



Metro JPA Finance Committee
(Finance Advisory Committee to Metro JPA)

TO: Finance Committee Members and Metro Commissioners

DATE: Tuesday, November 16, 2021

TIME: 10:00 a.m.

MEMBERS OF THE METRO JPA FINANCE COMMITTEE WILL BE PARTICIPATING REMOTELY FOR THIS MEETING AND THERE WILL BE NO LOCATION FOR IN-PERSON ATTENDANCE PURSUANT TO GOVERNMENT CODE SECTION 54953(e)(1)(A), WHICH PROVIDES WAIVERS TO CERTAIN BROWN ACT TELECONFERENCING RULES DURING A PROCLAIMED STATE OF EMERGENCY WHEN STATE OR LOCAL OFFICIALS HAVE IMPOSED OR RECOMMENDED SOCIAL DISTANCING. IN COMPLIANCE WITH THE BROWN ACT, METRO COMMISSION/METRO JPA IS PROVIDING ALTERNATIVES TO IN-PERSON ATTENDANCE FOR OBSERVING AND PARTICIPATING IN THE MEETING. FURTHER DETAILS ARE BELOW.

Note: Any member of the public may provide comments to the Metro JPA Finance Committee on any agenda item or on a matter not appearing on the agenda, but within the jurisdiction of the Metro JPA Finance Committee. Public comments must be submitted in either of the following manners:

1. Providing Oral Comments During Meeting. To provide comments during the meeting, join the Zoom meeting by computer, mobile phone, or dial-in number. On Zoom video conference by computer or mobile phone, use the "Raise Hand" feature. This will notify the Secretary that you wish to speak during a specific item on the agenda or during non-agenda Public Comment. If joining the meeting using the Zoom dial-in number, you can raise your hand by pressing *9. Comments will be limited to three (3) minutes
2. Written Comments. Written public comments must be submitted prior to the start of the meeting to lpeoples@chulavistaca.gov. Please indicate whether your comment is on a specific agenda item or a non-agenda item. Comments are limited to four hundred (400) words. It is requested that comments and other information be provided at least two (2) hours before the start of the meeting. All comments received by such time will be provided to the Metro JPA Finance Committee members in writing. In the discretion of the Chair, the first five (5) comments received on each agenda item, or on non-agenda matters, may be read into the record at the meeting. Comments received after the two (2) hour limit will be collected, sent to the Metro JPA Finance Committee members in writing, and be part of the public record.

When providing comments to the Metro JPA Finance Committee, it is requested that you provide your name and city of residence for the record. Those commenting are requested to address their comments to the Metro JPA Finance Committee as a whole through the Chair. If you have anything that you wish to be distributed to the Metro JPA Finance Committee, please provide it to the Secretary via lpeoples@chulavistaca.gov, who will distribute the information to the members.

The public may participate using the following remote options

Join Zoom Meeting

<https://us02web.zoom.us/j/86903035073>

Meeting ID: 869 0303 5073

One tap mobile
+16699009128,,86903035073# US

Dial in: +1 669 900 9128 US

THIS NOTICE HAS BEEN DISTRIBUTED TO THE METRO JPA FINANCE COMMITTEE MEMBERS and METRO COMMISSIONERS

1. **Roll Call**
2. **Public Comments**
Opportunity for members of the public to address the Committee on any items not on the agenda but within the jurisdiction of the Committee. Members of the public may use the e-mail noted above to provide a comment.
3. **ACTION:** Approval of Minutes from the October 27, 2021 Finance Committee Meeting (**Attachment**)
4. **ACTION:** Consideration and Possible Recommendation to the Metro Commission/Metro Wastewater JPA Regarding Designation of a Second Check Signatory for the Treasurer and Check Approval Process (Lee Ann Jones-Santos/Karyn Keze) (**Attachment**)
5. **ACTION:** Consideration and Possible Recommendation to the Metro Commission/Metro Wastewater JPA for the FY 2022 JPA Operating Budget and FY 2019 Adjustment Billing (Karyn Keze) (**Attachment**)
6. **ACTION:** Consideration and Possible Recommendation to the Metro Commission/Metro Wastewater JPA to Support the Draft Revisions to Section 2.8.2 of the Amended Restated Agreement to Allow for a Single Reconciliation of Shared Pure Water Program Expenses at Phase 1 Project Completion (Karyn Keze/Dexter Wilson) (**Attachment**)
7. **REPORT/ACTION:** Consideration and Possible Recommendation to the Metro Commission/Metro Wastewater JPA to Support Revisions to the Current Role and Scope of Finance Committee (Karyn Keze/Nicholaus Norvell)
8. Review of Items to be Brought Forward to the Metro Commission/Metro JPA
9. Other Business of the Finance Committee
10. Adjournment

The Metro JPA Finance Committee may take action on any item listed on the Agenda whether or not it is listed "for action".

Materials provided to the Metro JPA Finance Committee related to any open-session item on this agenda are available for public review by contacting Lori Peoples (619) 548-2934 during normal business hours.

***In compliance with the
AMERICANS WITH DISABILITIES ACT***

Metro JPA Finance Committee meetings comply with the protections and prohibitions of the Americans with Disabilities Act. Individuals with a disability who require a modification or accommodation, including auxiliary aids or services, in order to participate in the public meeting may contact lpeoples@chulavistaca.gov. Requests for disability-related modifications or accommodations require different lead times and should be provided at least 72-hours in advance of the public meeting.

ATTACHMENT 3

ACTION MINUTES FOR THE MEETING OF OCTOBER 27, 2021



Metro Wastewater JPA Finance Committee
October 27, 2021
Minutes

Meeting called to order: 10:02 a.m. via Zoom by Committee Chairman Mullin

1. **Roll Call**

Attendees:

John Mullin, Chair, Poway
Jim Peasley, Vice Chair, Padre Dam
Ed Spriggs, Imperial Beach
Jerry Jones, Lemon Grove Sanitation District
Bill Baber, La Mesa

Support Staff:

Karyn Keze, The Keze Group, LLC
Paula de Sousa, BBK Law
Karen Jassoy, Past Metro JPA Treasurer, Padre Dam
Lee Ann Jones-Santos, Metro JPA Treasurer, El Cajon
Lori Anne Peoples, Metro JPA Board Secretary

Other:

David Forman, Principal at Clifton Larson Allen (CLA) Auditors

General Public:

There were no general public members.

2. **Public Comment**

There was no public comment.

3. **ACTION: Approval of Minutes from the April 28, 2020 Finance Committee Meeting**

ACTION: Upon motion by Committee member Jones, seconded by Vice Chair Peasley, the April 28, 2021 Minutes were approved unanimously.

4. **ACTION: CONSIDERATION AND POSSIBLE ACTION TO RECOMMEND TO THE METRO COMMISSION/METRO WASTEWATER JPA, APPROVAL OF THE METRO WASTEWATER JPA TWO-YEAR AUDIT FOR FY 2018 AND FY 2019**

Karyn Keze introduced the item and noted that the JPA is required to be audited, however, due to its size and following legal guidelines the audit is done two-years at a time.

Karen Jassoy, Past JPA Treasurer introduced the Auditor David Forman.

David Forman, Principal at CLA Auditors, provided an overview of the audit (copy attached to the agenda). He noted that the JPA was given a clean approval with no adjustments needed to be made. He also noted that there were no findings or difficulties during the audit, no disagreements with staff and no adjustments to the books required.

ACTION: Motion by Committee member Jones, seconded by Committee member Spriggs, to approve the recommendation and move the item forward. The motion carried unanimously.

5. **ACTION: CONSIDERATION AND POSSIBLE ACTION TO RECOMMEND TO THE METRO COMMISSION/METRO WASTEWATER JPA APPROVAL OF THE METRO WASTEWATER JOINT POWERS AUTHORITY TREASURER'S REPORT FOR THE YEAR-ENDED JUNE 30, 2021**

Karen Jassoy, Past JPA Treasurer provided an overview of the Treasurer's report for the Year-Ended June 30, 2021 (copy attached to the agenda). She covered first, the beginning cash balance at July 1, 2020 with operating results, cash used in operations and ending cash balance at June 30, 2021. Next she reviewed the statement of net position; statement of operations – budget vs. actual; statement of cash flows – year ended June 30, 2021 – unaudited; A/R aging summary and vendor accrual summary. She noted that the reserves were \$431,000 over the required reserves and that the budget loss of \$124,000 was a planned loss due to the use of reserves. Due to COVID there had been less meetings and a lot of the Finance/Engineering planned work will be covered in the next budget.

Karyn Keze noted that last year had a slow start and quite a bit of the work anticipated to do last year was not done, but they are now bringing work items from the parking lot items of the ARA

Finance Committee Chair Mullin noted that it was remarkable and actually kind of fun to be part of an organization that can't loose money even though we try to.

ACTION: Motion by Committee member Baber, seconded by Vice Chair Peasley, to approve the recommendation and move the item forward. The motion carried unanimously.

6. **ACTION: CONSIDERATION AND POSSIBLE RECOMMENDATION TO THE METRO COMMISSION/METRO WASTEWATER JPA REGARDING THE USE OF CITY OF SAN DIEGO'S DRAFT FY 2019 RECONCILIATION FOR METRO JPA'S FY 2022 INVOICES**

Karyn Keze stated that this item was brought forward for direction. Normally the Exhibit E Audit from the City of San Diego is received in July/August but this year it is way behind. What she made a policy a year or two ago that when we send out the billings to the members for their annual budget contribution, we do a reconciliation for the prior year on the flows and strengths and adjust that fiscal year to the actual and that is part of our annual billing. At MetroTAC Karyn asked for an update as to where the audit was and was advised by Edgar Patino, City of San Diego that it would be January/February. That is what led to this particular agenda item where in the Finance Committee members are being asked how we should proceed in sending out the Fiscal Year bills for 2022 which we are currently

operating in and give direction to our Treasurer after JPA approval. Karyn then provided the 3 options as she saw them. 1. Do nothing until the San Diego Audit is received and then send the bills which would be close to the next fiscal year; 2. Take the option the City of San Diego offered wherein they will provide unaudited flows and strengths (Karyn noted she had never seen them change) and use those numbers or 3. Instruct the Treasurer to send the bills out and not worry about the audit until next fiscal year. Per discussion with our new Treasurer, Lee Ann Jones-Santos they feel Option 2 is the way to go and would like Finance Committee feedback so they can create this as a policy should it happen again in the future.

Committee member Spriggs inquired and Karyn responded that if Option 2 needed a correction, it would be included in the next reconciliation cycle.

Vice Chair Peasley inquired as to whether the City of San Diego numbers for the total expenditure could change. Karyn stated that normally there is not a significant change during the Auditors Partner Review. Changes would be made if needed during Karyn's review and audit adjustments would be made prior to now.

ACTION: Motion by Vice Chair Peasley, seconded by Committee member Jones, to approve the recommendation and move the item forward. The motion carried unanimously.

7. ACTION: CONSIDERATION AND POSSIBLE RECOMMENDATION TO THE METRO COMMISSION/METRO WASTEWATER JPA REGARDING DESIGNATION OF A SECOND CHECK SIGNATORY FOR THE TREASURER AND CHECK APPROVAL PROCESS

Karyn Keze turned this item over to new Treasurer Lee Ann Jones-Santos and thanked past Treasurer Karen Jassoy for all of her years of service and assistance with the transition. She also noted that in the past Padre Dam always had two signatures on their checks. This topic has been discussed with the MetroTAC Chair and executive committee and they are now looking for input from the Finance Committee to move this forward.

Treasurer Lee Ann thanked Karen Jassoy for her assistance and clarified that they are currently working on the transfer of the bank accounts. She further confirmed that Padre Dam had multiple signatures to cover incase anyone was out of the office. Once finalized the steps for internal control being proposed are: Invoices are approved in a package sent at the end of the month to MetroTAC Chair Roberto Yano for review and approval. The invoice package would then be sent to an additional person to approve. Once approved, Lee Ann would issue the checks and apply her signature. The second signature would be a stamped signature. It is very common in finance to require 2 signatures, 1 wet and 1 stamp and 1 back up.

Committee member Spriggs expressed concerns that the proposed process has 3 elements under the control of 1 person. Lee Ann stated that the first review would be by the MetroTAC Chair who oversees the contracts and approves all invoices.

Lee Ann suggested another step could be added based on feedback would be to send the list of checks to someone else for review such as the Finance Chair.

Committee member Jones inquired if what was being proposed would be approved of by the Auditor and stated he would personally drive to El Cajon to review and apply the second wet signature if needed.

Karen Jassoy suggested the concerns regarding the amount of funds accessible could be addressed by having both a checking and saving account and only transferring the amount necessary to cover the checks at time of issuance. This would limit exposure.

Vice Chair Peasley stated he liked the idea suggested by Karen Jassoy to have two accounts and transfer only the amount of funds needed to the checking account.

Chair Mullin stated his main concern is having 1 person write the checks and have the second signature a stamp. Two wet signatures would seem more appropriate to him.

Karyn Keze suggested past and present Treasurer's Karen Jassoy and Lee Ann Jones-Santo speak with the Auditor and get his opinion and approval.

ACTION: Motion by Committee member Jones seconded by Chair Mullin, to approve the recommendation with direction to Staff to speak to the auditor and if needed meet again in November to make changes prior to going to the JPA.

Motion amended to bring the item back to the Finance Committee in November to finish the discussion after the Treasurer reviews the process with the auditor. Motion carried unanimously.

8. Review of Items to be Brought Forward to the Metro Commission /Metro Wastewater JPA

Items 4, 5 and 6

9. Other Business of the Finance Committee

None.

10. Adjournment

The meeting was adjourned at 11:04 a.m.

ATTACHMENT 4

DESIGNATION OF A SECOND CHECK
SIGNATORY FOR THE TREASURER
AND CHECK APPROVAL PROCESS



METRO WASTEWATER JPA INVOICE PROCESSING AND PAYMENT POLICY

1. Invoices from vendor's and JPA members per diem's emailed to the Treasurer by 10th of the month.
2. Treasurer's Review:
 - a. Review (unique invoice, current amount due)
 - b. Prepare summary (Vendor, Amount), attach supporting documentation
 - c. Email to Metro TAC Chair for review and approval
3. Metro TAC Chair provides approved signed summary via e-mail to Treasurer.
4. Treasurer processes checks for payment once approved, including first wet signature.
5. Treasurer takes **or sends** check summary, **addressed envelopes** and checks to secondary signatory for wet signatures (second signatory to be determined and we may need more than one). Secondary signer **mails** checks to vendors and signed check summary back to Treasurer by month end.
6. Signed check summary maintained for audit records.

NOTE: Concept is that check summary should have three signatures on it: Treasurer's, Metro TAC Chair, and second signatories and be maintained for auditor records if needed. Alternative to second signatory mailing checks is for Treasurer to mail checks after second signatory signs checks.

The Joint Powers Authority Proactively Addressing Regional Wastewater Issues

ATTACHMENT 5

FY 2022 JPA OPERATING BUDGET

AND

FY 2019 ADJUSTMENT BILLING

METRO WASTEWATER JPA

FY'22 ANNUAL OPERATING BUDGET BILLING INCLUDING FY'19 AUDIT ADJUSTMENT

FY '19 AUDIT ADJUSTMENT CALCULATION						FY'22 JPA BUDGET	TOTAL FY'22 BILLING
Agency	Adopted/Billed FY '19		Semi-Audited FY'19**			50% Allocation	FY'19 & FY'22
	Estimated Flow/Strength Distribution	Total Agency Billings	Semi-Audited Flow/Strength Distribution	Revised Agency Billings Per Audit	Adjustment	Agency Billing	Total Agency Billing
Chula Vista	29.73%	\$ 123,463	32.07%	\$ 133,208	\$ 9,745	\$ 68,932	\$ 78,677
Coronado	4.31%	17,886	2.36%	\$ 9,805	\$ (8,081)	6,256	\$ (1,826)
County of SD*	16.44%	68,291	15.99%	\$ 66,427	\$ (1,864)	35,726	\$ 33,862
Del Mar	0.06%	236	0.08%	\$ 335	\$ 99	121	\$ 220
El Cajon	14.37%	59,696	14.84%	\$ 61,648	\$ 1,952	33,228	\$ 35,180
Imperial Beach	3.57%	14,815	3.63%	\$ 15,077	\$ 262	8,072	\$ 8,334
La Mesa	7.72%	32,055	8.24%	\$ 34,228	\$ 2,173	18,463	\$ 20,636
Lemon Grove	3.89%	16,172	3.10%	\$ 12,874	\$ (3,298)	7,452	\$ 4,154
National City	7.13%	29,618	7.16%	\$ 29,740	\$ 122	16,694	\$ 16,816
Otay Water District	0.83%	3,437	1.06%	\$ 4,388	\$ 951	1,935	\$ 2,886
Padre Dam MWD	7.23%	30,047	7.21%	\$ 29,930	\$ (117)	12,694	\$ 12,577
Poway	4.72%	19,624	4.26%	\$ 17,680	\$ (1,944)	10,975	\$ 9,031
Total Flow & Strength	100.00%	\$ 415,340	100.00%	\$ 415,340	\$ 0	\$ 220,545	\$ 220,545

* County of SD includes East Otay Mesa, Lakeside/Alpine, Spring Valley and Wintergardens

** FY'19 Adjustment based on semi-audited FY'19 Exhibit E that is in Partner Revenue at time of billing. Any additional adjustments will be made with FY'23 JPA annual billing.

ATTACHMENT 6

DRAFT REVISIONS TO SECTION 2.8.2

OF THE AMENDED RESTATED

AGREEMENT TO ALLOW FOR A

SINGLE RECONCILIATION OF

SHARED PURE WATER PROGRAM

EXPENSES AT PHASE 1 PROJECT

COMPLETION

RECONCILIATION OF PURE WATER PHASE I 50/50 INCURRED COST ITEMS (SECTION 2.8.2)



EXISTING ARA LANGUAGE

Revision to 2.8.2.

Existing Language:

“2.8.2 The allocation of Pure Water Program costs pursuant to this Agreement shall be retroactive through the fiscal year ending June 30, 2014, when Pure Water Program costs were first incurred by the Metro System. When conducting the year-end adjustments for the fiscal year in which this Agreement takes effect, the City shall credit or assess such prior costs to the Parties pursuant to this Agreement.”

This language applies to engineering and planning item not related to specific Pure Water CIP projects. Additional language will be added for reconciliation of actual CIP projects such as the North City WRP Expansion, Morena Pump Station & Pipelines, etc.

ESTIMATED 50/50 EXPENSES

	50/50 Expenses from that year	Original/ Revised Metro Split %	Original/ Revised Water Split %
FY 2014	\$630,109	50%	50%
FY 2015	\$2,476,617	50%	50%
FY 2016	\$4,503,182	50%	50%
FY 2017	\$7,398,893	50%	50%
FY 2018	\$6,194,711	50%	50%
FY 2019	\$7,844,738	50%	50%
FY 2020	\$8,018,735	50%	50%
FY 2021	\$7,728,093	50%	50%
FY 2022		50%	50%
FY 2023		38%	62%
FY 2024			
FY 2025			
Totals	\$44,795,078		

ESTIMATED REALLOCATION OF METRO SHARE

	Original Metro Share	Original Water Share	Metro Post Allocation Share
FY 2014	\$315,055	\$315,055	\$239,442
FY 2015	\$1,238,309	\$1,238,309	\$941,115
FY 2016	\$2,251,591	\$2,251,591	\$1,711,209
FY 2017	\$3,699,447	\$3,699,447	\$2,811,579
FY 2018	\$3,097,355	\$3,097,355	\$2,353,990
FY 2019	\$3,922,369	\$3,922,369	\$2,981,000
FY 2020	\$4,009,367	\$4,009,367	\$3,047,119
FY 2021	\$3,864,046	\$3,864,046	\$2,936,675
FY 2022			
FY 2023			
FY 2024			
FY 2025			
Totals	\$22,397,539	\$22,397,539	\$17,022,130

EXAMPLE: INTEREST CALCULATION

	Amounts Subject to Interest (50% Cost - Metro Share %)	Running Metro Balance Subject to Interest	Yearly Interest Earnings (Compounded Monthly)	Estimated PA Share (Average Share of Metro Costs)	Annual Interest Rate (San Diego City Treasurers)
FY 2014	\$75,613	\$75,613.11	\$331.85	\$99.56	0.438%
FY 2015	\$297,194	\$373,139.02	\$2,091.20	\$627.36	0.559%
FY 2016	\$540,382	\$915,612.07	\$7,130.47	\$2,139.14	0.776%
FY 2017	\$887,867	\$1,810,609.74	\$19,560.24	\$5,868.07	1.075%
FY 2018	\$743,365	\$2,573,535.26	\$35,479.67	\$10,643.90	1.370%
FY 2019	\$941,369	\$3,550,383.50	\$74,954.15	\$22,486.25	2.091%
FY 2020	\$962,248	\$4,587,585.83	\$78,599.50	\$23,579.85	1.700%
FY 2021	\$927,371	\$5,593,556.44	\$84,822.86	\$25,446.86	1.506%
FY 2022					
FY 2023					
FY 2024					
FY 2025					
Totals	\$5,375,409 N/A		\$302,970	\$90,891 N/A	