

## Attachment B

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**Metro TAC**

(Technical Advisory Committee to Metro Commission/JPA)

**ACTION MINUTES**

**DATE OF MEETING:** March 20, 2013  
**TIME:** 11:00 AM  
**LOCATION:** MWWD, MOC II, Conference Room 2E

**MEETING ATTENDANCE:**

Greg Humora, La Mesa  
Al Lau, Padre Dam MWD  
Dennis Davies, El Cajon  
Tom Howard, Poway  
Bob Kennedy, Otay WD  
Rita Bell, Otay WD  
Dan Brogadir, County of San Diego  
Roberto Yano, Chula Vista  
Ed Walton, Coronado  
Joe Smith, National City  
Eric Minicilli, Del Mar  
Edgar Patino, City of San Diego

Peggy Merino, City of San Diego  
Lee Ann Jones-Santos, City of San Diego  
Ann Sasaki, City of San Diego  
Guann Hwang, City of San Diego  
Jaime Richards, City of San Diego  
Huy Nguyen, City of San Diego  
Karyn Keese, Atkins  
Victor Occiano, Brown & Caldwell  
Seval Sen, Brown & Caldwell  
Kevin Starkey, Macias, Gini, & O'Connell  
Miyuki Freeman, Macias, Gini, & O'Connell

**1. Review and Approve MetroTAC Action Minutes for the Meetings of February 20, 2013**

On a motion by Roberto Yano and seconded by Dan Brogadir the minutes passed unanimously.

**2. Metro Commission/JPA Board Meeting Recap**

Chairman Humora reported that Mayor Cheryl Cox chaired her first meeting and several committee positions were approved; the emergency generators construction contract was approved; the Board heard presentations on the performance audit of chemical purchases and the quarterly CIP update and they were very well received; and the Board received and accepted the JPA's mid-year budget review.

**3. Public Utilities Financial Presentation**

Lee Ann Santos-Jones gave a presentation that provided an overview of the different components of financial statements which included Metro cash balances and unrestricted net assets as of June 30, 2012. She also reviewed San Diego's last rate case assumptions for CIP from FY08 to FY11 versus actual expenditures and CIP projections for FY13 to FY17. The City does not anticipate issuing debt for the next five years and will use a combination of cash and state loans and grants to fund needed projects. She was asked to follow up on two questions and bring back to the next Metro TAC meeting: the impact of GASB 51 and how much is annual depreciation versus net assets.

**4. ACTION: 2010 Exhibit E Audit Presentation**

Kevin Starkey from Macias, Gini, & O'Connell (MGO) (San Diego's external auditors) presented a summary of the 2010 audit procedures and findings. This was the year that water and wastewater was combined into the one department (PUD) and that the new accounting software, SAP was activated. Even though there were 42 findings totaling \$1.1 million (PA share \$400k) this was considered acceptable by the auditors and Exhibit E received an unqualified opinion. Two new



notes were added to the Exhibit E report. Note 10, Subsequent event discussed the formation of the San Diego County Sanitation District and Note 11 discussed the administrative protocol that was adopted during that year. The administrative protocol sets forth how the PA portion of the Metro operating reserve and debt service coverage are determined. MGO will be providing the letter to management for the 2010 Exhibit E review within the next month and this will be forwarded to the Metro TAC for their review. Upon a motion by Tom Howard, seconded by Al Lau the Metro TAC unanimously accepted the 2010 Exhibit E audit and moving it forward to the Finance Committee for their review and possible acceptance.

**5. Metro Strength Billing Evaluation Report**

Victor Occiano and Seval Sen from Brown & Caldwell presented the findings and recommendations from their study (presentation included as Attachment A to these minutes. The objective of this project was to evaluate the strength-based billing methodology currently being used by Metro to ensure that costs are fairly and equitably distributed among all agencies that utilize the Metro system. The conclusions and recommendations included the following:

- Potentially moving some sampling locations in Lemon Grove, San Diego, and National City
- Validation that Padre Dam's monitoring at meter PD1B included their treatment plant flows.
- Concurrent monitoring of flows and strength should be done where they are either added or deducted from another agencies flows and strengths for billing purposes.
- A new baseline should be developed through monthly or bi-monthly sampling over the next two years.
- Historic COD and TSS data should be disregarded.
- A rolling five year average should be utilized for billing strength calculations from each sampling point.
- Quarterly sampling can resume after 18-24 month data points are collected.
- Calculation of San Diego flows at SD1B does not account for recycled water produced at North City and centrate from MBC.

Chairman Humora asked all Metro TAC representatives to get comments to Karyn Keese by April 3, 2013. Comments will be compiled and sent to the City and Brown & Caldwell. He also requested that this become a standing item.

**6. Metro Wastewater Update**

Ann Sasaki reported that the results from the IPR demonstration project will be formally presented to the San Diego NR&C committee today. Karyn Keese requested that this same presentation be given to Metro TAC at their next meeting. Ms. Sasaki also reported that the proposed settlement with Regional Board over the sewage spills resulting from the blackout of September 2012 is \$1.2 million. One half of the money will be used to fund the back-up generators at the pump stations and one half will be paid to the Regional Board.

**7. Metro Capital Improvement Program and Funding Sources (Standing Item)**

There was no update this month.

**8. Financial Update**

Karyn Keese reported on the following items:

- The field work for the 2011 Exhibit E audit is almost complete.
- The City of San Diego Cost of Service Study is in its preliminary stages. She has been attending workshops with the IROC members to review the detail of the revenue requirement for the next five-year for Metro. The consultant and City staff are proposing to use a combination of pay-go and State low-interest loans and grants to fund capital projects for the next five years.

- The entrance conference for the 2012 Exhibit E audit is scheduled for April 2, 2013. It is the desire of the external auditors and City staff to have both the 2011 and 2012 Exhibit E audits completed by the end of calendar year 2013.

**9. MetroTAC Work Plan (Standing Item)**

The Work Plan was updated in multiple areas. The updated work plan is included in this agenda packet under its standing item. The updates are shown in red italics.

**10. Padre Dam Mass Balance Correction (Standing Item)**

The PA attorney's group has sent a letter to the City of San Diego requesting a time extension until 4/23/13 to develop a joint response to San Diego's/Padre Dam's letter of February 5, 2013. A copy of the attorney group's letter is included with these minutes as Attachment B.

**11. Review of Items to be brought forward to the next Metro Commission/Metro JPA Meeting April 4, 2013.**

It was the consensus of the Metro TAC members that an April Metro Commission/JPA meeting was not required. Item's 3 and 4 will be moved forward to the Metro Finance Committee for their March 27, 2013 meeting. Dennis Davies will attend the Finance Committee meeting representing Metro TAC.

**12. Other Business of Metro TAC.**

There was no other business of Metro TAC.

**13. Adjournment (To the next Regular Meeting, April 17, 2013)**