

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA OPPOSING THE CITY OF SAN DIEGO'S UNITARY RATE ALTERNATIVE FOR RECYCLED WATER SERVICE IN FAVOR OF A ZONAL RATE

WHEREAS, the City of Chula Vista is a member of the Metropolitan Wastewater Joint Powers Authority and has been very active in promotion and use of reclaimed water for many years; and

WHEREAS, the City of Chula is a leader among municipalities working towards sustainable and resilient policies and practices; and

WHEREAS, the City of Chula Vista is a strong proponent for the City of San Diego's Pure Water Program which will treat wastewater for potable reuse; and

WHEREAS, the City of Chula Vista supports an equitable distribution of costs for all participants in water reclamation programs; and

WHEREAS, the City of San Diego ("San Diego") has provided Public Notice of two alternative rate structures being considered for the Otay Water District for the purchase of recycled water from San Diego's South Bay Recycled Water Reclamation Plant; and

WHEREAS, as a customer of the Otay Water District, the City of Chula Vista purchases recycled water which it uses to irrigate parks, common areas, and open space in the city; and

WHEREAS, San Diego's proposed unitary rate structure would inequitably charge \$1.2 million in annual costs mostly to Chula Vista's recycled and potable water customers, in effect, taking money from Chula Vista ratepayers to support San Diego's North City's distribution system, totaling \$7.2 million over six years; and

WHEREAS, San Diego's South Bay Recycled Water Reclamation Plant is completely separate from its treatment plant serving the North City, and San Diego has virtually no distribution system in the South Bay; and

WHEREAS, the unitary rate structure proposed by San Diego attempts to combine the costs of two separately-owned systems into one rate, which violates a basic tenet of rate setting and is not equitable because it would have Chula Vista customers paying for the costs of a North City system they do not use; and

WHEREAS, the rate charged to the North should not to be linked to what is charged in the South; and

WHEREAS, the current rate for recycled water provided by the San Diego South plant to Otay Water is \$0.80 hcf, and the proposed unitary rate would increase over 216% to the rate for recycled water to \$1.73 hcf and would be an inequitable rate; and

WHEREAS, The Cost of Service Study dated August 5, 2015 prepared by San Diego also considers a zonal rate of \$1.17 hcf for the South Bay that does not include the North City water distribution costs and therefore, would be a more equitable rate to charge Otay Water District; and

WHEREAS, The zonal rate would increase the current rate of recycled water from \$.80 hcf to \$1.17 hcf which represents a substantial increase of 147% to San Diego and would be an equitable

increase for the cost of producing recycled water at San Diego's South Bay Treatment Plant based upon the San Diego Cost of Service Study; and

WHEREAS, a more equitable rate structure is a zonal rate that that is based on cost-of-service.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Chula Vista as follows:

1. On behalf of the people of Chula Vista the City Council does hereby oppose the City of San Diego's proposed unitary rate structure for recycled water customers in the South Bay.
2. The City Council urges the City of San Diego instead to support a zonal rate structure, based on the cost of providing recycled water service to the South Bay.

Presented by

Approved as to form by

City Councilmember Steve Miesen

Glen R. Googins, City Attorney