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MAY 19 2008

**COUNCIL PRESIDENT
SCOTT H. PETERS**

CITY OF SAN DIEGO

May 12, 2008

RECEIVED
MAY 20 2008
SAN DIEGO
COUNTY GRAND JURY

Honorable Kenneth So
Presiding Judge
San Diego County Superior Court
Main Courthouse, Third Floor
220 West Broadway
San Diego, CA 92101

Re: Grand Jury Report entitled "Water Conservation: Sober up the Party is Over."

Dear Judge So:

Pursuant to the California Penal Code Section 933.05 (a), (b) and (c), the San Diego City Council has provided the attached responses to the Grand Jury's report dated January 10, 2008.

In summary, on May 5, 2008, the City Council voted to approve the recommendations contained in Independent Budget Analyst Report Number 08-38 dated April 25, 2008 with direction to 1) add language to the response to Finding 3 to address the issue of "reasonable cost," 2) reflect the votes of individual Councilmembers on the recycled water issue in the responses to Recommendation 8-13, Finding 5 and Finding 6, and 3) forward the minutes of that action along with the City Council's response.

A summary of the Council's response to the Grand Jury Report is attached along with the Independent Budget Analyst Report, the resolution adopted by the City Council approving the response, and the minutes of Items 202 and 203 from the October 29, 2007 Council meeting.

Sincerely,

Scott H. Peters

SHP/cmc
Attachments

cc: Honorable Mayor
Councilmembers
Independent Budget Analyst

**City Council Response to Findings and Recommendations
Made in the Grand Jury Report Entitled
“Water Conservation: Sober Up San Diego, The Water Party Is Over.”**

For each of the following items, the City Council joins the Mayor’s Response as reflected in the April 29, 2008 letter to the Honorable Kenneth So, Presiding Judge of the San Diego Superior Court (attached):

Recommendations: 08-05, 08-06, 08-07, 08-08, 08-09, 08-10, 08-12, 08-14

Finding: Water conservation would be increased if all users’ rates were put into tiered block structures.

Finding: Mandatory water restrictions in a Stage 2 water alert should be made permanent.

Finding: The cost of laying purple pipe versus the current low cost of recycled water is inhibiting the extension of purple pipe systems.

For each of the following items, the City Council responds as shown:

Finding: The City of San Diego faces bleak prospects for the future in terms of the chance of growth colliding with the projected long-term dwindling of water supplies at reasonable cost.

Disagree. There is no doubt that the City of San Diego’s water supply reliability is challenged but it is far from bleak. San Diego has proactively conserved water since the early 1990’s. As a result, the City of San Diego has added more than 270,000 residents since 1987 without increasing overall demand for water. In this time, the City has also improved its plumbing regulations, increased its water conservation programming and worked closely with the San Diego County Water Authority to develop a long-term plan for water supplies to the City.

For example, in 2003, the Quantification Settlement Agreement (QSA) established two major water supply reliability programs for the San Diego region. First, San Diego will have an additional 77,700 acre-feet per year (AFY) of dedicated Colorado River water supplies established by 2009, upon completion of the canal lining projects in the Coachella and All-American canals. Second, a permanent water transfer from the Imperial Irrigation District (IID) to the Water Authority was established. The ramp-up schedule for the water transfer currently transfers 50,000 AFY from the IID to the Water Authority. By 2021, the maximum annual water transfer will be achieved and the Water Authority will purchase 200,000 AFY of transfer water every year from the IID. Combined with ongoing conservation programs and the development of local supplies,

the QSA program will reduce the San Diego region's dependence on the Metropolitan Water District from 76% in 2007 to 29% in 2020.

It should be noted that the future cost of water may increase significantly, due not only to the cost of raw water purchases but also to capital costs associated with development of new local water supplies.

Finding: Recycled water could be used for reservoir augmentation.

Partially Agree. While reservoir augmentation has not yet been approved by California State regulators, the City Council has directed the Mayor to develop a plan for the implementation of the NC-3 strategy, as set forth in the 2006 Water Reuse Study. This project was approved by a vote of 5 to 3, with Council Districts 2, 4 and 5 dissenting. Minutes from the Council Meeting of October 29, 2007, when this project was initially discussed, has been attached for reference. The NC-3 strategy includes full-scale implementation of reservoir augmentation. The Water Department is currently undertaking a project scoping effort in order to implement a 12-month Advanced Water Treatment (AWT) demonstration project, as directed by City Council. The Scoping Study will identify regulatory requirements, project costs, public notification requirements, and optimum project scheduling in order to complete the demonstration project. The AWT demonstration project will obtain information required for regulatory approvals for conducting reservoir augmentation. The study will also provide additional details and considerations not evident at this point and help refine the approach to reservoir augmentation. If the AWT demonstration project is successful and the required regulatory approvals are given, recycled water may be used for reservoir augmentation at some point in the future.

Finding: The City Council of San Diego has recently approved of a "pilot study" on the reuse of reclaimed water as potable water. This pilot study calls for the San Diego Water Department to conduct reservoir augmentation for a period of one year to assess the viability of this as an available option for increasing San Diego's available water.

Partially Disagree. The San Diego City Council approved the development of an implementation plan for the NC-3 strategy as set forth in the 2006 Water Reuse Study including but not limited to:

1. An independent energy and economic analysis of all water supply augmentation methods in the Long Range Water Resources Plan;
2. A current flow and detention study at the San Vicente Reservoir; and
3. A one-year indirect potable reuse demonstration project.

This project was approved by a vote of 5 to 3, with Council Districts 2, 4 and 5 dissenting. Minutes from the Council Meeting of October 29, 2007, when this project was initially discussed, has been attached for reference. The Council's action regarding the NC-3 strategy does not call for conducting reservoir augmentation, but rather for a demonstration project, as a first step in receiving the regulatory approval that would be

required to implement and conduct full-scale reservoir augmentation. Under the current action, no water will be sent to the reservoir.

Recommendation 08-13: Approve the use of recycled water for reservoir augmentation.

Response: This requires further analysis. On December 3, 2008 the City Council approved the development of a plan for implementation of the NC-3 strategy, as set forth in the 2006 Water Reuse Study. This project was approved by a vote of 5 to 3, with Council Districts 2, 4 and 5 dissenting. Minutes from the Council Meeting of October 29, 2007, when this project was initially discussed, has been attached for reference. The Water Department is currently undertaking a project scoping effort in order to implement a 12-month Advanced Water Treatment (AWT) demonstration project, as directed by City Council. The Scoping Study is identifying regulatory requirements, project costs, public notification requirements, and optimum project scheduling in order to complete the demonstration project as directed. Upon identification and approval of funding, the Water Department will be conducting the AWT Demonstration Project to obtain information required for regulatory approvals for conducting reservoir augmentation. The study will also provide additional details and considerations not evident at this point and help refine the approach to reservoir augmentation. If the AWT demonstration project is successful and the required regulatory approvals are given, the City Council may consider implementing a full-scale reservoir augmentation project in the future.



JERRY SANDERS
MAYOR

April 29, 2008

Honorable Kenneth So
Presiding Judge
San Diego County Superior Court
Main Courthouse, Third Floor
220 West Broadway
San Diego, CA 92101



Dear Judge So:

Subject: 2007-2008 San Diego County Grand Jury Report entitled "Water Conservation: Sober Up San Diego, The Water Party Is Over".

Assuring water supply reliability for our San Diego region is a key priority of my administration. I have committed the City to a path leading to diversification of the regional water supply portfolio and more efficient use of existing water supplies. I also continue to support diverse and affordable new sources of water, such as the development of greater desalination capacity and the extension of the city's existing water reuse system as hedges against further demands on water supplies. San Diegans are responding to my aggressive conservation efforts to raise awareness of the need for heightened voluntary water conservation, as well as responding to the advocacy efforts of the San Diego County Water Authority.

I have elected to respond to each and every finding and recommendation because water supply issues are a critical priority, and an issue that impact every aspect of our lives, our communities and regional economy.

Pursuant to California Penal Code Section 933.05(a), (b), and (c), the City of San Diego provides the following responses to the findings and recommendation in the above-entitled Grand Jury Report:

Discussion 1: Conservation Water Rates

Finding: Water conservation would be increased if all users' rates were put into tiered block structures.

Partially Disagree. Tiered block rates provide a disincentive to use a lot of water for some customers, and thus can lead to reduced water consumption. However, not all users can be put into tiered block rates since customers vary in size and type of water use.

For example, for commercial/industrial users, a tiered block rate structure would not necessarily impact the amount of water they use for business operations since consumption is more a function of business type and scope, rather than a result of discretionary water use. Health facilities may not have the ability to significantly lower water consumption for health reasons. Industrial customers who have water as a manufacturing ingredient could be unfairly impacted by a tiered block rate structure. For the restaurant industry, water usage and therefore rates, would be different for a larger restaurant (50 plus tables) than smaller restaurants (10 or fewer tables). Depending on how big the restaurants are, conservation measures may not be enough of an incentive to knock them into the lower tiers. Because customers within these classifications are so diverse, it is difficult, if not impossible, to design an equitable tiered block structure for all users.

Recommendation 08-05: Put the water rates for multiple-family residences, and for commercial, industrial, and agricultural users into tiered block structures to make charges proportionate to use.

Response: The recommendation has not yet been implemented, but could be implemented if appropriate and allowable in the future. In December 2006, a Cost of Service Study was conducted by Raftelis Financial Consultants, Inc. to review the process by which the City allocated the cost of service to the users of the water system. In adherence to the Cost of Service Study, the City developed the current rate structure based on the base-extra capacity method endorsed by the American Water Works Association, a nationally recognized industry group. This method allocates costs and classifies customers by using several factors including average daily usage and peaking factors (periods of maximum usage). As a result of that study the City Council and Mayor approved increasing the number of customer classes (adding classes with separate rates for Other Domestic, Commercial/Industrial, and Agricultural/Construction classes) and approved four annual rate increases beginning with fiscal year 2008 and ending with fiscal year 2011.

The City will be doing another cost of service study at the end of the currently approved rate period (fiscal year 2011) and at that time, the Cost of Study will be directed to look into the feasibility of either creating additional customer classes which might allow equitable tiered structures or investigating the use of other mechanisms (such as water budgets) which might result in additional conservation.

Discussion 2: Water Restrictions

Finding: Mandatory water restrictions in a Stage 2 water alert should be made permanent.

Disagree. The San Diego Municipal Code clearly specifies the course and sequence of actions necessary to implement water conservation measures in the City. Mayor Sanders has been following the Code and has been actively working to encourage far greater water conservation throughout the city.

To date, neither the City's Water Department, the San Diego County Water Authority (CWA) or the Metropolitan Water District have called for, nor implemented mandatory restrictions on water use. However, as part of a regional supply management effort, the San Diego CWA has been working with the local water agencies on a Regional Drought Model Ordinance with the objective of recommending a more consistent, region-wide approach to water use restrictions in the event of supply shortages and to consider which, if any, restrictions should be made permanent. Water agencies are not obligated to adopt the CWA model drought ordinance, but are encouraged to review it for consideration. The City is currently reviewing the model ordinance for possible incorporation into its existing drought response plan set out in Municipal Code. It is anticipated that provision of the Regional Drought Model Ordinance may come forward for Council consideration in early Fiscal Year 2009.

Finding: The City of San Diego faces bleak prospects for the future in terms of the chance of growth colliding with the projected long-term dwindling of water supplies at reasonable cost.

Disagree. There is no doubt that the City of San Diego's water supply reliability is challenged but it is far from bleak. San Diego has proactively conserved water since the early 1990's. As a result, the City of San Diego has added more than 270,000 residents since 1987 without increasing overall demand for water. In this time, the City has also improved its plumbing regulations, increased its water conservation programming and worked closely with the San Diego County Water Authority to develop a long-term plan for water supplies to the City.

For example, in 2003, the Quantification Settlement Agreement (QSA) established two major water supply reliability programs for the San Diego region. First, San Diego will have an additional 77,700 acre-feet per year (AFY) of dedicated Colorado River water supplies established by 2009, upon completion of the canal lining projects in the Coachella and All-American canals. Second, a permanent water transfer from the Imperial Irrigation District (IID) to the Water Authority was established. The ramp-up schedule for the water transfer currently transfers 50,000 AFY from the IID to the Water Authority. By 2021, the maximum annual water transfer will be achieved and the Water Authority will purchase 200,000 AFY of transfer water every year from the IID.

Combined with ongoing conservation programs and the development of local supplies, the QSA program will reduce the San Diego region's dependence on the Metropolitan Water District from 76% in 2007 to 29% in 2020.

Recommendation 08-06: Consider more carefully their growth policy as it relates to San Diego's long-term water prospects and begin more rigorously enforcing the requirement that any large project proposal be able to ensure a 20-year supply of water.

Response: This recommendation has been implemented. Since January 2002, California state law has required 20-year Water Supply Assessments for approval of large scale development projects. Water demands needs are based upon the community plans approved by the City Council as measured with SANDAG Regional Growth Forecasts. These growth forecasts are then used to derive overall future water demands for San Diego and incorporated as part of both the City's Urban Water Management Plan and the County Water Authority's supply planning documents.

The Water Department complies fully with SB610/221, the State of California Urban Water Management Planning Act (UWMPA), and already offers significant safeguards for long-term demand on regional water supplies. Compliance with SB 610/221 is carried out through the City's Urban Water Management Plan (UWMP). The City's 2005 UWMP was adopted by the San Diego City Council on September 11, 2006, and was filed with the Department of Water Resources (DWR). It stands as the City's foundational water planning document and is fully consistent with the California UWMPA.

Under SB 610/221, the Development Services Department (DSD) ensures that major projects are sited and designed to minimize impacts to water resources. Pursuant to SB 610, prior to approval of any discretionary permit for a future project, DSD requests the Water Department prepare a water supply assessment (WSA) to be included in the environmental documentation of certain large proposed projects.

Recommendation 08-07: Publish the current water restriction stages and conditions in order to induce greater participation in conservation efforts.

Response: The recommendation has been implemented. The current water usage restrictions are published under San Diego Municipal Code 67.3806. Copies are available via the internet on the City of San Diego's website and from the City upon request. Upon activating the provisions of the Municipal Code, the City is required to publish the restrictions. This information was also published in the most recent Urban Water Management Plan of 2005. The restrictions will also be posted in a prominent location on the Water Department's website.

Recommendation 08-08: Base the cost of new water meters on the current and projected water conditions.

Response: The recommendation has not yet been implemented, but could be implemented if appropriate and allowable in the future. Some jurisdictions in other States have been successful in implementing similar "new supply fees, however, Proposition 218 in the State of California may preclude the implementation of this type of future supply related fee. During Fiscal Year 2009, we will investigate the feasibility of implementing this type of fee.

Currently, the cost of new water meters or new connections to the water system are currently addressed as capacity (developer) fees. These are one-time fees used to recover some or all of the costs of providing the system additional capacity when a new user connects to the water system. The use of such funds is in fact restricted by law (both the San Diego Municipal Code and State Code Section 66001) to only paying for expansion of the water system. Examples of these costs include those related to increasing capacity in treatment plants, pumping stations, storage reservoirs, and water mains. Capacity fees do not incorporate the current or projected water conditions (supply) because that is not an issue of system capacity. Inclusion of current or projected water supply issues to the capacity fees could be considered if large capital improvement projects were planned to add additional storage capability to the water system. If such projects occur, their costs would automatically be included in capacity charges.

Recommendation 08-09: Formalize concrete triggers for water alerts to make them automatic and less arbitrary.

Response: This action has not been implemented, but may be implemented in the future. The City's current restrictions and triggers for water alerts are being reviewed and updated as part of a regional effort led by the San Diego County Water Authority (CWA), working with all its member water agencies including the City of San Diego. CWA's "Model" Drought Ordinance is designed to achieve greater county-wide consistency in drought response actions, including triggers, while also allowing individual agencies to modify the "model" ordinance based upon particular demographics and constituencies. Water agencies are not obligated to adopt the CWA model drought ordinance, but are encouraged to review it for consideration. The City is currently reviewing the model ordinance for possible incorporation into its existing drought response plan set out in Municipal Code.

Recommendation 08-10: Make some or all of the voluntary usage restrictions in Stage 1 water watch permanently mandatory in San Diego.

Response: This action has not been implemented, but may be implemented in the future. The City is currently reviewing the current drought response plan set out in the Municipal Code for possible modification. This review is being performed as part of region-wide effort coordinated by the County Water Authority to achieve a greater county-wide consistency in drought response planning.

Discussion 3: Water Conservation Education

Recommendation 08-11: Periodically distribute to all residents information on water conservation and pursue other methods such as media coverage to get the public's awareness of the need for a maximum effort at conservation.

Response: The recommendation has been implemented. Mayor Sanders is leading an extensive public education campaign to promote greater water conservation. The Mayor's efforts, including weekly press conferences, public presentations and news releases are in addition to the

aggressive and well publicized water conservation program he requires from the Water Department. The program includes regular water bill inserts, messages on the combined water/sewer bills sent to all customers, free water conservation audits, web-based water use calculators and an extensive list of other initiatives. The Water Department has also included water conservation information in its annual Consumer Confidence Report that is published annually and mailed to each dwelling unit.

Discussion 4: Water Reuse

Finding: The cost of laying purple pipe versus the low cost of recycled water is inhibiting the extension of the purple pipe systems.

Partially Agree. The challenge to connect new customers to the recycled water system extends beyond the recycled water rate and cost to build new pipelines. While new development is conditioned to install recycled water pipelines in anticipation of future delivery (which keeps the cost in line with anticipated costs for new construction), costs can be quite high for existing potable customers interested in retrofitting their current plumbing system to accept recycled water. The rate currently charged by the City for recycled water is \$350 per acre foot, approximately 30 percent of the rate charged to commercial and industrial customers for potable water. The low rate for recycled water does limit the City's ability to expand the recycled water pipeline system.

Finding: Recycled water could be used for reservoir augmentation.

Disagree. Augmentation of reservoirs with recycled water has not yet been approved by California state regulators. Additional study and demonstration of treatment technologies is required to secure the necessary state permits for reservoir augmentation. Funding for this strategy was not identified in the water rate case approval by Council in 2007.

Finding: The City Council of San Diego has recently approved of a "pilot study" on the reuse of reclaimed water as potable water. This pilot study calls for the San Diego Water Department to conduct reservoir augmentation for a period of one year to assess the viability of this as an available option for increasing San Diego's available water supplies.

Partially Disagree. The San Diego City Council approved the development of an implementation plan for the NC-3 strategy as set forth in the 2006 Water Reuse Study including but not limited to:

1. An independent energy and economic analysis of all water supply augmentation methods in the Long Range Water Resources Plan;
2. A current flow and detention study at the San Vicente Reservoir; and
3. A one-year indirect potable reuse demonstration project.

The Council's action regarding the NC-3 strategy does not call for conducting reservoir augmentation, but rather for a demonstration project. Under the action, no water will be sent to the reservoir.

Recommendation 8-12: Raise the cost of recycled water to at least 80% of that of potable water, and use this income to finance expansion of the recycled water distribution system.

Response: This action requires further analysis. Currently, the Water Department is conducting a Recycled Water Pricing Study (Pricing Study) to determine the cost of producing and distributing recycled water. The scope of the Pricing Study includes development of recommendations for recycled water commodity rates, base fees, capacity charges, alternative rate structures and a Recycled Water Rate Model. Inputs to the Pricing Study include cost of operation and maintenance for production and distribution facilities as well as capital costs for the most feasible expansion projects. It is anticipated that the Recycled Water Pricing Study will be completed in Fiscal Year 2009.

Recommendation 8-13: Approve the use of recycled water for reservoir augmentation.

Response: This requires further analysis. On December 3, 2008 the City Council approved the development of a plan for implementation of the NC-3 strategy, as set forth in the 2006 Water Reuse Study. The Water Department is currently undertaking a project scoping effort in order to implement a 12-month Advanced Water Treatment (AWT) demonstration project, as approved by City Council. The Scoping Study is identifying regulatory requirements, project costs, public notification requirements, and optimum project scheduling in order to complete the demonstration project as directed. Upon Council identification and approval of funding, the Water Department will be conducting the AWT Demonstration Project to obtain information required for regulatory approvals for conducting reservoir augmentation. The study will also provide additional details and considerations not evident at this point and help refine the approach to reservoir augmentation.

Recommendation 8-14: Implement the use of recycled water in all appropriate City facilities.

Response: This recommendation has been implemented. The irrigation systems for several City properties were designed or retrofitted to accept recycled water. The sites, primarily parkland and open space areas, are adjacent to the existing distribution pipelines; many were identified in the Recycled Water Master Plan.

The Park and Recreation Department has nineteen recycled water meter connections, with three more parks expected to come on-line Spring 2008. Over the course of the next three years recycled water retrofit of parklands and open space as well as related pipeline extension projects are planned.

The Water Department is actively pursuing grants for parkland retrofits.

Late last year, an analysis was conducted to identify all City properties fronting recycled water pipelines and the feasibility to retrofit the irrigation systems to use recycled water. Seven City properties, not previously listed in the Master Plan, were identified. Retrofitting or pipeline extension costs for the seven properties are estimated at \$1 million. Two facilities in the Fire Department are budgeted for retrofitting in Fiscal Year 2009.

Recommendation 8-15: Support the pilot study in using reclaimed water as a source of potable water approved by City Council.

Response: The recommendation has not yet been implemented, but may be in the future. The Water Department is currently undertaking a project scoping effort in order to implement a 12 month Advanced Water Treatment demonstration project, as approved by City Council. The Scoping Study will identify regulatory requirements, project costs, public notification requirements, and optimum project scheduling in order to complete the demonstration project. With Council identification and approval of funding, the Water Department will be conducting the Advanced Water Treatment Demonstration Project (AWT Demo Project) to obtain information required for regulatory approvals for conducting reservoir augmentation. The study will also provide additional details and considerations not evident at this point and help refine the approach to reservoir augmentation. Approval of the recommendation will be affected by the results of the AWT Demo Project and cost considerations.

Please contact Jim Barrett, Director of Public Utilities, at (619) 533-7555 if you have additional questions.

Sincerely,



JERRY SANDERS
Mayor

cc: San Diego County Grand Jury
Chief Operating Officer
San Diego City Council
Director of Public Utilities
City Clerk
Administration Department Director



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: April 25, 2008**IBA Report Number:** 08-38**City Council Docket Date:** May 6, 2008**Item Number:** N/A

Response to Grand Jury Report Titled “Water Conservation: Sober Up San Diego, The Water Party Is Over”

On February 11, 2008 the San Diego County Grand Jury issued a report to the Mayor, the City Council, and the Water Department Director entitled “Water Conservation: Sober Up San Diego, The Water Party Is Over.” The report, which examined water use and conservation efforts in the city of San Diego, included six findings and 14 recommendations aimed at increasing water conservation.

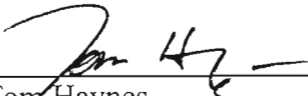
The City Council is required to provide comments to the Presiding Judge of the Superior Court on all of the findings and nine of the 14 recommendations included in the Grand Jury Report by May 13, 2008. The Mayor is also required to provide comments on each of the findings, but for only two of the recommendations. However, given the citywide nature of the topic involved, the Mayor has elected to respond to each and every finding and recommendation. For each item that the Council must respond to, the Council may either join the Mayor’s response, modify the Mayor’s response, or respond independently. This report presents the Council’s responses as recommended by the IBA.

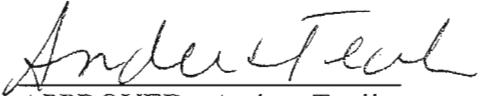
The IBA recommends that the City Council adopt the following as it’s response to the Grand Jury Reports:

**Office of Independent Budget Analyst**202 C Street, MS 3A • San Diego, CA 92101
Tel (619) 236-6555 Fax (619) 236-6556

Recommendations:	08-05, 08-06, 08-07, 08-08, 08-09, 08-10, 08-12, 08-14	<i>Join the Mayor's Response</i>
Findings:	1, 2, 3, 4	
Recommendation:	08-13	<i>Modify the Mayor's Response</i>
Finding:	6	
Finding:	5	<i>Respond Independently of the the Mayor</i>

The full text of the Mayor's responses, and the recommended modifications and independent response on behalf of the City Council, can be found in the attachment to this report.


 Tom Haynes
 Fiscal & Policy Analyst


 APPROVED: Andrea Tevlin
 Independent Budget Analyst

Attachment

**Recommended City Council Response to Findings and
Recommendations Made in the Grand Jury Report Entitled
“Water Conservation: Sober Up San Diego, The Water Party Is Over.”**

Recommendation 08-05: Put the water rates for multiple-family residences, and for commercial, industrial, and agricultural users into tiered block structures to make charges proportionate to use.

Mayor’s Response: The recommendation has not yet been implemented, but could be implemented if appropriate and allowable in the future. In December 2006, a Cost of Service Study was conducted by Raftelis Financial Consultants, Inc. to review the process by which the City allocated the cost of service to the users of the water system. In adherence to the Cost of Service Study, the City developed the current rate structure based on the base-extra capacity method endorsed by the American Water Works Association, a nationally recognized industry group. This method allocates costs and classifies customers by using several factors including average daily usage and peaking factors (periods of maximum usage). As a result of that study the City Council and Mayor approved increasing the number of customer classes (adding classes with separate rates for Other Domestic, Commercial/Industrial, and Agricultural/Construction classes) and approved four annual rate increases beginning with fiscal year 2008 and ending with fiscal year 2011.

The City will be doing another cost of service study at the end of the currently approved rate period (fiscal year 2011) and at that time, the Cost of Study will be directed to look into the feasibility of either creating additional customer classes which might allow equitable tiered structures or investigating the use of other mechanisms (such as water budgets) which might result in additional conservation.

IBA Recommendation: Join the Mayor’s Response.

Recommendation 08-06: Consider more carefully their growth policy as it relates to San Diego’s long-term water prospects and begin more rigorously enforcing the requirement that any large project proposal be able to ensure a 20-year supply of water.

Mayor’s Response: This recommendation has been implemented. Since January 2002, California state law has required 20-year Water Supply Assessments for approval of large scale development projects. Water demands needs are based upon the community plans approved by the City Council as measured with SANDAG Regional Growth Forecasts. These growth forecasts are then used to derive overall future water demands for San Diego and incorporated as part of both the City’s Urban Water Management Plan and the County Water Authority’s supply planning documents.

The Water Department complies fully with SB610/221, the State of California Urban Water Management Planning Act (UWMPA), and already offers significant safeguards for long-term demand on regional water supplies. Compliance with SB 610/221 is carried out through the

City's Urban Water Management Plan (UWMP). The City's 2005 UWMP was adopted by the San Diego City Council on September 11, 2006, and was filed with the Department of Water Resources (DWR). It stands as the City's foundational water planning document and is fully consistent with the California UWMPA.

Under SB 610/221, the Development Services Department (DSD) ensures that major projects are sited and designed to minimize impacts to water resources. Pursuant to SB 610, prior to approval of any discretionary permit for a future project, DSD requests the Water Department prepare a water supply assessment (WSA) to be included in the environmental documentation of certain large proposed projects.

IBA Recommendation: Join the Mayor's Response.

Recommendation 08-07: Publish the current water restriction stages and conditions in order to induce greater participation in conservation efforts.

Mayor's Response: The recommendation has been implemented. The current water usage restrictions are published under San Diego Municipal Code 67.3806. Copies are available via the internet on the City of San Diego's website and from the City upon request. Upon activating the provisions of the Municipal Code, the City is required to publish the restrictions. This information was also published in the most recent Urban Water Management Plan of 2005. The restrictions will also be posted in a prominent location on the Water Department's website.

IBA Recommendation: Join the Mayor's Response.

Recommendation 08-08: Base the cost of new water meters on the current and projected water conditions.

Mayor's Response: The recommendation has not yet been implemented, but could be implemented if appropriate and allowable in the future. Some jurisdictions in other States have been successful in implementing similar "new supply" fees; however, Proposition 218 in the State of California may preclude the implementation of this type of future supply related fee. During Fiscal Year 2009, we will investigate the feasibility of implementing this type of fee.

Currently, the cost of new water meters or new connections to the water system are currently addressed as capacity (developer) fees. These are one-time fees used to recover some or all of the costs of providing the system additional capacity when a new user connects to the water system. The use of such funds is in fact restricted by law (both the San Diego Municipal Code and State Code Section 66001) to only paying for expansion of the water system. Examples of these costs include those related to increasing capacity in treatment plants, pumping stations, storage reservoirs, and water mains. Capacity fees do not incorporate the current or projected water conditions (supply) because that is not an issue of system capacity. Inclusion of current or projected water supply issues to the capacity fees could be considered if large capital

improvement projects were planned to add additional storage capability to the water system. If such projects occur, their costs would automatically be included in capacity charges.

IBA Recommendation: Join the Mayor's Response.

Recommendation 08-09: Formalize concrete triggers for water alerts to make them automatic and less arbitrary.

Mayor's Response: This action has not been implemented, but may be implemented in the future. The City's current restrictions and triggers for water alerts are being reviewed and updated as part of a regional effort led by the San Diego County Water Authority (CWA), working with all its member water agencies including the City of San Diego. CWA's "Model" Drought Ordinance is designed to achieve greater county-wide consistency in drought response actions, including triggers, while also allowing individual agencies to modify the "model" ordinance based upon particular demographics and constituencies. Water agencies are not obligated to adopt the CWA model drought ordinance, but are encouraged to review it for consideration. The City is currently reviewing the model ordinance for possible incorporation into its existing drought response plan set out in Municipal Code.

IBA Recommendation: Join the Mayor's Response.

Recommendation 08-10: Make some or all of the voluntary usage restrictions in Stage 1 water watch permanently mandatory in San Diego.

Mayor's Response: This action has not been implemented, but may be implemented in the future. The City is currently reviewing the current drought response plan set out in the Municipal Code for possible modification. This review is being performed as part of region-wide effort coordinated by the County Water Authority to achieve a greater county-wide consistency in drought response planning.

IBA Recommendation: Join the Mayor's Response.

Recommendation 08-12: Raise the cost of recycled water to at least 80% of that of potable water, and use this income to finance expansion of the recycled water distribution system.

Mayor's Response: This action requires further analysis. Currently, the Water Department is conducting a Recycled Water Pricing Study (Pricing Study) to determine the cost of producing and distributing recycled water. The scope of the Pricing Study includes development of recommendations for recycled water commodity rates, base fees, capacity charges, alternative rate structures and a Recycled Water Rate Model. Inputs to the Pricing Study include cost of operation and maintenance for production and distribution facilities as well as capital costs for

the most feasible expansion projects. It is anticipated that the Recycled Water Pricing Study will be completed in Fiscal Year 2009.

IBA Recommendation: Join the Mayor's Response.

Recommendation 08-13: Approve the use of recycled water for reservoir augmentation.

Mayor's Response: This requires further analysis. On December 3, 2008 the City Council approved the development of a plan for implementation of the NC-3 strategy, as set forth in the 2006 Water Reuse Study. The Water Department is currently undertaking a project scoping effort in order to implement a 12-month Advanced Water Treatment (AWT) demonstration project, as directed by City Council. The Scoping Study is identifying regulatory requirements, project costs, public notification requirements, and optimum project scheduling in order to complete the demonstration project as directed. Upon Council identification and approval of funding, the Water Department will be conducting the AWT Demonstration Project to obtain information required for regulatory approvals for conducting reservoir augmentation. The study will also provide additional details and considerations not evident at this point and help refine the approach to reservoir augmentation.

IBA Recommendation: Respond with the following modification of the Mayor's Response:

This requires further analysis. On December 3, 2008 the City Council approved the development of a plan for implementation of the NC-3 strategy, as set forth in the 2006 Water Reuse Study. The Water Department is currently undertaking a project scoping effort in order to implement a 12-month Advanced Water Treatment (AWT) demonstration project, as directed by City Council. The Scoping Study is identifying regulatory requirements, project costs, public notification requirements, and optimum project scheduling in order to complete the demonstration project as directed. Upon Council identification and approval of funding, the Water Department will be conducting the AWT Demonstration Project to obtain information required for regulatory approvals for conducting reservoir augmentation. The study will also provide additional details and considerations not evident at this point and help refine the approach to reservoir augmentation. If the AWT demonstration project is successful and the required regulatory approvals are given, the City Council may consider implementing a full-scale reservoir augmentation project in the future.

Recommendation 08-14: Implement the use of recycled water in all appropriate City facilities.

Mayor's Response: This recommendation has been implemented. The irrigation systems for several City properties were designed or retrofitted to accept recycled water. The sites, primarily parkland and open space areas, are adjacent to the existing distribution pipelines; many were identified in the Recycled Water Master Plan.

The Park and Recreation Department has nineteen recycled water meter connections, with three more parks expected to come on-line Spring 2008. Over the course of the next three years recycled water retrofit of parklands and open space as well as related pipeline extension projects are planned.

The Water Department is actively pursuing grants for parkland retrofits.

Late last year, an analysis was conducted to identify all City properties fronting recycled water pipelines and the feasibility to retrofit the irrigation systems to use recycled water. Seven City properties, not previously listed in the Master Plan, were identified. Retrofitting or pipeline extension costs for the seven properties are estimated at \$1 million. Two facilities in the Fire Department are budgeted for retrofitting in Fiscal Year 2009

IBA Recommendation: Join the Mayor's Response.

Finding 1

Water conservation would be increased if all users' rates were put into tiered block structures.

Mayor's Response: Partially Disagree. Tiered block rates provide a disincentive to use a lot of water for some customers, and thus can lead to reduced water consumption. However, not all users can be put into tiered block rates since customers vary in size and type of water use.

For example, for commercial/industrial users, a tiered block rate structure would not necessarily impact the amount of water they use for business operations since consumption is more a function of business type and scope, rather than a result of discretionary water use. Health facilities may not have the ability to significantly lower water consumption for health reasons. Industrial customers who have water as a manufacturing ingredient could be unfairly impacted by a tiered block rate structure. For the restaurant industry, water usage and therefore rates, would be different for a larger restaurant (50 plus tables) than smaller restaurants (10 or fewer tables). Depending on how big the restaurants are, conservation measures may not be enough of an incentive to knock them into the lower tiers. Because customers within these classifications are so diverse, it is difficult, if not impossible, to design an equitable tiered block structure for all users.

IBA Recommendation: Join the Mayor's Response.

Finding 2

Mandatory water restrictions in a Stage 2 water alert should be made permanent.

Mayor's Response: Disagree. The San Diego Municipal Code clearly specifies the course and sequence of actions necessary to implement water conservation measures in the City. Mayor Sanders has been following the Code and has been actively working to encourage far greater water conservation throughout the city.

To date, neither the City's Water Department, the San Diego County Water Authority (CWA) or the Metropolitan Water District have called for, nor implemented mandatory restrictions on water use. However, as part of a regional supply management effort, the San Diego CWA has been working with the local water agencies on a Regional Drought Model Ordinance with the objective of recommending a more consistent, region-wide approach to water use restrictions in the event of supply shortages and to consider which, if any, restrictions should be made permanent. Water agencies are not obligated to adopt the CWA model drought ordinance, but are encouraged to review it for consideration. The City is currently reviewing the model ordinance for possible incorporation into its existing drought response plan set out in Municipal Code. It is anticipated that provisions of the Regional Drought Model Ordinance may come forward for Council consideration in early Fiscal Year 2009.

IBA Recommendation: Join the Mayor's Response.

Finding 3

The City of San Diego faces bleak prospects for the future in terms of the chance of growth colliding with the projected long-term dwindling of water supplies at reasonable cost.

Mayor's Response: Disagree. There is no doubt that the City of San Diego's water supply reliability is challenged but it is far from bleak. San Diego has proactively conserved water since the early 1990's. As a result, the City of San Diego has added more than 270,000 residents since 1987 without increasing overall demand for water. In this time, the City has also improved its plumbing regulations, increased its water conservation programming and worked closely with the San Diego County Water Authority to develop a long-term plan for water supplies to the City.

For example, in 2003, the Quantification Settlement Agreement (QSA) established two major water supply reliability programs for the San Diego region. First, San Diego will have an additional 77,700 acre-feet per year (AFY) of dedicated Colorado River water supplies established by 2009, upon completion of the canal lining projects in the Coachella and All-American canals. Second, a permanent water transfer from the Imperial Irrigation District (IID) to the Water Authority was established. The ramp-up schedule for the water transfer currently transfers 50,000 AFY from the IID to the Water Authority. By 2021, the maximum annual water transfer will be achieved and the Water Authority will purchase 200,000 AFY of transfer water every year from the IID. Combined with ongoing conservation programs and the development of local supplies, the QSA program will reduce the San Diego region's dependence on the Metropolitan Water District from 76% in 2007 to 29% in 2020.

IBA Recommendation: Join the Mayor's Response

Finding 4

The cost of laying purple pipe versus the current low cost of recycled water is inhibiting the extension of purple pipe systems.

Mayor's Response: Partially Agree. The challenge to connect new customers to the recycled water system extends beyond the recycled water rate and cost to build new pipelines. While new development is conditioned to install recycled water pipelines in anticipation of future delivery (which keeps the cost in line with anticipated costs for new construction), costs can be quite high for existing potable customers interested in retrofitting their current plumbing system to accept recycled water. The rate currently charged by the City for recycled water is \$350 per acre foot, approximately 30 percent of the rate charged to commercial and industrial customers for potable water. The low rate for recycled water does limit the City's ability to expand the recycled water pipeline system.

IBA Recommendation: Join the Mayor's Response.

Finding 5

Recycled water could be used for reservoir augmentation.

Mayor's Response: Disagree. Augmentation of reservoirs with recycled water has not yet been approved by California state regulators. Additional study and demonstration of treatment technologies is required to secure the necessary state permits for reservoir augmentation. Funding for this strategy was not identified in the water rate case approval by Council in 2007.

IBA Recommendation: Do not join the Mayor's Response and instead respond with the following:

Partially Agree. While reservoir augmentation has not yet been approved by California State regulators, the City Council has directed the Mayor to develop a plan for the implementation of the NC-3 strategy, as set forth in the 2006 Water Reuse Study. The NC-3 strategy includes full-scale implementation of reservoir augmentation. The Water Department is currently undertaking a project scoping effort in order to implement a 12-month Advanced Water Treatment (AWT) demonstration project, as directed by City Council. The Scoping Study will identify regulatory requirements, project costs, public notification requirements, and optimum project scheduling in order to complete the demonstration project. The AWT demonstration project will obtain information required for regulatory approvals for conducting reservoir augmentation. The study will also provide additional details and considerations not evident at this point and help refine the approach to reservoir augmentation. If the AWT demonstration project is successful and the required regulatory approvals are given, recycled water may be used for reservoir augmentation at some point in the future.

Finding 6

The City Council of San Diego has recently approved of a "pilot study" on the reuse of reclaimed water as potable water. This pilot study calls for the San Diego Water Department to conduct reservoir augmentation for a period of one year to assess the viability of this as an available option for increasing San Diego's available water.

Mayor's Response: Partially Disagree. The San Diego City Council approved the development of an implementation plan for the NC-3 strategy as set forth in the 2006 Water Reuse Study including but not limited to:

1. An independent energy and economic analysis of all water supply augmentation methods in the Long Range Water Resources Plan;
2. A current flow and detention study at the San Vicente Reservoir; and
3. A one-year indirect potable reuse demonstration project.

The Council's action regarding the NC-3 strategy does not call for conducting reservoir augmentation, but rather for a demonstration project. Under the action, no water will be sent to the reservoir.

IBA Recommendation: Respond with the following modification of the Mayor's Response:

The San Diego City Council approved the development of an implementation plan for the NC-3 strategy as set forth in the 2006 Water Reuse Study including but not limited to:

1. An independent energy and economic analysis of all water supply augmentation methods in the Long Range Water Resources Plan;
2. A current flow and detention study at the San Vicente Reservoir; and
3. A one-year indirect potable reuse demonstration project.

The Council's action regarding the NC-3 strategy does not call for conducting reservoir augmentation, but rather for a demonstration project, as a first step in receiving the regulatory approval that would be required to implement and conduct full-scale reservoir augmentation. Under the current action, no water will be sent to the reservoir.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

Key stakeholders include all City water customers.

Barrett/Haas

Staff: Marsi Steirer - (619) 533-4112

FILE LOCATION: MEET

COUNCIL ACTION: (Time duration: 5:12 p.m. – 5:12 p.m.)

MOTION BY COMMON CONSENT TO RECEIVE THE INFORMATION MATERIALS. Passed by the following vote: Peters-yea, Faulconer-yea, Atkins-yea, Young-yea, Maienschein-not present, Frye-yea, Madaffer-yea, Hueso-yea.



ITEM-202: Water Reuse Study.

(See Report to the City Council 06-100; Jim Barrett's 7/21/2006, memo; Ronald Coss's 5/31/2006, letter; Ronald Coss's 10/07/2005, Scientific Studies and associated resource material on Health Effects related to Water Reuse; Henry Abarbanel's 6/27/2006, letter; Henry Abarbanel's 2/14/2006, letter; Joes Anderson's 3/07/2006, letter; Art Madrid's 2/09/2006, letter; Mark Lewis's 1/30/2006, letter; Diane Rose's 1/27/2006, letter; Crystal Crawford's 1/24/2006, letter; Mickey Cafagna's 1/17/2006, letter; Nick Inzunza's 1/11/2006, letter; Tom Smisek's 1/09/2006, letter.)

TODAY'S ACTION IS:

Take the following actions:

(R-2008-382) ITEM VETOED BY MAYOR;
TO BE RE-DOCKETED WITHIN 30 DAYS

Requesting the acceptance of the Water Reuse Study Final Draft Report as fulfillment of the elements outlined in Resolution No. R-298781 dated January 13, 2004;

Directing the City Attorney to prepare the appropriate resolutions and/or ordinances in accordance with Charter Section 40.

NATURAL RESOURCES AND CULTURE COMMITTEE'S RECOMMENDATION:

On 7/26/2006, NR&C voted 4 to 0 to forward the Water Reuse Study to the full City Council; encourage more outreach by City staff on the issue by holding extensive public meetings and hearings, including evening meetings; and to hold at least one evening Natural Resources and Culture Committee workshop on the item.

SUPPORTING INFORMATION:

On January 13, 2004, the San Diego City Council (Council) directed the City Manager to conduct a study to evaluate options for increasing the beneficial use of the City's recycled water (Resolution R-298781). During the Council hearing, staff was directed to research and produce a report on specific opportunities for increasing recycled water use, to compile research studies on the health effects of various reuse options, and include a public participation component in the effort. The Study Final Draft Report outlines the process undertaken and includes, but is not limited to, details of stakeholder involvement and public outreach, developing criteria, refining options, formulating strategies and water quality research.

The Water Department's Water Policy and Strategic Planning Division undertook implementation of the Study. The Department assembled a team of City staff, consultants and technical experts. Staff gave a presentation of Study activities to the Natural Resources and Culture Committee (NR&C) on July 20, 2005. The presentation included study options, criteria, public outreach activities, Independent Advisory Panel, and an update on the second City of San Diego Assembly Workshop on Water Reuse (Assembly) held the previous week. In that meeting, a description of public involvement activities and timeline of the activities was also presented. NR&C directed staff to present the same information to the Public Utilities Advisory Commission (PUAC). On November 21, 2005, the PUAC adopted a resolution supporting the Study effort. The resolution in part, acknowledged a completion of assignments in Resolution R-298781. Staff presented the completed Water Reuse Study Final Draft Report to the NR&C on July 26, 2006.

FISCAL CONSIDERATIONS:

None. The Study was undertaken to provide a comprehensive analysis of potential water reuse strategies without making a recommendation for further funding.

PREVIOUS COUNCIL COMMITTEE ACTIONS:

A list of all the Council and Committee actions from August 1997 through November 21, 2005 is provided in detail in the Staff Report. In addition, the draft report was presented to the NR&C Committee on July 26, 2006.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

City staff used a variety of ways to inform City residents about the Study. A key component was a 67-member stakeholder group, the City of San Diego Assembly on Water Reuse. The Assembly convened twice to discuss and provide input on the Study's direction and water reuse options. Assembly workshop statements support all options to increase the use of recycled water and, at Workshop II, the Assembly affirmed unanimous support for indirect potable reuse options.

Public involvement activities also included a speakers bureau, stakeholder interviews, Study website, telephone survey, electronic news brief, a telephone hotline and informal opinion surveys. Media coverage has been very visible through exposure in local newspapers and television stations. An educational video on the Study airs on City TV, available on both local cable companies, and many copies of the video have been distributed in the community. Details are provided in the Staff Report.

KEY STAKEHOLDERS:

Stakeholders affected by each strategy are described in detail in the Staff Report and would include both City and non-City residents

The Water Reuse Study is available at:
<http://www.sandiego.gov/water/waterreustudy/involvement/fd2006.shtml>

Barrett/Haas

Staff: Marsi Steirer - (619) 533-4112

FILE LOCATION: MEET

COUNCIL ACTION: (Time duration: 2:47 p.m. – 3:00 p.m.;
3:34 p.m. – 4:25 p.m.)

Motion by Frye to adopt with direction to accept the Water Reuse Study and to direct the Mayor and staff to develop a plan for implementation of the NC-3 Implementation Strategy from the 2006 Water Reuse Study and to 1) Execute a one-year demonstration project to begin July 1, 2008; 2) Conduct a Current Flow and Detention Model Study at San Vicente; 3) Perform an Independent Energy and Economic Analysis to all water supply augmentation methods in the Long Range Water Resources Plan by July 1, 2008; 4) Lead an effort for community education and outreach to begin January 2008 and ensure that communities that have not had any presentations to be the first to start the education process and; 5) Return January 2008 to full City Council with an update of their progress including information on community outreach. Second by Madaffer. Passed by the following vote: Peters-yea, Faulconer-nay, Atkins-yea, Young-nay, Maienschein-not present, Frye-yea, Madaffer-yea, Hueso-yea.

**NOTE: THE RESOLUTION WAS VETOED BY THE MAYOR ON
NOVEMBER 14, 2007.**



ITEM-203: Recycled Water Master Plan Update 2005.

STAFF'S RECOMMENDATION:

Take the following actions:

(R-2008-383) ITEM VETOED BY MAYOR;
 TO BE RE-DOCKETED WITHIN 30 DAYS

Requesting approval of the Recycled Water Master Plan Update 2005 to comply with the City's Water Reclamation Ordinance (O-17327), adopted by the City Council on July 24, 1989 and incorporated into Municipal Code (Charter 66, Article 4, Division 8);

Request that the Mayor develop an implementation strategy and capital improvement projects to accomplish the greatest amount of beneficial use recycled water as outlined in the Master Plan update;

Directing the City Attorney to prepare the appropriate resolutions and/or ordinances in accordance with Charter Section 40.

STAFF SUPPORTING INFORMATION:

On July 24, 1989, City Council (Council) adopted Ordinance O-17327, adding to the Municipal Code Article 4, Division 8, Section 64.081 et. seq. The ordinance promoted the use of recycled water. Council also directed the City to prepare and adopt a Water Reclamation Master Plan to define, encourage, and develop the use of reclaimed water within its boundaries. The Master Plan is to be updated every five years.

The last Updated Water Reclamation Master Plan was approved by the Council in 2000 with an update due in 2005. On June 24, 2003, City Council approved a Resolution (R-298116), directing the City to prepare an updated reuse master plan with the objective to maximize available use of recycled water produced at both the North City and the South Bay Water Reclamation Plants.

On January 13, 2004, the Council adopted Resolution R-298781, directing the City to conduct a study evaluating all aspects of a viable increased water reuse program. In preparing the Water Reuse Study (Study), a series of technical memoranda were written to provide an indepth review of various topics pertinent to the study. The Recycled Water Master Plan Update 2005 was one of the technical elements and was incorporated in Section 5.1 of the Study. The Master Plan Update includes analysis of existing and future recycled water facilities and identification of recycled water customers near and or adjacent to the existing distribution system. The Master Plan Update also proposed distribution system expansion.

FISCAL CONSIDERATIONS:

None. The Master Plan was undertaken as an update to the 2000 plan without making a recommendation for further funding.

PREVIOUS COUNCIL COMMITTEE ACTIONS:

The Recycled Water Master Plan Update 2005 was presented to the Natural Resources and Culture Committee (NR&C) on July 26, 2006. The Council approved the consultant agreement on June 24, 2003.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

City staff used a variety of ways to inform City residents about the Study. A key component was a 67-member stakeholder group, the City of San Diego Assembly on Water Reuse. The Assembly convened twice to discuss and provide input on the Study's direction and water reuse options. Assembly workshop statements support all options to increase the use of recycled water and, at Workshop II, the Assembly affirmed unanimous support for indirect potable reuse options.

Public involvement activities also included a speakers' bureau, stakeholder interviews, Study website, telephone survey, electronic news brief, a telephone hotline and informal opinion surveys. Media coverage has been very visible through exposure in local newspapers and television stations. An educational video on the Study airs on City TV, available on both local cable companies, and many copies of the video have been distributed in the community.

KEY STAKEHOLDERS:

Stakeholders defined in the Master Plan would include both City and non-City entities.

Barrett/Hass

Staff: Marsi Steirer - (619) 533-4112

FILE LOCATION: MEET

COUNCIL ACTION: (Time duration: 3:00 p.m. – 3:34 p.m.;
4:33 p.m. – 4:47 p.m.)

Motion by Madaffer to adopt staff's recommendation with direction to request the Mayor to develop an implementation strategy and capital improvement project consistent with Council's direction under Item 202 of City Council Meeting on October 29, 2007.

Second by Frye. Passed by the following vote: Peters-yea, Faulconer-nay, Atkins-yea, Young-nay, Maienschein-not present, Frye-yea, Madaffer-yea, Hueso-yea.

**NOTE: THE RESOLUTION WAS VETOED BY THE MAYOR ON
NOVEMBER 14, 2007.**

RESOLUTION NUMBER R-_____

DATE OF FINAL PASSAGE _____

APPROVING THE CITY COUNCIL'S RESPONSE TO THE
2007-2008 SAN DIEGO COUNTY GRAND JURY REPORT
TITLED "WATER CONSERVATION: SOBER UP SAN DIEGO,
THE WATER PARTY IS OVER."

WHEREAS, on February 13, 2008, the 2007-2008 San Diego County Grand Jury [Grand Jury] filed a report titled "Water Conservation: Sober Up San Diego, the Water Party is Over" [Report]; and

WHEREAS, under California Penal Code section 933(c), within 90 days after the filing of the Report, each public agency which the Grand Jury reviewed, and about which it issued the Report, must comment to the Presiding Judge of the Superior Court on the findings and recommendations pertaining to matters under the control of the agency; and

WHEREAS, the Grand Jury requested that the San Diego City Council respond to Report recommendations numbered 08-05, 08-06, 08-07, 08-08, 08-09, 08-10, 08-12, 08-13 and 08-14; and

WHEREAS, the Office of the Independent Budget Analyst has proposed a response to the Report as set forth in IBA Report No. 08-38 dated April 25, 2008, for the City Council's consideration; and


WHEREAS, under Charter section 280(a)(1) this resolution is not subject to veto by the Mayor because this matter is exclusively within the purview of the City Council and not affecting the administrative service of the City under the control of the Mayor; NOW, THEREFORE,

BE IT RESOLVED, by the City Council of the City of San Diego, that the Council approves and adopts as its own the response to the 2007-2008 San Diego County Grand Jury Report filed February 13, 2008, and titled "Water Conservation: Sober Up San Diego, the Water Party is Over," as set forth in IBA Report No. 08-38 dated April 25, 2008, with the following directions and revisions:

1. Add appropriate language in response to Finding 3 to address the issue of the "reasonable cost" of water supplies and that water costs are likely to increase in the future.
2. Reflect previous Council votes on the use of recycled water in response to Grand Jury Recommendation 08-13, and Findings 5 and 6, and send a copy of the minutes of the action with the Council's response to the Grand Jury Report.

BE IT FURTHER RESOLVED, the City Council President is authorized and directed, on behalf of San Diego City Council, to execute and deliver the above-described response to the Presiding Judge of the San Diego County Superior Court no later than May 13, 2008.

APPROVED: MICHAEL J. AGUIRRE, City Attorney

By 
Catherine M. Bradley
Chief Deputy City Attorney

CMB:als
04/25/08
05/05/08 REV.
Or.Dept:IBA
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