# Attachment C

Metro Wastewater JPA Finance Committee
May 23, 2012
Approved Minutes

Meeting called to order: 7:35 a.m. at Atkins North America Office, 3570 Carmel Mountain Rd., Suite 300, San Diego, CA 92130 by Committee Chairman Ovrom.

1. **Roll Call**

**Attendees:**

Al Ovrom, Committee Chairman, Metro Wastewater JPA Finance Committee
Merrilee Boyack, Vice Committee Chairperson, Metro Wastewater JPA Finance Committee
Ernie Ewin, Chairman, Metro Commission/JPA
Louis Natividad, Committee Member
Ed Spriggs, Committee Member

**Support Staff:**

Karen Jassoy, Treasurer
Greg Humora, Metro TAC Chairman
Karyn Keese, Atkins
Jennifer Duffy, Atkins
Paula de Sousa, BBK

**City of San Diego Staff:**

None

**General Public:**

None

2. **Public Comment**

There was no public comment.

3. **Approval of Minutes from the November 30, 2011 Finance Committee Meeting**

Upon motion by Committee Member Natividad, seconded by Committee Member Spriggs the November 30, 2011 Regular Meeting Minutes were approved unanimously.

4. **Status of Fieldman Rolapp Open Contract**

Paula de Sousa reviewed the status of the Fieldman Rolapp (FRA) contract with the Committee. The JPA hired Fieldman Rolapp in 2006 to advise the participating agencies (PAs) on their options for financing the PA's share of Metro's capital projects due to San Diego's inability to access the municipal debt market due to pension issues.

Fieldman Rolapp has served the JPA well but with San Diego's renewed ability to issue debt as needed on behalf of themselves and the PAs for capital projects FRA's services are no longer needed. The contract with FRA is an open contract and even though the last time the JPA used their services was 2009 FRA is still required to file an annual Statement of Economic Interests (Form 700). FRA has requested that if the JPA does not require their services that they be released from the contract.

Upon motion by Vice Chair Boyack, seconded by Committee Member Spriggs the Committee recommended this item be moved forward to the Metro Commission/JPA for approval.

5. **JPA 2012 Year End Projections**

Treasurer Jassoy reviewed the year-end projections with the Finance Committee members. Projections as of March 2012 show that the Metro JPA budget will come in $22,881 under budget. Under this item the proposed JPA FYE 2013 budget was reviewed as well. Treasurer Jassoy presented the FYE 2013 budget with and without the $10,000 contingency. The draft budget includes coverage of the JPA required operating reserve (4 months of operating expenses) plus will show a surplus of $18,720.

Paula de Sousa discussed that due to the laws regarding financial reporting for JPAs and public perception of transparency in government that the JPA should look to having formal audits of their financial statements. While the law currently appears to permit the JPA's treasurer to conduct the JPA audit, from an appearance standpoint it makes more practical sense to have an outside person/ entity conduct the audit. Treasurer Jassoy commented that she is looking into whether the JPA could do a two year audit and thus save money.

Discussion continued regarding whether to recommend the budget with or without the $10,000 contingency. Metro TAC Chairman Humora reported that the Metro TAC had approved the FYE 2013 budget with the contingency to cover the potential cost of the audit. Finance committee members concurred but recommended that the contingency should be lowered to $5,000 and that the audit should be formally budgeted at $5,000.

Upon motion by Vice Chair Boyack, seconded by Committee member Natividad the Committee approved the FYE 2013 JPA budget as amended and recommended this item be moved forward to the Metro Commission/JPA for review and approval.

6. **Atkins 2013 Contract**

Karyn Keese reviewed the hours and dollars proposed for the Atkins 2013 contract. The hours have increased to include engineering as-needed services this next year in support of Metro TAC activities, especially implementation steps for the Recycled Water Study. Major projects anticipated this next year are establishment of cost allocations for the capital facilities recommended by the Recycled Water Study, City of San Diego's wastewater and recycled water rate cases, review of updated transportations rates prepared by PUD staff, and resolution of recycled water revenue issues.

Upon motion by Vice Chair Boyack, seconded by Chairman Ovrom the Committee approved the FYE 2013 Atkins contract and recommended this item be moved forward to the Metro Commission/JPA for review and approval.

7. **Treasurers 2013 Contract**

Karen Jassoy reviewed the Treasurer's contract. There are no changes to the dollar amounts or scope of services. Paula de Sousa reported that that Metro TAC had inquired as to the number of times the underlying contract could be amended, and in response explained that the underlying contract could be amended in perpetuity so long as both parties agreed, however, it would be appropriate and practical for a new contract to be entered into starting with the 2013-2014 fiscal year, It was suggested that the new contract would be for a term of two-years.

Upon motion by Vice Chair Boyack, seconded by Chairman Ovrom the Committee approved the FYE 2013 Treasurers contract and recommended this item be moved forward to the Metro Commission/JPA for review and approval.

8. **Webmaster 2013 Contract**

Paula de Sousa reviewed the Webmaster's contract. The Webmaster is requesting an increase of $5 per month. Metro TAC Chairman Humora reviewed the Metro TAC's discussion of using the website more to upload agenda packages as packets are growing in size that cannot be easily emailed. The Finance Committee will look at this over the next year to determine if a change in agenda notifications is needed.

Upon motion by Vice Chair Boyack, seconded by Committee Member Natividad the Committee approved the FYE 2013 Webmaster contract and recommended this item be moved forward to the Metro Commission/JPA for review and approval.

9. **JPA 2013 Draft Budget**

This item was discussed and covered under Item 5 of this agenda.

10. **Exhibit E Audit Update**

Karyn Keese reported that the sample review has been completed for 2010 and that out of the 400 O&M samples there was $900,000 in findings from 32 samples or an 8% error rate. The two largest were $526,000 for SAP support that was charged 100% to Metro and $138,000 for MOC 2

electricity. Ms. Keese discussed Metro TACs review of this item and that several members had expressed concern at the high error rate of the audit. Metro TAC Humora discussed that this is close to a normal audit error rate for Metro and that this was a year that San Diego had implemented new accounting software, SAP and that the error rate had remained about normal for this audit in a transition year where we were expecting a higher error rate. The consensus of the Committee was that this item should be moved forward to the Metro Commission/JPA as an informational item.

**11. Request to San Diego to Complete Exhibit E Audit with CAFR**

At their May 2012 meeting Metro TAC had referred their request to the Finance Committee that the Metro Commission/JPA should formally request that the Exhibit E audit should be completed with San Diego's CAFR as it had been done in the past. The Committee discussed this and deferred this issue until after the 2011 Exhibit Audit is complete to see if this is a realistic request.

**12. Review of Items to be Brought Forward to the Metro Commission/JPA**

The Committee recommended that Items 4 through 10 be moved forward to the June 2012 Metro Commission/JPA agenda.

**13. Other Business of the JPA**

The meeting location for the Finance Committee was discussed. No determination was made.

**14. Adjournment**

The meeting was adjourned at 8:50 a.m.