



**City of San Diego Water Policy Implementation Task Force**  
**November 27, 2012**  
**1:00 p.m. – 4:00 p.m.**

**Metropolitan Operations Center II (MOC) Auditorium**  
**9192 Topaz Way, San Diego, CA 92123**

**Record of Actions**

- 1. Call to Order – CHAIR CARY LOWE CALLED THE MEETING TO ORDER AT 1:05 P.M.**

**Members Present:**

Corrine A. Brindley  
Julia M. Chunn-Heer  
Dawn Guendert  
Gordon A. Hess  
Cary D. Lowe  
Faith Picking  
Bruce Rainey  
Glen Schmidt  
Keith R. Solar

**Members Absent:**

NONE

**Member Resignation:**

Douglas S. White

- 2. Non-Agenda Public Comment**

NONE

- 3. Task Force Member Comment**

Chair Cary Lowe reported on new information from the City Attorney's office. The City Attorney has determined that in order to pass a motion, the Task Force must obtain a total of six votes. The City Attorney's office will be reviewing past action taken by the Task Force to determine the status of previous votes taken.

Chair Cary Lowe commented on two upcoming events relating to water; Association of California Water Agencies Statewide Water Conference and the Water Reuse Tech Summit.

**4. Approval of the Record of Action Items from October 30, 2012**

ACTION: Approved. Unanimous.

**5. Resignation of Douglas S. White from membership on the Task Force**

Notice of resignation of Douglas S. White from membership on the Water Policy Implementation Task Force.

The San Diego City Council will take responsibility to fill the unscheduled vacancy. The replacement process will follow the same process as outlined in Council Resolution R-2012-478.

**6. ITEM-1: INFORMATION – Presentation from the Public Utilities Department regarding the 2012 LONG-RANGE WATER RESOURCES PLAN**

ACTION: No action taken. Information only.

The Task Force discussed the following:

1. The Long-Range Water Resources Plan (LRWRP) uses a different methodology to determine the cost of ocean desalination than what is used for the Recycled Water Use Study.
2. Ocean desalination has not been folded into the LRWRP portfolios due to lower cost options.
3. The monetary range depicted by the LRWRP for indirect- potable reuse was calculated using information from phases 1, 2, and 3 of the Recycled Water Use Study and information from existing water treatment plants and other facilities.

**7. ITEM-2: DISCUSSION/ACTION – Water Recycling Sources Working Group**

**Part A: Discussion of “Water Recycling Sources” Proposed Draft Recommendations**

The Task Force discussed the following:

1. Ali Soheili, representing the Department of Development Services, commented on the Water Recycling Sources working group recommendations regarding graywater.
2. Bruce Rainey commented on the need for residents to still get a permit when hooking up a laundry room sink in conjunction with their laundry system with the current regulations in place.

3. Julia Chunn-Heer proposed reconvening the Water Recycling Sources working group to address the graywater recommendations further.
4. Gordon Hess commented on the intent of the proposed recommendations to apply to systems that do not require construction to install a graywater pump.
5. Ali Soheili commented that all graywater systems that use pumps will require some construction and will need to be permitted.
6. Glenn Schmidt commented that the California Plumbing Code definition of a “simple system” differs from the way the City of San Diego defines the system.
7. Chair Cary Lowe commented about concerns for graywater percolation and runoff containing hazardous chemicals. He requested the Water Recycling Sources working group consider this issue at their next meeting.
8. Chair Cary Lowe commented that per group consensus, the graywater recommendations are to be forwarded back to the working group for further review.
9. Bill Harris from the Stormwater Department commented that the recommendations from the Water Recycling Sources working group are in line with moving the Stormwater department forward.
10. Jeanne Cole from the Public Utilities Department commented about concern over the recommendation to revisit the rate structure for new users of non-potable recycled water. The department is currently undergoing a Recycled Pricing Study, which could potentially raise recycled water rates for all users.
11. Jeanne Cole from the Public Utilities Department commented that the current rate structure today for non-potable recycled water does not recover the full costs associated with the system.
12. Julia Chunn-Heer commented that the rate structure for non-potable recycled water has not changed since 2001 and members of the task force do not want to put the users that made the initial investment at a disadvantage.
13. Jeanne Cole from the Public Utilities Department commented that as the Recycled Pricing Study moves forward, the department can bring forth the recommendations and results to the Task Force.

14. Jeanne Cole from the Public Utilities Department suggested changing the non-potable reuse recommendations to include revisiting the rate structure for all users.

15. Jennifer Casamassima from the Public Utilities Department commented on existing contracts with wholesale customers utilizing non-potable recycled water. She offered to provide the information to the Water Recycling Sources working group at their next meeting.

16. Gordon Hess proposed that the following recommendation return to the working group:

Existing recycled water rates were set at a discounted rate in 2001 and no provision was made for increasing them. No adjustment to the discounted rate has been made since 2001. Revisit rate structure for new users of non-potable recycled water and adjust to recover cost of service or at least index them to keep up with increases in other water rates.

17. Julia Chunn-Heer requested information from the Public Utilities Department regarding whether initial customers of non-potable recycled water were guaranteed a set rate or discount due to their initial investment into the system.

18. Jennifer Casamassima from the Public Utilities Department commented that the department is not able to make rate guarantees to users. Some wholesale customers with contracts are even subject to rate increase per City Council action.

19. Jeanne Cole from the Public Utilities Department commented that the Recycled Pricing Study will include an evaluation of non-potable recycled water costs to include the debt management of the service. The study is set to be completed by the end of fiscal year 2013.

20. Chair Cary Lowe commented that the Public Utilities Department can continue to provide additional comments regarding all of the recommendations at any time for consideration by the Task Force.

**PUBLIC COMMENT:** Candace Vanderhoff commented on a recommendation that the City should offer a training program for residents who wish to install a graywater system for their home.

## **Part B: Adoption of “Water Recycling Sources” Recommendations**

### **ACTION:**

For more information contact Amy Albanese at Council District 1 Office at 619.236.6611 or [AAlbanese@sandiego.gov](mailto:AAlbanese@sandiego.gov)  
Previously approved meeting minutes and the information about the Water Policy Implementation Task Force is now available through the City's website.

1. Motion to approve the following recommendations for Stormwater with the ability to the alter or review the language at a later date:
  - Stormwater Dept. and Public Utilities to investigate opportunities for strategic infiltration of stormwater in areas where stormwater could replenish existing groundwater basins. This provides multiple benefits.
    - a. Infiltration may be the most cost-effective manner to address more stringent bacteria TMDLs.
    - b. Stormwater infiltration could increase the yield of existing groundwater basins and reduce salinity.
    - c. Stormwater infiltration would benefit the environment by reducing run-off.
  - Public Utilities to increase the focus on characterizing groundwater basins such as the San Pasqual Basin, San Diego Formation and San Diego River System that could be potential local water supplies
  - Stormwater Dept. and Public Utilities Dept. jointly work together to investigate potential grant funding for a feasibility and pilot study. One possibility is to develop a multi-beneficial joint project that can be included in the Integrated Regional Water Management Plan for possible Dept. of Water Resources funding.

*Motion passes. Unanimous.*

2. Motion to approve the following recommendations for non-potable reuse with the ability to the alter or review the language at a later date:
  - Encourage “cost-effective” expansion of non-potable reuse by in-fill within the backbone of the existing system only. Cost effective meaning the City can recover the cost of service. The City should revisit the rate structure for non-potable recycled water users per the completion of the Recycled Pricing Study in 2013.
  - Existing recycled water rates were set at a discounted rate in 2001 and no provision was made for increasing them. No adjustment to the discounted rate has been made since 2001. Revisit rate structure for new users of non-potable recycled

water and adjust to recover cost of service or at least index them to keep up with increases in other water rates. The City should revisit the rate structure for non-potable recycled water users per the completion of the Recycled Pricing Study in 2013.

*Motion passes. 7 in favor. 1 opposed. 1 abstention.*

3. Motion to approve the following recommendations for potable reuse with the ability to the alter or review the language at a later date:

The City move forward with recommended next steps in the 2012 Recycled Water Study.

The City discuss with the County Water Authority its participation in Phase 2 and Phase 3 of Water Purification Project as part of a potential future regional water supply. The advanced treated water from the Water Purification Project will be stored in San Vicente Reservoir, which can serve the region.

City support legislation to streamline the regulatory process for indirect and direct potable reuse.

*Motion passes. Unanimous.*

## **8. ITEM-3: DISCUSSION/ACTION – Report from the “Effective Rate Structure” Working Group**

ACTION: No action taken.

The Task Force discussed the following:

1. Keith Solar reported on the document provided by the Effective Rate Structure working group.
2. Jeanne Cole from the Public Utilities Department commented that the cost of service study is currently exploring revenue structures. The consultant Black and Veatch can provide a presentation to the Task Force upon completion of the study in January 2013.
3. Julia Chunn-Heer commented that she will share information with the working group regarding a study of the Australian tiered rate structure.
4. Corrine Brindley requested more information on how a residential tiered rate structure will support private sector businesses.

5. Gordon Hess commented that developing a tiered rate structure for businesses and agriculture would be unfair due to the differing variables of commercial water use.
6. Chair Cary Lowe commented on new information he received regarding the Irvine Ranch Water District rate structure. To fund capital facilities, Irvine Ranch has established improvement districts within the water district and imposes assessments that appear on the property tax bill.
7. Keith Solar commented that the City of San Diego staff has indicated it would be difficult to develop a rate structure similar to Irvine Ranch Water District because it would most likely result in an increase in taxes.
8. Dawn Guendert commented on the lack of equity in the Irvine Ranch Water District model due to how they allocate water to households based on lot size. Households are given variances for outdoor use, creating less incentive to conserve.
9. Chair Cary Lowe commented that the Effective Rate Structure working group will be meeting again to take into account all the comments heard at today's meeting.

PUBLIC COMMENT: Paul Dekker commented in favor of establishing an additional low water use tier to the current rate structure.

**9. ITEM-4: DISCUSSION/ACTION – Discussion regarding the San Diego County Water Authority Water Purchase Agreement with Poseidon Resources**

The Task Force discussed the following:

1. Chair Cary Lowe commented that the Task Force will be assessing this issue as it pertains to recommendations to be made to City Council. He also reminded members that Council Policy 400-15 references desalination:  
  
“Support local and regional brackish groundwater and ocean water desalination projects.” (E.10) and “Support new technological improvements in the field of groundwater, wastewater and ocean water desalination, water recycling, water reuse and IPR.” (E.11)
2. Peter MacLaggan from Poseidon Resources commented on the Carlsbad Desalination project. He explained that there are time constraints for the project and approval must be granted on November

29 by the San Diego County Water Authority for the project to move forward.

3. Keith Solar commented that City staff has indicated that they primarily purchase untreated water due to the investments that have already gone towards water treatment facilities. City staff has indicated, though, that they are in full support of desalination efforts.
4. Marsi Steirer from the Public Utilities Department commented that the City Council made a decision in 1996 to expand our treatment plants and upgrade the existing facilities. The City of San Diego is primarily a raw water agency. However, the City purchases some treated water.
5. Marsi Steirer from the Public Utilities Department commented that the rate structure for incorporating desalinated water will be determined once the San Diego County Water Authority cost of service study has been completed. The Public Utilities Department will be operating with the main objective to lessen the impact on ratepayers.
6. Julia Chunn-Heer commented that the Water Purchase Agreement contract is complex and the public should be granted more time to review the specifics. She also expressed that the San Diego County Water Authority should wait to make their final decision on the Water Purchase Agreement once the cost of service study has been completed in order to understand the financial implications on ratepayers. She also requested that the public have access to the lease agreement before a decision is made.
7. Bruce Rainey commented that the Task Force is tasked with looking at ways to diversify the City's water portfolio. He expressed concern over the cost of imported water and feels desalination is necessary from a business perspective for the region.
8. Faith Picking commented that the only way the City can provide water reliability will be to have a diverse water portfolio. She expressed that the Task Force is charged with providing long term solutions and would like to see all available resources used, including desalination.
9. Corrine Brindley expressed concern that the Task Force is considering a contract agreement when they should be focused on policy implementation. She feels that in order to prioritize desalination, though, it must be included in the water portfolio and supports water diversification.

10. Gordon Hess commented on the concern of a shortage of water supplies outside the region and feels the region should grow local supplies. Imported water is vulnerable to natural disasters and puts the region at a great risk.
11. Dawn Guendert commented that she supports diversification of the water portfolio. She expressed that desalination should become part of the portfolio. However, she is concerned that the Task Force should not take a position on a contract that has not been first considered by City Council.
12. Chair Cary Lowe commented that there is no guarantee the City Council will be taking action on the contract agreement or take into account the position set forth by the Task Force.
13. Glen Schmidt expressed concern that the Task Force should not be taking a position on a contract and he will abstain from any vote. He stated support for diversification of the water portfolio.
14. Seth Gates from the Independent Budget Analyst commented that the Task Force was designed to offer support for water resources. As a topic, desalination would be in the purview of the Task Force. The Water Purchase Agreement would not necessarily be in the purview of the Task Force as it is a contract.
15. Chair Cary Lowe commented that he hopes the Innovation and Technology working group will discuss the topic of desalination. He expressed personal concern that the Water Purchase Agreement is outside the purview of the Task Force and he will abstain from any vote.

**ACTION:**

1. Motion to support desalination projects and the San Diego County Water Authority Water Purchase Agreement with Poseidon Resources moving forward.

*Motion fails. 5 in favor. 1 opposed. 3 abstentions.*

**PUBLIC COMMENT:** Sean Karafin from the San Diego County Taxpayers Association spoke in favor of the San Diego County Water Authority Water Purchase Agreement with Poseidon Resources for the Carlsbad desalination project.

**10. ADJOURNMENT – CHAIR CARY LOWE ADJOURNED THE MEETING AT APPROXIMATELY 3:36 P.M.**

**The next Task Force meeting will be held on December 18<sup>th</sup> at 2:00 pm.**

For more information contact Amy Albanese at Council District 1 Office at 619.236.6611 or [AAAlbanese@sandiego.gov](mailto:AAAlbanese@sandiego.gov)  
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