



METRO WASTEWATER JOINT POWERS AUTHORITY STAFF REPORT

Item : 7

Date : April 20, 2024

To : Finance Committee Members

From : Karyn Keze, Executive Director

Re: Metro Wastewater JPA FY 2025 Draft Budget

This memo provides a summary update on the draft Metro JPA FY 2025 Budget initially presented to the Finance Committee on March 27, 2024. Alongside this memo, you will find a concise PowerPoint presentation summarizing the draft JPA budget as of April 20, 2024, and including Tables 1 to 4. The FY 2024 budget year-end forecast (Table 1) remains unchanged from our March projection presented at that Meeting (See PowerPoint for larger table)

TABLE 1
METRO WASTEWATER JPA
FY 2024 PROJECTED BUDGET VERSUS ACTUALS

	Actual Through 12/31/2023	Estimate Remaining Months	Forecast Through 6/30/24	Approved Annual Budget	Forecast over /(under) Budget	
					\$	%
Income						
Membership Dues	\$ 727,544	\$ -	\$ 727,544	\$ 727,545	\$ (1)	0%
Use of Reserves	\$ -	-	-	-	-	
City of San Diego	\$ 6,770	\$ 21,248	28,018	44,210	(16,192)	-37%
Interest Income	470	200	670	-	670	
Total Income	\$ 734,784	\$ 21,448	\$ 756,232	\$ 771,755	\$ (15,523)	-2%
Expense						
Admin - Board Secretary	\$ 25,630	\$ 22,800	\$ 48,430	\$ 37,100	\$ 11,330	31%
Bank Charges	36	36	72	200	(128)	-64%
Financial Services						
Audit Fees (1)	20,800	24,200	45,000	12,000	33,000	275%
Executive Director - The Keze Group (2)	70,179	79,000	149,179	150,000	(821)	-1%
Treasurer - El Cajon	-	11,600	11,600	30,000	(18,400)	-61%
JPA/TAC meeting expenses	-	4,225	4,225	6,000	(1,775)	-30%
Miscellaneous	24	-	24	250	(226)	-91%
Per Diem - Board	12,648	12,648	25,296	25,000	296	1%
Printing, Postage, Supplies	-	250	250	860	(610)	-71%
Professional Services						
Engineering - Dexter Wilson	94,627	105,000	199,627	200,000	(373)	0%
Engineering - NV5	7,935	8,000	18,000	40,000	(22,000)	-55%
Legal - Procopio (2nd ARA/PW)	81,292	66,500	147,792	150,000	(2,209)	-1%
Legal - Procopio (General)	29,774	30,000	59,774	60,000	(226)	0%
Legal - Procopio (Spill)	9,519	20,000	29,519	30,000	(481)	-2%
Paul Redvers Brown	1,160	4,640	5,800	24,900	(19,100)	-77%
Strategic Planning Communications						
Telephone, Internet, Software	1,141	999	2,140	2,140	-	0%
Website Architecture Update	-	-	-	-	-	
Website Maintenance & Hosting (3)	-	-	-	3,305	(3,305)	
Total Expense	\$ 354,764	\$ 389,898	\$ 746,727	\$ 771,755	\$ (25,028)	-3%
Net Income (Loss)	\$ 380,020	\$ (368,450)	\$ 9,505	\$ -	\$ 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 2024 Website Contract prepaid in FY 2023

However, the draft March FY 2025 expense budget estimate has increased by \$46,600 from \$780,310 to \$826,910, with revisions in the following budget expense line items since our last meeting (Table 2):

TABLE 2
METRO WASTEWATER JPA
FY 2025 PROPOSED BUDGET

	Proposed Annual Budget	Difference from FY '24 Forecast	Difference from FY '24 Budget	Variances in Line Items Compared to the FY 2024 budget
Income				
Membership Dues	\$ 790,855	\$ 63,311	\$ 63,310	Increase based on FY 2025 budget adjustments
Use of Reserves		-	-	
City of San Diego	35,355	7,337	(8,855)	Decrease due to facilitation contract reduction
Interest Income	700	30	700	Not included in FY 2024 budget
Total Income	\$ 826,910	\$ 70,678	\$ 55,155	
Expense				
Admin - Board Secretary	\$ 49,200	770	\$ 12,100	Contract accurately budgeted with COLA
Bank Charges	200	128	-	
Financial Services				
Audit Fees (1)	-	(45,000)	(12,000)	Audit not required in FY 2025
Executive Director - The Keze Group (2)	168,000	18,821	18,000	Executive Director's increase approved 4/24
Treasurer	50,000	38,400	20,000	Transition to private consulting from PA support
JPA/TAC meeting expenses	6,000	1,775	-	
Miscellaneous	250	226	-	
Per Diem - Board	28,500	3,204	3,500	More frequent meetings and COLA adjustments
Printing, Postage, Supplies	500	250	(360)	Decrease based on actual expense forecast
Professional Services				
Engineering - Dexter Wilson	200,000	373	-	
Engineering - NV5	30,000	12,000	(10,000)	Decrease following SARA draft completion
Legal - Procopio (2nd ARA/PW)	150,000	2,209	-	
Legal - Procopio (General)	60,000	226	-	
Legal - Procopio (Spill)	30,000	481	-	
Paul Redvers Brown	12,450	6,650	(12,450)	Decrease following SARA draft completion
Strategic Planning	15,275	15,275	15,275	New contract
Communications	20,000	20,000	20,000	New contract
Telephone, Internet, Software	3,000	860	860	Software cost expected to rise.
Website Architecture Update	-	-	-	
Website Maintenance & Hosting (3)	3,535	3,535	230	Year three of four-year approved contract
Total Expense	\$ 826,910	\$ 80,183	\$ 55,155	
	\$ 46,600			

The primary drivers of this increase include:

1. A \$10,000 increase in the Treasurer's budget to cover required services not included in their first draft scope of work and attendance at JPA/Commission, Metro TAC, and Finance Committee meetings for presenting budgets and financial statements throughout the year.
2. The addition of a communications consultant contract, not discussed in March but added per request. Details of this draft contract can be found in the Finance Committee full agenda packet on the JPA Website, starting on

Page 36 at: <https://www.metrojpa.org/Home/ShowDocument?id=4299>. The scope includes a communications assessment and developing a communication plan, with a total proposed scope of work at \$20,000.

3. The budgeting for the SARA facilitation contract at half of the FY 2024 amount in case negotiations extend beyond this fiscal year (\$12,450). 70% of these costs have been budgeted as revenues to be received from the City of San Diego should these expenses be needed.
4. Other minor increases include:
 - a. \$3,600 for Cost of Living (COLA) increase in the Board Secretary's contract.
 - b. \$50 increase for Printing, Postage, and Supplies.
 - c. \$500 increase for Telephone, Internet, and Software line item due to projected software cost increases.

The JPA's cash position has not improved, with an estimated cash balance of \$8,827 over the required operating reserve at the start of FY 2025. This is attributed to the additional funds needed to fully support the operating reserve with the increased budget expenses. Funding for the FY 2025 Operating Reserve is shown below:

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		(263,852)
Amount over Required Reserve	\$	8,827

Table 3 illustrates the allocation of the current draft FY 2025 JPA budget to all JPA members and compares it to their actual FY 2024 budget contributions.

TABLE 3						
FY 2025 BUDGET ALLOCATIONS						
Agency	ACTUAL FY 2024 BILLING		DRAFT FY 2025 BILLING			
	Per Cent	Amount	Per Cent	Base Amount	Difference	
		Total Agency Billing		Total Agency Billing	\$	%
	Agency Billing	Agency Billing	Agency Billing	Agency Billing		
Chula Vista	31.84%	\$ 231,650	33.03%	\$ 261,255	\$ 29,605	12.8%
Coronado	2.70%	\$ 19,644	2.64%	\$ 20,870	\$ 1,226	6.2%
County of SD*	15.99%	\$ 116,334	17.02%	\$ 134,572	\$ 18,238	15.7%
Del Mar	0.02%	\$ 146	0.03%	\$ 212	\$ 66	45.4%
El Cajon	14.46%	\$ 105,203	14.43%	\$ 114,097	\$ 8,894	8.5%
Imperial Beach	3.67%	\$ 26,701	3.89%	\$ 30,765	\$ 4,064	15.2%
La Mesa	7.89%	\$ 57,403	7.15%	\$ 56,520	\$ (884)	-1.5%
Lemon Grove	3.32%	\$ 24,154	3.21%	\$ 25,350	\$ 1,196	4.9%
National City	8.39%	\$ 61,041	7.64%	\$ 60,414	\$ (627)	-1.0%
Otay Water District	0.55%	\$ 4,001	0.65%	\$ 5,101	\$ 1,100	27.5%
Padre Dam MWD	7.01%	\$ 51,001	6.27%	\$ 49,625	\$ (1,375)	-2.7%
Poway	4.16%	\$ 30,266	4.06%	\$ 32,073	\$ 1,808	6.0%
Total	100%	\$ 727,545	100%	790,855	\$ 63,310	8.7%

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

During the March Finance Committee meeting, it was discussed and decided that the JPA's Contingency Reserve should be fully funded in the FY 2025 budget cycle. However, we propose reconsidering the idea of funding the reserve over a two-year period, given the increased expenses in the current draft FY 2025 JPA budget. Table 4 outlines the impacts on each JPA member of fully funding the Contingency Reserve in FY 2025 versus over a two-year period.

TABLE 4									
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>	\$ 65,314	\$ 326,569	\$ 94,919	41.0%		\$ 32,657	\$ 293,912	\$ 62,262	26.9%
<i>Coronado</i>	\$ 5,218	\$ 26,088	\$ 6,444	32.8%		\$ 2,609	\$ 23,479	\$ 3,835	19.5%
<i>County of SD*</i>	\$ 33,643	\$ 168,215	\$ 51,881	44.6%		\$ 16,822	\$ 151,394	\$ 35,059	30.1%
<i>Del Mar</i>	\$ 53	\$ 264	\$ 119	81.7%		\$ 26	\$ 238	\$ 92	63.5%
<i>El Cajon</i>	\$ 28,524	\$ 142,621	\$ 37,418	35.6%		\$ 14,262	\$ 128,359	\$ 23,156	22.0%
<i>Imperial Beach</i>	\$ 7,691	\$ 38,456	\$ 11,755	44.0%		\$ 3,846	\$ 34,611	\$ 7,910	29.6%
<i>La Mesa</i>	\$ 14,130	\$ 70,649	\$ 13,246	23.1%		\$ 7,065	\$ 63,585	\$ 6,181	10.8%
<i>Lemon Grove</i>	\$ 6,338	\$ 31,688	\$ 7,533	31.2%		\$ 3,169	\$ 28,519	\$ 4,364	18.1%
<i>National City</i>	\$ 15,104	\$ 75,518	\$ 14,477	23.7%		\$ 7,552	\$ 67,966	\$ 6,925	11.3%
<i>Otay Water District</i>	\$ 1,275	\$ 6,376	\$ 2,375	59.3%		\$ 638	\$ 5,739	\$ 1,737	43.4%
<i>Padre Dam MWD</i>	\$ 12,406	\$ 62,032	\$ 11,031	21.6%		\$ 6,203	\$ 55,829	\$ 4,828	9.5%
<i>Poway</i>	\$ 8,018	\$ 40,092	\$ 9,826	32.5%		\$ 4,009	\$ 36,083	\$ 5,817	19.2%
Total	\$ 197,714	\$ 988,569	\$ 261,024	35.9%		\$ 98,857	\$ 889,712	\$ 162,167	22.3%
* County of SD includes East Otay Mesa, Lakeside/Alpine, Spring Valley and Wintergardens									

FY 2025 Draft Budget

Metro Wastewater JPA

Finance Committee Meeting

April 23, 2024



**Table 1:
FY 2024
Projected
Budget
Versus Actual**

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FY 2025
JPA Budget

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Poway	4.16%	\$ 30,266	4.06%	\$ 32,073	\$ 1,808	6.0%	
Total	100%	\$ 727,545	100%	790,855	\$ 63,310	8.7%	
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