identifying funding sources and tailoring an IPR project to maximize those funding opportunities. RMC's team will support the District in identifying appropriate grants and loans to fund both planning and implementation (design and construction) phases of the IPR project. RMC will track the status of potential grant and loan programs to provide the District with timely notice of available funding sources as the project moves forward. Where feasible, the schedule of program elements will be adjusted to fit the timeframe of potential external funding opportunities.

In addition to USBR and SWRCB funding, the City's IPR project is an ideal candidate for DWR's Integrated Regional Water Management (IRWM) grant program. The proposed IPR project would provide multiple benefits associated with water supply reliability, water recycling, groundwater recharge, and groundwater quality improvement. A project which successfully develops new local water supply, manages wastewater to reduce discharge, and improves salinity levels within the basin is a highly competitive project for IRWM funding.

Public Outreach

The RMC team will work with the City's current Public Outreach consultant or provide this as an optional task for the City.

Permitting

Our team will consider permitting requirements in our overall alternatives evaluation and implementation planning.

Task 6 Deliverables:

- TM describing alternatives, associated facilities and how they were developed and evaluated
- Draft and Final Report documenting the conclusions from Tasks 1-6, that contains:
 - Executive Summary
 - Implementation Plan and Costs
 - Overall project schedule

Task 7 - Project Management

RMC will conduct monthly meetings with the City's project manager to discuss any outstanding technical and cost/scheduling issues. Project meetings with key member of the project team will be held as needed to inform the City of progress on major technical activities and to keep the project on schedule and within budget. The project meetings allow for ongoing communication among the project team members, and for City staff to raise any questions related to the progression of technical activities and project status. For budgetary purposes we anticipate 15 project meetings to be held during the course of the project. We have also budgeted time to assist the City with two (2) additional meetings with other key stakeholders or City Council as may be requested.

Company	Address	Contact
Tetra Tech ASL, Inc.	10815 Rancho Bernardo Road, Suite 200, San Diego, CA 92127	Howard Arnold
GEOSCIENCE Support Services, Inc.	P.O. Box 220, Claremont, CA 91711	Dennis E. Williams, Ph.D.
Seperation Processes, Inc.	3156 Lionshead Ave., Ste. 2, Carlsbad, CA 92010	Gerry Filteau
Trussel Technologies, Inc.	380 Stevens Ave., Suite 308, Solana Beach, CA 92075	R. Shane Trussell, Ph.D., P.E., BCEE
Infrastructure Engineering Corporation	301 Mission Avenue, Suite 202, Oceanside, CA 92054	Preston Lewis
Cornerstone Engineering, Inc.	717 Pier View way, Oceanside, CA 92054-2801	Mike Boraks
Carollo Engineers	615 South Tremont Street, Oceanside, CA 92054	Jeff Thornbury
Tetra Tech ASL, Inc.	2141 El Camino Real, Suite J, Oceanside, CA 92054	Howard Arnold
NV5	1029 Gallery Drive, Oceanside, CA 92057	Julian Palacios
RMC Water and Environment	603 Seagaze Drive, #125, Oceanside, CA 92054	Scott Goldman, P.E., BCEE

CONSULTANT PROPOSAL - RATING FORM

NAME OF FIRM: A) RMC B) Hazen and Sawyer

DATE: 11/14/2013

PROJECT: Indirect Potable Reuse and Pathogen Removal Study

PROJECT NO.: 908130200715

ITEM	POINTS	CONSULTANT'S RATING				
		A	B	C	D	E
I. QUALIFICATIONS OF FIRM AND MEMBERS:						
A. Specialized expertise of members	15	15	12			
B. Adequacy of staff and resources.	15	15	12			
II. PERFORMANCE OF WORK SIMILAR IN CHARACTER:						
A. Comparable work (local area preferred).	10	10	5			
B. Proposal submitted by Oceanside firm.	6	5	0			
C. Proposal included an Oceanside firm as part of a consulting team.	4	0	4			
D. Additional points based on abilities, qualifications, and commitment of Oceanside firm.	5	2	0			
III. ABILITY TO PROVIDE SERVICES:						
A. Ability to complete job on time.	10	10	5			
IV. QUALITY OF PROPOSAL:						
A. Satisfactorily address all objectives.	10	10	8			
B. Provide additional amplifying information.	5	5	4			
C. Presentation, clarity, neatness.	5	5	3			
V. WORK PERFORMANCE FOR THE CITY:						
A. No work in past 12 months.	10		10			
B. Work in past 12 months - deductions based on Contract amount.		2				
VI. PRICE:		\$499,853	\$726,185			
A. Overall cost.	10	9	4			
TOTALS:	105	88	67	0	0	0

RANKING:

1 RMC

2 Hazen Sawyer

3

4

5

RATED BY:

Name/Title: Cari Dale, Director

Name/Title: Rosemarie Chora, Division Manager

Name/Title: Jason Dafforn, Division Manager

Name/Title: Gary Bodman, Project Manager

Date: _____



San Diego County Water Authority

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November 13, 2013

Jeffrey Kightlinger, General Manager
Metropolitan Water District of Southern California
P.O. Box 54153
Los Angeles, CA 90054-0153

MEMBER AGENCIES

Carlsbad
Municipal Water District
City of Del Mar
City of Escondido
City of National City
City of Oceanside
City of Poway
City of San Diego
Fallbrook
Public Utility District
Helix Water District
Lakeside Water District
Olivenhain
Municipal Water District
Otay Water District
Padre Dam
Municipal Water District
Camp Pendleton
Marine Corps Base
Rainbow
Municipal Water District
Ramona
Municipal Water District
Rincon del Diablo
Municipal Water District
San Diego Gas & Electric
Water District
Santa Fe Irrigation District
South Bay Irrigation District
Vallecitos Water District
Valley Center
Municipal Water District
Vista Irrigation District
Yuma
Municipal Water District

OTHER REPRESENTATIVE

County of San Diego

RE: Foundational Actions Funding Program Agreement

Dear Jeff:

The Water Authority has reviewed the draft form of Foundational Actions Funding Program Agreement. We propose, and would like to discuss alternative approaches or amendments, as indicated below. We are addressing this letter to you, with a copy to your General Counsel, since you each have knowledge of both the provisions contained in the draft agreement and positions MWD has asserted in the pending litigation with the Water Authority involving MWD's utility service rates and related issues.

First, as background and as you are aware, the Water Authority's MWD board representatives opposed adoption of the "Foundational Actions Funding Program" ("Program") in letters dated March 7, April 8, and September 10, 2013, copies of which are attached and incorporated herein by reference. As stated in the September 10 letter, and as we have stated many times in the past – in the context of the Rate Structure Integrity provision and otherwise – in spite of its objections, the Water Authority reserves its rights and will continue to seek a fair share of MWD subsidies, so long as MWD's rates to pay for the subsidies are imposed on the Water Authority. If this program and the MWD rates to pay for it are truly "voluntary," as MWD has asserted in the litigation, we would prefer – and hereby renew our past request (see the Water Authority's letter dated August 12, 2010, also attached to this letter) – to opt out of receiving any Program benefits in exchange for not being assessed any water rates to pay for the Program. We request that this proposal be presented to the Board for its consideration.

If MWD is unwilling to agree to a voluntary Program, then we request the following amendments to the form of the Foundational Actions Funding Program Agreement ("Program Agreement").

1. Section 4.3 – clarify that the indemnification provision is limited to the specific project ("Project") that is the subject of the Program Agreement and does not apply to any other unrelated legal actions that may be filed against MWD challenging its utility service rates, compliance with cost of service requirements, or any other matter unrelated to the Project.

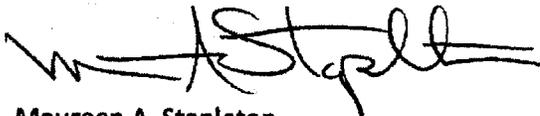
A public agency providing a safe and reliable water supply to the San Diego region

Mr. Kightlinger
November 13, 2013
Page 2

2. Section 5 – is very confusing because it misuses the term “intellectual property” to include such things as a consultant’s “raw results,” “drawings,” “final report” and “presentations,” as opposed to the common types of intellectual property recognized under California or federal law (e.g., copyrights, trademarks, patents, industrial design rights, and trade secrets). The Water Authority is willing to discuss terms that are based on any actual intellectual property right that may actually be enforced, including the potential value of any non-exclusive license MWD secures under the Program.
3. Section 9 – delete. As you are well aware, the question whether or not MWD may lawfully include in “contracts” with its member agencies the terms set forth in Section 9 is the subject of pending litigation. The Water Authority will not agree to, or be forced to waive its rights to challenge MWD’s utility service rates or any other matter in exchange for Foundational Action Funding Program benefits. Moreover, for the reasons the Water Authority has stated in numerous letters to the MWD Board of Directors, in discovery responses and briefs filed with the court, we do not believe that Sections 9.1 (b) and (c) can be determined separate and apart from a cost of service study and with reference to particular projects. MWD’s own experts have said the same thing.
4. 11.4 – delete. There are important policy reasons why a neutral venue is provided when there are disputes between two public agencies. Even assuming, without conceding, that this term could be enforced, we do not believe it would be proper for MWD to force member agencies to give up this right in order to receive Program benefits.

Finally, we would note that none of these provisions was presented to the MWD Board of Directors when the Program was voted on. Indeed, the Water Authority’s Board delegates understood from staff that it did not intend to include these kind of Rate Structure Integrity-style provisions, which are currently at issue, in a somewhat different form, in litigation. Please let me know as soon as possible how you would like to proceed in this matter.

Sincerely,



Maureen A. Stapleton
General Manager

cc: Marcia Scully
City of Oceanside
Ramona Municipal Water District
City of San Diego
Water Authority Board of Directors
MWD Board of Directors

Mr. Kightlinger
November 13, 2013
Page 3

Attachments:

- 1. Foundational Actions Funding Letter, dated March 7, 2013**
- 2. Foundational Actions Funding Letter, dated April 8, 2013**
- 3. Foundational Actions Funding Letter, dated September 10, 2013**
- 4. Rate Structure Integrity Letter, dated August 12, 2010**



San Diego County Water Authority

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(858) 522-6600 FAX (858) 522-6568 www.sdcwa.org

March 7, 2013

John V. Foley, Chairman, and
Members, Board of Directors
Metropolitan Water District of Southern California
P.O. Box 54153
Los Angeles, CA 90054-0153

MEMBER AGENCIES

- Corisbad Municipal Water District
 - City of Del Mar
 - City of Escondido
 - City of National City
 - City of Oceanside
 - City of Poway
 - City of San Diego
 - Fallsbrook Public Utility District
 - Helix Water District
 - Lakeside Water District
 - Olivenhain Municipal Water District
 - Oray Water District
 - Padre Dam Municipal Water District
 - Camp Pendleton Marine Corps Base
 - Rainbow Municipal Water District
 - Ramona Municipal Water District
 - Rincon del Diablo Municipal Water District
 - San Dieguito Water District
 - Santa Fe Irrigation District
 - South Bay Irrigation District
 - Vallejitos Water District
 - Volley Center Municipal Water District
 - Vista Irrigation District
 - Yusma Municipal Water District
- OTHER REPRESENTATIVE**
- County of San Diego

RE: Board Item 9-1 – Proposed Foundational Actions Funding Program

Dear Chairman Foley and Members of the Board:

We write to express our opposition to the concept of spending unbudgeted MWD ratepayer dollars on a "Foundational Actions Funding Program," as described in Board Memo 9-1. We would also like to express again our frustration with management's continued reliance on a badly outdated 2010 Integrated Resources Plan (IRP) to justify this and other unnecessary spending programs.

MWD's 2010 IRP was based on providing a core water supply to meet 1.9 million to 2 million acre feet of MWD demand. In addition, the IRP includes the development of an extra "buffer" supply of as much as 500,000 acre feet of water annually -- over and above dry-year demand. On top of these supplies lie the so-called "foundational actions" deemed necessary to address future supply vulnerabilities and uncertainties.

MWD's 2012 IRP implementation report published last October listed 10 action items MWD itself is carrying out under the foundational actions. This month's memo also states that MWD's core resources plan is "on track and is well positioned to meet future demands within an expected range of future conditions." In light of these facts, it is difficult to understand why MWD is recommending additional unbudgeted expenditures to develop more local projects that it does not need and that would further dampen its own water sales. Aside from the moniker, these "foundational actions" will lead to the same kind of local projects MWD continues to subsidize through its Local Resource Projects program. The mere statement that, "the future is uncertain and under some conditions, additional water resources may need to be developed" is insufficient to justify any of these expenditures.

The State Auditor recently noted that MWD's water sales are down by 25%, and that, as a result of reduced sales and other factors, MWD's water rates have increased dramatically. In

Chairman Foley and Members of the Board
March 7, 2012
Page 2

In addition, the updated Southern California Association of Governments (SCAG) Regional Transportation Plan shows significant demographic changes from previous estimates. Specifically, MWD's service area within SCAG jurisdiction shows demographic projections for the year 2025 include 1.2 million fewer people, 194,000 fewer households, 550,000 fewer jobs and a 4% reduction in median real household income than SCAG's previous projections. All these factors will further reduce retail water demands below those projected in MWD's IRP and 2010 Regional Urban Water Management Plan.

We renew past requests that management bring back to the board – so that the information will be available at the same time the board is being asked to approve expenditures on “foundational actions” – the following information:

- An update to the IRP that reflects current sales data and trends and the development of local water supplies by member agencies and others that were not accounted for in the 2010 IRP;
- An analysis and quantification of the nature and extent of the “uncertainty” and “unforeseen risks” the “foundational actions” are intended to address, over and above the spending programs called for in the IRP including the BDCP, conservation and local projects.

The types of projects that are enumerated as being the subject of the “foundational actions” are local water supply projects that will, when developed, represent a permanent reduction in MWD's water sales. With demands already reduced and with the proposed Bay Delta Conservation Plan on the drawing board, please address this next month in a board memo why management is nonetheless recommending these expenditures be made at this time.

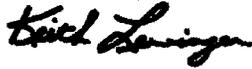
Although we disagree with MWD establishing an unbudgeted program when there is clearly no justification, if the board chooses to adopt the program, it must make clear that the funding would be provided to all member agencies without any “rate structure integrity” constraints that are currently embedded in the LRP funding agreements.

The program criteria should also be revised to reflect the purported purpose of the foundational actions, i.e., approaches to long term water supply uncertainty. The criteria, as described on page 3 of the board memo, fail to do so or otherwise provide a substantive basis to distinguish between applicants for this new subsidy program. Furthermore, the program's process for project selection must be revised to assure that the technical experts on the selection panel are required to file FPPC Form 700 disclosure forms pursuant to MWD's Local Conflict of Interest Code. Conflict of interest laws are designed to preclude participation in governmental decisions where there may be a direct or indirect effect on a decision-maker's financial interests. Requiring disclosure of such interests by members of the selection panel will help assure compliance with conflict of interest laws.

Chairman Foley and Members of the Board
March 7, 2012
Page 3

Finally, we also request that management provide an analysis of the regional benefit of the "Foundational Actions Funding Program" sufficient to meet the requirements of Proposition 26.

Sincerely,



Keith Lewinger
Director



Vincent Mudd
Director



Fern Steiner
Director



Doug Wilson
Director

cc: Jeff Kightlinger, MWD General Manager
San Diego County Water Authority Board of Directors and Member Agencies



San Diego County Water Authority

4677 Overland Avenue • San Diego, California 92123-1233
(858) 522-6600 FAX (858) 522-6568 www.sdcwa.org

April 8, 2013

John V. Foley, Chairman, and
Members, Board of Directors
Metropolitan Water District of Southern California
P.O. Box 54153
Los Angeles, CA 90054-0153

MEMBER AGENCIES

- Carlsbad Municipal Water District
- City of Del Mar
- City of Escondido
- City of National City
- City of Oceanside
- City of Poway
- City of San Diego
- Fallbrook Public Utility District
- Heix Water District
- Lakeside Water District
- Oliverholm Municipal Water District
- Oray Water District
- Padre Dam Municipal Water District
- Camp Pendleton Marine Corps Base
- Rainbow Municipal Water District
- Rancho Municipal Water District
- Rincon del Diablo Municipal Water District
- San Dieguito Water District
- Santa Fe Irrigation District
- South Bay Irrigation District
- Vallecitos Water District
- Valley Center Municipal Water District
- Vista Irrigation District
- Yuma Municipal Water District

OTHER REPRESENTATIVE
County of San Diego

RE: Board Item 8-4: Approve Foundational Actions Funding Program -- OPPOSE

Dear Chairman Foley and Members of the Board:

We write to **OPPOSE** the "Foundational Actions Funding Program," described in Board memo 8-4, for all of the reasons described in our March 7, 2013 letter, a copy of which is attached.

As unbudgeted expenditures, these costs were not included in the cost of service analysis purporting to support the water rates and charges that will actually be used to pay these costs. Moreover, there is no evidence to support MWD's claim that these expenditures provide a direct or regional benefit to any water ratepayers other than those who actually receive subsidies. MWD's proposed "program" and financial practices are not sufficient to meet the requirements of Proposition 26.

While we can see the appeal of this funding from MWD to an agency in these days of constrained budgets, this board has a responsibility to all of MWD's water ratepayers to ensure that MWD's water rates and charges are no higher than necessary. This certainly cannot be said of these unbudgeted, unallocated costs. Especially when MWD's "core resources plan is on track and is well-positioned to meet future demands," as clearly stated in the Board memo.

Sincerely,

Keith Lewinger
Director

Vincent Mudd
Director

Fern Steiner
Director

Doug Wilson
Director

cc: Jeff Kightlinger, MWD General Manager
San Diego County Water Authority Board of Directors and Member Agencies
Attachment: Water Authority Delegation Letter dated March 7, 2013



San Diego County Water Authority

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March 7, 2013

John V. Foley, Chairman, and
Members, Board of Directors
Metropolitan Water District of Southern California
P.O. Box 54153
Los Angeles, CA 90054-0153

MEMBER AGENCIES

- Coveland Municipal Water District
 - City of Del Mar
 - City of Escondido
 - City of National City
 - City of Oceanside
 - City of Poway
 - City of San Diego
 - Fellbrook Public Utility District
 - Helix Water District
 - Lakeside Water District
 - Oliverhan Municipal Water District
 - Otay Water District
 - Padra Dam Municipal Water District
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 - San Dieguito Water District
 - Santa Fe Irrigation District
 - South Bay Irrigation District
 - Vallecitos Water District
 - Volley Center Municipal Water District
 - Vista Irrigation District
 - Yuima Municipal Water District
- OTHER REPRESENTATIVE**
- County of San Diego

RE: Board Item 9-1 – Proposed Foundational Actions Funding Program

Dear Chairman Foley and Members of the Board:

We write to express our opposition to the concept of spending unbudgeted MWD ratepayer dollars on a "Foundational Actions Funding Program," as described in Board Memo 9-1. We would also like to express again our frustration with management's continued reliance on a badly outdated 2010 Integrated Resources Plan (IRP) to justify this and other unnecessary spending programs.

MWD's 2010 IRP was based on providing a core water supply to meet 1.9 million to 2 million acre feet of MWD demand. In addition, the IRP includes the development of an extra "buffer" supply of as much as 500,000 acre feet of water annually -- over and above dry-year demand. On top of these supplies lie the so-called "foundational actions" deemed necessary to address future supply vulnerabilities and uncertainties.

MWD's 2012 IRP implementation report published last October listed 10 action items MWD itself is carrying out under the foundational actions. This month's memo also states that MWD's core resources plan is "on track and is well positioned to meet future demands within an expected range of future conditions." In light of these facts, it is difficult to understand why MWD is recommending additional unbudgeted expenditures to develop more local projects that it does not need and that would further dampen its own water sales. Aside from the moniker, these "foundational actions" will lead to the same kind of local projects MWD continues to subsidize through its Local Resource Projects program. The mere statement that, "the future is uncertain and under some conditions, additional water resources may need to be developed" is insufficient to justify any of these expenditures.

The State Auditor recently noted that MWD's water sales are down by 25%, and that, as a result of reduced sales and other factors, MWD's water rates have increased dramatically. In

Chairman Foley and Members of the Board
March 7, 2012
Page 2

In addition, the updated Southern California Association of Governments (SCAG) Regional Transportation Plan shows significant demographic changes from previous estimates. Specifically, MWD's service area within SCAG jurisdiction shows demographic projections for the year 2025 include 1.2 million fewer people, 194,000 fewer households, 550,000 fewer jobs and a 4% reduction in median real household income than SCAG's previous projections. All these factors will further reduce retail water demands below those projected in MWD's IRP and 2010 Regional Urban Water Management Plan.

We renew past requests that management bring back to the board – so that the information will be available at the same time the board is being asked to approve expenditures on “foundational actions” – the following information:

- An update to the IRP that reflects current sales data and trends and the development of local water supplies by member agencies and others that were not accounted for in the 2010 IRP;
- An analysis and quantification of the nature and extent of the “uncertainty” and “unforeseen risks” the “foundational actions” are intended to address, over and above the spending programs called for in the IRP including the BDCP, conservation and local projects.

The types of projects that are enumerated as being the subject of the “foundational actions” are local water supply projects that will, when developed, represent a permanent reduction in MWD's water sales. With demands already reduced and with the proposed Bay Delta Conservation Plan on the drawing board, please address this next month in a board memo why management is nonetheless recommending these expenditures be made at this time.

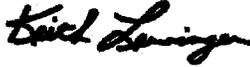
Although we disagree with MWD establishing an unbudgeted program when there is clearly no justification, if the board chooses to adopt the program, it must make clear that the funding would be provided to all member agencies without any “rate structure integrity” constraints that are currently embedded in the LRP funding agreements.

The program criteria should also be revised to reflect the purported purpose of the foundational actions, i.e., approaches to long term water supply uncertainty. The criteria, as described on page 3 of the board memo, fail to do so or otherwise provide a substantive basis to distinguish between applicants for this new subsidy program. Furthermore, the program's process for project selection must be revised to assure that the technical experts on the selection panel are required to file FPPC Form 700 disclosure forms pursuant to MWD's Local Conflict of Interest Code. Conflict of interest laws are designed to preclude participation in governmental decisions where there may be a direct or indirect effect on a decision-maker's financial interests. Requiring disclosure of such interests by members of the selection panel will help assure compliance with conflict of interest laws.

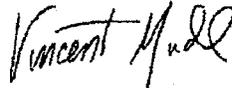
Chairman Foley and Members of the Board
March 7, 2012
Page 3

Finally, we also request that management provide an analysis of the regional benefit of the "Foundational Actions Funding Program" sufficient to meet the requirements of Proposition 26.

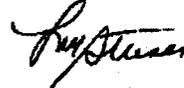
Sincerely,



Keith Lewinger
Director



Vincent Mudd
Director



Fern Steiner
Director



Doug Wilson
Director

cc: Jeff Kightlinger, MWD General Manager
San Diego County Water Authority Board of Directors and Member Agencies



San Diego County Water Authority

4677 Overland Avenue • San Diego, California 92123-1233
(858) 522-6600 FAX (858) 522-6568 www.sdcwa.org

September 10, 2013

John (Jack) V. Foley and
Members of the Board of Directors
Metropolitan Water District of Southern California
P.O. Box 54153
Los Angeles, CA 90054-0153

MEMBER AGENCIES

- Carlsbad Municipal Water District
- City of Del Mar
- City of Escondido
- City of National City
- City of Oceanside
- City of Poway
- City of San Diego
- Fallbrook Public Utility District
- Helix Water District
- Lakeside Water District
- Oliverhain Municipal Water District
- Olney Water District
- Padre Dam Municipal Water District
- Camp Pendleton Marine Corps Base
- Rainbow Municipal Water District
- Ramona Municipal Water District
- Rincon del Diablo Municipal Water District
- San Dieguito Water District
- Santa Fe Irrigation District
- South Bay Irrigation District
- Volocitos Water District
- Valley Center Municipal Water District
- Vista Irrigation District
- Yuma Municipal Water District

RE: Board Memo 8-2: Authorize staff to enter into funding agreements for Foundational Actions Funding Program proposals – OPPOSE

Dear Chairman Foley and Members of the Board:

For the reasons stated in detail in our April 8, 2013 letter to you (Attachment 1, incorporated herein by reference), we write to express opposition to Board Memo 8-2.

As we have stated in the past – in the context of the Rate Structure Integrity provision and otherwise – in spite of its objections, the Water Authority reserves its right to seek a fair share of MWD subsidies so long as MWD’s rates to pay for the subsidies are imposed on the Water Authority.

We acknowledge and appreciate that the Rate Structure Integrity language has not been included as part of the Foundational Actions program to fund these local projects.

Sincerely,

Michael Hogan
Director

Keith Lewinger
Director

Vincent Mudd
Director

Fern Steiner
Director

cc: Jeff Kightlinger, MWD General Manager
San Diego County Water Authority Board of Directors and Member Agencies

Attachment: April 8, 2013 letter from Water Authority’s MWD Delegates to Chairman Foley
RE Board Item 9-1 – proposed Foundational Actions Funding Program

A public agency providing a safe and reliable water supply to the San Diego region



San Diego County Water Authority

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April 8, 2013

John V. Foley, Chairman, and
Members, Board of Directors
Metropolitan Water District of Southern California
P.O. Box 54153
Los Angeles, CA 90054-0153

MEMBER AGENCIES

- Carlsbad Municipal Water District
- City of Del Mar
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- South Bay Irrigation District
- Vallecitos Water District
- Volley Center Municipal Water District
- Vista Irrigation District
- Yuima Municipal Water District

OTHER REPRESENTATIVE

County of San Diego

RE: Board Item 8-4: Approve Foundational Actions Funding Program -- OPPOSE

Dear Chairman Foley and Members of the Board:

We write to **OPPOSE** the "Foundational Actions Funding Program," described in Board memo 8-4, for all of the reasons described in our March 7, 2013 letter, a copy of which is attached.

As unbudgeted expenditures, these costs were not included in the cost of service analysis purporting to support the water rates and charges that will actually be used to pay these costs. Moreover, there is no evidence to support MWD's claim that these expenditures provide a direct or regional benefit to any water ratepayers other than those who actually receive subsidies. MWD's proposed "program" and financial practices are not sufficient to meet the requirements of Proposition 26.

While we can see the appeal of this funding from MWD to an agency in these days of constrained budgets, this board has a responsibility to all of MWD's water ratepayers to ensure that MWD's water rates and charges are no higher than necessary. This certainly cannot be said of these unbudgeted, unallocated costs. Especially when MWD's "core resources plan is on track and is well-positioned to meet future demands," as clearly stated in the Board memo.

Sincerely,

Keith Lewinger
Director

Vincent Mudd
Director

Fern Steiner
Director

Doug Wilson
Director

cc: Jeff Kightlinger, MWD General Manager
San Diego County Water Authority Board of Directors and Member Agencies
Attachment: Water Authority Delegation Letter dated March 7, 2013



San Diego County Water Authority

4677 Overland Avenue • San Diego, California 92123-1233
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March 7, 2013

John V. Foley, Chairman, and
Members, Board of Directors
Metropolitan Water District of Southern California
P.O. Box 54153
Los Angeles, CA 90054-0153

MEMBER AGENCIES

- Corisbed Municipal Water District
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- Viata Irrigation District
- Yuma Municipal Water District

OTHER REPRESENTATIVE

County of San Diego

RE: Board Item 9-1 – Proposed Foundational Actions Funding Program

Dear Chairman Foley and Members of the Board:

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Chairman Foley and Members of the Board
March 7, 2012
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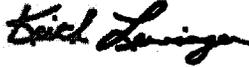
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Finally, we also request that management provide an analysis of the regional benefit of the "Foundational Actions Funding Program" sufficient to meet the requirements of Proposition 26.

Sincerely,



Keith Lewinger
Director



Vincent Mudd
Director



Fern Steiner
Director



Doug Wilson
Director

cc: Jeff Kightlinger, MWD General Manager
San Diego County Water Authority Board of Directors and Member Agencies



San Diego County Water Authority

4677 Overland Avenue • San Diego, California 92123-1233
(858) 522-6600 FAX (858) 522-6568 www.sdcwa.org

Aug. 12, 2010

Timothy Brick
Chairman
Board of Directors
Metropolitan Water District of Southern California
P.O. Box 54153
Los Angeles, CA 90054-0153

MEMBER AGENCIES

Carlsbad
Municipal Water District
City of Del Mar
City of Escondido
City of National City
City of Oceanside
City of Poway
City of San Diego
Fellbrook
Public Utility District
Hells Water District
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South Bay Irrigation District
Vallecitos Water District
Valley Center
Municipal Water District
Vista Irrigation District
Yuima
Municipal Water District

OTHER REPRESENTATIVE

County of San Diego

Re: Board Agenda Item 8-9: "Rate Structure Integrity"

Dear Chairman Brick:

As stated in past correspondence, the San Diego County Water Authority believes that the so-called "rate structure integrity" provision in MWD incentive funding contracts is both bad public policy and legally unenforceable. The Water Authority has governmental responsibilities to protect our region's water ratepayers and has declined to waive its rights or responsibilities in order to get back a share of the money it has paid to MWD through water rates to fund these incentive programs.

In its recently filed lawsuit, the Water Authority has questioned the propriety and legality of MWD's rate structure, including the manner in which it allocates the costs of water supply programs that are paid for, in part, by incentive payments. We ask that the board consider the following requests during its closed session meeting Tuesday to discuss San Diego's incentive funding contracts.

1. I will recommend to my Board of Directors an agreement under which MWD suspends the payment of any incentive funding to the Water Authority during the pendency of the litigation provided that MWD agrees to suspend collection of Water Stewardship Rate revenues from the Water Authority during the same period.
2. The RSI policy and contract provisions do not state whether RSI funding will be restored retroactively in the event that the court finds in favor of the plaintiff challenging MWD's rate structure. Please provide clarification of the board policy on this point.
3. Jeff Kightlinger informed us at the IRP Public Forum meeting in San Diego August 10 that the reason MWD does not require its member agencies to legally commit to pay for MWD projects and programs is because the board of directors will not agree to do so. The current IRP proposes spending billions of dollars, including

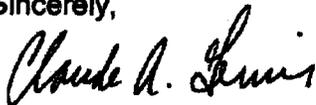
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substantial investments in member agency programs. The Water Authority is willing to contractually commit to pay for MWD projects and programs it wishes to purchase from MWD. We would like to know if the rest of the board will now consider adding this contractual requirement as part of its rate structure in order to fulfill the intended purpose of Rate Structure Integrity in a more comprehensive fashion.

We appreciate your consideration of these requests and look forward to receipt of your written responses.

Sincerely,

A handwritten signature in cursive script that reads "Claude A. Lewis".

Claude A. "Bud" Lewis
Chair
Board of Directors

cc: MWD Board of Directors
San Diego County Water Authority Board of Directors