



Metro Wastewater JPA Finance Committee
April 23, 2019
Minutes

Meeting called to order: 10:05 a.m. at PUD MOC 11 (Room 2B-Second Floor) 9192 Topaz Way, San Diego, CA by Committee Chairman Mullin

1. Roll Call

Attendees:

John Mullin, Chair, Poway
Jim Peasley, Vice Chair, Padre
Jerry Jones, Lemon Grove Sanitation District
Bill Baber, La Mesa

Support Staff:

Karyn Keese, The Keze Group, LLC
Nicholas Norvell, BBK Law
Eric Minicilli, Vice Metro TAC Chair
Lori Anne Peoples, Metro JPA Board Secretary

City of San Diego Staff:

Edgar Patino, Public Utilities Department, City of San Diego (PUD)
Charlotte Strong-Williams, Public Utilities Department, City of San Diego, Pure Water (PUD)

General Public:

There were no general public members.

1. Roll Call

Meeting attendance is noted above. There was a quorum for the meeting. As there were several new people, introductions were made.

2. Public Comment

There was no public comment.

3. Approval of Minutes from the July 25, 2018 Finance Committee Meeting

ACTION: Upon motion by Vice Chair Jones, seconded by Committee Member Peasley, the July 25, 2018 Minutes were approved unanimously.

4. Approval of 2019 Calendar of Metro JPA Finance Committee Meetings

Chair Mullin requested the calendar for 2019 be set to reflect confirmed months of April, May, June and July, other meetings added if needed.

ACTION: Motion by Committee Member Peasley, seconded by Vice Chair Jones, to approve the meeting calendar. The motion carried unanimously.

Prior to hearing the items, Karyn Keese, Financial Consultant, discussed that this will continue to be a very busy year for the JPA's consulting staff. All of the Phase I capital contacts will be bid during FY 2020 and thus a final cost allocation split between water and wastewater will be determined. Once this is complete there will need to be a major reconciliation of all of the "50/50" task orders. These are the task orders from project inception (2014) for shared costs that have been allocated 50% to water and wastewater equally until the final cost allocation can be determined once all construction projects are bid. As of June 20, 2018, there were 84 task orders totaling \$30 million that fall into this category for such things as program management and the project EIR. It is anticipated that this reconciliation will save the PAs \$1 million. In addition the two design contracts (Moreno Pump Station/Pipeline - \$18.2 million and the North City Expansion - \$15.4 million) will need to be reconciled and adjusted to actual contract costs as both contracts have water components. This effort will require substantial engineering and financial consultant time to insure that no water costs will be charged to Metro as construction of the facilities is started. Once the reconciliation is done it will need to be audited and substantial audit field work time is anticipated as San Diego adjusts their financial records to reflect this cost split.

Work will continue on the implementation of the Amended Restated Agreement by both engineering and financial consultants. The Agreement left many financial and engineering tasks to be completed over the next year. A Financial Implementation Working Group has been formed with City of San Diego staff to complete these tasks. In addition, work will continue by JPA engineering consultants on the residuals issue with the goal of completing a separate agreement to address this concern.

Additionally, engineering staff will continue to work with San Diego to determine the Phase II facilities. It is anticipated that during the year work will start by engineering and financial consultants on drafting a Phase II Agreement with the City of San Diego.

Eric Minicilli, Vice-Chair of MetroTAC and Karyn Keese, Finance consultant, then reviewed the contracts included in the budget for the committee.

5. Approval of the Amendment to the Treasurer's Contract with Padre Dam Municipal Water District for FY 2020

Karyn Keese, Financial Consultant, explained that this is the Sixth Amendment to the Treasurer's Contract: Every two years the JPA is required to complete an audit of their financial records. This is in progress and will be completed during FY 2020. This requires the participation of the Treasurer's staff in addition to the regular Treasury duties. The budget for Treasury Services remains unchanged at \$21 000.

ACTION: Upon motion by Committee Member Baber, seconded by Vice Chair Jones, the FY 2020 Amendment to the Treasurers Contract amendment with Padre Dam Municipal Water District was approved unanimously.

6. Approval of FY 2020 Contract with The Keze Group, LLC for Financial Support Services

Eric Minicilli, Vice-Chair MetroTAC provided a brief overview of the contract. In addition to routine financial services (Exhibit E Audit, Metro budgets and forecasts, etc.) the Keze Group will be participating in and auditing the Phase 1 cost allocation and reconciliation once all construction contracts are bid. In addition, Implementation of the financial tasks in the Amended Restated Agreement will be completed as well as substantial long range financial planning to incorporate Phase II projected costs in with Phase I during the fiscal year. The budget for the Keze Group remains unchanged at \$77,600.

ACTION: Upon motion by Committee Member Baber, seconded by Vice Chair Jones, the Contract with the Keze Group was approved unanimously.

7. Approval of Amendment to the FY 2020 NV5 Contract for Engineering Services

Karyn Keese, Financial Consultant, explained the contract with NV5 was for As-Needed Engineering Services. NV5 through Scott Tulloch will continue to provide engineering and technical support to the Participating Agencies in meeting their objective of the Pure Water Program. This will continue to include monitoring and facilitation of Secondary Equivalency permanent legislation as well as continued efforts working with the City of San Diego Pure Water Program staff on Phase I and II cost allocations and Phase II facilities planning. In addition, Carmen Kasner will assist in the detailed review of selected contractor's bids for the Moreno Pump Station and Pipeline and North City Expansion projects to insure correct cost allocations between water and wastewater on these shared projects. The budget for NV5 remains unchanged at \$50,000.

ACTION: Upon motion by Committee Member Baber, seconded by Committee Member Peasley, the Contract amendment with NV5 was approved unanimously.

8. Approval of Amendment to Reimbursement Agreement with the City of Lemon Grove Sanitation District for Engineering Support Services of Wilson Engineering for FY 2020 Including Authorization of the Chair or Designee to Execute Amendment

Karyn Keese, Financial Consultant, explained that this was the Fourth Amendment. The major tasks are to be performed by Dexter Wilson and his staff during FY 2020 include assistance in determination of the Pure Water Phase II facilities and the preparation of an Amendment to incorporate them into the Regional Agreement, technical support for and preparation of a Residuals Agreement, engineering support for Karyn Keese during the Exhibit E audit of Pure Water costs and other financial reviews, and implementation of the Amended Restated Agreement for Phase I. He will also be the lead consultant on the detailed review of selected contractor's bids for wastewater Pure Water facilities to insure correct cost allocations between water and wastewater on shared projects. Committee discussion centered on changing the contract with Lemon Grove Sanitation District to a direct contract with Wilson Engineering. This decision was unanimously approved and Nick Norvell of BBK was asked to prepare the required contractual agreement. The budget for services provided by Wilson Engineering for FY 2020 is \$105,600. This is \$17,500 higher than FY 2019 due to inclusion of two new tasks: the residuals issue/amendment and engineering assistance to Karyn Keese in the audit of Pure Water costs and other allocation/financial reviews included in the implementation of the Amended Restated Agreement.

ACTION: Upon motion by Committee Member Peasley, seconded by Committee Member Baber, the Amendment to Reimbursement Agreement as amended to be a contract directly with Wilson Engineering, was approved unanimously.

9. Review of FY 2020 Budget for Legal Counsel (Best Best & Krieger LLP)

The Finance Committee reviewed the JPA's agreement with BBK for General Counsel Services issued in 2007 along with the 2010 amendment. The amendment states the hourly billing rates are subject to change each year based on the San Diego area consumer price index for urban consumers. Additionally the amendment states that the same rate applies to all attorneys. The current hourly rate is \$239 per hour. The cost of living increase will be 3.4% with a new blended rate of \$247 for FY 2020. The budget for FY 2020 was established at \$60,000 which is the average budget for BBK prior to Pure Water.

10. Approval of FY 2020 Procopio Letter of Engagement and Budget

Committee Member Baber recused himself out of an abundance of caution on this item.

Eric Minicilli, Vice-Chair MetroTAC stated that the JPA had approved hiring of special counsel for negotiations with the City of San Diego regarding participation in the Pure Water Program. The first task will be to prepare and assist in negotiations with the City of San Diego on the residual agreement. The FY 2019 budget estimate of \$70,000 for Pure Water was rebudgeted for FY 2020.

ACTION: Upon motion by Vice Chair Jones, seconded by Committee Member Peasley, the items were approved unanimously with Committee Member Baber Absent.

Committee Member Baber returned to the meeting after the action was completed.

11. Approval of the Hiring of a Consultant to Lead a Strategic Plan Development

Karyn Keese, Financial Consultant, explained that the MetroTAC had formed a working group to review and update the JPA's website. During the initial website review it was determined that the JPA's most recent strategic plan was created in 2012. The JPA used to update their strategic plan every two years. The MetroTAC working group asked Karyn Keese to contact John Gavares, who was the original creator of the JPA's strategic plan and facilitated most of the planning sessions; to get a budget estimate to be included in the FY 2020 budget should the JPA wish to move forward with the update. A proposal was received with a range of \$8,550 to \$14,050. Committee discussion centered on the fact those past strategic planning sessions had been too long taking up a whole day (including new member training) but that it should be updated to include Pure Water. The Finance Committee unanimously agreed that an Ad Hoc Committee of the JPA should be created to provide strategic plan inputs. \$14,000 has been included in the FY 2020 budget should the JPA wish to move forward with updating the strategic plan.

ACTION: Upon motion by Committee Member Baber, seconded by Vice Chair Jones, to recommend the JPA form an Ad Hoc committee to work with the Consultant to update the scope to add Pure Water. The motion carried unanimously.

12. Approval of Amendment to Increase Work in FY 2018-2019 in the amount of \$19,800 with a corresponding Revision to Exhibits A and B for Lemon Grove Sanitation District Consultant Wilson Engineering for Engineering Support Services

Karyn Keese, Financial Consultant, explained that the changes to the contract and increased costs were to cover the two additional tasks that were not foreseen when the budget was established for FY 2019. They are: the residuals issue/amendment and engineering assistance to Karyn Keese in the audit of Pure Water costs and other cost allocation/financial reviews included in the implementation of the Amended Restated Agreement.

ACTION: Upon motion by Committee Member Peasley, seconded by Vice Chair Jones, the Amendment was approved unanimously.

13. Review of Items to be Brought Forward to the Metro Commission/Metro Wastewater JPA

All Finance Committee approved items will move forward to the Metro Commission/Metro Wastewater JPA meeting in May.

14. Other Business of the Finance Committee

There was no other additional business of the Finance Committee.

15. Adjournment

The meeting was adjourned at 11:30 p.m.
