



## METRO TAC AGENDA

### (Technical Advisory Committee to Metro JPA/Commission)

**TO:** Metro TAC Representatives

**CC:** Metro Directors (for information only)

**DATE:** Wednesday, February 21, 2024

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

**LOCATION:** Metro TAC is holding its February meeting virtually. An e-mail containing information on how to participate in the meeting will be distributed to the Metro TAC members e-mail list and approved San Diego City Staff by Monday, February 19, 2024 by 5:00 p.m. If you do not receive the e-mail, please contact Lori Peoples at [lorimetrojpa@gmail.com](mailto:lorimetrojpa@gmail.com) PRIOR to the meeting date.

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1. **ACTION:** Review and Approve MetroTAC Action Minutes for the Meeting of January 17, 2024 (**Attachment**)
  2. **PRESENTATION:** Metro JPA Reorganization Presentation of Unanimous Recommendations from the Metro Board of Directors Regarding JPA Organizational Structure (Adriana Ochoa) (**Attachments**)
  3. **UPDATE:** Consideration and Possible Action to Recommend Approval to the Metro JPA/Commission of the Basic Financial Statements with Report on Audit by Independent Certified Public Accountants for the Two-Year Period Ended June 30, 2021 (Clifton Larson Allen LLP) (**Attachment**)
  4. **PRESENTATION:** Functional Allocation Based (FAB) Cost Methodology: Inclusion of Brine as a Fixed/Variable Billing Parameter (Ben Stewart, Stantec) (**Attachment**)
  5. **ACTION:** Second Amendment to the Sole Source Agreement with HDR Engineering, Inc. for Point Loma Wastewater Treatment Plant Coastal Erosion Monitoring Program Implementation (Craig Boyd/Doug Campbell) (**Attachment**)
  6. **ACTION:** Chemical Contracts Update – Peroxide Regenerated Iron Sulfide Control (PRI-SC) and Peroxide Regenerated Iron Chemically Enhanced Primary Treatment (PRI-CEPT ) and Caustic Soda 50% (Craig Boyd/Doug Campbell) (**Attachment**)
  7. **ACTION:** First amendment to the agreement with Regents of the University of California, San Diego (UCSD) for the Scripps Institution of Oceanography (SIO) to Evaluate Anthropogenic Impacts on the San Diego Coastal Kelp Forest Ecosystem (2024-2029). (Ryan Kempser, Senior Environmental Scientist, PUD) (**Attachments**)

8. **UPDATE**: Metro Wastewater (General) (Standing Item) (Doug Campbell)
  - a. Spill(s) Update
9. **UPDATE**: Pure Water Program Update (Standing Item) (Amy Dorman/Doug Owen)
10. **UPDATE**: Metro Wastewater Financial (Standing Item) (Adam Jones)
11. **UPDATE**: JPA Financial (Standing Item) (Karyn Keze)
12. **UPDATE**: Integrated Regional Water Management Program Update (Karen Jassoy/Alisa Nichols)
13. **UPDATE**: Industrial Wastewater Control Committee (Dexter Wilson)
14. **UPDATE**: Metro JPA/Commission Board Meeting Recap (Standing Item) (Alisa Nichols)
15. Review of Items to be Brought Forward to the Regular Metro JPA/Commission Meeting (**March 7, 2024**)
16. Other Business of Metro TAC
17. Adjournment ([To the next Regular MetroTAC Meeting, March 20, 2024](#))

#### **MetroTAC 2024 Meeting Schedule**

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

# **ATTACHMENT 1**

## **DRAFT Minutes of January 17, 2024 Regular Meeting**

## MetroTAC

(Technical Advisory Committee to Metro JPA/Commission)

### ACTION MINUTES

**DATE OF MEETING:** January 17, 2024  
**TIME:** 11:00 AM  
**LOCATION:** Zoom Meeting held Online

#### **MEETING ATTENDANCE:**

##### **Members Present**

Michael Benozza, Chula Vista  
Leon Firsht, Coronado (absent)  
Joe Bride, Del Mar (absent)  
Blake Behringer, El Cajon  
Eric Minicilli, Imperial Beach  
Joe Kuhn, La Mesa  
Izzy Murguia, Lemon Grove  
Cynthia Peraza, National City (Adurra Group)  
Beth Gentry, Otay WD  
Jeff Marchioro, Otay WD  
Peejay Tubongbanua, Padre Dam MWD  
Paul Clarke, Padre Dam MWD  
Jeff Moneda, Padre Dam MWD  
Michael Hindle, Padre Dam MWD  
Alisa Nichols, Poway  
NO CURRENT REP, County of San Diego

##### **San Diego City Staff/Consultants**

Lisa Celaya, City of San Diego  
Adam Jones, City of San Diego  
Amy Dorman, City of San Diego  
Andrea Demich, City of San Diego  
Tung Phung, City of San Diego  
David Bryant, City of San Diego  
Keli Balo, City of San Diego  
Orelia De Braal, City of San Diego

##### **Others Present**

Doug Owen, STANTEC  
Benjamin Stewart, STANTEC  
Paul Redvers Brown, Paul Redvers Brown, Inc.

##### **Staff/Consultants Present**

Karyn Keze, the Keze Group  
Scott Tulloch, NV5  
Dexter Wilson, Dexter Wilson Engineering  
Kathleen Heitt, Dexter Wilson Engineering  
Lee Ann Jones-Santos, Metro JPA Treasurer  
Lori Anne Peoples, Metro JPA Board Secretary

**1. ACTION: Review and Approve MetroTAC Action Minutes for the Meeting of October 18, 2023**

**ACTION:** Motion by Izzy Murguia, seconded by Peejay Tubongbanua, the Minutes be approved.  
Motion carried unanimously.

**2. ACTION: Consideration and Possible Action to Approve the Meeting Calendar for 2024**

**ACTION:** Motion by Beth Gentry, seconded by Izzy Murguia, to approve the meeting calendar.  
Motion carried unanimously.

**3. PRESENTATION: Goals of the Second Amended Restated Agreement (SARA)**

Karyn Keze introduced Paul Brown (consultant for the JPA and City of San Diego) who provided a brief biography of himself. He then provided an overview of the PowerPoint presentation included in the agenda package. His presentation covered: Parties to the Agreement dated December 4, 2018, between the City of San Diego and Participating Agencies; Members of the Negotiating Team; Negotiation Goals; Key Questions; Negotiation Tasks and Decisions; Schedule and Discussion.

**4. PRESENTATION: Wastewater System: Planning and Operations**

Lisa Celaya and Keli Balo, City of San Diego, provided an overview of their PowerPoint presentation included in the agenda packet. This was a presentation that they gave to the Regional Quality Control Board back in November. It included: Wastewater System Overview (Collection System, Pump Stations and Treatment Plant); Public Utilities Asset Management Program (Comprehensive Condition Assessment Program, Facility Master Planning and Prioritization, Capital Improvement Program); Prioritizing the Collection System; History of Sewer Spills; Collection System Maintenance and Improvements; Example of Emergency Response; Collection System Maintenance Optimization noting that priorities are evolving due to changed circumstances; What's Different Compared to the Early 2000's; Planning for Climate Change Effects; System Improvements – Completed Projects; System Improvements – In Process Projects; Pump Station Improvements – Completed Projects; Pump Station Improvements – In Process Projects; Pump Station Operational Focus; Financial Background; Capital Expenditures Exclusive of Pure Water, and Looking Ahead.

Lisa requested the PA's reach out to her with any questions.

**5. ACTION: Authorization for a First Amendment to the contract with California Water Technologies, LLC to purchase Ferrous Chloride for Wastewater Treatment Plants, Public**

David Bryant, City of San Diego, provided a brief verbal overview of his PowerPoint presentation distributed after the posting of the agenda package and included in these minutes as Exhibit A. It included: Background; Expenditures and Recommended Action.

**ACTION:** Motion by Izzy Murguia, seconded by MetroTAC Chair Alisa Nichols, to recommend approval of the first amendment to contract to the Metro JPA. Motion carried unanimously.

**6. ACTION: Award of the As-Needed Engineering Technical Services Agreement with Stantec Consulting Services, Inc for Phase 2 of the Pure Water Program**

Andrea Demich, City of San Diego introduced the item and provided a brief overview of the PowerPoint presentation included in the agenda package. It included: How much water would be produced locally; Comparing the Phases – 1 and 2; Phase 2 Implementation; Pure Water Phase 2 As-Needed Engineering Technical Services Contract; Scope of Work; Specialized Services; Year 1 – Facility Plan Validation and Project Definition; Selected Consultant; Proposed Contract; Stantec Contract – Target Approval Schedule; Requested Actions and Questions.

Karyn Keze stated that from a staff perspective, who have worked with Stantec throughout Phase 1, she is pleased that Stantec has been selected. Additionally, she noted that the JPA had representatives on the selection panel (Scott Tulloch) and that they did have input to the

selection.

Dexter Wilson mirrored Ms. Keze's comments and stated Stantec was doing an excellent job.

Scott Tulloch also mirrored the prior comments and stated he was relieved to not have to change consultants between Phase 1 and Phase 2.

Lisa Celaya, City of San Diego, stated she and San Diego staff were excited to work with everyone. Andrea Demich, City of San Diego, also thanked those speaking on behalf of the JPA and stated she was hoping to get a similar response when presenting to the Environmental Commission next.

**ACTION 1.** Motion by Izzy Murguia, seconded by MetroTAC Chair Alisa Nichols, to recommend to the Metro JPA the Authorization to execute the agreement with Stantec, Inc., for As-Needed Engineering Technical Services for 10 years in an amount not-to-exceed \$100,000,000. Motion carried unanimously.

**ACTION 2.** Motion by Izzy Murguia, seconded by MetroTAC Chair Alisa Nichols, to recommend the Metro JPA Authorization to expend an amount not-to-exceed \$100,000,000 in total over the term of this agreement from Fund 700011 – Water Utility Operating, Fund 700010 – Water Utility CIP, Fund 700001 – Metro Sewer Utility, and Fund 700009 – Metro Sewer CIP. Motion carried unanimously.

**ACTION 3.** Motion by Izzy Murguia, seconded by MetroTAC Chair Alisa Nichols, to recommend the Metro JPA Authorization to expend an amount not-to-exceed \$1,000 from Fund 700011 – Water Utility Operating, for the purpose of executing this agreement and meeting minimum contract requirements. Motion carried unanimously.

**7. UPDATE: Metro Wastewater (General) (Standing Item)**

a. April 2020 Spill Update

Lisa Celaya, City of San Diego stated that the supplemental environmental projects were going well.

**8. UPDATE: Pure Water Program Update**

a. Quarterly Construction Report

Doug Owen, Stantec, provided a brief overview of the table included in the agenda package.

**9. UPDATE: Metro Wastewater Financial (Standing Item)**

a. Fiscal Year 2025-2029 Five-Year Financial Outlook

Adam Jones, City of San Diego, stated that the corresponding item included in the agenda package was the City of San Diego's five-year financial outlook which they do every year as part of their budgetary process. The document looks at both the water and wastewater systems and is a combined statement for the wastewater system, so it includes Metro and Muni revenues and expenses. The primary goal of this report is to give San Diego City Council a heads up of what to expect over the next 5 years as it relates to running the system so that they can have an expectation of what it will look like to city rate payers.

PUD staff will provide, as they have done in the past, a version that only looks at the Metro revenues and expense so that the Metro JPA and MetroTAC members as well as JPA staff understands what the system will look like moving forward over the next five-years. At the next TAC meeting he plans to give a presentation that focuses on only the Metro specific costs.

b. Brief Review FY 2025 Estimate

Adam Jones, City of San Diego, stated that as required under the ARA, the City submitted their Metro budget estimates for FY 2025 to those individuals on the PUD's email list for financial reports. At a high level, the PA's contributions are expected at \$95.28 million, which is generally consistent with last year. Tables A-D of the budget estimate were not ready in time to get on this TAC agenda but have been sent out with the estimate and can be resent if PUD staff has changed and the budget estimate did not get to current staff. In the past PUD used the last audited financials related to the sewage strengths for allocating the FY2025 budget revenues and expenses. As requested by JPA financial staff for FY2025 they are now using the unaudited FY 2023 strength numbers (TSS and COD) to allocate the budget costs as the audited numbers are from FY2019 and in many cases are not representative of each agency's current sewage strengths.

Additionally, this year, PUD has added on Table D, an extra column entitled "Original Budget" that comes from the city's original proposed budget process that is reviewed and approved by the San Diego City Council. What is currently labeled as "FY 2024 Budget Costs" is the Original Budget adjusted for any offsetting revenues like SRF loan proceeds and revenue trends which have occurred since the City's internal budget process. The FY2024 Budget Costs are the expenses allocated to each PA in Tables A, B, and C of the budget estimate.

An example of adjusted original costs is chemical treatment costs are continuing to rise, however at a lower rate than in the past, so additional costs are expected related to buying and using chemicals related to the treatment process and thus included in the FY2024 Budget Costs. In addition, under Metro pay go, the city is expecting to spend about \$44 million on the metro system as pay go expense but will only be billing \$5 million to the PAs as the City expects to issue new revenue bonds in August of this year with the expectation that those would fund the majority of the CIP expenses and therefore will not be billed directly to the PAs.

In addition, the State has approved the construction budgets for two of the 4 SRF loans for the Pure Water Program being the Morena Pump Station and Morena Conveyance which are two of the largest projects in the Phase 1 Program. The city has submitted \$88 million for reimbursement and received that from the State this fiscal year. They are expecting by the end of the year that all the city's SRF loans will have the approved construction budgets and so many expenses will be reimbursed with cash from the State. They are assuming that up to approximately \$25 million may be outstanding as they close the fiscal year which will be monies submitted for reimbursement but not yet received. The city does have a short-term borrowing instrument that allows it to have better cash flow with a \$150 million capacity. Mr. Jones is proposing that since the city has expectations to have up to

\$25 million in outstanding reimbursements, the city will draw down from their short-term borrowing instrument to limit the impacts to the PAs.

Ms. Keze thanked Mr. Jones for presenting this detailed information and noted if the PAs read the actual five-year forecast, the city is projecting the increases to their users and the PAs to be 3% to 4% per year and this year is only a \$1 million increase over last year. She then thanked Mr. Jones and his staff for their hard work in maximizing the SRF loan program for Phase 1 and getting the project costs reimbursed as she knows how painful that has been.

**10. UPDATE: JPA Financial (Standing Item)**

Karyn Keze stated she was pleased to report that the JPA Audit for FY 2020-2021 was complete and will be going to the Metro JPA Finance Committee on Tuesday. There was nothing exciting. The audit will be going to Metro TAC's next meeting and will be sent out with the agenda. The second of the JPA's audits, for FY 2022-2023, has started and is moving along nicely.

She is hoping that the TAC members will be able to attend the February JPA meeting. The JPA Board Chair formed a Reorganization Ad Hoc Committee several months ago, and based on the recommendations of that Committee, is moving forward and presenting a new organizational structure for the JPA with the goal of bringing it up to date. It will come to TAC at their next meeting, but since it is a policy, it will go to the JPA first for review and potential approval.

**11. UPDATE: Integrated Regional Water Management Program Update**

MetroTAC Chair Alisa Nichols noted that she did not have an update and that she is currently the MetroTAC Alternate on the IRWMP and Karen Jassoy is the Primary. Karen attends the meetings. The next meeting will be February 7<sup>th</sup> at 9 am. so there will be an update following that. She also requested that another TAC member consider taking her place as an alternate now that she has accepted the role as Metro TAC Chair. She requested that interested TAC members contact her.

**12. UPDATE: Metro Capital Improvement Program and Funding Sources FY 2024 1<sup>st</sup> Quarter**

Tung Phung, City of San Diego noted that he normally sent the report out in the agenda and then attends the meeting to answer any questions. Chair Alisa Nichols requested Tung provide a brief overview of his report. Tung noted that this report is for the first quarter of fiscal year 2024 and covers activities from July through September of 2023. He noted the first slide reflected expenditures forecast vs. actuals and that the higher expenditures were due to the progress at Pump Station 2. The project was slowed due to a power reliability issue but is moving toward the actual completion of construction. The second project is MBC and is moving forward also. Tung provided an additional slide which reflected a list of the ten projects which were currently ongoing. Of the ten projects there are five currently in construction, four in design and one is in the award process.



Tung noted that the project presented earlier by Lisa Celaya, City of San Diego, had covered Pump Stations 1 and 2 and he hopes to include them in the next quarterly report.

**13. UPDATE: Industrial Wastewater Control Committee**

Dexter stated that this was a committee that was part of the 2<sup>nd</sup> ARA and has not met in quite a while and provided a list, included in the agenda package, of who previously attended by agency and requested any updates. He plans to schedule a meeting within the next month to review where the committee is in the process.

The prior committee had made progress on two outstanding items from the 1<sup>st</sup> ARA. The first outstanding item is what is now termed “administrative agreements” or how the housekeeping administrative provisions of the industrial waste program can be updated without having to prepare and adopt a whole new ARA which is a time consuming and expensive process.

The next is what is termed as a “general benefit.” Lastly, Mr. Wilson noted that in the past Beth Gentry of Chula Vista was the Committee Chair who scheduled the meetings and produced the agendas. He was hoping she would continue but if not, a new person would have to be selected. Ms. Keze stated that when Beth left this meeting, she sent her a text requesting her management at Otay, to be able to continue in this capacity. Ms. Keze then requested everyone confirm any changes with Ms. Peoples so she could update the list for everyone. Ms. Peoples requested confirmation as to the committee having one primary and one alternate. Mr. Wilson responded that this committee sometimes would have one or more representatives from each agency. Michael Benozza of Chula Vista stated he would be acting as Primary and would advise the change when the new person in Chula Vista is hired.

**14. UPDATE: Metro Commission/JPA Board Meeting Recap (Standing Item)**

MetroTAC Chair Alisa Nichols stated that the last meeting of the JPA was November 2, 2023, and the JPA approved the first amendment with ANON Risk Insurance Services as well as heard the presentation on functional design-based cost allocation both which were previously heard by MetroTAC. Chair Jones provided a report on the 2<sup>nd</sup> Amended Restated Ad Hoc Committee and requested that the Reorganization Ad Hoc Committee discuss metro staffing and rules at the next JPA meeting.

**15. Review of Items to be Brought Forward to the Regular Metro Commission/Metro JPA Meeting (February 1, 2024)**

Items 5, 6, presentations by San Diego however there may be some time constraints, 9 and 12 will move forward and 3 and 4 will be continued to the March JPA meeting.

**16. Other Business of Metro TAC**

None.

**17. Adjournment** (To the next Regular MetroTAC Meeting February 21, 2024)

Chair Alisa Nichols adjourned the meeting at 1:12 p.m.

# EXHIBIT A

Public Utilities Department

**Authorization for a First Amendment to the contract  
with California Water Technologies, LLC to purchase  
Ferrous Chloride for Wastewater Treatment Plants**

Metro TAC  
January 17, 2024



## Background

- Ferrous chloride ( $\text{FeCl}_2$ ) is a chemical used for hydrogen sulfide ( $\text{H}_2\text{S}$ ) control in wastewater treatment plants.  $\text{H}_2\text{S}$  is a corrosive chemical which causes odor and is hazardous to human health.
- In May 2021, the City issued an Invitation to Bid (ITB) for Ferrous Chloride and executed a contract with California Water Technologies (CWT) in January 2022. Due to significant increases in raw material costs from the COVID-19 pandemic, the vendor requested an increase in the chemical price. The Public Utilities determined it was in the best interest of the City to rebid the contract to allow for open and fair competition based on the current market conditions.
- The contract was terminated, and an interim sole source contract with CWT was approved to avoid disruption of services to allow time to rebid the contract.



- Additional time is being requested to complete the new ITB process for ferrous chloride.

## Expenditures

- The total not to exceed amount for this amendment is \$1,716,855 of which the estimated expense to the Metro JPA is \$566,562 (33%).



## Recommended Action

- Approve the Metro expenditure and forward to the Metro JPA.



Questions?



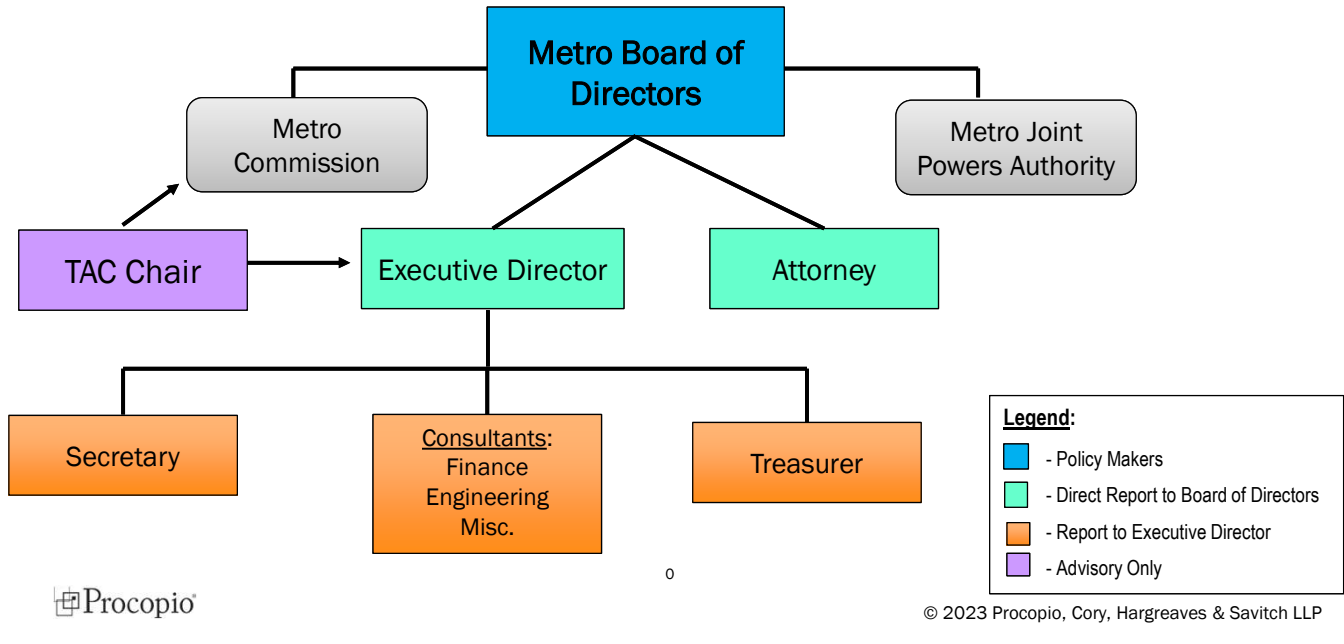
# Attachment 2: Metro JPA Reorganization: Presentation of Unanimous Recommendations from the Metro Board of Directors Regarding JPA Organizational Structure

- 2A: Metro Wastewater JPA Org Chart and Invoice Policy Options
- 2B: Metro Wastewater JPA Organization Structure and Resumes
- 2C: Metro Wastewater JPA Invoice and Payment Policy
- 2D: Fourth Amendment To Joint Exercise Of Powers Agreement For The Metro Wastewater Joint Powers Authority To Amend Section 3.05 Of The Joint Powers Agreement

2A:

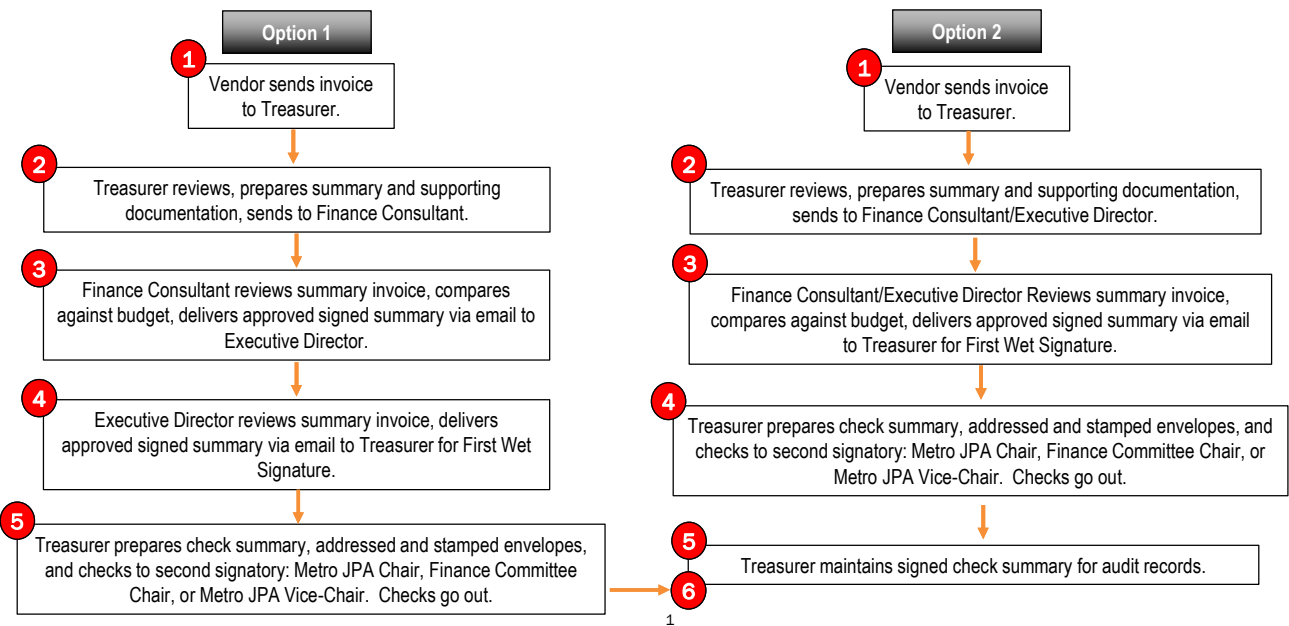
Metro Wastewater JPA Org  
Chart and Invoice Policy  
Options

# Metro Proposed Organizational Chart 2024



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## Invoice Processing and Payment Policy Flow Chart



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2B:

Metro Wastewater JPA  
Organization Structure and  
Resumes

### **Current Metro Wastewater JPA/Commission Organization and Operations**

The Metropolitan Wastewater Commission was formed in 1998 pursuant to the terms of the 1998 Regional Wastewater Disposal Agreement (the “Metro Agreement”) between the City of San Diego and the following municipalities collectively referred to as the Participating Agencies: Cities of Chula Vista, Coronado, Del Mar, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, the Otay Water District, Padre Dam Municipal Water District, East Otay Mesa, Lakeside/Alpine, Spring Valley, and Winter Gardens Sanitation District. The Metropolitan Wastewater Commission is an advisory body to the City of San Diego, advising the city on matters affecting the Metro System, owned by the City of San Diego.

In 2001, the Participating Agencies determined that it was in the best interests of the communities which they served that a Joint Exercise of Powers Agency be formed with the authority and responsibility to take actions and make decisions pertaining to the Metro Agreement in their mutual interests. Thereafter, the Metro Wastewater Joint Powers Authority (the Metro JPA) was formed to provide the Participating Agencies with the authority to take action pertaining to the Participating Agencies’ responsibilities and obligations and to provide for financing of public capital improvements for the Metro sewerage system which are constructed pursuant to the Metro Agreement, for which they collectively pay approximately 35% of the operation and capital costs, and to take such other actions as are necessary for the Participating Agencies to fulfill the obligations and responsibilities and obtain rights and benefits as set forth in the Metro Agreement. As of October 2007, all Participating Agencies of the Metropolitan Wastewater Commission are members of the Metro JPA.

The Metro JPA, along with the Metropolitan Wastewater Commission acts as partners with the City of San Diego and the City’s Public Utilities Department (PUD) in planning and budget development, and through its Participating Agencies’ participation in the Metro Technical Advisory Committee (Metro TAC), monitors the implementation of the City of San Diego Metropolitan Wastewater Plan and the City’s Metropolitan Wastewater Department’s engineering and financial Practices and programs. The Metro JPA does not currently have any part- or full-time employees. The Metro JPA has a Chair, Vice Chair, Secretary and a Treasurer, that are appointed by the Metro JPA Board of Directors, as provided for in Article III of the Metro JPA’s Joint Exercise of Powers Agreement.

Technical services, as required by the Board of Directors, are provided through professional services agreements with outside consultants based on the skill sets required by the Board at any given time. These outside consultants are part of the Metro JPA’s Executive Team supporting the Board of Directors in their decision-making process.

The proposed Executive Director position would supersede and replace the management role of the Administrative Coordinator position in light of various redundant responsibilities, returning the Administrative Coordinator to its former, separate and ongoing Financial Manager role. Like the former Administrative Coordinator role, the proposed Executive Director duties may also be combined with consultant duties (such as those of the Financial Manager or an Engineer), or the Executive Director be a separate position.

The Metro TAC serves as a technical and advisory body of the Participating Agencies to the JPA. The Metro TAC Chair and Vice Chair are appointed by the TAC members every two years and are volunteer positions provided by the Metro TAC Participating Agencies. The Metro TAC is not a committee formed by the Metro JPA nor does the JPA have any ability to direct or control the Metro TAC.

The Metro Wastewater JPA's mission is to proactively address regional wastewater issues for the public benefit in partnership with the City of San Diego Public Utilities Department (PUD) staff. The Metro JPA's Executive Team shall consist of the Executive Director, Finance Consultant, and its Engineering Consultant(s).

### **Job Descriptions**

**Executive Director:** The Executive Director is responsible for the oversight, management and monitoring of Metro's strategic goals, policies and budgets. The Executive Director leads the Executive Team and supervises all consultants to ensure contractual obligations, including those under the Metro Agreement, are diligently met and on budget. The Executive Director is responsible for shaping the work environment, setting strategy, allocating resources, developing and building the organization, overseeing City of San Diego operations of the Metro system, and direct communications with the Board of Directors of the Metro JPA. Additional responsibilities include planning events, handling expenses, overseeing the Metro JPA's budget process, and providing strategic direction of the organization. The Executive Director coordinates Metro JPA, TAC, and Ad Hoc meetings, in conjunction with the Board Secretary, s/he prepares agendas for meetings, updates the Metro JPA website as needed, and attends meetings as required. The Executive Director is authorized to exercise his or her discretion prudently in making management and contractual decisions on behalf of the Metro JPA in amounts that impact Metro JPA's budget by ten thousand dollars (\$10,000) or less, subject to consultation with the JPA Board Chair. The Executive Director position is contemplated to be a part-time position with a maximum obligation of 30 hours per month dedicated to Metro JPA Executive Director responsibilities, and is paid pursuant to written agreement on an hourly basis.

**Finance Consultant:** Metro JPA's Finance Consultant is the organization's chief financial consultant, and is responsible for acting as financial negotiator and contributor to the Metro Agreement, as may be amended from time to time; reviewing and monitoring of the annual San Diego PUD O&M & CIP Budgets and Five-Year projections; providing annual audit services for the City of San Diego Audit process; and supporting the engineering consultants by reviewing PUD CIP cost allocations and the creation/implementation of the Metro Billing System set of charges. The Finance Consultant prepares the annual Metro JPA budget and provides monthly financial due diligence and monitoring in support of the Metro JPA's Treasurer by reviewing and approving vendor invoices, bank reconciliations, and financial statements, and supports the Metro JPA audit process, and provides any as-needed financial consulting services in support of the JPA's current mission. The Finance Consultant is part of the JPA's Executive Team and is expected to work as-needed for the Metro JPA and is paid pursuant to written agreement on an hourly basis.

**Engineering Consultants:** The engineering consultant(s) provide technical engineering and financial support to the Participating Agencies. This includes but is not limited to: attendance at Metro TAC, Metro JPA, and other related meetings; review of Pure Water reports, plans, and specifications; assistance with the preparation and implementation of the Metro Agreement, as may be amended from time to time; and review and preparations of other technical materials as directed by the Metro JPA. One or more Engineering Consultant(s) may serve as lead negotiator for both the Metro Agreement and any other agreement with City of San Diego, such as Joint Defense Agreements when spills occur. They are the engineering and technical lead of the Executive Team. The engineering consultant(s) also assists the City of San Diego with the preparation and review of technical information on the Metro System as needed for joint projects between the Participating Agencies and the City of San Diego. This includes Metro system mapping and Metro system average and peak flow evaluation and projections. Engineering Consultants are part of the JPA's Executive Team and are expected to work as-needed for the Metro JPA and are paid pursuant to written agreement on an hourly basis.

**Board Secretary:** The Board Secretary performs the duties normal to this office, including countersigning all contracts signed by the Chair or Vice Chair on behalf of the JPA, and perform such other duties as may be imposed by the Board either contractually or otherwise, and as set forth more fully in the Metro JPA Joint Powers Agreement or Bylaws, as they may be revised from time to time. The Board Secretary provides clerical support and related services to facilitate monthly Metro JPA, Metro JPA Committee, Metro JPA, the Metro Commission, and Metro TAC meetings, and any special meetings that may be called, including: preparation of agendas and attachments; posting of agendas and notices in compliance with State laws; distribution via email and mailing of agenda packages; attending meetings and taking action and summary minutes; distribution via email of minutes; preparation of and emailing and mailing of all necessary correspondence; interfacing with the Chair and Directors by phone, email and fax; facilitating and submitting monthly per diem summaries for Metro JPA Directors; maintaining Metro JPA rosters; maintaining Metro JPA files; preparation and tracking of all contracts and agreements entered into by the Metro JPA; providing informational updates and acting as liaison to the Webmaster; serving as a contact person for the Metro JPA and the Metro Commission, Metro JPA Committees, and Metro TAC. The Board Secretary position is contemplated to be a part-time position position, and is paid pursuant to written agreement on an hourly basis.

**Treasurer:** The Metro JPA's Treasurer is appointed by the Metro JPA Board of Directors and oversees all financial transactions of the Metro JPA. The Treasurer is the depository, with custody of all of the accounts, funds, and money of the Metro JPA from whatever source, and has the duties and obligations set forth in Government Code sections 6505 and 6505.5, as may be amended from time to time, and assures that there is strict accountability of all funds and reporting of all receipts and disbursements of the JPA. Their primary duties include budget preparation, financial reporting, record-keeping, and managing incoming and outgoing funds. The Treasurer reviews all incoming invoices from Metro JPA's consultants and other vendors including per diems for the Board of Directors. They prepare a summary of invoices to be reviewed and approved by the Executive Director and once approved prepare checks for signature by members of the Board. They support the Executive Director in preparation of the annual Metro JPA budget and sending out invoices to members. They manage and participate in the bi-annual Metro JPA audit and prepare the quarterly and year-end Metro JPA Financial Statements. The Treasurer is expected to work as-needed on an hourly basis for the Metro JPA. Currently, the Treasurer is paid by

his or her Participating Agency, and the Metro JPA reimburses the Participating Agency for the Treasurer's services on an hourly basis as set forth in a written agreement. However, the Treasurer may be any of the individuals specified in Gov. Code 6505.5 or 6505.6.

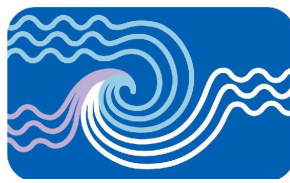
**Related Positions (for Information Purposes Only)**

**Metro TAC Chair and Vice Chair:** The Metro TAC Chair and Vice Chair support the technical functions of the Metro JPA/Metro Commission and the Executive Team. They assist in the preparation of agendas for the Metro TAC and Metro JPA/Commission. They coordinate and lead the monthly TAC meetings. They support the engineering and financial consultants in reviewing their presentations and reports. They may attend ARA negotiations and Ad Hoc meetings in support of the engineering and financial consultants and the Executive Director, if requested. They are paid and directed by their respective Participating Agencies and appointed by the TAC members for two-year periods and are not consultants to the JPA, but serve in an advisory capacity only.



2C:

Metro Wastewater JPA  
Invoice and Payment Policy



**POLICY 3: METRO WASTEWATER JPA INVOICE PROCESSING AND PAYMENT POLICY**

*Adopted December 2, 2021*

*Revised August 4, 2022*

*2024 Revised Version 1 – FC/ED Separate Persons*

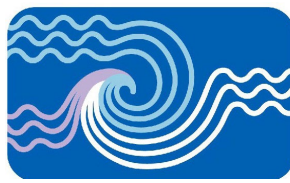
1. The Board Secretary shall email JPA members per diem summaries, and vendors must email invoices, to the Treasurer by 10th of the month.
2. Treasurer's Review:
  - a. Review (unique invoice, current amount due)
  - b. Prepare summary (Vendor, Amount), attach supporting documentation, send to Finance Consultant for review and approval.
3. Finance Consultant Review and Approval:
  - a. Financial Consultant reviews summary invoices and compares against budget, and delivers approved signed summary via e-mail to Executive Director.
4. Executive Director Approval:
  - a. Approves payment, then sends approval to Treasurer who will process checks for payment, including first wet signature by Treasurer.
5. Treasurer prepares check summary and e-mails all secondary signatories regarding check summary and availability to sign.
6. Treasurer takes or sends approved check summary, addressed and stamped envelopes, and checks to secondary signatory for wet signatures. Second signatory may be either the Metro JPA Chair, Finance Committee Chair, or Metro JPA Vice-Chair, based on availability. Secondary signer mails checks to vendors and delivers signed check summary back to Treasurer by month end, or Treasurer mails checks to vendors after secondary signatory signs, and retains signed check summary.
7. Treasurer maintains signed check summary for audit records.

**NOTE:** Concept is that check summary should have four layers of signed approvals: Treasurer's, Financial Consultant's, Executive Director's, and second signatories, and be maintained for auditor records if needed.

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The Joint Powers Authority Proactively Addressing Regional Wastewater Issues

Chula Vista • Coronado • Del Mar • El Cajon • Imperial Beach • La Mesa • Lemon Grove Sanitation District  
National City • Otay Water District • Poway • Padre Dam Municipal Water District  
County of San Diego, representing East Otay, Lakeside/Alpine, Spring Valley & Winter Gardens Sanitation Districts



**POLICY 3: METRO WASTEWATER JPA INVOICE PROCESSING AND PAYMENT POLICY**

*Adopted December 2, 2021*

*Revised August 4, 2022*

*2024 Revised Version 2 – FC/ED Same Person*

1. The Board Secretary shall email JPA members per diem summaries, and vendors must email invoices, to the Treasurer by 10th of the month.
2. Treasurer's Review:
  - a. Review (unique invoice, current amount due)
  - b. Prepare summary (Vendor, Amount), attach supporting documentation, send to Finance Consultant for review and approval.
3. Finance Consultant/Executive Director Review and Approval:
  - a. Financial Consultant/Executive Director reviews summary invoices, compares against budget, and delivers approved signed summary via e-mail to Treasurer who will process checks for payment, including first wet signature by Treasurer.
4. Treasurer prepares check summary and e-mails all secondary signatories regarding check summary and availability to sign.
5. Treasurer takes or sends approved check summary, addressed and stamped envelopes, and checks to secondary signatory for wet signatures. Second signatory may be either the Metro JPA Chair, Finance Committee Chair, or Metro JPA Vice-Chair, based on availability. Secondary signer mails checks to vendors and delivers signed check summary back to Treasurer by month end, or Treasurer mails checks to vendors after secondary signatory signs, and retains signed check summary.
6. Treasurer maintains signed check summary for audit records.

**NOTE:** Concept is that check summary should have three layers of signed approvals on it: Treasurer's, Financial Consultant/Executive Director, and second signatories, and be maintained for auditor records if needed. The Financial Consultant/Executive Director's invoices shall be reviewed and approved by the Board Chair or in his/her absence, the Vice Chair, prior to the second signature.

---

**The Joint Powers Authority Proactively Addressing Regional Wastewater Issues**

Chula Vista • Coronado • Del Mar • El Cajon • Imperial Beach • La Mesa • Lemon Grove Sanitation District  
National City • Otay Water District • Poway • Padre Dam Municipal Water District  
County of San Diego, representing East Otay, Lakeside/Alpine, Spring Valley & Winter Gardens Sanitation Districts

2D:

Fourth Amendment To Joint  
Exercise Of Powers  
Agreement For The  
Metro Wastewater Joint  
Powers Authority  
To Amend Section 3.05 Of  
The Joint Powers  
Agreement

**FOURTH AMENDMENT TO JOINT EXERCISE OF POWERS AGREEMENT  
FOR THE METRO WASTEWATER JOINT POWERS AUTHORITY  
TO AMEND SECTION 3.05 OF THE JOINT POWERS AGREEMENT**

This Fourth Amendment to the Joint Exercise of Powers Agreement for the Metro Wastewater Joint Powers Authority is made effective as of [REDACTED], 2024, in the County of San Diego, State of California by each of the participating agencies of the Metro Wastewater JPA, a Joint Powers Agency (“**JPA**”) existing and organized pursuant to the provisions of Government Code section 6500 et seq.

**RECITALS**

WHEREAS, on October 25, 2000, the City of Coronado, a municipal corporation; the City of Del Mar, a municipal corporation; the City of El Cajon, a municipal corporation; the City of Imperial Beach, a municipal corporation; the City of La Mesa, a municipal corporation; the Lemon Grove Sanitation District, a political subdivision of the State of California, the City of Poway, a municipal corporation; Padre Dam Municipal Water District, a political subdivision of the State of California; and the County of San Diego (on behalf of: the Winter Gardens Sewer Maintenance District, a maintenance district established pursuant to California Streets & Hwys. Code section 5820 et seq.; the Lakeside/Alpine Sanitation District, a political subdivision of the State of California; and the Spring Valley Sanitation District, a political subdivision of the State of California) (the “**Participating Agencies**”) entered into a Joint Exercise of Powers Agreement (“**Agreement**”), creating the JPA for the purpose of taking responsibility, actions, and decisions pertaining to the Regional Waste Water Disposal Agreement; and

WHEREAS, on February 12, 2003, the Otay Water District was added as a Participating Agency of the JPA; and

WHEREAS, on June 4, 2003, the City of National City was added as a Participating Agency of the JPA; and

WHEREAS, on October 17, 2007, the City of Chula Vista was added as a Participating Agency of the JPA; and

WHEREAS, Article VIII, Section 8.05 of the Agreement allows for amendments of the Agreement; and

WHEREAS, the Participating Agencies wish to make certain amendments to reflect updates in officers and employees of the organization.

**AGREEMENT**

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

A. Pursuant to Article VIII, Section 8.05 of the Agreement, each of the Participating Agencies hereby amend the Joint Exercise of Powers Agreement for the Metro Wastewater JPA, as follows:

1. Article III, Section 3.02 is hereby revised in its entirety to read as follows:

**3.02 Treasurer and Auditor.** The Treasurer and Auditor may be any person(s) duly appointed by the Board and permitted to serve as the JPA Treasurer and/or Auditor pursuant to Government Code Sections 6505.5 and/or 6505.6. The Treasurer shall be the depository, shall have custody of all of the accounts, funds, and money of the JPA from whatever source, and shall have the duties and obligations set forth in Government Code sections 6505, 6505.5 and/or 6505.6 as applicable, and shall assure that there shall be strict accountability of all funds and reporting of all receipts and disbursements of the JPA. The officer performing the duties of Auditor shall have the duties and obligations set forth in Government Code section 6505, 6505.5 and/or 6505.6, as applicable.

2. Article III, Section 3.05 is hereby revised in its entirety to read as follows:

**3.05 Legal Advisor.** The Board shall have the power to appoint the legal advisor of the JPA who shall perform such duties as may be prescribed by the Board.

C. All other terms and conditions of the Joint Exercise of Powers Agreement for the Metro Wastewater JPA shall remain in full force and effect and shall remain binding upon each of the Participating Agencies.

IN WITNESS WHEREOF, the parties have executed this Fourth Amendment as of the date first written above.

1. CITY OF CORONADO

ATTEST

By: \_\_\_\_\_

\_\_\_\_\_

2. CITY OF DEL MAR

ATTEST

By: \_\_\_\_\_

\_\_\_\_\_

3. CITY OF EL CAJON

ATTEST

By: \_\_\_\_\_

\_\_\_\_\_

4. CITY OF IMPERIAL BEACH

ATTEST

By: \_\_\_\_\_

5. CITY OF LA MESA ATTEST

By: \_\_\_\_\_

6. LEMON GROVE SANITATION DISTRICT ATTEST

By: \_\_\_\_\_

7. CITY OF POWAY ATTEST

By: \_\_\_\_\_

8. PADRE DAM MUNICIPAL WATER DISTRICT ATTEST

By: \_\_\_\_\_

9. COUNTY OF SAN DIEGO on behalf of WINTER GARDENS SEWER MAINTENANCE DISTRICT, LAKESIDE SANITATION DISTRICT, ALPINE SANITATION DISTRICT, AND SPRING VALLEY SANITATION DISTRICT ATTEST

By: \_\_\_\_\_

10. OTAY WATER DISTRICT ATTEST

By: \_\_\_\_\_

11. NATIONAL CITY ATTEST

By: \_\_\_\_\_

12. CHULA VISTA ATTEST

By: \_\_\_\_\_

# **ATTACHMENT 3**

**Basic Financial  
Statements/Report on  
Audit by Independent  
Certified Public  
Accountants  
for the Two-Year Period  
Ended June 30, 2021  
as a Fixed/Variable  
Billing Parameter**



# Attachment 3:

## Basic Financial Statements with Report on Audit by Independent Certified Public Accountants for the Two-Year Period Ended June 30, 2021

- A. Presentation: Communication with Those Charged with Governance
- B. Governance Communication
- C. Financial Statements for the Two-Year Period Ended June 30, 2021
- D. Internal Controls Communication

3A:

Presentation:

Communication with Those  
Charged with Governance



*We'll get you there.*

CPAs | CONSULTANTS | WEALTH ADVISORS

# Communication with Those Charged with Governance

2021 Audit Results

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1

## Scope of Work

- Audit of the annual financial statements for the two-year ended June 30, 2021 in accordance with Generally Accepted (US)



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2

2

## Auditors' Report

- Audit of financial statements for the two-years ended June 30, 2021
- Management is responsible for preparation and fair presentation of the financial statements
- Auditor's responsibility is to express opinion on the financial statements
- Standards require that audit is planned and performed to obtain reasonable assurance that financial statements are free from material misstatement
- Audit evidence is sufficient and appropriate to provide a basis of our audit opinions
- Unmodified opinions for June 30, 2021



## Management Letter

- Material Weakness
  - Checks issued after yearend
- Significant Deficiencies
  - None
- Other Matters
  - None



## Communication with Those Charged with Governance

- The planned scope and timing of the June 30, 2021, audit was communicated in our engagement letter
- Management is responsible for the selection and use of appropriate accounting policies, which are described in note 1 to the financial statements
- No significant estimates
- Sensitive disclosures reported in the financial statements include the following:
  - Member agency assessment



## Communication with Those Charged with Governance

- We encountered no significant difficulties during our audit.
- Corrected and Uncorrected Misstatements.
- No disagreements arose during the course of our audit.
- To our knowledge, the Authority did not consult with other accountants regarding auditing or accounting matters.



Daphnie Munoz, CPA  
Daphnie.munoz@claconnect.com



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Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

3B:  
Governance  
Communication



Board of Directors  
Metro Wastewater Joint Powers Authority  
Santee, California

We have audited the financial statements of the Metro Wastewater Joint Powers Authority as of and for the two-years ended June 30, 2021, and have issued our report thereon dated December 4, 2023. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit in our engagement agreement dated August 9, 2023. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant audit findings or issues**

#### ***Qualitative aspects of accounting practices***

##### *Accounting policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Metro Wastewater Joint Powers Authority are described in Note 1 to the financial statements.

No new accounting policies were adopted, and the application of existing policies was not changed during the two-year period ended June 30, 2021.

We noted no transactions entered into by the entity during the two-year period ended June 30, 2021 for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

##### *Accounting estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

##### *Financial statement disclosures*

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

- The member agency assessment that is based on each agency's projected treated wastewater flow discharge.

The financial statement disclosures are neutral, consistent, and clear.



***Significant unusual transactions***

We identified no significant unusual transactions.

***Difficulties encountered in performing the audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

***Uncorrected misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify, and we did not notify them of any uncorrected financial statement misstatements.

***Corrected misstatements***

The following material misstatements detected as a result of audit procedures were corrected by management:

- And adjustment for \$38,720 to correct for an understatement of cash and understatement of accounts payable, caused by the backdating of checks shortly after year end.

***Disagreements with management***

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

***Management representations***

We have requested certain representations from management that are included in the management representation letter dated December 4, 2023.

***Management consultations with other independent accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants. We were informed by management that there were no consultations with other accountants.

***Significant issues discussed with management prior to engagement***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

***Other Matters***

We applied certain limited procedures to Management's Discussion and Analysis which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

\* \* \*

This communication is intended solely for the information and use of the Board of Directors and management of the Metro Wastewater Joint Powers Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Irvine, California  
December 4, 2023

3C:  
Financial Statements for the  
Two-Year Period Ended  
June 30, 2021

**METRO WASTEWATER JOINT POWERS AUTHORITY**  
**BASIC FINANCIAL STATEMENTS**  
**WITH REPORT ON AUDIT BY**  
**INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**  
**FOR THE TWO-YEAR PERIOD ENDED JUNE 30, 2021**



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**METRO WASTEWATER JOINT POWERS AUTHORITY  
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TWO-YEAR PERIOD ENDED JUNE 30, 2021**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Metro Wastewater Joint Powers Authority  
Santee, California

We have audited the accompanying financial statements of the Metro Wastewater Joint Powers Authority (the Authority) as of and for the two-year period ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.


**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Metro Wastewater Joint Powers Authority as of June 30, 2021, and the respective changes in financial position and cash flows thereof for the two-year period then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as identified in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance on them.



**CliftonLarsonAllen LLP**

Irvine, California  
December 4, 2023

**METRO WASTEWATER JOINT POWERS AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
TWO-YEAR PERIOD ENDED JUNE 30, 2021**

Our discussion and analysis of Metro Wastewater Joint Powers Authority's (JPA) financial performance provides an overview of Metro's financial activities for the two-year period ended June 30, 2021. Please read it in conjunction with the JPA's financial statements, which follow this section.

**Financial Statements**

This discussion and analysis provides an introduction and a brief description of the JPA's financial statements, including the relationship of the statements to each other and the significant differences in the information they provide. The JPA's financial statements include four components:

- Statement of Net Position
- Statement of Revenues, Expenses, and Changes in Net Position
- Statement of Cash Flows
- Notes to Basic Financial Statements

The statement of net position includes all of the JPA's assets and liabilities, with the difference between the two reported as net position. There were no deferred outflows or deferred inflows of resources at June 30, 2021. The JPA's entire net position is unrestricted.

The statement of revenues, expenses, and changes in net position shows how the JPA's net position changed during the two-year period. All revenues and expenses were recorded when the underlying transaction occurs, regardless of the timing of the related cash flows. The statement of revenues, expenses, and changes in net position measures the success of the JPA's operations over the two years and determines whether the JPA has recovered its costs through member agency assessments.

The statement of cash flows provides information regarding the JPA's cash receipts and cash disbursements during the two-year period ended June 30, 2021. This statement reports the JPA's cash activity as either Operating or Investing; the JPA had no Capital and Related Financing Activities or Noncapital and Related Financing Activities for the two-year period ended June 30, 2021. The statement of cash flows differs from the statement of revenues, expenses, and changes in net position because it accounts only for transactions that result in cash receipts or cash disbursements.

The notes to the financial statements provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements.



**METRO WASTEWATER JOINT POWERS AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
TWO-YEAR PERIOD ENDED JUNE 30, 2021**

**Financial Highlights**

For the two-year period ended June 30, 2021, the JPA's total net position increased by \$307,681. Operating revenues, which is comprised of Member Agency Assessments, is set annually to cover the cost of operations. For the two-year period ending June 30, 2021, operating revenues were \$737,200 or a decrease of \$71,240 from the prior two-year period. The reason for the decrease is that in FY2021, the JPA reduced Member Agency Assessments by using reserves to cover a portion of operating expenses. Operating expenses for the two-year period ending June 30, 2021 was \$429,896; this was a decrease from the prior two-year period of \$686,325. The reason for this decrease was due to a significant amount of engineering and legal work done in both FY 2018 and FY 2019 on the Amended and Restated Regional Wastewater Disposal Agreement between the City of San Diego and the Metro Participating Agencies that did not continue in FY 2020 and FY 2021. There was also a reduction in expenses for FY2020 due to COVID and the in-person meeting meetings were cancelled. Non-operating revenues increased by \$21 from the prior two-year period. There were no non-operating expenses.

**Financial Analysis of the Financial Statements**

**Net Position**

The JPA's net position at June 30, 2021 totaled \$569,642 compared to \$261,961 at June 30, 2019. The \$307,681 increase in net position is attributed to operating net income for the two-year period of \$307,304 and nonoperating revenue of \$377. The following is a summary of the JPA's statement of net position:

	<u>June 30, 2019</u>	<u>June 30, 2021</u>	<u>Difference</u>
Assets:			
Current Assets	\$ 292,392	\$ 613,741	\$ 321,349
Total Assets	<u>292,392</u>	<u>613,741</u>	<u>321,349</u>
Liabilities:			
Current Liabilities	<u>30,431</u>	<u>44,099</u>	<u>13,668</u>
Total Liabilities	<u>30,431</u>	<u>44,099</u>	<u>13,668</u>
Net Position:			
Unrestricted	<u>261,961</u>	<u>569,642</u>	<u>307,681</u>
Total Net Position	<u>\$ 261,961</u>	<u>\$ 569,642</u>	<u>\$ 307,681</u>

**Revenues, Expenses, and Changes in Net Position**

The JPA reported a change in net position of \$307,681 for the two-year period ended June 30, 2021 or a positive \$261,325 and \$46,356 in FY 2020 and FY 2021, respectively. This is an increase of \$185,210 compared to the two-year period ending June 30, 2019.

**METRO WASTEWATER JOINT POWERS AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
TWO-YEAR PERIOD ENDED JUNE 30, 2021**

**Financial Analysis of the Financial Statements (Continued)**

**Revenues, Expenses, and Changes in Net Position (Continued)**

Revenues for the two-year period were \$737,577 or \$448,069 and \$289,508 for fiscal years 2020 and 2021, respectively; this is a decrease of \$71,219 from the two-year period ended June 30, 2019. The decrease was a combination of the use of reserves to partially offset member contributions in fiscal year 2019 and an decrease in member agency assessments to cover budgeted operating expenses in FY 2020 and 2021.

Operating expenses for the two-year period ending June 30, 2021 were \$429,896 or \$186,744 and \$243,152 for fiscal years 2020 and 2021, respectively; this is a decrease of \$256,429 from the two-year period ending June 30, 2019. The reason for this increase was due to a significant amount of engineering and legal work done in both FY 2018 and 2019 on the Amended and Restated Regional Wastewater Disposal Agreement between the City of San Diego and the Metro Participating Agencies, that did not continue through FY 2020 and FY 2021.

The following is a summary of the JPA's statement of revenues, expenses, and changes in net position:

	<u>June 30, 2019</u>	<u>June 30, 2021</u>	<u>Difference</u>
Operating Revenues	\$ 808,440	\$ 737,200	\$ (71,240)
Nonoperating Revenues	356	377	21
Total Revenues	<u>808,796</u>	<u>737,577</u>	<u>(71,219)</u>
 Operating Expenses	 <u>686,325</u>	 <u>429,896</u>	 <u>(256,429)</u>
 <b>Changes in Net Position</b>	 122,471	 307,681	 185,210
 Net Position - Beginning of Period	 <u>139,490</u>	 <u>261,961</u>	 <u>122,471</u>
 <b>Net Position - End of Period</b>	 <u>\$ 261,961</u>	 <u>\$ 569,642</u>	 <u>\$ 307,681</u>

**Long-Term Debt and Capital Assets**

The JPA has no long-term debt or capital assets.

**Conditions Affecting Current Financial Position**

There are no known facts, decisions, or conditions that are expected to have a significant effect on the JPA's net position or future results of operations.

**Contacting the JPA's Financial Manager**

This financial report is designed to provide Metro Wastewater JPA's member agencies, their constituents and the State of California with a general overview of the JPA's finances and to demonstrate the JPA's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the JPA's treasurer, Lee Ann Jones-Santos.

## **BASIC FINANCIAL STATEMENTS**

**METRO WASTEWATER JOINT POWERS AUTHORITY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

**ASSETS**

Current Assets:

Cash and Cash Equivalents	\$ 606,045
Due from Other Government	<u>7,696</u>
Total Current Assets	<u>613,741</u>

Total Assets 613,741

**LIABILITIES**

Current Liabilities:

Accounts Payable	<u>44,099</u>
Total Current Liabilities	<u>44,099</u>

Total Liabilities 44,099

**NET POSITION**

Unrestricted 569,642

Total Net Position \$ 569,642

*See accompanying Notes to Basic Financial Statements.*

**METRO WASTEWATER JOINT POWERS AUTHORITY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE TWO-YEAR PERIOD ENDED JUNE 30, 2021**

<b>OPERATING REVENUES</b>	
Member Agency Assessments	\$ 737,200
Total Operating Revenues	<u>737,200</u>
<b>OPERATING EXPENSES</b>	
Engineering	168,110
JPA Meetings	25,097
General and Administrative	58,048
Legal	88,416
Financial Advisor	81,790
Other Professional Services	8,435
Total Operating Expenses	<u>429,896</u>
<b>OPERATING INCOME</b>	307,304
<b>NONOPERATING REVENUES</b>	
Investment Income	377
Total Nonoperating Revenues	<u>377</u>
<b>CHANGE IN NET POSITION</b>	307,681
Net Position - Beginning of Period	<u>261,961</u>
<b>NET POSITION - END OF PERIOD</b>	<u><u>\$ 569,642</u></u>

See accompanying Notes to Basic Financial Statements.

**METRO WASTEWATER JOINT POWERS AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE TWO-YEAR PERIOD ENDED JUNE 30, 2021**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash Receipts from Membership Agency Assessments	\$ 737,200
Cash Paid to Vendors and Suppliers for Materials and Services	<u>(415,719)</u>
Net Cash Provided by Operating Activities	<u>321,481</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest Earnings	<u>377</u>
Net Cash Provided by Investing Activities	<u>377</u>

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

321,858

Cash and Cash Equivalents - Beginning of Period

284,187

**CASH AND CASH EQUIVALENTS - END OF PERIOD**

\$ 606,045

**RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES**

Operating Income	\$ 307,304
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Changes in Operating Assets and Liabilities:	
Decrease in Due from Other Government	509
Decrease in Accounts Payable	<u>13,668</u>
Total Adjustments	<u>14,177</u>
Net Cash Provided by Operating Activities	<u><u>\$ 321,481</u></u>

*See accompanying Notes to Basic Financial Statements.*

**METRO WASTEWATER JOINT POWERS AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Operations of the Reporting Entity**

The Metropolitan Wastewater Commission was formed in 1998 pursuant to the terms of the 1998 Regional Wastewater Disposal Agreement between the City of San Diego and the following municipalities collectively referred to as the Participating Agencies: Cities of Chula Vista, Coronado, Del Mar, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, the Otay Water District, Padre Dam Municipal Water District, East Otay Mesa, Lakeside/Alpine, Spring Valley, and Winter Gardens Sanitation District. The Metropolitan Wastewater Commission is an advisory body to the City of San Diego, advising the City on matters affecting the Metro System, owned by the City of San Diego.

In 2001, the Metro Wastewater Joint Powers Authority (the Authority) was formed to provide the Participating Agencies with a stronger voice in the operations of the Metro System, for which they collectively pay approximately 35% of the operation and capital costs. As of October 2007, all Participating Agencies of the Metropolitan Wastewater Commission are members of the Authority.

The Authority, along with the Metropolitan Wastewater Commission, acts as partners with the City of San Diego and the City's Metropolitan Wastewater Department in planning and budget development, and through its participation in the Metro Technical Advisory Committee, monitors the implementation of the City of San Diego Metropolitan Wastewater Plan and the City's Metropolitan Wastewater Department's engineering and financial practices.

**Measurement Focus, Basis of Accounting, and Financial Statements Presentation**

"Measurement focus" is a term used to describe *which* transactions are recorded within the various financial statements. "Basis of accounting" refers to *when* transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the "economic resources measurement focus", and the "accrual basis of accounting". Under the economic resources measurement focus all assets and liabilities (whether current or noncurrent) are included on the statement of net position. The statement of revenues, expenses, and changes in net position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Operating revenues, mainly member agency assessments, result from exchange transactions associated with the principal activity of the Authority. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, result from non-exchange transactions, in which, the Authority receives value without directly giving value in exchange.

The Authority reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise.

**METRO WASTEWATER JOINT POWERS AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Financial Statements Presentation (Continued)**

The basic financial statements of the Metro Wastewater Joint Powers Authority have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting financial reporting purposes.

Net position of the Authority is classified into three components: (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position. These classifications are defined as follows:

*Net Investment in Capital Assets* – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of notes or borrowing that are attributable to the acquisition of the asset, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. The Authority has no net investment in capital assets at June 30, 2021.

*Restricted Net Position* – This component of net position consists of net position with constrained use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The Authority has no amounts in restricted net position at June 30, 2021.

*Unrestricted Net Position* – This component of net position consists of net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

When both restricted and unrestricted resources are available for use, it is the Authority’s practice to use restricted resources first, then unrestricted resources as they are needed.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Authority considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

**Accounts Receivable**

Management believes that all receivables are fully collectible; therefore, no allowance for doubtful accounts was recorded as of June 30, 2021.



**METRO WASTEWATER JOINT POWERS AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgetary Controls**

The Authority prepares a budget that is approved by the Board of Directors. Unspent appropriations for the operating budget lapse at fiscal year-end unless designated by Board action to be carried forward to the next budget period.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 CASH AND INVESTMENTS**

At June 30, 2021, the \$606,045 of cash and cash equivalents shown on the statement of net position are deposits with financial institutions.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2021, \$384,559 of deposits with financial institutions were in excess of the Federal insurance limits were held in collateralized accounts.

**METRO WASTEWATER JOINT POWERS AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 3 MEMBER AGENCY ASSESSMENTS**

The Authority prepares an expense budget, then calculates member agency assessments to cover budgeted expenses. Member agency assessments are based on each agency's projected treated wastewater flow discharge. The projected discharge is based on the actual figures from the prior year.

Agency	For the Fiscal Year Ended June 30, 2020		For the Fiscal Year Ended June 30, 2021		
	Commission Flow Distribution		Commission Flow Distribution		Total Billings
	Percentage	Billings	Percentage	Billings	
Chula Vista	30.17	\$ 135,162	30.62	\$ 88,599	\$ 223,761
Coronado	3.51	15,729	3.45	9,983	25,712
County of San Diego	16.98	76,056	16.44	47,569	123,625
Del Mar	0.06	257	0.06	174	431
El Cajon	14.69	65,784	14.87	43,026	108,810
Imperial Beach	3.70	16,550	3.78	10,937	27,487
La Mesa	7.66	34,291	8.39	24,276	58,567
Lemon Grove	3.49	15,614	3.43	9,925	25,539
National City	7.04	31,551	7.21	20,862	52,413
Otay Water District	0.92	4,106	0.70	2,025	6,131
Padre Dam	6.71	30,035	6.72	19,444	49,479
Poway	5.07	22,715	4.33	12,529	35,244
Total	100.00	\$ 447,850	100.00	\$ 289,350	\$ 737,200

**NOTE 4 RELATED PARTY TRANSACTIONS**

Under the terms of the Authority's Amended and Restated Regional Wastewater Disposal Agreement, certain administrative expenses incurred by member agencies are reimbursed by the Authority. Reimbursements paid by the Authority during the two-year period ended June 30, 2021, totaled approximately \$72,165. Also, under the terms of the Amended and Restated Regional Wastewater Disposal Agreement, the City of San Diego reimburses the Agency for a portion of these administrative expenses. During the two-year period ended June 30, 2021, reimbursement submitted to the City of San Diego totaled \$36,905, of which \$7,696 have not been collected and are recorded as due from other government on the accompanying statement of net position.

**NOTE 5 CONTINGENCIES**

**Litigation**

In the ordinary course of operations, the Authority is subject to claims and litigation from outside parties. After consultation with legal counsel, the Authority believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.



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**3D:**  
**Internal Controls**  
**Communication**



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
and Management of Metro Wastewater Joint Powers Authority  
Santee, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Metro Wastewater Joint Powers Authority, as of and for the two-year period ended June 30, 2021, and the related notes to the financial statements, which comprise Metro Wastewater Joint Powers Authority's basic financial statements, and have issued our report thereon dated December 4, 2023.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Metro Wastewater Joint Powers Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Metro Wastewater Joint Powers Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Metro Wastewater Joint Powers Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2021-001 that we consider to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Metro Wastewater Joint Powers Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Metro Wastewater Joint Powers Authority's Response to Findings**

Metro Wastewater Joint Powers Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Metro Wastewater Joint Powers Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Irvine, California  
December 4, 2023

**METRO WASTEWATER JOINT POWERS AUTHORITY  
SCHEDULE OF FINDINGS AND RESPONSES  
TWO-YEARS ENDED JUNE 30, 2021**

**2021- 001**

**Type of Finding:** Material Weakness in Internal Control over Financial Reporting

**Condition:** During our audit we noted that checks were issued after the fiscal year end yet were dated in QuickBooks as of June 30, 2021.

**Criteria or specific requirement:** The Authority is required to produce financial statements that are free of material misstatements.

**Effect:** The result of which was an understatement of cash and accounts payable of \$38,720 for which an audit adjustment was recorded.

**Cause:** Currently the Agency's system of internal controls does not include a review of the bank reconciliation by someone other than the preparer.

**Recommendation:** We recommend that the bank reconciliations be reviewed for accuracy and completeness on a timely basis. The review should include tests of mechanical accuracy and tracing of items on the reconciliation to the relevant source documents.

**Views of responsible officials and planned corrective actions:** Agree with finding. Payment for expenses in a fiscal year will be dated when issued. The expense will still be accrued to the appropriate fiscal year. Invoices and the monthly bank statements including reconciliations will be provided to the Administrative Coordinator for review from the Treasurer.

# **ATTACHMENT 4**

## **Functional Allocation Based (FAB) Cost Methodology as a Fixed/Variable Billing Parameter**



PARTICIPATING AGENCY BILLING SYSTEM 1



# Metro Wastewater Billing Framework Update

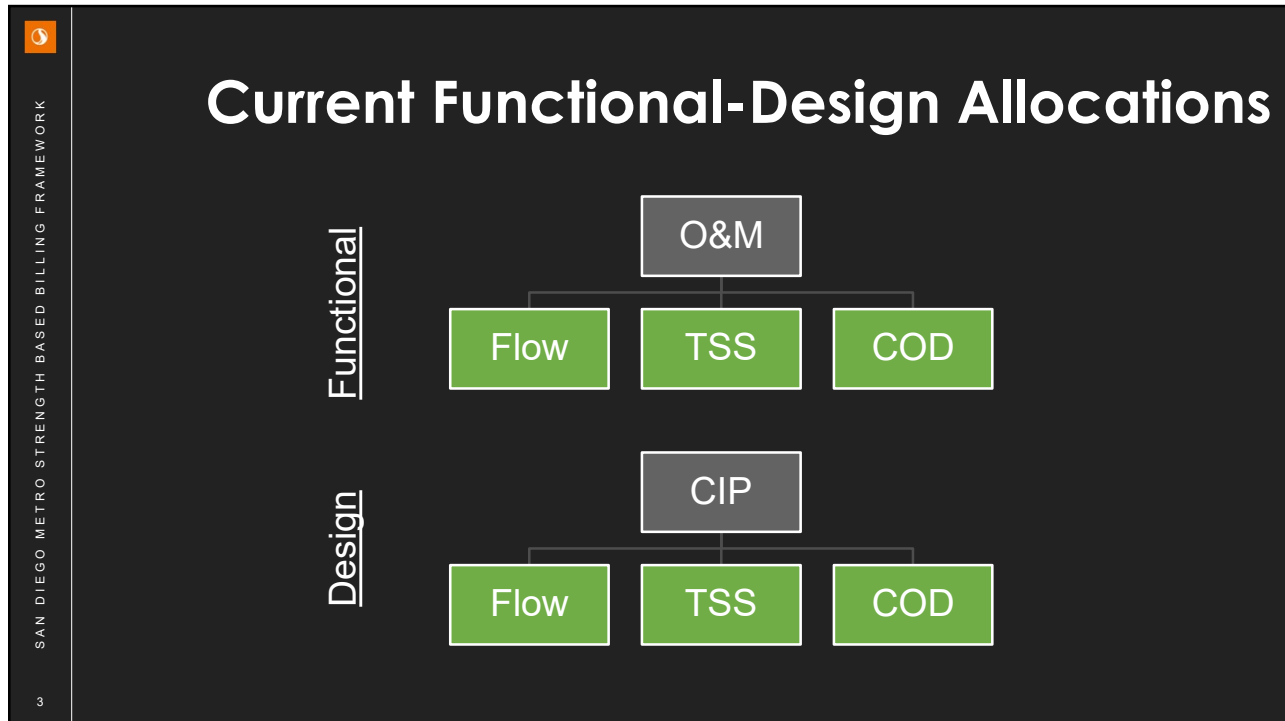
February 21, 2024

1

SAN DIEGO METRO STRENGTH BASED BILLING FRAMEWORK

# Current and Future Framework

2



3

## Current Framework: Metro System Wastewater

OPERATIONS & MAINTENANCE EXPENSES	■	■	■
<b>Pump Stations &amp; Pipelines</b>	100%		
<b>Treatment &amp; Disposal</b>			
Point Loma WWTP	35%	40%	25%
North City WRP	75%	10%	15%
South Bay WRP	75%	10%	15%
Metropolitan Biosolids Center		50%	50%
Cogeneration Facilities & Gas Utilization Facility		60%	40%
QC: Marine Biology & Ocean Operations	30%	40%	30%
QC: Wastewater Chemistry Services	30%	40%	30%
All Other Engineering, QC, Support, and Compliance (2018-Draft Indirect)	45%	30%	25%
<b>CAPITAL IMPROVEMENT PROJECTS</b>			
<b>Fixed Allocation of CIP</b>	56%	22%	22%

4

SAN DIEGO METRO STRENGTH BASED BILLING FRAMEWORK

# Why Make Changes?

## Update Allocation Basis:

1. Current allocations developed in 1998
2. Updated with Pure Water elements in 2019, implemented in 2023
  - Melded Percentage (Exhibit G)
  - Pure Water Capital Cost Rate (Exhibit F)
  - Pure Water Revenue Share (Exhibit F)

## Changing System Dynamics:

1. Pt. Loma: Cornerstone Treatment Facility → Brine & Peaking Plant
2. City and PA Advanced Water Treatment
3. Evolving Flows & Loads

5

SAN DIEGO METRO STRENGTH BASED BILLING FRAMEWORK

# Project Approach

6

SAN DIEGO METRO STRENGTH BASED BILLING FRAMEWORK



# Functional-Design Allocations

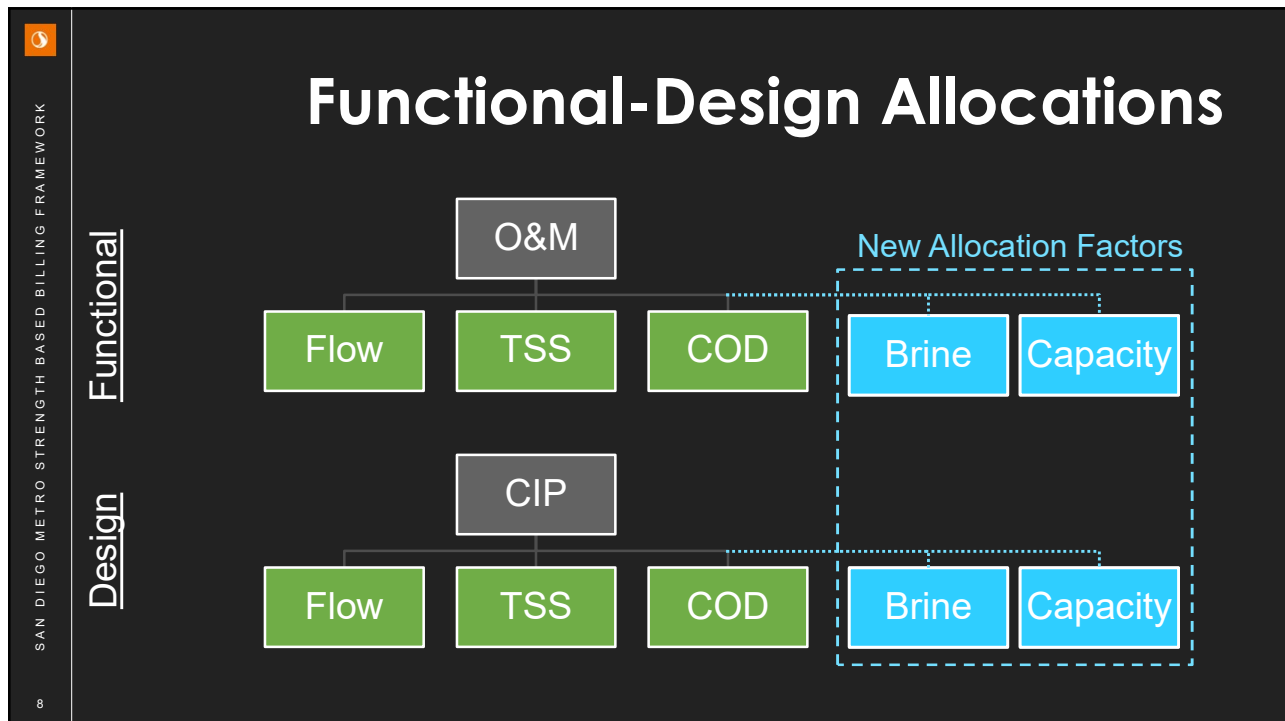
**Design Basis**

1. Detailed review of physical assets
  - Allocations by plant and by function/process
  - Allocating asset value to parameters
2. Similar approach for capital projects

**Functional Basis**

1. Allocate direct O&M budget by plant
  - Functional allocation of assets
  - Question: "What kinds of things will change?"
2. Work with operations & engineering staff to review functional basis
  - Review and affirm allocations based on process and asset changes, and projected staffing and operating costs

7



8

SAN DIEGO METRO STRENGTH BASED BILLING FRAMEWORK

# Allocation Workshop

Contract Working Group gathered in person in PUD offices

- City Engineers & Operations Staff
- City Finance Staff
- PA Engineering & Financial Consultants
- City Engineering & Financial Consultants

Reviewed modeling approach & developed allocations

- Estimated relative value of each unit process for each plant
- Allocated unit processes to parameters
- **Led to consensus on all allocation factors at October 18 Metro TAC meeting**

Discussed potential for brine allocation basis

- Provided background for potential brine allocation
- Discussed findings of studies of brine on chemicals, aeration, retention time, etc.
- **Determined a brine cost recovery approach, final numbers to be determined**

**Unique situation, unique system, unique framework needed  
Based on sound engineering principles**

9

SAN DIEGO METRO STRENGTH BASED BILLING FRAMEWORK

# Brine Allocations & Cost Recovery

10



## Background

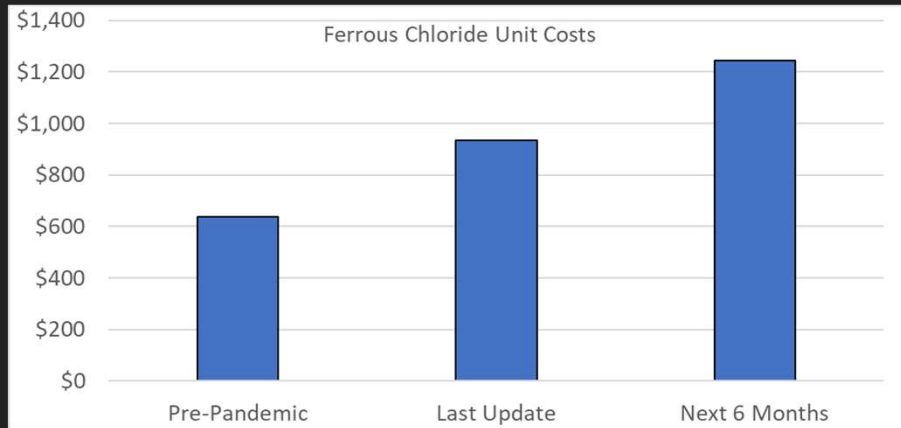
- Advanced Water Treatment produced brine discharges
- Unique characteristics of TDS, organics, etc. in brine
- Pt. Loma & PS2 to receive brine
- Pt. Loma’s role in the metro system fundamentally changing
- Evaluated brine’s impact in pilot study as part of Pure Water program

**National Water Treatment Chemical Index**  
 • Up 30%+ over the last three years



## Local Chemicals Cost Increases

- Prices for chemicals used at Pt Loma have increased significantly in recent years

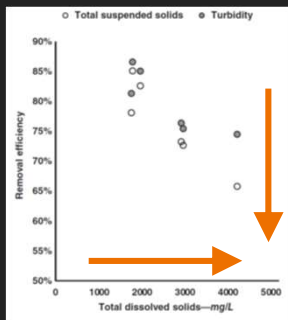


**Cost per ton has nearly doubled since pre-pandemic prices**

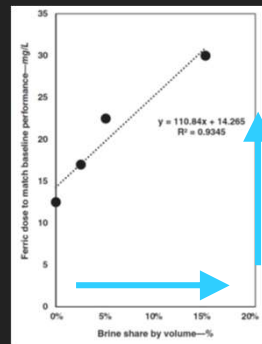


# Pure Water TO-11 Studies

- Key observations:
  - Adding more brine → proportionally poorer CEPT performance
  - Adding more ferric coagulant → proportionally better performance
- Increased coagulant dosing to restore baseline CEPT performance.
- This will drive increased chemical costs at Point Loma.



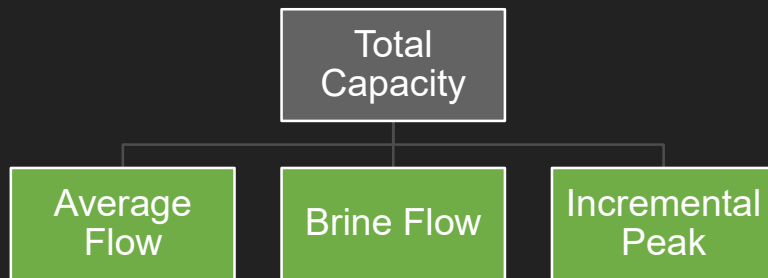
More brine  
Lower removal efficiency



More brine  
More coagulant required



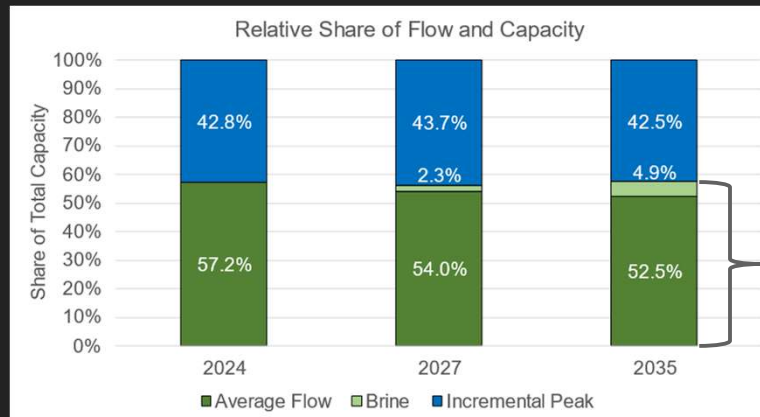
# Brine as an Element of Total Flow Capacity



Brine allocations only apply at Pt Loma and Pump Station 2



## Example: Share of Total Capacity by Phase



Flow + Brine  
both constitute  
billed flow

Based on current estimates of Pure Water Phase 1 & 2 and ECAWP

15



## AWT Brine Cost Adjustment Factor

### Goal:

- Recognize brine's unique impact on wastewater treatment processes

### Approach:

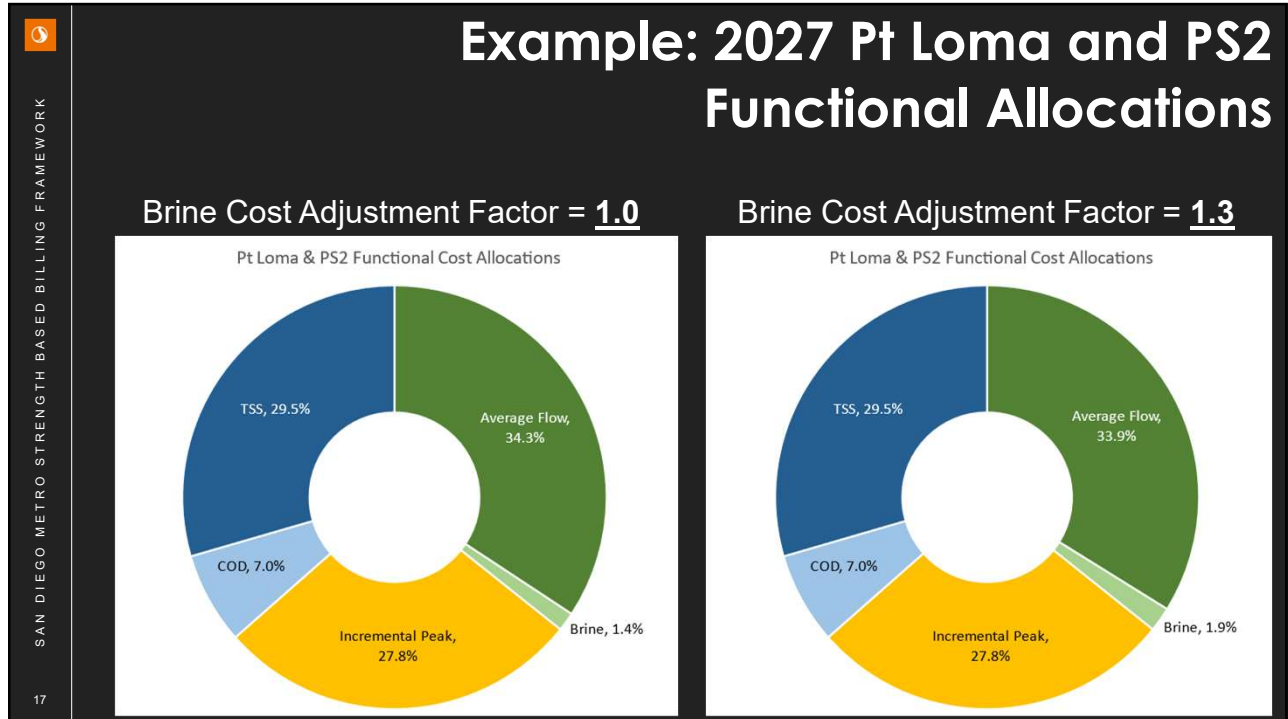
- Apply weight to brine flows to allocate a weighted share of costs relative to other flows
- Applied solely to regional non-industrial AWT brine sources, not retail (i.e., industrial) sources of brine

### Implementation:

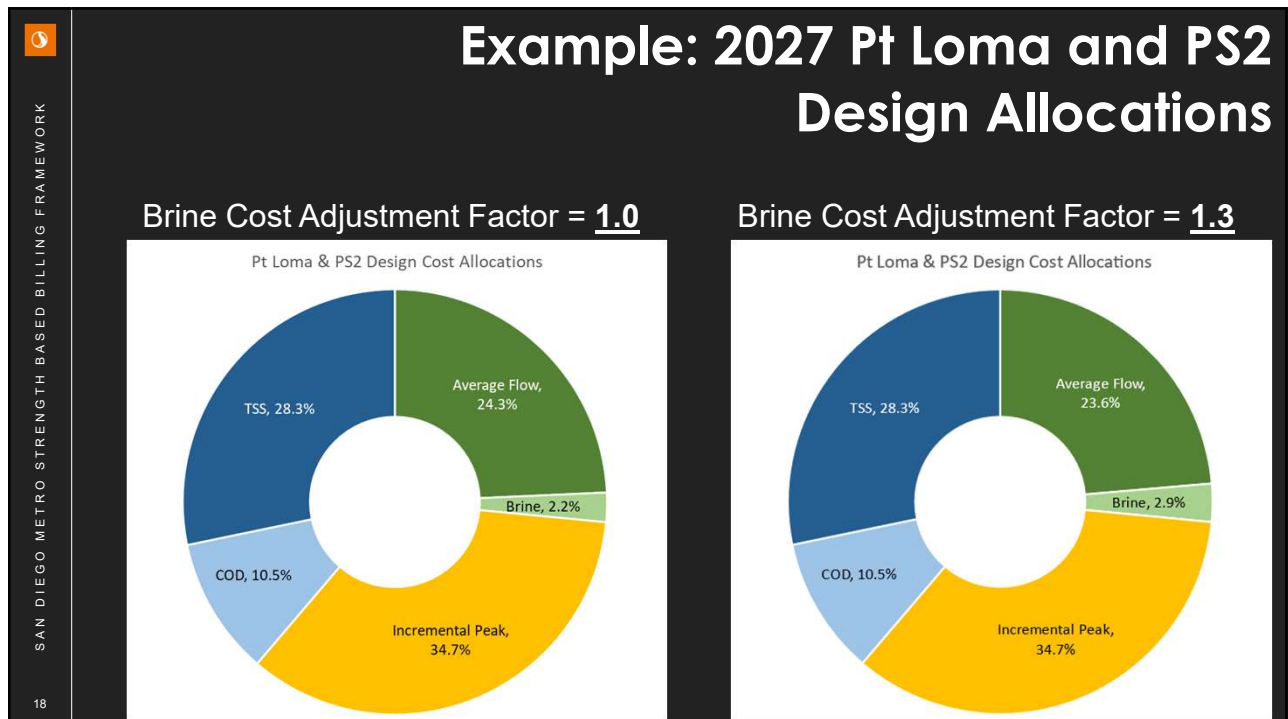
1. Apply modest weight to brine flows based on bench scale studies of treatment impacts
2. Monitor real observed cost & treatment impacts as brine enters system
3. Modify brine cost adjustment factor as appropriate

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17



18





# Thank you

**Benjamin Stewart**

Senior Manager

Sacramento, California

[Benjamin.A.Stewart@Stantec.com](mailto:Benjamin.A.Stewart@Stantec.com)

# **ATTACHMENT 5**

**2<sup>nd</sup> Amendment to Sole  
Source Agreement with  
HDR Engineering, Inc.  
for Pt. Loma Wastewater  
Treatment Plant Coastal  
Erosion Monitoring  
Program Implementation**

# Public Utilities Department

## Second Amendment to the Sole Source Agreement with HDR Engineering, Inc. for Point Loma Coastal Erosion Monitoring Program Implementation

Metro TAC  
February 21, 2024



# HDR Contract for Point Loma Access Road Monitoring

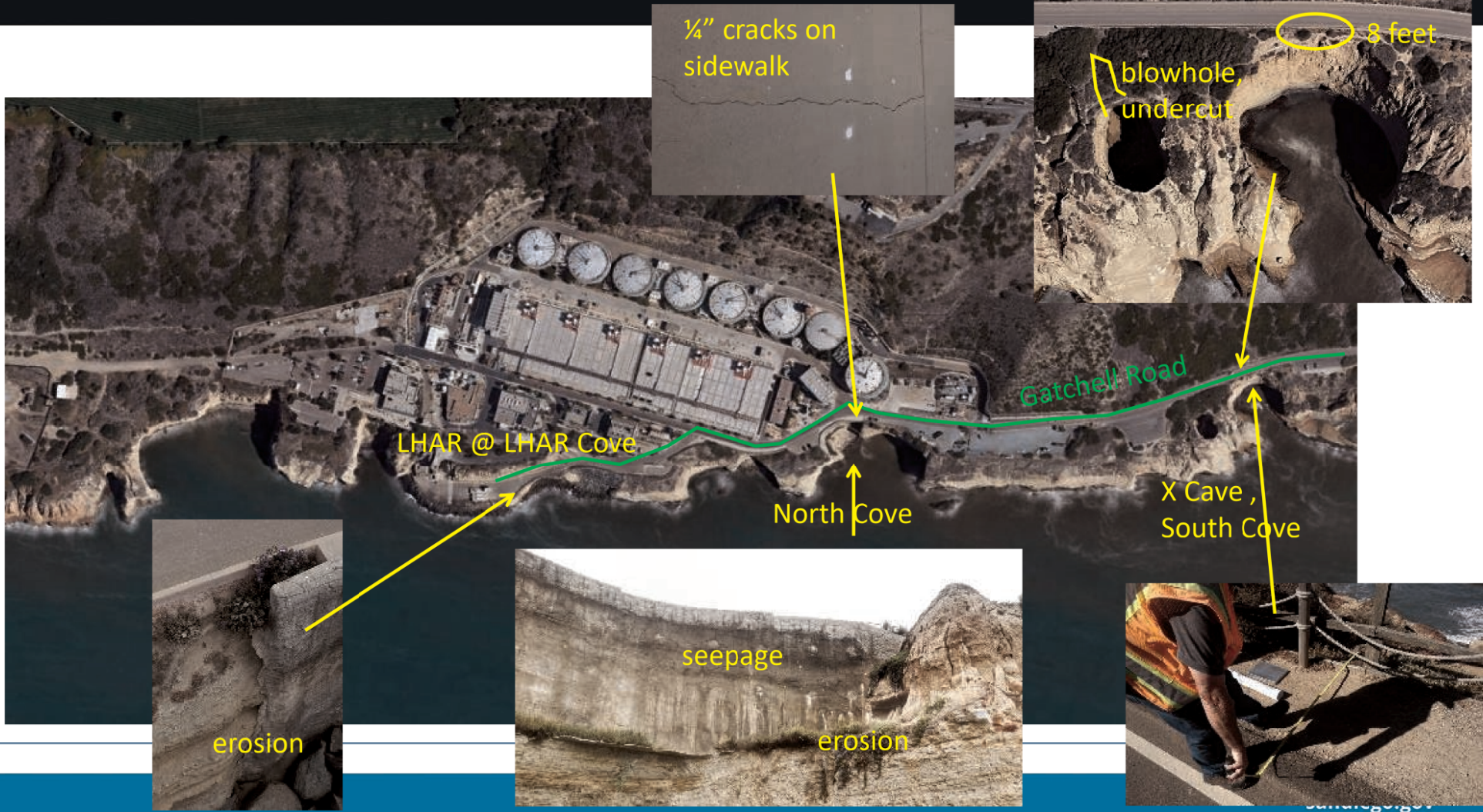
## Background

- In 2020, Gatchell Road was assessed to provide an analysis of the current state of the coastal erosion and to develop information that would provide guidance for future action.
- After receiving the assessment, in December 2021 the City executed a sole source agreement with HDR Engineering, Inc. effective from October 15, 2021 through December 1, 2022.
- In May 2023, Council approved a First Amendment adding a one-year extension, through March 31, 2024, to the coastal erosion monitoring program
- The monitoring program is required in the Special Use Permit for the City to use Gatchell Road – access route for staff and chemical deliveries to the Point Loma Wastewater Treatment Plant



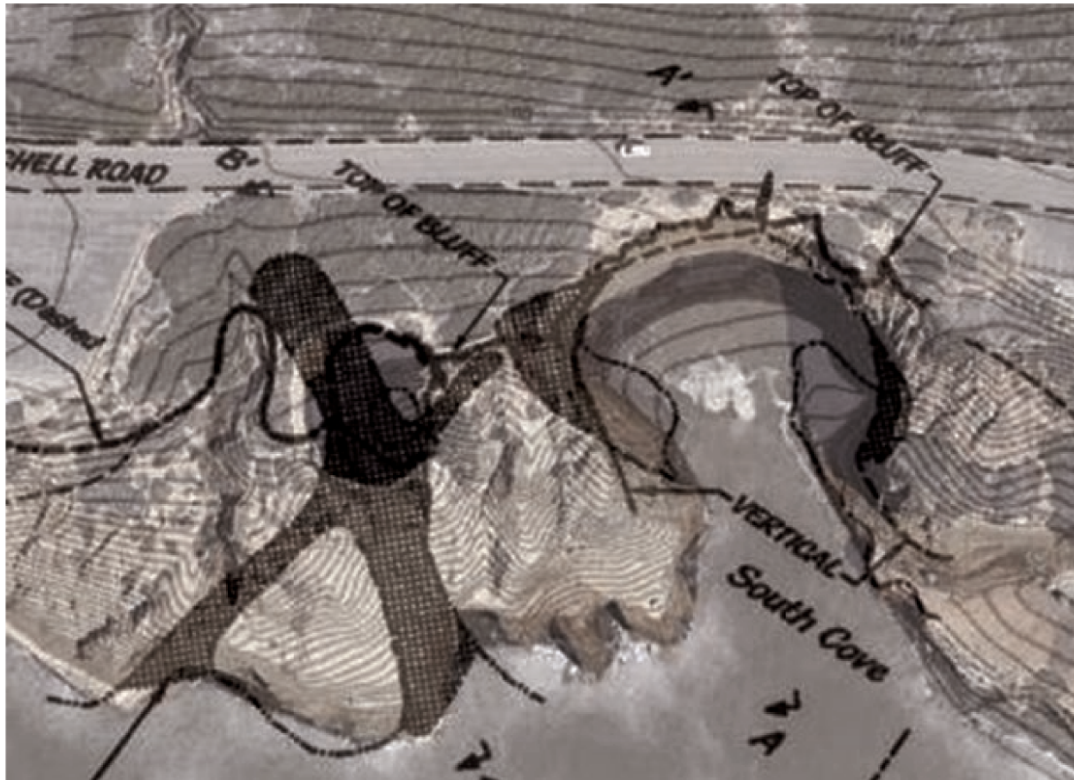


# What are we looking at?





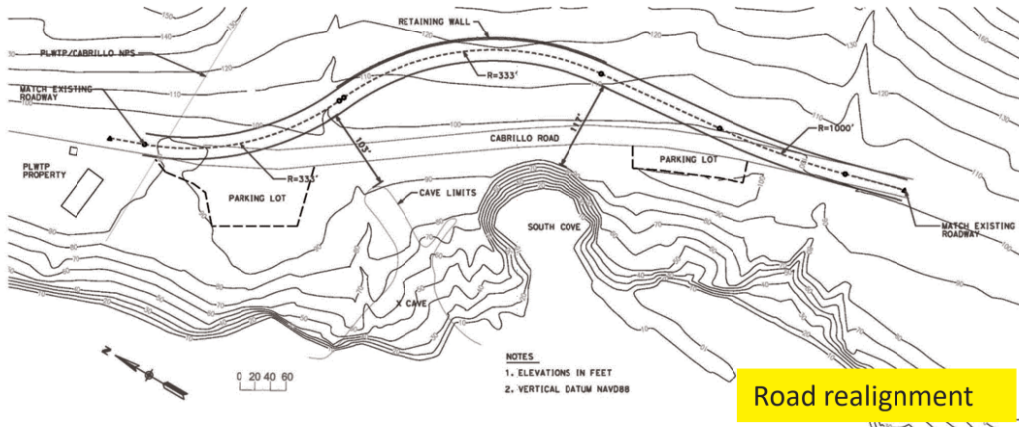
# Contract Details



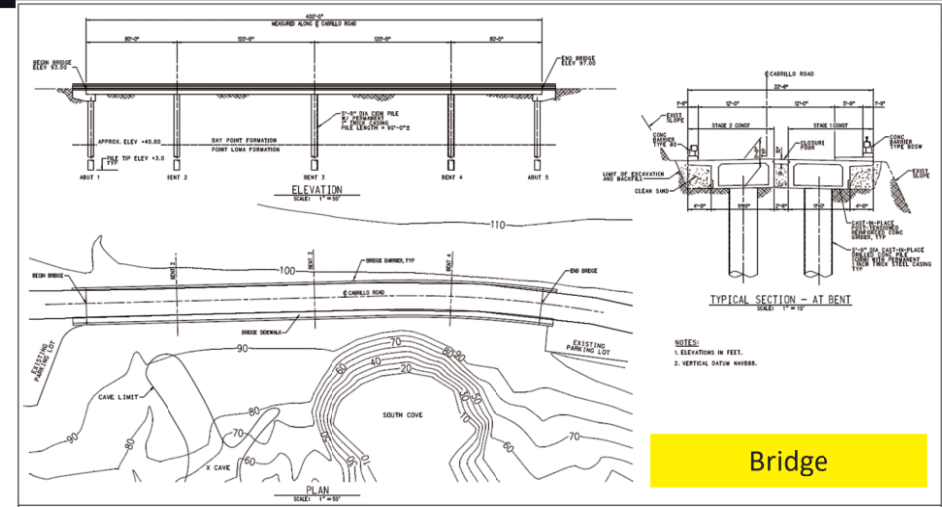
- This Second Amendment adds 27 months, extending the contract through June 30, 2026, to continue the monitoring program, and adds evaluation of alternative road access options
- Continued monitoring will provide immediate notification of catastrophic failure and greater detail on the rate of erosion to aid in the development and design of alternative road access options
  - Monitoring of ground movement along Gatchell Road using a shape accelerometer array (SAA) and inclinometer
  - Road visual inspections and topographic surveys
  - Monitoring of waves, rainfall, regional seismic events and local vibrations
  - Ground penetrating radar
  - Groundwater monitoring
  - Drone imagery surveys
  - Drone LiDAR survey to quantify change at South Cove and X Cave



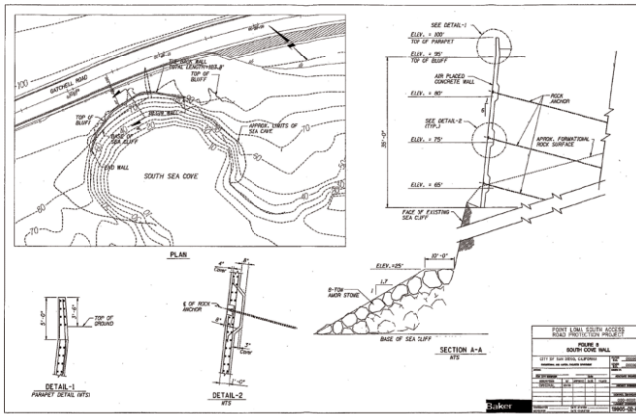
# SD Assessment of Options



Road realignment



Bridge



Retaining wall and riprap at the South Cove (Michael Baker, 2003)



New Access Road

## Council Request

- Authorization to execute a Second Amendment to the Sole Source Agreement with HDR Engineering, Inc. to provide 27 additional months, through June 30, 2026, of coastal erosion monitoring and evaluate alternative road access options
- Increase the contract by \$3,631,788, for a total contract amount of \$6,895,460
- The Metro JPA amount of the amendment is \$1,198,490, which is 33% of the estimated Metro expenditures of \$3,631,788
- The new total contract amount is \$6,895,460, of which the Metro JPA amount of 33% is \$2,275,501





## Recommended Action

- Approve the Metro expenditure and forward to the Metro JPA

# **ATTACHMENT 6**

## **Contracts Updates:**

**3<sup>rd</sup> Amendment with US Peroxide, LLC (dba USP Technologies) to provide Peroxide Regenerated Iron and Chemically Enhanced Primary Treatment Program (PRI-CEPT) for Odor Control at Multiple Facilities and**

**Contract with Univar Solutions USA for Caustic Soda 50% for Water Treatment Plants and Facilities**

Public Utilities Department

# Chemical Contracts Update – PRI-SC and PRI-CEPT and Caustic Soda 50%

Metro TAC  
February 21, 2024



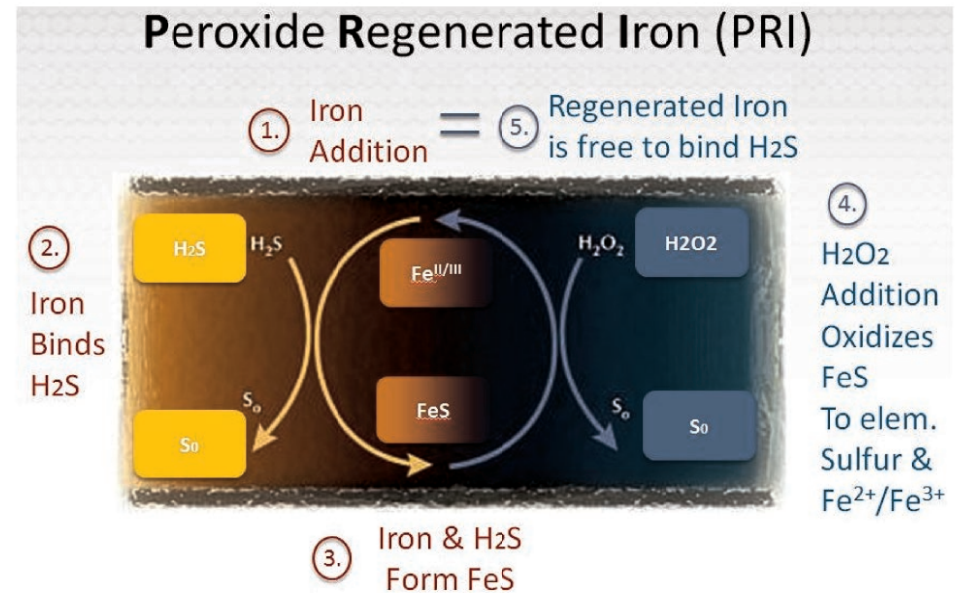
## Overview – Two Chemical Contracts

- Authorization to Execute a Third Amendment to the Contract with US Peroxide, LLC to Provide the Peroxide Regenerated Iron Sulfide Control and Peroxide Regenerated Iron Chemically Enhanced Primary Treatment Program for Odor Control at Multiple Facilities
- Authorization to Execute a Contract with Univar Solutions USA for Caustic Soda 50% for Wastewater Facilities (shared contract with PUD Water Treatment Plants)



# PRI-SC and PRI-CEPT

- US Peroxide's trademarked proprietary program has been used by the City since 2013.
- Meets regulatory compliance with National Pollutant Discharge Elimination System (NPDES) permit
- Provides odor control and corrosion prevention in the wastewater collection system
- Provides ferrous chloride for CEPT at PLWTP
- Ferrous Chloride added at PS1, PS65, Penasquitos PS, East Mission Gorge PS
- Peroxide added to regenerate ferrous at PS2, NCWRP, and PLWTP
  - Allows cost-effective treatment and flexibility in dosing locations





## Contracting Status

- USP awarded contract in 2013 following RFP
- In February 2018 the contract was approved for Sole Source procurement
- The City plans to conduct a solicitation process to determine if other competitors can provide a similar product to meet regulatory compliance. During this process, the City will still be required to meet regulatory compliance
- The solicitation process may take 12 months or more to complete
- Increasing the contract amount by \$10,000,000, plus the remaining amount on the contract, is expected to cover costs through April 14, 2026







## Requested Council Action

- Authorization to execute a Third Amendment to the contract with US Peroxide, LLC (dba USP Technologies) to provide the Peroxide Regenerated Iron Sulfide Control and Peroxide Regenerated Iron Chemically Enhanced Primary Treatment Program
- Increase the contract amount by \$10,000,000, with a not to exceed total amount of \$102,972,976, and add one year with option to renew for an additional one year term
- The Metro JPA amount of the amendment is \$3,300,000, which is 33% of the estimated Metro expenditures of \$10,000,000



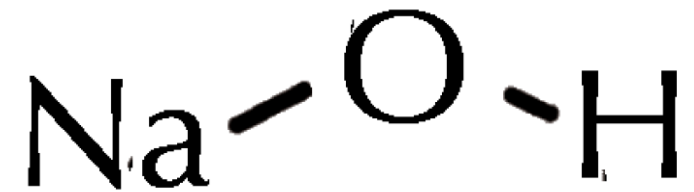
## Recommended Action

- Approve the Metro expenditure and forward to the Metro JPA



## Background

- Caustic Soda 50% is a critical chemical to operate Water Treatment Plants, Wastewater Treatment Plants and Sewer Pump Stations
- This chemical is used to provide safe, clean drinking water & treat foul air in the wastewater treatment process
- Approximately 2,780 dry tons of Caustic Soda 50% is used per year for the water and wastewater treatment processes
- Used to meet regulatory requirements





## Invitation to Bid Results (ITB)

- ITB No. 10090095-24-F issued on October 20, 2023
- Purchasing & Contracting received five (5) bidders
- Univar Solutions USA Inc was lowest responsive bidder at \$749.50/dry ton
- Notice of Intent to Award was sent on December 22, 2023



# Caustic Soda 50% Pricing Benchmark

- Contract price is below regional benchmarks

2023 Regional Water Agency Price Average	\$854/Dry Ton
Proposed Contract Bid Price	\$749.50/Dry Ton
Proposed Contract Bid Price	7% lower than the next low bidder



## Key Agreement Benefits

- Combining efforts with drinking water plants allows for lower pricing than separate efforts
- Duration of one (1) year with City option to renew for four (4) additional one-year terms
- Contract provides flexibility
  - If prices decrease, City can elect to readvertise each year
  - Restricted temporary price increase option to materials only



## Requested Council Action

- Authorization to execute contract with Univar USA Inc. to provide Caustic Soda 50%
- Contract amount not to exceed \$10,436,788 (Water and Wastewater)
- The Metro JPA amount is \$554,730, which is 33% of the total estimated Metro expenditures of \$1,681,000 over 5 years
- One (1) year contract with the option to renew for four (4) additional one-year terms



## Recommended Action

- Approve the Metro expenditure and forward to the Metro JPA





# Questions?

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858.292.6304

Craig Boyd  
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# ATTACHMENT 7

First Amendment to the Agreement with Regents of the University of California, San Diego (UCSD) for Scripps Institution of Oceanography (SIO) to Evaluate Anthropogenic Impacts on the San Diego Coastal Kelp Forest Ecosystem (2024-2029)

**METRO JPA/TAC**

**Staff Report**

Date: 1/24/2024

**Project Title:**

First amendment to the agreement with Regents of the University of California, San Diego (UCSD) for the Scripps Institution of Oceanography (SIO) to Evaluate Anthropogenic Impacts on the San Diego Coastal Kelp Forest Ecosystem (2024-2029). (Ryan Kempster/Ami Latker)

**Requested Action:**

Consideration and Possible Action to Recommend to the Metro Comm/Metro Wastewater JPA for Approval

**Recommendations:**

Metro TAC:	Present to JPA as an action item.
IROC:	No IROC presentation planned. Funds for this longstanding agreement are budgeted in the Annual Budget within the Metro Operating Fund and do not require IROC review.
Prior Actions: (Committee/Commission, Date, Result)	

**Fiscal Impact:**

Is this projected budgeted?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Cost breakdown between Metro & Muni:	100% Metro
Fiscal impact to the Metro JPA:	The total fiscal impact of this agreement is \$4,710,510 (5 years); <ul style="list-style-type: none"><li>• FY2025 = \$913,461</li><li>• FY2026 = \$863,194</li><li>• FY2027 = \$931,059</li><li>• FY2028 = \$971,653</li><li>• FY2029 = \$1,031,143</li></ul> Funding for this contract is already included in our annual program budget; thus, no budget increase is needed for the scope of this agreement.

**Capital Improvement Program:**

New Project?	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>
Existing Project?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Upgrade/addition <input type="checkbox"/> Change <input type="checkbox"/>

**Previous TAC/JPA Action:**

**Additional/Future Action:**

**City Council Action:**

Not yet heard by council – Expected April/May 2024

**Background:** *Provide background information on the need for the project*

The kelp monitoring services provided by the Scripps Institution of Oceanography (SIO) are essential to the City being able to meet its environmental monitoring objectives, commitments, and regulatory permit requirements associated with the discharge of wastewater to the Pacific Ocean via the Point Loma Ocean Outfall (PLOO). This work began in 1992 to provide critical support to the City to evaluate the effects of the PLOO pipe break which occurred that same year resulting in millions of gallons of treated wastewater being discharged in close proximity to the shore. Partial funding was provided between 1992 and 2002 to support this work, and this was later expanded in 2002 to support the renewal of the City's 301(h) waiver for the Point Loma Wastewater Treatment Plant (PLWTP) to continue operating at an advanced primary treatment level. This monitoring has since become a critical component of the National Pollutant Discharge Elimination System (NPDES) Permit 301(h) Renewal Application for the PLWTP. Furthermore, this work provides essential data to meet NPDES permit requirements for kelp bed monitoring in the Point Loma region.

**Discussion:** *Provide information on decisions made to advance the project*

A version of this program has been ongoing for the past 30 years, after being initiated by the City in 1992. The Regional Water Quality Control Board has continued to support this project via requirements in the City's NPDES permit for the Point Loma Wastewater Treatment Plant (PLWTP) as it is consistent with the Board's and City's initiatives to use advanced, scientifically sound technologies to protect the region's coastal marine environment. Furthermore, this monitoring is a critical component of the City's NPDES Permit 301(h) Waiver for the PLWTP, without which the City could face up to \$2 billion in costs for the upgrade of the PLWTP to meet Secondary treatment requirements.

**Bid Results:** *If bidding was done provide bidding format and results*

N/A

Public Utilities Department

# *San Diego Kelp Forest Ecosystem Monitoring Project (2024-2029)*

## **First Amendment**

Feb 21<sup>st</sup>, 2024

Peter Vroom, Ph.D. (Deputy Director)  
Ryan M. Kempster, Ph.D. (Ocean Monitoring Program Manager)  
Ami Latker (Environmental Scientist III and Contract Coordinator)



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Ocean Monitoring Program

***A program designed to assess the impact of discharging  
treated wastewater into the coastal waters of San Diego***



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## Requested Actions

1.

Authorize the Mayor to execute an Amendment to the existing contract with the Scripps Institution of Oceanography to continue to provide kelp forest monitoring services.

2.

Authorize the expenditure of \$4,710,510 to fund this agreement.

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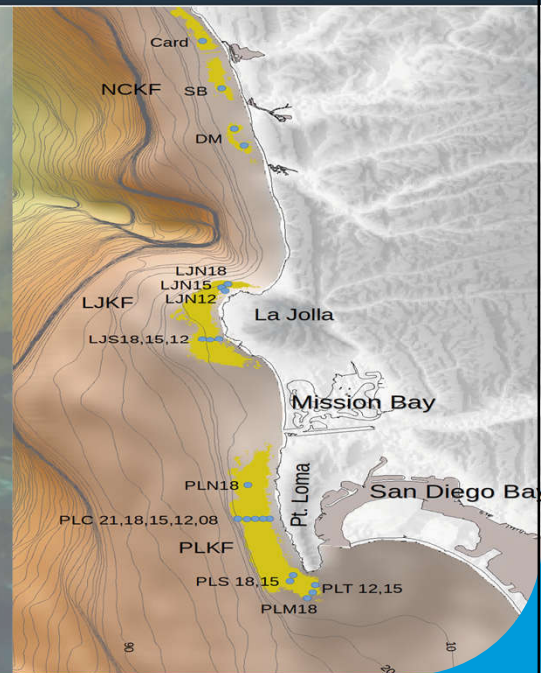
## Background and History

- Scripps Institution of Oceanography
- 1992 Study of Ocean Outfall Effects

UC San Diego



SCRIPPS INSTITUTION OF OCEANOGRAPHY



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## Background and History

- Expanded in 2002 to Support 301(h) Waiver
- Permit Mandated Component



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## Primary Goals

### 1. Monitor condition of kelp forests surrounding the PLWTP



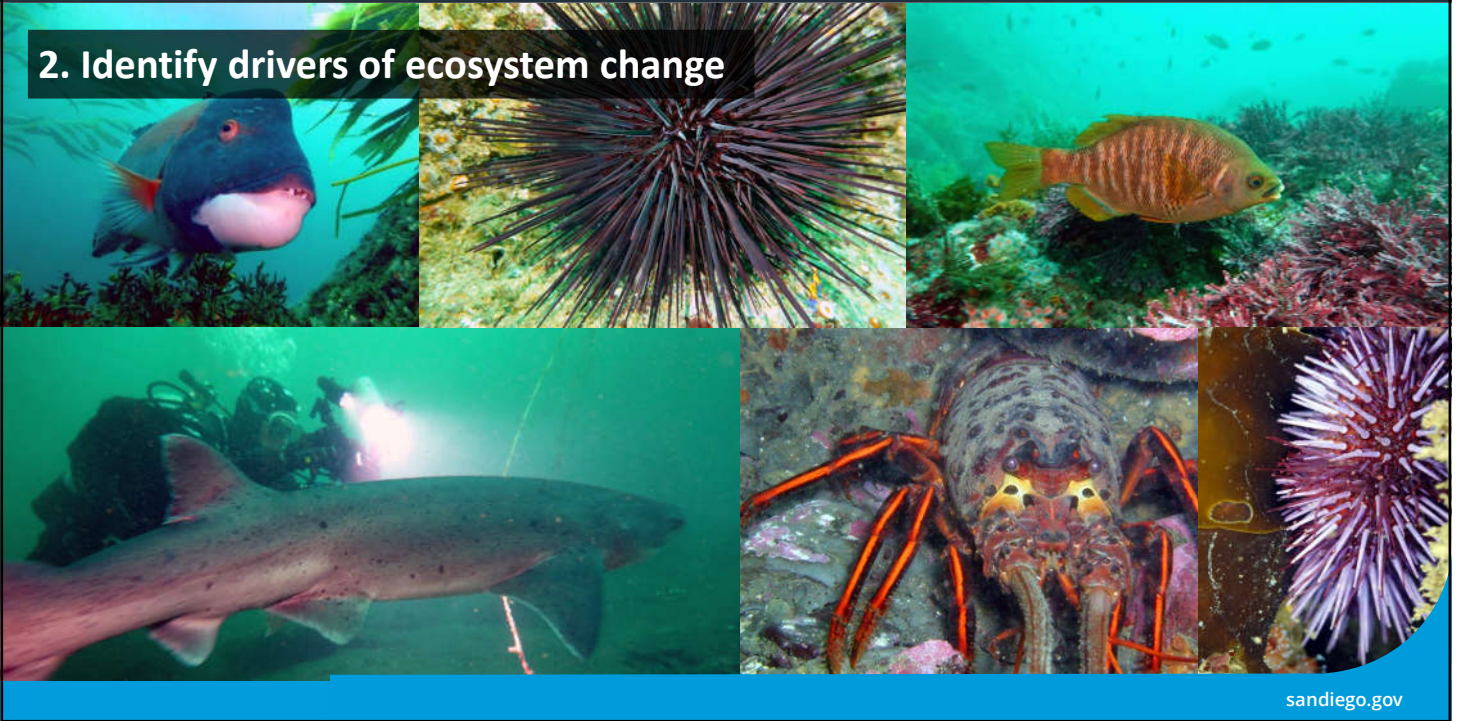
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Primary Goals

### 2. Identify drivers of ecosystem change



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Primary Goals

### 3. Determine impact of treated wastewater



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 Findings

Kelp forests off Point Loma and La Jolla are among the most important commercial fishing grounds for the red sea urchin and spiny lobster in CA.

These kelp forests have been in a state of decline for 30+ years.


Southern California kelp forests are affected by both natural and human disturbances.

El Niño is the primary factor that affects kelp abundance, growth, and reproduction along the west coast.

Treated wastewater is not responsible for kelp forest decline. Proximity to outfalls does not correlate with decline.

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 Budget

## Budget Requested

FY25 (7/1/2024 – 6/30/2025)	\$913,461
FY26 (7/1/2025 – 6/30/2026)	\$863,194
FY27 (7/1/2026 – 6/30/2027)	\$931,059
FY28 (7/1/2027 – 6/30/2028)	\$971,653
FY29 (7/1/2028 – 6/30/2029)	\$1,031,143
<b>Total</b>	<b>\$4,710,510</b>

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## Benefits to the City

1. Represents a significant contribution to the City's enhanced ocean monitoring efforts for the San Diego region.
2. Fulfills an NPDES permit requirement for the PLWTP.
3. Provides critical scientific information in support of the City's 301(h) modified permit for PLWTP.
4. Differentiates effects of wastewater discharge on coastal ecosystems relative to other anthropogenic or natural factors.
5. Continues scientifically unique, long-term program essential to assessing wastewater effects on San Diego coastal environment

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## Project Contacts

### City of San Diego

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Ocean Monitoring Program Manager  
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**Ami Latker**

Environmental Scientist III  
Contract Administrator  
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### Scripps

**James Leichter, Ph.D.**

Principal Investigator  
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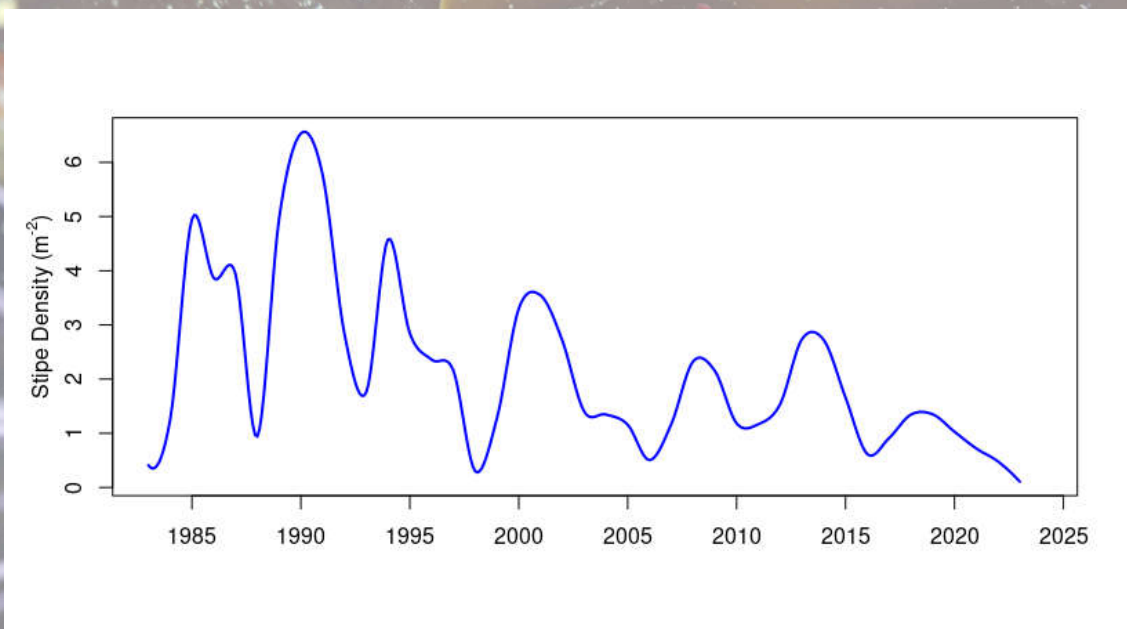


# Additional Information

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## Additional Information – Kelp Density (All Stations)



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## Additional Information – PLWTP (Upgrade Costs)

### What is involved if the Point Loma plant upgrades to a Secondary Treatment level?

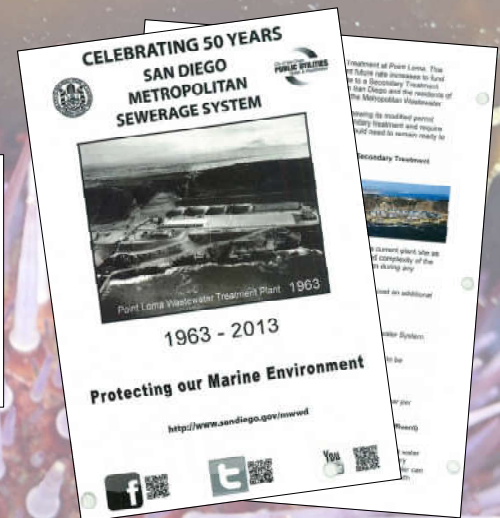
PLWTP largely operates at secondary treatment standards, except in the area of total suspended solids (i.e. advanced primary). While PLWTP consistently meets effluent regulatory objectives and has received numerous awards relating to compliance with federal and state regulations, regulators and environmental groups have disagreed with the city on how discharge requirements should be applied with each modified NPDES permit. **In the event the city is required to convert PLWTP to secondary treatment standards, the estimated costs are approximately \$2 billion, depending on the treatment methodology and availability of federal land at PLWTP's site.**

<https://www.fitchratings.com/research/us-public-finance/fitch-affirms-san-diego-public-facilities-financing-uth-ca-wastewater-revs-at-aa-outlook-stable-08-09-2021>

construction.

In either case, once constructed, the Secondary Treatment plant will cost an additional **\$40 million** per year to operate.

[metroipa.org/Home/ShowDocument?id=76](http://metroipa.org/Home/ShowDocument?id=76)



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