



San Diego County Sanitation District

GOVERNING BODY

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First District

JOEL ANDERSON
Second District

TERRA LAWSON-REMER
Third District

MONICA MONTGOMERY STEPPE
Fourth District

JIM DESMOND
Fifth District

AGENDA ITEM

DATE: March 25, 2026

SA01

TO: Board of Directors, San Diego County Sanitation District

SUBJECT

APPROVE AND EXECUTE SECOND AMENDED AND RESTATED REGIONAL WASTEWATER DISPOSAL AGREEMENT AND ADMINISTRATIVE AGREEMENT NO. 1 AND RELATED CEQA FINDINGS (DISTRICTS: 1, 2 AND 4)

OVERVIEW

The San Diego County Sanitation District (Sanitation District) provides wastewater service to over 36,000 customers in eight unincorporated communities in the region. Over 99% of the wastewater collected from residences and businesses within the Sanitation District is conveyed to the City of San Diego's Metropolitan Wastewater System (Metro) for treatment and disposal. The Metro system is owned and operated by the City of San Diego (City) and consists of treatment plants and associated pipelines and pump stations used to collect, convey, and treat wastewater. Metro provides regional wastewater services to the City and 12 other cities and special districts through the Regional Wastewater Disposal Agreement (Regional Agreement) entered on May 18, 1998. The wastewater treatment and disposal services provided to the Sanitation District account for nearly 40% of the district's annual operating budget.

The 1998 Regional Agreement established contract rights to capacity in the Metro System for each of the agencies party to the agreement (Participating Agencies) and established a mechanism and system of charges to fund the planning, design, construction, operation and maintenance of the system. Several years ago, City of San Diego and the Participating Agencies deemed that the 1998 Regional Agreement did not adequately address the new needs of the system and needed to be updated. In 2020, the City of San Diego and the Participating Agencies agreed to the Amended and Restated Regional Wastewater Disposal Agreement (ARA) with the understanding that it would be amended in the future including addressing six specific issues that were left unresolved in 2020 amended agreement.

Since 2021, City of San Diego and the Participating Agencies, which includes the County's Sanitation District, have been negotiating the Regional Wastewater Disposal Agreement and have finalized the agreement which is known as Second Amended and Restated Regional Wastewater Disposal Agreement (SARA) and is ready for approval and execution by the governing body of the each of the Participating Agencies. As part of the SARA process, a new framework was established for specific programmatic or ministerial type changes to be accomplished through

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Administrative Agreements. This prevents the future need to alter the SARA due to program changes and avoids unnecessary lengthy and costly process of incorporating program changes in the Wastewater Disposal Agreement.

The City of San Diego and the Participating Agencies have also finalized Administrative Agreement No. 1 addressing the pretreatment program conducted by the City of San Diego. The pretreatment program involves permitting and inspection of commercial and industrial facilities that have wastewater discharge and is required by the Clean Water Act. This is a request to approve and execute the Second Amended and Restated Regional Wastewater Disposal Agreement and Administrative -Agreement No. 1.

RECOMMENDATION(S)

CHIEF ADMINISTRATIVE OFFICER

1. Find that the proposed action is exempt from review under the California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3) of the State CEQA Guidelines because it can be seen with certainty that there is no possibility that the approval and execution of the Second Amended and Restated Wastewater Disposal Agreement and Administrative Agreement No. 1 may have a significant effect on the environment.
2. Approve and Authorize the Clerk of the Board to execute the Second Amended and Restated Regional Wastewater Disposal Agreement between the City of San Diego and the Participating Agencies in the Metropolitan Sewerage System.
3. Approve and Authorize the Clerk of the Board to execute Administrative Agreement No. 1.

EQUITY IMPACT STATEMENT

The San Diego County Sanitation District strives to preserve environmental resources and enhance quality of life for all regional residents and businesses by providing essential sanitation services and implementing programs and projects that improve regional community health and environmental quality while simultaneously complying with mandatory federal, State, and local regulations. The County Sanitation District's services benefit unincorporated communities by reducing the risk of sewage spills and adverse impacts on water quality.

SUSTAINABILITY IMPACT STATEMENT

Today's action supports the Metropolitan Sewer Agencies, whose focus on the safe collection, treatment, and disposal of wastewater contributes to environmental sustainability. The Metropolitan Sewer Agencies function also includes wastewater recycling, creating a local, clean, safe, and drought-proof drinking water supply using state-of-the-art technology to purify recycled water, advancing San Diego County's sustainability goal of increasing alternative water sources for drinking, landscaping, and agriculture. This action will help maintain a strong and resilient community

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FISCAL IMPACT

There is no fiscal impact associated with today’s recommendations to approve and execute the Second Amended and Restated Regional Wastewater Disposal Agreement and Administrative Agreement No. 1. There will be no change in net General Fund cost and no additional staff years.

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

N/A

BACKGROUND

The San Diego County Sanitation District (Sanitation District) provides wastewater service to over 36,000 customers in eight unincorporated communities in the region. The Sanitation District collects over 10 million gallons per day (mgd) of wastewater from residences and businesses through a network of over 430 miles of sewers and pump stations. Over 99% of the wastewater collected by the Sanitation District is conveyed to the City of San Diego’s Metropolitan Wastewater System (Metro) for treatment and disposal at plants located near the coast. The Metro system is a regional system that provides wastewater treatment and disposal services to 12 other cities and special districts (Participating Agencies) under terms of a joint services agreement. The treatment and disposal services provided by the City account for over 40% of the Sanitation District’s annual operating budget.

On May 18, 1998, Regional Wastewater Disposal Agreement between the City of San Diego and the Participating Agencies in the Metropolitan Sewerage System (Regional Agreement) was established to provide terms of the services by the Metro System. The agreement established contract rights to capacity in the Metro System for the Participating Agencies and a mechanism to fund the planning, design, construction, operation and maintenance of the Metro System, including a system of service charges that allocates costs to the City and Participating Agencies.

Pure Water Program

The amended regional wastewater agreements includes cost-sharing provisions for City of San Diego’s Pure Water program. The Pure Water program will build new facilities to treat wastewater and produce drinking water, avoiding costly upgrades at the Point Loma Wastewater Treatment Plant while meeting regulatory requirements. This phased initiative will deliver 83 million gallons per day of drinking water by 2035, with the first phase producing 30 million gallons per day. As the Metro System will benefit from parts of the Pure Water program, updated regional wastewater agreements establish Participating Agencies’ shared costs to ensure fair allocation and protect ratepayers.

Amended and Restated Agreement (ARA)

On September 30, 2020, the Board approved the Amended and Restated Regional Wastewater Disposal Agreement (ARA) that included provisions addressing the costs and revenues associated with the Pure Water program. The ARA contains long-term financial protections for wastewater

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ratepayers by defining cost allocations for the planned Pure Water facilities and establishing a total project funding cap of \$1.8 billion for the City's and Participating Agencies' wastewater enterprises. The cost allocations ensure that wastewater ratepayers only fund project improvements that directly benefit wastewater customers. The funding cap ensures that wastewater ratepayers will fund in total no more than the projected cost for improvements to the existing Metro System that would be required if the Pure Water program is not implemented.

In addition to limiting and capping project costs to be paid by the Participating Agencies, the ARA reduces Pure Water cost share commitments for agencies that planned to decrease future wastewater flows to the Metro System due to the development of new treatment and disposal facilities outside of the Metro system. This provision will have direct benefits for the Sanitation District which is partnering with Padre Dam Water District and the City of El Cajon to develop the East County Advanced Water Purification Program (ECAWP), which will reduce the volume of wastewater sent to Metro from the Sanitation District by nearly 50%. Finally, the ARA includes a future revenue sharing component that is expected to pay back wastewater ratepayers over time for their investment in Pure Water.

Second Amended and Restated Regional Wastewater Disposal Agreement (SARA)

The 2020 ARA only slightly revised the 1998 Regional Agreement to accommodate Phase 1 Pure Water but remained outdated and disorganized. Additionally, it did not address the outdated system of billing charges. Hence, there was a need for an updated and amended Regional Wastewater Disposal Agreement. Since 2021, the Participating Agencies and the City of San Diego has worked to update and amend the Regional Wastewater Agreement and have developed an agreement that meets current needs, better organized document and flexibility for future adjustments and is known as SARA (Attachment A). SARA amends and replaces 2020 ARA and shall be in place through 2065. SARA is the result of over four years of negotiations between the Participating Agencies and the City of San Diego. SARA updates the legal document that governs our regional cooperation on wastewater treatment and recycled/repurified water planning. SARA reorganizes the old agreement and modernizes the language. SARA resolves six specific issues that were left unresolved in 2020. SARA provides more flexibility for future adjustments to keep the agreement relevant. Attachment B provides a simplified guide to SARA.

Administrative Agreement No. 1

As part of SARA process, a new framework was established for specific programmatic or ministerial type changes to be accomplished through Administrative Agreements. This prevents the future need of a lengthy and cumbersome process to alter the SARA because of program changes. Each Administrative Agreement may be approved individually by a Participating Agency through a delegation of authority to that Participating Agency's Metro JPA Board Member and provided the approval threshold is reached, shall become part of the approved SARA.

Administrative Agreement No. 1 (Attachment C) addresses the pretreatment program conducted by the City of San Diego. The pretreatment program involves the inspection and permitting of facilities within a range of commercial and industrial classifications which have a wastewater discharge. Pretreatment Program is a requirement of the USEPA's NPDES permit to comply with

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the Clean Water Act. The inspection and permitting in the Participating Agencies' wastewater service areas has historically been conducted by the City of San Diego. Administrative Agreement No. 1 includes language clarifying the responsibility of City of San Diego and each Participating Agency related to pretreatment. It also establishes the uniform enforcement of the Pretreatment Program by the City of San Diego.

ENVIRONMENTAL STATEMENT

Section 15061(b)(3) of the California Environmental Quality Act (CEQA) Guidelines provides that a project is exempt from CEQA review where it can be seen with certainty that there is no possibility the activity in question may have a significant effect on the environment. Today's action is to approve and execute the Second Amended and Restated Regional Wastewater Disposal Agreement (SARA) and Administrative Agreement No. 1 between the City of San Diego and the Participating Agencies (including the Sanitation District), for the continued use of the Metropolitan Sewerage System for wastewater discharge. The proposed action includes approval and execution of the revised legal document governing the regional cooperation on wastewater treatment and recycled/repurified water planning, including a new framework to establish specific or programmatic or ministerial-type changes accomplished through Administrative Agreements. It can be seen with certainty that there is no possibility that the proposed action would have a significant effect on the environment. Therefore, the proposed action is exempt from CEQA review pursuant to Section 15061(b)(3) of the State CEQA Guidelines.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed actions support the Sustainability, Community and Equity initiatives in the County's 2026-2031 Strategic Plan by reducing environmental risk through intergovernmental collaboration and leveraging public resources, providing more efficient planning and extending oversight to assure a better, equitable and more efficient wastewater collection, treatment and disposal, wastewater recycling and generating new local water supply.

Respectfully submitted,



DAHVIA LYNCH

Deputy Chief Administrative Officer

ATTACHMENT(S)

- A. Second Amended and Restated Regional Wastewater Disposal Agreement between the City of San Diego and the Participating Agencies in the Metropolitan Sewerage System
- B. Understanding the Second Amended and Restated Agreement (SARA)
- C. Administrative Agreement #1