



METRO TAC AGENDA
(Technical Advisory Committee to Metro JPA)

TO: Metro TAC Representatives and Metro Commissioners

DATE: Wednesday, January 16, 2013

TIME: 11:00 p.m. to 1:30 p.m.

LOCATION: MWWD, 9192 Topaz Way, (MOC II Auditorium) – Lunch will be provided

****PLEASE DISTRIBUTE THIS NOTICE TO METRO COMMISSIONERS AND METRO TAC REPRESENTATIVES****

1. Review and Approve MetroTAC Action Minutes for the Meetings of [November 21, 2012](#) (**Attachment**)
2. Metro Commission/JPA Board Meeting Recap (Standing Item)
3. Financial Update (Karyn Keese)
4. **Presentation:** Inflows and Infiltrations Analysis. (Margaret Llagas and Edson Bando)
5. Metro Wastewater Update (Standing Item)
6. Metro Capital Improvement Program and Funding Sources (Standing Item)
7. Recycled Water Expenses (Lee Ann Jones-Santos)
8. Metro Member Agencies Wastewater Rate Case (Rita Bell) (**Attachment**)
9. MetroTAC Work Plan (Standing Item) (**Attachment**)
10. Padre Dam Mass Balance Correction (Standing Item)
11. Review of Items to be Brought Forward to the next Metro Commission/Metro JPA Meeting **February 7, 2013.**
12. Other Business of Metro TAC
13. Adjournment ([To the next Regular Meeting, February 20, 2013](#))

Metro TAC 2013 Meeting Schedule

January 16	May 15	September 18
February 20	June 19	October 16
March 20	July 17	November 20
April 17	August 21	December 18

AGENDA ITEM 1

Attachment

Metro TAC
(Technical Advisory Committee to Metro JPA)

ACTION MINUTES

DATE OF MEETING: November 21, 2012

TIME: 11:00 AM

LOCATION: MWWD, MOC II, Auditorium

MEETING ATTENDANCE:

Greg Humora, La Mesa
Al Lau, Padre Dam MWD
Dennis Davies, El Cajon
Kristen Crane, Poway
Rita Bell, Otay WD
Dan Brogadir, County of San Diego
Roberto Yano, Chula Vista
Edgar Patino, City of San Diego
Peggy Merino, City of San Diego
Ann Sasaki, City of San Diego

Lee Ann Jones-Santos, City of San Diego
Pam Galan, City of San Diego
KC Shankles, City of San Diego
Cheryl Lester, City of San Diego
Jeanne Cole, City of San Diego
Pete Wong, City of San Diego
Monica Smoczynski, City of San Diego
Karyn Keese, Atkins
Sophie Akins, BBK
Dean Gipson, HDR

1. Review and Approve MetroTAC Action Minutes for the Meetings of October 17, 2012

On a motion by Dennis Davies and seconded by Roberto Yano the minutes passed unanimously.

2. Metro Commission/JPA Board Meeting Recap

Chair Humora summarized the following items from the Metro Commission Meeting.

- San Diego County Water Authority made a brief Power Point presentation on the Carlsbad Water Desalination Plant project and the proposed water purchase agreement.
- Metro TAC recommended to the Commission that at this point in time no action was needed by the JPA in taking a position favoring indirect potable use over desal as requested by the Coastkeeper organization. At some point in time that may be an option but right now there is no indirect potable use project to compare it to. The Metro Commission/JPA agreed with the Metro TAC recommendation and did not approve the policy position as requested by Coastkeeper.
- Alfred Baggett, City of San Diego IT Manager provided a brief live presentation on the features of the new CIP web page which was launched in May. Chair Humora reminded Lee Ann Jones-Santos, Deputy Director for Finance for Public Utilities, that the JPA would like to be listed on the website as a funding source.

3. Financial Update

Karyn Keese reviewed a summary of the 2009 Exhibit E closeout (Attachment A to these minutes) and answered questions regarding the detailed backup for 2009 and the summary. It was determined that the 2009 Exhibit E closeout would require Finance Committee and Metro Commission/JPA approval because the numbers have changed due to the Padre Dam adjustment. These meetings most likely will be after the first of the year. Ms. Keese will be sending out the 2010 detail to all Metro TAC members and will review at the December 2012 Metro TAC meeting.

4. Update on PA-T and DGR SDG&E Rates

Sophie Akins, from BBK, gave a presentation to the Metro TAC on the status of San Diego Gas &

Electric's general rate case. She provided a handout (Attachment B to these minutes) that covered the time line for the proceedings, the settlement agreement involving the PA-T and DG-R issues, and the next steps. Chair Humora will give an update to the Metro Commission/JPA under his report to the Commission at their next meeting.

5. **ACTION: Consideration and possible action to approve As-Needed Wastewater Facility Condition Assessment Services Contract.**

Pete Wong summarized the staff report. The Engineering and Program Management Division of the PUD has the need for professional engineering services on an as-needed basis to provide condition assessment of major interceptors and pump stations. PUD staff went through the RFP process with Roberto Yano representing Metro TAC and is recommending a three year contract with a not to exceed amount of \$5 million with possible renewal. Approximately 70% will be Metro facilities. PUD staff anticipates taking the contract to San Diego City Council in February 2013. On a motion by Chair Humora and seconded by Dennis Davies the Metro TAC unanimously approved moving this contract to the Metro Commission/JPA at their next meeting for their review and potential approval.

6. **ACTION: Consideration and possible action to approve Purchase of Ferrous Chloride and Hydrogen Peroxide, Supplies and Services for Peroxide Regenerated Iron – Sulfide Control (PRI-SC/PRI-CEPT)**

Cheryl Lester, new Deputy Director of Wastewater Treatment & Disposal, PUD reviewed the staff report and attachments (included as Attachment C to these minutes). This contract would authorize U.S. Peroxide to provide technical expertise, mechanical equipment, chemical feeds, and the sensors necessary to complete the system-wide installation of the Peroxide Program. Following full implementation of the process, the Department will have a system-wide, optimized process for sulfide control. This contract will be 100% Metro. Chair Humora suggested that the Metro Commission/JPA packet should be slimmed down to only include the staff report and the summary table. In addition it should be highlighted to the Commission that the reason that this is a sole source contract is that the Program is a patented process technology and that this is a service contract as well as the purchase of chemicals. Upon motion by Chair Humora and seconded by Roberto Yano the Metro TAC unanimously approved moving this contract to the Metro Commission/JPA at their next meeting for their review and potential approval.

7. **Recycled Water Expenses**

Edgar Patino and Lee Ann Jones-Santos reviewed the water department's operating expenses that they are requesting reimbursement for from the SBWRP recycled revenue (Attachment D to these minutes). These are operating expenses only and do not include CIP. Recycled Water Operations expenses include in house work such as laboratory analysis and system optimization. These expenses are audited by CWA. South Bay's portion is 3.78% based on a ratio of system miles outside the fence to North City. Recycled Water Program expenses include long range planning, marketing, cross connection, etc. Discussion centered on whether the 10% attributable to South Bay is appropriate and whether the operations expenses should be allocated on miles of pipe. The 10% is based on historical trends. Lee Ann will get further detail from water operations and bring back to the next Metro TAC meeting.

8. **Metro Wastewater Update**

Ann Sasaki handed out the most recent PUD organization chart (included as Attachment E to these minutes). She also discussed the sampling contract with Brown & Caldwell. Additional samples were taken in late October. It is anticipated that a draft report will be available in January. It will first be reviewed by the Metro TAC Sub-Committee (Dan Brogadir, Al Lau, and Bob Kennedy) and then to the full Metro TAC in early 2013.

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

It was discussed that Metro TAC wants to be more involved in the PUD CIP process and receive the same presentations that are being prepared for the NRC and IROC. A copy of the Metro Portion of the most recent IROC presentation was distributed (Attachment F to these minutes) The next quarterly report to IROC will be in February 2013 and PUD staff will present the Metro portion of this update to Metro TAC concurrently.

10. Review of Coastal Commission Letter Regarding the Recycled Water Study

Chair Humora reviewed that this letter was presented to the Metro Commission/JPA at their November meeting. Metro Commission/JPA Chair Ewin requested MetroTAC track the implementation steps requested in the letter and bring it back for action when necessary. Chair Humora stated that if policy decisions are going to be made by the City of San Diego on any level the PAs want to be included in the decision making process. He also suggested San Diego pursue permanent legislative change.

11. Metro Member Agencies Wastewater Rate Cases

Chair Humora discussed that this item was placed on the agenda because of a request from Lemon Grove for this information from each PA recently and the fact that updated rate information is use to PAs. Karyn Keese handed out a draft matrix of information to be provided by each agency regarding their rate cases so that a survey could be prepared for all to use. Rita Bell from Otay stated that she performs this each year and would provide the spreadsheet at the next Metro TAC meeting.

12. ACTION: Consideration and possible action to approve the Meeting Calendar for 2013

Upon motion by Dennis Davies, seconded by Chair Humora the 2013 Metro TAC meeting schedule was approved unanimously.

13. MetroTAC Work Plan (Standing Item)

Chair Humora requested an update to the work plan to track the upcoming waiver process. The waiver is due no later than 7/30/15. However, the application needs to be submitted six months prior to the July date (2/1/15). Preparation of the waiver will begin in the early part of FYE 2014.

14. Padre Dam Mass Balance Correction (Standing Item)

The PAs attorneys are still meeting.

15. Municipal Transportation Agreements (Standing Item)

PUD staff had nothing to report.

16. Review of Items to be Brought Forward to the next Metro Commission/Metro JPA Meeting December 6, 2012. 5&6 to Commission

None of the actions items on this Metro TAC agenda are time sensitive. Therefore there will not be a December Metro Commission/JPA meeting. Items to be brought forward to the January Metro Commission/JPA meeting are No. 5 and 6. Other items will be reported by Chair Humora under his Metro TAC update to the Commission.

17. Other Business of Metro TAC

Chair Humora reported on the City of San Diego Water Task Force Meetings. The meetings have been informational to date and no recommendations have been made. Lee Ann Jones-Santos will provide the computer link to San Diego's web page for the Task Force information.

18. Adjournment (To the next Regular Meeting, December 19, 2012)

ATTACHMENT A

FISCAL YEAR 2009 CLOSEOUT & TRUEUP SUMMARY

AGENCY	BUDGET TOTAL PAID FOR FY 2009	AUDIT W/O ADJUSTMENT	DIFFERENCE	AUDIT W/ PADRE DAM ADJUSTMENT	DIFFERENCE	PADRE DAM IMPACT	SHOWN AS A PERCENTAGE OF TOTAL		
							BUDGET	AUDIT W/O ADJUSTMENT DAM	AUDIT W/ PADRE ADJUSTMENT
CHULA VISTA	\$ 16,418,852	\$ 16,892,197	\$ 473,345	\$ 17,002,401	\$ 583,549	\$ 110,204	9.712%	9.929%	9.993%
CORONADO	\$ 1,933,484	\$ 1,655,508	\$ (277,976)	\$ 1,664,493	\$ (268,991)	\$ 8,985	1.144%	0.973%	0.978%
DEL MAR	\$ 646,076	\$ 609,777	\$ (36,299)	\$ 614,261	\$ (31,815)	\$ 4,484	0.382%	0.358%	0.361%
EAST OTAY MESA	\$ 5,380	\$ 4,213	\$ (1,167)	\$ 4,214	\$ (1,166)	\$ 1	0.003%	0.002%	0.002%
EL CAJON	\$ 7,387,872	\$ 6,974,917	\$ (412,955)	\$ 7,014,996	\$ (372,876)	\$ 40,079	4.370%	4.100%	4.123%
IMPERIAL BEACH	\$ 1,939,344	\$ 2,196,070	\$ 256,726	\$ 2,210,265	\$ 270,921	\$ 14,195	1.147%	1.291%	1.299%
LA MESA	\$ 4,433,748	\$ 4,600,824	\$ 167,076	\$ 4,627,792	\$ 194,044	\$ 26,968	2.623%	2.704%	2.720%
LAKESIDE/ALPINE	\$ 2,783,612	\$ 2,817,978	\$ 34,366	\$ 2,834,804	\$ 51,192	\$ 16,826	1.646%	1.656%	1.666%
LEMON GROVE	\$ 1,945,616	\$ 2,017,459	\$ 71,843	\$ 2,029,516	\$ 83,900	\$ 12,057	1.151%	1.186%	1.193%
NATIONAL CITY	\$ 4,492,652	\$ 4,028,754	\$ (463,898)	\$ 4,053,645	\$ (439,007)	\$ 24,891	2.657%	2.368%	2.383%
OTAY	\$ 1,043,540	\$ 859,136	\$ (184,404)	\$ 867,849	\$ (175,691)	\$ 8,713	0.617%	0.505%	0.510%
PADRE DAM	\$ 5,410,652	\$ 3,897,704	\$ (1,512,948)	\$ 2,806,399	\$ (2,604,253)	\$ (1,091,305)	3.200%	2.291%	1.649%
POWAY	\$ 2,686,544	\$ 3,220,414	\$ 533,870	\$ 3,240,367	\$ 553,823	\$ 19,953	1.589%	1.893%	1.905%
SPRING VALLEY	\$ 5,402,040	\$ 6,409,979	\$ 1,007,939	\$ 6,451,520	\$ 1,049,480	\$ 41,541	3.195%	3.768%	3.792%
WINTERGARDENS	\$ 720,548	\$ 813,981	\$ 93,433	\$ 818,429	\$ 97,881	\$ 4,448	0.426%	0.478%	0.481%
SUBTOTAL PARTICIPATING AGENCIES	\$ 57,249,960	\$ 56,998,911	\$ (251,049)	\$ 56,240,951	\$ (1,009,009)	\$ (757,960)	33.863%	33.502%	33.056%
SAN DIEGO	\$ 111,815,045	\$ 113,139,402	\$ 1,324,357	\$ 113,897,362	\$ 2,082,317	\$ 757,960	66.137%	66.498%	66.944%
TOTAL	\$ 169,065,005	\$ 170,138,313	\$ 1,073,308	\$ 170,138,313	\$ 1,073,308	\$ -			

TABLE C Budget Versus Actual

CITY OF SAN DIEGO - METROPOLITAN WASTEWATER DEPARTMENT
SYSTEM WASTEWATER CHARACTERISTICS - FISCAL YEAR 2009
SYSTEM STRENGTH LOADINGS INCLUDED

AGENCY	WASTEWATER CHARACTERISTICS						UNADJUSTED ANNUAL USE					
	AUDIT AVERAGE FLOW - mgd (a)	BUDGET	AUDIT SS mg/l (b)	BUDGET	AUDIT COD mg/l (b)	BUDGET	AUDIT 2009 FLOWS million gallons	BUDGET 2009 FLOWS million gallons	AUDIT SS thousand pounds	BUDGET SS thousand pounds	AUDIT COD thousand pounds	BUDGET COD thousand pounds
CHULA VISTA	16.543	17.894	207	205	623	616	6,038,093	6,531,263	10,409	11,189	31,389	33,583
CORONADO	1.863	2.400	146	150	484	481	679,902	876,000	829	1,097	2,745	3,513
DEL MAR	0.566	0.681	262	243	589	583	206,555	248,565	451	505	1,014	1,208
EAST OTAY MESA	0.008	0.006	5	199	23	541	2,927	2,225	0.118	4	0.558	10,000
EL CAJON	7.653	8.850	163	167	488	506	2,793,241	3,230,250	3,789	4,515	11,380	13,652
IMPERIAL BEACH	2.246	2.250	203	184	526	529	819,864	821,250	1,387	1,261	3,600	3,627
LA MESA	5.035	5.369	169	170	474	475	1,837,782	1,959,685	2,591	2,776	7,266	7,760
LAKESIDE/ALPINE	3.067	3.350	175	179	468	460	1,119,325	1,222,750	1,634	1,825	4,367	4,692
LEMON GROVE	2.137	2.296	175	175	533	519	779,842	838,040	1,136	1,221	3,465	3,630
NATIONAL CITY	4.094	5.238	186	189	597	608	1,494,490	1,911,870	2,314	3,011	7,443	9,705
OTAY	0.571	0.360	543	1,478	764	2,080	208,350	131,400	944	1,621	1,328	2,281
PADRE DAM	2.499	3.500	548	560	885	1,236	912,055	1,277,500	4,169	5,965	6,733	13,180
POWAY	3.435	3.324	187	164	475	443	1,253,606	1,213,260	1,959	1,663	4,969	4,487
SPRING VALLEY	6.574	6.700	204	156	516	464	2,399,419	2,445,500	4,079	3,182	10,340	9,470
WINTERGARDENS	0.924	0.940	149	143	455	396	337,377	343,100	419	409	1,282	1,133
SUBTOTAL PARTICIPATING AGENCIES	57,213	63,158	207	209	558	582	20,882,829	23,052,658	36,109	40,244	97,323	111,931
SAN DIEGO	108,496	118,000	218	222	641	642	39,601,153	43,070,000	72,007	79,725	211,890	230,869
REGIONAL RETURNS & CENTRATE	18,630	20,842	157	588	111	(1,323)	6,799,950	7,607,342	8,882	37,346	6,287	(84,015)
FLOW DIFFERENCE	3,070						1,120,719		40,166		(10,957)	
TOTAL	187,410	202,000	275	256	534	421	68,404,650	73,730,000	157,164	157,315	304,543	258,785

(a) Flows based on metered, housecounts and inter-agency flow, adjustment to City of San Diego flow for centrate from MBC to Point Loma reduction of 1,204 * 365 days

(b) SS and COD characteristics based on samples taken by MWWD's Environmental Monitoring and Technical Services Division through June 30, 2009 - proportionate share of return flow loadings calculated in the "ADJUSTED ANNUAL USE" BOX

expressed in percents:

AGENCY	FLOW AUDIT	BUDGET	SUSPENDED AUDIT	SOLIDS BUDGET	OXYGEN AUDIT	DEMAND BUDGET
CHULA VISTA/MONTGOMERY	9.98%	9.88%	9.63%	9.33%	10.15%	9.80%
CORONADO	1.12%	1.32%	0.77%	0.91%	0.89%	1.02%
DEL MAR	0.34%	0.38%	0.42%	0.42%	0.33%	0.35%
EAST OTAY MESA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
EL CAJON	4.62%	4.89%	3.50%	3.76%	3.68%	3.98%
IMPERIAL BEACH	1.36%	1.24%	1.28%	1.05%	1.16%	1.06%
LA MESA	3.04%	2.86%	2.40%	2.31%	2.35%	2.26%
LAKESIDE/ALPINE	1.85%	1.85%	1.51%	1.52%	1.41%	1.37%
LEMON GROVE	1.29%	1.27%	1.05%	1.02%	1.12%	1.06%
NATIONAL CITY	2.47%	2.89%	2.14%	2.51%	2.41%	2.83%
OTAY	0.34%	0.20%	0.87%	1.35%	0.43%	0.67%
PADRE DAM	1.51%	1.83%	3.86%	4.97%	2.18%	3.84%
POWAY	2.07%	1.83%	1.81%	1.39%	1.61%	1.31%
SPRING VALLEY	3.97%	3.70%	3.77%	2.65%	3.34%	2.76%
WINTERGARDENS	0.56%	0.52%	0.39%	0.34%	0.41%	0.35%
SUBTOTAL PARTICIPATING AGENCIES	34.53%	34.86%	33.40%	33.55%	31.47%	32.65%
SAN DIEGO	65.47%	65.14%	66.60%	66.45%	68.53%	67.35%
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
PA AVERAGE	33.56%					

ATTACHMENT B



Memorandum

To: Metro Wastewater JPA – Technical Advisory Committee
From: Sophie A. Akins
BEST BEST & KRIEGER LLP
Date: November 21, 2012
Re: Status of San Diego Gas & Electric General Rate Case – App. No. A.11-10-002

I. Timeline for Proceeding

The San Diego Gas & Electric General Rate Case (A.11.10.002) proceeding is relatively advanced, and the timeline for the proceeding is as follows:

- February 17, 2012 – SDG&E served its revised direct testimony
- June 12, 2012 – All parties served written testimony in response to SDG&E's revised direct testimony
- July 17, 2012 – All parties served rebuttal testimony
- October 5, 2012 – Settling parties filed a motion to approve partial settlement regarding certain issues, including treatment of Rate Schedule PA-T-1
- October 9, 2012 – Coalition cross-examined SDG&E policy and rate design witnesses
- October 19, 2012 – Settling parties filed a motion to approve partial settlement agreement regarding certain issues, including Rate Schedule DG-R
- October 22-23, 2012 – Evidentiary hearings on two partial settlements
- November 16, 2012 – Opening Briefs filed and served
- December 14, 2012 – Reply briefs to be filed and served
- March 2013 – Proposed Decision to be released
- April 2013 – Final Commission Decision to be rendered

II. Coalition's Position on Partial Settlement Agreements

A. Settlement agreement involving PA-T-1¹ issues

The coalition supports the partial settlement affecting PA-T-1 issues, as do all other parties to the proceeding. Under the terms of the partial settlement, all accounts currently on Rate Schedule PA-T-1 will be moved to Rate Schedule AG (Agricultural), which modifies distribution, commodity and the competition transition charges ("CTC"), as discussed below.

With regard to the move of PA-T-1 rate schedule to the AG class, the distribution revenue allocation (the factor allocation of distribution base margin to customer classes before non-margin revenues) will be moved from 31.6% for M/L C&I to 1.3% for Agricultural. Same with regard to the commodity revenue allocation and CTC revenue allocation, which factors for the PA-T-1 rate schedule will change from 44.4% to 1.5% and 53.3% to 1.0%, respectively. Basically what this means, is that SDG&E is proposing shifting the PA-T-1 rate schedule to Agricultural schedule, from which Agricultural group provides a smaller percentage of each revenue allocation overall with regard to the other customer classes. This partial settlement was constrained in large part due to the Phase 1 determination with regard to SDG&E's revenue requirements.

Practically, this will mean that many PA-T-1 customers will see their rates increase 18% over two years versus the originally proposed 49% increase. Our analysis shows that some of our coalition members will save hundreds of thousands of dollars as a result of this schedule shift.

Since this partial settlement is unopposed, it is likely that the partial settlement will be approved and adopted in the final decision.

B. Settlement agreement involving DG-R² issues

The coalition opposes the partial settlement involving DG-R issues. Under the proposed settlement, SDG&E proposes making an one-time credit of \$0.165 per Watt incentive payment to every meter currently on the DG-R that is supposed to mitigate the movement of present DG-R customers to the new rate design. The actual incentive will offset all components of a bill, and will rollover until the entire credit is exhausted.

Example:

System Capacity: 1,000,000 Watts (1 mW)

¹ "PA-T-1" refers to, "EXPERIMENTAL POWER - AGRICULTURAL - OPTIONAL TIME-OF-USE."

² "DG-R" refers to "DISTRIBUTED GENERATION- RENEWABLE."



BEST BEST & KRIEGER
ATTORNEYS AT LAW

System Age: 2 Years

Incentive = 1,000,000 Watts x (1 - (2 Years / 25 Years)) x \$0.165/Watt = \$151,800

We have determined that the incentive is equivalent to about four years of continued service under the existing DG-R rate design agreed to by settlement in the last SDG&E GRC. In some instances it is a bit more, in some cases a bit less, depending on the particulars of a system and demand load offset.

The incentive will be available to customers currently on DG-R (at the time of this filing) and new solar customers with confirmed California Solar Initiative ("CSI") reservations as of January 1, 2013, that receive service on Schedule DG-R upon project completion with an in-service date no later than December 31, 2013.³

The proposed settlement maintains the current rate design for distribution costs (60% non-coincident demand charges ("NCDC"), 40% peak demand charge) until the Federal Energy Regulatory Commission ("FERC") rates are changed. Then 100% of distribution costs will be in the NCDC. Assuming that it takes 18 months for the FERC rate change to happen, over this 3-year rate case cycle an average of 80% of distribution costs will be allocated to the NCDC.

Under the terms of the partial settlement, existing DG-R customers will sustain bill increases of approximately 65 percent, on average. These increases are in line with the proposed bill increases associated with SDG&E's original proposal. The coalition members opposed the original proposal on the basis that the increases render the solar installations non-economic. As described above, the DG-R settlement contains a one-time bill credit, based upon the age and size of the solar system, to mitigate rate-shock associated with the bill increases. The settling parties believe that this is sufficient protection to financially hold harmless existing DG-R customers until the next general rate case. The coalition members believe that the costs associated with the settlement agreement and the one-time payment are comparable to the costs associated with allowing existing DG-R customers to continue on existing Rate Schedule DG-R. Therefore, the coalition has asked, in its briefing, the Commission to leave Rate Schedule DG-R undisturbed.

Since the settlement is opposed, the Commission may either adopt the settlement agreement or the coalition's position. It is also possible, although unlikely, that the Commission could adopt a separate alternative for DG-R. If Rate Schedule DG-R is left undisturbed, existing DG-R customers will receive the benefit of their bargain on their solar installations. If, however, the Commission approves the settlement agreement, it is likely that the coalition members will be financially protected by the bill credit through the next rate case, but at some point thereafter, their projects will become non-economic.

³ Public School customers (defined as grades k-12) with new solar systems and conditional CSI reservations as of January 1, 2013, and confirmed reservations as of March 1, 2013 that receive service on Schedule DG-R upon project completion with an in service date no later than December 31, 2013, will also be eligible for the incentive.



III. Next Steps

The coalition will prepare reply briefs supporting its position on Rate Schedule DG-R. It will also continue to coordinate with other solar interests. After the proposed decision is issued, the coalition will evaluate the decision and revise its legal strategy, as required.

Given that the Governor has indicated that 2013 will be the year for addressing rate design Statewide, we expect future laws and policies to further/better guide rate design in the next rate case.

ATTACHMENT C

METRO JPA/TAC Staff Report

Subject Title: Extension of the contract with U.S. Peroxide, LLC for the Peroxide Regenerated Iron – Sulfide Control Programs (PRI-SC™/PRI-CEPT™) which includes Chemicals (Ferrous Chloride and Hydrogen Peroxide), Supplies, and Technical Services.

Requested Action: The Wastewater Treatment and Disposal (WWTD) Division requests approval to award a contract to US Peroxide for the purchase of Peroxide Regenerated Iron – Sulfide Control Programs (PRI-SC™/PRI-CEPT™) which includes Chemicals (Ferrous Chloride and Hydrogen Peroxide), Supplies, and Technical Services.

In 2006, a demonstration study verified that the Peroxide Regenerated Iron - Sulfide Control (PRI-SC™) program and the Peroxide Regenerated Iron for Chemically Enhanced Primary Treatment (PRI-CEPT™) program optimized the use of iron salts (specifically ferrous chloride, FeCl_2 , or ferric chloride, FeCl_3) in the wastewater treatment process. The Programs optimize the use of iron salts for sulfide control (i.e. odor control) via upstream FeCl_2 and hydrogen peroxide (H_2O_2) addition to regenerate iron ions which have reacted with odorant hydrogen sulfide (H_2S) molecules. The regenerated iron ions may then react with more H_2S , thus reducing the amount of FeCl_3 ultimately added to the system at the Point Loma Wastewater Treatment Plant (PLWTP).

The reduction in the use of FeCl_3 has financial benefits (approximately \$1.2 million per year in net reduced chemical costs) and environmental benefits (less iron in the effluent water which yields a more efficient disinfection process). The current program adds FeCl_2 at Pump Station 1, H_2O_2 at Pump Station 2, and H_2O_2 at the influent to the Point Loma Wastewater Treatment Plant (PLWTP). The financial savings are realized by elimination of FeCl_3 addition at Pump Station 2 and a reduction of FeCl_3 used at the PLWTP.

After the successful pilot demonstration, the use of the PRI-SC™/PRI-CEPT™ Programs became a permanent part of the PLWTP process. The Department then introduced these Programs to other wastewater treatment plants, specifically the North City Water Reclamation Plant and its feeder facilities.

This action will authorize U.S. Peroxide to provide technical expertise, mechanical equipment, chemical feeds, and the sensors necessary to complete the system-wide installation of these Programs and to monitor and optimize the chemicals used. Following full implementation of the process, the Department will have a system-wide, optimized process for sulfide control.

The PRI-SC™/PRI-CEPT™ Programs are patented process technologies. Therefore, the Department obtained the Sole Source approval, Case Number 2720, to procure the necessary chemicals, equipment and technical services from U.S. Peroxide.

Recommendations:

Metro TAC:	Submitted for consideration on November 21, 2012
IROC:	N/A- This contract is included in the approved Metro operating budget and does not require IROC review.
Prior Actions: (Committee/Commission, Date, Result)	Submitted for consideration by the Natural Resources and Culture Committee on January 30, 2013; tentatively scheduled for consideration by the full Council on February 12, 2013.

Fiscal Impact: Estimated Fiscal impact for JPA at 35%:

Fiscal Year	Metro = 65%	Muni = 0%	JPA Impact = 35%	Total Request
FY 2013	\$ 3,157,700	\$0.00	\$ 1,700,300	\$ 4,858,000
FY 2014 thru FY 2017	\$15,891,873	\$0.00	\$ 8,557,162	\$24,449,035
TOTAL	\$19,049,573	\$0.00	\$10,267,462	\$29,307,035

Is this projected budgeted? Yes ☒ No ☐

Cost breakdown between
Metro & Muni: 98.3% Metro

Financial impact of this
issue on the Metro JPA: \$10,267,462 over five fiscal years (FY 2013, FY 2014, FY 2015,
FY 2016, FY 2017)

Capital Improvement Program: N/A

New Project? Yes ☐ No ☐

Existing Project? Yes ☐ No ☐ upgrade/addition ☐ change ☐

Comments/Analysis:

Previous TAC/JPA Action: None.

Additional/Future Action: Pending Metro TAC approval on November 21, 2012 and Metro Commission on January 3, 2013.

City Council Action: To be considered by the NR&C Committee on January 30, 2013; tentatively scheduled for consideration by the full Council in February 5, 2013.

ATTACHMENT D

**SOUTH BAY WATER RECLAMATION PLANT (SBWRP)
PARTICIPATING AGENCY RECYCLED WATER CALCULATION - ALL YEARS**

Fiscal Year	SALES		OPERATING EXPENSES			REVENUE			TOTALS	
	Retail ⁽¹⁾	Wholesale ⁽²⁾	Recycled Water Operations ⁽³⁾	Recycled Water Program ⁽⁴⁾	Total Operating	Recycled Water Sales ⁽⁵⁾	CWA Incentives ⁽⁶⁾	Total Revenue	Annual Net Revenue	Cumulative Net Revenue
2002	-	-	\$ 6,447	\$ -	\$ 6,447	\$ -	\$ -	\$ -	\$ (6,447)	\$ (6,447)
2003	-	-	\$ 6,532	\$ -	\$ 6,532	\$ -	\$ -	\$ -	\$ (6,532)	\$ (12,979)
2004	-	-	\$ 7,419	\$ -	\$ 7,419	\$ -	\$ -	\$ -	\$ (7,419)	\$ (20,398)
2005	-	-	\$ 7,329	\$ -	\$ 7,329	\$ -	\$ -	\$ -	\$ (7,329)	\$ (27,727)
2006	-	-	\$ 1,747	\$ -	\$ 1,747	\$ -	\$ -	\$ -	\$ (1,747)	\$ (29,474)
2007	451.20	653.10	\$ 1,954	\$ 162,128	\$ 164,082	\$ 398,166	\$ 81,823	\$ 479,989	\$ 315,907	\$ 286,433
2008	640.30	3,595.20	\$ 1,794	\$ 151,531	\$ 153,326	\$ 1,508,031	\$ 128,060	\$ 1,636,091	\$ 1,482,765	\$ 1,769,198
2009	653.10	3,657.80	\$ 1,416	\$ 155,813	\$ 157,229	\$ 1,532,866	\$ 130,620	\$ 1,663,486	\$ 1,506,258	\$ 3,275,456
2010	634.20	2,913.00	\$ 2,442	\$ 156,418	\$ 158,860	\$ 1,262,239	\$ 126,840	\$ 1,389,079	\$ 1,230,219	\$ 4,505,676
2011	603.80	2,968.40	\$ 1,458	\$ 178,857	\$ 180,315	\$ 1,460,241	\$ 120,740	\$ 1,580,981	\$ 1,400,666	\$ 5,906,342
Totals:	2,982.60	13,787.50	\$ 38,537	\$ 804,747	\$ 843,284	\$ 6,161,543	\$ 588,083	\$ 6,749,626		

FY 2002 - FY 2009	CREDIT TO	34.53%	\$ 1,130,891
FY 2010	PA's ⁽⁷⁾	34.41%	\$ 423,351
FY 2011		34.84%	\$ 487,968
FY 2010 - FY 2012	INTEREST		\$ 23,021
RECYCLED WATER REVENUE DUE TO PAS			\$ 2,065,231

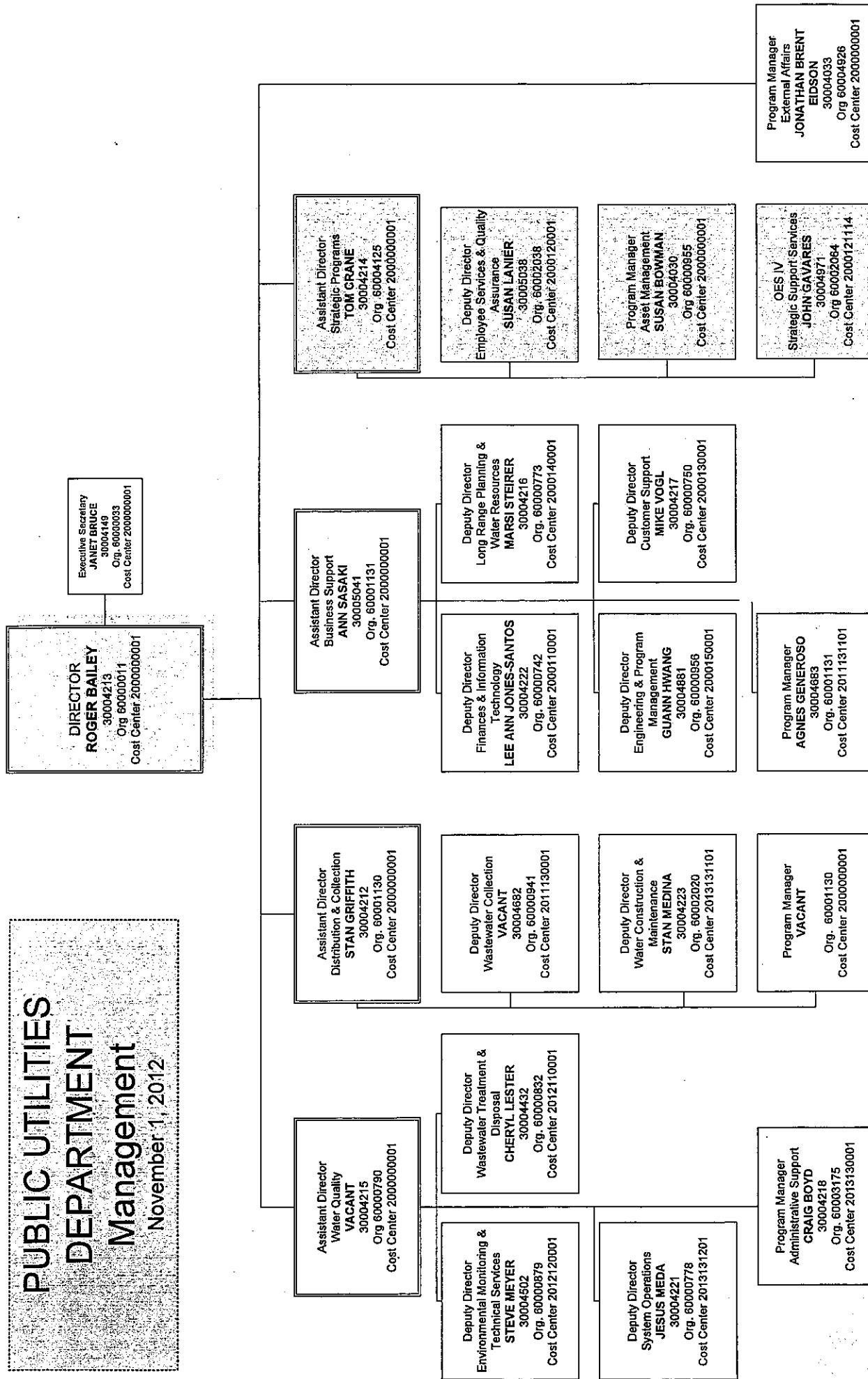
- Notes:**
- (1) Sales in Acre Feet (AF); Large retail customers include IBWC and Caltrans
 - (2) Sales in Acre Feet (AF); Wholesale customer is Otay Water District
 - (3) Recycled Water Operations expenses are based on 1.5 miles of South Bay distribution pipelines
 - (4) Recycled Water Program (LRP) expenses are allocated 10% SBWRP based on historical allocation
 - (5) Based on actual revenues, unadjusted for 85% of potable water rates as reported to CWA
 - (6) Incentive received as a credit on CWA water purchases invoice
 - (7) Percent share based PAs total share of the Metro System Expenses

Recycled Water Revenue Allocation
Based on Capacity in Metro System
Fiscal Years 2007-2011

AGENCY	FY 2009 Allocation Percentage	FY 2002 - FY 2009 Revenue	Interest	FY 2010 Allocation Percentage	FY 2010 Revenue	Interest	FY 2011 Allocation Percentage	FY 2011 Revenue	Interest	Recycled Water Revenue FY 2002 - FY 2011
CHULA VISTA	9.98%	\$ 326,988	\$ 2,151	9.94%	\$ 122,272	\$ 2,232	9.86%	\$ 138,093	\$ 2,222	\$ 593,958
CORONADO	1.12%	\$ 36,819	\$ 242	1.02%	\$ 12,581	\$ 230	0.99%	\$ 13,892	\$ 224	\$ 63,989
DEL MAR	0.34%	\$ 11,186	\$ 74	0.35%	\$ 4,272	\$ 78	0.34%	\$ 4,741	\$ 76	\$ 20,427
EAST OTAY MESA	0.005%	\$ 159	\$ 1	0.02%	\$ 281	\$ 5	0.02%	\$ 219	\$ 4	\$ 668
EL CAJON	4.62%	\$ 151,265	\$ 995	4.55%	\$ 55,992	\$ 1,022	4.61%	\$ 64,561	\$ 1,039	\$ 274,875
IMPERIAL BEACH	1.36%	\$ 44,399	\$ 292	1.39%	\$ 17,149	\$ 313	1.35%	\$ 18,917	\$ 304	\$ 81,374
LA MESA	3.04%	\$ 99,523	\$ 655	2.95%	\$ 36,353	\$ 664	3.02%	\$ 42,243	\$ 680	\$ 180,117
LAKESIDE/ALPINE	1.85%	\$ 60,616	\$ 399	1.83%	\$ 22,472	\$ 410	1.93%	\$ 27,070	\$ 436	\$ 111,403
LEMON GROVE	1.29%	\$ 42,232	\$ 278	1.32%	\$ 16,277	\$ 297	1.35%	\$ 18,917	\$ 304	\$ 78,305
NATIONAL CITY	2.47%	\$ 80,933	\$ 532	2.67%	\$ 32,874	\$ 600	2.65%	\$ 37,121	\$ 597	\$ 152,658
OTAY	0.34%	\$ 11,283	\$ 74	0.23%	\$ 2,851	\$ 52	0.23%	\$ 3,167	\$ 51	\$ 17,478
PADRE DAM	1.51%	\$ 49,392	\$ 325	1.49%	\$ 18,338	\$ 335	1.50%	\$ 21,068	\$ 339	\$ 89,796
POWAY	2.07%	\$ 67,888	\$ 447	1.94%	\$ 23,862	\$ 436	1.96%	\$ 27,459	\$ 442	\$ 120,533
SPRING VALLEY	3.97%	\$ 129,938	\$ 855	4.13%	\$ 50,822	\$ 928	4.45%	\$ 62,383	\$ 1,004	\$ 245,930
WINTERGARDENS	0.56%	\$ 18,270	\$ 120	0.57%	\$ 6,956	\$ 127	0.58%	\$ 8,116	\$ 131	\$ 33,720
TOTAL PARTICIPATING AGENCIES	34.53%	\$ 1,130,891	\$ 7,439	34.41%	\$ 423,351	\$ 7,729	34.84%	\$ 487,968	\$ 7,852	\$ 2,065,231

ATTACHMENT E

PUBLIC UTILITIES DEPARTMENT Management November 1, 2012



ATTACHMENT F



THE CITY OF SAN DIEGO

M E M O R A N D U M

DATE: November 14, 2012

TO: Independent Rates Oversight Committee (IROC)

FROM: Guann Hwang, Deputy Director, Public Utilities Department
Darren Greenhalgh, Deputy Director, Public Works-Engineering Department

SUBJECT: FY2013 Capital Improvement Projects (CIP) – 1st Quarter

The Public Utilities and Public Works-Engineering Departments hereby submit the FY2013 CIP updates for the period of July 1 to September 30, 2012.

This update consists of dashboard information, forecast and actual expenditures, project schedules, and project change orders.

DASH BOARD INFORMATION

PROGRAM HIGHLIGHTS (Both Water and Wastewater)

✓ Assigned New Projects to Public Works	11 Projects, \$31 Million
✓ Completed Preliminary Engineering	11 Projects, \$20 Million
✓ Completed 100% Design	9 Projects, \$18 Million
✓ Awarded Construction Contracts	10 Contracts, \$65 Million
✓ Completed Construction Contracts	8 Contracts, \$22 Million

Note: It is possible for project(s) to complete more than one phase listed above, and therefore be listed multiple times.

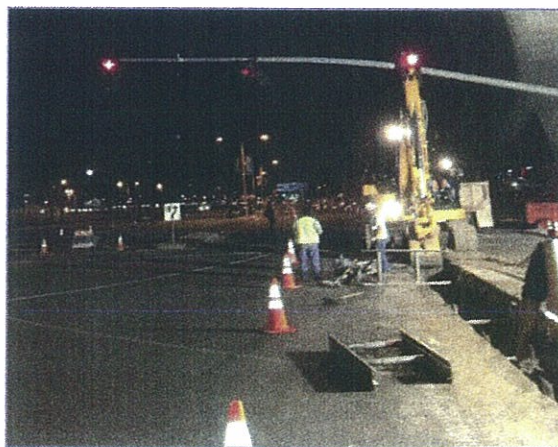
WATER CIP PROJECT HIGHLIGHTS

Harbor Drive Pipelines Replacement

This project replaces 4.4 miles of 16-inch cast iron water mains installed in the 1940s and 1950s, which have reached the end of their service life, with new 16-inch polyvinyl chloride (PVC) water mains.

Construction began in September 2012 and is estimated to be completed by February 2014.

Total project cost is approximately \$10,600,000.



Pipe installation along North Harbor Drive during night working hours.

Water Group Job 950

This project consists of 0.14 miles of existing 12-inch cast iron water pipes that will be replaced with 12-inch polyvinyl chloride pipes. This portion on Juniper Street was originally part of Sewer and Water Group Job 693. The General Requirements Contractor was chosen as the method of delivery due to the deadline of a Transportation project (WBS B00947) that needed to install a retaining wall and sidewalk. To stabilize and ensure the non-failure of the existing water main, it was decided to accelerate the installation of this portion of water main prior to the Transportation project.

Construction began in August 2012 and is estimated to be completed by December 2012.

Total project cost is approximately \$244,000.



Replacing the 12-inch water main.

WASTEWATER CIP PROJECT HIGHLIGHTS

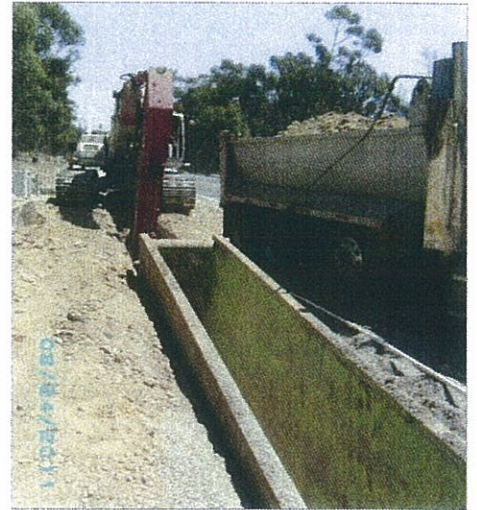
USIU Miramar Trunk Sewer

The existing pipeline located in the Scripps Miramar Ranch Community Plan Area, was originally installed in 1969 and is at the end of its service life. This improvement project will bring the mains up to current City standards and will relocate a major portion of the trunk sewer from the canyon to the public right of way.

The project consists of replacing approximately 2.2 miles of trunk sewer ranging in diameter from 18 to 21 inches and abandoning approximately 0.4 miles of existing 15-inch sewer mains.

This project was completed in May 2012, which is ahead of the Consent Decree deadline of April 2013.

The total project cost is \$4,395,600.



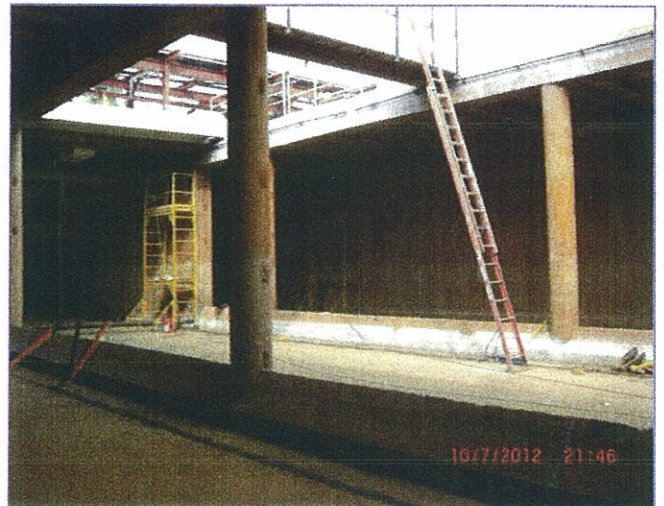
Pipe installation along Pomerado Road.

Rehabilitation of Sedimentation Basins 1 to 12 at the Point Loma Wastewater Treatment Plant

The twelve existing sedimentation basins at the Point Loma Wastewater Treatment Plant were constructed under five different construction contracts. As a result of the projects being built at different times, there are differences in shaft diameters, drive motors, sprockets, layout, etc. For instance, shaft diameters vary from 1 15/16-inches to 4 15/16-inches. Most of the existing equipment has reached the end of its service life. The purpose of this project is to upgrade all the basin equipment and bring it into uniform conformance. This project will make sediment removal more efficient and simplify maintenance.

The design-build delivery method is being used for this project. Notice to proceed for design was issued January 9, 2012 and the construction notice to proceed was issued September 25, 2012. Construction completion is scheduled for May 2013.

The total cost of this project is approximately \$7,954,500.



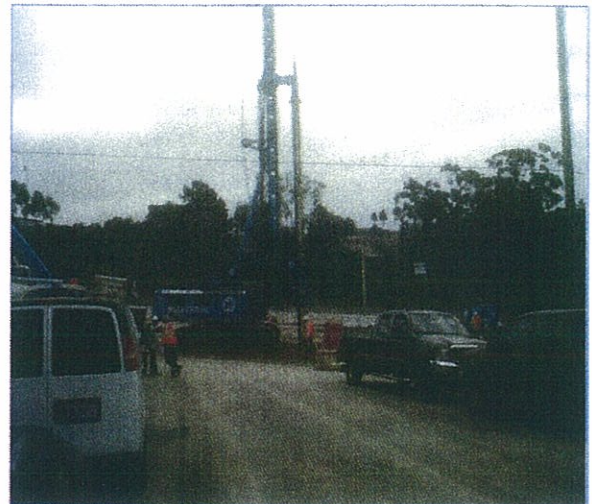
Preparing to install new equipment inside Basin #3 after removal of the existing equipment.

Balboa Terrace Trunk Sewer

This project is located in the Clairemont Mesa Community and includes the replacement of approximately 1 mile of trunk sewer ranging in diameter from 8 to 21 inches; of this, 0.3 miles will be installed by tunneling. This project will abandon approximately 0.61 miles of existing 15 and 18-inch trunk sewers.

Construction began in August 2012 and is estimated to be completed by the end of April 2013. This project has a Consent Decree mandate to be completed by June 30, 2013.

Total project cost is approximately \$9,496,000.



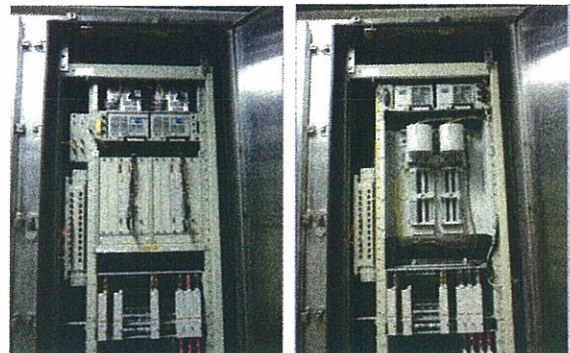
Drilling machine working on an access pit for tunneling at Balboa Avenue and Balboa Terrace for preparation of placement of a 21-inch sewer pipe.

Distributed Control System (DCS) Upgrade to Ovation at Point Loma Wastewater Treatment Plant

The existing Distributed Control System (DCS) at the Point Loma Wastewater Treatment Plant is an Emerson Westinghouse Distributed Process Family (WDPF) which has reached the end of its approximate 12-year lifespan and is outdated technology. Emerson stopped supporting the WDPF technology in 2012. The WDPF migration to OVATION will bring the City sewer control system to current standards with more capacity and efficiency.

The control system implementation, including hardware and software, database conversion to OVATION and cutover, started in December 2011 and is expected to be completed by late November 2012.

Total project cost is \$4,180,000.



Before WDPF Drop.

After Ovation Drop.

Sewer Group 767

This project is located in the Normal Heights and City Heights communities and includes the replacement of approximately 1.6 miles of sewer mains ranging in diameter from 8, 12 to 15 inches installed as early as 1950.

This project is currently in the construction phase and is estimated to be completed by December 2012.

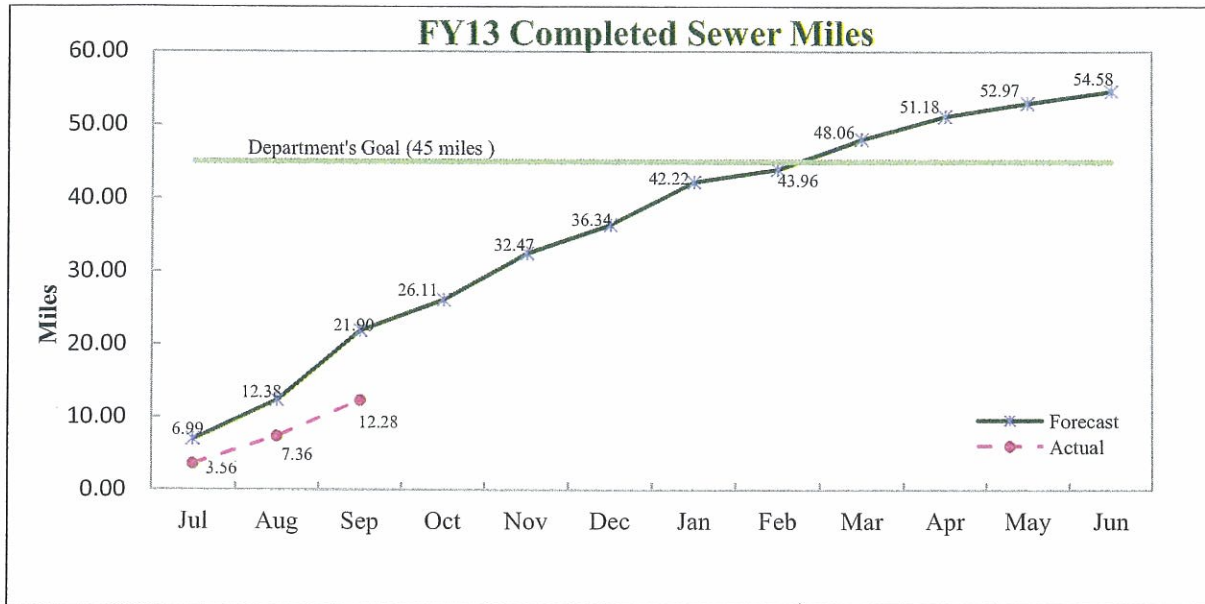
Total project cost is approximately \$3,873,000.



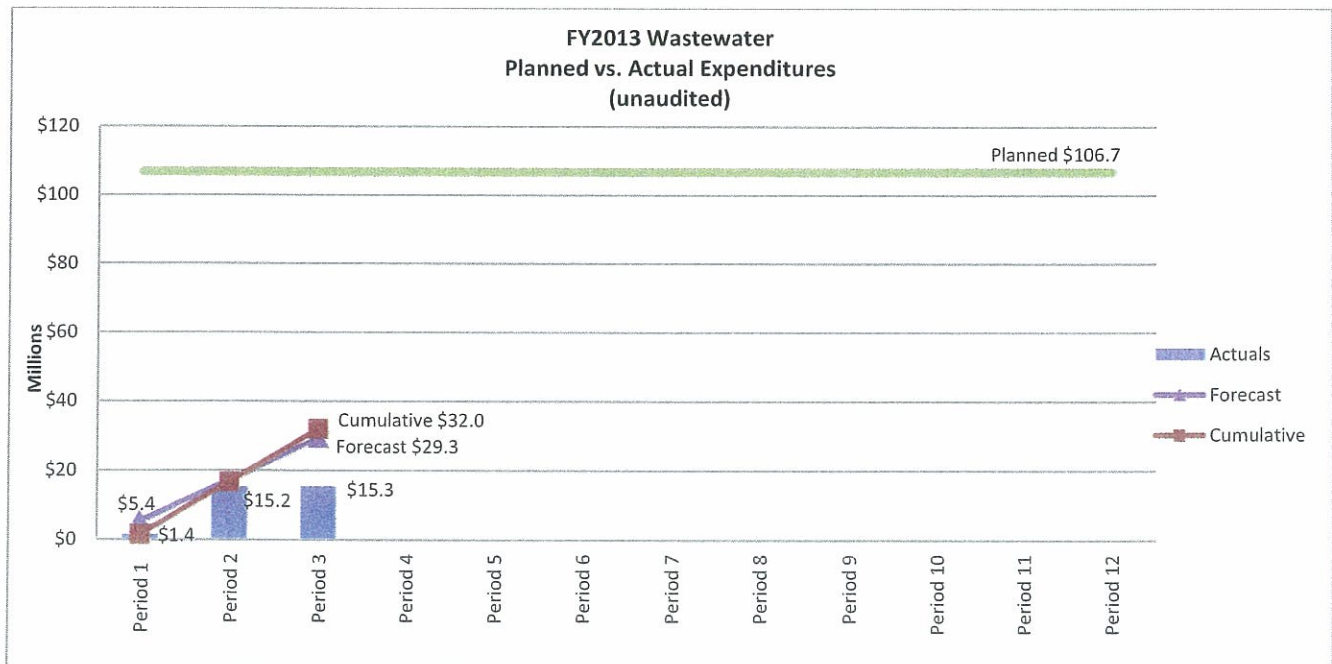
Installation of new 15-inch polyvinyl chloride sewer main along 33rd Street in Normal Heights.

WASTEWATER REGULATORY PROJECT UPDATES

The Environmental Protection Agency (EPA) Consent Decree mandates the repair, replacement, and rehabilitation of 450 sewer miles of aged sewer mains. The Department met the Consent Decree mileage by completing a total of 451.5 miles by the end of fiscal year 2012. The Department plans to continue with the replacement or rehabilitation of 45 sewer miles in fiscal year 2013. As of September 30, 2012, 9.64 miles have been awarded and 12.28 miles were completed.



WASTEWATER PLANNED vs. ACTUAL EXPENDITURES



Wastewater						
Funded Program	Project Name	Baseline Project Cost	Revised Project Cost	FY13 Projected Expenditures Total	FY13 Period 3 Encumbrances SAP (unaudited)	FY13 Period 3 Actual Expenditures SAP (unaudited)
B00507	FALSE BAY EMERGENCY	\$1,424,841	\$1,424,841	\$292,743	\$50,000	\$3,170
B12088	Harbor Dr 48" TS Emerg MH Repl	\$700,000	\$2,055,000	\$1,422,268	\$170,000	\$1,519,210
B12103	Sevan Court Cyn Sewer Lateral Relocation	\$200,000	\$200,000			\$22,717
AJB000001	Metropolitan Waste Water Department Trunk Sewers	\$39,453,114	\$40,826,805	\$6,340,914	\$4,851,797	\$2,632,823
B00310	OLD ROSE CYN TS RELOCATION	\$6,600,000	\$6,630,000			-\$244
B00311	CALTRANS/SR- 905 OTAY MESA TS	\$3,904,000	\$3,904,000			\$1,507
B00479	Pacific Highway Trunk Sewer	\$6,036,484	\$6,036,484	\$436,500	\$206,987	\$855,980
B00481	ALVARADO TRUNK SEWER PHIII	\$3,254,570	\$4,158,634	\$1,575,000	\$206,205	\$23,107
B00483	PALM CITY TS	\$5,933,078	\$5,145,105	\$409,914	\$370,769	\$599,308
B00486	Sunset Cliffs Trunk Sewer	\$4,056,506	\$4,056,506	\$26,100		\$8,529
B00488	GRANTVILLE TS	\$4,768,476	\$4,359,430	\$1,085,400	\$500,320	\$891,310
B11026	Sewer Junction/Diversion Structure Rehab	\$700,000	\$700,000	\$378,000		
B11098	W PTL Intercept & PS 2 FM Siphon Repair	\$1,500,000	\$1,500,000	\$90,000		\$252
B11112	Alvarado Trunk Sewer Phase IIIA	\$2,700,000	\$4,336,646	\$2,340,000	\$3,567,515	\$253,074
S00302	South Mission Valley Trunk Sewer	\$11,047,151	\$13,943,838	\$298,782	\$158,242	\$54,717
S00303	Pump Station Upgrades Group I North County	\$7,573,838	\$7,573,838	\$45,000		\$37
S00304	PS Upgrades Group II Cnty Wide	\$4,883,224	\$4,883,224	\$3,240,000	\$2,523,944	\$569,789
S00305	PS Upgrades Group III Forcemains	\$4,687,622	\$4,687,622	\$1,616,400	\$1,116,968	\$803,902
S00308	Pump Station 84 Upgrade & Pump Station 62 Abandon	\$13,265,500	\$9,320,400	\$6,751,262	\$6,069,502	\$457,544
S00329	East Point Loma Trunk Sewer	\$3,280,973	\$3,280,973	\$67,047	\$101,585	\$172,223
S00332	Montezuma Trunk Sewer	\$4,039,298	\$5,736,198	\$4,117,500	\$4,503,163	\$60,936
S00334	USIU Trunk Sewer	\$7,417,639	\$7,030,477	\$850,500	\$803,979	\$483,873
S00335	Lake Murray Trunk Sewer	\$10,366,815	\$10,366,815	\$161,550	\$863,892	\$20,594
S00336	Harbor Drive Trunk Sewer Replacement	\$12,398,748	\$12,398,748	\$7,831,800	\$2,712,499	\$5,639,547
S00337	Sewer Pump Station 41 Rehabilitation	\$8,881,955	\$8,881,955	\$38,236		\$12,640
S00341	Pipeline Rehabilitation Phase F-1	\$10,260,957	\$9,062,157	\$45,000	\$520,447	\$1,355
B00478/S1 2035	BALBOA TERRACE TRUNK SEWER	\$6,055,773	\$9,496,367	\$7,144,685	\$6,711,762	\$531,129
S12036	Backup Generators at Sewer PS's, TP, & EMTS	\$17,745,600	\$17,745,600	\$2,584,462	\$25,000	\$595,222
ABO00001	Metro Treatment Plants	\$22,187,634	\$21,855,504	\$8,609,775	\$5,533,458	\$4,272,771

Wastewater						
Funded Program	Project Name	Baseline Project Cost	Revised Project Cost	FY13 Projected Expenditures Total	FY13 Period 3 Encumbrances SAP (unaudited)	FY13 Period 3 Actual Expenditures SAP (unaudited)
B00316	MBC ACCESS ROAD DRAINAGE IMPROVEMENTS (A	\$288,184	\$288,184	\$7,200	\$12,781	\$12,092
B00527	NCWRP EDR #6	\$1,823,464	\$1,823,464			-\$4,861
B00528	MBC WATER SYSTEMS IMPROVEMENTS	\$1,179,355	\$1,179,355	\$66,364	\$61,934	\$30,162
B10085	PTL Sedimentation Basins Equip Refurbish	\$8,386,630	\$7,954,500	\$4,866,210	\$2,846,293	\$3,233,633
B10178	MBC Chemical System Improvements Phase 2	\$5,070,000	\$5,070,000	\$343,035		\$20,104
B11076	PTLWTP PC 6 Transformer Cabinet & Switchboard Repl	\$300,000	\$400,000	\$313,268	\$280,702	\$6,306
B11139	North City Cogeneration Facility Expansion	\$4,200,000	\$4,200,000	\$2,992,433	\$2,331,747	\$975,334
TBD	NCWRP Grit Accumulation at the Headworks and Gates Upgrades	\$440,000	\$440,000	\$12,265		
TBD	NCWRP Influent Pump Station Bridge Cranes / Hoists and Isolation Gate / Valves Upgrades	\$500,000	\$500,000	\$9,000		
ABP00002	Metropolitan System Pump Stations	\$9,935,000	\$9,935,000	\$861,083	\$650,927	\$24,720
B00313	PS 1&2 ELECTRICAL UPG & NEW BLDG AT PS2	\$9,935,000	\$9,935,000	\$861,083	\$650,927	\$24,720
L100001	Ovation Upgrade at Pt Loma Wastewater Trmt Plant	\$4,180,000	\$4,180,000	\$1,247,589	\$1,026,410	\$32,084
L100002	Ovation Upgrade at North City WRP	\$3,070,000	\$3,070,000	\$76,787		
S00309	NCWRP Sludge Pump Station Upgrade	\$626,294	\$636,294	\$423,900	\$60,991	\$23,281
S00310	SBWR Plant Demineralization	\$3,279,133	\$3,279,133			\$12,306
S00312	PS2 Power Reliability & Surge Protection	\$31,500,000	\$31,200,000	\$632,617	\$110,196	\$62,905
S00314	Wet Weather Storage Facility	\$112,001,859	\$5,000,000	\$90,000	\$8,684	\$7,561
S00315	Point Loma Grit Processing Improvements	\$32,922,630	\$33,296,326	\$6,930,098	\$6,516,413	\$1,284,028
S00317	South Metro Sewer Rehabilitation Phase 3B	\$9,214,957	\$9,214,957			\$346
S00319	EMT&S Boat Dock & Steam Line Relocation	\$2,304,000	\$2,304,000	\$189,818		
S00322	MBC Biosolids Storage Silos	\$7,553,500	\$7,553,500	\$792,992	\$302,773	\$23,152
S00323	MBC Odor Control Facility Upgrades	\$5,200,000	\$5,200,000	\$664,130	\$1,038,445	\$25,517
S00339	MBC Dewatering Centrifuges Replacement	\$12,000,000	\$12,000,000	\$559,007	\$40,946	\$53,704
	TOTAL	\$813,060,541	\$710,540,804	\$106,686,314	\$78,304,373	\$31,959,389

AGENDA ITEM 4

Attachment



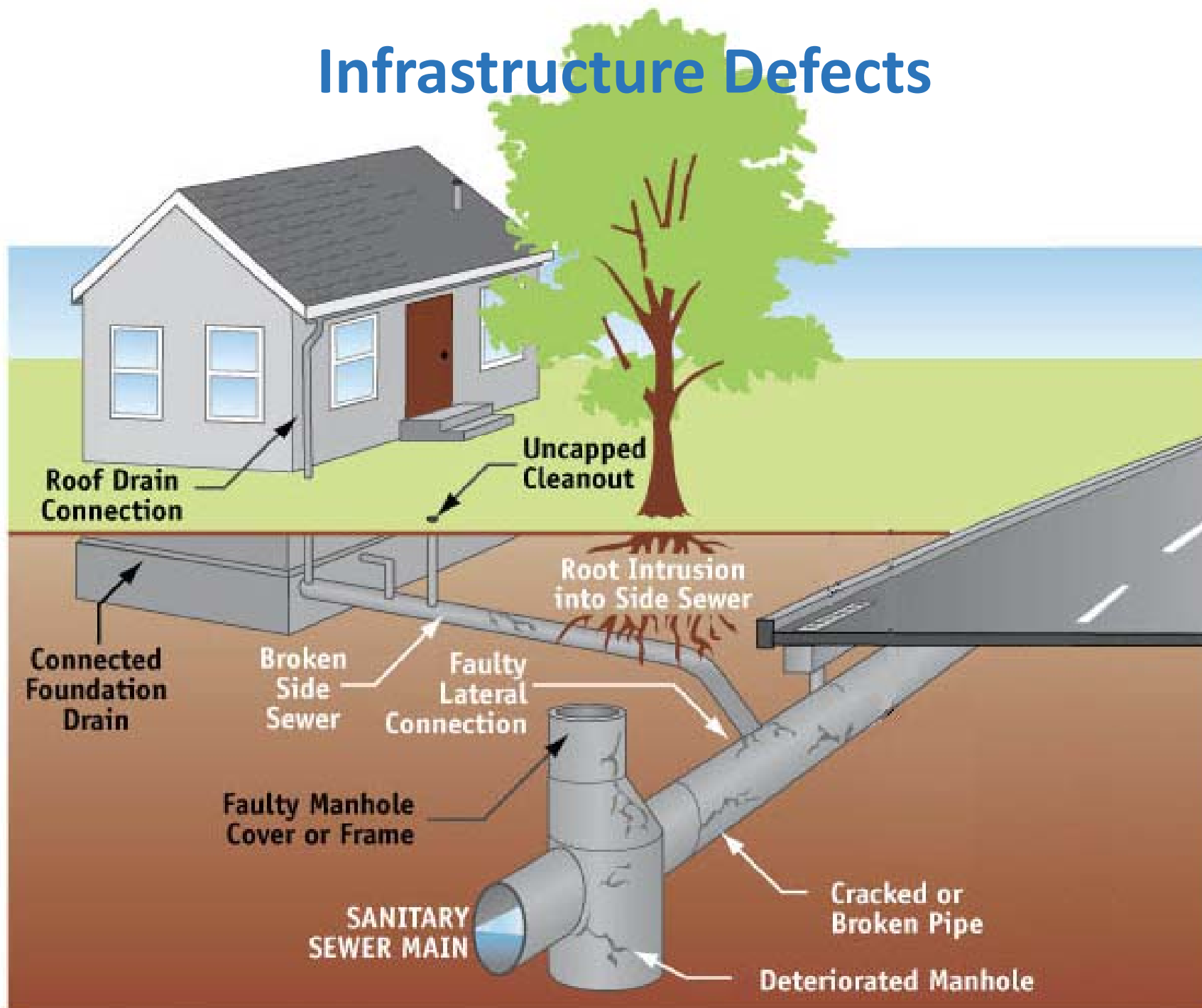
Inflow & Infiltration Analysis

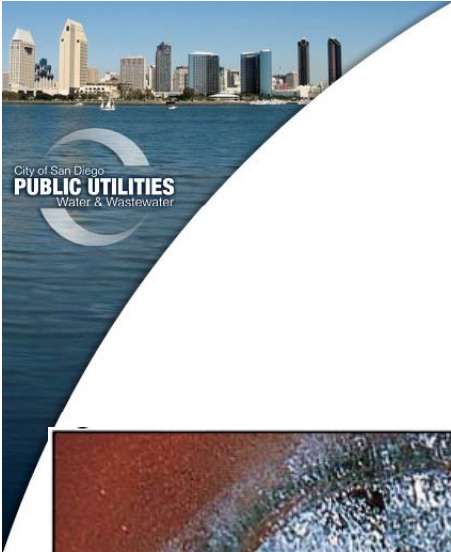
METRO TAC BRIEFING

January 16, 2013

Public Utilities Department / EPM

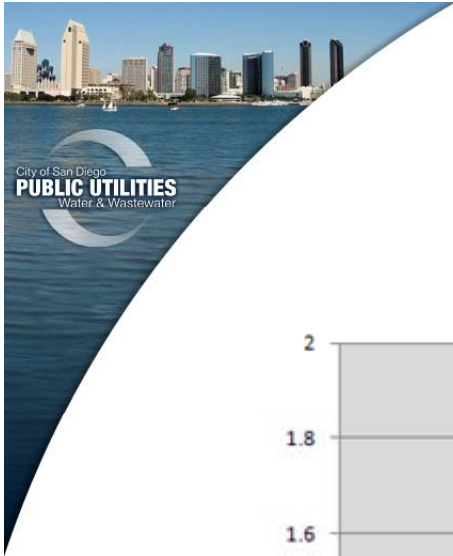
Infrastructure Defects





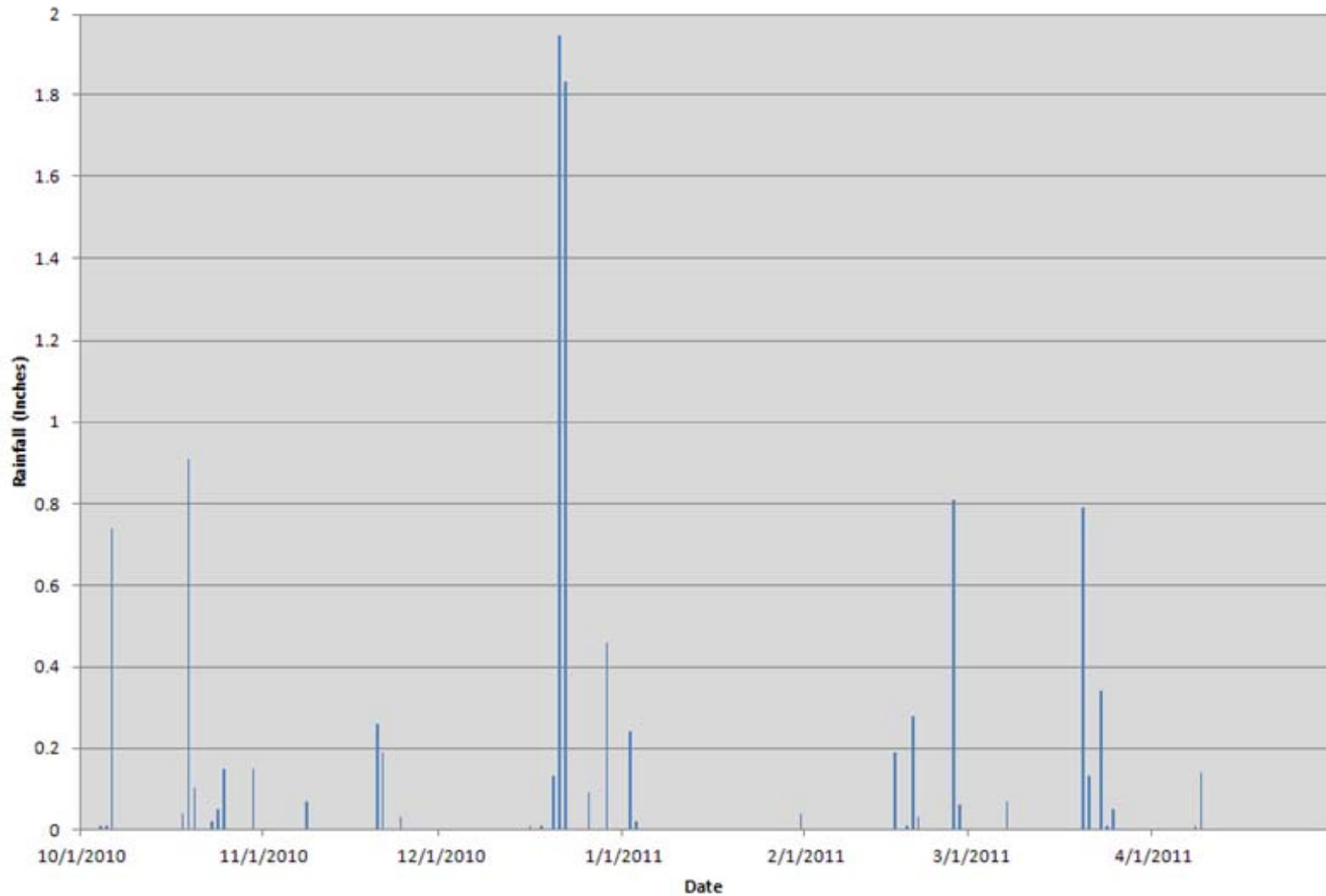
Images of Active I/I





Daily Rainfall

(October 2010 to April 2011)

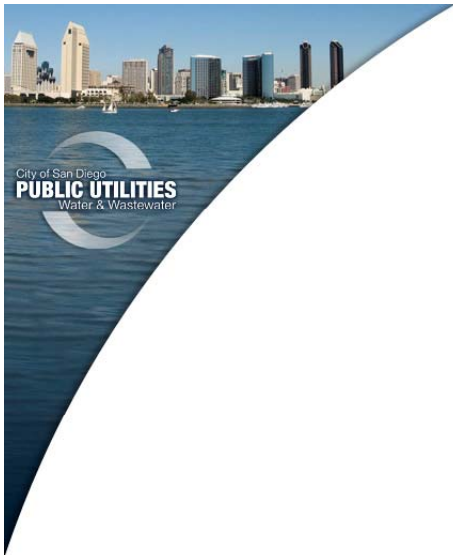




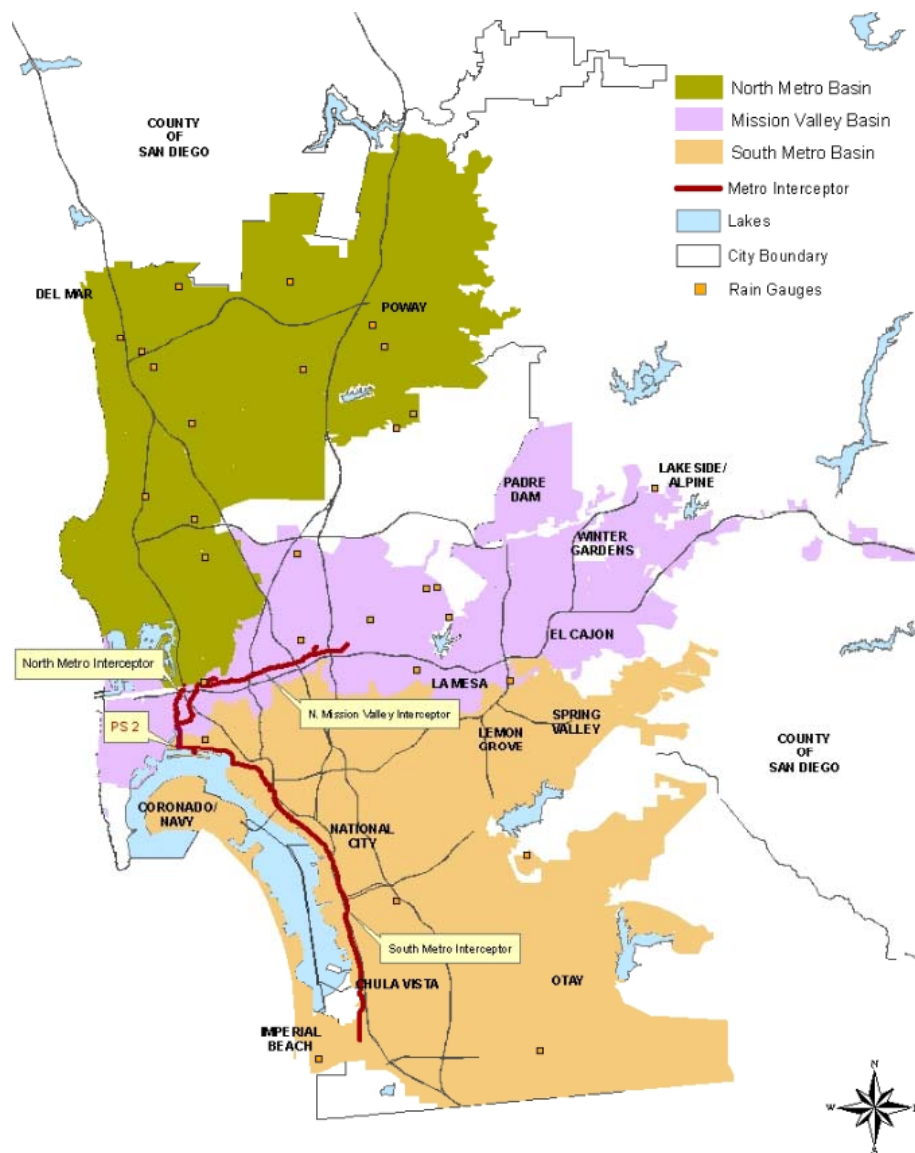
Monthly Rainfall Summary

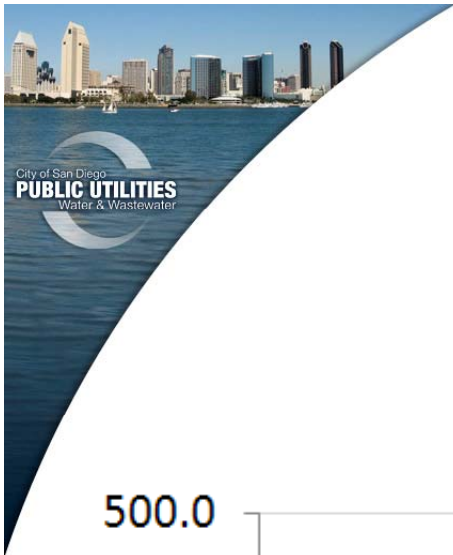
Total Rainfall:

October 2010	2.18 inches
November 2010	0.55 inches
December 2010	4.48 inches
January 2011	0.30 inches
February 2011	1.38 inches
March 2011	1.39 inches
April 2011	0.15 Inches

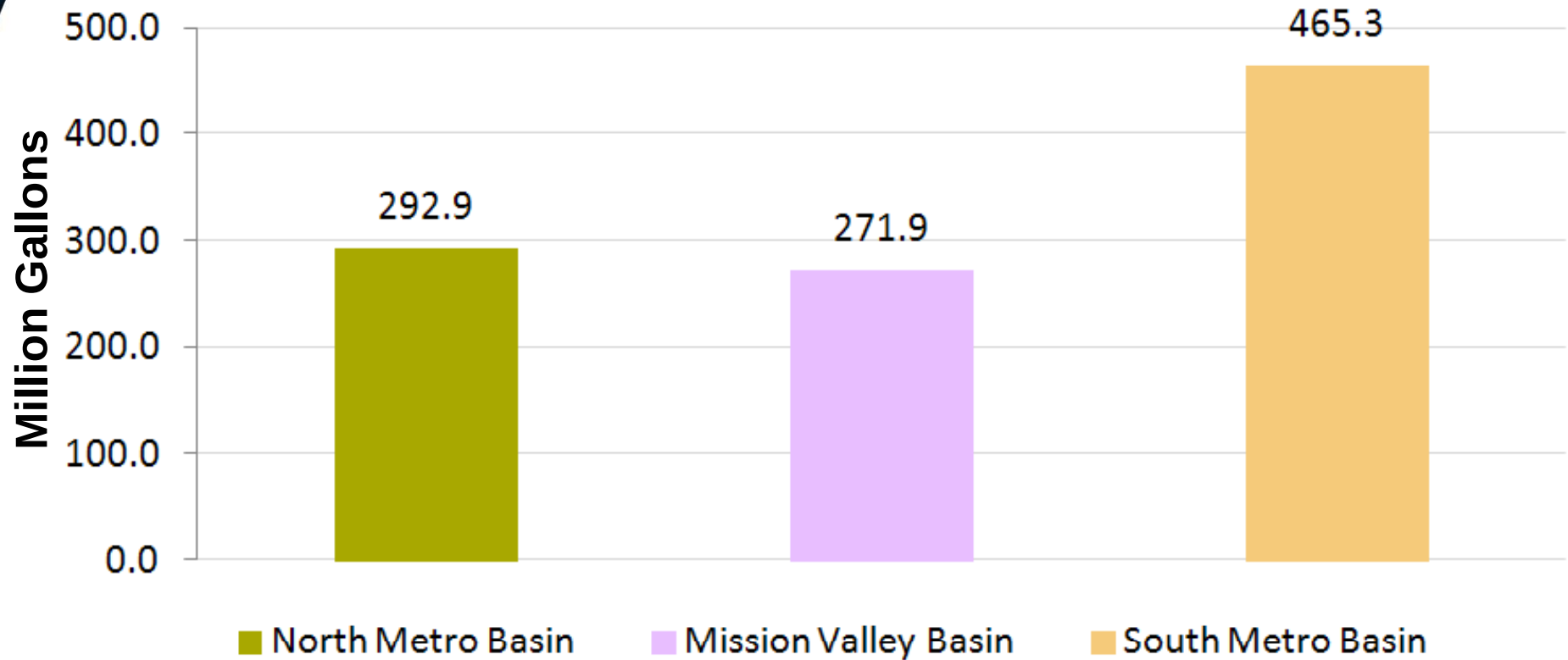


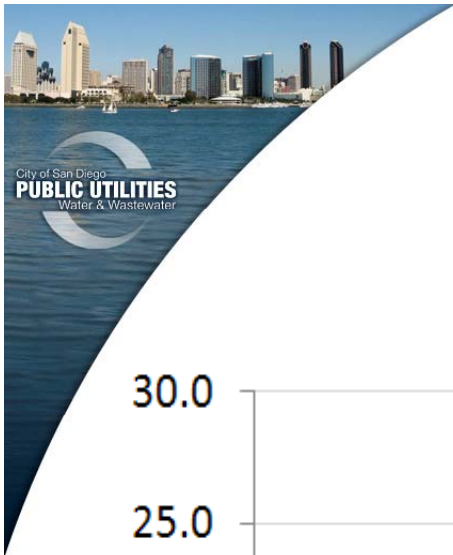
Metro Interceptor Basins



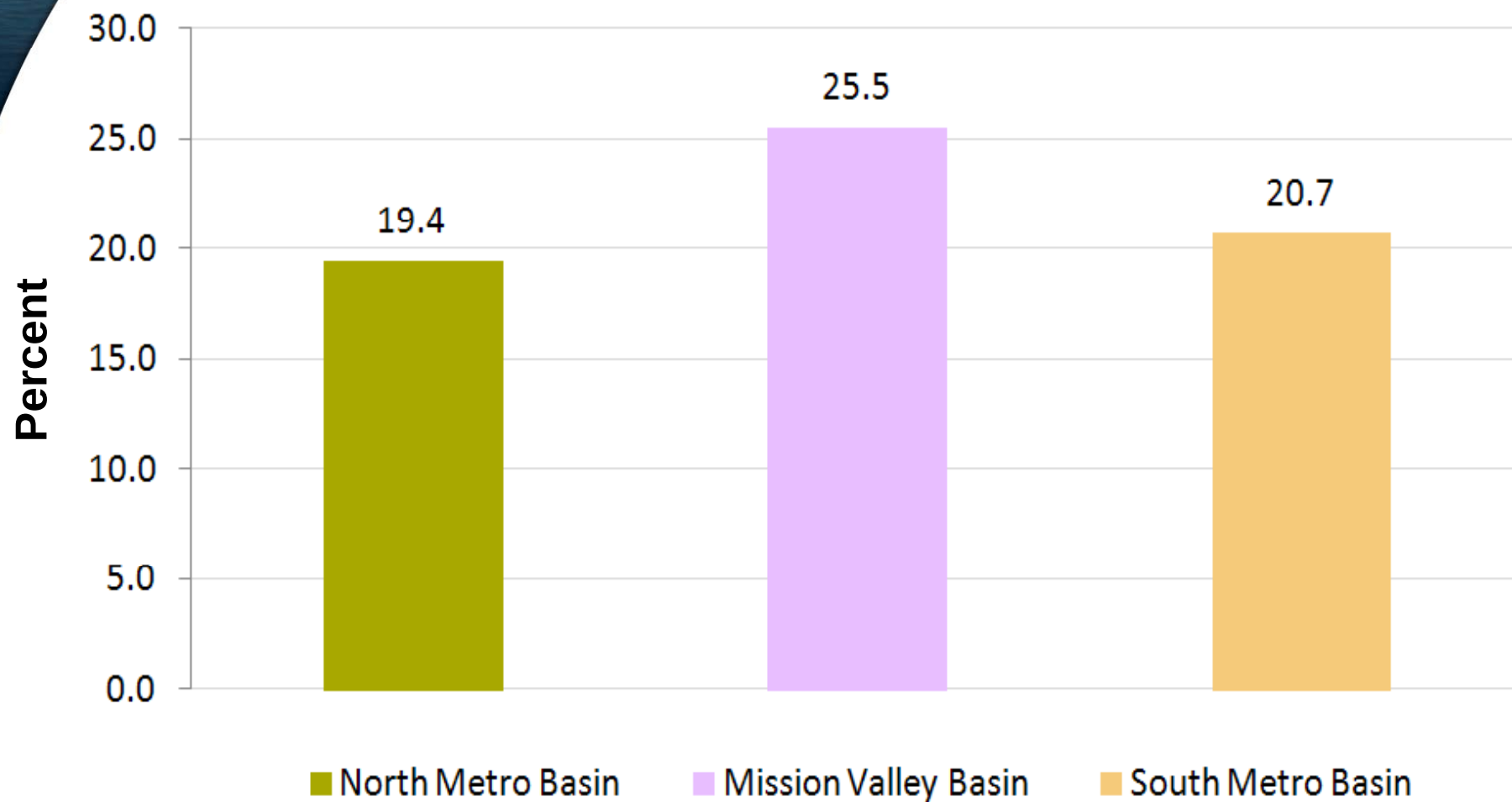


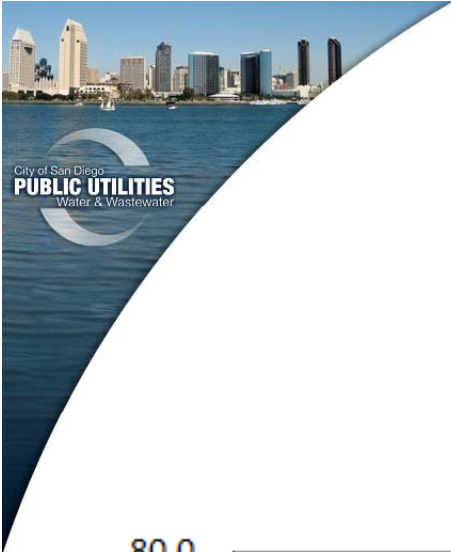
RDI/I Volume by Metro Interceptor Basins (Metro System Flow) December 2010





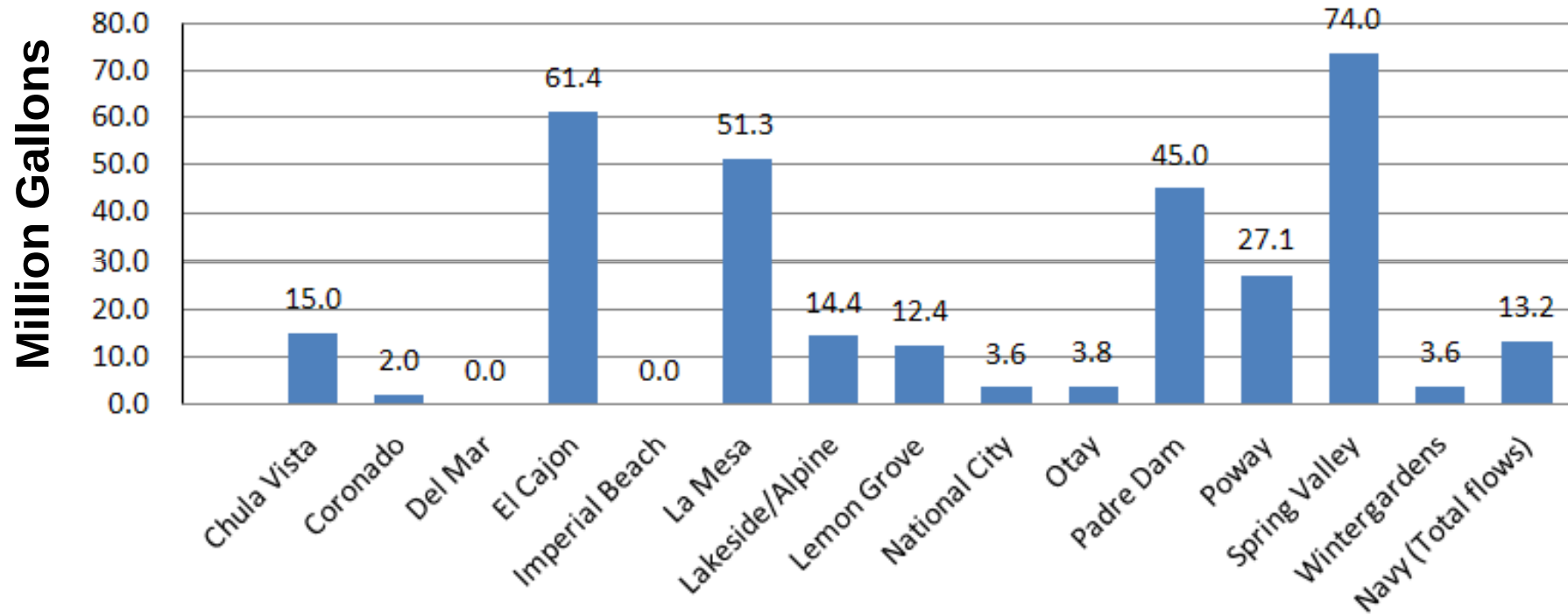
RDI/I Ratio by Metro Interceptor Basins (Metro System Flow) December 2010

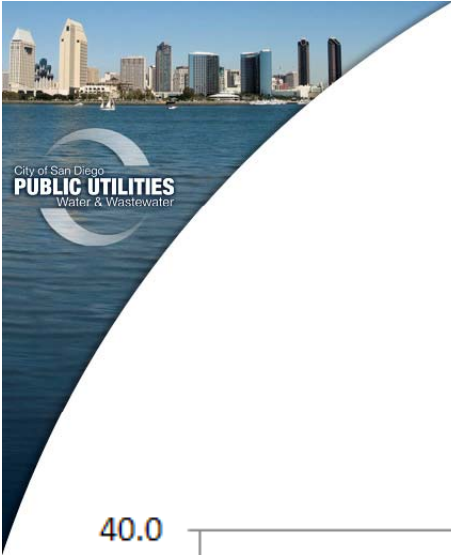




RDI/I Volume by Participating Agency

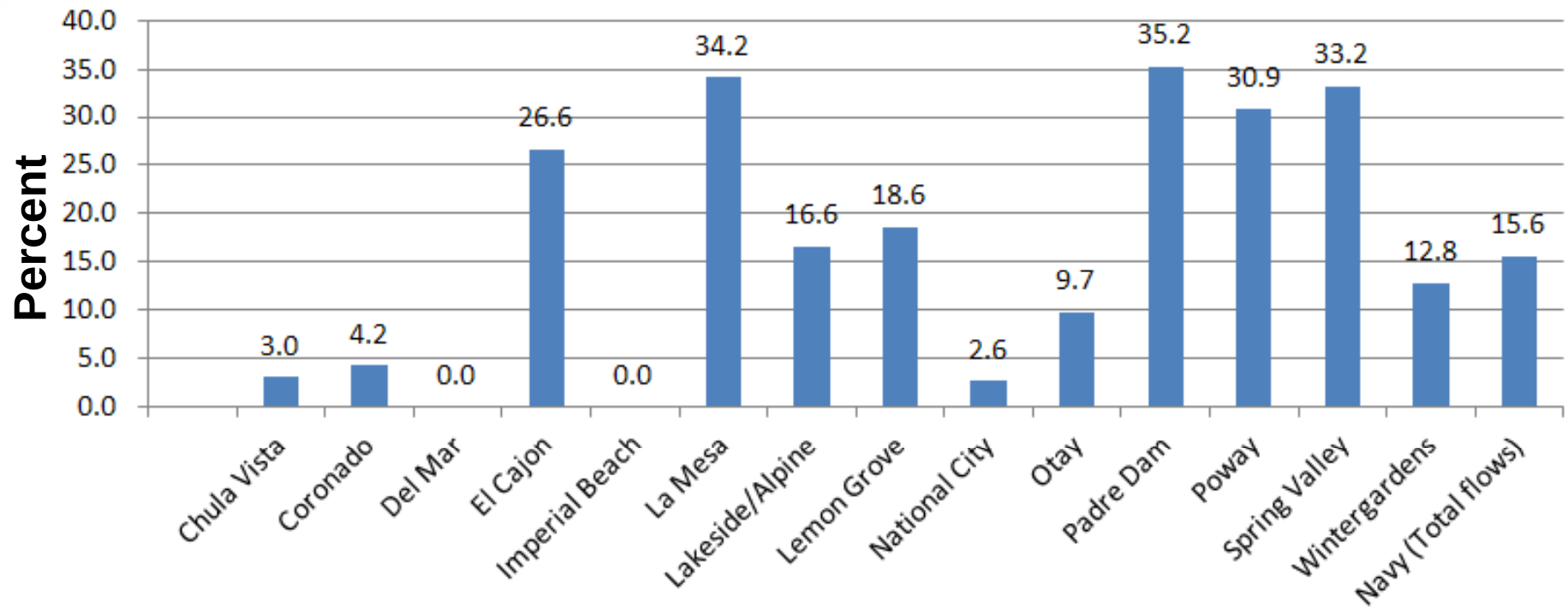
December 2010





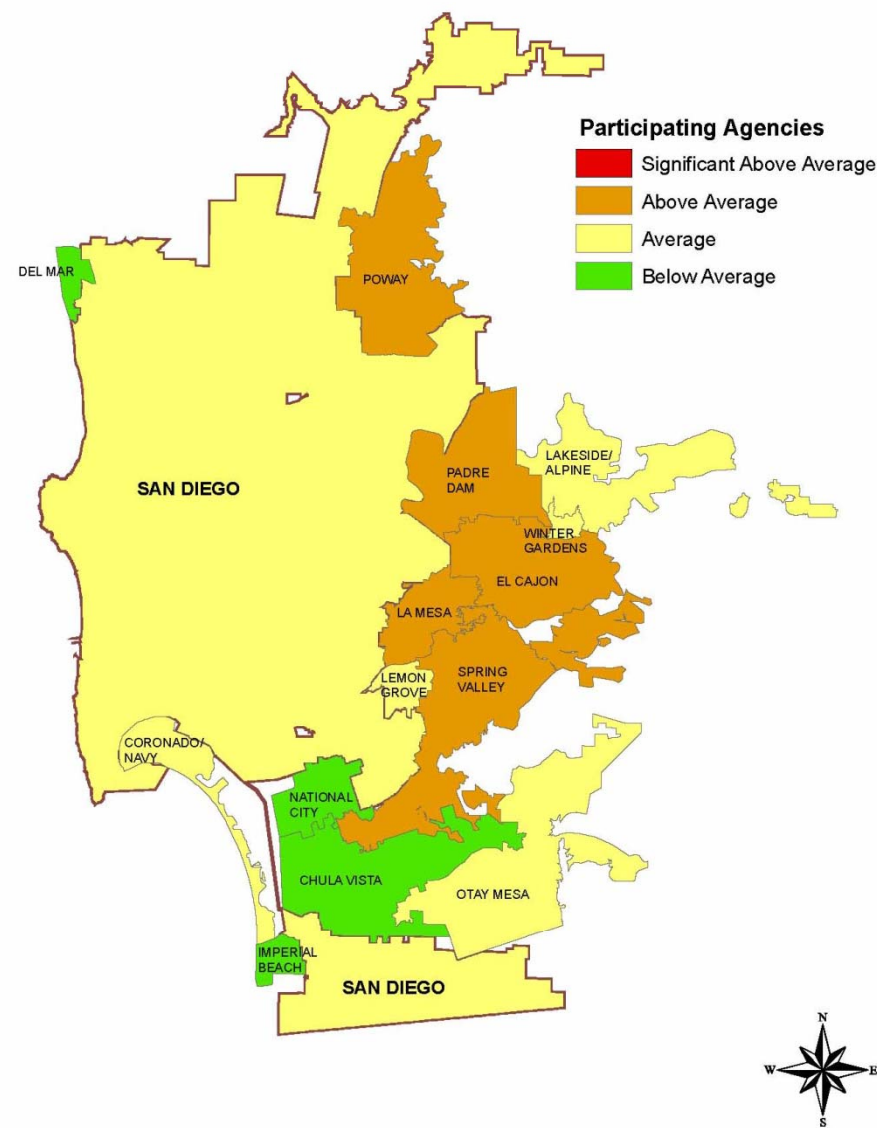
RDI/I Ratio by Participating Agency

December 2010





Percent Increase in Flow During Wet Period (December 2010)

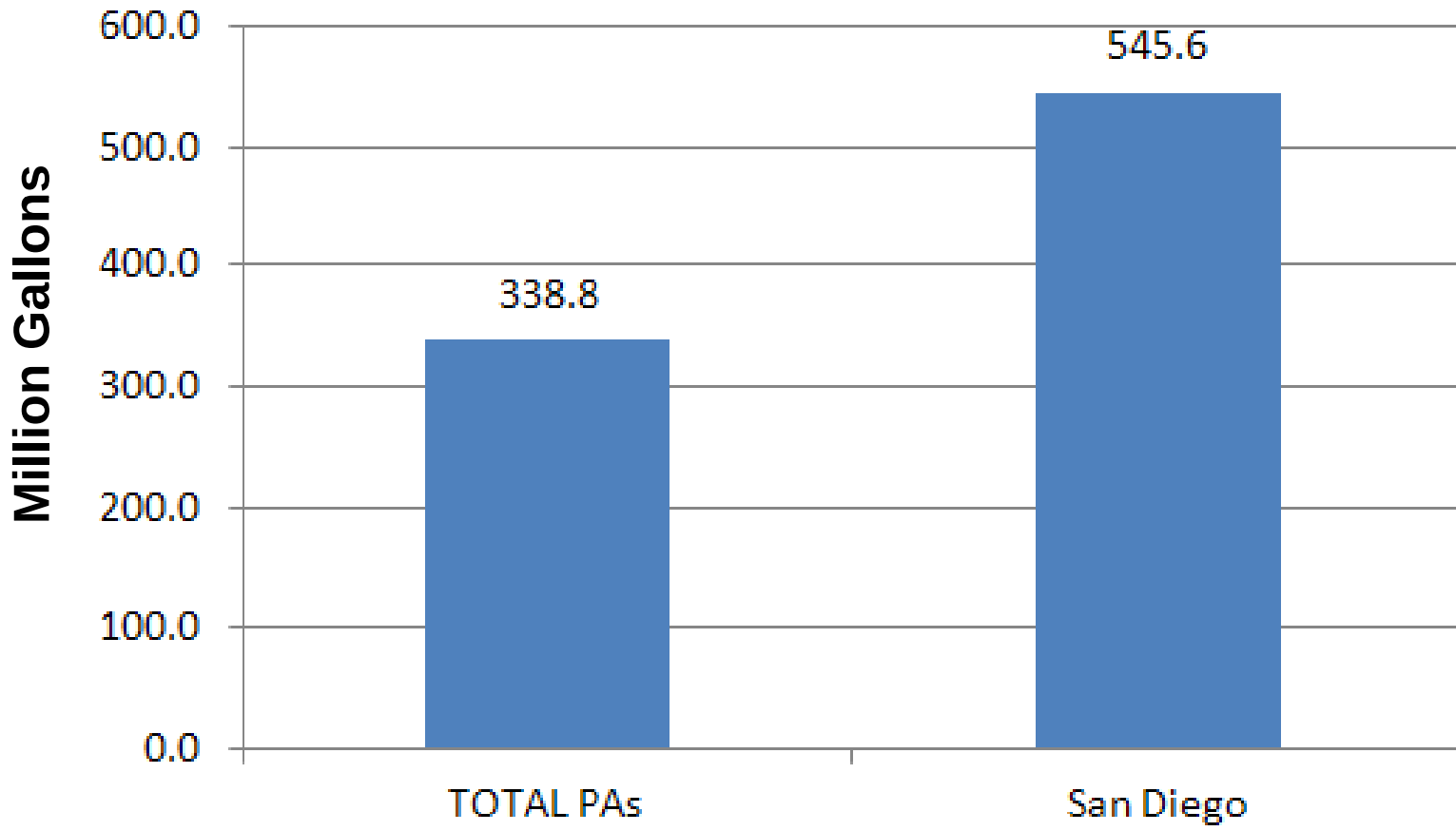


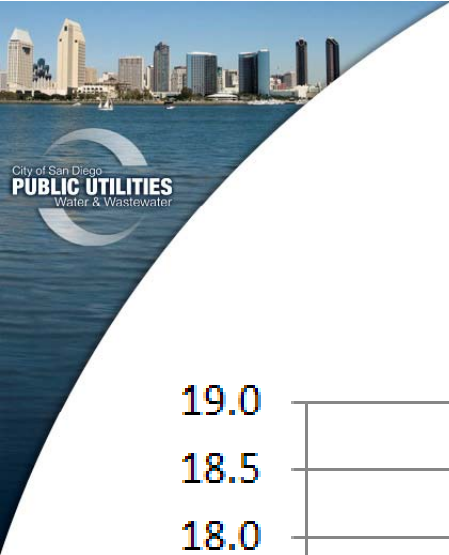


RDII Volume

San Diego vs PAs

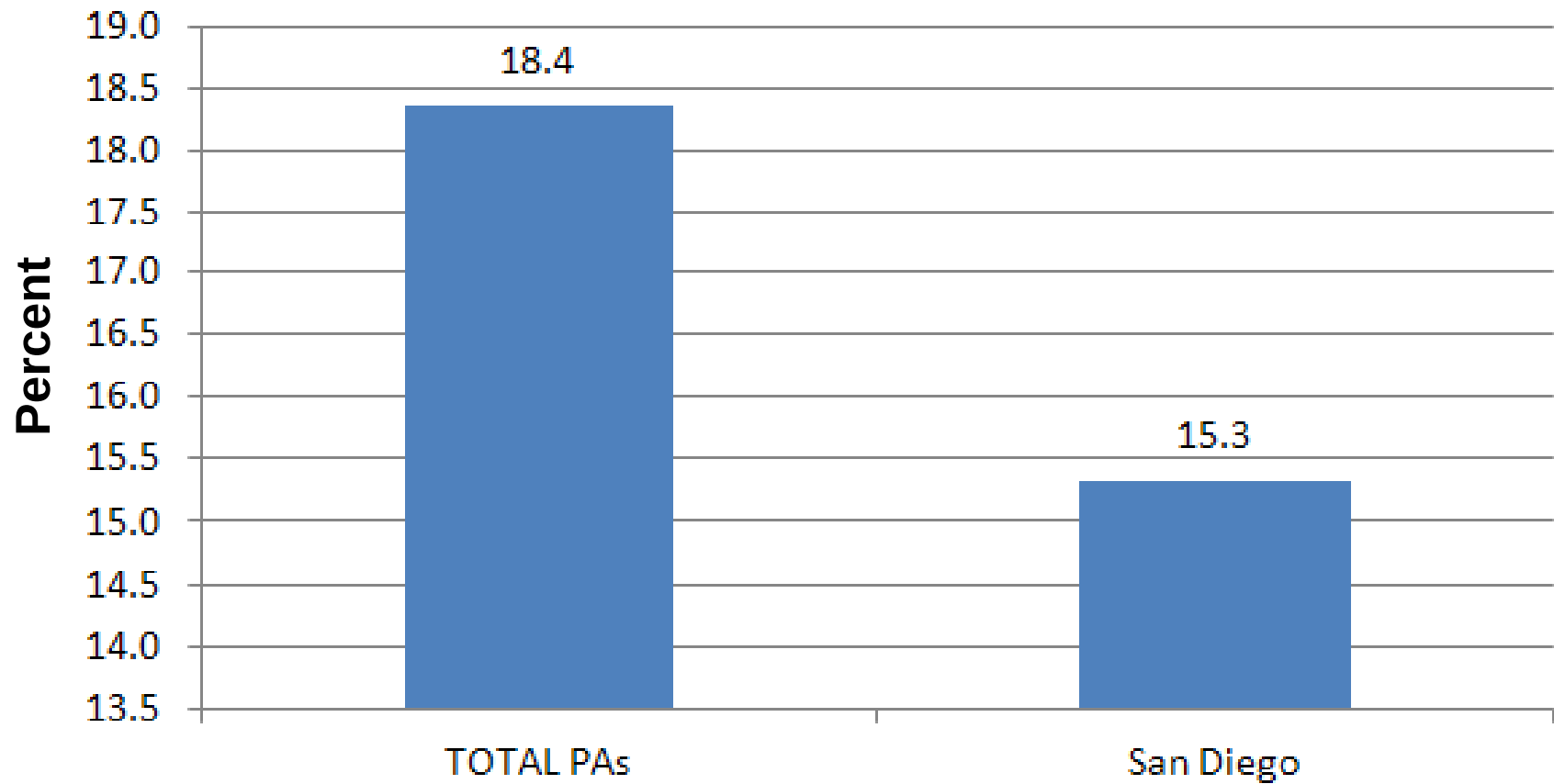
(December 2010)



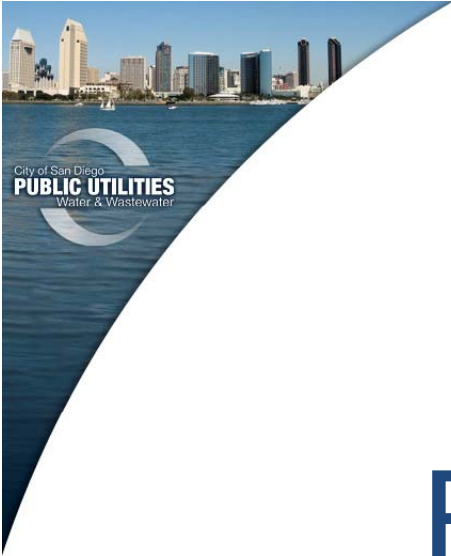


RDI/I Ratio

San Diego vs PAs (December 2010)







Efforts to Reduce RDI/I



- Increase in conveyance costs
- Increase in treatment costs
- Capacity of the Sewer System is consumed
- Potentially lead to sewer spills



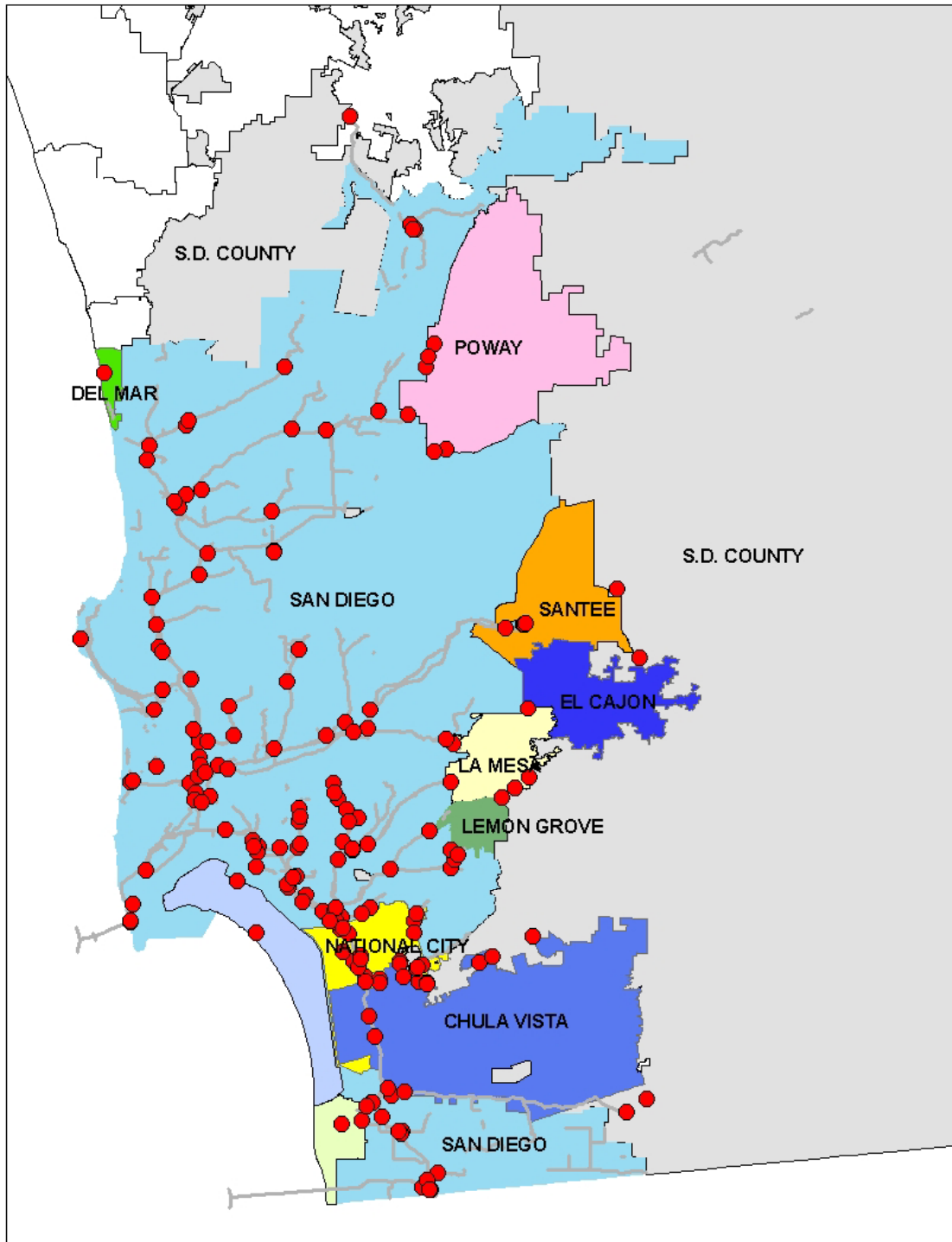


Temporary Flow Monitoring Program

Objective: Identify the potential sources of RDI/I

Monitoring:

1. Permanent Metering
2. Temporary Flow Monitoring



➤ 158 ADS Permanent Meters

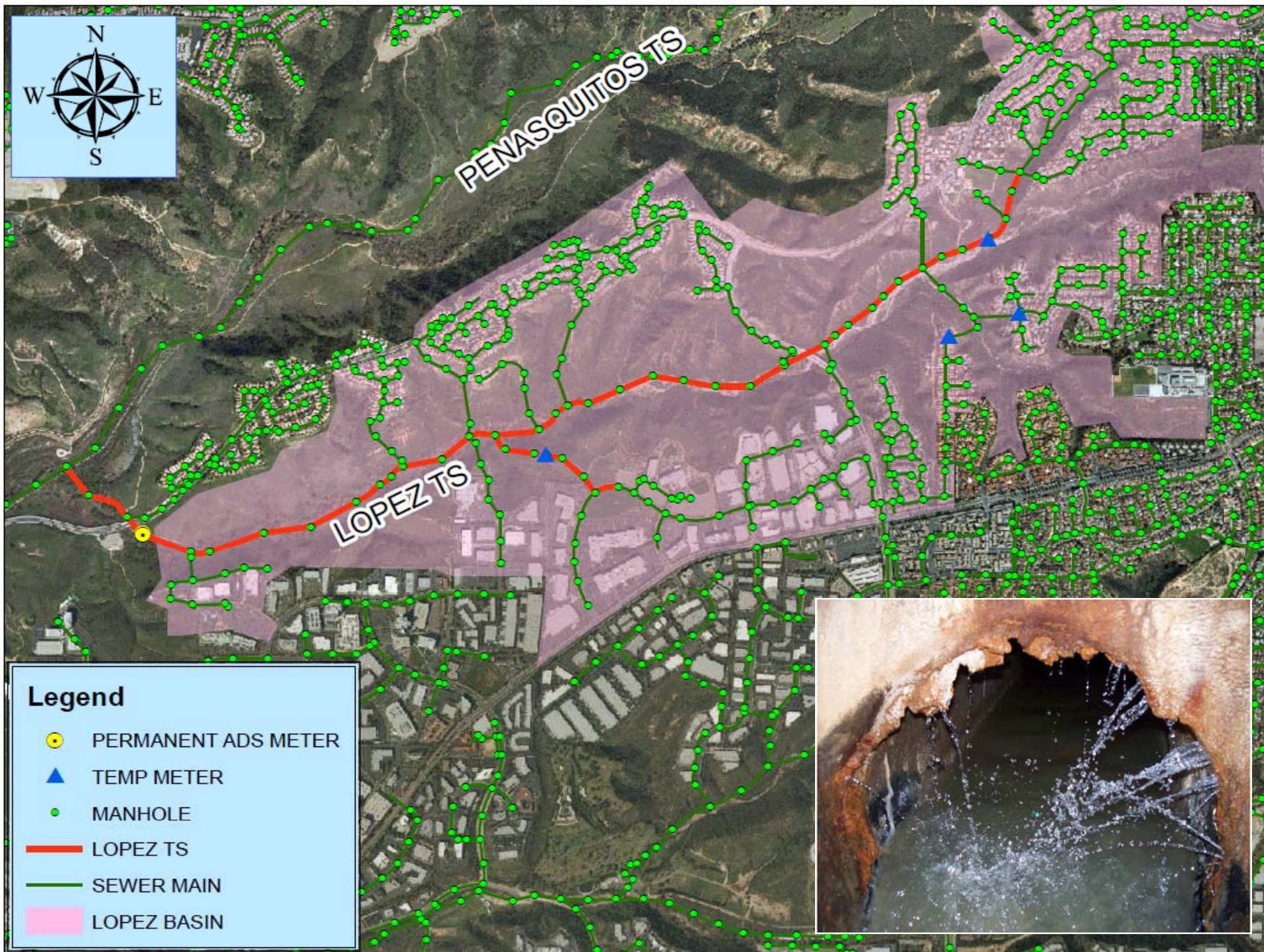
➤ Meters located at:

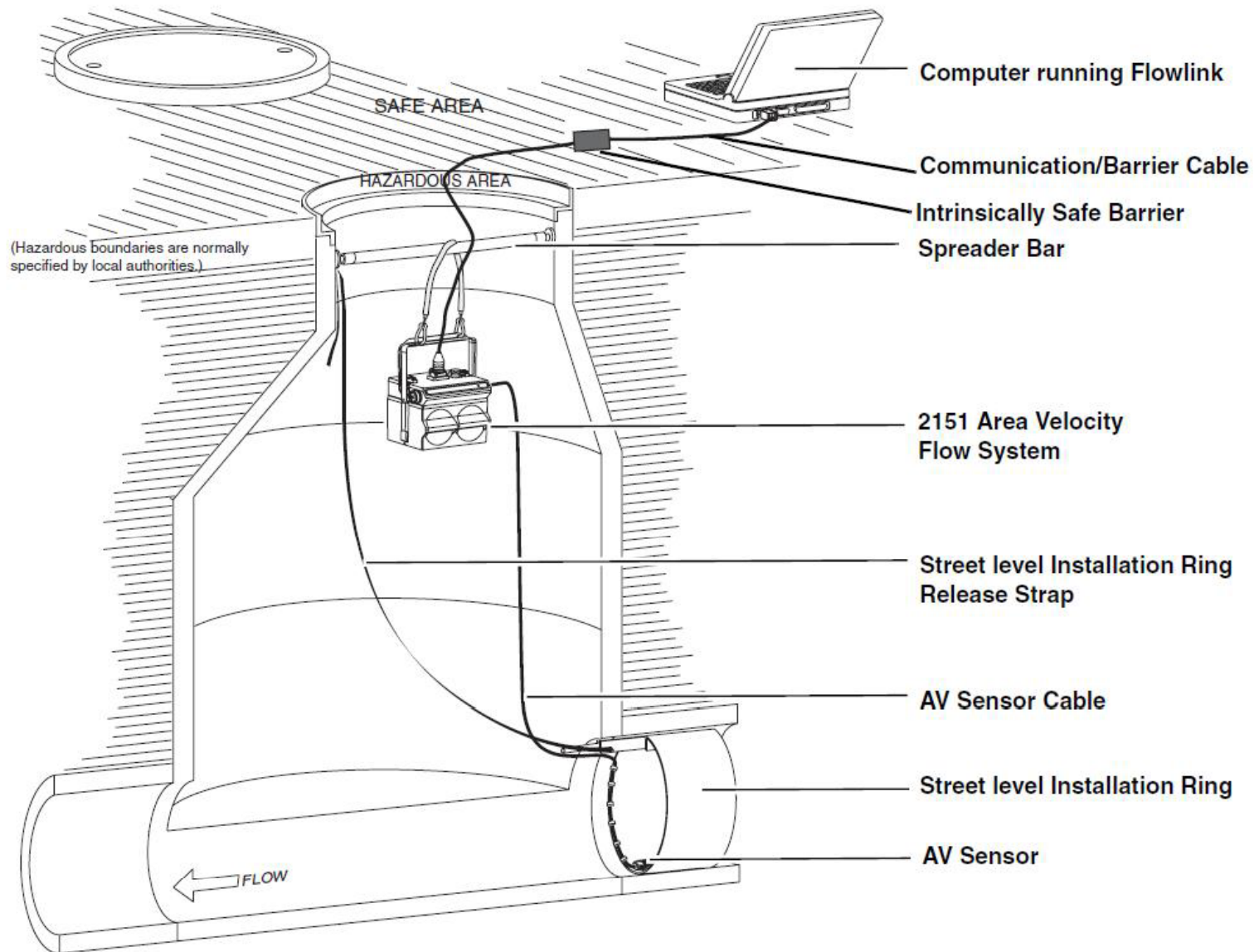
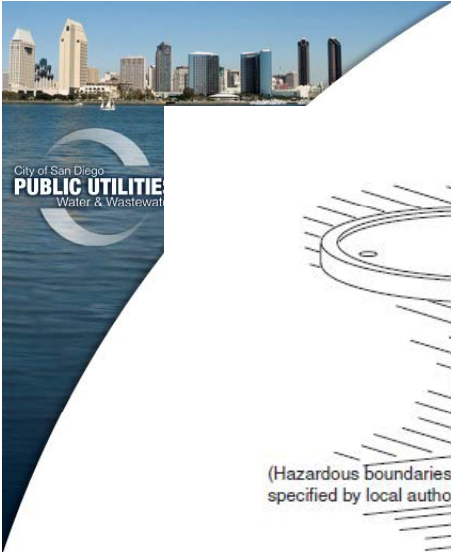
- Major Facilities
 - Pt Loma, SMI, NMI, SBWRP, NCWRP
- Major Trunk Sewer
- State and County Prisons
- Military Installations
- Each Participating Agency

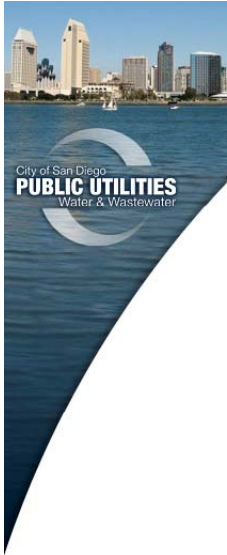


Temporary Flow Monitoring Program

- Select the top 3 trunk sewer basins from the City Wide RDI/I Study for further investigation
- Identify and Isolate the source of RDI/I
 - Site Reconnaissance
 - Temporary Meter Installation
 - Data Analysis
 - CCTV (Review CCTV Data or request for CCTV)
 - Smoke Testing
 - Dye Testing







SMOKE TESTING

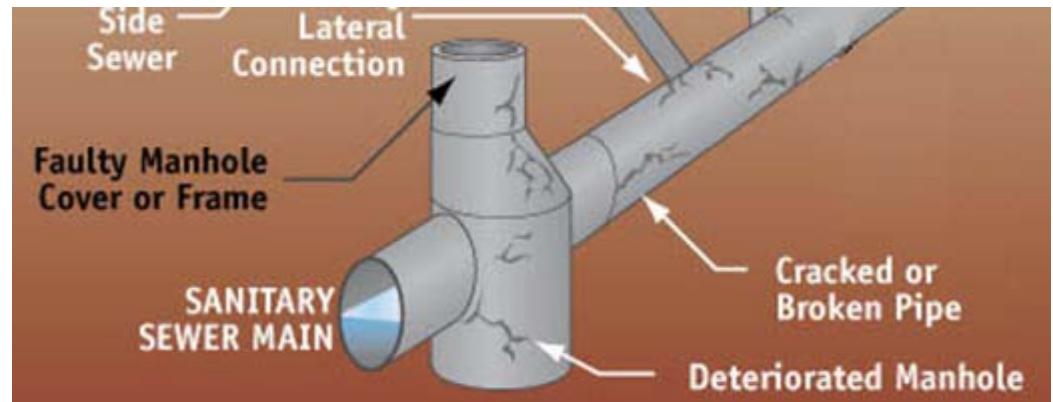




Examples



- Uptown TS
Cleanout was used to drain the side yard
- Fairbanks Ranch
Deteriorated Pipe
- Lopez Canyon
Deteriorated Pipe
- Old Town TS
Possible Direct Connection

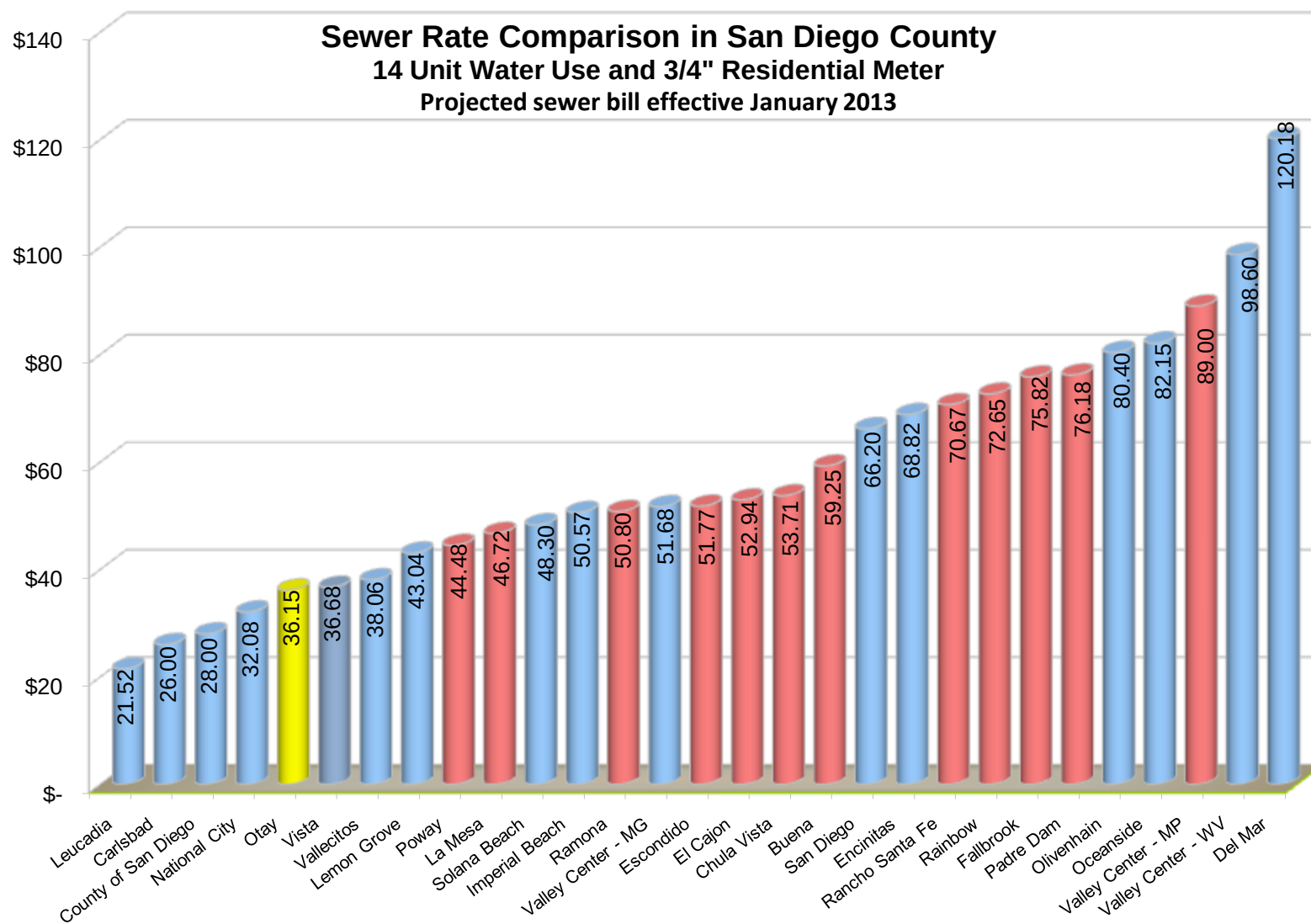




Questions & Comments

AGENDA ITEM 8

Attachment



AGENDA ITEM 9

Attachment

**MetroTAC
2012/13 Work Plan
January 2013**

MetroTAC Items	Description	Subcommittee Member(s)
IRWMP	4:12: Metro TAC received a presentation from Cathy Pieroni (City of San Diego) on the Integrated Regional Water Management Program (IRWMP). Group is still relatively informal but plans to become more structured during its upcoming 2 year plan update. There is a governance & finance work group that starts in the 3 rd quarter of 2012 and at that point the JPA role will be examined. Padre Dam and Chula Vista are regular participants. 9/19: Cathy Pieroni gave an update. Recommendation by IRWM to the RAC to include a seat for the Metro JPA. Bob Kennedy will attend the October 3, 2012 meeting representing the JPA. 11/12: At their November 2012 meeting the Metro Commission unanimously appointed Bob Kennedy of Otay Water District as primary and Metro TAC Chairman Greg Humora as alternate to the IRWMPRAC.	Bob Kennedy Greg Humora
Fiscal Items	The Finance committee will continue to monitor and report on the financial issues affecting the Metro System and the charges to the PAs. The debt finance and reserve coverage issues have been resolved. Refunds totaling \$12.3 million were sent to most of the PA's. 10/26/11: 2010 will be the first year where the PAs will be credited with interest on the debt service reserve and operational fund balances. Interest will be applied as an income credit to Exhibit E when that audit is complete.	Greg Humora Karen Jassoy Karyn Keese
Recycled Water Revenue Issue	Per our Regional wastewater Agreement revenues from SBWTP are to be shared with PA's. 4/11: City has agreed to pay out revenue to Wastewater Section and PA's credit will be on the Exhibit E adjustments at year end Open issues: Capacity reservation lease payments and North City Optimized System Debt service status. 12/11: Letter sent to San Diego regarding outstanding recycled water revenue issues.	Scott Huth Scott Tulloch Karyn Keese
Water Reduction - Impacts on Sewer Rates	The MetroTAC wants to evaluate the possible impact to sewer rates and options as water use goes down and consequently the sewer flows go down, reducing sewer revenues. Sewer strengths are also increasing because of less water to dilute the waste. We are currently monitoring the effects of this. 2/2011: wastewater revenues are declining due to conservation and flow reductions and agencies are re-prioritizing projects to be able to cover annual operations costs	Eric Minicilli Bob Kennedy Karyn Keese
"No Drugs Down the Drain"	The state has initiated a program to reduce pharmaceuticals entering the wastewater flows. There have been a number of collection events within the region. The MetroTAC, working in association with the Southern California Alliance of Publicly-owned Treatment Works (SCAP), will continue to monitor proposed legislation and develop educational tools to be used to further reduce the amount of drugs disposed of into the sanitary sewer system. 8/2010: County Sheriff and Chula Vista have set up locations for people to drop off unwanted medications and drugs. 4/11: <i>Local law enforcement has taken a proactive role and is sponsoring drug take back events.</i> 3/11: <i>TAC to prepare a position for the board to adopt; look for a regional solution; watch requirements to test/control drugs in wastewater.</i> 10/26/11: A prescription drug take back day is scheduled for 10/29/11. Go to www.dea.gov to find your nearest location. 4/12: East County to host a prescription drug take back 4/28/12.	Greg Humora

MetroTAC Items	Description	Subcommittee Member(s)
Flushable Items that do not Degrade	Several PAs have problems with flushable products, such as personal wipes, that do not degrade and cause blockages. MetroTAC is investigating solutions by other agencies, and a public affairs campaign to raise awareness of the problems caused by flushable products. We are also working with SCAP in their efforts to help formulate state legislation to require manufacturers of products to meet certain criteria prior to labeling them as "flushable." Follow AB2256 and offer support.	Eric Minicilli
Grease Recycling	To reduce fats, oils, and grease (FOG) in the sewer systems, more and more restaurants are being required to collect and dispose of cooking grease. Companies exist that will collect the grease and turn it into energy. MetroTAC is exploring if a regional facility offers cost savings for the PAs. The PAs are also sharing information amongst each other for use in our individual programs. <i>3/11: get update on local progress and status of grease rendering plant near Coronado bridge</i>	Eric Minicilli
Padre Dam Mass Balance Correction	11/11: Padre Dam has been overcharged for their sewage strengths since 1998. Staff from City of San Diego presented a draft spreadsheet entitled Master Summary Reconciliations Padre Dam Mass Balance Corrections Calculation. Rita Bell and Karyn Keese were elected to review the documentation and report back to Metro TAC. 2/12: Audit complete. Item added as Standing to Metro TAC agenda.4/12: This issue is scheduled as a standing item and discussed at each Metro TAC meeting until it is resolved. Currently Metro TAC is focusing on the statue of limitations.	Rita Bell Karyn Keese
Waiver and Recycled Water Study Implementation	<i>11/12: Metro TAC requested a timeline from City staff including milestones for the waiver process. The waiver is due no later than 7/30/15. However, the application needs to be submitted six months prior to the July date (2/1/15). Preparation of the waiver will begin in the early part of FYE 2014.</i>	Al Lau Scott Tulloch Karyn Keese
Recycled Water Rate Study	San Diego is working on a rate study for pricing recycled water from the South Bay plant and the North City plant. Metro TAC, in addition to individual PAs, has been engaged in this process and has provided comments on drafts San Diego has produced. We are currently waiting for San Diego to promulgate a new draft which addresses the changes we have requested. 10/26/11: draft study still not issued	Karyn Keese Rita Bell
City of San Diego Revised Procurement Process	8/12: San Diego City Engineer James Nagelvoort reported on recent changes to San Diego's procurement process to move projects through more quickly. Technically any CIP projects under \$30 million may no longer need to be reviewed by the Metro TAC or JPA prior to City Council approval. Chairman Humora requested San Diego prepare a summary of the recent changes and the decision points for consideration of the TAC at the September meeting. 10/4: Metro Commission requests further review by TAC to recommend an appropriate level for CIP's to be brought forth to the Commission. 11/12: MetroTAC recommended leaving the thresholds as they are today and therefore everything will go through TAC and then to the JPA for formal action. The policy will be placed on the JPA website. The Metro Commission approved the policy at their November 2012 meeting. San Diego's CIP will become a standing item on the Metro TAC agenda.	Metro TAC
Salt Creek Diversion	9/2010: OWD, Chula Vista and San Diego met to discuss options and who will pay for project; Chula Vista and OWD are reviewing options. 2/2011: OWD and PBS&J reviewed calculations with PUD staff; San Diego to provide backup data for TAC to review. This option is also covered in the Recycle Water Study.10/26/11: Back-up information has still not been received from staff. 8/12: San Diego to conduct business case evaluation and add to Capital Improvement Program as recommend by Metro Commission to San Diego City Council on July 17, 2012 in support of the Recycled Water Study.	Roberto Yano Bob Kennedy Karyn Keese Rita Bell

MetroTAC Items	Description	Subcommittee Member(s)
Recycled Water Study Cost Allocation	A small working group was formed to discuss options to allocate PLWTP offset project costs among the water and wastewater rate payers; Concepts will be discussed at TAC and JPA Board in near future.7/12: Subcommittee to meet with PUD staff & consultants to review TM 8 and economic model.8/12: Subcommittee has meet with City staff and consultants. Economic model has been received. City will not pursue cost allocations until Demonstration Project is complete due to staffing constraints.	Roberto Yano Al Lau Karyn Keese Rita Bell Kristen Crane
Board Members' Items		
Rate Case Items	1/12: San Diego is in the process of hiring a consultant to update their rate case. As part of that process, Metro TAC and the Finance Committee will be monitoring the City's proposals as they move forward. 6/12: San Diego hired Black & Veatch as their rate consultant.	Karyn Keese
Exhibit E	Metro TAC and the Finance Committee are active and will monitor this process. Individual items related to Schedule E will come directly to the Board as they develop.	Karen Jassoy Karyn Keese
Future bonding	Metro TAC and the Finance Committee are active and will monitor this process. Individual items related to bonding efforts will come directly to the Board as they develop. 10/26/11: San Diego is issuing an RFP for a cost of service study to support a future bond issue potentially in mid-2013. Kristin Crane to sit on the selection panel.	Karen Jassoy Karyn Keese Kristen Crane
Changes in water legislation	Metro TAC and the Board should monitor and report on proposed and new legislation or changes in existing legislation that impact wastewater conveyance, treatment, and disposal, including recycled water issues	Paula de Sousa
Role of Metro JPA regarding Recycled Water	As plans for water reuse unfold and projects are identified, Metro JPA's role must be defined with respect to water reuse and impacts to the various regional sewer treatment and conveyance facilities 2/12: <i>Scott Huth removed as member due to new position. JPA/Metro TAC needs to appoint a new representative.</i>	Karyn Keese
Border Region	Impacts of sewer treatment and disposal along the international border should be monitored and reported to the Board. These issues would directly affect the South Bay plants on both sides of the border. 2/12: <i>This Item does not have a champion. Should we remove?</i>	
SDG&E Rate Case	8/19: Karyn to check with Paula regarding latest SDG&E issues.11/12: Sophie Akins from BBK will present updated information to Metro TAC.	Paula de Sousa
Metro JPA Strategic Plan	6/12: Chairman Ewin to establish a subcommittee to monitor the progress of strategic plan initiatives.	Ernie Ewin

Completed Items	Description	Subcommittee Member(s)
Debt Reserve and Operating Reserve Discussion	In March 2010, the JPA approved recommendations developed by Metro JPA Finance Committee, MetroTAC, and the City of San Diego regarding how the PA's will fund the operating reserve and debt financing. MetroTAC has prepared a policy document to memorialize this agreement. Project complete: 4/10	Scott Huth Karyn Keese Doug Wilson
State WDRs & WDR Communications Plan	The Waste Discharge Requirements (WDRs), a statewide requirement that became effective on May 2, 2006, requires all owners of a sewer collection system to prepare a Sewer System Management Plan (SSMP). Agencies' plans have been created. We will continue to work to meet state requirements, taking the opportunity to work together to create efficiencies in producing public outreach literature and implementing public programs. Project complete: 5/10. 2/12: State has proposed new WDR regulations. Metro TAC will not reopen but Dennis Davies will stay on top of the issue.	Dennis Davies
Ocean Maps from Scripps	Schedule a presentation on the Sea Level Rise research by either Dr. Emily Young, San Diego Foundation, or Karen Goodrich, Tijuana River National Estuarine Research Reserve Project complete: 5/10	Board Member Item
Secondary Waiver	The City of San Diego received approval from the Coastal Commission and now the Waiver is being processed by the EPA. The new 5 year waiver to operate the Point Loma Wastewater Treatment Plant at advanced primary went into effect August 1, 2010. Project complete 7/10	Scott Huth
Lateral Issues	Sewer laterals are owned by the property owners they serve, yet laterals often allow infiltration and roots to the main lines causing maintenance issues. As this is a common problem among PAs, the MetroTAC will gather statistics from national studies and develop solutions. 4/11: There has been no change to the issue. We will continue to track this item through SCAP and report back when the issue is active again. Efforts closed 3/11	Tom Howard Joe Smith
Advanced Water Purification Demonstration Project	San Diego engaged CDM to design/build/operate the project for the water repurification pilot program. 2/8/11: <i>Equipment arrived 3/2011; tours will be held when operational (June/July 2011 timeframe).</i> 2/12: Tours are available. San Diego whitepaper on IPR distributed to Metro TAC members. Closed 4/18/12	Al Lau
SDG&E Rate Case	SDG&E has filed Phase 2 of its General Rate Case, which proposes a new "Network Use Charge" which would charge net-energy metered customers for feeding renewable energy into the grid as well as using energy from the grid. The proposal will have a significant impact on entities with existing solar facilities, in some cases, increases their electricity costs by over 400%. Ultimately, the Network Use Charge will mean that renewable energy projects will no longer be as cost effective. SDG&E's proposal will damage the growth of renewable energy in San Diego County. A coalition of public agencies has formed to protest this rate proposal. 2/12: PUC has not accepted SDG&E's filing. Metro TAC move to close this item. Will continue to monitor this. 8/19: Karyn to check with Paula regarding latest SDG&E issues.	Paula de Sousa
Metro JPA Strategic Plan	2/2011: committee to meet 2/28/11 to plan for retreat to be held on 5/5/11. Retreat held and wrap up presented to the Commission at their June Meeting. JPA strategic planning committee to meet to update JPA Strategic Plan and prepare action items. 1/12: Draft strategic plan reviewed by Board and referred to Metro TAC for input. MetroTAC has created a subcommittee to work on this project. 2/12: Metro TAC has completed their final review. Forwarded to Commission. 4/12: Adopted at April 2012 Metro JPA Meeting. Project complete.	Augie Caires Ernie Ewin

Completed Items	Description	Subcommittee Member(s)
Recycled Water Study	As part of the secondary waiver process, San Diego agreed to perform a recycled water study within the Metro service area. That study is currently underway, and MetroTAC has representatives participating in the working groups. TM #8 Costs estimates are out and PAs provided comments on TM#8 and have asked for a technical briefing. 10/16/11: Final draft of report is due out in November 2011.1/12: Final draft of report is due in March 2012.3/12: Final draft available for comments until 3/19/12 4/12: PUD staff to give presentation to Metro JPA at their May meeting. 5/12 PUD staff presented the Recycled Water Study to the Metro JPA at their May meeting. Metro JPA approved the Study as a planning document. Study to move forward to SD City Council in July 2012 with letter of support from JPA. 7/12: City of San Diego approved the Recycled Water Study; Study submitted on time to Coastal Commission. Final report uploaded to JPA website.11/12: San Diego received a letter from the Coastal Commission. Metro Commission consensus was that based on the tone of the Coastal Commission letter the region may be seeing some time line changes relative to San Diego's projections on the implementation of IPR and that the MetroTAC needs to manage all aspects including the Coastal Commission and multiple issues such as desalination water, Coastal Commissions attitude at this point and pending IPR programs we have heard about.	Scott Huth Al Lau Scott Tulloch Karyn Keese

Metro TAC Participating Agencies Selection Panel Rotation

Agency	Representative	Selection Panel	Date Assigned
Padre Dam	Neal Brown	IRWMP – Props 50 & 84 Funds	2006
El Cajon	Dennis Davies	Old Rose Canyon Trunk Sewer Relocation	9/12/2007
La Mesa	Greg Humora	As-Needed Piping and Mechanical	11/2007
National City	Joe Smith	MBC Additional Storage Silos	02/2008
Otay Water District	Rod Posada	As-Needed Biological Services 2009-2011	02/2008
Poway	Tom Howard	Feasibility Study for Bond Offerings	02/2008
County of San Diego	Dan Brogadir	Strategic Business Plan Updates	02/2008
Coronado	Scott Huth	Strategic Business Plan Updates	09/2008
Coronado	Scott Huth	As-needed Financial, HR, Training	09/2008
PBS&J	Karyn Keese	As-needed Financial, Alternate HR, Training	09/2008
Otay Water District	Rod Posada	Interviews for Bulkhead Project at the PLWTP	01/2009
Del Mar	David Scherer	Biosolids Project	2009
Padre Dam	Neal Brown	Regional Advisory Committee	09/2009
County of San Diego	Dan Brogadir	Large Dia. Pipeline Inspection/Assessment	10/2009
Chula Vista	Roberto Yano	Sewer Flow Monitoring Renewal Contract	12/2009
La Mesa	Greg Humora	Sewer Flow Monitoring Renewal Contract	12/2009
Poway	Tom Howard	Fire Alarm Panels Contract	12/2009
El Cajon	Dennis Davies	MBC Water System Improvements D/B	01/2010
Lemon Grove	Patrick Lund	RFP for Inventory Training	07/2010
National City	Joe Smith	Design/Build water replacement project	11/2010
Coronado	Scott Huth	Wastewater Plan update	01/2010
Otay Water District	Bob Kennedy	RFP Design of MBC Odor Control Upgrade/Wastewater Plan Update	02/2011
Del Mar	Eric Minicilli	Declined PS 2 Project	05/2011
Padre Dam	Al Lau	PS 2 Project	05/2011
County of San Diego	Dan Brogadir	RFP for As-Needed Biological Services Co.	05/2011
Chula Vista	Roberto Yano	North City Cogeneration Facility Expansion	07/2011
La Mesa	Greg Humora	confined space RFP selection panel	10/2011
Poway	Tom Howard	COSS's for both Water and WW	10/2011
El Cajon	Dennis Davies	Independent Accountant Financial Review & Analysis – All Funds	01/2012

Lemon Grove	Mike James	MBC Dewatering Centrifuges Replacement (Passed)	01/2012
National City	Joe Smith	MBC Dewatering Centrifuges Replacement (Passed)	01/2012
Coronado	Godby, Kim	MBC Dewatering Centrifuges Replacement (Passed)	01/2012
Otay Water District	Bob Kennedy	MBC Dewatering Centrifuges Replacement (Accepted)/Strategic Planning Rep	01/2012
Del Mar	Eric Minicilli	New As Need Engineering Contract	02/2012
Padre Dam	Al Lau	PA Rep. for RFQ for As Needed Design Build Services (Passed)	05/2012
County of San Diego	Dan Brogadir	PA Rep. for RFQ for As Needed Design Build Services (Cancelled project)	05/2012
Chula Vista	Roberto Yano	As-Needed Condition Assessment Contract (Accepted)	06/2012
La Mesa	Greg Humora	New programmatic wastewater facilities condition (Awaiting Response)	11/2012
Poway	Tom Howard		
El Cajon	Dennis Davies		
Lemon Grove	Mike James		
National City	Joe Smith		
Coronado	Godby, Kim		
Otay Water District	Bob Kennedy		
Del Mar	Eric Minicilli		
Padre Dam	Al Lau		
El Cajon	Dennis Davies		
Lemon Grove	Patrick Lund		
National City	Joe Smith		
Coronado	Scott Huth		
Otay Water District	Bob Kennedy		
Del Mar	Eric Minicilli		
Padre Dam	Al Lau		
County of San Diego	Dan Brogadir		
Chula Vista	Roberto Yano		
La Mesa	Greg Humora		

AGENDA ITEM 10

Attachment

[To be placed on either Padre Dam or City of San Diego Letterhead]

[DATE]

[Insert PA Information]

RE: Metro Sewer Billing Issue/ Padre Dam Municipal Water District

Over the last months, we have discussed at various Metro TAC meetings, an issue related to an overbilling of Padre Dam Municipal Water District ("Padre Dam") of Metropolitan Wastewater System ("Metro System") costs. This letter summarizes the overbilling issue ("Overbilling") and sets out the recommendation of the City of San Diego ("San Diego") Metro System staff, and Padre Dam, as to the manner in which the Overbilling should be resolved.

By way of background, in late 2010 Padre Dam, a fellow Participating Agency ("PA") in San Diego's Metro System, notified San Diego of significant billing inaccuracies and irregularities as relates to Padre Dam's wastewater strength loading calculations. These billing inaccuracies and irregularities resulted in an overcharge to Padre Dam in the amount of \$9,771,142 from Fiscal Year 1998 through Fiscal Year 2008.¹ Because all costs associated with the Metro System are proportionately shared by all PAs and San Diego, the Padre Dam Overbilling in the amount of \$9,771,142 resulted in an under-billing to the remaining PAs and San Diego in the amount of \$9,771,142.

As you know, it took time to build the current collaborative and collegial partnership the PAs have with San Diego on matters related to the Metro System, memorialized in the terms of the 1998 Regional Wastewater Disposal Agreement ("Metro Sewer Agreement"). The Metro Sewer Agreement is premised on the principle that the PAs and San Diego, as partners in the Metro System, must equitably allocate amongst themselves the costs associated with maintaining and operating the Metro System as well as any revenues received from the Metro System. To that end, the Metro Sewer Agreement provides, in part, as follows:

V. SYSTEM OF CHARGES

A. Charges Authorized.

The City agrees to implement and the Participating Agencies agree to abide by a new system of charges. This new system allows the City to *equitably recover from all Participating Agencies, their proportional share* of the net Metro System Costs through the imposition of the following charges:

1. SSC (Sewer System Charge);

¹ Billings for Fiscal Years 2009 to date have been corrected and are not in dispute.

2. EDD (Existing Capacity Charge);
3. NCCC (New Contract Capacity Charge).

(Metro Sewer Agreement, Article V, Section A.) The Sewer System Charge (“SSC”) referenced above requires that billing be based on the strength and flow of wastewater.

Our partnership in the Metro Sewer System is not fleeting, as we—all PAs and San Diego—will remain partners in the Metro System until at least December 30, 2050. Accordingly, San Diego and Padre Dam recommend that the issue be resolved equitably whereby each and every PA agrees to correct the Padre Dam Overbilling from its commencement (FY 1998). This recommendation is not taken lightly. We fully comprehend that agreeing to reconcile the error in this manner may have precedential consequences. If our recommendation is accepted Padre Dam will be made whole. Ultimately, the idea that any PA should benefit at the expense of another due to an administrative error runs contrary to the foundation upon which our partnership was built.

Last, we have included a spreadsheet that shows the per fiscal year benefit the **[Insert Name of PA]** received as a result the Padre Dam Overbilling. As you will see the difference to **[Insert Name of PA]** between going back to the start of the Overbilling to date, as compared with going back only to Fiscal Year 2004 (which true-up was completed within 4 years of the date Padre Dam notified San Diego of the discrepancy) is negligible to your agency as compared to the impact in the aggregate to Padre Dam.

We ask that you provide **[Insert Name of PA]**’s position regarding our recommendation no later than _____. This will permit Padre Dam and San Diego to assess where the PAs are on this issue and determine what next steps to take in light of the Metro Sewer Agreement dispute resolution provisions.

Please do contact either of the below signatories if you have any further questions.

