

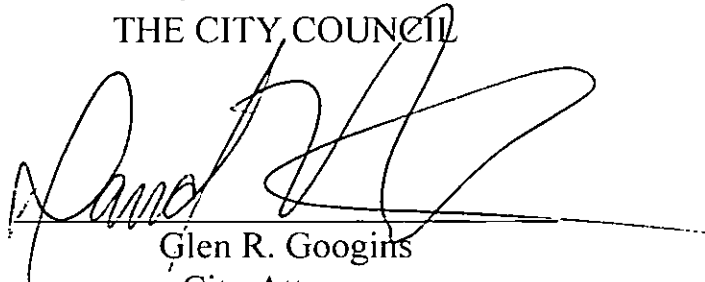


SEWAGE TRANSPORTATION AGREEMENT FOR SPRING VALLEY OUTFALL SEWERAGE SYSTEM

San Diego County Sanitation
District and
City of Chula Vista

May 2016

THE ATTACHED AGREEMENT HAS BEEN REVIEWED
AND APPROVED AS TO FORM BY THE CITY
ATTORNEY'S OFFICE AND WILL BE
FORMALLY SIGNED UPON APPROVAL BY
THE CITY COUNCIL



Glen R. Googins
City Attorney

Dated: 6/2/16

SEWAGE TRANSPORTATION AGREEMENT
BETWEEN
SAN DIEGO COUNTY SANITATION DISTRICT AND
THE CITY OF CHULA VISTA
FOR THE SPRING VALLEY OUTFALL SEWERAGE SYSTEM

THIS SEWAGE TRANSPORTATION AGREEMENT FOR THE SPRING VALLEY OUTFALL SEWERAGE SYSTEM is made and entered into by and between the San Diego County Sanitation District, an independent sewer district formed and operating under the County Sanitation District Act, Health & Safety Code section 4700, *et seq.* (“District”), and the City of Chula Vista, a municipal corporation (“City”).

RECITALS

- A. By virtue of a change of organization approved by the San Diego Local Agency Formation Commission (LAFCO), effective July 1, 2010, the District is the successor agency to the Spring Valley Sanitation District (“Spring Valley”). In accordance with the terms and conditions of the LAFCO approved change of organization and the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, California Government Code section 56000, *et seq.*, the District took ownership of all property formerly owned by Spring Valley and is the successor in interest of Spring Valley to all contracts to which Spring Valley was a party.
- B. District owns, operates and maintains the Spring Valley Outfall Sewerage System (SVOSS) for the purpose of collecting and transporting sewage from the District and certain other municipalities and districts to the City of San Diego’s Metropolitan Sewerage System (hereinafter “Metro System”) for treatment and disposal. The SVOSS includes the Spring Valley Outfall Sewer, as well as several other upstream trunk sewers that connect to the outfall. The outfall sewer is a segment approximately 8.7 miles long located within the Sweetwater River Basin that runs from the intersection of Jamacha Boulevard and Sweetwater Road in Spring Valley, to a point of connection with the Metropolitan Sewerage System located near the junction of Interstate 5 and State Route 54. Connecting to the easterly (upstream) terminus of the outfall sewer, are several District owned and operated feeder trunk sewers that extend northerly into the communities of La Mesa and Lemon Grove, and easterly to the community of Rancho San Diego. The trunk sewers that connect with the outfall sewer and are part of the SVOSS include, but are not limited to: Trunks A, B, C, E, EII, Broadview, Central, and Jamacha.
- C. District constructed portions of the SVOSS with the proceeds of revenue bonds issued pursuant to Chapter 5, Part 3, Division 5 (Sections 4950, *et seq.*) of the Health & Safety Code of the State of California. In accordance with this law, the District adopted Ordinance Nos. 5 and 6 on May 15, 1962. In accordance with Section 51 of Ordinance No. 6 and Covenant No. 8 of Section 20 of Ordinance No. 5 and Health & Safety Code section 5060, the District may lease capacity rights in the SVOSS for a term of up to 15 years as long as there is sufficient capacity and the lease will not impair the usefulness of the SVOSS.
- D. City owns, operates and maintains portions of a sewerage system within the Sweetwater Basin for the purpose of collecting and transporting sewage from the northerly portions of the City and certain other districts to the Metro System via the SVOSS. City has

leased transportation capacity in the SVOSS since May 9, 1964. The most recent lease agreement entitled “Agreement between the City of Chula Vista and the Spring Valley Sanitation District for the Transportation of Wastewater in the Spring Valley Joint System” dated May 20, 1997 expired on June 30, 2013 (hereinafter “Lease Agreement”). District finds that City may again lease capacity rights in the SVOSS without impairing its usefulness.

- E. It is recognized that there exists certain additional agreements between the parties hereto related to the transportation of sewage that ultimately flows through the SVOSS. These agreements include the following
1. “Agreement between the City of Chula Vista and Spring Valley Sanitation District for the Connection of City’s Proctor Valley Road Sewer to District’s Frisbie Trunk” dated July 20, 1999; and
 2. “Agreement Between the City of Chula Vista and Spring Valley Sanitation District for a New 8” Connection from the Church of the Good Shepard to Chula Vista’s Bonita Road Sewer and Recorded Flow Adjustment” dated March 24, 2009.
- F. This Sewage Transportation Agreement for the SVOSS between the San Diego County Sanitation District and the City of Chula Vista shall override, supersede and replace the two (2) existing agreements aforementioned in Recital Section E.
- G. The District and City are parties to the “Regional Wastewater Disposal Agreement between the City of San Diego and the Participating Agencies in the Metropolitan Sewerage System” filed on May 18, 1998 as Document No. 00-18517 with the City Clerk of the City of San Diego (hereinafter “Regional Wastewater Disposal Agreement”). In accordance with the Regional Wastewater Disposal Agreement, the District and City have the right to discharge wastewater up to established limits into the Metro System, herein after referred to as “Metro Capacity Rights”. The District and City are agreed that: 1) all sewage originating in the City or from territory within the City’s sphere of influence which is ultimately discharged into the Metro System through the SVOSS shall be charged against the City’s Metro Capacity Rights and that 2) all sewage discharged into the SVOSS from territory served by the District shall be charged against District’s Metro Capacity Rights.
- H. The primary purposes of this agreement are to: 1) establish the rights, privileges and duties of the parties concerning the use of the SVOSS by the City; 2) allow for the construction and maintenance of connections to the SVOSS by City; 3) specify the area within the City to be served by the SVOSS; 4) set standards regarding waste characteristics; 5) establish lease, fees and charges and the methods for determining them; and 6) establish discharge capacity limitations consistent with the Regional Wastewater Disposal Agreement for each agency.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual obligations of the parties as herein expressed, District and City agree as follows:

ARTICLE 1 - DEFINITIONS

The singular of each defined term includes the plural. For the purposes of this agreement, the following definitions apply:

District Sewerage System means District's wastewater collection system, which consists of pipelines and pump stations, that collects wastewater within Spring Valley and from other authorized agencies and conveys it to the Metropolitan Sewerage System for treatment and disposal via the District's SVOSS. Unless the context specifically requires a different interpretation, the term District Sewerage System as used in this agreement is synonymous with the term Spring Valley Outfall Sewerage System or SVOSS.

District Sewerage System Facility means each element of the District Sewerage System used or useful for the transportation of sewage, including but not limited to transmission lines, force mains, trunk sewers, interceptors, and pump stations.

Best Management Practices means an engineered structure, management activity, or a combination thereof, that eliminates or reduces an adverse environmental effect of a pollutant.

Capital Improvement Project (herein referred to as "*CIP*") means those items and activities required by sound engineering and best management practices, including but not limited to acquisition, planning, design, financing, and construction, for any one or more of the following purposes: 1) to alter, change or modify the hydraulic capacity of any part or whole of the District Sewerage System; 2) to improve the function and performance of any part or whole of any portion of the District Sewerage System; 3) to add new facilities to the District Sewerage System for the purpose of altering, changing, or modifying the hydraulic capacity, or improving the function and performance of the system; or 4) to perform a major repair or major replacement of any existing District Sewerage System facilities.

Capital Improvement Project Cost means costs associated with a Capital Improvement Project.

City's Tributary means City areas where wastewater flows are conveyed to the District Sewerage System, and measured using either flow meters or house-count areas. The authorized City's Tributary pursuant to this agreement is delineated in Exhibit A, and Exhibits B-1 through B-6. The City's Tributary, is conveyed to the Metropolitan Sewerage System for treatment and disposal via the District's SVOSS.

Capacity Limitations means the amount of sewage allowed under this agreement to discharge into those portions of the District Sewerage System, up to the limits set forth in Article 3 of this agreement. These limitations are separate and distinct from Metro Capacity Rights as referenced in the Regional Wastewater Disposal Agreement.

Design Capacity means the maximum flow which can be conveyed through a pipe segment when the ratio of depth of the flow to the diameter of the pipe segment (d/D) equals 75% for pipe segment 18 inches or greater, or 50 % for pipe segment 15 inches or smaller. In the case of a pump station, design capacity means the maximum flow that can be pumped using the main pumps, excluding the backup pumping capacity.

Fiscal Year means the period from July 1 through June 30.

Flow means the amount of wastewater produced by customers, and including inflow and infiltration, which is discharged into the District Sewerage System by City or any other authorized agency. Flow may be expressed in million gallons per day (MGD).

Infiltration means water other than wastewater produced by customers that enters a sewerage system (including sewer service connections) from the ground through such means as defective pipes, pipe joints, connections or manhole structures (excluding the manhole cover). Infiltration does not include, and is distinguished from, inflow.

Inflow means water other than wastewater produced by customers that enters a sewerage system (including sewer service connections) from sources such as roof leaders, cellar drains, yard drains, area drains, foundation drains, drains from springs and swampy areas, manhole covers, cross connections between storm sewers and sanitary sewers, catch basins, cooling towers, storm waters, surface runoff, street wash waters, or drainage. Inflow does not include, and is distinguished from, infiltration.

LAFCO means the San Diego Local Agency Formation Commission.

Metropolitan Sewerage System (previously defined as the Metro System) means those City of San Diego facilities and contract rights to facilities which are described in the Regional Wastewater Disposal Agreement, as may be amended.

Operation and Maintenance (herein referred to as "O & M") means those items and activities required by sound engineering and best management practices to maintain the hydraulic capacity, function, and performance of the District Sewerage System or Metro System.

Operation and Maintenance Costs means the costs of operation and maintenance including, but not limited to, annual costs associated with administration, operation, maintenance, replacement (non-CIP), annual premiums, claims payments and claims administration, and overhead.

Parties means District and City.

Regional Wastewater Disposal Agreement means the "Regional Wastewater Disposal Agreement between San Diego and the Participating Agencies in the Metropolitan Sewerage System," Document No. OO-18417, filed May 18, 1998, with the Clerk for the City of San Diego as may be amended or replaced.

Sewage means wastewater and its commonly constituent substances.

Sewage Transportation Service means the transportation of sewage from the point of discharge into the District Sewerage System to the Metropolitan Sewerage System.

Spring Valley Outfall Sewerage System (herein referred to as “SVOSS”) means the Spring Valley Outfall Sewer and several upstream trunk sewers connected to the outfall, including but not limited to what is named by the District as Trunks A, B, C, E, EII, Broadview, Central, and Jamacha.

Transportation Charge means the amount paid to the District for City’s transportation of flow in the District Sewerage System. This charge includes operation and maintenance costs but does not include capital improvement project costs.

Unit Transportation Rate means the amount per unit distance (mile) of length of gravity sewer charged for sewage transportation service.

ARTICLE 2 - OWNERSHIP AND OPERATION OF THE DISTRICT SEWERAGE SYSTEM

2.1 Rights of the Parties. All decisions with respect to the planning, design, construction, operation and maintenance of the District Sewerage System shall rest with the District. This agreement provides City with a contractual right to use the SVOSS included within the District Sewerage System as set forth in this agreement.

2.1.1 Change in Ownership. Subject to the terms of this agreement, and in conformance with all applicable laws, District may transfer ownership of all or part of the District Sewerage System at any time. District shall not transfer or agree to transfer any part of the SVOSS transporting sewage from the City’s Tributary without reserving City’s rights granted by this agreement. In the event of a transfer, District’s successor(s) in interest shall be bound by the terms of this agreement.

2.1.2 Assignment of Rights. Subject to the terms of this agreement, City may transfer or assign its rights and obligations under this agreement. Any such transfer must first, however, be approved in writing by District’s Engineer. City may not transfer its rights if District determines, after consultation with City, that the proposed transfer will adversely impact District’s ability to operate the District Sewerage System or violate or potentially violate the Regional Wastewater Disposal Agreement.

2.2 Duties of District. District shall operate and maintain the SVOSS in an efficient and economical manner, and maintain it in good repair and working order, all in accordance with recognized sound engineering and best management practices. District shall comply with all applicable laws, rules and regulations.

2.3 Duties of City. City shall maintain connections and discharge sewer flows into the SVOSS in accordance with this agreement, the Regional Wastewater Disposal Agreement, District ordinances, resolutions, rules and regulations, including Ordinance No. 10423 of the San Diego County Sanitation District Establishing Provisions for the Use of District Sewerage Facilities. ,

and all applicable State and federal laws, rules, and regulations. Continued City connection and use of the SVOSS shall be subject to the following:

2.3.1 Connections. City, at its sole expense, shall construct, install, maintain, repair, replace and reconstruct all connections and appurtenances to the SVOSS installed or constructed by City under the terms of this agreement. The location, installation, construction, repair (except emergency repairs, which may following the repair, be made to conform to District standards), replacement and reconstruction of each and every such connection and appurtenance shall be in accordance with the standards of the agency in which such connection will occur, District design standards, Standard Specifications for Public Works Construction and San Diego County Regional Standard Drawings. In addition, connection fees shall be in the amount charged by such agency at the time the permit for such connection is issued.

2.3.2 Mapped Service Area. The City's Tributary mapped on Exhibits A, and B-1 through B-6 shall be the only City area served by connections to the SVOSS. In no event shall City allow areas not depicted on these exhibits to be served using the SVOSS. Subject to the limitations hereinafter set forth, the City may request expansion of the area served. Expansion of the area served (City Tributary) may be accommodated by the District as long as there is sufficient capacity and the additional flow will not impair the usefulness of the SVOSS. Expansion of the City's Tributary would require amendment of this agreement, as well as production of amended Exhibits.

a) Area to be Served. Only those areas within the City's Tributary as shown on the exhibits, as amended from time to time, and located within the City or annexed to the City by LAFCO action, shall be eligible to be served by District's Outfall Sewer. Notwithstanding the foregoing, the District may temporarily serve areas outside City boundaries but within the City's sphere of influence or for other purposes within the scope of California Government Code section 56133 as the same may be amended from time to time. Temporary service shall be subject to the prior written approval of the District's Engineer, which approval shall specify the area and duration of the temporary service.

2.3.3 Traps and Dissipaters. After consultation with District, City may be required to install "filters" such as screens, debris traps or energy dissipaters at or near sites connecting to the SVOSS. When required, District shall request the installation in writing and allow a minimum of 120 days for installation after the initial request is made. Installation of filters including planning, design, construction, operation and maintenance will be the sole responsibility of the City.

2.3.4 Odor Control. If District determines that flow from City is causing unreasonably high concentrations of hydrogen sulfide gas in the SVOSS, or is a source of unreasonably noxious odors, City shall take reasonable steps within the City sewer system to eliminate such concerns, such as pre-treating the flow with chemicals to reduce the formation of hydrogen sulfide.

2.4 Funding Obligations. Nothing in this Section or in this agreement shall obligate District to make any payment for the acquisition, construction, maintenance or operation of the District Sewerage System, and in particular the SVOSS, from monies derived from taxes or from any income and revenue of District other than monies in, or sewer revenues which go into, the operating fund for the District Sewerage System, and from construction funds derived from the sale of sewer revenue bonds or other sources of sewer funding for the District Sewerage System as are duly authorized. Nothing in this Section, however, or in this agreement shall prevent District, in its discretion, from using tax revenues or any other available revenues or funds of District for any purpose for which District is empowered to expend monies under this agreement.

2.5 Financial Statements. District shall keep appropriate records and accounts of all costs and expenses relating to the collection and conveyance of sewage and the acquisition, planning, design, construction, administration, monitoring, and operation and maintenance of the SVOSS.

2.5.1 Right to Audit. Upon written request, said records and accounts shall be subject to reasonable inspection by any duly authorized representative of City, at City's sole expense. City may audit these records for a three fiscal year period previous to its request, at its sole expense.

2.5.2 CAFR. District shall make its Comprehensive Annual Financial Report as it relates to the SVOSS available to City.

2.6 Limitations on Type and Condition of Sewage. City shall not discharge or allow to be discharged, any sewage or wastes into the SVOSS which do not meet the standards established by District ordinances, resolutions, rules and regulations and the Regional Wastewater Disposal Agreement. City shall also comply with all applicable statutes, rules and regulations of all agencies of the United States of America, including the Environmental Protection Agency, the State of California, any agencies of the State of California, and the City of San Diego having jurisdiction over the collection, transmission, treatment and disposal of sewage and other wastes in the SVOSS. City shall regulate and prohibit the discharge into any sewer line connected to and served by the SVOSS of sewage and wastes which do not meet the quality and standards established by District.

2.6.1 Excessive Inflow or Infiltration. City shall not allow, to the extent practicable, excessive inflow and infiltration to be discharged into the SVOSS from any City sewer system or facilities. For purposes of this Section, "excessive" means any amount that causes the City to exceed the capacity limitations set forth in Article 3.

2.6.2 Compliance with Laws. City shall not allow, to the extent practicable, the discharge of any waste, pollutant, inflow, or infiltration into the SVOSS that is prohibited by ordinances, resolutions, rules, or regulations of the United States of America, including the Environmental Protection Agency, the State of California, District, City of San Diego, or other local agency having jurisdiction over the collection, transportation, treatment and disposal of sewage and other wastes in the SVOSS. City shall not discharge sewage into the SVOSS in a manner that would violate the Regional Wastewater Disposal Agreement.

2.6.3 Enforcement Actions. If a regulatory agency with appropriate jurisdiction imposes any penalty or takes other enforcement action related to the transportation of sewage or other matter in or from the SVOSS, District shall determine, in active consultation with impacted parties, whether District, City, or any other authorized agency caused or contributed to such penalty or enforcement action. Based on this determination, District shall allocate the penalty or other relief, including the cost of defense, to the party or parties responsible. Each responsible party, whether District, City, or another authorized agency, shall pay its share of the penalty or other relief, and any costs of defense as reasonably determined by District in active consultation with impacted parties. If District cannot make an allocation based on responsibility, the cost of the penalty or other relief shall be shared by District, City, and any other authorized agency involved based proportionately on their respective average daily flow into the SVOSS. In no event shall District allocate costs attributable to District or another authorized agency to City.

2.7 District Connection To City System for Church of Good Shepherd Property. The District maintains an 8” diameter pipe (“Pipe”) that conveys wastewater flows from the Church of the Good Shepherd (“Church”), located in an unincorporated portion of the County of San Diego, specifically 3990 Bonita Road, Bonita, CA, Assessor Parcel Nos. 591-252-21, 592-606-28, and 592-606-67, to a point of connection with a City sewer line, depicted on Exhibit B-6 hereto (“Connection”). The City sewer line then conveys the Church flows from the City to the SVOSS. The Pipe, the Connection and the flows from the Church of the Good Shepherd were all subjects of an agreement between the City, the District, and the Church dated March 24, 2009 (“Good Shepherd Agreement”). The Good Shepherd Agreement granted the County the right to discharge up to 2120 gallons per day into the City sewer line. The County shall be allowed to continue to transport flows from the Church of the Good Shepherd through the City sewer line to the SVOSS; provided, the flows do not exceed 2,120 gallons per day. In addition, all flows from the 8” pipe shall conform to the requirements of this agreement otherwise applicable to City flows through the SVOSS with the addition that District flows shall also be required to comply with any applicable City ordinances or policies. Additionally, District shall pay an annual transportation charge and a portion of any necessary capital improvement charges attributable to its use of City’s pipe all to be calculated and billed in a manner consistent with the terms of this agreement applicable to the calculation, allocation and billing of these same types of charges. It is the intent of the parties that unless modified herein the rights and duties of the parties as established by this agreement be read, with regard to the City’s continued transportation of flows from the Church of the Good Shepherd, so that City assumes District responsibilities and vice-versa and that the SVOSS be interpreted to mean the City sewer pipe transporting District flows up to 2,120 gallons per day from the point of connection with the 8” District line to the SVOSS. This section applies only to the City’s continued transportation of District flows from the Church of the Good Shepherd through its pipe segment.

2.8 City Use of Frisbie Trunk Sewer. City conveys flows from incorporated City properties to the District’s Frisbie Trunk line at the location depicted on Exhibit B-5 hereto. This line is considered to be a part of the SVOSS and is otherwise subject to the terms of this agreement. The Frisbie Trunk line is a 1.8 mile, 15 inch diameter pipe.

ARTICLE 3 - CAPACITY LIMITATIONS

3.1 City's Tributary. The City's Tributary is illustrated in Exhibit A, and Exhibits B-1 through B-6. The tributary includes both metered and un-metered/house count areas.

3.2 City's Tributary Limits. For the purposes of this agreement, "peak flow" shall mean the maximum instantaneous discharge of sewage expressed as a rate of flow in cubic feet per second (cfs). During the terms of this agreement, City shall have the right to discharge peak flow into the District's outfall sewer not to exceed 17.64 cfs (11.40 million gallons per day (mgd)), and the District shall have the obligation to receive such peak flow from City. City's discharge of sewer flows into any sewer line(s) feeding into the outfall sewer shall not exceed the Design Capacity of the feeding sewer line(s).

If at any time prior to expiration of this agreement, the City's peak tributary flows to the outfall sewer reach 14.11 cfs (80% of the capacity limit) or any flows to a sewer line(s) feeding the outfall sewer are likely to cause or contribute to an exceedance of the Design Capacity of the sewer line(s), the City shall notify District that flows are approaching the allowed limit. Upon reaching 14.11 cfs to the outfall sewer or the Design Capacity of a sewer line(s) feeding into the outfall sewer, the City must submit a plan addressing what will be done to provide increased capacity or reduce flow into the SVOSS to ensure the City's Tributary flow does not exceed the authorized limits. City may also request that District consider execution of an amendment to this agreement to authorize flows that could exceed the capacity limits for any period of time. The District will make the final determination as to whether flows that exceed the capacity limits can be received by the SVOSS and whether any improvements or other actions are needed prior to authorizing execution of an amendment to this agreement allowing the additional flow.

3.3 Requests for Additional Discharge Capacity in Excess of City's Tributary Limits. The decision of whether to allocate additional discharge capacity to City in excess of City's Tributary Limits shall be at the sole discretion of District. City agrees to submit a written request to District to obtain the additional capacity needed in accordance with the procedures set forth in this agreement. In the event discharge capacity is requested for areas outside the City's Tributary as identified on Exhibit A, and Exhibits B-1 through B-6 to this agreement, City shall seek to amend this Sewage Transportation Agreement and associated exhibits.

3.4 Transfers of Discharge Capacity. City may buy, sell or exchange all or part of its discharge capacity provided that District shall be notified prior to any transfer and approved in writing by the District's Engineer. No sewerage capacity may be transferred if District determines, after consultation with City, that said transfer will adversely impact District's ability to operate the District Sewerage System, SVOSS or comply with the Regional Wastewater Disposal Agreement.

ARTICLE 4 - MONITORING

4.1 Flow Monitoring Devices. If at any time during the term of this agreement it is deemed necessary or desirable by District to measure all or a portion of the flow from City's Tributary, the District shall make written demand on City that City install any and all such meters as District deems necessary or desirable. Within 365 days after receipt of such demand, City shall at its sole expense, install such meters at the locations specified by District. Said meters and installation shall respectively be of the American Digital System (ADS) type and installed at such locations and in a manner approved by District's Engineer. At its own discretion and upon written approval by the District's Engineer, City may install meters in lines maintained by the District or the City to measure all or a portion of the sewage discharged into the SVOSS from City connections to the SVOSS.

4.2 Equipment Maintenance and Reporting. City shall operate, maintain, manage and control the flow monitoring device(s) installed to monitor its flows into the SVOSS in an efficient and economical manner and preserve them in good repair and working order, all in accordance with recognized and sound engineering practices. City shall ensure that flow data information obtained from such meters is available to the District through direct computerized flow monitoring such as the Intelli-Serve Website for ADS meters. From time to time, the District may at its own discretion conduct capacity measurements to determine actual peak and average daily flows through direct computerized flow monitoring. The results of these measurements may be used to verify, or to cause City or City's agents to restore, the accuracy of the meters installed by City.

ARTICLE 5 - TRANSPORTATION CHARGES

5.1 Operation and Maintenance. The SVOSS shall be maintained by District in good repair and working order in accordance with sound engineering practices. Keeping the SVOSS in good working order requires routine cleaning, inspection; and minor repairs, replacements, and reconstruction; as well as unanticipated minor emergency work. These kinds of District activities are considered O&M, and the cost of these activities, as well as associated administrative and overhead costs shall be included in the SVOSS Transportation Charge.

Capital improvement charges, as described in Article 6, are separate and distinct from transportation charges.

5.2 Transportation Charges. Transportation charges are used to allocate a portion of the O&M for the SVOSS to City to account for its percentage of use of the facility. The transportation charge shall be charged at a unit transportation rate, expressed in terms of dollars per million gallons per day of flow by length of sewer used in miles (\$/mg-mile). The unit transportation rate shall be equal to the current City of San Diego Municipal Transportation Charge imposed on participating agencies that transport sewage through the City of San Diego Municipal Sewerage System pursuant to separate transportation agreements between the City of San Diego and several participating agencies. The unit transportation rate shall be adjusted annually in accordance with Section 5.3 below.

The transportation charge effective July 1, 2016 through June 30, 2017 imposed by the City of San Diego on participating agencies is \$7.09 per mg-mile. This rate is adjusted each fiscal year by the City of San Diego. If the City of San Diego fails to increase the rate, District may increase the rate as reasonably necessary to ensure full cost recovery for the operation of the SVOSS.

The City's Total Tributary flows expressed in terms of mg-mile will be determined by the District using metered and un-metered/house count areas.

5.3 Annual Adjustment of Unit Transportation Rate. The unit rate is adjusted by the City of San Diego annually for inflation in accordance with the United States Department of Labor, Bureau of Labor Statistics Data (website: <http://bls.gov/data/>, Series Report: cuusa424sa0). for the most recent year ending December 31. Revised rates shall take effect July 1 of the following year.

5.4 Annual Adjustments of Apportioned Flows. The City's Tributary flow will be updated annually by the District.

5.5 Billing. District shall bill City on an annual basis for transportation charges. Payment shall be made by City to District within thirty (30) days of receipt of the billing and shall be considered delinquent fifteen (15) days thereafter. Late payments shall accrue interest at a rate of ten (10) percent per annum.

5.6 Payment Disputes. No payment shall be withheld by City because of a dispute as to its amount. Disputed payment shall be made with a notation as to the portion in dispute. Payment disputes shall be resolved pursuant to the dispute resolution procedure set forth in this agreement. Any amount determined to have been improperly allocated to City resulting in an overpayment shall be adjusted by District as a credit to the next invoice following such determination. In the event that the improper allocation to City resulted in an underpayment, such amount shall be adjusted by District as a debit to the next invoice following such determination.

ARTICLE 6 - CAPITAL IMPROVEMENT CHARGES

6.1 Capital Improvement Projects. Capital Improvement Projects as defined in this agreement, include major repairs, major replacements or reconstruction, and other non-routine activities to improve or modify hydraulic performance of the SVOSS. Activities associated with capital improvement projects are separate and distinct from those associated with the O&M activities of Article 5. District and City are obligated to pay for capital improvement projects for the SVOSS that are needed to maintain existing capacity requirements or to provide new capacity under the terms below; provided, however, that the decision whether or not to construct a capital improvement project shall be at the sole discretion of District.

6.2 Capital Improvement Charges. District will charge City for its proportionate share of CIP cost based on the City's percentage of flow in the particular SVOSS "reach" of trunk or outfall sewer pipe being improved.

6.3 Capital Improvement Charges for Increased Capacity. The costs associated with any improvements for additional capacity to accommodate growth will only be charged proportionately to agencies requiring or requesting the additional capacity. Improvements that add capacity to accommodate growth from areas outside the City's Tributary will not be charged to the City unless needed to serve City territory.

However, if a project includes increased capacity in order to meet current design and engineering standards, those costs will be shared among all of the agencies that utilize the pipe in proportion to their percentage of flow in the pipe.

6.4 Annual Adjustments to Flow Percentages. The flow percentages will be updated annually by the District. The flow percentages include both metered and un-metered house-count areas as described in the Exhibits.

6.5 Billing. District shall bill City on an annual basis for capital improvement charges. Payment shall be made by City to District within thirty (30) days of receipt of the billing and shall be considered delinquent fifteen (15) days thereafter. Late payments shall accrue interest at a rate of ten (10) percent per annum.

ARTICLE 7—CHARGE AGAINST CAPACITY RIGHTS IN METRO SYSTEM

7.1 Allocation of Capacity. All sewage discharged into the SVOSS through City's connections, with the exception of any discharges conveyed from District customers by City pursuant to transportation agreements with District, and thereafter discharged into the Metro System, and all Infiltration and Inflow allocable to City, shall be charged against City's capacity rights in and to the Metro System as such rights have been determined pursuant to the Regional Wastewater Disposal Agreement.

ARTICLE 8 – DURATION OF AGREEMENT

8.1 Effective Date. This Agreement shall become effective immediately upon execution by District and City.

8.2 Term of Agreement. Subject to the rights and obligations set forth in Sections 9.1 below, this agreement shall commence on July 1, 2016 and expire fifteen (15) years thereafter on June 30, 2031 or upon the earlier expiration or termination of the Regional Wastewater Disposal Agreement. Any outstanding obligation of City to pay its proportionate share of capital improvement project costs and such other costs addressed by Section 6.3 shall survive termination of this agreement.

8.3 Extension of Agreement. Subject to District's determination that there is sufficient capacity in the SVOSS and that extension will not impair the usefulness of the SVOSS and upon one (1) year's written notice from City, this agreement is subject to extension as a new lease of facilities for the remaining term of the Regional Wastewater Disposal Agreement in 15 year intervals or such shorter term as may be necessary for the last extension to remain within the termination date of the Regional Wastewater Disposal Agreement.

8.4 Contract Termination. If in the future, City is able to obtain alternate sewage transportation services, City may divert some or all of its flow from the SVOSS pursuant to this agreement. This agreement shall terminate if for any reason City's committed capacity in the SVOSS is entirely extinguished.

8.5 Abandonment. District may cease operation and maintenance of all or part of the SVOSS upon delivery of notice to City ten (10) years in advance of said abandonment. Upon notice by District to abandon the SVOSS, the parties shall meet and confer over the nature and conditions of such abandonment. In the event the parties cannot reach agreement, the matter shall be resolved pursuant to the dispute resolution procedure set forth in this agreement. In the event of abandonment, District shall retain ownership of all SVOSS assets free from any claim of City.

8.6 Restoration Following Expiration or Termination. Should the agreement not be extended or City's contract capacity in the SVOSS be entirely terminated, City shall have up to three (3) years or such shorter period as is necessary to comply with Health & Safety Code section 5060, from the expiration of the lease right or termination to provide for removal of all connections and appurtenances to the SVOSS to the satisfaction of District and provide for alternative transportation of sewer flows. In no event shall the three (3) year period be applied in a manner that would result in a total lease term in excess of fifteen (15) years. If, for example, the lease terminates at the end of the fifteen (15) year term and a new lease is not issued, City would be required to immediately remove all connections and appurtenances.

ARTICLE 9—INTERRUPTION OF SERVICE

10.1 Interruption of Service. In the event of an interruption of SVOSS service to City as a result of disaster, operation of State or Federal law, discontinuance or interruption of service to the District of the Metro System, or any other cause beyond the reasonable control of District, District shall bear no liability and shall be held free and harmless by City from any claims and liabilities for any injury to or damage to any person or property or for the death of any person or persons arising from or out of such interruption of service or for any other damages or costs incurred by City as a result of such interruption of service.

ARTICLE 10 - DISPUTE RESOLUTION

10.1 Application. This Article shall govern all disputes arising out of this agreement.

10.2 Mediation. Upon delivery of a written request for mediation to the other party involved, any dispute concerning this agreement may be submitted to a mutually acceptable mediator. The

decision of the mediator shall not be final or binding unless otherwise agreed to in writing by the parties.

10.2.1 Condition Precedent to Litigation. Mediation shall be required before either party may proceed to litigation or any other method of dispute resolution. If a mediation session has not been held within ninety (90) days after written request for mediation has been received by either party, the party requesting mediation may proceed to litigation unless the period for mediation has been extended by mutual written agreement between the parties.

10.2.2 Costs. The expenses of witnesses for either side shall be paid by the party producing such witnesses. All other expenses of the mediation, including required traveling and other expenses of the mediator, and the cost of any proofs or expert advice produced at the direct request of the mediator, shall be borne equally by the parties, unless they agree otherwise.

10.2.3 Evidence. All mediation proceedings, results and documentation, shall be non-binding and inadmissible for any purpose in any legal proceeding (pursuant to California Evidence Code Sections 1115 through 1128), unless such admission is otherwise agreed upon in writing by both parties. Mediators shall not be subject to any subpoena or liability, and their actions shall not be subject to discovery.

10.3 Performance Required During Dispute. Nothing in this Article shall relieve either District or City from its obligation to perform all of their obligations under this agreement. District and City shall be required to comply with this agreement, including the performance of all disputed activity and disputed payments, pending the resolution of any dispute under this agreement.

ARTICLE 11 – INDEMNITY

11.1 City Indemnity. City shall defend and save and hold free and harmless the District, its directors, agents, officers and employees from any claim, liabilities, costs, penalties or fines for injury to or damage to any person or property, regulatory or other enforcement actions, or for death of any person arising from or out of any act or omission of City, its council members, agents, officers, employees or contractors, arising from or out of any defects in the installation, construction, operation, maintenance, repair, replacement or reconstruction of any sewer connections or appurtenances to the SVOSS, including without limitation any sewer flow meters, or as a result of any sewer discharges into the SVOSS that violate this agreement.

11.2 District Indemnity. District shall defend and save and hold free and harmless the City, its council members, agents, officers and employees from any claim, liabilities, costs, penalties or fines (collectively “claims”) for injury to or damage to any person or property, regulatory or other enforcement actions, or for death of any person arising from or out of any act or omission of District, its Board members, agents, officers, employees or contractors, arising from or out of any defects in the installation, construction, operation, maintenance, repair, replacement or reconstruction of the SVOSS but specifically excluding, without limitation, any claims resulting

from interruptions of service addressed by Article 9 or a force majeure event addressed in Section 12.1.

ARTICLE 12 – GENERAL PROVISIONS

12.1 Force Majeure. In the event performance under this agreement is delayed due to causes which are outside the control of the parties and their agents, and could not be avoided by the exercise of due care, which includes but is not limited to war, terrorist attack, act of God, government regulations, labor disputes, strikes, fires, floods, adverse weather, or inability to obtain materials, labor or equipment, both parties will be entitled to an extension in time of performance equivalent to the length of delay.

12.2 Governing Law. This agreement is intended to be construed pursuant to the laws of the State of California. In addition, parties agree that this agreement has been entered into in San Diego County and concerns subject matter located in San Diego County.

12.3 Notices. All notices required to be given under this agreement must be in writing and either served personally or mailed by certified mail, return receipt requested to:

San Diego County Sanitation District
c/o Director of Public Works
5500 Overland Avenue, Suite 315
San Diego, CA 92123

City of Chula Vista
c/o Director of Public Works
276 Fourth Avenue
Chula Vista, CA 91910

12.4 Waiver of Breach. No failure of either District or City to insist upon strict performance by the other of any covenant, agreement, term or condition of this agreement, or to exercise any right or remedy consequent upon a breach thereof, shall constitute a waiver of any such breach or of such covenant, agreement, term or condition. No waiver of any breach shall affect or alter this agreement, but each and every covenant, condition, agreement and term of the agreement shall continue in full force and effect without respect to any other then existing or subsequent breach.

12.5 Exhibits. This agreement references and incorporates herein the exhibits listed below. Exhibits A and Exhibits B-1 through B-6. Electronic masters of these exhibits are located in the District offices.

Exhibit A	City Tributaries & Trunk Lines
Exhibit B-1	Interagency Connections – Western Portion
Exhibit B-2	Interagency Connections – Central Portion

Exhibit B-3	Interagency Connections – Eastern Portion
Exhibit B-4	Interagency Connections – Acacia Avenue
Exhibit B-5	Interagency Connections – Proctor Valley-Frisbie Trunk
Exhibit B-6	Interagency Connections – Church of the Good Shepard

12.6 Additional Exhibit Information. Each agency’s sewer mains are uniquely colored on the exhibits. For purposes of this agreement, it is understood by both Parties, that the sewer mains shown in “red” are owned, operated, and maintained by the City of Chula Vista. The sewer mains shown in “green” are owned, operated, and maintained by the District.

Exhibit B-4 (Acacia Avenue) - is intended to delineate the configuration of two parallel sewer mains within Acacia Avenue, as well as illustrate each agencies tributary and points of connection. These sewer mains receive sewer flows from Chula Vista developments – including Bonita Ridge Estates and Bonita Long Canyon Estates. They also receive flow from District customers that abut Acacia Avenue and areas north of Acacia Avenue.

The rights and obligations of City and District regarding the Acacia Avenue sewer facilities shall continue to be governed by that certain “Agreement between the City of Chula Vista and the Spring Valley Sanitation District of the County of San Diego for the Maintenance, Operation and Use of a Sewer in Acacia Avenue and Replacing Agreement for the Construction, Operation and Use of a Sewer in Acacia Avenue and Palm Drive” dated February 13, 1996. Sewer service charges for the transportation of City flows from the City’s Acacia Avenue sewer facilities shall be calculated in accordance with this agreement, but shall be subject to adjustment in accordance with Section 9 of the Acacia Avenue agreement for any sewer flows transported by City originating from District customers.

Exhibit B-5 (Proctor Valley-Frisbie Trunk) - is intended to delineate the configuration of the sewer main within Proctor Valley Road and how it connects with the District’s Frisbie Trunk Sewer. It also illustrates each agency’s tributary and points of connection.

Exhibit B-6 (Church of the Good Shepard) - is intended to illustrate how District customer (Church of the Good Shepard) connects with Chula Vista sewer main within Bonita Road/Willow Street. District flows (approximately 8 edu) into City sewer line for a distance of approximately 200 feet before discharging into the Spring Valley Outfall.

12.7 Amendment of Agreement. Except as provided in this agreement, and recognizing that changes to unit transportation rates, proportionate percentages of flow and associated capital improvement charges, and modifications to exhibits are ministerial, this agreement may be amended or supplemented only by a mutual agreement in writing between District and City stating the parties’ intent to amend or supplement the agreement.

12.8 Drafting of Agreement. It is acknowledged that District and City, with the assistance of competent counsel, have participated in the negotiation of this agreement and that any ambiguity should not be construed for or against either District or City.

12.8.1 Understanding of Intent and Effect of Agreement. The parties expressly declare and represent that they have read the agreement and that they have consulted with their respective counsel regarding the meaning of the terms and conditions contained herein. The parties further expressly declare and represent that they fully understand the content and effect of this agreement and they approve and accept the terms and conditions contained herein, and that this agreement is executed freely and voluntarily.

12.9 Integration Clause. District and City represent, warrant and agree that no promise or agreement not expressed herein has been made to them, that this agreement contains the entire agreement between the parties, that this agreement supersedes any and all prior agreements or understandings between the parties, and that the terms of this agreement are contractual and not a mere recital; that in executing this agreement, neither party is relying on any statement or representation made by the other party, or the other party's representatives concerning the subject matter, basis or effect of this agreement other than as set forth herein; and that each party is relying solely on its own judgment and knowledge.

12.10 Third Party Beneficiaries. This agreement does not confer any rights on any person who is not a party to this agreement, and any third party beneficiaries are hereby expressly disclaimed.

12.11 Successors in Interest. This agreement shall be binding upon and shall inure to the benefit of both District and City, and each of its respective successors, assigns, trustees or receivers.

12.12 Severability. Should any provision of this agreement be held invalid or illegal, such invalidity or illegality shall not invalidate the whole of this agreement, but, rather, the agreement shall be construed as if it did not contain the invalid or illegal provision, and the rights and obligations of the parties shall be construed and enforced accordingly, except to the extent that enforcement of this agreement without the invalidated provision would materially and adversely frustrate either or both parties' essential objectives set forth in this agreement.

12.13 Headings. All Section headings are for convenience only and shall not affect the interpretation of this agreement.

12.14 Signature Authority. Each party represents and warrants that its respective obligations herein are legal and binding obligations of such party, that each party is fully authorized to enter into this agreement, and that the person signing this agreement hereinafter for each party has been duly authorized to sign this agreement on behalf of said party.

12.15 Restrictions on Veto of Transfers and Acquisitions of Capacity. City understands and specifically recognizes that with respect to transfer and acquisition of capacity in the SVOSS or the creation of additional capacity in the SVOSS for any other authorized agency, City does not have the right to veto or prevent the transfer of capacity by and among other agencies, or to veto

or prevent the creation or acquisition of capacity for another authorized agency or agencies. City recognizes that by signing this agreement City has expressly pre-approved such actions. The sole right of City to object to any of the foregoing shall be through expression of its opinion to District and, where applicable, through exercise of its rights under the dispute resolution provisions of this agreement.

12.16 Other Agreements. Nothing in this agreement limits or restricts the right of City or District to make separate agreements with other agencies without the need to amend this agreement, provided that such agreements are consistent with this agreement. This agreement is not intended to nor shall it in any way supersede or modify the terms and conditions of the Regional Wastewater Disposal Agreement or any amendments thereto or any other transportation agreements between District and City and any amendments thereto.

12.17 Counterparts. This agreement may be executed in counterparts. The counterparts so executed shall constitute one agreement notwithstanding that the signatures of all parties do not appear on the same page.

IN WITNESS WHEREOF, this agreement is executed by the District and City.

SAN DIEGO COUNTY SANITATION
DISTRICT

CITY OF CHULA VISTA

By: _____

By: _____

Name: _____

Name: _____

Date: _____

Date: _____

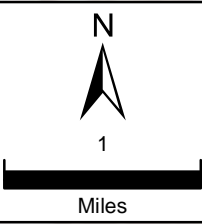
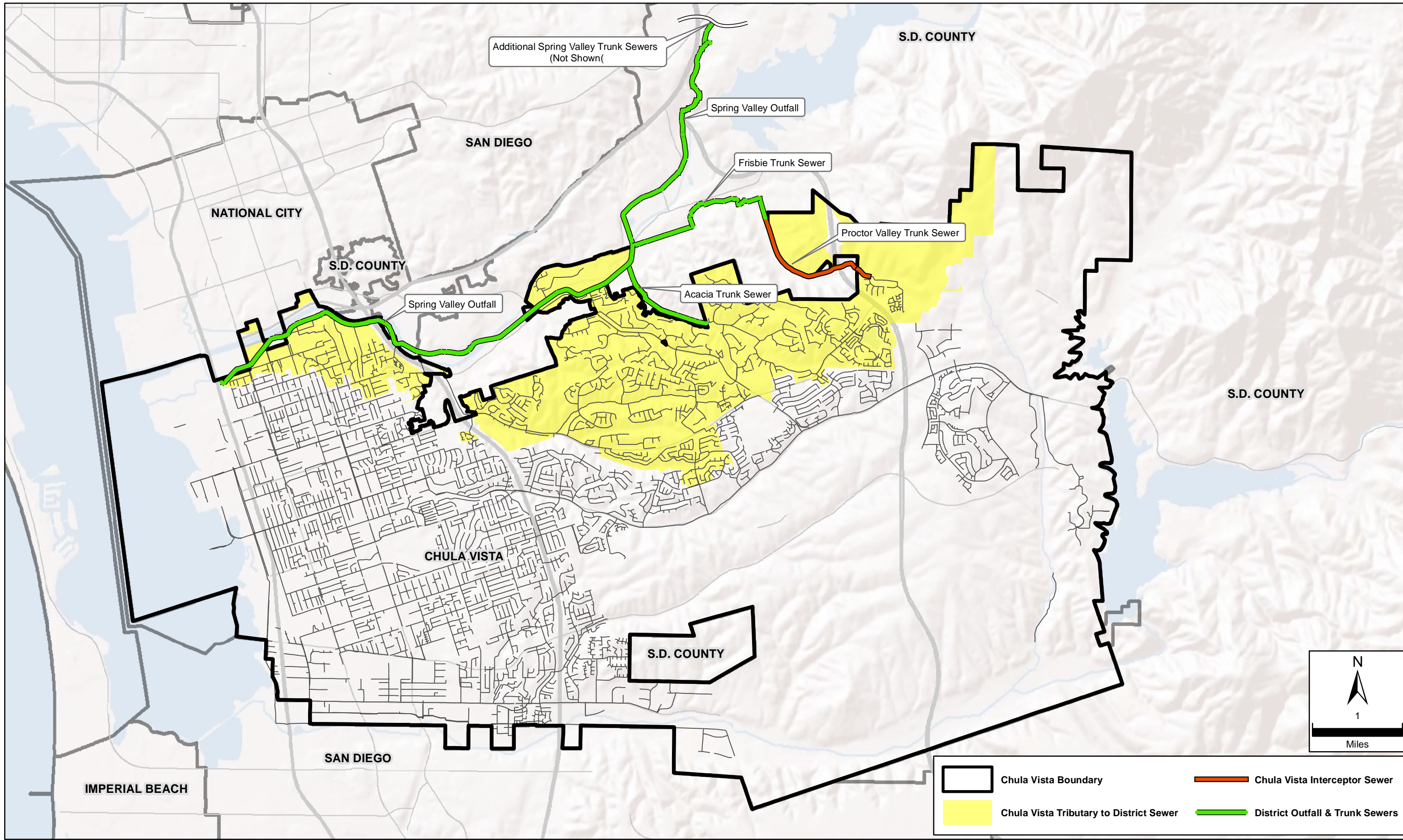
Approved as to Form and Legality
Office of County Counsel, County of San
Diego

Approved as to Form and Legality
GLEN GOOGINS, City Attorney

By: _____

By: _____

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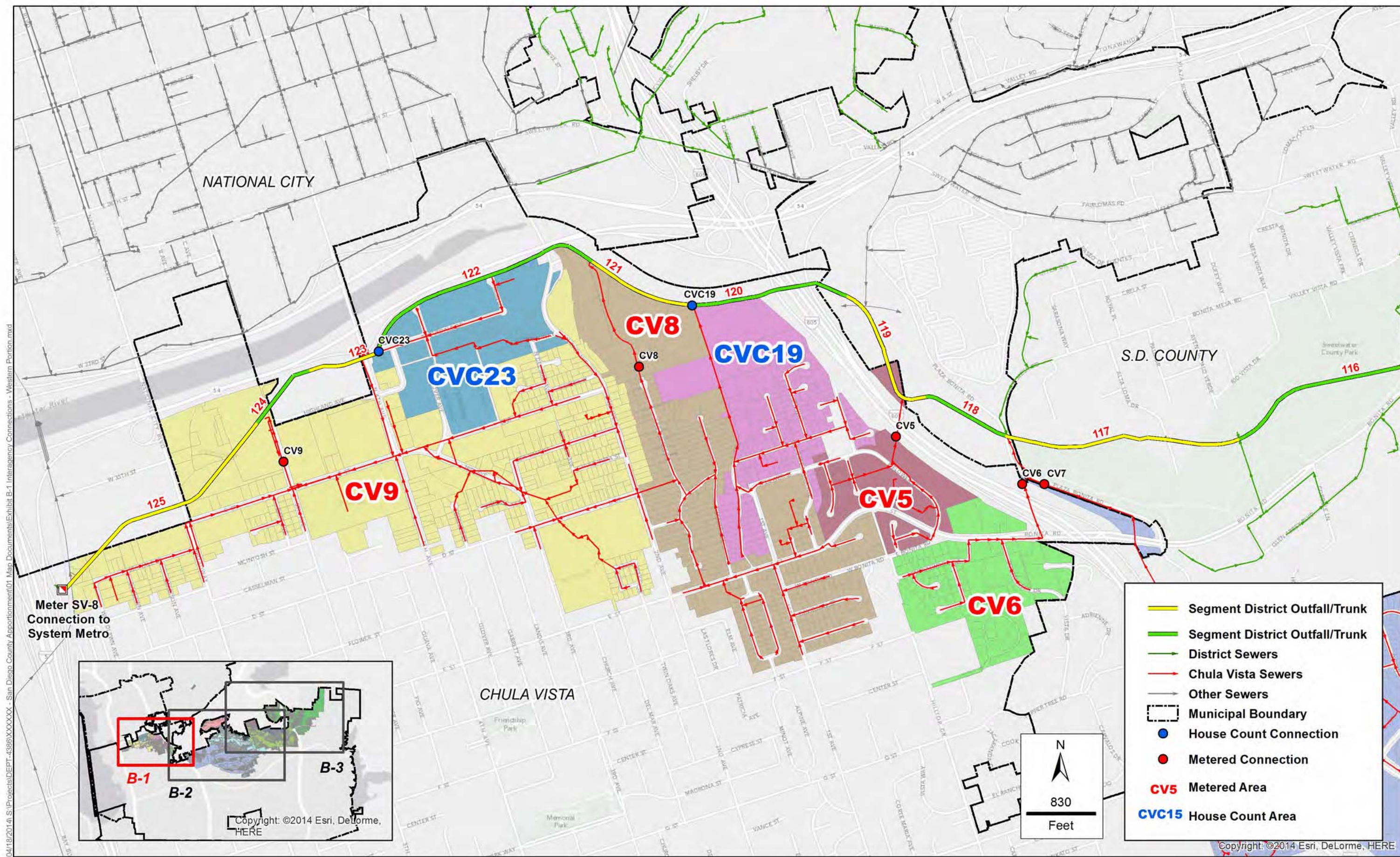


- Chula Vista Boundary
- Chula Vista Tributary to District Sewer
- Chula Vista Interceptor Sewer
- District Outfall & Trunk Sewers



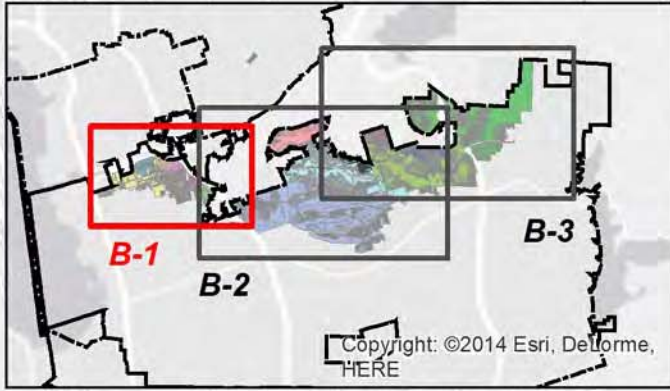
**Interagency Connections
San Diego County Sanitation District & City of Chula Vista**

EXHIBIT A
City Sewer Tributaries & Trunk Lines

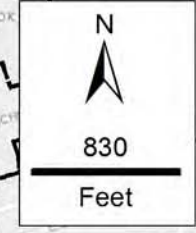


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Meter SV-8
Connection to
System Metro



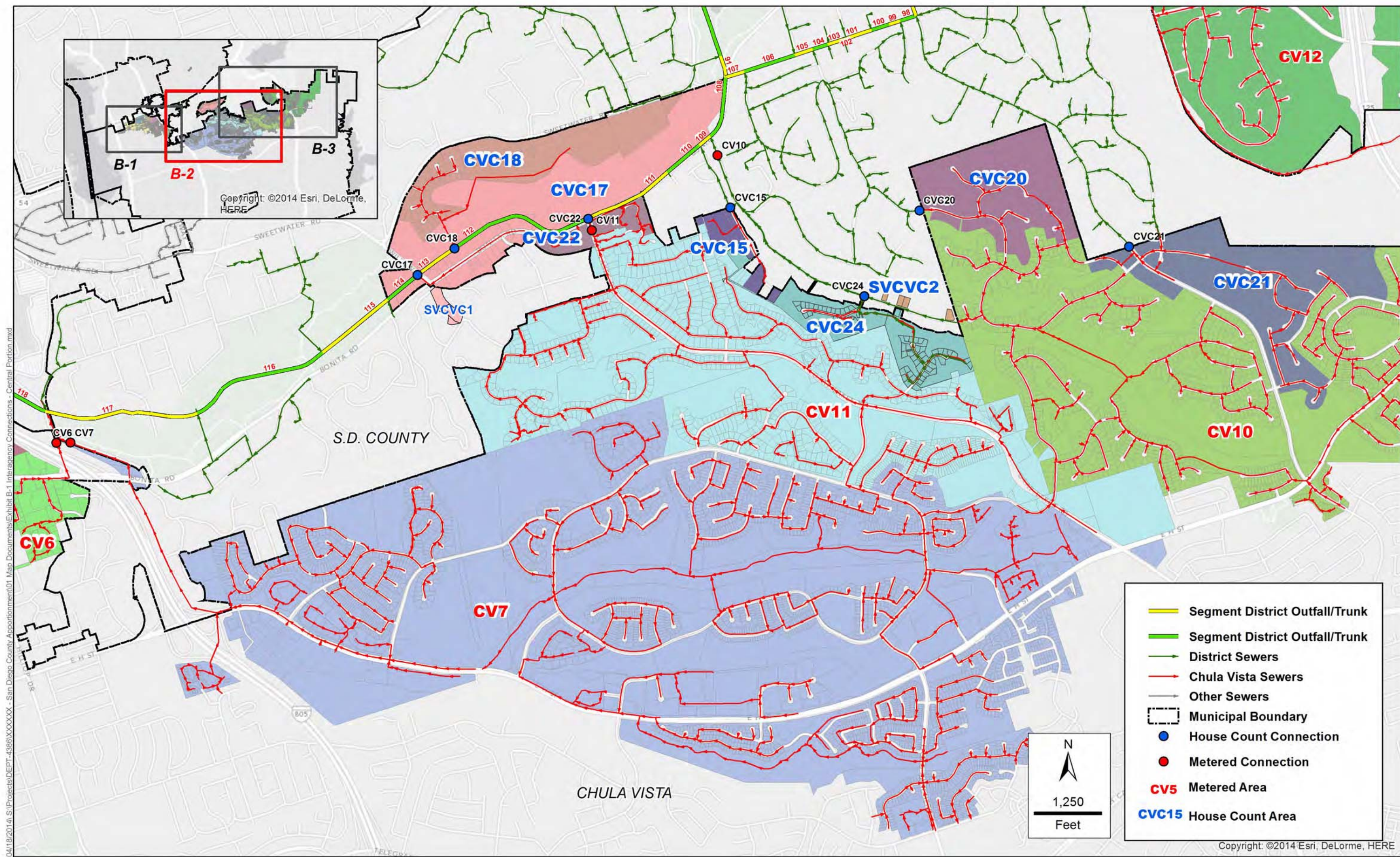
- Segment District Outfall/Trunk
- Segment District Outfall/Trunk
- District Sewers
- Chula Vista Sewers
- Other Sewers
- Municipal Boundary
- House Count Connection
- Metered Connection
- CV5 Metered Area
- CVC15 House Count Area



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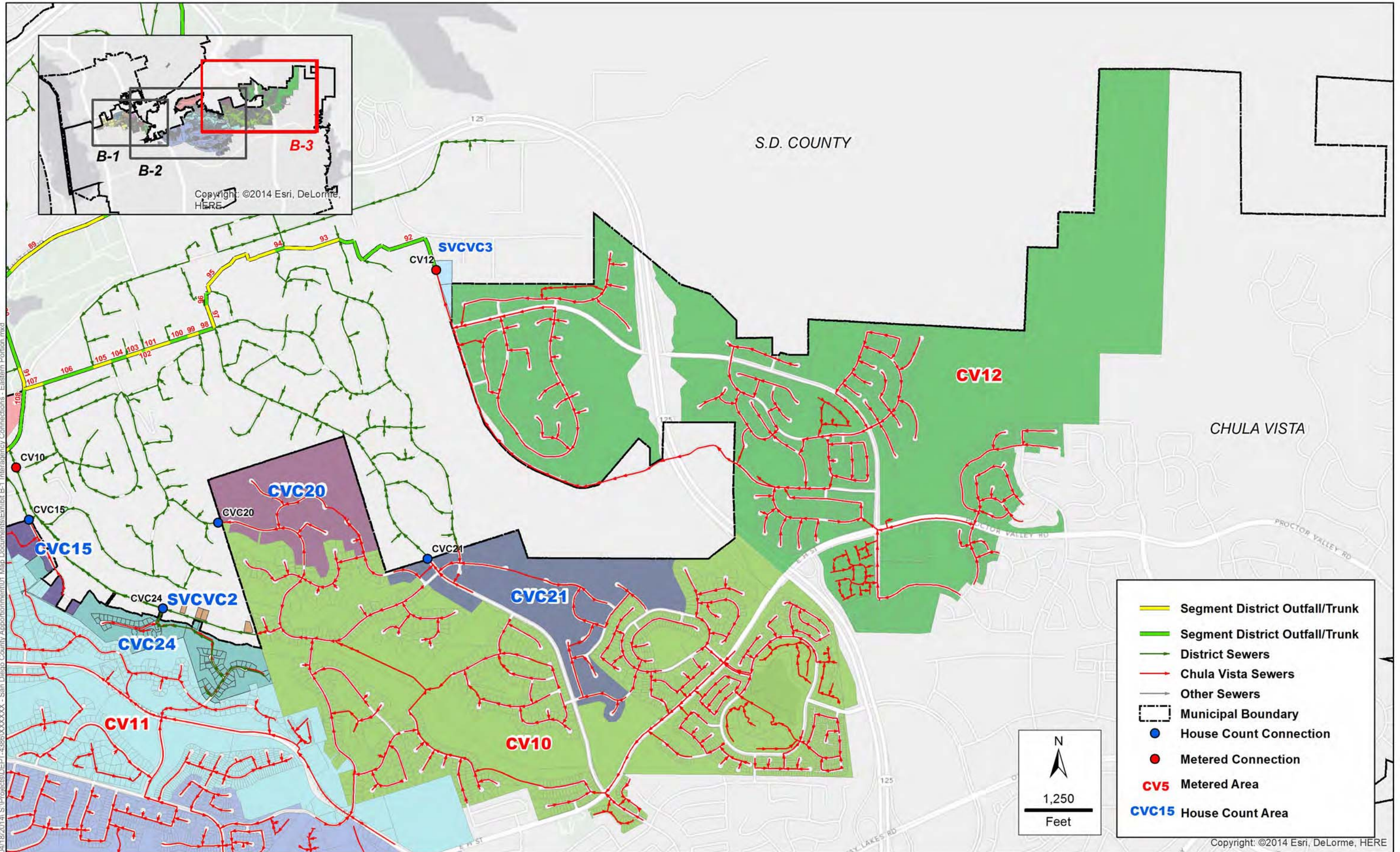
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Interagency Connections San Diego County Sanitation District & City of Chula Vista



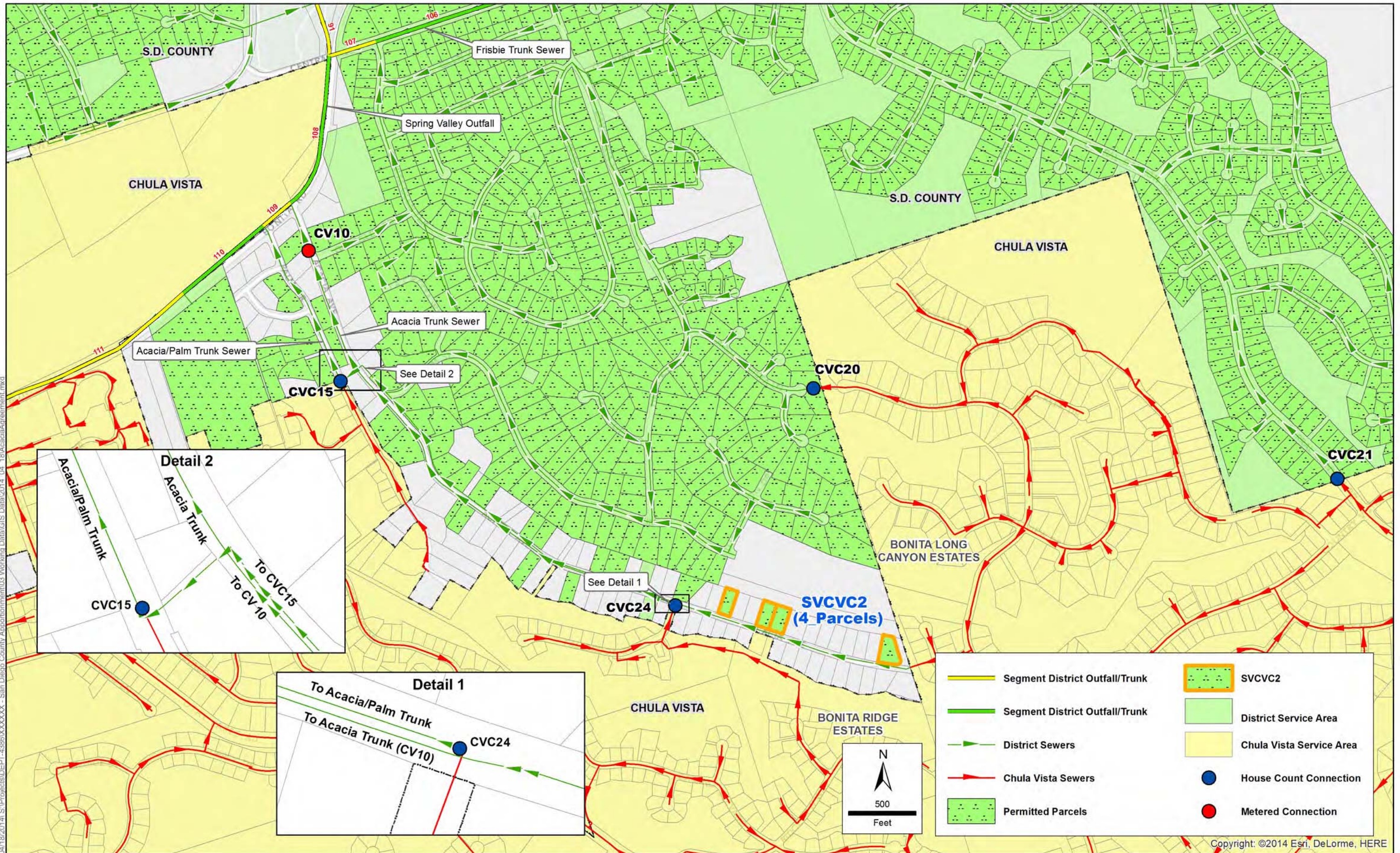
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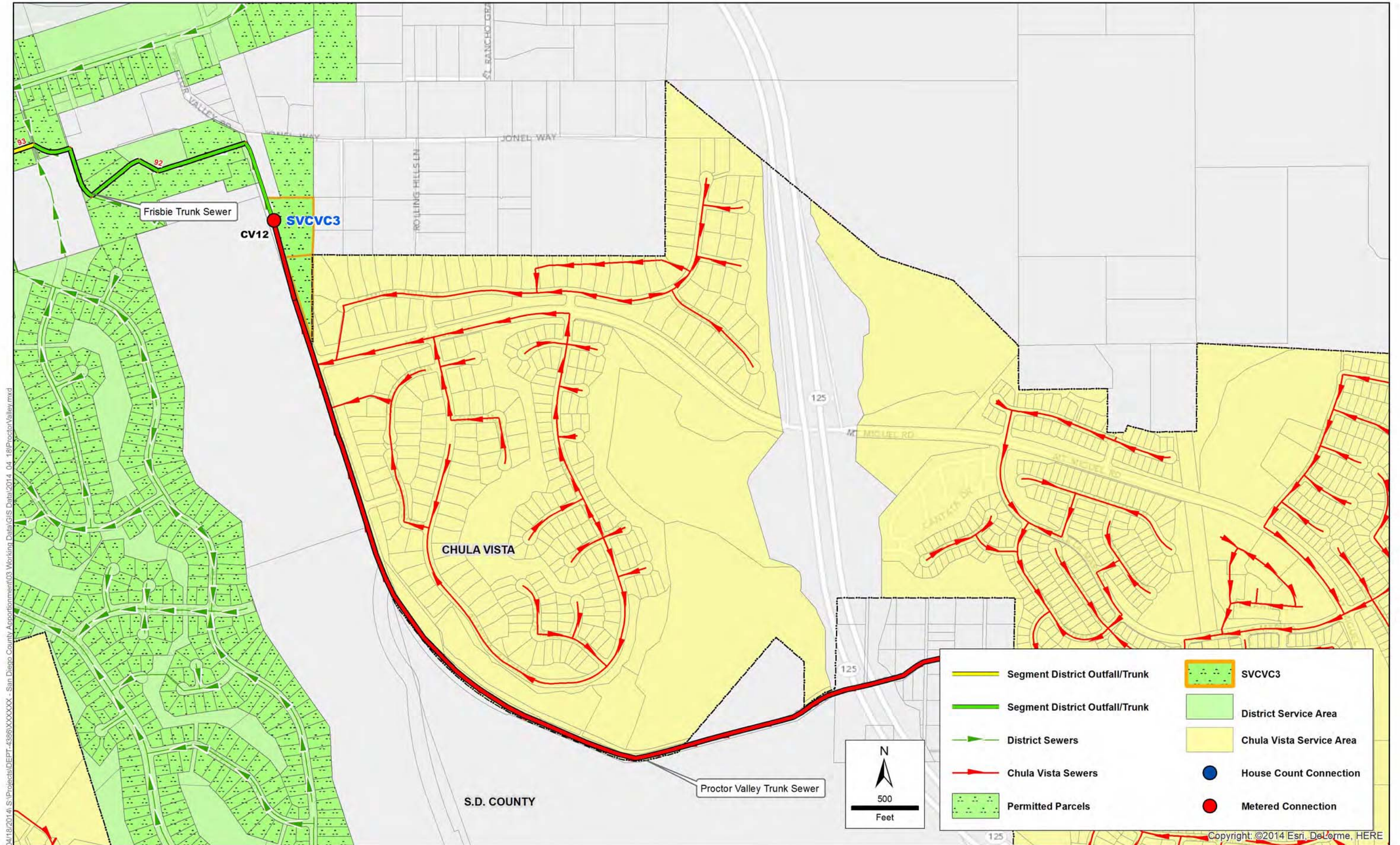


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Interagency Connections San Diego County Sanitation District & City of Chula Vista

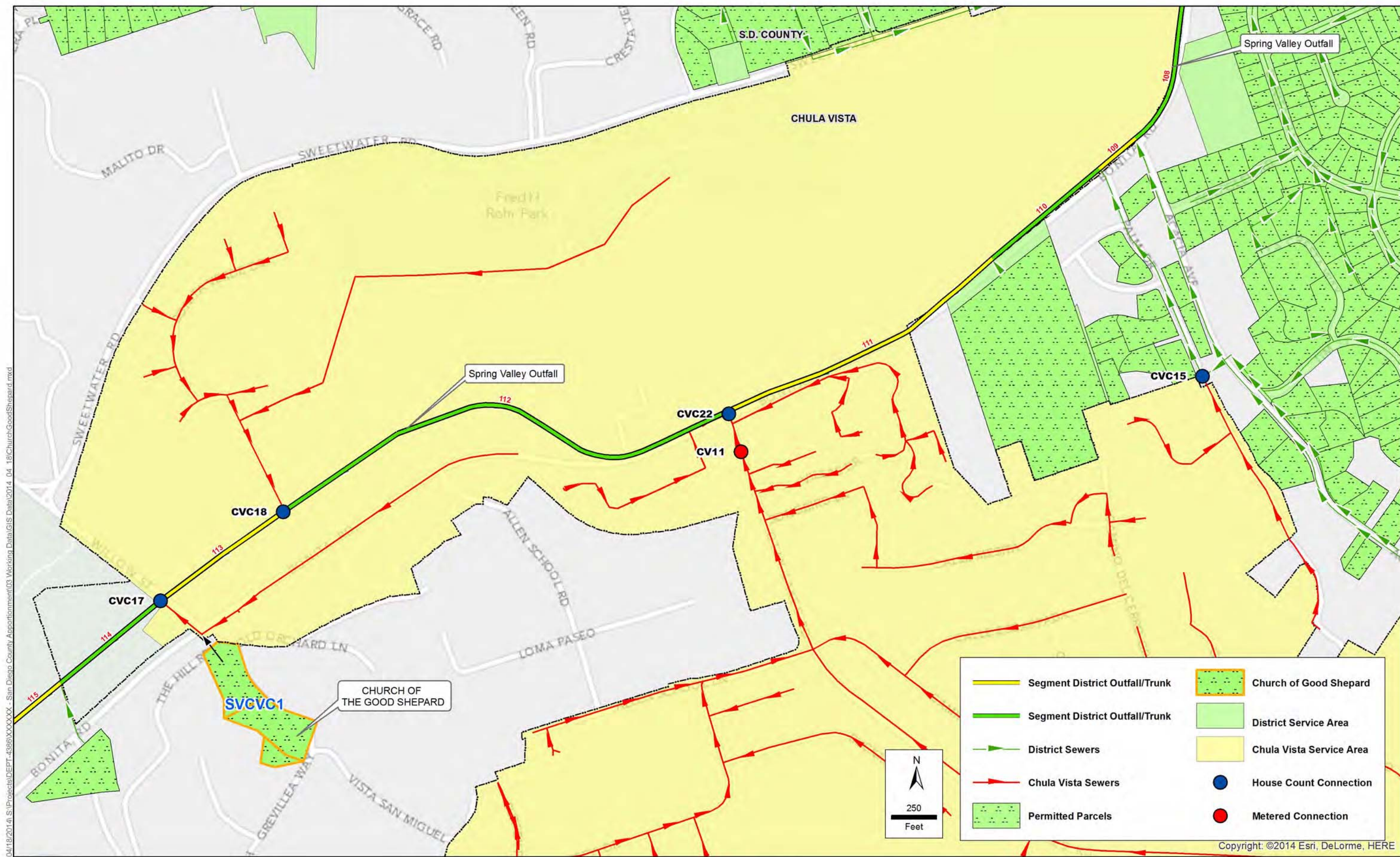
EXHIBIT B-4
Acacia Avenue



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Interagency Connections San Diego County Sanitation District & City of Chula Vista



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EXHIBIT B-6
Church of The Good Shepard