



INSIGHT: Coronado City Councilmember Al Ovrom on Regional Wastewater Issues and the Metro JPA

(Another in a series)

The key water and wastewater issue facing the City of Coronado obviously is *rates*. A key issue would be the City of San Diego's decisions on how to face secondary treatment at the Point Loma facility should it mandated, and how it would affect Coronado and the other Metro JPA members.

As the JPA member agencies represent approximately one-third of the wastewater system's users, it seems to me that the organization should have a strong voice on the new Independent Rates Oversight Committee (IROC) being formed by the City of San Diego.

Regarding formation of a new regional wastewater authority, I am still balancing the question of liability versus risk for each participating agency should the proposal go forward.

I see no clear solution to the problem of untreated sewage from Mexico flowing across the border. This is an international problem and the federal government's efforts on this side of the border are helping, but the continued growth of greater Tijuana and their difficulty in making infrastructure improvements do not portend well for a solution. The best we can do regionally is to continue to engage the members of our federal delegation in the problem and elicit their support for funding to address it.

Even though Coronado uses a small portion of the wastewater system, our participation in the Metro JPA allows us to better understand how the system works, not only technically but financially. Therefore our participation allows us to lend our voice to the whole.

Consultants Complete Capacity Valuation Analysis Make Pricing Recommendations to JPA

Raftus Financial Consultants (RFC), studying the practices of various utilities and prior capacity sales, has completed a capacity valuation analysis for the Metro JPA. RFC determined that "investment value" of the Metro JPA capacity was more relevant in determining the approximate transaction price than "fair market value."

Using the asset valuation approach, RFC calculated the reproduction cost of the existing assets, then converted original costs into today's dollars with an adjustment for outstanding

debt principle. They also adjusted for asset depreciation. RFC recommended a price negotiated between \$13.51 and \$16.30 per gallon per day. The range could be updated upon additional feasibility analyses by the buyer. Alternatively, a lease arrangement could be made, allowing the temporary use of capacity at a cost-effective rate to the "buyer" while protecting the "seller" from risk associated with purchasing capacity in the future.

Mayor Mark Lewis and Deputy Public Works Director Dennis Davies of El Cajon have been added to an ad hoc committee looking into which agencies may be interested in "buying" or "selling" capacity.

Commission Adjourns Until October 4th

Because of a League of California Cities meeting and other scheduling conflicts, the Metro JPA and Commission will not convene in September. The next meeting will be held on Thursday, October 4 in the Metropolitan Operations Center (MOC II) auditorium in Kearny Mesa at 12 noon. Lunch will be provided for Commissioners and staff.

Metro TAC Meets on September 19th

The Technical Advisory Committee (Metro TAC) will not meet in August. Its next luncheon meeting will be on Wednesday, September 19 at 11 a.m. at MOC II.

Metro Commissioners

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Metro JPA News Brief Editors:

Julie Walke, 858/729-9933, Julie.walkecomm@sbcglobal.net
 Roger Conlee, 619/795-7785, rconlee@cox.net