



## BOARD/COMMISSION RECOMMENDATION

Not applicable

## DISCUSSION

### **Salt Creek Trunk Sewer Transportation Agreement**

City owns, operates and maintains the Salt Creek Sewer Interceptor System (City System) for the purpose of collecting and transporting sewage from properties located in the Otay Basin to the City of San Diego's Metropolitan Sewerage System (Metro System) for treatment and disposal. Within the City System is a primary trunk sewer known as the Salt Creek Interceptor (Interceptor Sewer) which is an approximately 13.25 mile segment located within the Otay Basin that runs from the intersection of Proctor Valley Road and Hunte Parkway in the City of Chula Vista, to a point of connection with the Metro System located near the junction of Main Street and Interstate 5.

In October 1993, the City and County jointly adopted the Otay Ranch General Development Plan/Subregional Plan (DP/SRP) which provided for the development of Otay Ranch as a series of village and planning areas. Otay Ranch Villages 13 and 14, and Planning Areas 16, 17, and 19 (Villages) as identified in the GDP/SRP are located in portions of the unincorporated County to the east of City's boundaries. The District is empowered by Health and Safety Code Section 4843 to enter into this agreement with the City to provide for the transportation of sewage from the Villages to the Metro System using the Interceptor Sewer. Subsequent to execution of this agreement, the District will seek to annex (via LAFCO) the Villages into the District's territory.

The City and District are parties to the "Regional Wastewater Disposal Agreement between the City of San Diego and the Participating Agencies in the Metropolitan Sewerage System" (Regional Wastewater Disposal Agreement) filed on May 18, 1998 as Document No. 00-18517 with the City Clerk of the City of San Diego. In accordance with the Regional Wastewater Disposal Agreement, the City and District have the right to discharge wastewater up to established limits into the Metro System, hereinafter referred to as "Metro Capacity Rights". The City and District 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 Interceptor Sewer shall be charged against the City's Metro Capacity Rights and that 2) all sewage discharged into the Interceptor Sewer from territory served by the District shall be charged against District's Metro Capacity Rights.

The primary purposes of this agreement are to: 1) establish the rights, privileges and duties of the parties concerning the use of the Salt Creek Interceptor by the District; 2) allow for the construction and maintenance of connections to the Interceptor Sewer by District; 3) specify the area within the District to be served by the Interceptor Sewer; 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.

District has conducted a wastewater system analysis to evaluate the impacts of additional flows from the Villages (Study), to the satisfaction of the City, which verified that adequate capacity is available in the City's Sewerage System to convey up to 870,000 gallons per day of wastewater generated within the Villages. The Study determined that discharges from the Villages of between 870,000 gallons per day and 1,000,000 gallons per day may result in impacts to the City's Sewerage System. District shall have the right to discharge additional flows into the Interceptor Sewer in excess of 870,000 up to 1,000,000 gallons per day; provided, impacted facilities are improved or caused to be improved by District in a manner that supplies the needed capacity to the satisfaction of the City.

District shall not allow flows into the Interceptor Sewer that exceed the capacity limit.

District shall operate, maintain, manage and control the flow monitoring device(s) installed to monitor its flows into the Interceptor Sewer in an efficient and economical manner and preserve them in good repair and working order, all in accordance with recognized and sound engineering practices.

The Interceptor Sewer shall be maintained by City in good working order in accordance with sound engineering practices. Keeping the Interceptor Sewer in good working order requires routine cleaning and inspection; minor repairs, replacements, and reconstruction; as well as unanticipated minor emergency work. These City activities are considered Operation and Maintenance (O&M) expenses shall be included in the Transportation Charge.

Transportation charges are used to proportionately allocate the O&M and associated administration and overhead charges to those using the Interceptor Sewer. The transportation charge shall be equal to the unit transportation rate charged by the City of San Diego to those signatories of the Regional Wastewater Disposal Agreement that transport sewage through the City of San Diego Municipal Sewerage System. At such times that the City of San Diego adjusts the unit transportation rate, the rate under this agreement shall be adjusted automatically, with no amendment to this agreement or action of the parties hereto, such that it remains equal to that rate charged by the City of San Diego.

The District will also be responsible for Capital Improvement Project (CIP) costs which are separate and distinct from the Transportation Charges. City and District are obligated to pay for capital improvement projects for the Interceptor Sewer that are needed to maintain existing capacity requirements or to provide new capacity. The decision whether or not to construct a capital improvement project shall be at the sole discretion of City.

City will charge District for its proportionate share of CIP cost based on the District's percentage of flow in the particular "segment" of City sewer pipe being improved. The costs associated with any improvements for additional capacity to accommodate growth will only be charged to that agency requiring the additional capacity. The City shall annually adjust and recalculate as appropriate, the proportionate flow percentage of each agency utilizing Interceptor Sewer segments. Future CIP charges applied to the District shall be based on the annually adjusted/updated flow percentages.

The City, County and the District deem it mutually desirable and advantageous for the City to allow the District to discharge sewage into the Interceptor Sewer under the terms, conditions, and restrictions set forth in the attached agreement.

The agreement is limited to 15 years, the lease should automatically be extended upon written notice from the City, such that this total Agreement term is coterminous with the Metro Agreement.

## **DECISION-MAKER CONFLICT**

Staff has reviewed the property holdings of the City Council and has found that, Council Member John McCann has real property holdings within 500 feet of the boundaries of the Salt Creek Interceptor Sewer basin which is the subject of this action. However, to the extent that any decision would have a reasonably foreseeable financial effect on the member's real property, the effect would be nominal, inconsequential, or insignificant. Consequently, pursuant to California Code of Regulations Title 2, sections 18700 and 18702(b), this item does not present a real property-related

conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

Staff is not independently aware, and has not been informed by Council member John McCann, of any other fact that may constitute a basis for a decision maker conflict of interest in this matter.

### **LINK TO STRATEGIC GOALS**

The City's Strategic Plan has five major goals: Operational Excellence, Economic Vitality, Healthy Community, Strong and Secure Neighborhoods and a Connected Community. This project supports the City's Strategic Plan goals. The Economic Vitality is supported by generating new property taxes. The Healthy Community is supported by walkable community design. The Strong and Secure Neighborhoods goal is supported by sustainable infrastructure as detailed in the Otay Ranch Village 13 SPA plan.

### **CURRENT YEAR FISCAL IMPACT**

Approval of the Resolution will result in no current impact to the Development Impact Fee or Sewer Funds.

### **ONGOING FISCAL IMPACT**

The District shall pay the City all pertinent fees including Development Impact Fees and connection fees as required by the City at the time of building permit issuance. The District shall also pay the City a proportionate share of operation, maintenance and future capital replacement costs of the Interceptor Sewer based on the amount of sewage discharged into the City's Interceptor Sewer from District's connections to the total amount of sewage discharged from City's Interceptor Sewer into the Metro at the time when said capital replacement are needed.

### **ATTACHMENTS**

Attachment No. 1: Salt Creek Interceptor Sewer Map

Attachment No. 2: Agreement between City of Chula Vista, San Diego County Sanitation District, and the County of San Diego County for Reserving Wastewater Transportation Capacity Rights in the Salt Creek Interceptor Sewer