



MWWDPROG



2010000631

STATE REVOLVING FUND LOCAL MATCH LOAN PROGRAM CONTRACT
BETWEEN THE
STATE WATER RESOURCES CONTROL BOARD
AND
CITY OF SAN DIEGO - PROCESS UNITS AND CONTROLS AT SOUTH BAY WRP

CONTRACT NO. 8-838-550-0
LOCAL MATCH LOAN NO. C-06-4119-510

This Local Match loan contract is made this 30th day of September, 1998, between the State of California, acting by and through the State Water Resources Control Board, hereafter referred to as the "SWRCB", and City of San Diego, a municipality of the State of California, hereafter referred to as the "Agency".

WHEREAS:

1. The federal Clean Water Act (33 U.S.C.A. §1251 et seq.) and state law (Division 7, Chapter 6.5, California Water Code) authorize the SWRCB to enter into contracts with municipalities and other public agencies for financial assistance for construction of publicly owned treatment works; and
2. The Agency has made application for a Local Match loan related to construction of the Project hereafter described, and said Project has been determined by the SWRCB to be eligible for a Local Match loan pursuant to applicable federal and state laws, rules, regulations and guidance; and
3. The SWRCB has authorized Local Match loan funding for the Project hereafter described. (See SWRCB Resolution No. 97-105, approved on November 18, 1997).

NOW, THEREFORE, It is Agreed as Follows:

SECTION 1. PROJECT DESCRIPTION.

The Project, commonly known as Process Units and Controls at the South Bay Water Reclamation Plant - CP-3, generally consists of construction of process related facilities, such as primary and secondary clarifiers, and biological treatment and disinfection, and the related appurtenances necessary to enable secondary treatment of wastewater influent, as more particularly described in the Local Match loan application of the Agency and the approved plans and specifications for the Project.

SECTION 2. INCORPORATION OF DOCUMENTS; ORDER OF PRECEDENCE;
GENERAL AGENCY COMMITMENTS.

This contract incorporates herein, or by reference, the documents listed below. In the event of any inconsistency in the contract documents, except as otherwise specifically provided, the inconsistency shall be resolved by giving precedence in the following order:

- (1) The provisions of this Local Match loan contract document;
- (2) the Local Match loan Contract Special Conditions (**Exhibit A**);
- (3) the Approval to Award letter (**Exhibit B**);
- (4) the Approved Plans and Specifications and Applicable Effluent Limitations (**Exhibit C**);
- (5) the Plans and Specifications Approval letters (**Exhibit D**);
- (6) the Facilities Plan Approval letter (**Exhibit E**);
- (7) the Preliminary Local Match Repayment Schedule and any amendments thereto (**Exhibit F**); and
- (8) the Local Match loan Contract Standard Conditions (**Exhibit G**).

The Agency accepts and agrees to comply with all terms, provisions, conditions, and commitments of this contract, including all incorporated documents, and to fulfill all assurances, declarations, representations, and commitments made by the Agency in its application, accompanying documents, and communications filed in support of its request for Local Match loan.

SECTION 3. STATE MATCH ACCOUNT.

The Agency will establish a local state match account. The Agency will deposit sufficient funds in the account to make payments to the contractor(s) in an amount equal to the percentage of federal contributions required by the federal Clean Water Act to be matched with state funds (currently 16.667%) and will include the required state match amount in all payments made to the contractor(s).

SECTION 4. ESTIMATED COST OF PROJECT.

The estimated reasonable cost of the Project at the time of SWRCB Approval, including associated planning and design costs, is **sixty seven million six hundred thirty six thousand dollars (\$67,636,000)** to the Agency.

SECTION 5. MAXIMUM LOCAL MATCH LOAN AMOUNT.

Subject to all of the terms, provisions, and condition of this contract, and subject to the availability of federal funds, the SWRCB will make a Local Match loan from the State Revolving Fund loan, created by Water Code Section 13477, in an amount not to exceed the maximum sum of **forty million four hundred sixty four thousand five hundred twenty-five dollars (\$40,464,525)** to the Agency. This amount is based on the Approval to Award letter from the SWRCB dated April 7, 2000 (Exhibit B), and includes **thirty three million seven hundred twenty thousand three hundred three dollars (\$33,720,303)** from the Federal Revolving Fund Loan Account **six million seven hundred forty four thousand two hundred twenty-two dollars (\$6,744,222)** from the Agency local state match account described in Section 3.

SECTION 6. INTEREST RATE.

The Local Match loan interest rate shall be set at zero percent per annum.

SECTION 7. COMPLETION OF PROJECT.

The Agency agrees to expeditiously proceed with and complete construction of the Project in substantial accordance with Project plans and specifications approved by the SWRCB.

SECTION 8. PROJECT CERTIFICATION.

One year after Project completion, the Agency shall certify to the SWRCB whether or not the Project meets applicable design specifications and effluent limitations. If the Agency cannot certify that it meets such specifications and limitations at that time, the Agency will, at its own expense and in a timely manner, expeditiously make all needed corrections and perform all additional work necessary to obtain affirmative certification for the Project.

Failure to submit an affirmative certification within 15 months, or a negative certification with a corrective action report that meets the above requirements and is satisfactory to the Division within 15 months, of the project completion date will result in an interest penalty of 0.1 percent per day being assessed on the outstanding Local Match loan balance due. The interest penalty will begin on the first day after expiration of the appropriate deadline.

SECTION 9. DISBURSEMENT.

Local Match loan funds will be disbursed in accordance with the disbursement provisions of Exhibit G attached hereto.

SECTION 10. REPAYMENT OF LOCAL MATCH LOAN.

Local Match loan funds, including the state match described in Section 3, shall be repaid in accordance with the provisions of Exhibit G, attached hereto, and as indicated in appropriate Local Match loan Repayment Schedules in Exhibit F, also attached hereto.

SECTION 11. DEDICATED SOURCE OF REVENUE.

The Agency shall adopt an ordinance or resolution designating a source of revenue for repayment of this Local Match loan. The dedicated source of revenue shall comply with the requirements of the federal Clean Water Act and any applicable federal and state laws, rules and regulations and shall have received SWRCB approval.

The Agency shall at all times maintain sufficient revenue to provide reasonable assurance of repayment of this Local Match loan.

SECTION 12. SUBORDINATION AND FUTURE LOCAL DEBT.

- A. The obligation of the Agency to make all payments required by this contract to the SWRCB solely from Net System Revenues is subordinate in right of payment to Parity Obligations existing on the date of execution of this contract and additional Parity Obligations incurred pursuant to Section 11 (B) below.
- B. The Agency may incur additional Parity Obligations (the payments of which are senior or prior in right to the payment by the Agency of its obligations required by this contract (and all other contracts between the Agency and the SWRCB that, by their terms, expressly provide therefore)) provided that:
 - 1. All Parity Obligations (including the Parity Obligations proposed to be incurred) shall have an "A" rating (without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise) or better by at least two nationally recognized rating agencies.
 - 2. The Agency fixes, prescribes and collects rates and charges for the Wastewater Service which will be sufficient to ensure that Net System Revenues to pay the obligations required by this contract are at least 1.1 times the current year's debt service on the obligations required by this contract.

- C. For purposes of this Section and Article 15, Paragraph (D) of Exhibit G the capitalized terms "Net System Revenues" and "Parity Obligations" and "Wastewater Service" shall have the meanings given to such terms in the certain Master Installment Purchase Agreement, dated as of September 1, 1993, between the Agency and the Public Facilities Financing Authority of the City of San Diego, as originally executed and as it may from time to time be amended or supplemented in accordance with the provisions thereof.

SECTION 13. FINANCIAL MANAGEMENT SYSTEM AND STANDARDS.

The Agency agrees to comply with federal standards for financial management systems. The Agency agrees that, at a minimum, its fiscal control and accounting procedures will be sufficient to permit preparation of reports required by the federal government and tracing of Local Match loan funds to a level of expenditure adequate to establish that such funds have not been used in violation of federal or state law or the terms of this contract. To the extent applicable, the Agency agrees to be bound by and to comply with the provisions and requirements of the federal Single Audit Act of 1984 (Pub. L. 98-502) and Office of Management and Budget (OMB) Circular No. A-128.

SECTION 14. ACCOUNTING STANDARDS.

The Agency will maintain separate Project accounts in accordance with generally accepted government accounting standards including those contained in the "Standards for Audit of Governmental Organizations, Programs, Activities and Functions" promulgated by the U.S. General Accounting Office.

SECTION 15. PROHIBITED CONTRACT.

The Agency agrees that it will preclude its contractors and subcontractors from contracting with any party which is debarred, suspended, or otherwise excluded from or ineligible for, participation in federal assistance programs under Executive Order 12549, "Debarment and Suspension".

SECTION 16. COPYRIGHTS.

The Agency agrees that the U.S. Environmental Protection Agency shall have a royalty-free, nonexclusive and irrevocable license to reproduce, publish, otherwise use, and to authorize others to use, for federal government purposes: (a) the copyright in any work developed under this Local Match loan contract and (b) any rights of copyright which the Agency may purchase where costs of such purchase are reimbursed with Local Match loan funds.

SECTION 17. USER CHARGE SYSTEM.

The Agency shall adopt and maintain in effect a user charge system which at all times complies with the requirements of Section 204(b)(1) of the federal Clean Water Act and applicable federal and state rules, regulations and guidelines.

SECTION 18. OPERATION AND MAINTENANCE.

The Agency agrees to properly staff, operate and maintain all portions of the Project during its useful life in accordance with all applicable federal and state laws, rules and regulations.

SECTION 19. USEFUL LIFE OF PROJECT.

For purposes of this contract, the parties agree that the useful life of the Project is 20 years from and after Project completion.

SECTION 20. ASSIGNABILITY.

To the extent permitted by federal and state laws, rules, and regulations, the SWRCB may, assign, grant a security interest in, or otherwise encumber this contract and any right, or rights hereunder, including any payment or payments to be received hereunder.

SECTION 21. STATE REVIEWS AND INDEMNIFICATION.


The parties agree that review or approval of Project plans and specifications by the SWRCB is for administrative purposes only and does not relieve the Agency of its responsibility to properly plan, design, construct, operate, and maintain the Project. As between the SWRCB and the Agency, the Agency agrees that it has sole responsibility for proper planning, design, construction, operation, and maintenance of the Project, and the Agency agrees to indemnify the SWRCB, the State of California and their officers, agents, and employees against and to hold the same free and harmless from any and all claims, demands, damages, losses, costs, expenses, or liability due or incident to planning, design, construction, operation, or maintenance of the Project.

SECTION 22. TERM.


This contract shall take effect upon Department of General Services' approval of the contract, and the contract shall remain in effect for the useful life of the Project or until the date of final Local Match loan repayment, whichever period is longer, unless sooner terminated pursuant to the provisions hereof.

IN WITNESS THEREOF, the parties have executed this contract on the dates set forth below.

CITY OF SAN DIEGO
(AGENCY NAME)

By:  (Frank Belock Jr.)
Authorized Representative

By: _____
Designated Representative

 Michael T. Uberuaga
Typed Name

Typed Name

City Manager
Title

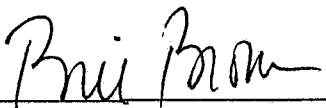
Title

Dated: 5/19/2000

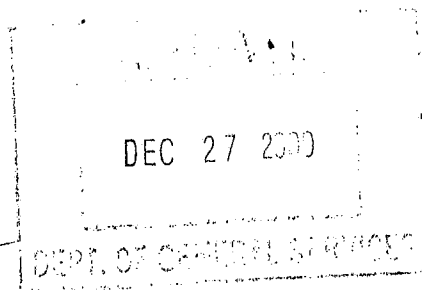
STATE OF CALIFORNIA
STATE WATER RESOURCES CONTROL BOARD

STATE OF CALIFORNIA
DEPARTMENT OF GENERAL SERVICES



By: , Chief
Division of Administrative Services





Dated: 12/11/00

(STAMP)

EXHIBIT A

LOCAL MATCH LOAN CONTRACT SPECIAL CONDITIONS

[X] Special condition as follows:

1. Loan disbursements under this contract shall not be made until the San Diego Regional Water Quality Control Board (SDRWQCB) has adopted a National Pollutant Discharge Elimination System (NPDES) Permit and any other applicable Waste Discharge Requirement.
2. A Final NPDES Permit and any other applicable waste discharge requirements shall be adopted by the SDRWQCB prior to initiation of operation of the facilities constructed under this contract.

EXHIBIT B

APPROVAL TO AWARD LETTER

See *Revised* Approval to Award letter dated April 7, 2000. This letter shows how the maximum Local Match loan amount, as described in Section 4, was determined.



Winston H. Hickox
Secretary for
Environmental
Protection

State Water Resources Control Board

Division of Clean Water Programs

2014 T Street • Sacramento, California 95814 • (916) 227-4400
Mailing Address: P.O. Box 944212 • Sacramento, California • 94244-2120
FAX (916) 227-4349 • Internet Address: <http://www.swrcb.ca.gov>



Gray Davis
Governor

APR 7 2000

CERTIFIED MAIL NO. P 413 976 554

Return Receipt Requested

Mr. F. D. Schlesinger, Director
Metropolitan Wastewater Department
City of San Diego
600 B Street, Suite 500
San Diego, CA 92101

Dear Mr. Schlesinger:

REVISED APPROVAL TO AWARD (ATA) -SOUTH BAY WATER RECLAMATION PLANT (CP-3)
PROCESS FACILITIES, CITY OF SAN DIEGO STATE REVOLVING FUND (SRF) LOAN PROJECT NO.
C-06-4119-510

This is to advise you that, upon further review, we must revise the ATA approval letter sent to you on March 27, 2000. The letter you received approved \$34,103,331 for Kiewit Pacific Company and \$730,313 for Comnet instrumentation work. The instrumentation work was added to the bid following award to Kiewit. The instrumentation work represents a change order. Our Policy for Implementing the State Revolving Fund for Construction of Wastewater Treatment Facilities prohibits the approval of change orders. After consulting with legal counsel, we have determined that the instrumentation work is ineligible; therefore, we must revise the approved SRF ATA budget as follows:

CONTRACTOR	APPROVED BUDGET	REVISED BUDGET
Kiewit Pacific Company	\$61,006,000	\$34,833,644

The Division of Clean Water programs establishes the revised SRF ATA budget as follows:

	APPROVED BUDGET	REVISED BUDGET
A. Construction	\$43,567,825	\$34,833,644
B. Allowances	\$6,960,940	
1. Planning		\$684,809
2. Design		\$1,467,185
3. Construction		\$3,085,202
4. Administration		\$313,503
5. Prime Engineering		\$80,182
TOTAL	\$50,528,765	\$40,464,525

Please refer to the enclosed revised Form No. 259 for the construction eligibility calculations.

SURNAME

Gray
4-6-00

California Environmental Protection Agency
4/6/00



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Mr. F. D. Schlesinger

- 2 -

Please provide this office with a written response within 30 days of the date of this letter stating your agreement or disagreement with this decision.

Send your response to:

Mr. Fred Johansen
Administration and Certification Section
State Water Resources Control Board
P.O. Box 944212
Sacramento, CA 94244-2120

If you have not contacted Mr. Johansen within 30 days, this letter will serve as our final decision. If you have any questions, please contact Mr. Ken Gonzales at (916) 227-4434.

Sincerely,

ORIGINAL SIGNED BY

Mike Harper, Chief
Administration Unit

Enclosures

bcc: Fred Johansen, DCWP
Dan Little, DCWP
Al Garbutt, DCWP
Ame Mathies, DCWP
Eva Kawada, DCWP

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EXHIBIT C

APPLICABLE EFFLUENT LIMITATIONS

Incorporated by reference are the following supporting documents:

See letter from the San Diego Regional Water Quality Control Board (SDRWQCB) to the City dated September 11, 1997, stating that the proposed discharge from the proposed South Bay Water Reclamation Plant (SBWRP) should comply with all applicable State and Federal water quality standards and policies as cited in the *Water Quality Control Plan, San Diego Basin (9)*.

See also letter from the SDRWQCB to the State Water Resources Control Board (SWRCB) dated December 3, 1999, acknowledging receipt of the City's NPDES Permit Application and Report of Waste Discharge. This letter provides an overview of the proposed SWRCB facility and a statement as to the completeness of the City's application. The SDRWQCB staff finds the application essentially complete and foresees no complications in drafting the permit and presenting it to the SDRWQCB for adoption.

See also letter dated December 14, 1999, from the SWRCB to the SDRWQCB acknowledging the SDRWQCB letter of December 3, 1999. This letter states that the SWRCB will write the loan contract for the City's projects with loan conditions requiring adoption of a final permit before operation of the facilities may commence.

APPROVED PLANS AND SPECIFICATIONS

Incorporated by reference are the Plans and Specifications approved by the Division on September 30, 1998, which are the basis for the construction contract to be awarded by the City of San Diego to the **Kiewit Pacific Company** following competitive advertising.

09/12/97 11:49
09/12/97 11:40

619 892 4954

TECH. SERVICES

STATE OF CA CWQCB + 619 892 4954

001
NO. 306 F002/002



Cal/EPA

California
Regional Water
Quality Control
Board, San Diego
Region

9771 Clairemont Mesa
Blvd., Suite A
San Diego, CA 92124
(619) 467-2952
FAX (619) 571-6972



Pete Wilson
Governor

September 11, 1997

F. D. Schlesinger, Director
Metropolitan Wastewater Department
600 B Street, Suite 500
San Diego, California 92101-4587

Dear Mr. Schlesinger:

RE: South Bay Water Reclamation Plant

Regional Board staff has reviewed the City's proposal for a new wastewater treatment plant located in the Tijuana River Valley. We understand the facility will have an initial capacity of 7 MGD and produce Title 22 quality effluent for distribution in the basin. The South Bay Ocean Outfall will be used for disposal of effluent when necessary.

The proposed discharge should comply with all applicable State and Federal water quality standards and policies as cited in the *Water Quality Control Plan, San Diego Basin(9)*. Therefore appropriate requirements prescribed in a NPDES permit and a master reclamation permit can be prepared by staff and adopted by the Regional Board for this project. We will continue to work with your staff to facilitate the preparation of the necessary permit applications.

I understand that State Water Resources Control Board will accept this letter in lieu of the tentative requirements as part of the City's application for a State Revolving Fund loan. If you need further information or have any questions, please call Mr. Bob Morris at (619) 467-2962.

Respectfully,

JOHN H. ROBERTUS
Executive Officer

cc: Daniel Little
SWRCB, Division of Clean Water Programs

Postmark	Date	# of copies
Fax Note R7873		
To		
File		
From		
Phone		



California Regional Water Quality Control Board

San Diego Region

Winston H. Hickox
Secretary for
Environmental
Protection

Internet Address: <http://www.swrcb.ca.gov/~rwqcb9/>
9771 Clairemont Mesa Boulevard, Suite A, San Diego, California 92124-1324
Phone (858) 467-2952 • FAX (858) 571-6972



December 3, 1999

Mr. Farouk Ismail
Division of Clean Water Programs
State Water Resources Control Board
2014 T Street, Suite 130
Sacramento, CA 95814

Dear Mr. Ismail:

SUBJECT: RECEIPT OF NPDES PERMIT APPLICATION AND REPORT OF WASTE DISCHARGE FOR THE CITY OF SAN DIEGO'S PROPOSED SOUTH BAY WATER RECLAMATION PLANT DISCHARGE OF EXCESS RECLAIMED WATER TO THE SOUTH BAY OCEAN OUTFALL

This is to acknowledge receipt on November 18, 1999 of the NPDES Permit Application and Report of Waste Discharge dated November 18, 1999, for the City of San Diego's Proposed South Bay Water Reclamation Plant (SBWRP) Discharge of Excess Reclaimed Water to the South Bay Ocean Outfall. The City of San Diego has requested that the Regional Board issue a NPDES permit for the discharge of an average daily flow of up to 15 mgd of wastewater from the SBWRP to the Pacific Ocean via the South Bay Ocean Outfall. This letter provides an overview of the proposed SBWRP facility, and a review by our staff of the completeness of the NPDES application and supporting information.

The proposed SBWRP, with a design flow of 15-mgd, will be built in the eastern portion of the Tijuana River Valley, within the city limits of the City of San Diego. The SBWRP will treat wastewater primarily composed of domestic sewage from residential and commercial activities, collected from the southern portion of the City of San Diego.

The purpose of the plant is to employ primary, secondary, and tertiary treatment to develop reclaimed water for sale to off-site users. The City intends to operate the treatment facility up to the full 15-mgd capacity. Wastewater from the SBWRP tributary area in excess of the 15-mgd flow will be routed to the City of San Diego Point Loma Wastewater Treatment Plant for treatment and discharge to the Pacific Ocean through the Point Loma Ocean Outfall. Waste solids from SBWRP will also be directed to the Point Loma Treatment Plant.

California Environmental Protection Agency

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Treated wastewater from the SBWRP in excess of reclaimed water demands will be discharged to the Pacific Ocean through the South Bay Ocean Outfall. All wastewater discharged from the SBWRP to the outfall will have undergone primary and secondary treatment. A small and variable quantity of tertiary-treated water may be discharged from the SBWRP to the outfall on an irregular basis.

The South Bay Ocean Outfall extends westward approximately 23,600 feet from near the mouth of the Tijuana River. It was constructed for use by the International Wastewater Treatment Plant (operated by the International Boundary and Water Commission, IBWC) as well as planned City of San Diego wastewater facilities (including SBWRP). The total annual average design capacity of the outfall is 174 mgd. The IBWC International Wastewater Treatment Plant currently discharges up to 25 mgd of primary effluent to the outfall. The flow of wastewater discharged through the South Bay Ocean Outfall from the SBWRP would range from near zero to a maximum of 15-mgd depending on the demand for the reclaimed water.

As described in the SBWRP Report of Waste Discharge, the primary and secondary treatment processes at the SBWRP will consist of the following elements:

- influent screening by mechanically cleaned bar screens;
- grit removal by aerated grit chambers;
- primary sedimentation using rectangular primary clarifiers with chain and flight sludge collectors and tilting trough scum collectors;
- primary effluent flow equalization pumping to above ground circular concrete storage tanks;
- air activated sludge biological treatment with anoxic selector;
- secondary clarification using rectangular clarifiers with chain and flight sludge collectors and tilting trough scum collectors.

These treatment processes are capable of producing an effluent that will comply with the requirements of the California Ocean Plan and any other applicable standards for discharge to the Pacific Ocean.

Tertiary treatment and disinfection processes will only be employed on that wastewater that is intended for reclamation. As mentioned, however, a small portion of tertiary wastewater may be discharged through the South Bay Ocean Outfall. The tertiary treatment processes to be employed at the SBWRP will include the following elements:

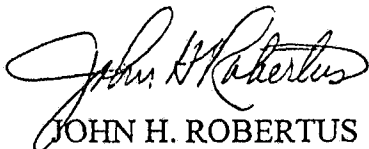
- filter feed pumping;
- filter influent flow metering;
- filter influent coagulation using chemical addition and an in-line static mixer;
- direct filtration using conventional deep bed mono-media filter;
- disinfection by exposure to ultraviolet light.

December 3, 1999

Staff has reviewed the application and supporting information and finds the application to be essentially complete. Staff has not yet decided when to schedule a Regional Board meeting date for adoption of a NPDES Permit for the new discharge. We foresee, however, no complications in drafting the permit and in presenting the permit for adoption by the Board.

If you have any questions, please contact Ms. Christine Boschen by phone at (858) 467-2981, or by e-mail at boscc@rb9.swrcb.ca.gov.

Sincerely,



JOHN H. ROBERTUS

Executive Officer

San Diego Regional Water Quality Control Board

cc: Mr. F.D. Schlesinger,
Director
Metropolitan Wastewater Department
City of San Diego





Winston H. Hickox
Secretary for
Environmental
Protection

State Water Resources Control Board

Division of Clean Water Programs

2014 T Street • Sacramento, California 95814 • (916) 227-4400
Mailing Address: P.O. Box 944212 • Sacramento, California • 94244-2120
FAX (916) 227-4349 • Internet Address: <http://www.swrcb.ca.gov>



Gray Davis
Governor

DEC 14 1999

Mr. John H. Robertus, Executive Officer
San Diego Regional Water Quality Control Board
9771 Clairemont Mesa Boulevard, Suite A
San Diego, CA 92124-1324

Dear Mr. Robertus:

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM (NPDES) PERMIT FOR THE SOUTH BAY WATER RECLAMATION PLANT, CITY OF SAN DIEGO, STATE REVOLVING FUND (SRF) PROJECT NOS. C-06-4119-310, -410, AND -510, AND SOUTH BAY RECLAMATION SEWER AND PUMP STATION, SRF NOS. C-06-4650-110, AND -210

I am in receipt of your letter dated December 2, 1999. In your letter you acknowledge receipt of the City of San Diego's NPDES Permit Application and Report of Waste Discharge for the proposed South Bay Water Reclamation Plant (SBWRP).

The State Water Resources Control Board (SWRCB) normally requires the adoption of a final waste discharge requirement before the Division of Clean Water Programs (Division) can issue a final plans and specifications (P&S) approval for a project. Further, because the SRF loan contract typically contains the waste discharge requirement as an exhibit, the Division normally cannot write a contract until adoption of the permit.

The final P&S for all the subject projects were approved by the Division. The Division accepted the San Diego Regional Water Quality Control Board's (SDRWQCB) September 11, 1997, letter in lieu of final waste discharge requirements. Based on the SDRWQCB letter of December 3, 1999, the Division will write SRF loan contracts for the City's subject projects with loan conditions requiring the adoption of the Final NPDES Permit prior to initiation of operation for the performance certification of the facilities.

Please do not hesitate to call Mr. Dan Little at (916) 227-4575 if you have any questions regarding the above.

Sincerely,

ORIGINAL SIGNED BY

Farouk T. Ismail, Chief
Planning and Design Section

EXHIBIT D

PLANS AND SPECIFICATIONS APPROVAL LETTER

See the Plans and Specifications Approval letters dated September 30, 1998 and June 25, 1999, for the Process Units and Controls at the South Bay Water Reclamation Plant Project.



State Water Resources Control Board



Winston H. Hickox
Secretary for
Environmental
Protection

Division of Clean Water Programs
2014 T Street • Sacramento, California 95814 • (916) 227-4400
Mailing Address: P.O. Box 944212 • Sacramento, California • 94244-2120
FAX (916) 227-4349 • Internet Address: <http://www.swrcb.ca.gov>

Gray Davis
Governor

JUN 25 1999

Mr. F.D. Schlesinger, Director
Metropolitan Wastewater Department
City of San Diego
600 B Street, Suite 500
San Diego CA 92101-4587

C-06 4119-510
Module PF
Section B Tob
By JTH Date 7/6/99

Dear Mr. Schlesinger:

AMENDED FINAL PLANS AND SPECIFICATIONS (P&S) APPROVAL; CITY OF SAN DIEGO (CITY), SOUTH BAY WATER RECLAMATION PLANT CONSTRUCTION PACKAGE NO. 3 (CP-3) PROCESS UNITS AND CONTROLS AND WASTEWATER OPERATIONS MANAGEMENT NETWORK SYSTEM (COMNET), STATE REVOLVING FUND (SRF) LOAN PROJECT NO. C-06-4119-510

This Amended Final P&S Approval includes the addition of the Wastewater Operations Management Network System (COMNET) to the CP-3 construction contract. The Division of Clean Water Programs (Division) received the City's signed P&S Approval Form and Project Performance Certification Standards for the amended eligibility determination which included COMNET on June 25, 1999.

The Division hereby approves the P&S for South Bay Water Reclamation Plant (SBWRP) Process Units and Controls Construction Package No. 3 project *including the COMNET system* with the conditions noted in this letter, in the enclosed approval form, and in the SRF Loan Contract.

This amended Final P&S assumes that all other construction at the SBWRP approved for SRF loan assistance by the State Water Resources Control Board (CP-1, CP-2, and CP-3) will be completed. Approval of this project does not relieve the City of its responsibility to complete construction and operate the SBWRP pursuant to the proposed discharge requirements as discussed in the San Diego Regional Water Quality Control Board's (SDRWQCB) letter to the City dated September 11, 1997. The SDRWQCB must adopt a National Pollutant Discharge Elimination System (NPDES) Permit before the South Bay Water Reclamation Plant can be operated.

This amended approval includes the work described in Design Modification No. 4 (Section 13300 of the Contract Documents) dated February 1, 1999. This amended approval does *not* include the work described in Section 13400 of the Contract Documents.

The Division assumes that the City has obtained the necessary approval(s), permit(s), or exemption(s) from other regulatory agencies, especially where construction activities might affect public health or water quality. This approval does not supersede any SDRWQCB or local health department orders or requirements. All other approvals and decisions contained in the final P&S approval dated September 30, 1998, not in conflict with this approval and decision, remain in effect.

rec'd 25 Jan 99
SURNAME
DWR 540 REV. 1/96

JTH
6/25/99

California Environmental Protection Agency

Whitten
(For F. Smith)
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6-25-99

Mr. F. D. Schlesinger

- 2 -

JUN 25 1999

Please be reminded that any work for the subject COMNET contract initiated prior to the date of this P&S approval will render the entire COMNET work ineligible. If you have any questions regarding the enclosed P&S Approval form, please call Mr. Dan Little at (916) 227-4575.

Sincerely,

ORIGINAL SIGNED BY

Edward Whitner for.
Farouk T. Ismail, Ph.D., P.E.
Chief, Planning & Design Section

Enclosures

cc: Ms. Ann Sasaki, Project Manager
Metropolitan Wastewater Department

Mr. Richard J. Enriquez
Grants and Loans Administrator (w/encs.)
Metropolitan Wastewater Department

bcc: Sandy Houck, DCWP
Nick Kontos, DCWP
Al Garbutt, DCWP

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**CLEAN WATER PROGRAMS
PLANS AND SPECIFICATIONS APPROVAL FORM**

Project No. C-06-4119-510 Date: June 22, 1999
 Applicant CITY OF SAN DIEGO, METROPOLITAN WASTEWATER DEPARTMENT
 Address 600 B Street, Suite 500, San Diego, CA 92101-4587
 Auth. Rep. Mr. F. D. Schlesinger, Director Engineer Ms. Ann Sasaki
 Address (same as above) Address (same as above)
 Phone (619) 533-4200 Phone (619) 533-4211
 Project Description South Bay Water Reclamation Plant, Process Units and Controls including COMNET

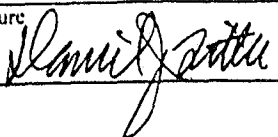
The eligibility determinations identified below are based on the review of the final plans and specifications received in this office on April 2, 1998, the addenda received April 2, May 1, June 3, and June 18, 1998, the Bid Schedule contained in the Contract Specifications pages 00300-3 and 00300-4, the Bid Schedule containing the engineers estimate dated April 9, 1998 by FAX, the Final Prebid Construction Cost Estimate dated May 1997, the Facilities Plan Approval letter dated September 24, 1997, and the revised Facilities Plan Approval letter dated October 2, 1997.

A change has been added to this approval form to include the eligibility of the Wastewater Operations Management Network System, more commonly referred to as COMNET. The COMNET work includes the furnishing and installation of instrumentation, control panels, and other devices, is described in the Amended Facility Plan Approval letter dated June 22, 1999, and also in Section 13300 of the Contract Documents.

The eligibility determination for the contract bid items, as shown in the Bid Schedule on pages 00300-3 and 00300-4 of Addendum E of the contract specifications, are as follows:

Bid Item No.	Description	Percent Eligibility
1	General Construction	73.9379% <i>See Condition No. 1</i>
2	Sheeting, Shoring, and Bracing	73.9379% <i>See Condition No. 1</i>
3	Mothballing Equipment and Facilities	0% <i>See Condition No. 2</i>
4	Erosion Control and Storm Water Pollution Prevention Program	73.9379% <i>See Condition No. 1</i>
5	Additional Structural Concrete Added to a Concrete Structure Which is Part of Scope	0% <i>See Condition No. 2</i>
6	Preventative Maintenance and Warranty Extension	0% <i>See Condition No. 2</i>
7	Project Site Security Services and Access Control	0% <i>See Condition No. 2</i>

APPROVAL BY STATE

Date June 22, 1999	Signature 	Name and Title Daniel J. Little, P.E., Associate Engineer
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(CONTINUATION SHEET)

Project No. C-06-4119-510
 Applicant CITY OF SAN DIEGO

8	Bridge Crane 10-ME-103	100%
9	Add Gantry Crane	100%
10	Allowance for Utilities	0% <i>See Condition No. 2</i>
11	Allowance for 12KV Power	100%
12	Allowance for Partnering	0% <i>See Condition No. 2</i>
13	Allowance for Field Orders	0% <i>See Condition No. 2</i>
14	Allowance for Site Maintenance	0% <i>See Condition No. 2</i>
15	Mobilization and Demobilization of Oil/Water Separator with a Carbon Absorption System and/or Sand Filter	0% <i>See Condition No. 2</i>
16	Dewatering System	0% <i>See Condition No. 2</i>
17	Rental Trailer	100%
18	Noise Wall	0% <i>See Condition No. 2</i>


Description	\$ Negotiated	Percent Eligibility	\$ Eligible
COMNET Instrumentation	\$1,261,860	73.9379% <i>See Condition No. 3</i>	\$932,993

CONDITIONS OF APPROVAL

Plans and Specifications for your project are approved with the following conditions:

1. Based on prorated costs of eligible unit processes and support facilities as defined in the City's South Bay Water Reclamation Plant Final Prebid Construction Cost Estimate dated May 1997, and the cost estimate dated October 9, 1997.
2. Bid items which are pre-priced or subject to the deletion from the contract at the discretion of the owner are ineligible as they are considered pre-priced allowances or change orders and such costs may or may not ever be incurred over the term of this contract. This applies to items 3, 5, 6, 7, 10, 12, 13, 14, 15, 16, and 18. Bid Item No. 11, the 12KV Power System Maintenance, is fully eligible even though it is a

APPROVAL BY STATE

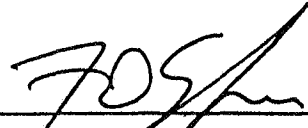
Date June 22, 1999	Signature 	Name and Title Daniel J. Little, P.E., Associate Engineer
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Project No. C-06-4119-510
Applicant CITY OF SAN DIEGO

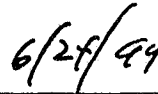
fixed price, because it is not subject to deletion from the contract by the owner and is necessary to maintain electrical power to the site during construction.

3. The COMNET system has been added to this eligibility determination. Its percentage of eligibility is pro-rated based on the eligibility as determined for the General Construction bid item.

I agree with the above eligibility decisions.

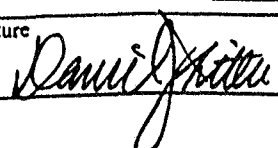


F. D. Schlesinger
Authorized Representative



Date

APPROVAL BY STATE

Date June 22, 1999	Signature 	Name and Title Daniel J. Little, P.E., Associate Engineer
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CLEAN WATER PROGRAMS
PROJECT PERFORMANCE CERTIFICATION STANDARDS

I, F.D. Schlesinger, as the authorized representative for the City of San Diego hereby agree to the following project performance standards for the South Bay Water Reclamation Plant Construction Package No. 3 - Process Units and Controls, and the Wastewater Operations and Management Network System (COMNET), SRF Loan No. C-06-4119-510

1. All components of the project shall meet the material, workmanship, and performance standards identified in the contract plans and specifications and will be operational at the time of project performance certification.

Each mechanical component, process unit, electrical system, and instrumentation componentry shall be tested to determine that the performance objectives stated in the specifications and design criteria can be met under full load conditions.

The COMNET instrumentation and controls shall be tested in accordance with the specifications contained in the Design Modification No. 4 (Section 13300) dated February 1, 1999.

2. The City shall include this information in the project performance certification report due one year after initiation of operation (See Item 8 below). The report shall include a description of the test conditions and the attained performance of each major item of equipment and process unit.
3. The following information should be collected for the life of the project:
 - a) Information required to complete the discharger's monthly self-monitoring reports submitted to the Regional Water Quality Control Board;
 - b) Daily sampling of plant influent or effluent flow records;
 - c) Plant influent and effluent Biochemical Oxygen Demand (BOD₅) and Total Suspended Solids (TSS) concentrations (weekly);
 - d) Quantity of bar screenings (weekly);
 - e) Quantity of grit (weekly);
 - f) Mean Cell Residence Time (MCRT), weekly;
 - g) Mixed Liquor Suspended Solids (MLSS) concentrations (weekly);
 - h) Return Activated Sludge (RAS) and Waste Activated Sludge (WAS) flow rates (daily);

Project No. SRF Loan No. C-06-4119-510

Applicant City of San Diego

CLEAN WATER PROGRAMS
PROJECT PERFORMANCE CERTIFICATION STANDARDS

- i) Dissolved Oxygen (DO) concentrations in aeration basins (daily);
 - j) Sludge Volume Index (SVI) for activated sludge, or other method for monitoring sludge settling characteristics (weekly);
 - k) Chemical dosage concentration and frequency (daily);
 - l) Effluent total coliform from secondary clarifiers (weekly);
 - m) Final effluent total coliform (weekly);
 - n) UV dosage intensity and exposure time (daily); and
 - o) Secondary clarifier TSS concentration and/or turbidity (daily).
4. The following information should be collected for the duration of the project performance certification period, unless such documentation was already submitted to SWRCB construction inspectors:
- a) Results of equipment performance tests (pumps, blowers, etc.) and oxygen transfer efficiency tests, when required by the specification documents;
 - b) Primary and secondary effluent BOD₅ and TSS concentrations test results (weekly); and
 - c) Overflow rates for primary and secondary clarifiers.
5. The existing operation and maintenance tracking system must be updated to include all new mechanical and electrical equipment, spare parts, and a record of preventive and corrective maintenance tasks scheduled and performed.
6. A log of the operation and maintenance of each mechanical component shall be maintained.
- An organization chart including the number, grades, and shifts of certified operators and maintenance personnel.
7. At the end of the one year project performance period, the prime engineer shall prepare a Project Performance Certification Report analyzing the ability of the funded facilities to meet above criteria. A Certificate of Performance shall be submitted to the Division for review. The report, at minimum, shall contain a summary and discussion of the following:

Project No. SRF Loan No. C-06-4119-510

Applicant City of San Diego

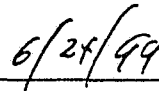
CLEAN WATER PROGRAMS
PROJECT PERFORMANCE CERTIFICATION STANDARDS

- a) Information listed in Items 1 and 2 above:
 - b) Activated sludge process performance data:
 - i) BOD₅ and TSS removal efficiencies, presented on a month-to-month basis, and
 - c) A discussion and explanation of any process upset conditions during the certification period.
8. If the project cannot meet the performance criteria defined above, the prime engineer shall provide a plan of action for correction of any failure to meet the project performance standards listed above.
9. The City shall correct performance problems, should any be identified by the prime engineer's report, at other than State expense.

I agree with the project performance standards identified above.



Mr. F. D. Schiesinger
Authorized Representative



Date

Project No. SRF Loan No. C-06-4119-510

Applicant City of San Diego



State Water Resources Control Board

John P. Caffrey, Chairman

Peter M. Rooney
Secretary for
Environmental
Protection

Division of Clean Water Programs
2014 T Street • Sacramento, California 95814 • (916) 227-4400 FAX (916) 227-4595
Mailing Address: P.O. Box 944212 • Sacramento, California • 94244-2120
Internet Address: <http://www.swrcb.ca.gov>



Pete Wilson
Governor

Mr. F.D. Schlesinger, Director
Metropolitan Wastewater Department
City of San Diego
600 B Street, Suite 500
San Diego CA 92101-4587

C-06 4119-510
Module PF
Section B Tob 1
By Little Date 10/2/98

Dear Mr. Schlesinger:

FINAL PLANS AND SPECIFICATIONS (P&S) APPROVAL; CITY OF SAN DIEGO (CITY), SOUTH BAY WATER RECLAMATION PLANT (CONSTRUCTION PACKAGE NO. 3 PROCESS UNITS AND CONTROLS), STATE REVOLVING FUND (SRF) LOAN PROJECT NO. C-06-4119-510

The Division of Clean Water Programs (Division) received the City's signed P&S Approval Form and Project Performance Certification Standards for the subject project on September 17, 1998. The Division hereby approves the P&S for South Bay Water Reclamation Plant Process Units and Controls Construction Package No. 3 project including Addenda "A" and "B" approved August 21, 1998, and Addenda "C" through "F" approved September 2, 1998, with the conditions noted in this letter, in the enclosed approval form, and in the SRF Loan Contract.

Approval of the Final P&S for construction of this project assumes that Construction Packages No. 2, the operation and maintenance buildings, will be constructed and operational in accordance with their respective milestone schedules as contained in the Facility Plan Approval letter dated September 24, 1997. The Regional Water quality Control Board (RWQCB) must adopt National Pollutant Discharge Elimination System (NPDES) Permit before the South Bay Water Reclamation Plant can be operated. Please inform the Division of the planned schedule for adoption of the NPDES Permit including the submittal of the Report of Waste Discharge to the RWQCB and the public hearing for the tentative NPDES permit.

Approval of this project does not relieve the City of its responsibility to complete construction and operate the South Bay Water Reclamation Plant pursuant to the proposed discharge requirements as discussed in the RWQCB's letter to the City dated September 11, 1997. Please also note that this approval does not include the Westinghouse COMNET System which is reviewed separately.

This approval assumes that the City has obtained the necessary approval(s), permit(s), or exemption(s) from other regulatory agencies, especially where construction activities might affect public health or water quality. This approval does not supersede any RWQCB or local health department orders or requirements.

The City must assure that the selected bidder is not excluded (debarred) from participating in federally funded programs. Contractor(s) status regarding debarment can be determined by contacting your project manager, Mr. Dan Little.

Additionally, submit the enclosed "State Revolving Fund Approval to Award ATA) Request" (SRF 555-1) form along with other items listed under Item IV. Please submit a copy of the completed Form 4700-5 with the bid package.

me 29 Sep 98
SURNAME
DWR 540 REV. 1/96

Little
9/30/98

California Environmental Protection Agency
Recycled Paper 9/30/98

Nick Kontas
9/30/98

Mr. F.D. Schlesinger

- 2 -

SEP 30 1998

If you have any questions regarding the enclosed Plans and Specifications Approval form, please call Mr. Little at (916) 227-4575.

Sincerely,

ORIGINAL SIGNED BY

Howard Whitner

Farouk T. Ismail, Ph.D., P.E.

Chief, Planning & Design Section

Enclosures

cc: Ms. Ann Sasaki, Project Manager
Metropolitan Wastewater Department

Mr. Mike Faramarzi, Project Engineer
Metropolitan Wastewater Department

Mr. Richard J. Enriquez, Grants and Loans Administrator (w/encs.)
Metropolitan Wastewater Department

bcc: Nick Kontos, DCWP
Bruce Seno, DCWP
Al Garbutt, DCWP

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**CLEAN WATER PROGRAMS
ADDENDUM APPROVAL FORM**

Project No.	SRF Loan No. C-06-4119-510	Date:	September 2, 1998
Applicant	City of San Diego		
Address	600 B Street, Suite 500, San Diego, CA 92101-4587		
Auth. Rep.	Mr. F. D. Schlesinger, Director	Engineer	Ms. Ann Sasaki
Address	(same as above)	Address	(same as above)
Phone	(619) 533-4200	Phone	(619) 533-4211
Project Description	South Bay Water Reclamation Plant, CP-3 Process Units and Controls		

ADDENDA DESCRIPTIONS:

Addendum A, April 2, 1998:

1. Extends Bid Opening Date to May 19, 1998,
2. Adds regulatory permits, and
3. Deletions, revisions, replacements, and additions to Contract Documents and Drawings.

Addendum B, April 2, 1998:

1. Deletions, revisions, replacements, and additions to Contract Documents Technical Specifications and Standard Specifications.

Addendum C, April 30, 1998:

1. Extends Bid Opening Date to June 24, 1998,
2. Bidders questions, and
3. Deletions, revisions, replacements, and additions to Contract Documents General Conditions and General Requirements, Technical Specifications, and Drawings.


Addendum D, May 26, 1998:

1. Bidders questions, and
2. Deletions, revisions, replacements, and additions to Contract Documents and Drawings.

Addendum E, June 10, 1998:

1. Extends Bid Opening Date to July 1, 1998,
2. Bidders questions, and

APPROVAL BY STATE

Date September 2, 1998	Signature 	Name and Title Daniel J. Little, P.E., Associate Engineer
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(CONTINUATION SHEET)

Project No. C-06-4119-510
Applicant CITY OF SAN DIEGO

3. Deletions, revisions, replacements, and additions to Contract Documents General Conditions and General Requirements, and Technical Specifications.

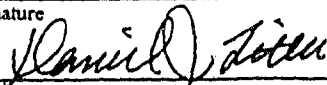
Addendum F, June 12, 1998:

1. Bidders questions, and
2. Deletions, revisions, replacements, and additions to Contract Documents Technical Specifications and Drawings.

ADDENDA APPROVAL AND ELIGIBILITY SUMMARY:

Addendum	SWRCB Approval Date	Est. Eligibility Increase	Est. Eligibility Decrease	Estimated Eligibility Determination
A	August 21, 1998	0%	0%	same as original
B	August 21, 1998	0%	0%	same as original
C	September 2, 1998	0%	0%	same as original
D	September 2, 1998	0%	0%	same as original
E	September 2, 1998	0%	0%	same as original
F	September 2, 1998	0%	0%	same as original
Totals		0%	0%	same as original

APPROVAL BY STATE

Date September 2, 1998	Signature 	Name and Title Daniel J. Little, P.E., Associate Engineer
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**CLEAN WATER PROGRAMS
PLANS AND SPECIFICATIONS APPROVAL FORM**


Project No.	C-06-4119-510	Date:	August 21, 1998
Applicant	CITY OF SAN DIEGO, METROPOLITAN WASTEWATER DEPARTMENT		
Address	600 B Street, Suite 500, San Diego, CA 92101-4587		
Auth. Rep.	Mr. F. D. Schlesinger, Director	Engineer	Ms. Ann Sasaki
Address	(same as above)	Address	(same as above)
Phone	(619) 533-4200	Phone	(619) 533-4211
Project Description	South Bay Water Reclamation Plant, Process Units and Controls		

The eligibility determinations identified below are based on the review of the final plans and specifications received in this office on April 2, 1998, the addenda received April 2, May 1, June 3, and June 18, 1998, the Bid Schedule contained in the Contract Specifications pages 00300-3 and 00300-4, the Bid Schedule containing the engineers estimate dated April 9, 1998 by FAX, the Final Prebid Construction Cost Estimate dated May 1997, the Facilities Plan Approval letter dated September 24, 1997, and the revised Facilities Plan Approval letter dated October 2, 1997.

The eligibility determination for the contract bid items, as shown in the Bid Schedule on pages 00300-3 and 00300-4 of Addendum E of the contract specifications, are as follows:

Bid Item No.	Description	Percent Eligibility
1	General Construction	73.9379% <i>See Condition No. 1</i>
2	Sheeting, Shoring, and Bracing	73.9379% <i>See Condition No. 1</i>
3	Mothballing Equipment and Facilities	0% <i>See Condition No. 2</i>
4	Erosion Control and Storm Water Pollution Prevention Program	73.9379% <i>See Condition No. 1</i>
5	Additional Structural Concrete Added to a Concrete Structure Which is Part of Scope	0% <i>See Condition No. 2</i>
6	Preventative Maintenance and Warranty Extension	0% <i>See Condition No. 2</i>
7	Project Site Security Services and Access Control	0% <i>See Condition No. 2</i>
8	Bridge Crane 10-ME-103	100%
9	Add Gantry Crane	100%
10	Allowance for Utilities	0% <i>See Condition No. 2</i>
11	Allowance for 12KV Power	100%

APPROVAL BY STATE

Date August 21, 1998	Signature 	Name and Title Daniel J. Little, P.E., Associate Engineer
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(CONTINUATION SHEET)

Project No. C-06-4119-510
Applicant CITY OF SAN DIEGO

12	Allowance for Partnering	0% See Condition No. 2
13	Allowance for Field Orders	0% See Condition No. 2
14	Allowance for Site Maintenance	0% See Condition No. 2
15	Mobilization and Demobilization of Oil/Water Separator with a Carbon Absorption System and/or Sand Filter	0% See Condition No. 2
16	Dewatering System	0% See Condition No. 2
17	Rental Trailer	100%
18	Noise Wall	0% See Condition No. 2

CONDITIONS OF APPROVAL

Plans and Specifications for your project are approved with the following conditions:

- Based on prorated costs of eligible unit processes and support facilities as defined in the City's South Bay Water Reclamation Plant Final Prebid Construction Cost Estimate dated May 1997, and the cost estimate dated October 9, 1997.
2. Bid items which are pre-priced or subject to the deletion from the contract at the discretion of the owner are ineligible as they are considered pre-priced allowances or change orders and such costs may or may not ever be incurred over the term of this contract. This applies to items 3, 5, 6, 7, 8, 10, 11, 12, 13, and 14. Bid Item No. 9, the 12KV Power System Maintenance, is fully eligible even though it is a fixed price, because it is not subject to deletion from the contract by the owner and is necessary to maintain electrical power to the site during construction.

I agree with the above eligibility decisions.

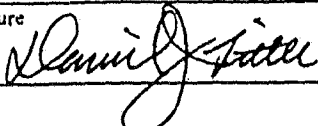

F. D. Schlesinger
Authorized Representative

9/15/98
Date

APPROVAL BY STATE

Date
August 21, 1998

Signature



Name and Title

Daniel J. Little, P.E., Associate Engineer

CLEAN WATER PROGRAMS
PROJECT PERFORMANCE CERTIFICATION STANDARDS

I, F.D. Schlesinger, as the authorized representative for the City of San Diego hereby agree to the following project performance standards for the South Bay Water Reclamation Plant Construction Package No. 3 - Process Units and Controls, SRF Loan No. C-06-4119-510

1. All components of the project shall meet the material, workmanship, and performance standards identified in the contract plans and specifications and will be operational at the time of project performance certification.

Each mechanical component and process unit shall be tested to determine that the performance objectives stated in the specifications and design criteria can be met under full load conditions.

2. The City shall include this information in the project performance certification report due one year after initiation of operation (See Item 8 below). The report shall include a description of the test conditions and the attained performance of each major item of equipment and process unit.
3. The following information should be collected for the life of the project:
 - a) Information required to complete the discharger's monthly self-monitoring reports submitted to the Regional Water Quality Control Board;
 - b) Daily sampling of plant influent or effluent flow records;
 - c) Plant influent and effluent Biochemical Oxygen Demand (BOD₅) and Total Suspended Solids (TSS) concentrations (weekly);
 - d) Quantity of bar screenings (weekly);
 - e) Quantity of grit (weekly);
 - f) Mean Cell Residence Time (MCRT), weekly;
 - g) Mixed Liquor Suspended Solids (MLSS) concentrations (weekly);
 - h) Return Activated Sludge (RAS) and Waste Activated Sludge (WAS) flow rates (daily);
 - i) Dissolved Oxygen (DO) concentrations in aeration basins (daily);
 - j) Sludge Volume Index (SVI) for activated sludge, or other method for monitoring sludge settling characteristics (weekly);

Project No. SRF Loan No. C-06-4119-510

Applicant City of San Diego

**CLEAN WATER PROGRAMS
PROJECT PERFORMANCE CERTIFICATION STANDARDS**

- k) Chemical dosage concentration and frequency (daily);
 - l) Effluent total coliform from secondary clarifiers (weekly);
 - m) Final effluent total coliform (weekly);
 - n) UV dosage intensity and exposure time (daily); and
 - o) Secondary clarifier TSS concentration and/or turbidity (daily).
4. The following information should be collected for the duration of the project performance certification period, unless such documentation was already submitted to SWRCB construction inspectors:
- a) Results of equipment performance tests (pumps, blowers, etc.) and oxygen transfer efficiency tests, when required by the specification documents;
 - b) Primary and secondary effluent BOD₅ and TSS concentrations test results (weekly); and
 - c) Overflow rates for primary and secondary clarifiers.
5. The existing operation and maintenance tracking system must be updated to include all new mechanical and electrical equipment, spare parts, and a record of preventive and corrective maintenance tasks scheduled and performed.
6. A log of the operation and maintenance of each mechanical component shall be maintained.
7. An organization chart including the number, grades, and shifts of certified operators and maintenance personnel.
8. At the end of the one year project performance period, the prime engineer shall prepare a Project Performance Certification Report analyzing the ability of the funded facilities to meet above criteria. A Certificate of Performance shall be submitted to the Division for review. The report, at minimum, shall contain a summary and discussion of the following:
- a) Information listed in Items 1 and 2 above;
 - b) Activated sludge process performance data:
 - i) BOD₅ and TSS removal efficiencies, presented on a month-to-month basis, and

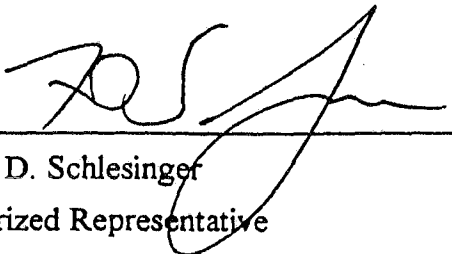
Project No. SRF Loan No. C-06-4119-510

Applicant City of San Diego

CLEAN WATER PROGRAMS
PROJECT PERFORMANCE CERTIFICATION STANDARDS

- c) A discussion and explanation of any process upset conditions during the certification period.
9. If the project cannot meet the performance criteria defined above, the prime engineer shall provide a plan of action for correction of any failure to meet the project performance standards listed above.
10. The City shall correct performance problems, should any be identified by the prime engineer's report, at other than State expense.

I agree with the project performance standards identified above.



Mr. F. D. Schlesinger
Authorized Representative



Date

Project No. SRF Loan No. C-06-4119-510

Applicant City of San Diego

EXHIBIT E

FACILITIES PLAN APPROVAL LETTER

See the Facilities Plan Approval letters dated September 24, 1997 and September 30, 1997, respectively.



SEP 24 1997



Pete Wilson
Governor

EPA

CERTIFIED MAIL NO. Z 233 757 003
Return Receipt Requested

State Water
Resources
Control Board

Mr. F.D. Schlesinger, Director
Metropolitan Wastewater Department
600 B Street, Suite 500
San Diego, CA 92101-4587

Division of
Clean Water
Programs

Dear Mr. Schlesinger:

Mailing Address:
P.O. Box 94212
Sacramento, CA
94244-2120

FACILITIES PLAN APPROVAL, SOUTH BAY WATER RECLAMATION PLANT, CITY OF
SAN DIEGO, STATE REVOLVING FUND (SRF) LOAN NO. C-06-4119-310, 410, AND 510

2014 T Street,
Suite 130
Sacramento, CA
95814
(916) 227-4400
FAX (916) 227-4349

In accordance with the State Water Resources Control Board's February 1995, Policy for
Implementing the State Revolving Fund (SRF) for Construction of Wastewater Treatment Facilities
(Policy), as amended on January 18, 1996, the Division of Clean Water Programs (Division) herewith
approves the facilities plan for the subject project. Our approval is based on the following
determinations:

1. Complete project report documentation including the "South Metro Interceptor System
Wastewater Management Plan for modifications to the Metropolitan Sewerage System" dated
March 1993, the "General Unit Process Design Criteria" dated May 8, 1997, the "Metropolitan
Wastewater Plan" dated August 1995, and supplemental information dated September 9, 1997,
has been submitted and it complies with Section VIII. A. of the Policy;
2. The environmental documentation meets all of the environmental review requirements and the
Division's Environmental Services Unit approved the documents on September 19, 1997;
3. A draft revenue program was approved by the Division on September 15, 1997, and
4. The City is a signatory to the State Water Coalition's Memorandum of Understanding Regarding
Urban Water Conservation in California.

PROJECT DESCRIPTION

The proposed project is described as Alternative 5 in Chapter 6 of the "South Metro Interceptor
System Wastewater Management Plan for modifications to the Metropolitan Sewerage System" dated
March 1993. The proposed facilities will consist of a 7 million gallon per day liquid train tertiary
treatment plant, including screening, grit removal, primary sedimentation, flow equalization, aeration
basins, secondary clarification, tertiary filtration, waste backwash tank, and ultraviolet radiation
disinfection systems. There are no solids treatment facilities as biosolids are returned to the South
Metro Interceptor System for treatment at the Point Loma Wastewater Treatment Plant until the South
Sludge Processing Facility is constructed.

The Division has made the determination that the items listed below will be eligible for a SRF loan.
Where applicable, eligible capacity will be adjusted at the time of approval to award the construction
contract to account for any changes in the estimated date for initiation of construction.

Anne 225857
SURNAME
DWR 540 REV. 1/96

Whitney
9/22/97 (for J mail)

mission is to preserve and enhance the quality of California's water resources, and
ensure their proper allocation and efficient use for the benefit of present and future generations

1. The following items will be eligible for SRF loans:

- A. Construction of facilities necessary to achieve secondary treatment of wastewater effluent for ocean discharge in accordance with the Regional Water Quality Control Board National Pollutant Discharge Elimination System (NPDES) permit requirements. This may include necessary sitework, structural work, and pumping and yard piping systems. Eligible process units and systems include influent screening, grit removal, primary sedimentation tanks, flow equalization basins, aeration basins, secondary clarification tanks, and secondary effluent ultraviolet radiation disinfection. Eligibility also includes control systems, necessary support facilities (i.e. reasonable administration and laboratory building space), and electrical and instrumentation required for 12 years of reserve capacity;
- B. Special equipment necessary to maintain the facilities, including one set of the manufacturer's list of spare parts;
- C. Necessary insurance related to the construction contract; and
- D. Allowances for planning, design, construction, prime engineering, and administration (see Appendix I of the Policy).

2. The following items are not eligible for loans:

- A. Construction contingencies;
- B. Construction change orders and claims;
- C. Facilities under construction, if any, prior to the issuance of Final Plans and Specifications Approval by the Division; and
- D. All other items not included in the construction contract except allowances.

3. The eligible design parameters are:

Population (SANDAG, year 2010)	80,959
Average Annual Daily Flow (AADF)	6.5 MGD
Peak Wet Weather Flow (PWWF)	13.0 MGD
Biochemical Oxygen Demand (BOD ₅)	
Influent (270 mg/l)	14,637 lbs/day
Effluent (30 mg/l)	1,626 lbs/day
Total Suspended Solids (TSS)	
Influent (300 mg/l)	16,263 lbs/day
Effluent (30 mg/l)	1,626 lbs/day

SEP 24 1997

AADF is based on population times per capita flow of 80 gallons per day. The peaking factor of 2.0 for PWWF is based on the flow from the smaller service area tributary to Pump Station No. 1 which encompasses the service area tributary to the South Bay Water Reclamation Plant.

There are three construction packages for bid. Package No. 1 is estimated at \$4 million and is for the site grading work. Package No. 2 is estimated at \$8 million and is for the operations and maintenance buildings. Package No. 3 is estimated at \$63 million and is the process units and controls.

The combined estimated construction cost of the three packages is \$75 million. The estimated loan eligible construction cost is \$86.7 million and is based on the engineers estimate for construction plus applicable allowances for engineering and administration from the tables the table in Appendix I of the SRF Policy.

PROJECT MILESTONES

This approval is based on submittals and milestone dates according to the following schedule:

	<u>Package #1</u>	<u>Package #2</u>	<u>Package #3</u>
Submit loan application	Completed 5/8/97	Completed 5/8/97	Completed 5/8/97
Value engineering report	Completed 5/8/97	Completed 5/8/97	Completed 5/8/97
Submit final plans and specs	Completed 5/27/97	11/12/97	11/12/97
Approve plans and specs	10/17/97	1/12/98	1/12/98
Advertise for bids	Completed 8/14/97	3/19/98	1/8/98
Open bids	10/21/97	5/12/98	3/12/98
Initiate construction (NTP)	12/8/97	8/17/98	6/5/98
Submit final revenue program	5/20/98	10/6/99	5/2/2000
Complete construction	6/8/98	9/30/2000	9/30/2000
Initiate facilities operation	1/3/2001	1/3/2001	1/3/2001
Performance certification	1/3/2002	1/3/2002	1/3/2002

Mr. F.D. Schlesinger

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Special attention to the project milestones schedule is critical. Schedules must be compatible with requirements of any Regional Water Quality Control Board (RWQCB) enforcement actions related to the planned facilities. Approval of a schedule not compatible with RWQCB requirements does not relieve the applicant of its responsibility to achieve compliance with said requirements.

CONDITIONS OF APPROVAL

1. This approval includes only that project described above and does not include any associated projects which may have been referred to in the facility planning documentation submitted for this project. This approval does not guarantee that loan assistance will be awarded for this project.
2. This letter constitutes a Final Staff Decision. The Division will request that the SWRCB make a preliminary loan commitment for this project's SRF loan AFTER an agreement in writing from the City on the eligibility decisions, schedule, and other conditions contained herein has been received. To expedite this process, please notify me immediately in writing if you agree with this letter as currently written, so I can start the process to procure the SWRCB approval for a SRF loan for your project.

If you are **NOT** in agreement, then you must request a Final Division Decision within sixty (60) days from the date of this letter. Your request should be specific on the items of disagreement, and suggest the exact changes with which you would be in agreement. Please send the request to:

Mr. Harry M. Schueller, Chief
Division of Clean Water Programs
P.O. Box 944212
Sacramento, CA 94244-2120

Again, we **MUST** reach agreement in writing before your proposed project can be scheduled for SWRCB approval of a preliminary funding commitment.

Please contact Mr. Dan Little at (916) 227-4575 if you have any questions or comments regarding this letter.

Sincerely,

ORIGINAL SIGNED BY

Jim Putman, Chief
Loans and Grants Branch

cc: Mr. Dat Quach, Area Engineer,
San Diego Regional Water
Quality Control Board
9771 Clairemont Mesa Boulevard, Suite A
San Diego, CA 92124-1331

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Mr. F.D. Schlesinger

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bcc: Farouk Ismail, DCWP
Howard Whitver, DCWP
John Herren, DCWP
Dick Wasser, DCWP
Ron Blair, DCWP

Sandy Houck, DCWP
Nick Kontos, DCWP
Ame Mathies, DCWP
Wayne Hubbard, DCWP
Ilene Smith, DCWP

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SWRCB

State Water
Resources
Control Board

Division of
Clean Water
Programs

Mailing Address:
P.O. Box 944212
Sacramento, CA
95834-2120

14 T Street,
Suite 130
Sacramento, CA
95814
(916) 227-4400
FAX (916) 227-4349



Pete Wilson
Governor

Mr. F. D. Schlesinger, Director
Metropolitan Wastewater Department
600 B Street, Suite 500
San Diego, CA 92101-4587

Dear Mr. Schlesinger:

REVISED FACILITY PLAN APPROVAL: SOUTH BAY WATER RECLAMATION PLANT,
CITY OF SAN DIEGO, STATE REVOLVING FUND (SRF) LOAN
NO. C-06-4119-310, 410, AND 510

This letter revises the September 24, 1997, Facilities Plan Approval letter for the subject project. In that letter, the cost of the ineligible tertiary facilities was not subtracted from the estimated construction cost for Package No. 3.

The estimated eligible cost on Page 3 second paragraph for Construction Package No. 3 should read \$48 million. The estimated eligible costs for Construction Packages Nos. 1 and 2 remain the same. The total estimated eligible construction cost for the facilities is thereby adjusted to \$60 million.

The total estimated eligible project cost including applicable allowances for engineering, administration, and construction management is therefore adjusted to \$69.5 million.

All other eligibility decisions and the schedule contained in the September 24, 1997, Facilities Plan Approval remain the same including the appeal language under Condition No. 2. If the City is in agreement with the decisions in that letter and the decision contained herein, please state so in writing pursuant to the instructions under Condition No. 2. The Division of Clean Water Programs cannot present your project to the State Water Resources Control Board for a preliminary loan commitment until agreement has been reached.

I would like to take this opportunity to express my appreciation to your staff, especially Mr. Mick Gammon, Mr. Richard Enriquez, Mr. Jim Wageman, and Ms. Ann Sasaki. Their knowledge, cooperation, and responsiveness has enabled us thus far to meet State and Federal regulations at advanced stages of project development.

If you have any questions concerning this letter, please do not hesitate to call Mr. Dan Little at (916) 227-4575.

Sincerely,

ATTORNEY SIGNED

Jim Putman, Chief
Loans and Grants Branch

cc: Farouk Ismail, DCWP
John Herren, DCWP
Ron Blair, DCWP
Nick Kontos, DCWP
Wayne Hubbard, DCWP

Howard Whitver, DCWP
Dick Wasser, DCWP
Sandy Houck, DCWP
Ame Mathies, DCWP
Ilene Smith, DCWP

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SURNAME
DWR 540 REV. 1/96

Little
9/30/97

Whitver
9/30/97

Ismail
9-30-97

mission is to preserve and enhance the quality of California's water resources, and ensure their proper allocation and efficient use for the benefit of present and future generations.

EXHIBIT F

SRF LOCAL MATCH LOAN REPAYMENT SCHEDULE

See the attached Preliminary Local Match loan Repayment Schedule dated May 8, 2000. The actual Repayment Schedule will be forwarded to the Agency after all disbursements have been issued.

EXHIBIT "F"
STATE WATER RESOURCES CONTROL BOARD
STATE REVOLVING FUND LOCAL MATCH LOAN PRELIMINARY REPAYMENT SCHEDULE

DATE: 08-May-00

Recipient : CITY OF SAN DIEGO
 Loan No. : C-06-4119-510
 Contract No.: 8-838-550-0
 Repayment provision: One year after completion of construction
 Construction completion date: June 1, 2001 (estimated)
 Capitalization Grant Funding: Fiscal Year - Cap

LOAN AMOUNT: \$40,464,525
 -Federal Share \$33,720,302 83.333%
 -Local Share \$6,744,223 16.667%
 INTEREST RATE :
 -Original 0.0%

Date	Disbursement/ Repayment	No	Total Eligible	Federal Disbursement	Local/State Match	Period Interest	Repayment	Interest	Principal	BALANCE	Comments
01-Jul-00	Disbursement*	1	\$30,000,000	\$24,999,900	\$5,000,100	\$0.00					At least the local/state match amount is to be paid to to contractor prior to submitting each loan disbursement request.
01-Aug-00	Disbursement*	2	3,207,866	\$2,673,211	534,655	0.00					
01-Sep-00	Disbursement*	3	2,495,048	\$2,079,198	415,850	0.00					
01-Oct-00	Disbursement*	4	2,211,259	\$1,842,708	368,551	0.00					
01-Nov-00	Disbursement*	5	741,656	\$618,044	123,612	0.00					
01-Dec-00	Disbursement*	6	258,385	\$215,320	43,065	0.00					
01-Jan-01	Disbursement*	7	258,385	\$215,320	43,065	0.00					
01-Feb-01	Disbursement*	8	258,385	\$215,320	43,065	0.00					
01-Mar-01	Disbursement*	9	258,385	\$215,320	43,065	0.00					
01-Apr-01	Disbursement*	10	258,385	\$215,320	43,065	0.00					
01-May-01	Disbursement*	11	258,385	\$215,320	43,065	0.00					
01-Jun-01	Disbursement*	12	258,386	\$215,321	43,065	0.00					
01-Jun-02	Principal Balance Due									\$40,464,525.00	Total Local/State Match recipient contribution: \$6,744,223
01-Jun-02	Repayment*	1					\$2,023,226.25	\$0.00	\$2,023,226.25	38,441,298.75	
01-Jun-03	Repayment*	2					2,023,226.25	0.00	2,023,226.25	36,418,072.50	
01-Jun-04	Repayment*	3					2,023,226.25	0.00	2,023,226.25	34,394,846.25	
01-Jun-05	Repayment*	4					2,023,226.25	0.00	2,023,226.25	32,371,620.00	
01-Jun-06	Repayment*	5					2,023,226.25	0.00	2,023,226.25	30,348,393.75	
01-Jun-07	Repayment*	6					2,023,226.25	0.00	2,023,226.25	28,325,167.50	
01-Jun-08	Repayment*	7					2,023,226.25	0.00	2,023,226.25	26,301,941.25	
01-Jun-09	Repayment*	8					2,023,226.25	0.00	2,023,226.25	24,278,715.00	
01-Jun-10	Repayment*	9					2,023,226.25	0.00	2,023,226.25	22,255,488.75	
01-Jun-11	Repayment*	10					2,023,226.25	0.00	2,023,226.25	20,232,262.50	
01-Jun-12	Repayment*	11					2,023,226.25	0.00	2,023,226.25	18,209,036.25	
01-Jun-13	Repayment*	12					2,023,226.25	0.00	2,023,226.25	16,185,810.00	
01-Jun-14	Repayment*	13					2,023,226.25	0.00	2,023,226.25	14,162,583.75	
01-Jun-15	Repayment*	14					2,023,226.25	0.00	2,023,226.25	12,139,357.50	
01-Jun-16	Repayment*	15					2,023,226.25	0.00	2,023,226.25	10,116,131.25	
01-Jun-17	Repayment*	16					2,023,226.25	0.00	2,023,226.25	8,092,905.00	
01-Jun-18	Repayment*	17					2,023,226.25	0.00	2,023,226.25	6,069,678.75	
01-Jun-19	Repayment*	18					2,023,226.25	0.00	2,023,226.25	4,046,452.50	
01-Jun-20	Repayment*	19					2,023,226.25	0.00	2,023,226.25	2,023,226.25	
01-Jun-21	Repayment*	20					2,023,226.25	0.00	2,023,226.25	0.00	
			\$40,464,525	\$33,720,302	\$6,744,223		\$40,464,525.00	\$0.00	\$40,464,525.00		

* Projected disbursements and repayments are subject to recalculation based on actual disbursements.

EXHIBIT G

LOCAL MATCH LOAN CONTRACT STANDARD CONDITIONS

ARTICLE 1. DEFINITIONS.

- (A) "Allowance" means an amount based on a percentage of the accepted bid for an eligible project to help defray the planning, design, and construction engineering and administration costs of the Project.
- (B) "Authorized Representative" means the Mayor of a City, the Chairperson of the County Board of Supervisors, the Chairperson of the Board of Directors of the Agency, or another duly appointed representative. For all authorized representatives, a certified original copy of the authorizing resolution that designates the authorized representative, by title, must accompany any contract, the first disbursement request, and any other documents or requests required or allowed under this contract.
- (C) "Completion of construction" means the date, as determined by the Division after consultation with the Agency, that the work of building and erection of the Project is substantially complete.
- (D) "Dedicated source of revenue" means "*Net System Revenues*".
- (E) "Force Account" means the use of the Agency's own employees or equipment for construction of the Project.
- (F) "Division" means the Division of Clean Water Programs of the State Water Resources Control Board, or any other segment of the SWRCB authorized to administer the State Revolving Fund.
- (G) "Initiation of construction" means the date that notice to proceed with work is issued for the Project, or, if notice to proceed is not required, the date of commencement of building and erection of the Project.
- (H) "Official Representatives"
 - (1) The SWRCB Local Match loan Coordinator shall be the Division Chief of the Division of Clean Water Programs.
 - (2) The SWRCB Local Match loan Coordinator shall be the SWRCB's representative for administration of the contract and shall have authority to make determinations and findings with respect to any controversy arising under or in connection with interpretation of the contract.
 - (3) The Agency's Authorized Representative shall be **Michael T. Uberuaga, City Manager**, or **his designee**, who shall administer the contract and who shall have full authority to act on behalf of the Agency, including authority to execute disbursement requests. All communications given to the Agency representative shall be as binding as if given to the Agency.
 - (4) Either party may change its Official Representative upon written notice to the other party.

- (I) "Project completion" means the date, as determined by the Division after consultation with the Agency, that operation of the Project is initiated or is capable of being initiated, whichever comes first.
- (J) "Revenue Program" means a *dedicated source of revenue* adopted by the Agency which provides for recovery of appropriate capital costs of the Project, generates adequate income to reasonably assure repayment of Local Match loan funds under this contract, generates adequate income to provide for reasonable operation and maintenance of the Project, and provides adequate income for reasonable future expansion and improvement of the Project.

ARTICLE 2. COMPLIANCE WITH LAW, REGULATIONS, ETC.

- (A) The Agency agrees that it will, at all times, comply with and require its contractors and subcontractors to comply with all applicable federal and state laws, rules, guidelines, regulations, and requirements. Without limitation of the foregoing, the Agency agrees that, to the extent applicable, the Agency will:
 - (1) Comply with, the provisions of the adopted environmental mitigation plan for the term of the Local Match loan contract;
 - (2) Comply with, the SWRCB's "Policy for Implementing the State Revolving Fund for Construction of Wastewater Treatment Facilities", August 18, 1988 (amended September 20, 1990, January 21, 1993, February, 1995, January 18, 1996 and June 18, 1998); and
 - (3) Comply with, and require its contractors and subcontractors on the Project to comply with federal and state minority and women business enterprise (MBE/WBE) requirements.

ARTICLE 3. AWARD OF CONSTRUCTION CONTRACTS; NOTIFICATION OF AWARD AND INITIATION OF CONSTRUCTION.

- (A) The Agency agrees to award the prime construction contract within 180 days (six months) after issuance of the Local Match loan contract. An extension may be granted by the Division.
- (B) The Agency agrees to promptly notify the Division in writing both of the awards of the prime construction contract for the Project and of initiation of construction of the Project. The Agency shall include with the notice of initiation of construction a statement as to the anticipated date of completion of construction of the Project.

ARTICLE 4. CONSTRUCTION ACTIVITIES; NOTIFICATIONS; PROTECTION OF ARCHEOLOGICAL AND HISTORICAL RESOURCES.

- (A) The Agency agrees to promptly notify the Division in writing of:
 - (1) Any substantial change in scope of the Project. The Agency agrees that no substantial change in the scope of the Project will be undertaken until written notice of the proposed change has been provided to the Division and the Division has given written approval for such change;
 - (2) Cessation of all major construction work on the Project where such cessation of work is expected to or does extend for a period of 30 days or more;

- (3) Any circumstance, combination of circumstances, or condition, which is expected to or does delay completion of construction for a period of 90 days or more beyond the estimated date of completion of construction previously provided to the Division;
- (4) Discovery of any potential archeological or historical resource. Should a potential archeological or historical resource be discovered during construction of the Project, the Agency agrees that all work in the area of the find will cease until a qualified archeologist has evaluated the situation and made recommendations regarding preservation of the resource, and the Division has determined what actions should be taken to protect and preserve the resource. The Agency agrees to implement appropriate actions as directed by the Division; and
- (5) Completion of construction of the Project.

ARTICLE 5. PROJECT ACCESS.

- (A) The Agency agrees to ensure that the SWRCB, or any authorized representative thereof, will have suitable access to the Project site at all reasonable times during Project construction and thereafter for the useful life of the Project.

ARTICLE 6. MBE/WBE REPORTING.

- (A) The Agency agrees to report MBE/WBE utilization to the Division on the MBE/WBE Utilization Report, SWRCB Form MBE/WBE UR334. Reports must be submitted to the Division within ten (10) calendar days following the end of each fiscal year quarter until such time as the "Notice of Completion" is issued.

ARTICLE 7. PROJECT COMPLETION; INITIATION OF OPERATIONS.

- (A) Upon completion of construction of the Project, the Agency agrees to expeditiously initiate Project operations. At the time of completion of construction, the Division, after consultation with the Agency, will establish a reasonable estimated Project completion date, and the Agency agrees to make all reasonable efforts to meet the date so established. Such date shall be binding upon the Agency unless modified in writing by the Division upon a showing of good cause by the Agency. Extension of the Project completion date by the Division shall not be unreasonably withheld.

ARTICLE 8. REVENUE PROGRAM.

- (A) The Agency agrees to prepare and provide an acceptable final Revenue Program to the Division at the time of 90 percent disbursement of Local Match loan funds. Further Local Match loan disbursements may be withheld until an acceptable final Revenue Program is submitted. The Agency further agrees to periodically review and modify the Revenue Program as necessary to assure reasonable adequacy of the Revenue Program. The final Revenue Program and all modifications thereof shall be consistent with applicable guidelines and shall be to the reasonable satisfaction of the Division.
- (B) The Division may review the Agency's records to assure compliance with the approved Revenue Program at any time during the useful life of the Project.

- (C) The Agency agrees to establish and maintain a Wastewater Capital Reserve Fund (WCRF) for expansion, major repair, or replacement of the wastewater facilities and to maintain the WCRF for the term of the Local Match loan contract. The WCRF shall be maintained in compliance with the "*Policy For Implementing The State Revolving Fund For Construction Of Wastewater Treatment Facilities*" in effect at the time the Local Match loan contract is signed by the Authorized Representative of the Agency. The Agency agrees to submit a report on WCRF activities and status five (5) years after the date of the final revenue program approval by the Division. Updated WCRF reports will be submitted every five-(5) years thereafter until the Local Match loan has been fully discharged. Thereafter, the WCRF will no longer be subject to the requirements of this contract or the above referenced policy. Certification by legal counsel of unused bonding capability for the wastewater enterprise may be used to offset required cash deposits to the WCRF.

ARTICLE 9. CONTINUOUS USE OF PROJECT; LEASE OR DISPOSAL OF PROJECT.

- (A) The Agency agrees that it will not abandon, substantially discontinue use of, lease, or dispose of the Project or any significant part or portion thereof during the useful life of the Project without prior written approval of the Division. Such approval may be conditioned as determined to be appropriate by the Division, including a condition requiring repayment of all or any portion of all remaining Local Match loan funds covered by this contract and any penalty assessments which may be due.

ARTICLE 10. REPORTS.

- (A) The Agency agrees to expeditiously provide, during construction of the Project and thereafter during the useful life of the Project, such reports, data, and information as may be reasonably required by the Division, including but not limited to material necessary or appropriate for evaluation of the State Revolving Fund Local Match loan Program or to fulfill any reporting requirements of the federal government.

ARTICLE 11. LOCAL MATCH LOAN DISBURSEMENTS; AVAILABILITY OF FUNDS.

- (A) Except as may be otherwise provided in this contract, Local Match loan amounts will be disbursed as follows:
- (1) Upon execution and return of this Local Match loan contract, the Agency may request immediate disbursement of any planning and design allowance included in the Local Match loan amount through submission of Disbursement Request Form 261, or any amendment thereto, duly completed and executed. The planning and design allowance amount due up to the allowance, will be disbursed promptly upon request after approval of this contract by the State Department of General Services;
 - (2) The Agency agrees to submit certification of incurred allowance costs with the allowance pay requests to the Division. The Division will then authorize the disbursement of the federal share of the eligible payment amount;
 - (3) Additional Local Match loan funds will be promptly disbursed to the Agency for disbursement costs incurred by the Agency upon receipt of Disbursement Request Form 261, or any amendment thereto, duly completed and executed. Pursuant to 40 CFR 35.3160(b), Local Match loan funds for refinanced project costs (costs other than allowances incurred

the execution of the Local Match loan contract) or purchase of local debt must be disbursed at a rate no greater than equal amounts spread over the minimum number of quarters required by 40 CFR 35.3155(c);

Disbursement shall not be made more frequently than one a month. The Agency agrees that it will not request disbursement for any Project cost until such cost has been incurred and is due and payable to Project contractors, or before payment of the State Match portion of the eligible invoice amount has been paid to the Project contractors prior to submitting the progress payment request to the Division. Certification of payments must be submitted to the Division with each payment request. The Division will then authorize the disbursement of the federal share of the eligible payment amount;

- (4) Loan funds shall not be disbursed until the Agency has received a final adopted National Pollutant Discharge Elimination System Permit and any other applicable Waste Discharge Requirements from the San Diego Regional Water Quality Control Board for the operation of the facility. The contract must be amended to incorporate those requirements before requesting payment;
 - (5) Notwithstanding any other provision of this contract, no disbursement shall be required at any time or in any manner which is in violation of or in conflict with federal or state laws, rules, or regulations.
- (B) The SWRCB's obligation to disburse any sum to the Agency under any provision of this contract is contingent upon the availability of sufficient funds to permit the disbursements provided for herein. In the event that sufficient funds do not become available for reasons beyond the reasonable control of the SWRCB, such as failure of the federal or state government to appropriate funds necessary for disbursement of Local Match loan amounts, the SWRCB shall not be obligated to make any disbursements to the Agency under this contract. This provision shall be construed as a condition precedent to the obligation of the SWRCB to any disbursements under this contract. Nothing in this contract shall be construed to provide the Agency with a right of priority for disbursement over any other agency. If any disbursements, which are otherwise due to the Agency under this contract, are deferred because of unavailability of sufficient funds, such disbursements will promptly be made to the Agency when sufficient funds do become available.

ARTICLE 12. WITHHOLDING OF LOCAL MATCH LOAN DISBURSEMENTS.

- (A) The Division may withhold all or any portion of the Local Match loan funds provided for by this contract in the event that:
 - (1) The Agency has materially violated, or threatens to materially violate, any term, provision, condition, or commitment of this contract;
 - (2) The Agency fails to maintain reasonable progress toward completion of the Project; or
 - (3) An acceptable Revenue Program is not submitted at the time of 90 percent disbursement of Local Match loan funds.

ARTICLE 13. RECORDS.

- (A) Without limitation of the requirement to maintain Project accounts in accordance with generally accepted government accounting standards, the Agency agrees to:
- (1) Establish an official file for the Project, which shall adequately document all significant actions relative to the Project;
 - (2) Establish separate accounts which will adequately and accurately depict all amounts received and expended on the Project, including all Local Match loan funds received under this contract;
 - (3) Establish separate accounts which will adequately depict all income received which is attributable to the Project, specifically including any income attributable to Local Match loan funds disbursed under this contract;
 - (4) Establish an accounting system, which will accurately depict final total costs of the Project, including both direct and indirect costs;
 - (5) Establish a Local State Match account prior to issuance of the Local Match loan contract from which the state match portion of the project is being paid. The Agency must deposit sufficient funds in the account as necessary to make payments to the contractor.
 - (6) Establish such accounts and maintain such records as may be necessary for the state to fulfill federal reporting requirements, including any and all reporting requirements under federal tax statutes or regulations; and
 - (7) If Force Account is used by the Agency for any phase of the Project, other than for planning, design and construction engineering, and administration provided for by allowance, accounts will be established which reasonably document all employee hours charged to the Project and the associated tasks performed by each employee. Indirect force account costs may be paid with prior written approval by the Division of the Agency's indirect cost proposal.
- (B) The Agency agrees to require Project contractors and subcontractors to maintain books, records, and other material relative to the Project in accordance with generally accepted accounting standards, and to require such contractors and subcontractors to retain such books, records, and other material for a minimum of three years after Project completion. The Agency further agrees to require that such books, records, and other material shall be subject at all reasonable times to inspection, copying, and audit by the SWRCB and by the U.S. Environmental Protection Agency, or any authorized representatives thereof.
- (C) The Agency agrees to retain its Project records for a minimum of three years after Project completion, and for such longer period as may be required for the state to fulfill federal reporting requirements under federal tax statutes and regulations. All Agency records relative to the Project shall be subject at all reasonable times to inspection, copying and audit by the SWRCB and the U.S. Environmental Protection Agency, or any authorized representatives thereof.
- (D) The Agency agrees to furnish the SWRCB with copies of cancelled checks paid to its contractor(s), at least each quarter documenting payment of the state match amount.

ARTICLE 14. FINAL PROJECT REPORTS; AUDIT

- (A) Within 90 days after Project completion, the Agency agrees to submit to the Division a final Project summary report which briefly describes the Project as completed, its features, estimated capacity, and apparent treatment capability. The report shall note any unusual operational problems that have been encountered and shall indicate whether the Agency expects to be able to certify that the Project meets applicable design specifications and effluent limitations one year after Project completion.
- (B) Within 120 days after Project completion, the Agency agrees to provide to the Division a final cost summary report on the Project. The summary shall include at a minimum, a statement of:
 - (1) Total Project costs;
 - (2) Total Project costs which are eligible for Local Match loan funding under the SWRCB's Local Match loan program and this contract;
 - (3) The total amount of Local Match loan funds received;
 - (4) The amount of interest earned, if any, on Local Match loan funds before disbursement on account of incurred Project costs. If no interest has been earned, this fact shall be expressly stated.
- (C) The report shall be accompanied by such other financial information as may be reasonably required by the Division to verify Agency entitlement to Local Match loan funds, to assure program integrity of the State Revolving Fund Local Match loan Program, and to comply with any federal requirements. A duly authorized representative of the Agency shall certify the report as correct.
- (D) The Division, at its option, may call for an audit of financial information relative to the Project, where the Division determines that an audit is desirable to assure program integrity or where such an audit becomes necessary because of federal requirements. Where such an audit is called for, the audit shall be performed by a Certified Public Accountant independent of the Agency and at the cost of the Agency. The audit shall be in the form required by the Division.

ARTICLE 15. REPAYMENT; PENALTIES; AGENCY OBLIGATION

- (A) The Local Match loan amount shall be repaid in full not later than 20 years after the completion of construction. Repayment shall be made in 20 annual installments, with the first repayment due one year after the completion of construction, with annual repayment installments due thereafter until the Local Match loan amount has been paid in full.
- (B) The repayment amount is based on a standard fully amortized Local Match loan with equal annual repayments. The remaining balance is the previous balance, plus the disbursements, less the repayment. Repayment calculations will be made beginning one year after completion of construction and continuing each year thereafter for 20 years. Exhibit F is a preliminary repayment schedule based on the provisions of this article and an estimated disbursement schedule. The actual repayments will be based on actual disbursements.

The Agency shall have the right at any time or from time to time to prepay all or any part of the amounts due under this contract without penalty.

- (C) Upon completion of construction of the Project and submission of necessary reports, the Division will prepare an appropriate Local Match loan Repayment Schedule and supply the same to the Agency. The Local Match loan Repayment Schedule may be amended as necessary to accurately reflect amounts due under this contract. Any amended Local Match loan Repayment Schedule that is necessary will be prepared by the Division and furnished to the Agency.
- (D) The Agency agrees to make each Local Match loan repayment on or before the due date therefor. A ten-(10) day grace period will be allowed. A penalty in the amount of one-tenth of one percent (0.1%) per day of the amount due will be assessed for late repayment. If the repayment is not received by the end of the grace period, the penalty will be assessed from the repayment due date. For purposes of penalty assessment, repayment will be deemed to have been made if repayment is deposited in the U.S. Mail within the grace period with postage prepaid and properly addressed. Any penalties assessed will not be added to the Local Match loan balance, but will be treated as a separate account and obligation of the Agency.
- (E) *The Agency is obligated to make all payments required by this contract to the SWRCB solely from Net System Revenues, notwithstanding any individual default by its constituents or others in the payment to the Agency of rates and charges fixed and prescribed by the Agency for collection of New System Revenues for repayment of this contract. Subject to the foregoing limitation on source of payment, the Agency shall provide for the punctual payment to the SWRCB of all amounts which become due under this contract and which are received from constituents or others in payment to the Agency from Net System Revenues. In the event of failure, neglect or refusal of any officer of the Agency to fix, prescribe and collect, or cause to be fixed, prescribed and collected any rates and charges necessary to ensure that the Net System Revenues are sufficient to pay the amount due under this contract, including any additional amount required under Section 11 of this contract or to pay over to the SWRCB and such Net System Revenues necessary to satisfy any amount due under this contract, the SWRCB may take such action in a court of competent jurisdiction as it deems necessary to compel the performance of all duties relating to the fixing, prescribing and collecting of such rates and charges and the payment of such Net System Revenues to the SWRCB. Action taken pursuant hereto shall not deprive the SWRCB of, or limit the application of, any other remedy provided by law or by this contract.*

ARTICLE 16. TERMINATION; IMMEDIATE REPAYMENT.

- (A) This contract may be terminated by written notice during construction of the Project, or thereafter at any time prior to complete repayment by the Agency, at the option of the SWRCB, upon violation by the Agency of any material provision of this Local Match loan contract after such violation has been called to the attention of the Agency and after failure of the Agency to bring itself into compliance with the provisions of this contract within a reasonable time as established by the Division.
- (B) In the event of such termination, the Agency agrees, upon demand, to immediately repay to the SWRCB an amount equal to the current balance due on the Local Match loan, and all penalty assessments due.

ARTICLE 17. DAMAGES FOR BREACH AFFECTING TAX EXEMPT STATUS.

- (A) In the event that any breach of any of the provisions of this contract by the Agency shall result in the loss of tax exempt status for any state bonds, or if such breach shall result in an obligation on the part of the state to reimburse the federal government by reason of any arbitrage profits, the Agency shall immediately reimburse the state in an amount equal to any damages paid by or loss incurred by the state due to such breach.

ARTICLE 18. DISPUTES.

- (A) Any dispute arising under this contract which is not otherwise disposed of by agreement shall be decided by the Division Chief, or his authorized representative. The decision shall be reduced to writing and a copy thereof furnished to the Agency and to the SWRCB's Executive Director. The decision of the Division shall be final and conclusive unless, within thirty (30) calendar days after mailing of the Division decision to the Agency, the Agency mails or otherwise furnishes a written appeal of the decision to the SWRCB's Executive Director. The decision of the SWRCB's Executive Director shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence. In connection with any appeal under this clause, the Agency shall be afforded an opportunity to be heard and to offer evidence in support of its appeal. Pending final decision of a dispute hereunder, the Agency shall continue to fulfill and comply with all the terms, provisions, commitments, and requirements of this Local Match loan contract.
- (B) This clause does not preclude consideration of legal questions, provided that nothing herein shall be construed to make final the decision of the SWRCB, or any official or representative thereof, or any question of law.

ARTICLE 19. SWRCB ACTION; COSTS AND ATTORNEY FEES.

- (A) The Agency agrees that any remedy provided in this contract is in addition to and not in derogation of any other legal or equitable remedy available to the SWRCB as a result of breach of this contract by the Agency, whether such breach occurs before or after completion of the Project, and exercise of any remedy provided by this contract by the SWRCB shall not preclude the SWRCB from pursuing any legal remedy or right which would otherwise be available. In the event of litigation between the parties hereto arising from this contract, it is agreed that the prevailing party shall be entitled to such reasonable costs and/or attorney fees as may be ordered by the court entertaining such litigation.

ARTICLE 20. WAIVER.

- (A) The parties hereto may, from time to time, waive any rights under this contract unless such waiver is contrary to law, provided that any such waiver must be in writing and must be signed by the party making such waiver.

ARTICLE 21. DRUG-FREE WORKPLACE CERTIFICATION.

By signing this contract, the Agency hereby certifies under penalty of perjury under State laws, that the Agency will comply with the requirements of the Drug-Free Workplace Act of 1990, and will provide a drug-free workplace by taking the following actions:

- (1) Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
 - (2) Establish a Drug-Free Awareness Program to inform employees about:
 - a. The dangers of drug abuse in the workplace;
 - b. The person's Agency's policy of maintaining a drug-free workplace;
 - c. Any available counseling, rehabilitation and employee assistance programs, and,
 - d. Penalties that may be imposed upon employees for drug abuse violations.
 - (3) Provide, that every employee who works on the proposed Local Match loan contract will:
 - a. Will receive a copy of the Agency's drug-free policy statement; and,
 - b. Agree to abide by the terms of the Agency's statement as a condition of employment on the Local Match loan contract.
- (B) Failure to comply with these requirements may result in suspension of payments under the Local Match loan contract or termination of the Local Match loan contract or both, and the Agency may be ineligible for award of any future contracts if the Division determines that any of the following has occurred:
- (1) The Agency has made false certification; or
 - (2) Violated the certification by failing to carry out the requirements as noted above.

ARTICLE 22. PREVAILING WAGES.

- (A) The Agency agrees to be bound by all the provisions of State Labor Code Section 1771 regarding prevailing wages. The Agency shall monitor all contracts subject to reimbursement from this Local Match loan contract to assure that the prevailing wage provisions of State Labor Code Section 1771 are being met.

ARTICLE 23. NONDISCRIMINATION CLAUSE.

- (A) During the performance of this agreement, the Agency shall not unlawfully discriminate, harass or allow harassment against any employee or applicant for employment because of sex, color, ancestry, religious creed, national origin, physical disability, (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, and denial of family care leave. The Agency shall insure that the evaluation and treatment of their employees and applicants for employment are free of such discrimination and harassment. The Agency shall comply with the provisions of the Fair Employment and Housing Act (Government Code, Section 12900 et seq.) and the applicable regulations promulgated thereunder (California Administrative Code, Title 2, Section 7285.0 et seq.). The applicable regulations of the Fair Employment and Housing Commission

implementing Government Code, Section 12990(a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations are incorporated into this contract by reference and made a part hereof as if set forth in full. The Agency shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

- (B) The Agency shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the contract.
- (C) By signing this agreement, the Agency hereby certifies, unless specifically exempted, compliance with Government Code Section 12990(a-f) and California Code of Regulations, Title 2, Division 4, Chapter 5 in matters relating to reporting requirements and the development, implementation and maintenance of a Nondiscrimination Program. The Agency agrees not to unlawfully discriminate, harass or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, and denial of family care leave.
- (D) By executing this agreement, the signer of this agreement on behalf of Agency swears under penalty of perjury under the laws of the State of California that he/she is duly authorized to legally bind the Agency to the above-described certification.

ARTICLE 24. AMENDMENT.

- (A) This contract may be amended at any time by mutual written agreement of the parties.