

Coronado Point Condominiums Water Discharge Permit Disclosure February 4, 2021

The information below is provided to Coronado Point Condominium owners to disclose an emerging potential major issue confronting the Coronado Point Condominium Corporation (HOA).

Background: The condominium project was built with a system of sump pumps below the garage level, to pump out water that collects from under and around the building foundations. This water is from tidal surges from San Diego Bay and ground water from Centennial Park and other locations uphill from our location. The original architects knew this water had to be removed to protect the building's foundations and the building structural stability. The sump pump system was part of the building plans approved by the City of Coronado ("City), and has been working since the condominiums opened in the mid 1990's, discharging this water directly into San Diego Bay.

Over the ensuing years, new State and local environmental regulations have focused on improving the quality of the Bay water by limiting untreated water discharge into it. This issue first came to light in 2014 and, in support of the City's current water discharge permit, the HOA agreed to periodically test its discharge water and provide the test results to the City. These tests show that the water discharge contains various contaminants from known and unknown sources.

In November 2020, the HOA was advised by the City that the HOA would need to be a part of the renewal process of the City's existing water discharge permit scheduled for 2022. This new permit will not allow the HOA to continue to discharge untreated water into the Bay as is presently happening. Treatment and regular testing of the water discharge for contaminants will be required.

Current Steps: The HOA Board engaged experienced experts to assist in understanding the environmental requirements and the regulatory processes in this permit renewal process. These experts are testing and analyzing our discharge water and will provide guidance in how to best navigate the regulatory renewal process. They will conduct an analysis of the current discharge and provide the relevant options for addressing the problem. They have opened a dialogue with the City and the State officials regarding our water discharge issue.

Potential Outcome: Based on preliminary data, our experts have concluded that some form of water treatment will be required before discharge is allowed. The amount of and type of water treatment will depend on where the water is discharged – the City sewers or the Bay. (Presently, the City opposes the HOA discharging this water into the sewer system.) In either case, some type of treatment facility will need to be constructed on site.

Potential Costs: The current preliminary estimate of the cost of testing and evaluation of the discharge water over the next 18 months is approximately \$100,000. In the worst case scenario, it is estimated that water treatment would require a one-time capital cost of approximately \$750,000 to construct a facility and would involve ongoing maintenance costs up to \$80,000 per year. At this time it is impossible to determine what the actual costs will be for obtaining and maintaining the required discharge permit as it will depend on what solutions are feasible and what is acceptable to the regulatory agencies involved.

The HOA will update this information as major developments occur, and does not warrant that this information will be accurate for any particular length of time. Members should check with Management to confirm the most current disclosure.