



Public Utilities Department

Sewage Transportation Agreements

Background

- City provides wastewater conveyance, treatment and disposal services for 12 adjacent entities known as the Participating Agencies (PAs)
- Services governed by separate agreements:
 - *Regional Wastewater Disposal Agreement*
(Metro Agreement)
 - *Sewage Transportation Agreement*
(Transportation Agreement)

The Regional Wastewater Disposal Agreement

- Governs treatment and disposal services provided to PAs via the Metro System
- One collective agreement
- Entered into in 1998
- Remains in force through December 31, 2050
- PAs contribute approx. \$65 million annually

Sewage Transportation Agreements

- Stipulate the terms and conditions under which wastewater is conveyed from the PAs through the City of San Diego Municipal Collection System (the muni system) to the Metro system
- Individualized tailored agreement per agency
- Ensures terms and conditions that are fair and equitable to the PAs and to City ratepayers
- Once signed, the agreement remains in force through December 31, 2050

Sewage Transportation Negotiations

- Currently in negotiations with PAs with non-current agreements
- PAs agreed to a set of terms while in negotiations, which includes:
 - One unified transportation rate of charge to be paid per million gallons, per mile, per day (g/m/d)
 - Method on annual adjustments to the transportation rate
 - Method for calculating share of utilized muni pump station expenses
 - Method for calculating share of future capital improvement projects

Sewage Transportation Rate Calculation

- Prior to Fiscal Year 2008, the transportation rate has been static since inception of agreements
- In FY 2008, a rate of \$4.03 per million gallon, per mile, per day (g/m/d) was established
- The recoverable rate was based on a 3-year average of muni system operations expenses
- Rate is adjusted annually for inflation based on the State of California Economic Forecast Index
- The current rate is \$4.36 per g/m/d

City of Imperial Beach Agreement Terms

- Allows Imperial Beach to discharge sewage into the muni system
- Provisions for payment of sewage transportation rate for services
- Establishes Imperial Beach's contract capacity in the muni system
- Establishes a method to allocate capital improvement project costs

Fiscal Impact

- Estimated annual revenues from the Sewage Transportation Agreement with City of Imperial Beach are approx. \$3,700 for transportation charges

Conclusion

- New Sewage Transportation Agreements
 - Ensure all parties have a clear understanding of their respective obligations regarding the City's muni system
 - Equitably allocates the costs of operating and maintaining the muni system to ensure City ratepayers aren't subsidizing other entities