



**Regular Meeting of the
Metro Wastewater JPA/Metro Commission**

AGENDA

Thursday, March 7, 2024 - 12:00 p.m.

9192 Topaz Way (PUD MOC II) Auditorium, San Diego, CA

"The Metro JPA's mission is to create an equitable partnership with the San Diego City Council and Mayor on regional wastewater issues. Through stakeholder collaboration, open dialogue, and data analysis, the partnership seeks to ensure fair rates for participating agencies, concern for the environment, and regionally balanced decisions."

NOTE: ANY MEMBER OF THE PUBLIC MAY ADDRESS THE METRO WASTEWATER JPA/COMMISSION ON ANY AGENDA ITEM. PLEASE COMPLETE A SPEAKER SLIP AND SUBMIT IT TO THE BOARD SECRETARY PRIOR TO THE START OF THE MEETING, IF POSSIBLE, OR IN ADVANCE OF THE SPECIFIC ITEM BEING CALLED. COMMENTS ARE LIMITED TO THREE (3) MINUTES PER INDIVIDUAL

**Documentation
Included**

1. **ROLL CALL**
2. **PLEDGE OF ALLEGIANCE TO THE FLAG**
3. **PUBLIC COMMENT:**
Persons speaking during Public Comment may address the Metro Wastewater JPA/Metro Commission on any subject matter within the jurisdiction of the Metro Wastewater JPA/Metro Commission that is not listed as an agenda item. Comments are limited to three (3) minutes.
4. **ACTION: APPROVAL OF AGENDA** (Chair Jones)
- X 5. **ACTION: CONSIDERATION AND POSSIBLE ACTION TO APPROVE THE MINUTES OF THE REGULAR MEETING OF [FEBRUARY 1, 2024](#)** (Attachment)
- X 6 **ACTION: CONSIDERATION AND POSSIBLE ACTION TO APPROVE THE FINANCIAL STATEMENTS WITH REPORT ON AUDIT BY INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS FOR THE TWO-YEAR PERIOD ENDED JUNE 30, 2021** (Clifton Larson Allen LLP) (Attachment)
- X 7. **PRESENTATION: GOALS OF THE SECOND AMENDED RESTATED AGREEMENT (SARA)** (Paul Redvers Brown)

Documentation
Included

- X 8. **PRESENTATION: WASTEWATER SYSTEM PLANNING AND OPERATIONS**
(Lisa Celaya) (**Attachment**)
- X 9. **ACTION: SECOND AMENDMENT TO THE SOLE SOURCE AGREEMENT WITH HDR ENGINEERING, INC. FOR POINT LOMA WASTEWATER TREATMENT PLANT COASTAL EROSION MONITORING PROGRAM IMPLEMENTATION**
(Craig Boyd/Doug Campbell) (**Attachment**)
- X 10. **ACTION: CONSIDERATION AND POSSIBLE ACTION TO AUTHORIZE A CHEMICAL CONTRACTS UPDATE – PEROXIDE REGENERATED IRON SULFIDE CONTROL (PRI-SC) AND PEROXIDE REGENERATED IRON CHEMICALLY ENHANCED PRIMARY TREATMENT (PRI-CEPT) AND CAUSTIC SODA 50% (Craig Boyd/Doug Campbell) (Attachment)**
- X 11. **ACTION: CONSIDERATION AND POSSIBLE ACTION TO AUTHORIZE A FIRST AMENDMENT TO THE AGREEMENT WITH REGENTS OF THE UNIVERSITY OF CALIFORNIA, SAN DIEGO (UCSD) FOR THE SCRIPPS INSTITUTION OF OCEANOGRAPHY (SIO) TO EVALUATE ANTHROPOGENIC IMPACTS ON THE SAN DIEGO COASTAL KELP FOREST ECOSYSTEM (2024-2029) (Ryan Kempser, Senior Environmental Scientist, PUD) (Attachments)**
- 12. **UPDATE: METRO WASTEWATER (General) (STANDING ITEM)** (Lisa Celaya)
 - a. Spill(s) Update
 - b. Permit Renewal
- 13. **UPDATE: PURE WATER PROGRAM (STANDING ITEM)** (Amy Dorman/Doug Owen)
 - a. General Update
- 14. **UPDATE: FINANCIAL (STANDING ITEM)** (Karyn Keze)
- 15. **UPDATE: METRO TAC REPORT (STANDING ITEM)** (Alisa Nichols)
- 16. **REPORT: AD HOC COMMITTEE ON SECOND AMENDED AND RESTATED (SARA) METRO AGREEMENT (STANDING ITEM)** (Chair Jones/Karyn Keze)
- 17. **REPORT: FINANCE COMMITTEE (STANDING ITEM)** (Peter De Hoff)
- 18. **REPORT: GENERAL COUNSEL (STANDING ITEM)** (Adriana Ochoa)
- 19. **PROPOSED AGENDA ITEMS FOR THE NEXT METRO JPA/COMMISSION MEETING (April 4, 2024) AND/OR DIRECTOR COMMENTS**

Documentation
Included

20. ADJOURNMENT

NOTE: The Metro Wastewater JPA and/or Commission may take action on any item listed in this Agenda whether or not it is listed "For Action."

Materials provided to the Metro Wastewater JPA/Metro Commission related to any open-session item on this agenda are available for public review at our website: <https://www.metrojpa.org>

In compliance with the AMERICANS WITH DISABILITIES ACT

Persons with disabilities that require modifications or accommodations, please *contact General Counsel Adriana Ochoa at adriana.ochoa@procopio.com* by no later than two hours prior to the meeting to request reasonable modifications or accommodations consistent with the Americans with Disabilities Act and Metro Commission/Metro Wastewater JPA shall promptly work with you to resolve the matter in favor of accessibility.

Metro JPA 2024 Meeting Schedule

| | | |
|-----------------|------------------|-------------------|
| January 4, 2024 | February 1, 2024 | March 7, 2024 |
| April 4, 2024 | May 2, 2024 | June 6, 2024 |
| July 4, 2024 | August 1, 2024 | September 5, 2024 |
| October 3, 2024 | November 7, 2024 | December 5, 2024 |

ATTACHMENT 5

Minutes of the Meeting of February 1, 2024



**Minutes of the Regular Meeting
of the Metro Wastewater JPA
and Metro Commission**

9192 Topaz Way (PUD MOC II) Auditorium, San Diego, CA

February 1, 2024

Minutes

Chair Jones called the meeting to order at 12:03 p.m. A quorum of the Metro JP/Commission was declared, and the following representatives were present:

1. ROLL CALL

| <u>Agencies</u> | <u>Representatives</u> | <u>Alternate</u> |
|--------------------------|-------------------------------|-------------------------|
| City of Chula Vista | Jose Preciado | Carrie Anne Downey |
| City of Coronado | John Duncan (absent) | |
| City of Del Mar | Dwight Worden | |
| City of El Cajon | Gary Kendrick (absent) | |
| City of Imperial Beach | Mitch McKay | |
| City of La Mesa | Bill Baber (absent) | |
| Lemon Grove San District | Jerry Jones | |
| City of National City | Ditas Yamane | |
| City of Poway | Peter De Hoff | |
| County of San Diego | Joel Anderson | |
| Otay Water District | Mark Robak (absent) | |
| Padre Dam MWD | Karen Jassoy (absent) | |

Others present: Metro JPA General Counsel Adriana Ochoa - Procopio; Metro JPA/Commission Board Secretary Lori Anne Peoples; Alisa Nichols – City of Poway, MetroTAC Chair; None – City of Coronado; None - City of El Cajon; Eric Minicilli – City of Imperial Beach; None – City of La Mesa; Allyson Snow (Alternate) – Lemon Grove Sanitation District; Carmen Kasner – City of National City; None – Otay Water District; None – Padre Dam Municipal Water District; Alisa Nichols – City of Poway; Lisa Celaya, Adam Jones, Amy Dorman, Andrea Demich, David Bryant, Keli Baio, Doug Olsen (SD Consultant) - City of San Diego Staff; None – County of San Diego; Metro JPA Staff: Karyn Keze, The Keze Group, LLC.; Scott Tulloch – NV5; Dexter Wilson, Wilson Engineering

2. PLEDGE OF ALLEGIANCE TO THE FLAG

Director De Hoff, City of Poway, led the pledge.

3. PUBLIC COMMENT

None.

4. ACTION: APPROVAL OF AGENDA

Chair Jones requested approval of the agenda.

ACTION: Motion by Director Preciado, seconded by Director Anderson to approve the agenda as submitted. Motion carried as follows:

AYES: Preciado, Duncan, Worden, McKay, Jones, Yamane, De Hoff, Anderson

NAYS: None

ABSTAIN: None

ABSENT: Kendrick, Baber, Robak Jassoy

5. ACTION: CONSIDERATION AND POSSIBLE ACTION TO APPROVE THE MINUTES OF THE REGULAR MEETING OF November 2, 2023

ACTION: Motion by Director Anderson, seconded by Director Preciado, to approve the Minutes as submitted. Motion carried as follows:

AYES: Preciado, Downey, Worden, McKay, Jones, Yamane, De Hoff, Anderson

NAYS: None

ABSTAIN: None

ABSENT: Kendrick, Baber, Robak Jassoy

6. ACTION: CONSIDERATION AND POSSIBLE ACTION TO APPROVE THE MEETING SCHEDULE FOR 2024

Director McKay inquired as to whether the JPA was really going to meet on July 4th. Chair Jones stated that it would be cancelled at the meeting prior or a special meeting if needed would be scheduled for July.

ACTION: Motion by Director Anderson, seconded by Director Yamane, to approve the 2024 meeting schedule. Motion carried as follows:

AYES: Preciado, Downey, Worden, McKay, Jones, Yamane, De Hoff, Anderson

NAYS: None

ABSTAIN: None

ABSENT: Kendrick, Baber, Robak Jassoy

Item 12 was heard here.

12. UPDATE: METRO WASTEWATER (General)

Lisa Celaya, City of San Diego stated there had been a mudslide at Pt. Loma in the drain culvert by the digesters which received some damage. Emergency contractors came out and they are back on track and are also watching two areas north of that by the demonstration facility. Also, there was a spill at Pump Station 2 about which additional information is forthcoming.

Director Preciado explained to constituents that there is not a wastewater system that can handle that type of rain events the Region has been sustaining recently and they are determining how to work with the public regarding the system we all share. He explained the need for investment in infrastructure and noted that everyone is now more concerned about the flood channels and all underground facilities than in the past.

Lisa Celaya stated that the City is working on how to adjust their operations and is working with regulators on adjustments as well.

Alternate Director Downey stated in Coronado, they had lost several pumps during the storm as they were prepared for dry not wet weather.

7. ACTION: CONSIDERATION AND POSSIBLE ACTION TO APPROVE THE APPOINTMENT OF BOARD CHAIR AND VICE CHAIR ROLES (2 YEAR TERMS)

Chair Jones noted that Vice Chair Baber is a campaign financial consultant and had requested he be released from this Vice Chair duties due to his workload. Further, Chair Jones has spoken with Director De Hoff who has agreed to assume those duties.

ACTION: Motion by Director Preciado, seconded by Director Anderson, to appoint Director Jones to continue as Chair and Director De Hoff as Vice Chair. Motion carried as follows:

AYES: Preciado, Duncan, Worden, McKay, Jones, Yamane, De Hoff, Anderson

NAYS: None

ABSTAIN: None

ABSENT: Kendrick, Baber, Robak Jassoy

8. **ACTION: DISCUSSION AND POSSIBLE ACTION TO APPOINT NEW FINANCE COMMITTEE CHAIR, VICE-CHAIR AND FINANCE COMMITTEE MEMBERS**

Chair Jones stated that Director Baber had spoken with him and asked if the newly appointed Vice Chair would serve as Chair of the Finance Committee in his stead. Vice Chair De Hoff has agreed to.

ACTION: Motion by Director Anderson, seconded by Director Preciado, to appoint Director De Hoff as Chair of the Finance Committee and Chair Jones to continue as Vice Chair. Motion carried as follows:

AYES: Preciado, Downey, Worden, McKay, Jones, Yamane, De Hoff, Anderson

NAYS: None

ABSTAIN: None

ABSENT: Kendrick, Baber, Robak Jassoy

Chair Jones noted that Director De Hoff had been the Finance Committee Alternate and so that position needed to be filled.

Director Anderson suggested holding that appointment off until the next meeting to give others a chance to consider the appointment.

Director Preciado volunteered for the position.

ACTION: Motion by Director Anderson, seconded by Alternate Director Downey, to appoint Director Preciado as Alternate to the Finance Committee. Motion carried as follows:

AYES: Preciado, Downey, Worden, McKay, Jones, Yamane, De Hoff, Anderson

NAYS: None

ABSTAIN: None

ABSENT: Kendrick, Baber, Robak Jassoy

Karyn Keze stated she would be happy to meet with Director Preciado to bring him up to speed on the committee responsibilities and his new role therein.

9. **ACTION: CONSIDERATION AND POSSIBLE ACTION TO AUTHORIZE A FIRST AMENDMENT TO THE CONTRACT WITH CALIFORNIA WATER TECHNOLOGIES, LLC TO PURCHASE FERROUS CHLORIDE FOR WASTEWATER TREATMENT PLANTS**

David Bryant, City of San Diego, provided a brief verbal overview of his PowerPoint presentation included in the agenda package.

ACTION: Motion by Director Yamane, seconded by Director McKay, to approve the authorization of a first amendment to the contract with California Water Technologies, LLC to purchase Ferrous Chloride for Wastewater Treatment Plants

AYES: Preciado, Downey, Worden, McKay, Jones, Yamane, De Hoff, Anderson

NAYS: None

ABSTAIN: None

ABSENT: Kendrick, Baber, Robak Jassoy

10. ACTION: CONSIDERATION AND POSSIBLE ACTION TO APPROVE THE PHASE 2 PROGRAM MANAGEMENT CONTRACT

a. Authorization to execute the agreement with Stantec, Inc., for As-Needed Engineering Technical Services for 10 years in an amount not-to exceed \$100,000,000.; and

b. Authorization to expend an amount not-to-exceed \$100,000,000.00 in total over the term of this Agreement from Fund 700011, Water Utility Operating, Fund 700010, Water Utility CIP, Fund 700001, Metro Sewer Utility, and Fund 700009, Metro Sewer CIP, for the purpose of funding the As-Needed Engineering Technical Services Agreement with Stantec Consulting Services, Inc.; and

c. Authorization to expend an amount not-to-exceed \$1,000 from Fund 700011, Water Utility Operating, for the purpose of executing this agreement and meeting minimum contract requirements.

Andrea Demich, City of San Diego, provided a brief overview of her PowerPoint presentation included in the agenda package.

ACTION: Motion by Director Preciado, seconded by Director Downey, to approve the authorization of the Phase 2 Program Management Contract, including items a, b and c of the report. Motion carried as follows:

AYES: Preciado, Downey, Worden, McKay, Jones, Yamane, De Hoff, Anderson

NAYS: None

ABSTAIN: None

ABSENT: Kendrick, Baber, Robak Jassoy

11. ACTION: METRO REORGANIZATION AD HOC COMMITTEE PRESENTATION OF UNANIMOUS RECOMMENDATIONS TO METRO BOARD OF DIRECTORS REGARDING:

General Counsel Ochoa stated that Items A through D were the result of 5 meetings held by the Reorganization Ad Hoc Committee to clarify the existing organizational chain of command and communications process. Key to this process was the creation of an Organization Chart and job descriptions for the positions shown on the Chart, the creation of an Executive Director position, and an update to the JPA's Invoice Processing Policy.

She then provided a brief verbal overview of her presentation explaining each item and the background for the recommended changes.

a. Discussion and Approval of Proposed Organization Chart, Organization Structure and Job Descriptions (Attachments 1&2)

Director De Hoff stated that the organization chart, structure, and job descriptions looked great and commended the Ad Hoc committee for their work.

ACTION: Motion by Director Worden, seconded by Director De Hoff, to approve item 11a. Motion carried as follows:

AYES: Preciado, Downey, Worden, McKay, Jones, Yamane, De Hoff, Anderson

NAYS: None

ABSTAIN: None

ABSENT: Kendrick, Baber, Robak Jasso

b. Discussion and Approval of Amended Bylaws (Attachment 3)

General Counsel Ochoa stated that the proposed amendments to the bylaws, which were recommended for approval by the Finance Committee, added mileage reimbursement to/from regular and special board meetings, and integrated the organizational changes referenced in Item 11a by incorporating Executive Director responsibilities throughout the bylaws.

Discussion ensued regarding members of the public having the right to pull consent calendar items, it was concurred to add only directors can pull items from the consent calendar.

ACTION: Motion by Director De Hoff, seconded by Director Downey, to approve item 11b with the addition of language under the consent calendar that only directors can pull items. Motion carried as follows:

AYES: Preciado, Downey, Worden, McKay, Jones, Yamane, De Hoff, Anderson

NAYS: None

ABSTAIN: None

ABSENT: Kendrick, Baber, Robak Jasso

c. Discussion and Approval of Fourth Amendment to Joint Powers Agreement (Attachment 4)

General Counsel Ochoa noted that the changes herein include updates in officers and employees of the organization. This included the revision in its entirety of Article III, Section 3.02 Treasurer and Auditor and Article III Section 3.05 Legal Advisor, which had already been approved at a previous Metro JPA Board meeting with respect to Section 3.05.

ACTION: Motion by Director Anderson, seconded by Director De Hoff, to approve item 11c with a correction to Section 3.02, third sentence to read 6505.5 and 6505.6. Motion carried as follows:

AYES: Preciado, Downey, Worden, McKay, Jones, Yamane, De Hoff, Anderson

NAYS: None

ABSTAIN: None

ABSENT: Kendrick, Baber, Robak Jasso

d. Discussion and Approval of Revised Invoice Processing and Payment Policy (Attachment 5)

General Counsel Ochoa noted that there were two separate proposed revised versions. Version 1 is to cover the scenario when Finance Consultant and Executive Director separate people and Version 2 is to cover the scenario when the Finance Consultant and Executive Director are the same person. She recommended that both be approved so as to ensure flexibility no matter what scenario exists. The

Finance Consultant's invoices would be reviewed by the Board Chair if the Finance Consultant and Executive Director were the same person.

ACTION: Motion by Director Yamane, seconded by Director Preciado, to approve Item 11d, both revised versions 1 and 2. Motion carried as follows:

AYES: Preciado, Downey, Worden, McKay, Jones, Yamane, De Hoff, Anderson

NAYS: None

ABSTAIN: None

ABSENT: Kendrick, Baber, Robak Jassoy

e. Discussion and Action Regarding how to Fill Executive Director Role, Potential Action to Appoint Interim Executive Director or Executive Director

Chair Jones noted that the Ad Hoc Committee did some heavy lifting and there will be more next year. He noted that the Executive Director role would be replacing the Administrative Coordinator role, with clarified authority, and clarified reporting and supervisory duties. Currently, Karyn Keze, as previously approved by the board, fills the role as the Administrative Coordinator of the JPA. He stated he was comfortable with moving Ms. Keze into the Executive Director role on an interim basis until July of 2025 when this item can come back to the board and the board can either accept her in the position in a permanent role, or go out for solicitation of proposals so that a RFP process is utilized to hire someone for the permanent role (which Ms. Keze would be able to apply for as well at that time).

The Ad Hoc Committee recommended a revision to Karyn Keze's current contract which would reflect her serving as Interim Executive Director until June 30, 2025.

ACTION: Motion by Director Yamane, seconded by Director McKay, to approve Item 11e as recommended by Chair Jones.

Sub motion by Director Preciado, seconded by Director Yamane to remove "interim" from the recommended action.

Director Worden stated he would be opposing the motion as the optics are not good.

Motion carried as follows:

AYES: Preciado, Downey, McKay, Jones, Yamane, De Hoff, Anderson

NAYS: Worden

ABSTAIN: None

ABSENT: Kendrick, Baber, Robak Jassoy

Item 12 was heard after Item 6

12. UPDATE: METRO WASTEWATER (General)

13. UPDATE: PURE WATER PROGRAM

No report.

14. UPDATE: IROC CHAIR

No report.

15. REPORT: FINANCE COMMITTEE

No report.

16. GENERAL COUNSEL:

General Counsel Ochoa stated the board would be holding a closed session.

**17. PROPOSED AGENDA ITEMS FOR THE NEXT METRO JPA/COMMISSION MEETING
March 7, 2024**

None.

18. METRO JPA DIRECTORS' COMMENTS

None.

General Counsel Ochoa requested a recess to hold closed session on the following:

**19. CLOSED SESSION: CONFERENCE WITH LEGAL COUNSEL – SIGNIFICANT
EXPOSURE TO LITIGATION PURSUANT TO GOVERNMENT CODE SECTION
54956.9(d)(2)**

- Two potential cases

At 1:50 p.m. The Directors left the dais and went into closed session.

At 2:20 p.m. The Directors returned from closed session.

20. ADJOURNMENT

Chair Jones declared the meeting adjourned at 2:20 pm.

Attachment 6:

Basic Financial Statements with Report on Audit by Independent Certified Public Accountants for the Two-Year Period Ended June 30, 2021

- A. Presentation: Communication with Those Charged with Governance
- B. Governance Communication
- C. Financial Statements for the Two-Year Period Ended June 30, 2021
- D. Internal Controls Communication

Attachment 6A:
Presentation:
Communication with Those
Charged with Governance



We'll get you there.

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Communication with Those Charged with Governance

2021 Audit Results

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Scope of Work

- Audit of the annual financial statements for the two-year ended June 30, 2021 in accordance with Generally Accepted (US)



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Auditors' Report

- Audit of financial statements for the two-years ended June 30, 2021
- Management is responsible for preparation and fair presentation of the financial statements
- Auditor's responsibility is to express opinion on the financial statements
- Standards require that audit is planned and performed to obtain reasonable assurance that financial statements are free from material misstatement
- Audit evidence is sufficient and appropriate to provide a basis of our audit opinions
- Unmodified opinions for June 30, 2021



Management Letter

- Material Weakness
 - Checks issued after yearend
- Significant Deficiencies
 - None
- Other Matters
 - None



Communication with Those Charged with Governance

- The planned scope and timing of the June 30, 2021, audit was communicated in our engagement letter
- Management is responsible for the selection and use of appropriate accounting policies, which are described in note 1 to the financial statements
- No significant estimates
- Sensitive disclosures reported in the financial statements include the following:
 - Member agency assessment



Communication with Those Charged with Governance

- We encountered no significant difficulties during our audit.
- Corrected and Uncorrected Misstatements.
- No disagreements arose during the course of our audit.
- To our knowledge, the Authority did not consult with other accountants regarding auditing or accounting matters.



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Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

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Attachment 6B:

Governance

Communication



Board of Directors
Metro Wastewater Joint Powers Authority
Santee, California

We have audited the financial statements of the Metro Wastewater Joint Powers Authority as of and for the two-years ended June 30, 2021, and have issued our report thereon dated December 4, 2023. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit in our engagement agreement dated August 9, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Metro Wastewater Joint Powers Authority are described in Note 1 to the financial statements.

No new accounting policies were adopted, and the application of existing policies was not changed during the two-year period ended June 30, 2021.

We noted no transactions entered into by the entity during the two-year period ended June 30, 2021 for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

- The member agency assessment that is based on each agency's projected treated wastewater flow discharge.

The financial statement disclosures are neutral, consistent, and clear.

Significant unusual transactions

We identified no significant unusual transactions.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify, and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

The following material misstatements detected as a result of audit procedures were corrected by management:

- And adjustment for \$38,720 to correct for an understatement of cash and understatement of accounts payable, caused by the backdating of checks shortly after year end.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated December 4, 2023.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants. We were informed by management that there were no consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

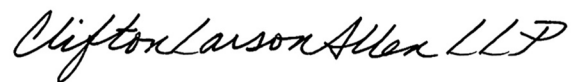
Other Matters

We applied certain limited procedures to Management's Discussion and Analysis which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

* * *

This communication is intended solely for the information and use of the Board of Directors and management of the Metro Wastewater Joint Powers Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Irvine, California
December 4, 2023

Attachment 6C:
Financial Statements for the
Two-Year Period Ended
June 30, 2021

METRO WASTEWATER JOINT POWERS AUTHORITY
BASIC FINANCIAL STATEMENTS
WITH REPORT ON AUDIT BY
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
FOR THE TWO-YEAR PERIOD ENDED JUNE 30, 2021



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**METRO WASTEWATER JOINT POWERS AUTHORITY
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TWO-YEAR PERIOD ENDED JUNE 30, 2021**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Metro Wastewater Joint Powers Authority
Santee, California

We have audited the accompanying financial statements of the Metro Wastewater Joint Powers Authority (the Authority) as of and for the two-year period ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Metro Wastewater Joint Powers Authority as of June 30, 2021, and the respective changes in financial position and cash flows thereof for the two-year period then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as identified in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance on them.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Irvine, California
December 4, 2023

**METRO WASTEWATER JOINT POWERS AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
TWO-YEAR PERIOD ENDED JUNE 30, 2021**

Our discussion and analysis of Metro Wastewater Joint Powers Authority's (JPA) financial performance provides an overview of Metro's financial activities for the two-year period ended June 30, 2021. Please read it in conjunction with the JPA's financial statements, which follow this section.

Financial Statements

This discussion and analysis provides an introduction and a brief description of the JPA's financial statements, including the relationship of the statements to each other and the significant differences in the information they provide. The JPA's financial statements include four components:

- Statement of Net Position
- Statement of Revenues, Expenses, and Changes in Net Position
- Statement of Cash Flows
- Notes to Basic Financial Statements

The statement of net position includes all of the JPA's assets and liabilities, with the difference between the two reported as net position. There were no deferred outflows or deferred inflows of resources at June 30, 2021. The JPA's entire net position is unrestricted.

The statement of revenues, expenses, and changes in net position shows how the JPA's net position changed during the two-year period. All revenues and expenses were recorded when the underlying transaction occurs, regardless of the timing of the related cash flows. The statement of revenues, expenses, and changes in net position measures the success of the JPA's operations over the two years and determines whether the JPA has recovered its costs through member agency assessments.

The statement of cash flows provides information regarding the JPA's cash receipts and cash disbursements during the two-year period ended June 30, 2021. This statement reports the JPA's cash activity as either Operating or Investing; the JPA had no Capital and Related Financing Activities or Noncapital and Related Financing Activities for the two-year period ended June 30, 2021. The statement of cash flows differs from the statement of revenues, expenses, and changes in net position because it accounts only for transactions that result in cash receipts or cash disbursements.

The notes to the financial statements provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements.

**METRO WASTEWATER JOINT POWERS AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
TWO-YEAR PERIOD ENDED JUNE 30, 2021**

Financial Highlights

For the two-year period ended June 30, 2021, the JPA's total net position increased by \$307,681. Operating revenues, which is comprised of Member Agency Assessments, is set annually to cover the cost of operations. For the two-year period ending June 30, 2021, operating revenues were \$737,200 or a decrease of \$71,240 from the prior two-year period. The reason for the decrease is that in FY2021, the JPA reduced Member Agency Assessments by using reserves to cover a portion of operating expenses. Operating expenses for the two-year period ending June 30, 2021 was \$429,896; this was a decrease from the prior two-year period of \$686,325. The reason for this decrease was due to a significant amount of engineering and legal work done in both FY 2018 and FY 2019 on the Amended and Restated Regional Wastewater Disposal Agreement between the City of San Diego and the Metro Participating Agencies that did not continue in FY 2020 and FY 2021. There was also a reduction in expenses for FY2020 due to COVID and the in-person meeting meetings were cancelled. Non-operating revenues increased by \$21 from the prior two-year period. There were no non-operating expenses.

Financial Analysis of the Financial Statements

Net Position

The JPA's net position at June 30, 2021 totaled \$569,642 compared to \$261,961 at June 30, 2019. The \$307,681 increase in net position is attributed to operating net income for the two-year period of \$307,304 and nonoperating revenue of \$377. The following is a summary of the JPA's statement of net position:

| | <u>June 30, 2019</u> | <u>June 30, 2021</u> | <u>Difference</u> |
|---------------------|----------------------|----------------------|-------------------|
| Assets: | | | |
| Current Assets | \$ 292,392 | \$ 613,741 | \$ 321,349 |
| Total Assets | 292,392 | 613,741 | 321,349 |
| Liabilities: | | | |
| Current Liabilities | 30,431 | 44,099 | 13,668 |
| Total Liabilities | 30,431 | 44,099 | 13,668 |
| Net Position: | | | |
| Unrestricted | 261,961 | 569,642 | 307,681 |
| Total Net Position | <u>\$ 261,961</u> | <u>\$ 569,642</u> | <u>\$ 307,681</u> |

Revenues, Expenses, and Changes in Net Position

The JPA reported a change in net position of \$307,681 for the two-year period ended June 30, 2021 or a positive \$261,325 and \$46,356 in FY 2020 and FY 2021, respectively. This is an increase of \$185,210 compared to the two-year period ending June 30, 2019.

**METRO WASTEWATER JOINT POWERS AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
TWO-YEAR PERIOD ENDED JUNE 30, 2021**

Financial Analysis of the Financial Statements (Continued)

Revenues, Expenses, and Changes in Net Position (Continued)

Revenues for the two-year period were \$737,577 or \$448,069 and \$289,508 for fiscal years 2020 and 2021, respectively; this is a decrease of \$71,219 from the two-year period ended June 30, 2019. The decrease was a combination of the use of reserves to partially offset member contributions in fiscal year 2019 and an decrease in member agency assessments to cover budgeted operating expenses in FY 2020 and 2021.

Operating expenses for the two-year period ending June 30, 2021 were \$429,896 or \$186,744 and \$243,152 for fiscal years 2020 and 2021, respectively; this is a decrease of \$256,429 from the two-year period ending June 30, 2019. The reason for this increase was due to a significant amount of engineering and legal work done in both FY 2018 and 2019 on the Amended and Restated Regional Wastewater Disposal Agreement between the City of San Diego and the Metro Participating Agencies, that did not continue through FY 2020 and FY 2021.

The following is a summary of the JPA's statement of revenues, expenses, and changes in net position:

| | <u>June 30, 2019</u> | <u>June 30, 2021</u> | <u>Difference</u> |
|-------------------------------------|--------------------------|--------------------------|--------------------------|
| Operating Revenues | \$ 808,440 | \$ 737,200 | \$ (71,240) |
| Nonoperating Revenues | 356 | 377 | 21 |
| Total Revenues | <u>808,796</u> | <u>737,577</u> | <u>(71,219)</u> |
| Operating Expenses | <u>686,325</u> | <u>429,896</u> | <u>(256,429)</u> |
| Changes in Net Position | 122,471 | 307,681 | 185,210 |
| Net Position - Beginning of Period | <u>139,490</u> | <u>261,961</u> | <u>122,471</u> |
| Net Position - End of Period | <u><u>\$ 261,961</u></u> | <u><u>\$ 569,642</u></u> | <u><u>\$ 307,681</u></u> |

Long-Term Debt and Capital Assets

The JPA has no long-term debt or capital assets.

Conditions Affecting Current Financial Position

There are no known facts, decisions, or conditions that are expected to have a significant effect on the JPA's net position or future results of operations.

Contacting the JPA's Financial Manager

This financial report is designed to provide Metro Wastewater JPA's member agencies, their constituents and the State of California with a general overview of the JPA's finances and to demonstrate the JPA's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the JPA's treasurer, Lee Ann Jones-Santos.

BASIC FINANCIAL STATEMENTS

METRO WASTEWATER JOINT POWERS AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS

Current Assets:

| | |
|---------------------------|----------------|
| Cash and Cash Equivalents | \$ 606,045 |
| Due from Other Government | <u>7,696</u> |
| Total Current Assets | <u>613,741</u> |

| | |
|--------------|---------|
| Total Assets | 613,741 |
|--------------|---------|

LIABILITIES

Current Liabilities:

| | |
|---------------------------|---------------|
| Accounts Payable | <u>44,099</u> |
| Total Current Liabilities | <u>44,099</u> |

| | |
|-------------------|---------------|
| Total Liabilities | <u>44,099</u> |
|-------------------|---------------|

NET POSITION

| | |
|--------------|----------------|
| Unrestricted | <u>569,642</u> |
|--------------|----------------|

| | |
|--------------------|--------------------------|
| Total Net Position | <u><u>\$ 569,642</u></u> |
|--------------------|--------------------------|

See accompanying Notes to Basic Financial Statements.

**METRO WASTEWATER JOINT POWERS AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE TWO-YEAR PERIOD ENDED JUNE 30, 2021**

OPERATING REVENUES

| | |
|---------------------------|----------------|
| Member Agency Assessments | \$ 737,200 |
| Total Operating Revenues | <u>737,200</u> |

OPERATING EXPENSES

| | |
|-----------------------------|-----------------------|
| Engineering | 168,110 |
| JPA Meetings | 25,097 |
| General and Administrative | 58,048 |
| Legal | 88,416 |
| Financial Advisor | 81,790 |
| Other Professional Services | 8,435 |
| Total Operating Expenses | <u><u>429,896</u></u> |

OPERATING INCOME 307,304

NONOPERATING REVENUES

| | |
|-----------------------------|-------------------|
| Investment Income | 377 |
| Total Nonoperating Revenues | <u><u>377</u></u> |

CHANGE IN NET POSITION 307,681

Net Position - Beginning of Period 261,961

NET POSITION - END OF PERIOD \$ 569,642

See accompanying Notes to Basic Financial Statements.

**METRO WASTEWATER JOINT POWERS AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE TWO-YEAR PERIOD ENDED JUNE 30, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|------------------|
| Cash Receipts from Membership Agency Assessments | \$ 737,200 |
| Cash Paid to Vendors and Suppliers for Materials and Services | <u>(415,719)</u> |
| Net Cash Provided by Operating Activities | 321,481 |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|---|------------|
| Interest Earnings | <u>377</u> |
| Net Cash Provided by Investing Activities | <u>377</u> |

NET INCREASE IN CASH AND CASH EQUIVALENTS

321,858

Cash and Cash Equivalents - Beginning of Period

284,187

CASH AND CASH EQUIVALENTS - END OF PERIOD

\$ 606,045

**RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS
PROVIDED BY OPERATING ACTIVITIES**

| | |
|--|--------------------------|
| Operating Income | \$ 307,304 |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities: | |
| Changes in Operating Assets and Liabilities: | |
| Decrease in Due from Other Government | 509 |
| Decrease in Accounts Payable | <u>13,668</u> |
| Total Adjustments | <u>14,177</u> |
| Net Cash Provided by Operating Activities | <u><u>\$ 321,481</u></u> |

See accompanying Notes to Basic Financial Statements.

METRO WASTEWATER JOINT POWERS AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations of the Reporting Entity

The Metropolitan Wastewater Commission was formed in 1998 pursuant to the terms of the 1998 Regional Wastewater Disposal Agreement between the City of San Diego and the following municipalities collectively referred to as the Participating Agencies: Cities of Chula Vista, Coronado, Del Mar, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, the Otay Water District, Padre Dam Municipal Water District, East Otay Mesa, Lakeside/Alpine, Spring Valley, and Winter Gardens Sanitation District. The Metropolitan Wastewater Commission is an advisory body to the City of San Diego, advising the City on matters affecting the Metro System, owned by the City of San Diego.

In 2001, the Metro Wastewater Joint Powers Authority (the Authority) was formed to provide the Participating Agencies with a stronger voice in the operations of the Metro System, for which they collectively pay approximately 35% of the operation and capital costs. As of October 2007, all Participating Agencies of the Metropolitan Wastewater Commission are members of the Authority.

The Authority, along with the Metropolitan Wastewater Commission, acts as partners with the City of San Diego and the City's Metropolitan Wastewater Department in planning and budget development, and through its participation in the Metro Technical Advisory Committee, monitors the implementation of the City of San Diego Metropolitan Wastewater Plan and the City's Metropolitan Wastewater Department's engineering and financial practices.

Measurement Focus, Basis of Accounting, and Financial Statements Presentation

"Measurement focus" is a term used to describe *which* transactions are recorded within the various financial statements. "Basis of accounting" refers to *when* transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the "economic resources measurement focus", and the "accrual basis of accounting". Under the economic resources measurement focus all assets and liabilities (whether current or noncurrent) are included on the statement of net position. The statement of revenues, expenses, and changes in net position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Operating revenues, mainly member agency assessments, result from exchange transactions associated with the principal activity of the Authority. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, result from non-exchange transactions, in which, the Authority receives value without directly giving value in exchange.

The Authority reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise.

METRO WASTEWATER JOINT POWERS AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statements Presentation (Continued)

The basic financial statements of the Metro Wastewater Joint Powers Authority have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting financial reporting purposes.

Net position of the Authority is classified into three components: (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position. These classifications are defined as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of notes or borrowing that are attributable to the acquisition of the asset, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. The Authority has no net investment in capital assets at June 30, 2021.

Restricted Net Position – This component of net position consists of net position with constrained use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The Authority has no amounts in restricted net position at June 30, 2021.

Unrestricted Net Position – This component of net position consists of net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

When both restricted and unrestricted resources are available for use, it is the Authority’s practice to use restricted resources first, then unrestricted resources as they are needed.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable

Management believes that all receivables are fully collectible; therefore, no allowance for doubtful accounts was recorded as of June 30, 2021.

METRO WASTEWATER JOINT POWERS AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Controls

The Authority prepares a budget that is approved by the Board of Directors. Unspent appropriations for the operating budget lapse at fiscal year-end unless designated by Board action to be carried forward to the next budget period.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 CASH AND INVESTMENTS

At June 30, 2021, the \$606,045 of cash and cash equivalents shown on the statement of net position are deposits with financial institutions.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2021, \$384,559 of deposits with financial institutions were in excess of the Federal insurance limits were held in collateralized accounts.

METRO WASTEWATER JOINT POWERS AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 MEMBER AGENCY ASSESSMENTS

The Authority prepares an expense budget, then calculates member agency assessments to cover budgeted expenses. Member agency assessments are based on each agency's projected treated wastewater flow discharge. The projected discharge is based on the actual figures from the prior year.

| Agency | For the Fiscal Year Ended June 30, 2020 | | For the Fiscal Year Ended June 30, 2021 | | |
|---------------------|--|------------|--|------------|----------------|
| | Commission Flow Distribution Percentage | Billings | Commission Flow Distribution Percentage | Billings | Total Billings |
| | | | | | |
| Chula Vista | 30.17 | \$ 135,162 | 30.62 | \$ 88,599 | \$ 223,761 |
| Coronado | 3.51 | 15,729 | 3.45 | 9,983 | 25,712 |
| County of San Diego | 16.98 | 76,056 | 16.44 | 47,569 | 123,625 |
| Del Mar | 0.06 | 257 | 0.06 | 174 | 431 |
| El Cajon | 14.69 | 65,784 | 14.87 | 43,026 | 108,810 |
| Imperial Beach | 3.70 | 16,550 | 3.78 | 10,937 | 27,487 |
| La Mesa | 7.66 | 34,291 | 8.39 | 24,276 | 58,567 |
| Lemon Grove | 3.49 | 15,614 | 3.43 | 9,925 | 25,539 |
| National City | 7.04 | 31,551 | 7.21 | 20,862 | 52,413 |
| Otay Water District | 0.92 | 4,106 | 0.70 | 2,025 | 6,131 |
| Padre Dam | 6.71 | 30,035 | 6.72 | 19,444 | 49,479 |
| Poway | 5.07 | 22,715 | 4.33 | 12,529 | 35,244 |
| Total | 100.00 | \$ 447,850 | 100.00 | \$ 289,350 | \$ 737,200 |

NOTE 4 RELATED PARTY TRANSACTIONS

Under the terms of the Authority's Amended and Restated Regional Wastewater Disposal Agreement, certain administrative expenses incurred by member agencies are reimbursed by the Authority. Reimbursements paid by the Authority during the two-year period ended June 30, 2021, totaled approximately \$72,165. Also, under the terms of the Amended and Restated Regional Wastewater Disposal Agreement, the City of San Diego reimburses the Agency for a portion of these administrative expenses. During the two-year period ended June 30, 2021, reimbursement submitted to the City of San Diego totaled \$36,905, of which \$7,696 have not been collected and are recorded as due from other government on the accompanying statement of net position.

NOTE 5 CONTINGENCIES

Litigation

In the ordinary course of operations, the Authority is subject to claims and litigation from outside parties. After consultation with legal counsel, the Authority believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

Attachment 6D: Internal Controls Communication



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
and Management of Metro Wastewater Joint Powers Authority
Santee, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Metro Wastewater Joint Powers Authority, as of and for the two-year period ended June 30, 2021, and the related notes to the financial statements, which comprise Metro Wastewater Joint Powers Authority's basic financial statements, and have issued our report thereon dated December 4, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Metro Wastewater Joint Powers Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Metro Wastewater Joint Powers Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Metro Wastewater Joint Powers Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

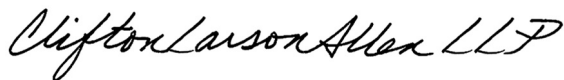
As part of obtaining reasonable assurance about whether Metro Wastewater Joint Powers Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Metro Wastewater Joint Powers Authority's Response to Findings

Metro Wastewater Joint Powers Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Metro Wastewater Joint Powers Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Irvine, California
December 4, 2023

**METRO WASTEWATER JOINT POWERS AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
TWO-YEARS ENDED JUNE 30, 2021**

2021– 001

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: During our audit we noted that checks were issued after the fiscal year end yet were dated in QuickBooks as of June 30, 2021.

Criteria or specific requirement: The Authority is required to produce financial statements that are free of material misstatements.

Effect: The result of which was an understatement of cash and accounts payable of \$38,720 for which an audit adjustment was recorded.

Cause: Currently the Agency's system of internal controls does not include a review of the bank reconciliation by someone other than the preparer.

Recommendation: We recommend that the bank reconciliations be reviewed for accuracy and completeness on a timely basis. The review should include tests of mechanical accuracy and tracing of items on the reconciliation to the relevant source documents.

Views of responsible officials and planned corrective actions: Agree with finding. Payment for expenses in a fiscal year will be dated when issued. The expense will still be accrued to the appropriate fiscal year. Invoices and the monthly bank statements including reconciliations will be provided to the Administrative Coordinator for review from the Treasurer.

Attachment 7

GOALS OF THE SECOND AMENDED RESTATED AGREEMENT (SARA)



Amended and Restated Regional Wastewater Disposal Agreement (SARA)

Goals and Process Update Presentation

Paul Brown, Facilitator

Parties to Agreement

- Agreement (dated 4 December 2018) Between the City of San Diego and Participating Agencies including:
 - City of Chula Vista
 - City of Coronado
 - City of Del Mar
 - City of El Cajon
 - City of Imperial Beach
 - City of La Mesa
 - Lemon Grove Sanitation District
 - City of National City
 - City of Poway
 - Otay Water District
 - Padre Dam Municipal Water District
 - San Diego County Sanitation District



Negotiations Team (Passed)

Metro TAC Chair

City of Chula Vista

- Beth Gentry

Metro TAC Vice-Chair

City of El Cajon

- Yazmin Arellano

City of San Diego

- Melissa Ables
- Jean Jordan
- Lisa Celaya
- Adam Jones
- Ricardo Calzada

Consultants

- Dexter Wilson (Dexter Wilson Engineering)
- Kathleen Heitt (Dexter Wilson Engineering)
- Scott Tulloch (NV5)
- Karyn Keze (Keze Group)
- Greg Moser (Procopio)
- Adriana Ochoa (Procopio)
- Victor Occiano (Brown and Caldwell)
- Doug Owen (Stantec)
- Paul Brown (Paul Redvers Brown Inc.)

Negotiation Goals

1. Establish a ***revised rate structure that is fair to all parties***, as the Metro system evolves to support water reuse
2. Obtain ***unanimous support*** for the new rate structure
3. Establish a rate structure where ***30% to 50% of the user charge is capacity rights based*** (capital replacement, maintenance, unused capacity)
4. Bring the rate structure into ***alignment with other California JPA's***
5. Strive to ***keep agency charges near current costs***, unless they have a far greater portion of unused capacity than other agencies
6. Determine what to do with ***unused capacity rights***

Key Questions

What will the revised rate structure look like?

- Will there be a fixed portion of rate that is based on peak capacity needs?

How will the revised agreement incorporate new peak flow information?

- What percentage of total costs will be allocated to the fixed portion of the rates?

What revisions to contract capacities (Exhibit B) will be needed?

- Will it be possible to allocate all of the existing capacity currently contracted to PAs? Avoiding unused capacity.

Negotiation Tasks and Decisions

Comprehensive Analysis of Costs (Financial and Technical)

- Segregating the costs of the Pure Water Program
- Breaking down remaining costs by function
- Characterizing the fixed and variable components of costs

Updating Administrative Procedures (Management and Legal)

- Payments and Monitoring
- Dispute Resolution
- Other Contractual Requirements and Protocols

Deciding on a rate structure that fairly recovers costs (Policy)

- What percentage of the user charge will be capacity based?
- How will the total capacity be allocated among PAs?

Schedule



Negotiating Team Meetings meets every three (3) weeks




Subgroups (Engineering, Finance, and Legal) convene between meetings



All necessary revisions have been flagged for updating and/or changes



Expect at least three months will be needed for final reviews and approvals



Discussion

Attachment 8

Wastewater Systems and Planning Operations

Public Utilities Department

City of San Diego Wastewater System: Planning and Operations

Board Meeting of the Regional Water Quality Control Board (R9)
November 8, 2023



1

 Public Utilities Department

Presentation Discussion

1. Provide an overview of the region's wastewater system
2. Discuss our history and how the City addressed past issues
3. Identify how the current environment is different and how the City is pivoting
4. Provide financial information
5. Next Steps



2

sandiego.gov

2

Wastewater System Overview

- Four Treatment Plants that serve 2+ million residents regionally
 - Point Loma (132.5 MGD Average)
 - North City (12.0 MGD Average – Recycled Water)
 - South Bay (4.8 MGD Average – Recycled Water)
 - Metro Biosolids Center (10,996 wet tons of biosolids produced/month)
- Two Ocean outfalls
 - Point Loma
 - South Bay
- Over 3,000 miles of collection system pipelines
 - 82 pump station (8 large, 74 small)

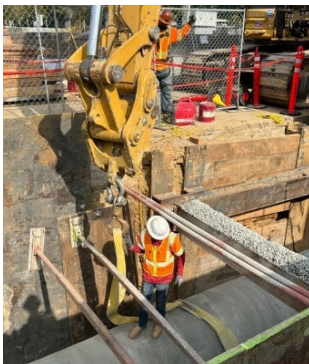


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Wastewater System Overview



COLLECTION SYSTEM
City of San Diego residents



PUMP STATIONS
City of San Diego residents
and 12 participating agencies



TREATMENT PLANT
City of San Diego residents
and 12 participating agencies

4

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4

Public Utilities Asset Management Program

5

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Asset Management Program

Purpose: Maximize Useful Life of Assets




Condition
Assessment
Program



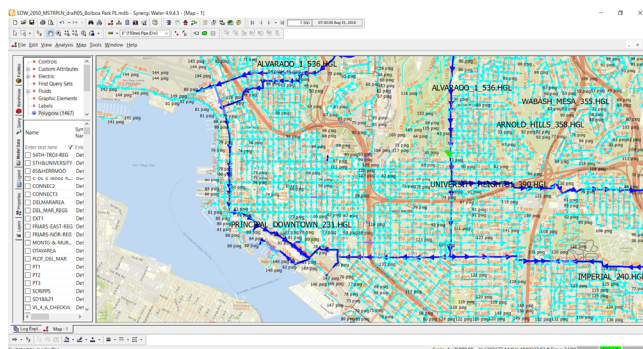
Project
Prioritization



Facility
Master
Planning



Capital
Improvement
Program



6

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6

Comprehensive Condition Assessment Program

Assess 75 miles of pipeline/year

Facility Specific Condition Assessments



7

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7

Comprehensive Condition Assessment Program

Risk Based Scoring- Industry Standard

Likelihood of Failure(LoF)
(Condition, Performance)

Consequence of Failure(CoF)
(Regulatory, Social, Financial)

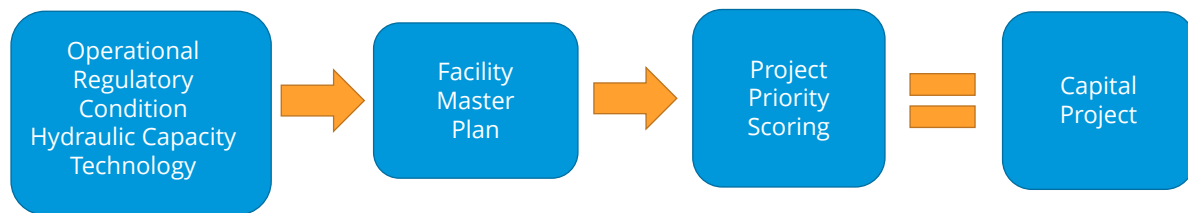
| | | 40% Consequence | | | | | | | | | |
|------------|-----|-----------------|-----|-----|-----|-----|-----|-----|-----|-----|--|
| | | 1 | 1.5 | 2 | 2.5 | 3 | 3.5 | 4 | 4.5 | 5 | |
| Likelihood | 1.0 | 1.0 | 1.2 | 1.4 | 1.6 | 1.8 | 2.0 | 2.2 | 2.4 | 2.6 | |
| | 1.5 | 1.3 | 1.5 | 1.7 | 1.9 | 2.1 | 2.3 | 2.5 | 2.7 | 2.9 | |
| | 2.0 | 1.6 | 1.8 | 2.0 | 2.2 | 2.4 | 2.6 | 2.8 | 3.0 | 3.2 | |
| | 2.5 | 1.9 | 2.1 | 2.3 | 2.5 | 2.7 | 2.9 | 3.1 | 3.3 | 3.5 | |
| | 3.0 | 2.2 | 2.4 | 2.6 | 2.8 | 3.0 | 3.2 | 3.4 | 3.6 | 3.8 | |
| | 3.5 | 2.5 | 2.7 | 2.9 | 3.1 | 3.3 | 3.5 | 3.7 | 3.9 | 4.1 | |
| | 4.0 | 2.8 | 3.0 | 3.2 | 3.4 | 3.6 | 3.8 | 4.0 | 4.2 | 4.4 | |
| | 4.5 | 3.1 | 3.3 | 3.5 | 3.7 | 3.9 | 4.1 | 4.3 | 4.5 | 4.7 | |
| | 5.0 | 3.4 | 3.6 | 3.8 | 4.0 | 4.2 | 4.4 | 4.6 | 4.8 | 5.0 | |

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Facility Master Planning and Prioritization



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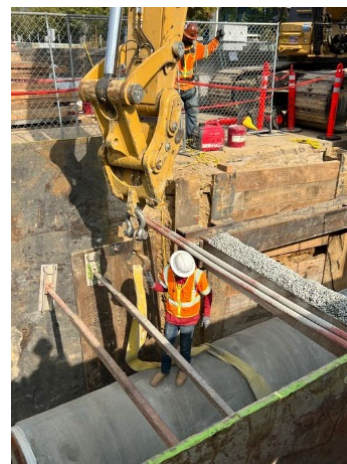
Capital Improvement Program

Rehabilitate/Replace 40 miles of sewer pipe/year.

24 Major Sewer Projects are currently being designed/constructed.

Fiscal Year 2024 Sewer CIP \$136,000,000

Anticipate \$1.3 Billion in Capital investments to the Wastewater System in the next 5 years.



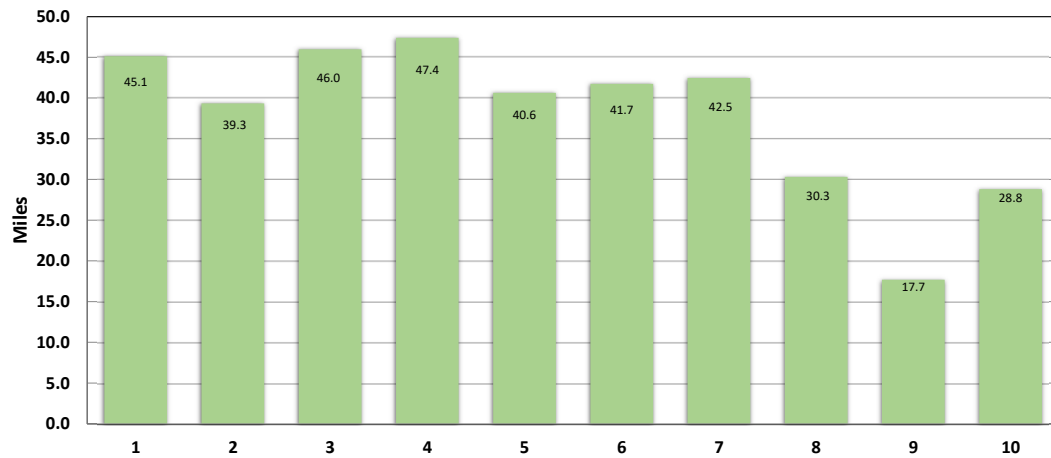
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Capital Improvement Program

10-Year Pipeline Replacement/Rehab Sewer Miles



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Prioritizing the Collection System

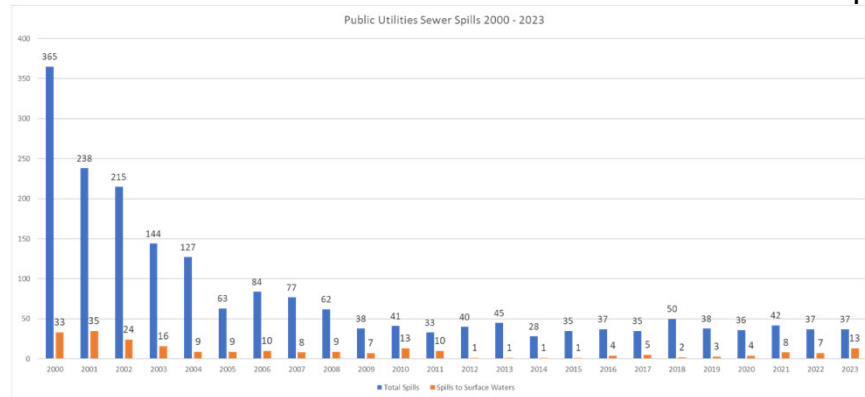
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History of sewer spills

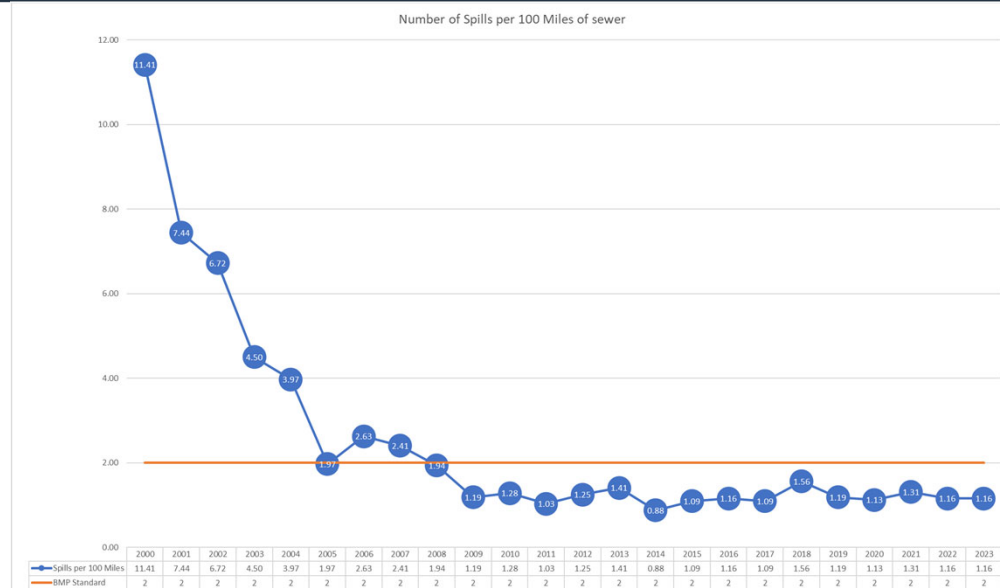
- Improvements in collection system management have resulted in significant and sustained reduction in number of sewer spills



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Collection System Maintenance - Improvements

- Developed clear and effective standard operating procedures to ensure consistency and quality of service
 - Sanitary Sewer Management Plan (SSMP)
 - Standard Operating Procedures (SOP)
 - Standard Operating Manuals (SOM)
- Implemented a comprehensive and ongoing training program
 - Accredited program
 - Annual trainings, Operator Academy, ongoing routine trainings
- Developed Optimization Program for maintenance of collection system
 - Data driven decision that calculates sewer pipe segments at risk

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Example: Emergency Response

- Developed and implemented a Sewer Spill Response and Tracking Plan
- Established dedicated resources to ensure 24/7 response to emergencies within 30 minutes

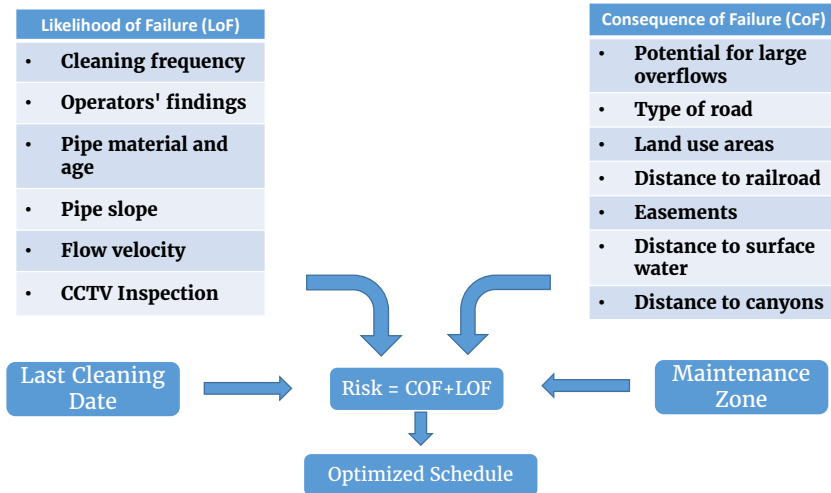


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Collection System Maintenance Optimization



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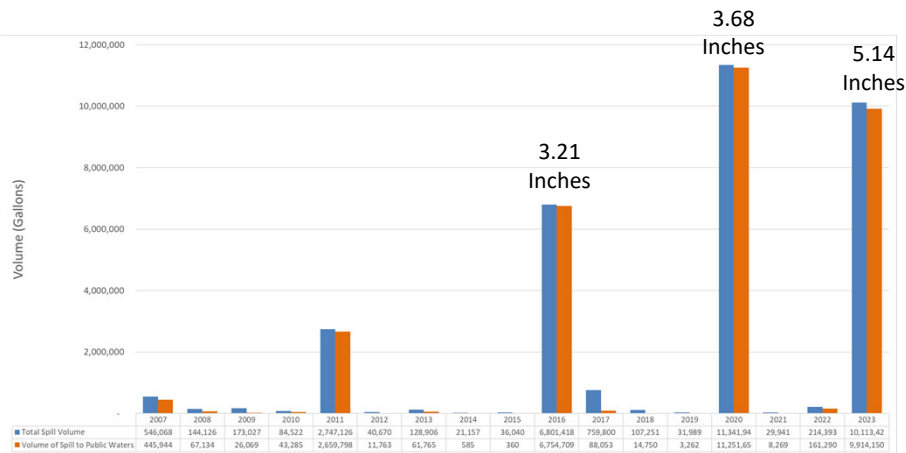
Priorities are evolving due to changed circumstances

18

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What's different compared to early 2000s?



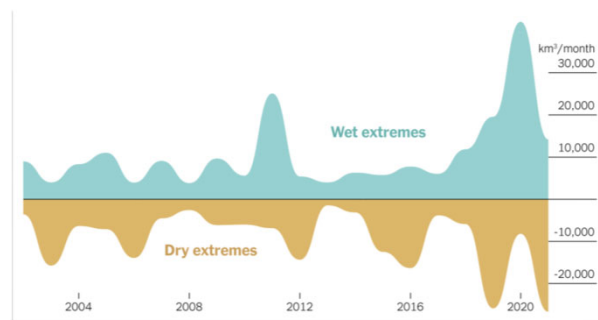
Number of spills are down, but the *volume* of the individual spill is much higher

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Planning for Climate Change Effects

- System Planning for Extremes
 - Low-low and high-highs
- Dry Weather Flows +95% year
- Peak Flows 300% of Dry Flows



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System Improvements – Completed Projects

Pump Station 1

- ✓ Lab Trailer Replacement
- ✓ Cooling Tower Replacement
- ✓ Serpentix Conveyor Replacement

Pump Station 2

- ✓ Cooling Tower Replacement

North City Water Reclamation Plant

- ✓ Gas detection system replacement in Headworks & Influent
- ✓ 30" Check valve replacements
- ✓ Tertiary Filter Media Replacement
- ✓ Tertiary Filter Level Control Valves
- ✓ Wet well cleanings
- ✓ VFD Replacements on Pumps #2 and #3
- ✓ EDR #3 membrane replacement

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Pump Station Improvements – In Process Projects

Pump Station 2 – Power Reliability & Surge Protection

Meet EPA standards for backup power with two separate and independent sources of power

Project is nearly complete

- Completed installation of two 3 MW Natural Gas generator for primary power
- Completed installation of two 4 MW Diesel engine generators for emergency power
- Completed installation of Switchgear

Commissioning anticipated November 2024



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Pump Station Improvements – In Process Projects

Pump Station 1 - Major Rehabilitation to Improve Performance and Reliability

Rehabilitation and replacement of pumps, motors, piping, valving, and meters

Schedule

- Consultant Procurement: June 2023 - Fall 2023, \$637,000
- Bridging Design: Fall 2023 - Spring 2024
- Advertise and Award: Spring 2024 - Winter 2024, \$16.3M
- Notice to Proceed (NTP) for Design-Build: Winter 2024

Complete Construction by Fall of 2028



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Pump Station Improvements – In Process Projects

Pump Station 2 - Major Rehabilitation to Improve Performance and Reliability

Rehabilitation of wet wells and pumps, replacement of valves, repairs to corroded components and liners

Schedule

- Procure Designer July 2023-Spring 2024, \$2.5 M
- Design Phase: Spring 2024- Winter 2025
- Bid/Award: Winter 2025 – Summer 2026
- Construction: Summer 2026 – Winter 2029, \$11.2M

Complete Construction Winter of 2029



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Pump Station Operational Focus

- Prioritize repairs to bring critical equipment back up to designed standards
- Allocate key resources to strategic locations
- Develop redundancies through power plant upgrades
- Implement wet weather strategies
 - Includes lowering tank levels in certain parts of the system to provide capacity
 - Identify trigger points
- Communicate effectively across the system (within the City and regionally)

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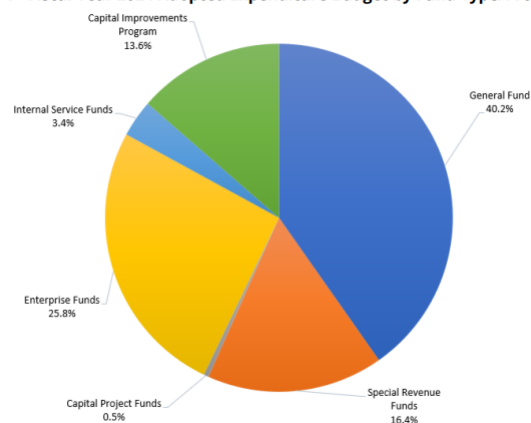
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Financial Background

- Public Utilities is separate from the General Fund
 - Legally required to be accounted for separately as an “enterprise fund”
- Distinct funding source
 - Supported by water and sewer rate payer funds

Figure 1 - Fiscal Year 2024 Adopted Expenditure Budget by Fund Type/Program



Note: Percentages may not add to 100% due to rounding.

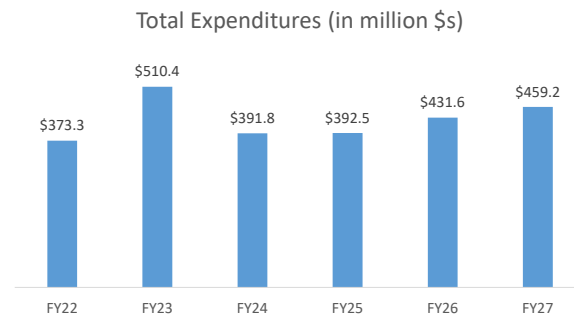
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Financial Background

- In September 2021, the City Council unanimously approved a four-year rate increase for sewer
 - Operations
 - Capital renewal
 - Protect environment
 - Provide reliable service
 - Address aging infrastructure
 - Proactive approach to long-term planning

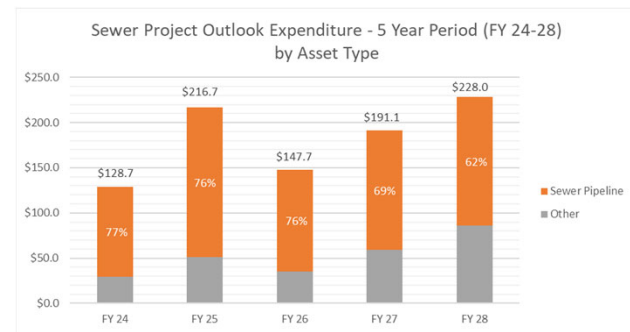
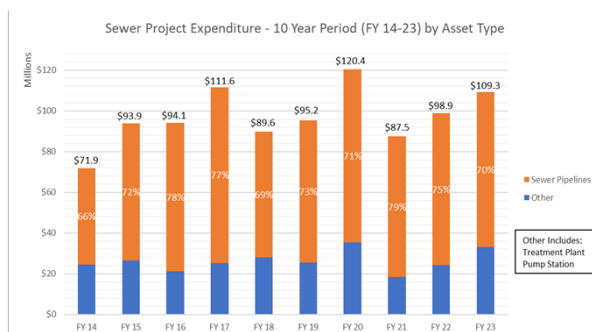


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Capital Expenditures (exclusive of Pure Water)



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Looking Ahead



Initiate Condition Assessment of five Sewer Pump Stations



Integrated Master Plan



Updated Hydraulic Modeling



Pure Water Phase 2 Planning

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Questions



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Attachment 9

SECOND AMENDMENT TO THE SOLE SOURCE AGREEMENT WITH HDR ENGINEERING, INC. FOR POINT LOMA WASTEWATER TREATMENT PLANT COASTAL EROSION MONITORING PROGRAM IMPLEMENTATION

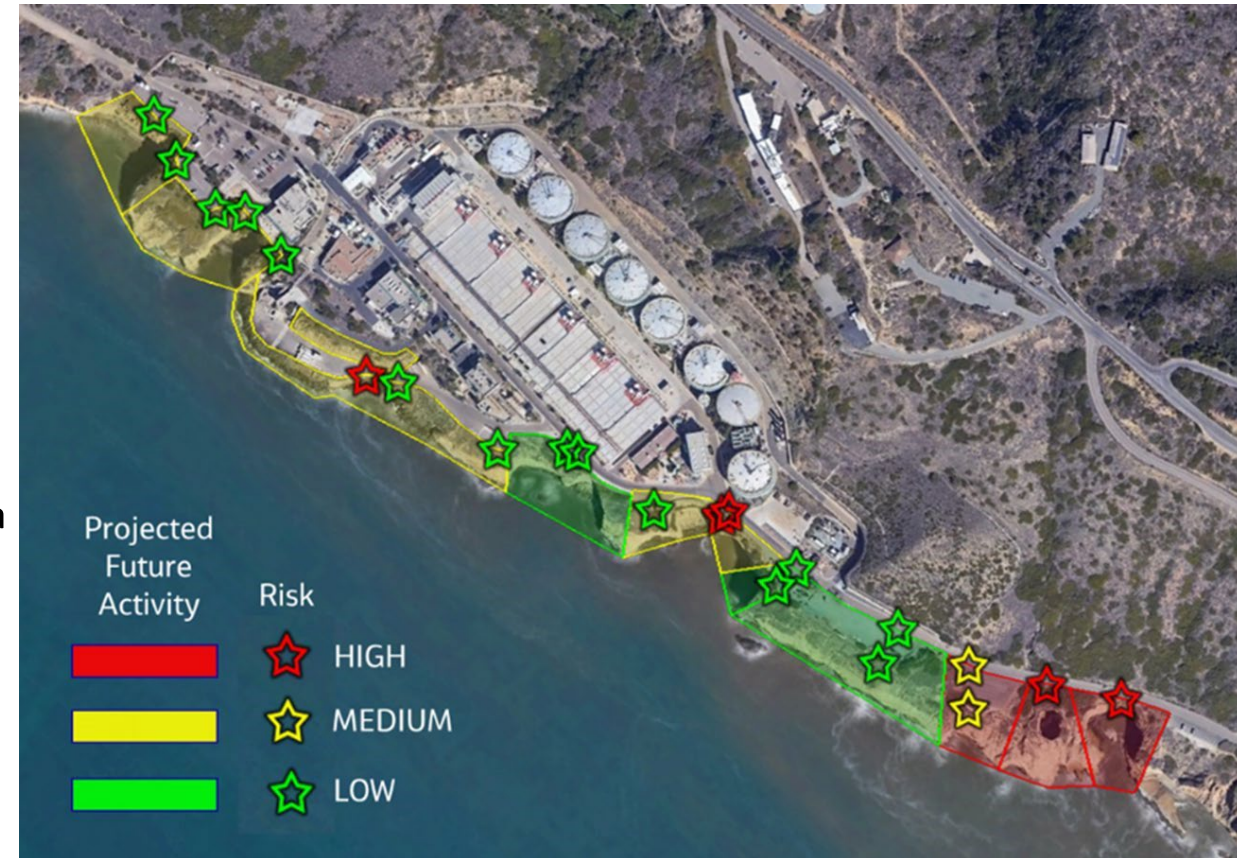
Public Utilities Department

Second Amendment to the Sole Source Agreement with HDR Engineering, Inc. for Point Loma Coastal Erosion Monitoring Program Implementation

Metro JPA
March 7, 2024

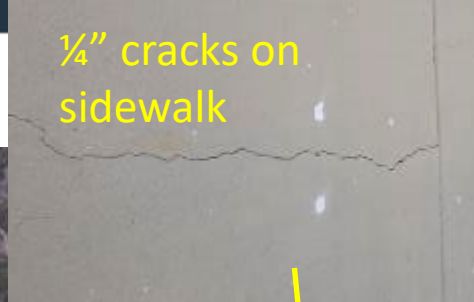
Background

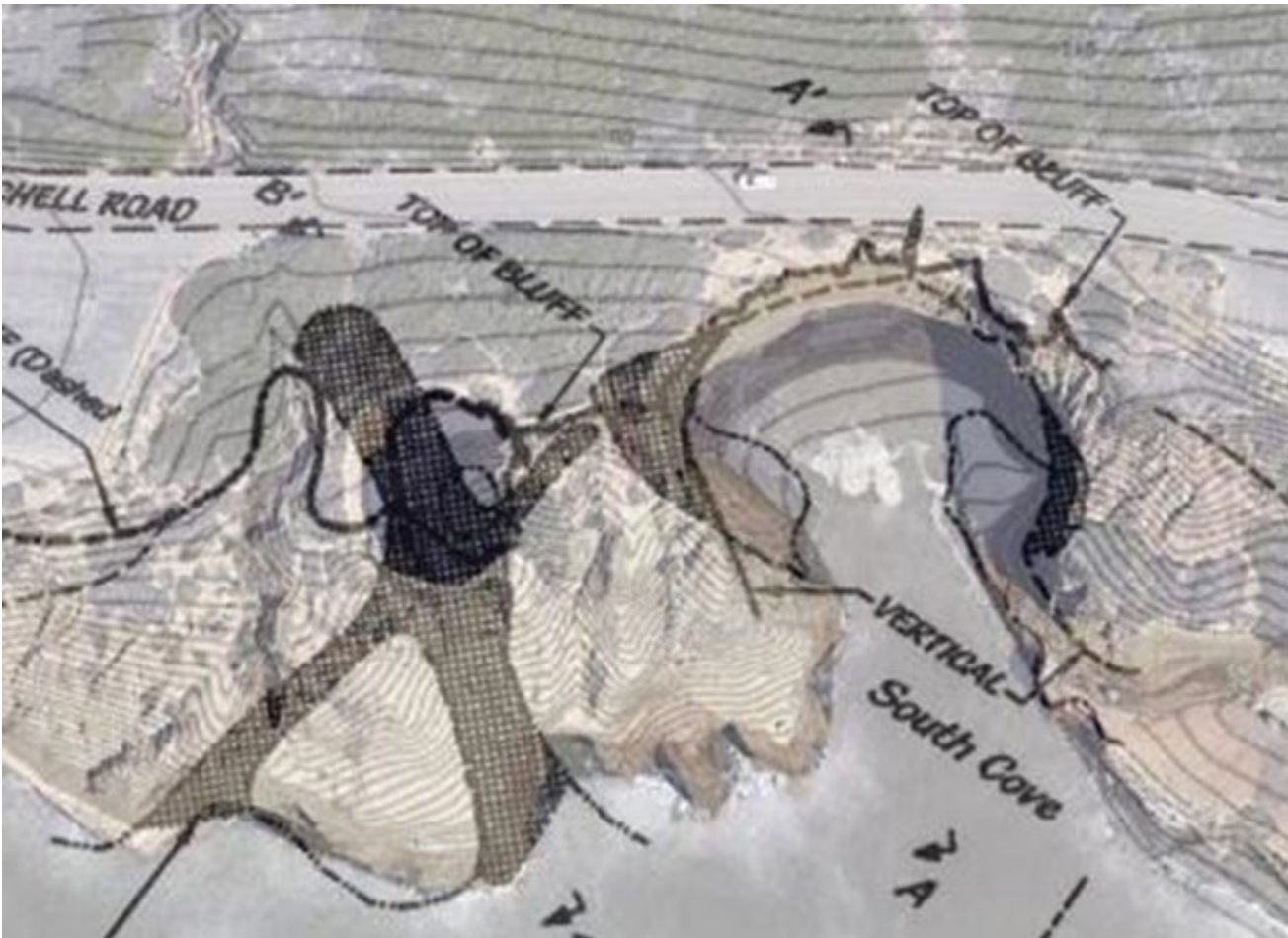
- In 2020, Gatchell Road was assessed to provide an analysis of the current state of the coastal erosion and to develop information that would provide guidance for future action.
- After receiving the assessment, in December 2021 the City executed a sole source agreement with HDR Engineering, Inc. effective from October 15, 2021 through December 1, 2022.
- In May 2023, Council approved a First Amendment adding a one-year extension, through March 31, 2024, to the coastal erosion monitoring program
- The monitoring program is required in the Special Use Permit for the City to use Gatchell Road – access route for staff and chemical deliveries to the Point Loma Wastewater Treatment Plant





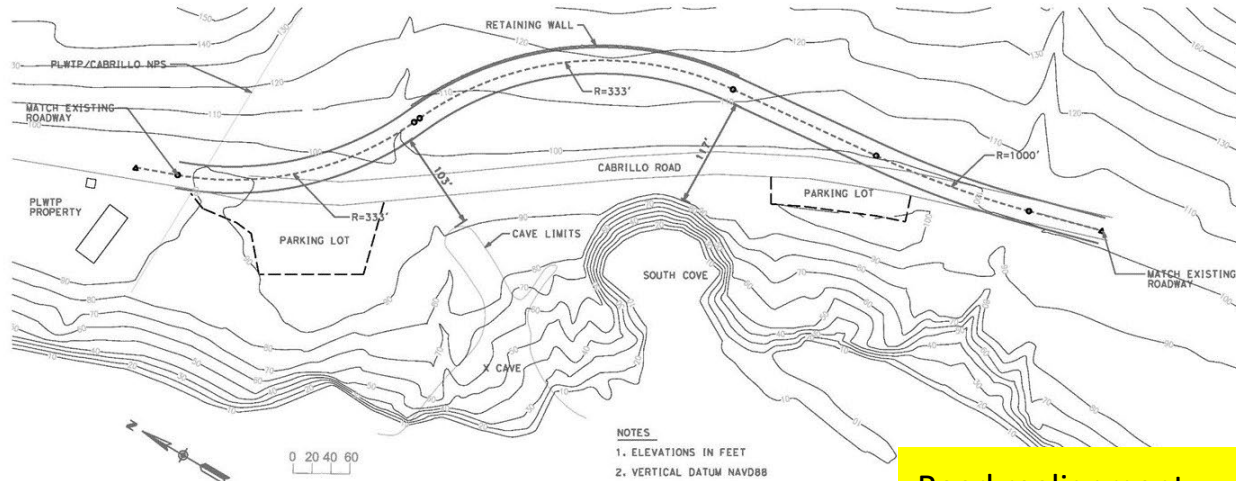
What are we looking at?



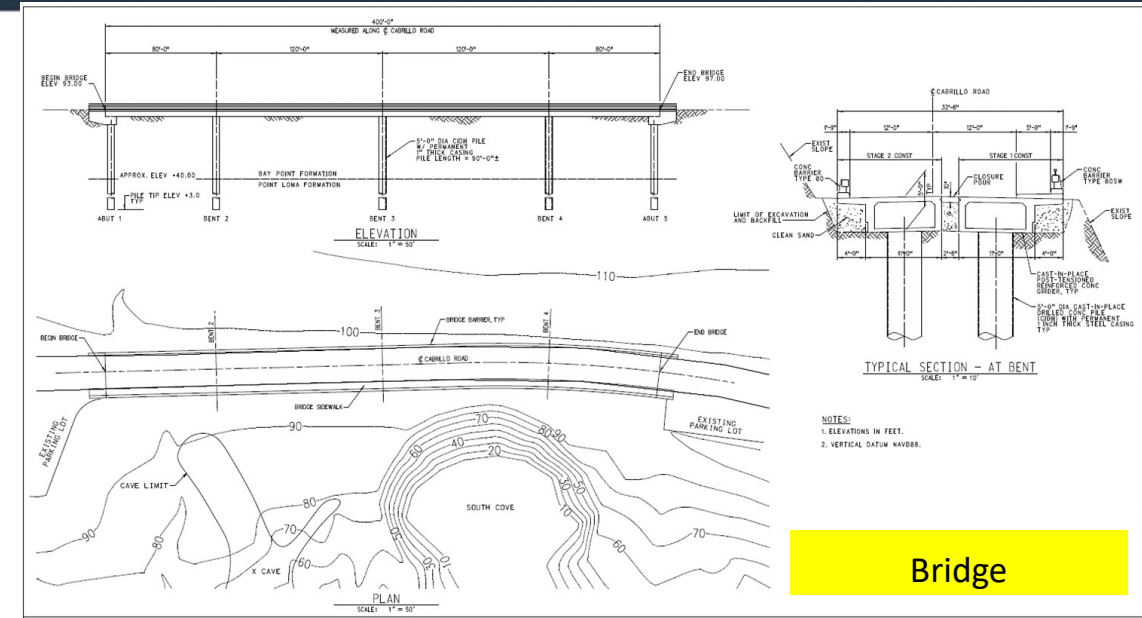


- This Second Amendment adds 27 months, extending the contract through June 30, 2026, to continue the monitoring program, and adds evaluation of alternative road access options
- Continued monitoring will provide immediate notification of catastrophic failure and greater detail on the rate of erosion to aid in the development and design of alternative road access options
 - Monitoring of ground movement along Gatchell Road using a shape accelerometer array (SAA) and inclinometer
 - Road visual inspections and topographic surveys
 - Monitoring of waves, rainfall, regional seismic events and local vibrations
 - Ground penetrating radar
 - Groundwater monitoring
 - Drone imagery surveys
 - Drone LiDAR survey to quantify change at South Cove and X Cave

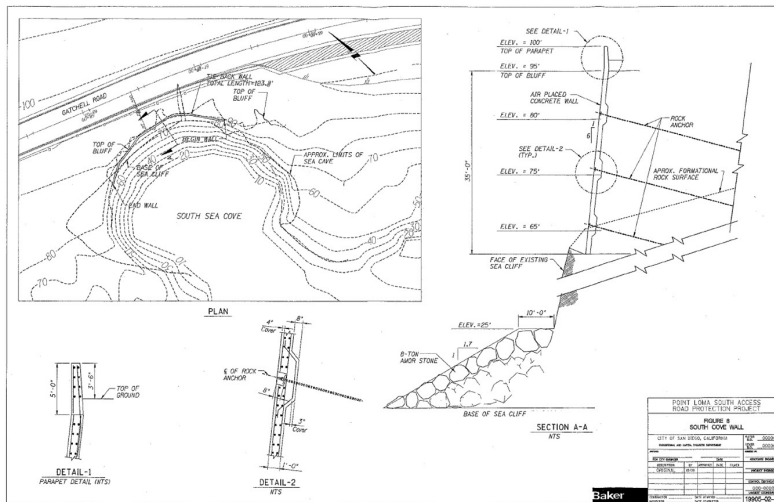
Assessment of Options



Road realignment



Bridge



Retaining wall and
riprap at the South
Cove (Michael
Baker, 2003)



New Access Road

Council Request

- Authorization to execute a Second Amendment to the Sole Source Agreement with HDR Engineering, Inc. to provide 27 additional months, through June 30, 2026, of coastal erosion monitoring and evaluate alternative road access options
- Increase the contract by \$3,631,788, for a total contract amount of \$6,895,460
- The Metro JPA amount of the amendment is \$1,198,490, which is 33% of the estimated Metro expenditures of \$3,631,788
- The new total contract amount is \$6,895,460, of which the Metro JPA amount of 33% is \$2,275,501





Recommended Action

- Approve the Metro expenditure and forward to the Metro JPA

Attachment 10

**CHEMICAL CONTRACTS
UPDATE – PEROXIDE
REGENERATED IRON
SULFIDE CONTROL (PRI-
SC) AND PEROXIDE
REGENERATED IRON
CHEMICALLY ENHANCED
PRIMARY TREATMENT
(PRI-CEPT) AND CAUSTIC
SODA 50%**

Public Utilities Department

Chemical Contracts Update – PRI-SC and PRI-CEPT and Caustic Soda 50%

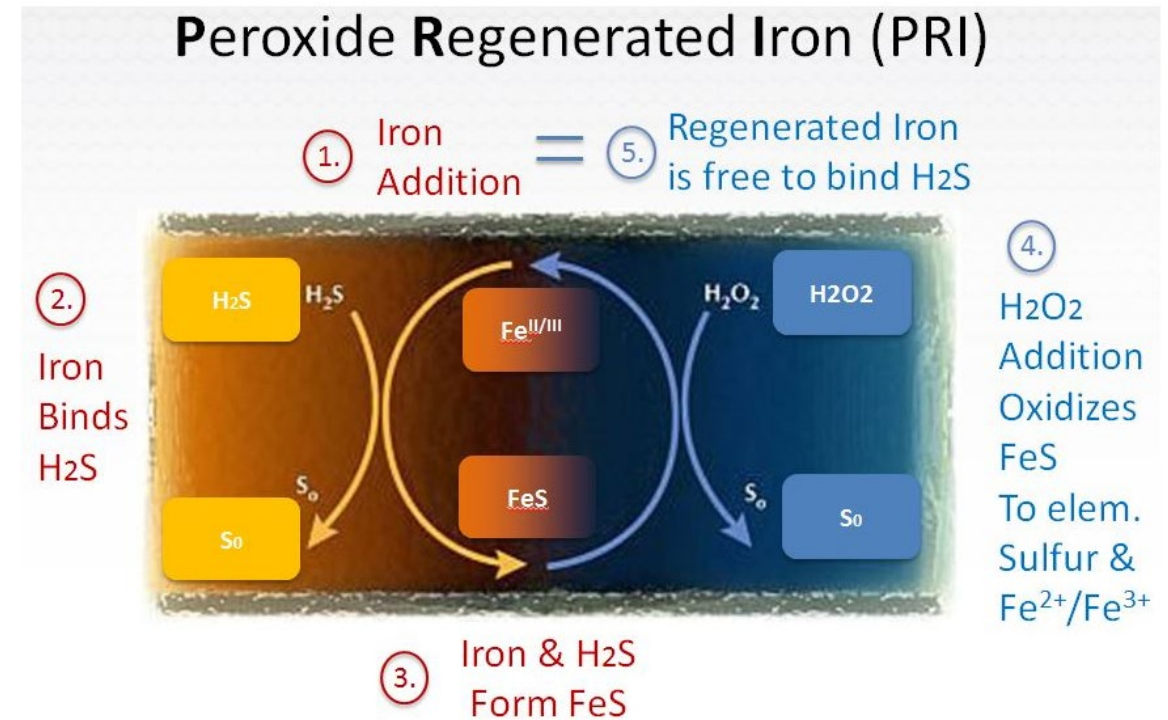
Metro JPA
March 7, 2024

Overview – Two Chemical Contracts

- Authorization to Execute a Third Amendment to the Contract with US Peroxide, LLC to Provide the Peroxide Regenerated Iron Sulfide Control and Peroxide Regenerated Iron Chemically Enhanced Primary Treatment Program for Odor Control at Multiple Facilities
- Authorization to Execute a Contract with Univar Solutions USA for Caustic Soda 50% for Wastewater Facilities (shared contract with PUD Water Treatment Plants)

PRI-SC and PRI-CEPT

- US Peroxide's trademarked proprietary program has been used by the City since 2013.
- Meets regulatory compliance with National Pollutant Discharge Elimination System (NPDES) permit
- Provides odor control and corrosion prevention in the wastewater collection system
- Provides ferrous chloride for CEPT at PLWTP
- Ferrous Chloride added at PS1, PS65, Penasquitos PS, East Mission Gorge PS
- Peroxide added to regenerate ferrous at PS2, NCWRP, and PLWTP
 - Allows cost-effective treatment and flexibility in dosing locations



Contracting Status

- USP awarded contract in 2013 following RFP
- In February 2018 the contract was approved for Sole Source procurement
- The City plans to conduct a solicitation process to determine if other competitors can provide a similar product to meet regulatory compliance. During this process, the City will still be required to meet regulatory compliance
- The solicitation process may take 12 months or more to complete
- Increasing the contract amount by \$10,000,000, plus the remaining amount on the contract, is expected to cover costs through April 14, 2026



Requested Council Action

- Authorization to execute a Third Amendment to the contract with US Peroxide, LLC (dba USP Technologies) to provide the Peroxide Regenerated Iron Sulfide Control and Peroxide Regenerated Iron Chemically Enhanced Primary Treatment Program
- Increase the contract amount by \$10,000,000, with a not to exceed total amount of \$102,972,976, and add one year with option to renew for an additional one year term
- The Metro JPA amount of the amendment is \$3,300,000, which is 33% of the estimated Metro expenditures of \$10,000,000

Recommended Action

- Approve the Metro expenditure

Background

- Caustic Soda 50% is a critical chemical to operate Water Treatment Plants, Wastewater Treatment Plants and Sewer Pump Stations
- In the Metro system, used at Penasquitos PS, MBC, PS2, and PLWTP
- This chemical is used to provide safe, clean drinking water & treat foul air in the wastewater treatment process
- Approximately 2,780 dry tons of Caustic Soda 50% is used per year for the water and wastewater treatment processes
- Used to meet regulatory requirements



Invitation to Bid Results (ITB)

- ITB No. 10090095-24-F issued on October 20, 2023
- Purchasing & Contracting received five (5) bidders
- Univar Solutions USA Inc was lowest responsive bidder at \$749.50/dry ton
- Notice of Intent to Award was sent on December 22, 2023

Caustic Soda 50% Pricing Benchmark

- Contract price is below regional benchmarks

| | |
|--|-----------------------------------|
| 2023 Regional Water Agency Price Average | \$854/Dry Ton |
| Proposed Contract Bid Price | \$749.50/Dry Ton |
| Proposed Contract Bid Price | 7% lower than the next low bidder |

Key Agreement Benefits

- Combining efforts with drinking water plants allows for lower pricing than separate efforts
- Duration of one (1) year with City option to renew for four (4) additional one-year terms
- Contract provides flexibility
 - If prices decrease, City can elect to readvertise each year
 - Restricted temporary price increase option to materials only

Requested Council Action

- Authorization to execute contract with Univar USA Inc. to provide Caustic Soda 50%
- Contract amount not to exceed \$10,436,788 (Water and Wastewater)
- The Metro JPA amount is \$554,730, which is 33% of the total estimated Metro expenditures of \$1,681,000 over 5 years
- One (1) year contract with the option to renew for four (4) additional one-year terms

Recommended Action

- Approve the Metro expenditure

Questions?

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858.292.6304

Craig Boyd
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858.654.4433

Attachment 11

**FIRST AMENDMENT TO THE
AGREEMENT WITH REGENTS OF
THE UNIVERSITY OF CALIFORNIA,
SAN DIEGO (UCSD) FOR THE
SCRIPPS INSTITUTION OF
OCEANOGRAPHY (SIO) TO
EVALUATE ANTHROPOGENIC
IMPACTS ON THE SAN DIEGO
COASTAL KELP FOREST
ECOSYSTEM (2024-2029)**

METRO JPA/TAC
Staff Report
Date: 1/24/2024

Project Title:

First amendment to the agreement with Regents of the University of California, San Diego (UCSD) for the Scripps Institution of Oceanography (SIO) to Evaluate Anthropogenic Impacts on the San Diego Coastal Kelp Forest Ecosystem (2024-2029). (Ryan Kempster/Ami Latker)

Requested Action:

Consideration and Possible Action to Recommend to the Metro Comm/Metro Wastewater JPA for Approval

Recommendations:

| | |
|---|---|
| Metro JPA: | Present to JPA as an action item. |
| IROC: | No IROC presentation planned. Funds for this longstanding agreement are budgeted in the Annual Budget within the Metro Operating Fund and do not require IROC review. |
| Prior Actions: (Committee/Commission, Date, Result) | |

Fiscal Impact:

| | |
|--------------------------------------|--|
| Is this projected budgeted? | Yes X No ____ |
| Cost breakdown between Metro & Muni: | 100% Metro |
| Fiscal impact to the Metro JPA: | <p>The total fiscal impact of this agreement is \$4,710,510 (5 years);</p> <ul style="list-style-type: none">• FY2025 = \$913,461• FY2026 = \$863,194• FY2027 = \$931,059• FY2028 = \$971,653• FY2029 = \$1,031,143 <p>Funding for this contract is already included in our annual program budget; thus, no budget increase is needed for the scope of this agreement.</p> |

Capital Improvement Program:

| | | | |
|-------------------|----------|---------|--------------------------------------|
| New Project? | Yes ____ | No ____ | N/A X |
| Existing Project? | Yes X | No ____ | Upgrade/addition ____ Change ____ |

Previous TAC/JPA Action:

Approved by MetroTAC unanimously February 21, 2024

Additional/Future Action:

City Council Action:

Not yet heard by council – Expected April/May 2024

Background: *Provide background information on the need for the project*

The kelp monitoring services provided by the Scripps Institution of Oceanography (SIO) are essential to the City being able to meet its environmental monitoring objectives, commitments, and regulatory permit requirements associated with the discharge of wastewater to the Pacific Ocean via the Point Loma Ocean Outfall (PLOO). This work began in 1992 to provide critical support to the City to evaluate the effects of the PLOO pipe break which occurred that same year resulting in millions of gallons of treated wastewater being discharged in close proximity to the shore. Partial funding was provided between 1992 and 2002 to support this work, and this was later expanded in 2002 to support the renewal of the City's 301(h) waiver for the Point Loma Wastewater Treatment Plant (PLWTP) to continue operating at an advanced primary treatment level. This monitoring has since become a critical component of the National Pollutant Discharge Elimination System (NPDES) Permit 301(h) Renewal Application for the PLWTP. Furthermore, this work provides essential data to meet NPDES permit requirements for kelp bed monitoring in the Point Loma region.

Discussion: *Provide information on decisions made to advance the project*

A version of this program has been ongoing for the past 30 years, after being initiated by the City in 1992. The Regional Water Quality Control Board has continued to support this project via requirements in the City's NPDES permit for the Point Loma Wastewater Treatment Plant (PLWTP) as it is consistent with the Board's and City's initiatives to use advanced, scientifically sound technologies to protect the region's coastal marine environment. Furthermore, this monitoring is a critical component of the City's NPDES Permit 301(h) Waiver for the PLWTP, without which the City could face up to \$2 billion in costs for the upgrade of the PLWTP to meet Secondary treatment requirements.

Bid Results: *If bidding was done provide bidding format and results*

N/A

Public Utilities Department

San Diego Kelp Forest Ecosystem Monitoring Project (20242029)

First Amendment

Mar 7th, 2024

Peter Vroom, Ph.D. (Deputy Director)
Ryan M. Kempster, Ph.D. (Ocean Monitoring Program Manager)
Ami Latker (Environmental Scientist III and Contract Coordinator)



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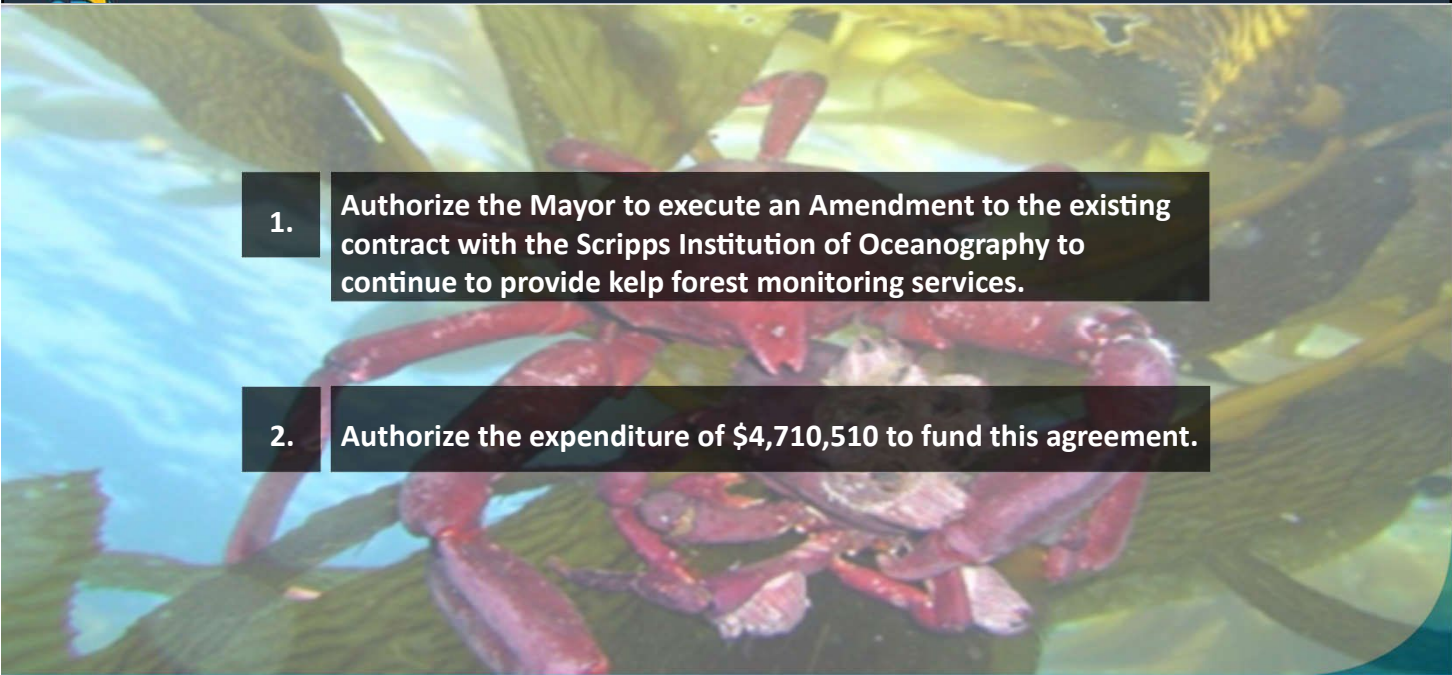
Ocean Monitoring Program

***A program designed to assess the impact of discharging
treated wastewater into the coastal waters of San Diego***



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2



Requested Actions

1. **Authorize the Mayor to execute an Amendment to the existing contract with the Scripps Institution of Oceanography to continue to provide kelp forest monitoring services.**
2. **Authorize the expenditure of \$4,710,510 to fund this agreement.**

SD

Background and History

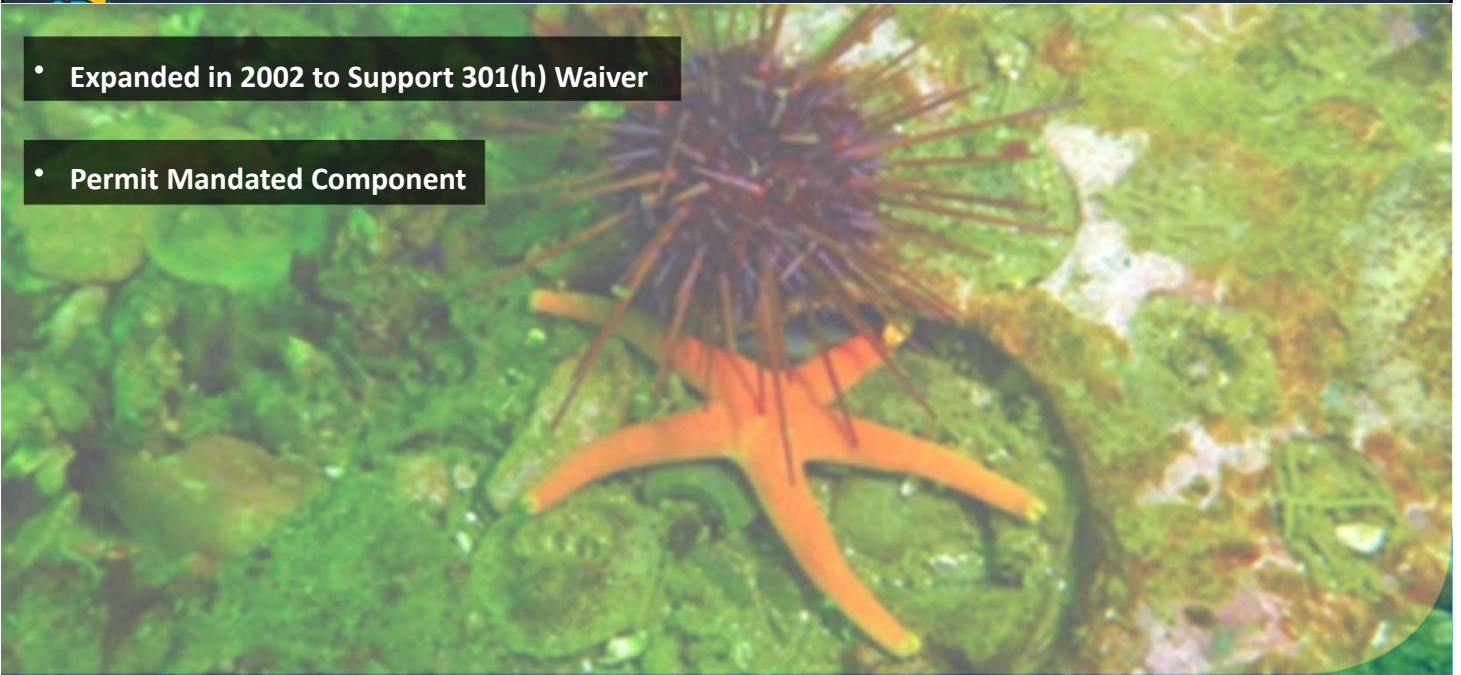
- Scripps Institution of Oceanography
- 1992 Study of Ocean Outfall Effects

UC San Diego

SCRIPPS INSTITUTION OF
OCEANOGRAPHY

Background and History

- Expanded in 2002 to Support 301(h) Waiver
- Permit Mandated Component



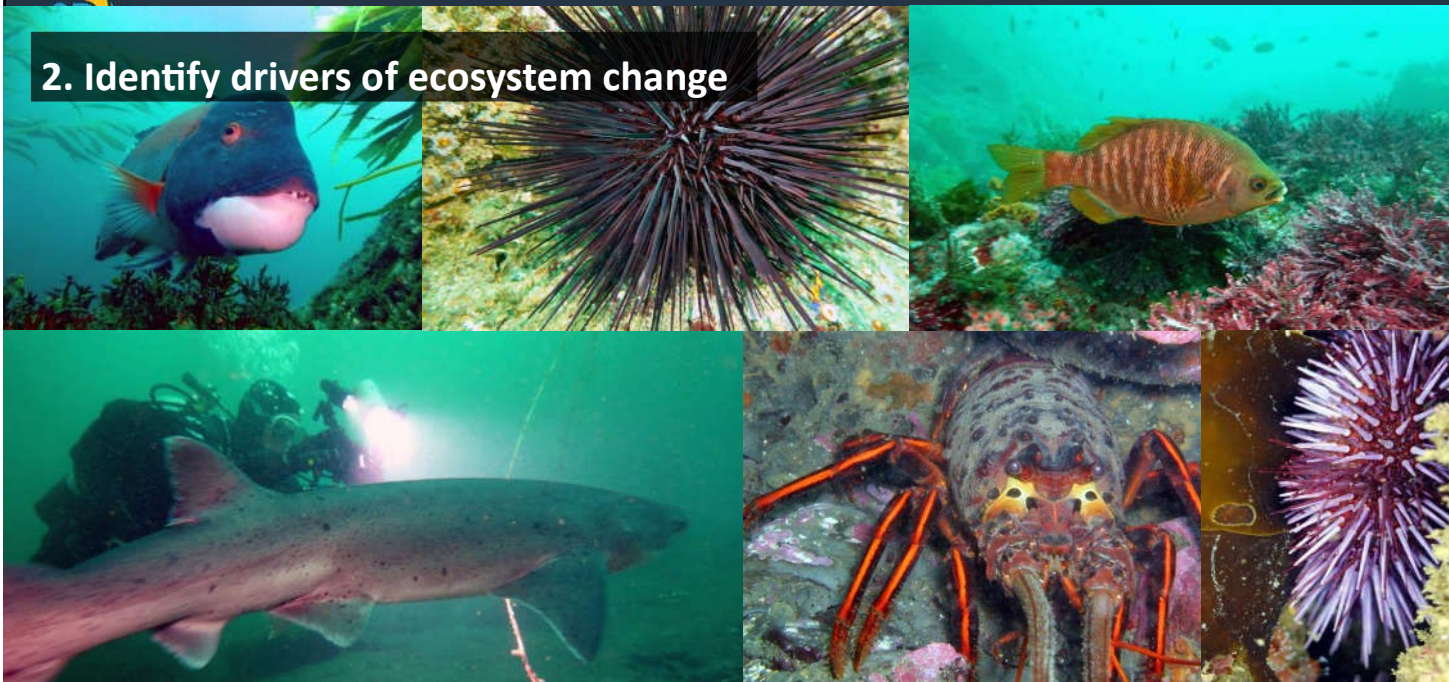


Primary Goals

1. Monitor condition of kelp forests surrounding the PLWTP



Primary Goals

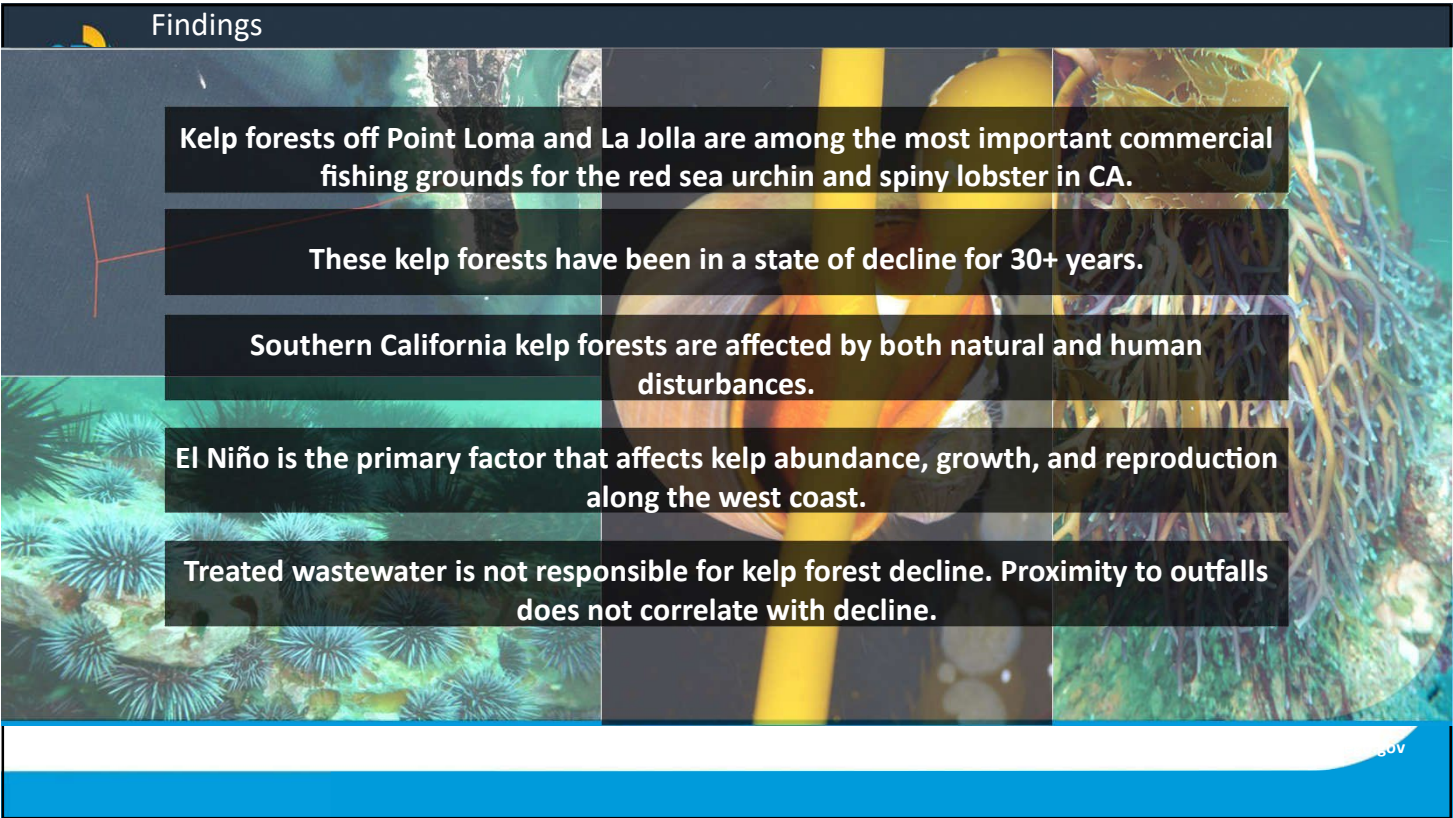
2. Identify drivers of ecosystem change



Primary Goals

3. Determine impact of treated wastewater





Findings

Kelp forests off Point Loma and La Jolla are among the most important commercial fishing grounds for the red sea urchin and spiny lobster in CA.

These kelp forests have been in a state of decline for 30+ years.

Southern California kelp forests are affected by both natural and human disturbances.

El Niño is the primary factor that affects kelp abundance, growth, and reproduction along the west coast.

Treated wastewater is not responsible for kelp forest decline. Proximity to outfalls does not correlate with decline.

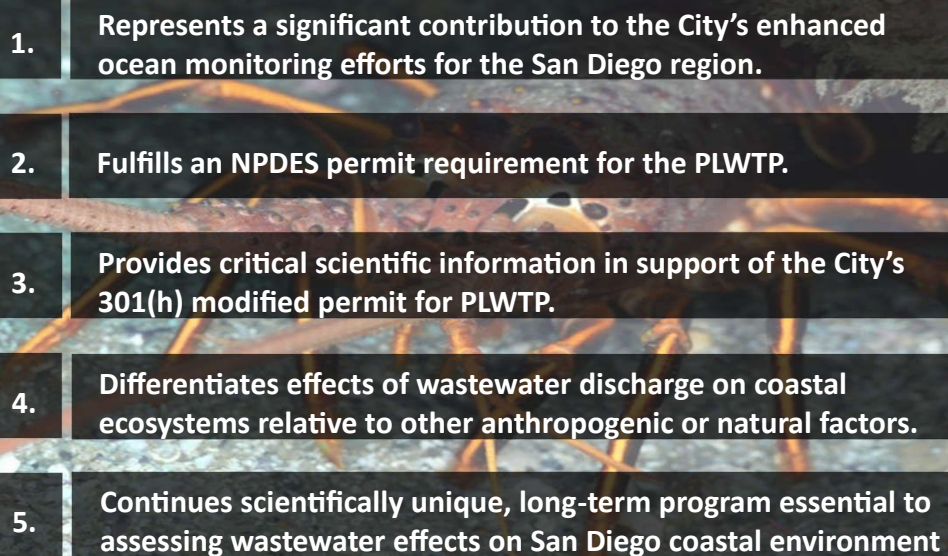


Budget

Budget Requested

| | |
|-----------------------------|--------------------|
| FY25 (7/1/2024 – 6/30/2025) | \$913,461 |
| FY26 (7/1/2025 – 6/30/2026) | \$863,194 |
| FY27 (7/1/2026 – 6/30/2027) | \$931,059 |
| FY28 (7/1/2027 – 6/30/2028) | \$971,653 |
| FY29 (7/1/2028 – 6/30/2029) | \$1,031,143 |
| Total | \$4,710,510 |

Benefits to the City

- 
1. Represents a significant contribution to the City's enhanced ocean monitoring efforts for the San Diego region.
 2. Fulfills an NPDES permit requirement for the PLWTP.
 3. Provides critical scientific information in support of the City's 301(h) modified permit for PLWTP.
 4. Differentiates effects of wastewater discharge on coastal ecosystems relative to other anthropogenic or natural factors.
 5. Continues scientifically unique, long-term program essential to assessing wastewater effects on San Diego coastal environment

11



Project Contacts

City of San Diego**Peter S. Vroom, Ph.D.**Deputy Director
pvroom@sandiego.gov**Ryan M. Kempster, Ph.D.**Ocean Monitoring Program Manager
rkempster@sandiego.gov**Ami Latker**Environmental Scientist III
Contract Administrator
alatker@sandiego.gov**Scripps****James Leichter, Ph.D.**Principal Investigator
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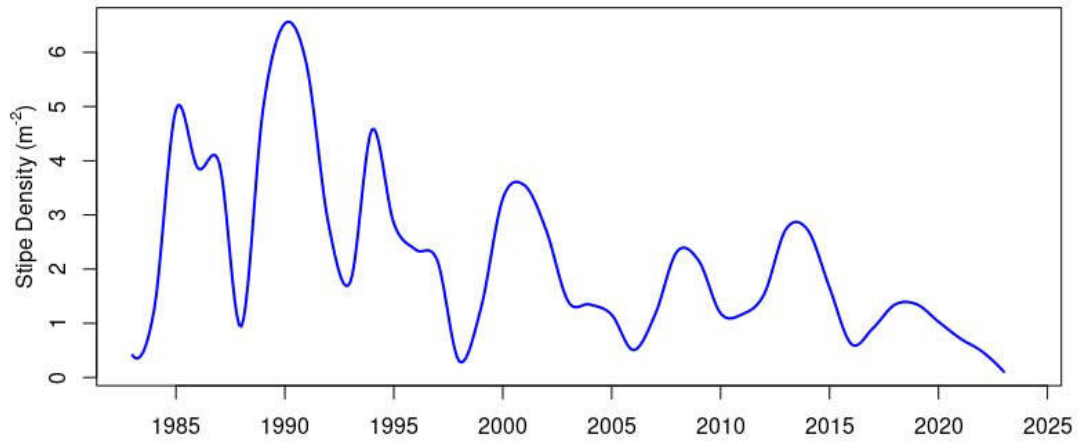
Additional Information

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Additional Information – Kelp Density (All Stations)



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Additional Information – PLWTP (Upgrade Costs)

What is involved if the Point Loma plant upgrades to a Secondary Treatment level?

PLWTP largely operates at secondary treatment standards, except in the area of total suspended solids (i.e. advanced primary). While PLWTP consistently meets effluent regulatory objectives and has received numerous awards relating to compliance with federal and state regulations, regulators and environmental groups have disagreed with the city on how discharge requirements should be applied with each modified NPDES permit. **In the event the city is required to convert PLWTP to secondary treatment standards, the estimated costs are approximately \$2 billion, depending on the treatment methodology and availability of federal land at PLWTP's site.**

<https://www.fitchratings.com/research/us-public-finance/fitch-affirms-san-diego-public-facilities-financing-auth-ca-wastewater-revs-at-aa-outlook-stable-08-09-2021>
construction.

In either case, once constructed, the Secondary Treatment plant will cost an additional **\$40 million** per year to operate.

metroipa.org/Home/ShowDocument?id=76

