



FY 2025 Metropolitan Wastewater JPA Budget – Planning Meeting

March 27, 2024

MISSION:

The Metro JPA's mission is to create an equitable partnership with the San Diego City Council and Mayor on regional wastewater issues. Through stakeholder collaboration, open dialogue, and data analysis, the partnership seeks to ensure fair rates for Participating Agencies, concern for the environment, and regionally balanced decisions.

Introduction

As we embark on fiscal year 2025, the Metropolitan Wastewater Joint Powers Authority (JPA) is committed to upholding its mission of “Proactively Addressing Regional Wastewater Issues .for the Public Benefit”. This budget represents our dedication to maintaining high standards while adapting to the emerging challenges and opportunities that are before us this upcoming fiscal year.

The FY 2025 draft budget is structured into three distinct sections, each addressing specific facets of our operational framework:

Section One: Unchanged Program Expenses: In this section, we outline the program expenses that remain consistent with previous fiscal years. These expenditures encompass essential operational costs vital to the smooth functioning of our organization. While these expenses have not undergone significant alterations, we remain vigilant in optimizing cost-effectiveness without compromising performance quality.

Section Two: Updated Program Expenses Pending Contract Review: The second section of the budget delineates existing program expenses that are undergoing potential revisions following comprehensive contract reviews and assessments. As part of our commitment to fiscal responsibility and operational efficiency, we have evaluated all existing contracts, identified areas for improvement, identified areas that require modifications due to changed tasks, and adjusted budgets accordingly. These changes reflect our proactive approach to refining processes, enhancing performance, and ensuring alignment with contractual obligations.

Section Three: Program Updates and Modifications: Introducing innovative initiatives and adapting to evolving industry standards are integral components of our strategic vision. Section three highlights new programs proposed for implementation in FY 2025. These initiatives are designed to address emerging challenges, capitalize on opportunities for technological advancement, and promote sustainable practices. By embracing innovation and exploring novel solutions, we aim to bolster our resilience and efficacy in fulfilling our organizational mandate.

As stewards of public health and environmental integrity, we recognize the significance of prudent financial management and strategic planning. The FY 2025 JPA budget embodies our unwavering commitment to transparency, accountability, and continuous improvement.

Section One: Unchanged Program Expenses

Much of the FY 2025 budget line items remain unchanged, have been reduced slightly due to budget review, or increased slightly either based on their contracts or inflation. The JPA's major consultants: Dexter Wilson Engineering, NV5, and The Keze Group all have four-year contracts. FY 2025 is year three of these contracts. No changes in the budget ceiling are being requested except for NV5. With the conclusion of the SARA negotiations the contract ceiling for NV5 is being reduced from \$40,000 to \$30,000. Each contract has a provision for cost-of-living increases however the overall cap is not affected. General Counsel, Procopio, Cory, Hargreaves & Savitch LLP, will also continue with their FY 2024 budget estimate for FY 2025.

Other miscellaneous expenses such as telephone, internet, and software and website maintenance and hosting have increased slightly due to contractual amounts. While meeting expenses is forecast to come under budget it is recommended that the FY 2024 budget amount be maintained as Metro TAC is potentially moving forward with Metro TAC hybrid meetings where lunch will be provided.

Section Two: Updated Program Expenses Under Contract Review

Administrative Assistant Contract: The Administrative Assistant (Board Secretary) contract is different from all the other JPA Executive Team contracts in that it does not have a stated yearly payment cap, just a cap on the number of hours per task. As part of preparing for the FY 2025 budget all contracts have been thoroughly reviewed by the Treasurer and Executive Director. It has been determined that for the last two years the Administrative Assistant has been incorrectly budgeted for. The last two years budget has been at \$37,100 which is a holdover from prior to the latest amendment which was July 2022 or FY 2023. The corrected budget amount should be \$45,600. This amount is currently being budgeted for FY2025 pending the outcome of the continued review of the tasks in this contract to determine the cause of contract overages. Currently the areas being addressed are catering, website management, and Finance Committee support. This review should be complete and included in the April Draft Budget for the Finance Committee meeting.

Section Three: Program Changes and Advancements

Auditor and Facilitator Services: These two budget line items from FY 2024 will not be needed in FY 2025. With the completion of the SARA negotiations with the City of San Diego the facilitator contract will no longer be needed. In addition, as all the JPA's Audits

will be completed by the end of FY 2024 the next audit will not be needed until FY 2026 as the JPA prepares two-year audits. The next audit will be for FY 2024-2025 which will be performed in FY 2026.

Treasurer: In the past the Treasurer's position has, per the JPA Agreement, been held by a staff member from one of the JPA members' financial departments. With the recent change in the JPA Agreement the Treasurer's position can now be held by an outside consultant if they are a CPA. Currently the City of El Cajon is providing the Treasurer's staffing through Lee Ann Jones-Santos. However, Ms. Jones-Santos will be retiring effective July 1, 2024. An informal poll of JPA members reveals that the City of El Cajon does not wish to continue in the roll as Treasurer and that no other agency is interested in taking on this position due to the time that it is required and their staffing constraints. Ms. Jones-Santos may be joining an accounting firm as a consultant, and it is recommended that she continue to provide Treasury services. The existing Treasurer's four-year contract totals \$31,500 annually including the required bond. It is requested that Ms. Jones-Santos potentially continue as JPA Treasurer and that the FY 2025 budget be increased to \$40,000 to accommodate required insurances, etc. as a private industry consultant.

Metro Director Per Diems: Per Resolution 2023-2 the Per Diem per meeting will be increased by 5% to \$166 per meeting. In addition, reimbursement for mileage is now being included. Assumptions include ten JPA Board Meetings, four Finance Committee Meeting, and one AdHoc with four meetings thus increasing the budget from \$25,000 to \$28,000.

Updating of the JPA's Mission and Strategic Goals (Strategic Planning): During FY 2024 the JPA spent a substantial amount of time developing a reorganization plan and new organization structure for the JPA. To continue this process into FY 2025 it is recommended that a Strategic Planning process be undertaken to update the JPA's FY 2020 Strategic Plan and bring it into alignment with the new organization structure and current circumstances such as the potential implementation of SARA and the Phase 1 and 2 Pure Water Programs which are currently underway and were only conceptual when the FY 2020 Strategic Plan was completed.

Attached is a proposal from John Gavares, The Gavares Group. Mr. Gavares has prepared the last several Strategic Plans for the JPA. Prior to that he was employed by the City of San Diego and thus is uniquely qualified to provide these services. To insure there is adequate budget for the Strategic Planning effort \$15,275 is included in the FY 2025 budget request. His proposal provides a range from \$7,275 to \$15,275.

Funding for the Contingency Reserve: As part of the FY 2024 budget process the JPA Board adopted Resolution 2023-01 which established a Reserve Fund Policy. This policy

formalized the Operating Reserve of four-months of operating expenditures and added a Contingency Reserve to provide funding for unforeseen circumstances during a fiscal year. Funding for the Contingency Reserve was deferred until FY 2025 to determine the changes in cash position between FY 2024 and FY 2025 and see if they had improved. As shown in unaudited FY 2023 Financial Statements and the FY 2024 projected year-end balance the JPA's cash position continues to be stagnant with cash balances remaining around \$30,000 above the Operating Reserve required level. This draft budget includes two alternatives to fund the Contingency Reserve over a one or two-year basis. Other alternatives will be discussed with the Finance Committee as requested. The resolution can be found at: <https://www.metrojpa.org/Home/ShowDocument?id=4100>

Conclusion

The FY 2025 budget reflects a rise of around \$25,000, but only \$8,000 of this increase pertains to actual expenses. The disparity stems from the elimination of a \$17,000 offsetting revenue from the City of San Diego for the Facilitators contract in FY2024 which is not replicated in FY2025. Tables 1 to 3 following illustrate various segments of the FY 2025 budget.

Table 1: FY 2024 Projected Budget Versus Actuals and FY 2025 Draft Budget

Table 2: FY 2024 Versus FY 2025 JPA Members Billing Estimate

Table 3: Contingency Reserve Funding Alternatives

TABLE 1
METRO WASTEWATER JPA
FY 2024 PROJECTED BUDGET VERSUS ACTUALS AND FY 2025 DRAFT BUDGET

	FY '24 ACTUAL / FORECAST						FY '25		
	Actual Through 12/31/2023	Estimate remaining Months	Forecast Through 6/30/24	Approved Annual Budget	Forecast over /(under) Budget		Proposed Annual Budget	Difference from FY '24 Forecast	Difference from FY '24 Budget
					\$	%			
Income									
Membership Dues	\$ 727,544	\$ -	\$ 727,544	\$ 727,545	\$ (1)	0%	\$ 753,230	\$ 25,686	\$ 25,685
Use of Reserves	\$ -	-	-	-	-			-	-
City of San Diego	\$ 6,770	\$ 21,248	28,018	44,210	(16,192)	17%	26,780	(1,238)	(17,430)
Interest Income	470	200	670	-	670	0%	300	(370)	300
Total Income	\$ 734,784	\$ 21,448	\$ 756,232	\$ 771,755	\$ (15,523)	-2%	\$ 780,310	\$ 24,078	\$ 8,555
Expense									
Administrative Assistant-LP	\$ 25,630	\$ 22,800	\$ 48,430	\$ 37,100	\$ 11,330	31%	\$ 45,600	(2,830)	\$ 8,500
Bank Charges	36	36	72	200	(128)	-64%	200	128	-
Contingency Reserve Funding	-	-	-	-	-		-	-	-
Dues & Subscriptions	-	-	-	-	-		-	-	-
Financial Services									
Audit Fees (1)	20,800	24,200	45,000	12,000	33,000	275%	-	(45,000)	(12,000)
Financial Consulting Support (Auditor)		-		-			-	-	-
Executive Director - The Keze Group (2)	70,179	79,000	149,179	150,000	(821)	-1%	168,000	18,821	18,000
Treasurer - El Cajon	-	11,600	11,600	30,000	(18,400)	-61%	40,000	28,400	10,000
JPA/TAC meeting expenses	-	4,225	4,225	6,000	(1,775)	-30%	6,000	1,775	-
Miscellaneous	24	-	24	250	(226)	-91%	250	226	-
Per Diem - Board	12,648	12,648	25,296	25,000	296	1%	28,500	3,204	3,500
Printing, Postage, Supplies	-	250	250	860	(610)	-71%	450	200	(410)
Professional Services									
Engineering - Dexter Wilson	94,627	105,000	199,627	200,000	(373)	0%	200,000	373	-
Engineering - NV5	7,935	8,000	18,000	40,000	(22,000)	-55%	30,000	12,000	(10,000)
Legal - Procopio (2nd ARA/PW)	81,292	66,500	147,792	150,000	(2,209)	-1%	150,000	2,209	-
Legal - Procopio (General)	29,774	30,000	59,774	60,000	(226)	0%	60,000	226	-
Legal - Procopio (Spill)	9,519	20,000	29,519	30,000	(481)	-2%	30,000	481	-
Paul Redvers Brown	1,160	4,640	5,800	24,900	(19,100)	-77%	-	(5,800)	(24,900)
Strategic Planning							15,275	15,275	15,275
Telephone, Internet, Software	1,141	999	2,140	2,140	-	0%	2,500	360	360
Website Architecture Update	-	-	-	-	-		-	-	-
Website Maintenance & Hosting (3)	-	-	-	3,305	(3,305)		3,535	3,535	230
Total Expense	\$ 354,764	\$ 389,898	\$ 746,727	\$ 771,755	\$ (25,028)	-3%	\$ 780,310	\$ 33,583	\$ 8,555
Net Income (Loss)	\$ 380,020	\$ (368,450)	\$ 9,505	\$ -	\$ 9,505	0%	\$ -	\$ (9,505)	\$ -

(1) FY 2024 audit budget of \$45,000 for two-year audits approved after start of fy 2024 fiscal year.

(2) FY 2024 budget amended to include \$18,000 contract increase for Executive Director position in April 2024.

(3) FY 2025 budget amount per year three of Granicus Contract.

Fund Balance at 6/30/23	\$ 263,174
Projected Net Income FY '24	9,505
Projected Fund Balance at 6/30/24	\$ 272,679
4 Months Operating Expenses FY '24	(251,177)
Amount over Required Reserve	\$ 21,502

TABLE 2

FY 2024 VERSUS FY 2025 JPA MEMBERS BILLING ESTIMATE

	ACTUAL FY'24 BILLING		DRAFT FY'25 BILLING			
Agency	Per Cent	Amount	Per Cent	Base Amount	Difference	
	Agency Billing	Total Agency Billing	Agency Billing	Total Agency Billing	\$	%
Chula Vista	31.84%	\$ 231,650	33.03%	\$ 248,826	\$ 17,176	7.4%
Coronado	2.70%	\$ 19,644	2.64%	\$ 19,877	\$ 233	1.2%
County of SD*	15.99%	\$ 116,334	17.02%	\$ 128,170	\$ 11,836	10.2%
Del Mar	0.02%	\$ 146	0.03%	\$ 201	\$ 56	38.4%
El Cajon	14.46%	\$ 105,203	14.43%	\$ 108,669	\$ 3,466	3.3%
Imperial Beach	3.67%	\$ 26,701	3.89%	\$ 29,301	\$ 2,601	9.7%
La Mesa	7.89%	\$ 57,403	7.15%	\$ 53,831	\$ (3,573)	-6.2%
Lemon Grove	3.32%	\$ 24,154	3.21%	\$ 24,144	\$ (10)	0.0%
National City	8.39%	\$ 61,041	7.64%	\$ 57,540	\$ (3,501)	-5.7%
Otay Water District	0.55%	\$ 4,001	0.65%	\$ 4,858	\$ 857	21.4%
Padre Dam MWD	7.01%	\$ 51,001	6.27%	\$ 47,264	\$ (3,736)	-7.3%
Poway	4.16%	\$ 30,266	4.06%	\$ 30,547	\$ 282	0.9%
Total Flow & Strength	100%	\$ 727,545	100%	753,230	\$ 25,685	3.5%

* County of SD includes East Otay Mesa, Lakeside/Alpine, Spring Valley and Wintergardens

TABLE 3
CONTINGENCY RESERVE FUNDING ALTERNATIVES

Agency	Contingency Reserve Funding									
	Fund In One -Year					Fund in Two-Years				
	Per Agency	Total FY 2025 + Reserve	Difference FY2024			Per Agency	Total FY 2025 + Reserve	Difference FY2024		
<i>Chula Vista</i>	\$ 62,207	\$ 311,033	\$ 79,382	34.3%		\$ 31,103	\$ 279,929	\$ 48,279	20.8%	
<i>Coronado</i>	\$ 4,969	\$ 24,846	\$ 5,203	26.5%		\$ 2,485	\$ 22,362	\$ 2,718	13.8%	
<i>County of SD*</i>	\$ 32,043	\$ 160,213	\$ 43,878	37.7%		\$ 16,021	\$ 144,191	\$ 27,857	23.9%	
<i>Del Mar</i>	\$ 50	\$ 252	\$ 106	73.1%		\$ 25	\$ 227	\$ 81	55.8%	
<i>El Cajon</i>	\$ 27,167	\$ 135,836	\$ 30,633	29.1%		\$ 13,584	\$ 122,252	\$ 17,049	16.2%	
<i>Imperial Beach</i>	\$ 7,325	\$ 36,627	\$ 9,926	37.2%		\$ 3,663	\$ 32,964	\$ 6,263	23.5%	
<i>La Mesa</i>	\$ 13,458	\$ 67,288	\$ 9,885	17.2%		\$ 6,729	\$ 60,559	\$ 3,156	5.5%	
<i>Lemon Grove</i>	\$ 6,036	\$ 30,180	\$ 6,026	24.9%		\$ 3,018	\$ 27,162	\$ 3,008	12.5%	
<i>National City</i>	\$ 14,385	\$ 71,925	\$ 10,884	17.8%		\$ 7,193	\$ 64,733	\$ 3,691	6.0%	
<i>Otay Water District</i>	\$ 1,215	\$ 6,073	\$ 2,071	51.8%		\$ 607	\$ 5,466	\$ 1,464	36.6%	
<i>Padre Dam MWD</i>	\$ 11,816	\$ 59,081	\$ 8,080	15.8%		\$ 5,908	\$ 53,173	\$ 2,172	4.3%	
<i>Poway</i>	\$ 7,637	\$ 38,184	\$ 7,918	26.2%		\$ 3,818	\$ 34,366	\$ 4,100	13.5%	
Total Flow & Strength	\$ 188,308	\$ 941,538	\$ 213,993	29.4%		\$ 94,154	\$ 847,384	\$ 119,839	16.5%	

* County of SD includes East Otay Mesa, Lakeside/Alpine, Spring Valley and Wintergardens

THE GAVARES GROUP

Increasing Organizational Effectiveness

February 15, 2024

Chair Jerry Jones
276 4th Avenue
Chula Vista, CA 92910

Re: Proposal for Consulting Services for the METRO Commission/ Wastewater Joint Powers Authority Strategic Planning Process

Dear Mr. Jones,

Thank you for the opportunity to provide consulting services to the San Diego METRO Commission/Wastewater Joint Powers Authority (MC/JPA) and the METRO Technical Advisory Committee's (TAC) strategic planning process. I have had the privilege of designing and facilitating previous strategic planning processes for the METRO Commission, and I look forward to serving the group and the community again in this important process. This proposal is a summary of the desired outcomes, scope of services and the costs for the project.

I. Understanding of the MC/JPA's Mission and Strategic Goals

The Metro JPA's mission is to create an equitable partnership with the San Diego City Council and Mayor on regional wastewater issues. Through stakeholder collaboration, open dialogue, and data analysis, the partnership seeks to ensure fair rates for Participating Agencies, concern for the environment, and regionally balanced decisions.

1. **Strategic Goal #1 - Oversight of METRO System Management and Operations:** The METRO JPA and METRO TAC must continue their oversight of the City of San Diego's management and operation of the METRO System on behalf of the Participating Agencies' ratepayers.
2. **Strategic Goal #2 - Oversight of the City of San Diego's Water Reuse Planning (Pure Water San Diego):** As the City of San Diego expands the scope of its wastewater operations to include the Pure Water San Diego program, the scope of oversight provided by the METRO JPA and the METRO TAC expands, as well.

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II. Desired Outcomes

The following is a list of desired outcomes and Scope of Services, based on conversations to date and my experience in facilitating the MC/JPA's Strategic Planning Workshops.

1. Develop understanding amongst the newer members of the Metro Commission as to the mission and history of the MC/JPA, the top issues on the horizon, and the strategic goals and initiatives of the MC/JPA.
2. Review the 2020 Strategic Plan Goals and Initiatives and agree on any additions, deletions or modifications needed.
3. Develop a 2025 Strategic Planning document.

III. Scope of Services and Associated Range of Hours

I will work with you to design the workshop and the process leading up to the workshop and will facilitate the workshop to achieve the desired outcomes that have been identified. My proposed approach includes the following:

Scope of Services		
	Description	Hours/\$ (Range)
I.	Readiness Development	4 – 8 / \$1,000 - \$2,000
1	Review Written Materials: Reviewed the existing 2019 Strategic Plan and other support material to become familiar with the strategic goals and initiatives, and pertinent issues and developments.	1
2	February-March Meeting with the Chair: Meet with the METRO Commission Chair Jones and Karyn Keze in February-March to understand goals, top issues, and proposed approach, structure, and roles. Develop a summary of the key action items and agreements from the meeting.	1 - 2
3	Meeting Observation: Observe up to 3 meetings (e.g., Metro JPA meeting; TAC; Strategic Plan Ad Hoc Committee) to become familiar with the participants, the process and the top priority issues.	2 - 5
II.	Data Gathering and Data Feedback	12 – 19 / \$3,000 - \$4,750

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1	Interviews: Conduct interviews with key members of the METRO Commission/JPA and METRO TAC.	0 - 6
2	Focus Group: Convene a focus group with the Strategic Plan Ad Hoc Committee. Gather input about challenges, opportunities, and Strategic Goals and Strategic Initiatives. Develop a Summary of Focus Group discussion.	3 - 4
3	Survey: Develop and administer a pre-workshop survey to METRO Commission/Wastewater JPA and METRO TAC members.	3
4	Analysis: Analyze Results and Develop Summary of Responses.	3
5	Data Feedback: Present Summary of Survey Responses to Chair and the Strategic Plan Ad Hoc Committee.	3
III.	Workshop #1: Design, Preparation and Facilitation	8 / \$2,000
1	Meeting with Chair: Meet with the METRO Commission Chair for review of final agenda (Includes prep).	1
2	Preparation: Finalize preparation, including development of handouts and PowerPoint slides.	2
3	Workshop: Facilitate Strategic Planning workshop.	2
4	Post-Workshop Follow-up: Create a written summary of agreements, action items and discussion notes.	2
5	Meeting with Chair: Meet with the METRO Commission Chair Jones for post-meeting debriefing and action planning.	1
IV.	Workshop #2: Preparation and Facilitation (if needed)	0 – 5 / \$0 - \$1,250
1	Meeting with Chair: Meet with the METRO Commission Chair for review of final agenda (Includes prep).	0 - 1
2	Preparation: Finalize preparation, including development of handouts and PowerPoint slides.	0 - 1
3	Workshop: Facilitate Strategic Planning workshop.	0 - 1
4	Post-Workshop Follow-up: Create a written summary of agreements, action items and discussion notes.	0 - 1
5	Meeting with Chair: Meet with the METRO Commission Chair Jones for post-meeting debriefing and action planning.	0 - 1
V.	Workshop #3: Preparation and Facilitation (if needed)	0 – 5 / \$0 - \$1,250
1	Meeting with Chair: Meet with the METRO Commission Chair for review of final agenda (Includes prep).	0 - 1
2	Preparation: Finalize preparation, including development of handouts and PowerPoint slides.	0 - 1
3	Workshop: Facilitate Strategic Planning workshop.	0 - 1

4	Post-Workshop Follow-up: Create a written summary of agreements, action items and discussion notes.	0 - 1
5	Meeting with Chair: Meet with the METRO Commission Chair Jones for post-meeting debriefing and action planning.	0 - 1
VI.	Finalize Strategic Plan Document Approval	5 – 16 / \$1,250 - \$4,000
1	Develop Document: Develop, in partnership with subject matter experts, the strategic planning document.	5 - 10
2	Present to TAC: Present draft 2020 Strategic Plan to the Metro TAC on Sept 8 th , getting approval for the proposed Strategic Goals and Initiatives.	0 - 2
3	Present to Metro JPA: Present draft 2020 Strategic Plan to Metro JPA.	0 - 2
4	Revise and resubmit the Strategic Plan document based on decisions and direction of Metro JPA.	0 - 2
	Total	29 – 61 / \$7,250 - \$15,250

IV. Cost of Services

The fee range for these services is between \$7,275 and \$15,275, including workshop materials (\$25). This fee range is based on a fee rate of \$2,000/day (\$250/hour), and the approach outlined above with the range of hours between 29 and 61 hours. I will only bill for actual services provided. Costs associated with the facility, AV equipment rental, and food expenses at the workshop will be borne by the MC/JPA.

V. Conclusion

I look forward to assisting the San Diego MC/JPA and METRO TAC in designing and facilitating this important Strategic Planning process. I can be reached at 619-980-1887 and at johngavares@cox.net for follow-up conversations.

Sincerely,

John Gavares
The Gavares Group

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