



**Regular Meeting of the
Metro Wastewater JPA/Metro Commission**

AGENDA

Thursday, November 7, 2024 - 12:00 p.m.

9192 Topaz Way (PUD MOC II) Auditorium, San Diego, CA

"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."

NOTE: ANY MEMBER OF THE PUBLIC MAY ADDRESS THE METRO WASTEWATER JPA/COMMISSION ON ANY AGENDA ITEM. PLEASE COMPLETE A SPEAKER SLIP AND SUBMIT IT TO THE BOARD SECRETARY PRIOR TO THE START OF THE MEETING, IF POSSIBLE, OR IN ADVANCE OF THE SPECIFIC ITEM BEING CALLED. COMMENTS ARE LIMITED TO THREE (3) MINUTES PER INDIVIDUAL

1. **ROLL CALL**
2. **PLEDGE OF ALLEGIANCE**
3. **PUBLIC COMMENT:** *Persons speaking during Public Comment may address the Metro Wastewater JPA/Metro Commission on any subject matter within the jurisdiction of the Metro Wastewater JPA/Metro Commission that is not listed as an agenda item. Comments are limited to three (3) minutes.*
4. **ACTION:** Approval of Agenda

CONSENT CALENDAR

Items **5-6** will be enacted in one motion in accordance with the recommendation unless removed from the Consent Calendar by the Board of Directors, Staff or Public. If a member of the public wishes to remove an item, they should submit a "Request to Speak" form to the Board Secretary prior to the meeting. Items removed from the Consent Calendar will be considered in the original agenda order immediately following adoption of the Consent Calendar.

RECOMMENDATION: Approve the Consent Calendar

5. **ACTION:** Consideration and Possible Action to Approve the Minutes of the **October 3, 2024 Regular Meeting** of the Metro JPA (**Attachment**)

6. **ACTION:** Receive and File Monthly Expense Report - Check Registry for the Month of ~~September~~ **(Attachment)**

END OF CONSENT CALENDAR

7. **ACTION:** Consideration and Possible Action to Approve the Metro Wastewater JPA Two-Year Audit Ending June 30, 2023 (Daphne Munoz - CLA/Rod Greek/Lee Ann Jones-Santos)**(Attachment)**
8. **PRESENTATION:** SCCWRP Presentation on San Diego River Investigative Order Study Findings (Ken Schiff) **(Attachment)**
9. **PRESENTATION:** 2024 Metro Wastewater Draft JPA Strategic Plan (John Gavares/Peter De Hoff/Karyn Keze) **(Attachment)**
10. **ACTION:** Consideration and Possible Action to Recommend to the Metro Wastewater JPA Approval of the Pure Water Program – Amendment No. 2 to the Agreement with CH2M Hill Engineers, Inc. for Engineering Services for the Design of the North City Metropolitan Biosolids Center (MBC) Improvements Project (Akram Bassyouni/Reyhaneh Martin) **(Attachment)**
11. **ACTION:** Consideration and Possible Action to Recommend to the Metro Wastewater JPA Approval of the First Amendment to the Agreement with CDM Smith Inc. for Preparation of the Public Utilities Department Integrated Master Plan (Anh Nguyen) **(Attachment)**
12. **UPDATE:** Pure Water Program Update (Standing Item) (Amy Dorman/Doug Owen)
13. **UPDATE:** Metro Wastewater Financial (Standing Item) (Adam Jones)
14. **UPDATE:** Metro Wastewater (General) (Standing Item) (Lisa Celaya)
15. **REPORT:** General Counsel (Standing Item) (Adriana Ochoa)
16. **REPORT:** Executive Director (Standing Item) (Karyn Keze) **(Attachment)**
17. **UPDATE:** MetroTAC (Standing Item) (Alisa Nichols) **(Attachment)**
18. **METRO JPA DIRECTORS/COMMISSIONERS COMMENTS AND PROPOSED AGENDA ITEMS** for Next Metro JPA/Commission Meeting **December 5, 2024.**
19. **ADJOURNMENT**

NOTE: The Metro Wastewater JPA and/or Commission may take action on any item listed in this Agenda whether or not it is listed “For Action.”

Materials provided to the Metro JPA/Metro Commission related to any open-session item on this agenda are available for public review at our website: <https://www.metrojpa.org>

In compliance with the AMERICANS WITH DISABILITIES ACT

Persons with disabilities that require modifications or accommodations, please *contact General Counsel Adriana Ochoa at arochoa@swlaw.com* by no later than two hours prior to the meeting to request reasonable modifications or accommodations consistent with the Americans with Disabilities Act and Metro JPA/Commission shall promptly work with you to resolve the matter in favor of accessibility.

Metro JPA 2024 Meeting Schedule

January 4, 2024	February 1, 2024	March 7, 2024
April 4, 2024	May 2, 2024	June 6, 2024
July 4, 2024	August 1, 2024	September 5, 2024
October 3, 2024	November 7, 2024	December 5, 2024



**Minutes of the Regular Meeting of
the Metro Wastewater JPA and
Metro Commission**

9192 Topaz Way (PUD MOC II) Auditorium, San Diego, CA

October 3, 2024

Minutes

Chair Jones called the meeting to order at 12:02 p.m. A quorum of the Metro JP/Commission was declared, and the following representatives were present:

1. ROLL CALL

Agencies

City of Chula Vista
City of Coronado
City of Del Mar
City of El Cajon
City of Imperial Beach
City of La Mesa
City of Lemon Grove
City of National City
City of Poway
County of San Diego
Otay Water District
Padre Dam MWD

Representatives

Jose Preciado (absent)
John Duncan
Dwight Worden (absent)
Gary Kendrick
Mitch McKay
Bill Baber
Jerry Jones
Ditas Yamane
Peter De Hoff
Joel Anderson (absent)
Mark Robak
Kyle Swanson

Alternate

Alonso Gonzalez

Greg Kazmer

Others present: Metro JPA General Counsel Adriana Ochoa – Snell & Wilmer; JPA/Commission Board Secretary Lori Anne Peoples; Michael Benozza – City of Chula Vista; None – City of Coronado; None - City of El Cajon; None – City of Imperial Beach; Joe Kuhn – City of La Mesa; None – Lemon Grove Sanitation District; Carmen Kasner – City of National City; Alternate Frank Rivera, Beth Gentry – Otay Water District; None – Padre Dam Municipal Water District; Alisa Nichols – City of Poway, MetroTAC Chair; Lisa Celaya, Adam Jones, Edgar Patino, Dr. Ryan Kempster, Adriano Feit, Eric Rubalcava, Amy Dorman, Akram Bassyouni, Shadi Matar, Doug Campbell - City of San Diego Staff; Doug Owen – Stantec – City of San Diego Consultant; None – County of San Diego; Metro JPA Staff: Karyn Keze, The Keze Group, LLC; Dexter Wilson and Kathleen Noel - Wilson Engineering; Lee Ann Jones-Santos – JPA Treasurer

2. PLEDGE OF ALLEGIANCE TO THE FLAG

Vice Chair Peter De Hoff, City of Poway, led the pledge.

Chair Jones deviated from the agenda to introduce the Alternate Chula Vista Representative, Alonso Gonzalez and the newly appointed Otay Water District Alternate Representative, Frank Rivera. The Executive Director, Karyn Keze, announced that former Engineering Consultant Scott Tulloch had retired and moved to a 25-acre ranch in Texas. She highlighted Scott's

extensive contributions to the San Diego Region after retiring as a Colonel in the U.S. Army Corps of Engineers. Scott's career included 12 years at the City of San Diego, where he managed the \$1.5 billion Clean Water Program as Deputy Director and later served as Acting Assistant Director, Acting Director, and finally Director. He later joined the City of Chula Vista as Director of Engineering and held positions as Assistant City Manager and Acting City Manager. In 2013, he joined the JPA Executive Management Team, where he contributed expertise on regulatory matters, sat on the Recycled Water Study Select Panel, and supported negotiations for the ARA and SARA.

3. PUBLIC COMMENT

None.

4. ACTION: APPROVAL OF AGENDA

ACTION: Motion by Director Yamane, seconded by Vice Chair De Hoff to approve the agenda. Motion carried as follows:

AYES: Gonzalez, Duncan, Kendrick, McKay, Baber, Jones, Yamane, Robak,
Swanson, De Hoff, Kazmer
NAYS: None
ABSTAIN: None
ABSENT: Worden

APPROVAL OF CONSENT CALENDAR. ITEMS 5, 6 & 7

5. CONSIDERATION AND POSSIBLE ACTION TO APPROVE THE MINUTES OF THE REGULAR MEETING OF AUGUST 1, 2024 and the SPECIAL MEETING OF SEPTEMBER 1, 2024

6. CONSIDERATION TO RECEIVE AND FILE THE CHECK REGISTRY FOR THE MONTH OF AUGUST, 2024

7. ACTION: CONSIDERATION AND POSSIBLE ACTION TO APPROVE AND ADOPT AMENDED CONFLICT OF INTEREST CODE

ACTION: Motion by Director Kendrick, seconded by Director Yamane to approve the Consent Calendar. Motion carried as follows:

AYES: Gonzalez, Duncan, Kendrick, McKay, Baber, Jones, Yamane, Robak,
Swanson, De Hoff, Kazmer
NAYS: None
ABSTAIN: None
ABSENT: Worden

8. ACTION: CONSIDERATION AND POSSIBLE ACTION TO APPROVE THE PHASE 2 PLANNING ALTERNATIVES

Dexter Wilson, Metro Wastewater JPA engineer, provided a brief verbal overview of the presentation in the agenda packet. He requested JPA approval to send a letter to the City of San Diego, asking that the proposed Phase 2 planning alternatives, developed by JPA's engineering consultants and approved by Metro TAC, be included in Stantec's ongoing study of the Phase 2 configuration.

ACTION: Motion by Director Duncan, seconded by Director Gonzalez, to approve the submittal of the letter provided by staff. Motion carried as follows:

AYES: Gonzalez, Duncan, Kendrick, McKay, Baber, Jones, Yamane, Robak,
Swanson, De Hoff, Kazmer

NAYS: None

ABSTAIN: None

ABSENT: Worden

9. **ACTION: CONSIDERATION AND POSSIBLE ACTION TO APPROVE THE PURCHASE OF AN OCEAN MONITORING BOAT BY THE CITY OF SAN DIEGO**

Dr. Ryan Kempster and Adriano Feit provided an overview of the presentation included in the agenda package and requested support to replace one of the current boats being used for monitoring. They noted that monitoring is a requirement of the Pt. Loma Permit, NPDES Permit and IBWC Monitoring Regional Board, and that the boat is used daily.

ACTION: Motion by Director Kendrick, seconded by Vice Chair De Hoff, to approve the requested purchase. Motion carried as follows:

AYES: Gonzalez, Duncan, Kendrick, McKay, Baber, Jones, Yamane, Robak,
Swanson, De Hoff, Kazmer

NAYS: None

ABSTAIN: None

ABSENT: Worden

10. **ACTION: CONSIDERATION AND POSSIBLE ACTION TO APPROVE THE CONTRACT FOR PUMP STATION 1 IMPROVEMENTS AND MODERNIZATION WITH J.R. FILANC CONSTRUCTION COMPANY, INC.**

Shadi Matar, City of San Diego along with Eric Rubalcava provided an overview of their presentation included in the agenda package. Dexter Wilson, Metro Wastewater JPA, then provided a brief presentation included in the agenda package in support of the approval of the contract complete with explanations as to why and his review of the project.

Lisa Celaya, City of San Diego stated that she fully supported the adding of a Metro Wastewater JPA person to their value engineering team.

ACTION: Motion by Director Kendrick, seconded by Director Yamane, to approve the requested purchase with the addition that a Metro JPA representative be on the value engineering committee. Motion carried as follows:

AYES: Gonzalez, Duncan, Kendrick, McKay, Baber, Jones, Yamane, Robak,
Swanson, De Hoff, Kazmer

NAYS: None

ABSTAIN: None

ABSENT: Worden

At 1:25 p.m. Director Kazmer left the meeting.

11. **ACTION: PURE WATER PROGRAM SEMI-ANNUAL UPDATE**

a. **ACTION: CONSIDERATION AND POSSIBLE ACTION TO APPROVE THE PURE WATER PROGRAM - CONSTRUCTION CHANGE ORDER NO. 12 WITH KIEWIT INFRASTRUCTURE WEST CO. FOR NORTH CITY WATER RECLAMATION PLANT EXPANSION (K-21-1861-DBB-3)**

b. **ACTION: CONSIDERATION AND POSSIBLE ACTION TO APPROVE THE PURE WATER PROGRAM – AMENDMENT NO. 3 TO THE AGREEMENT WITH CH2M HILL ENGINEERS, INC. FOR DESIGN ENGINEERING SERVICES FOR THE NORTH CITY WATER RECLAMATION PLANT EXPANSION AND INFLUENT CONVEYANCE PROJECT**

c. **ACTION: CONSIDERATION AND POSSIBLE ACTION TO APPROVE THE PURE WATER PHASE 1 CIP BUDGET – INCREASE POOLED CONTINGENCY**

Amy Dorman, City of San Diego provided a brief overview of her presentation included in the agenda package on the Pure Water Program Semi-Annual Update.

Akram Bassyouni, City of San Diego provided overviews of his presentations for items 11a and 11b, copies of which were included in the agenda package.

Amy Dorman then concluded with a presentation of item 11c, which was also included in the agenda package.

ACTION 11a: Motion by Director Robak, seconded by Director Kendrick, to approve Pure Water Program Construction Change Order No. 12 with Kiewit Infrastructure West. Co. Motion carried as follows:

AYES: Gonzalez, Duncan, Kendrick, McKay, Baber, Jones, Yamane, Robak,
Swanson, De Hoff, Kazmer
NAYS: None
ABSTAIN: None
ABSENT: Worden

ACTION 11b: Motion by Director Robak, seconded by Director Kendrick, to approve Pure Water Program Amendment 3 to Agreement with CH2M Hill Engineers. Motion carried as follows:

AYES: Gonzalez, Duncan, Kendrick, McKay, Baber, Jones, Yamane, Robak,
Swanson, De Hoff, Kazmer
NAYS: None
ABSTAIN: None
ABSENT: Worden

ACTION 11c: Motion by Director Robak, seconded by Director Swanson, to approve Pure Water Phase 1 CIP Budget – Increased Pooled Contingency. Motion carried as follows:

AYES: Gonzalez, Duncan, Kendrick, McKay, Baber, Jones, Yamane, Robak,
Swanson, De Hoff, Kazmer
NAYS: None
ABSTAIN: None
ABSENT: Worden

At 1:55 p.m. Director Yamane left the meeting.

12. UPDATE: PURE WATER PROGRAM UPDATE

a. Quarterly Contractors Report

Doug Owen, Stantec, provided a brief verbal overview of the quarterly contractors report, included in the agenda package.

At 1:59 p.m. Director Alonso Gonzalez left the meeting.

13. UPDATE: METRO WASTEWATER

Lisa Celaya, City of San Diego stated she did not have any thing additional to report.

14. UPDATE: GENERAL COUNSEL

General Counsel Ochoa stated she had no report.

15. REPORT: EXECUTIVE DIRECTOR

Executive Director Keze noted her report was included in the agenda package as was MetroTAC Chair Alisa Nichols report.

16. REPORT: MetroTAC

See item 15 above.

17. METRO JPA DIRECTORS/COMMISSIONERS COMMENTS AND PROPOSE AGENDA ITEMS FOR THE NEXT METRO JPA/COMMISSION MEETING NOVEMBER 3, 2024

Director Robak announced that the Council of Water Utilities, San Diego County, was hosting a luncheon October 15, 2024 on Pure Water San Diego and he would provide the information to the Board Secretary to forward to the members should anyone be interested in attending.

18. ADJOURNMENT

Chair Jones declared the meeting adjourned at 2:10 pm.

Monthly Expense Report

MetroJPA

Invoices for September 2024 paid in October 2024

Prepared by

Treasurer@metrojpa.org

Prepared on

October 17, 2024

MetroJPA

Expenses by Vendor Summary

October 17, 2024

	TOTAL
Alonso Gonzalez	166.00
Dexter Wilson Engineering	16,665.00
Ditas Yamane	332.00
Donald Dwight Worden	166.00
Gary Kendrick	498.00
Gregory Steven Kazmer	332.00
Jerrold L. Jones	872.88
John Duncan	166.00
Jose Preciado	332.00
Keze Group LLC	15,098.75
Mark Robak	358.80
Mitchell D McKay	332.00
Mr Rodney Greek	7,064.02
NV5	765.00
Peter De Hoff	707.55
Procopio	351.00
Snell and Wilmer Law	283.50
William Baber	166.00
Credit Card Expenses	219.29
TOTAL	\$44,875.79



We'll get you there.

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Communication with Those Charged with Governance

2023 Audit Results

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Scope of Work

- Audit of the financial statements for the two-year ended June 30, 2023 in accordance with Generally Accepted (US)



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Auditors' Report

- Audit of financial statements for the two-years ended June 30, 2023
- 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 opinion for June 30, 2023



Management Letter

- Material Weakness
 - Accounts payable accrual
- Significant Deficiencies
 - None
- Other Matters
 - None



Communication with Those Charged with Governance


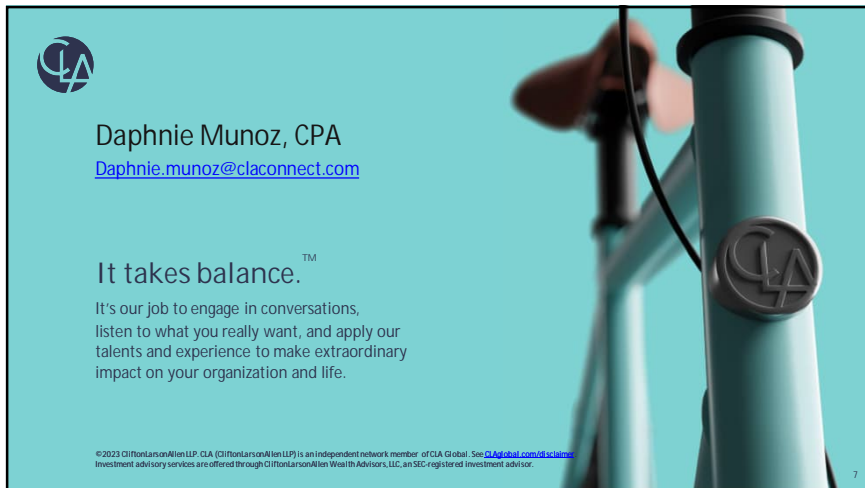
- The planned scope and timing of the June 30, 2023, audit was communicated in our engagement letter
- Management is responsible for the selection and use of appropriate accounting policies, which are described in note 1 to the financial statements
- No significant estimates
- Sensitive disclosures reported 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
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It takes balance.[™]

It's our job to engage in conversations,
listen to what you really want, and apply our
talents and experience to make extraordinary
impact on your organization and life.

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Board of Directors
Metro Wastewater Joint Powers Authority
Santee, California

We have audited the financial statements of Metro Wastewater Joint Powers Authority as of and for the two-years ended June 30, 2023, and have issued our report thereon dated . We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit in our engagement letter 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 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, 2023.

We noted no transactions entered into by the entity during the year 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:

- Adjustment of \$70,606 to accrue expenses incurred before yearend but not paid until after yearend.

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 attached management representation letter dated .

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.

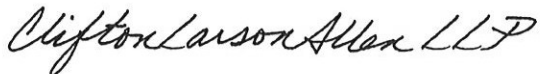
Required supplementary information

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods

of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

* * *

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Irvine, California
September 24, 2024



September 24, 2024

CliftonLarsonAllen LLP
2875 Michelle Drive, Suite 300
Irvine, CA 92606

This representation letter is provided in connection with your audit of the financial statements of Metro Wastewater Joint Powers Authority, which comprise the respective financial position as of June 30, 2023, and the respective changes in financial position and cash flows for the two-year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to misstatements that are material. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

We confirm, to the best of our knowledge and belief, as of September 24, 2024, the following representations made to you during your audit of the financial statements as of and for the two-year year ended June 30, 2023.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement agreement dated August 9, 2023, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. We acknowledge and have fulfilled our responsibility for 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures, including those measured at fair value, are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.
5. Related party relationships and transactions, including, but not limited to, revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

The Joint Powers Authority Proactively Addressing Regional Wastewater Issues

6. No events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.
7. We have not identified or been notified of any uncorrected financial statement misstatements.

You have proposed adjusting journal entries that have been posted to the entity's accounts. We have reviewed and approved those adjusting journal entries and understand the nature of the changes and their impact on the financial statements. We are in agreement with those adjustments and accept responsibility for them.

9. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
10. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the financial statement date, and the carrying amounts of those receivables and related allowances are determined in accordance with U.S. GAAP.
11. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

Information Provided

1. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records (including information obtained from within and outside of the general and subsidiary ledgers), documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Complete minutes of the meetings of the governing board and related committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management;

The Joint Powers Authority Proactively Addressing Regional Wastewater Issues

- b. Employees who have significant roles in internal control; or
 - c. Others when the fraud could have a material effect on the financial statements.
5. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, grantors, regulators, or others.
 6. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations and provisions of contracts and grant agreements, or waste or abuse whose effects should be considered when preparing financial statements.
 7. We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments, that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
 8. There are no other material liabilities or gain or loss contingencies that are required to be accrued or disclosed in accordance with U.S. GAAP.
 9. There are no known related-party relationships or transactions which need to be accounted for or disclosed in accordance with U.S. GAAP.
 10. The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral, except as made known to you and disclosed in the financial statements.
 11. We have a process to track the status of audit findings and recommendations.
 12. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
 13. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
 14. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to Metro Wastewater Joint Powers Authority, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
 15. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

The Joint Powers Authority Proactively Addressing Regional Wastewater Issues

16. The entity has complied with all aspects of contractual or grant agreements that would have a material effect on the financial statements in the event of noncompliance.
17. We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.
18. We are responsible for determining whether we have received, expended, or otherwise been the beneficiary of any federal awards during the period of this audit. No federal award, received directly from federal agencies or indirectly as a subrecipient, was expended in an amount that cumulatively totals from all sources \$750,000 or more. For this representation, "award" means financial assistance and federal cost-reimbursement contracts that non-federal entities receive directly from federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, user grants, or contracts used to buy goods or services from vendors.
19. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
20. Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
21. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
22. Deposits and investment securities are properly classified as to risk and are properly valued and disclosed.
23. We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
24. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
25. As part of your audit, you prepared the draft financial statements, related notes, and supplementary information. We have designated an individual who possesses suitable skill, knowledge, and/or experience to understand and oversee your services; have made all management judgments and decisions; and have assumed all management responsibilities. We have evaluated the adequacy and results of the service. We have reviewed, approved, and accepted responsibility for those financial statements, related notes, and supplementary

The Joint Powers Authority Proactively Addressing Regional Wastewater Issues

information. We have also ensured that the entity's data and records are complete and received sufficient information to oversee the service.

Signature: Karyn Keze Title: Executive Director

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

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, 2023



CPAs | CONSULTANTS | WEALTH ADVISORS

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**METRO WASTEWATER JOINT POWERS AUTHORITY
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TWO-YEAR PERIOD ENDED JUNE 30, 2023**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Metro Wastewater Joint Powers Authority
National City, California

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Metro Wastewater Joint Powers Authority (the Authority) as of and for the two-year period ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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, 2023, and the changes in financial position and its cash flows for the two-year period then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Board of Directors
Metro Wastewater Joint Powers Authority

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis identified as required supplementary information (RSI) 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 RSI 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 our 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Irvine, California
September 24, 2024

**METRO WASTEWATER JOINT POWERS AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
TWO-YEAR PERIOD ENDED JUNE 30, 2023**

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, 2023. 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, 2023. 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, 2023. 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, 2023. 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, 2023**

Financial Highlights

For the two-year period ended June 30, 2023, the JPA's total net position decreased by \$322,047. 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, 2023, operating revenues were \$806,618 or an increase of \$69,418 from the prior two-year period. The reason for the increase is increase in the budget (projected expenses) that resulted in an increase in billing to the member agencies. Operating expenses for the two-year period ending June 30, 2023 was \$1,129,010; this an increase from the prior two-year period of \$699,114. The reason for this increase was due to increase in expenses including the work on the Second Amended and Restated Regional Agreement (SARA) and the development of a new Metro Billing System of Charges based upon the Functional Allocation Based (FAB) cost allocations. These major projects included work by all legal, engineering and financial consultants. There was also an increase in the number of in person JPA/Commission meetings that resulted in an increase in per diem expenses and meeting expenses. There were no non-operating expenses.

Financial Analysis of the Financial Statements

Net Position

The JPA's net position at June 30, 2023 totaled \$47,595 compared to \$569,642 at June 30, 2021. The \$322,047 decrease in net position is attributed to operating net loss for the two-year period of \$322,392. The following is a summary of the JPA's statement of net position:

	<u>June 30, 2021</u>	<u>June 30, 2023</u>	<u>Difference</u>
Assets:			
Current Assets	\$ 613,741	\$ 318,201	\$ (295,540)
Total Assets	613,741	318,201	(295,540)
Liabilities:			
Current Liabilities	44,099	70,606	26,507
Total Liabilities	44,099	70,606	26,507
Net Position:			
Unrestricted	569,642	247,595	(322,047)
Total Net Position	<u>\$ 569,642</u>	<u>\$ 247,595</u>	<u>\$ (322,047)</u>

Revenues, Expenses, and Changes in Net Position

The JPA reported a decrease in net position of \$322,047 for the two-year period ended June 30, 2023. This is a decrease of \$629,728 compared to the two-year period ending June 30, 2021.

**METRO WASTEWATER JOINT POWERS AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
TWO-YEAR PERIOD ENDED JUNE 30, 2023**

Financial Analysis of the Financial Statements (Continued)

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

Revenues for the two-year period were \$806,963 or \$222,373 and \$584,245 for fiscal years 2022 and 2023, respectively; this is an increase of \$69,386 from the two-year period ended June 30, 2021. The increase was due to increased billing to member agencies.

Operating expenses for the two-year period ending June 30, 2023 were \$1,129,010 or \$ 495,744 and \$633,266 for fiscal years 2022 and 2023, respectively; this is an increase of \$699,114 from the two-year period ending June 30, 2021. The increase was due to the increase in expenses including the work on the Second Amended and Restated Regional Agreement (SARA) and the development of a new Metro Billing System of Charges based upon the Functional Allocation Based (FAB) cost allocations. These major projects included work by all legal, engineering and financial consultants. There was also an increase in the number of in person JPA/Commission meetings that resulted in an increase in per diem expenses and meeting expenses.

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

	<u>June 30, 2021</u>	<u>June 30, 2023</u>	<u>Difference</u>
Operating Revenues	\$ 737,200	\$ 806,618	\$ 69,418
Nonoperating Revenues	377	345	(32)
Total Revenues	<u>737,577</u>	<u>806,963</u>	<u>69,386</u>
Operating Expenses	<u>429,896</u>	<u>1,129,010</u>	<u>699,114</u>
Changes in Net Position	307,681	(322,047)	(629,728)
Net Position - Beginning of Period	<u>291,961</u>	<u>599,642</u>	<u>307,681</u>
Net Position - End of Period	<u>\$ 599,642</u>	<u>\$ 277,595</u>	<u>\$ (322,047)</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, 2023

ASSETS

Current Assets:

Cash and Cash Equivalents
Due from Other Government
Total Assets

\$	302,774
	<u>15,427</u>
	<u>318,201</u>

LIABILITIES

Current Liabilities:

Accounts Payable

<u>70,606</u>

NET POSITION

Unrestricted

<u>247,595</u>

Total Net Position

<u>\$</u>	<u>247,595</u>
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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, 2023

OPERATING REVENUES	
Member Agency Assessments	<u>\$ 806,618</u>
OPERATING EXPENSES	
Engineering	370,828
JPA Meetings	43,617
General and Administrative	72,013
Legal	393,455
Financial Advisor	222,432
Other Professional Services	<u>26,665</u>
Total Operating Expenses	<u>1,129,010</u>
OPERATING LOSS	(322,392)
NONOPERATING REVENUES	
Investment Income	<u>345</u>
CHANGE IN NET POSITION	(322,047)
Net Position - Beginning of Period	<u>569,642</u>
NET POSITION - END OF PERIOD	<u><u>\$ 247,595</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, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Receipts from Membership Agency Assessments	\$ 798,887
Cash Paid to Vendors and Suppliers for Materials and Services	<u>(1,102,503)</u>
Net Cash Used by Operating Activities	<u>(303,616)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest Earnings	<u>345</u>
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NET CHANGE IN CASH AND CASH EQUIVALENTS

(303,271)

Cash and Cash Equivalents - Beginning of Period

606,045

CASH AND CASH EQUIVALENTS - END OF PERIOD

\$ 302,774

**RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS
USED BY OPERATING ACTIVITIES**

Operating Loss	\$ (322,392)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Changes in Operating Assets and Liabilities:	
(Increase) Decrease in Due from Other Government	(7,731)
Increase (Decrease) in Accounts Payable	<u>26,507</u>
Total Adjustments	<u>18,776</u>
Net Cash Used by Operating Activities	<u><u>\$ (303,616)</u></u>

See accompanying Notes to Basic Financial Statements.

METRO WASTEWATER JOINT POWERS AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023

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, 2023.

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, 2023.

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, 2023.

METRO WASTEWATER JOINT POWERS AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023, 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.

METRO WASTEWATER JOINT POWERS AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2022		For the Fiscal Year Ended June 30, 2023		
	Commission Flow Distribution Percentage	Billings	Commission Flow Distribution Percentage	Billings	Total Billings
Chula Vista	31.25	\$ 78,677	31.72	\$ 185,323	\$ 264,000
Coronado	2.84	-	2.58	15,074	15,074
County of San Diego	16.20	33,862	16.46	96,167	130,029
Del Mar	0.05	220	0.05	292	512
El Cajon	15.07	35,180	14.56	85,066	120,246
Imperial Beach	3.66	8,334	3.71	21,675	30,009
La Mesa	8.37	20,636	8.18	47,791	68,427
Lemon Grove	3.38	4,154	3.36	19,631	23,785
National City	7.57	16,816	8.45	49,369	66,185
Otay Water District	0.88	2,886	0.60	3,505	6,391
Padre Dam	5.75	12,577	5.67	33,127	45,704
Poway	4.98	9,031	4.66	27,226	36,257
Total	100.00	\$ 222,373	100.00	\$ 584,245	\$ 806,618

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, 2023, totaled approximately \$95,057. 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, 2023, reimbursement submitted to the City of San Diego totaled \$41,954, of which \$15,427 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.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.



CliftonLarsonAllen LLP
CLAAconnect.com

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

In planning and performing our audit of the financial statements of the Metro Wastewater Joint Powers Authority as of and for the two-year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the entity'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 the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to fraud or error may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weakness.

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.

Material weaknesses

We consider the following deficiencies in the entity's internal control to be material weakness.

- During our review of payments made subsequent to yearend, we noted that certain payments totaling \$70,606 for goods and services received before June 30 were not accrued at yearend. This resulted to understatement of accounts payable and expenses.

* * *

This communication is intended solely for the information and use of management, Board of Directors, and others within the entity, and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Irvine, California
September 24, 2024

RODNEY GREEK, CPA

Municipal and Special District Accounting, Controls, Integration, Monitoring, Reporting, and Security

DATE: November 1, 2024

SUBJECT: 2-Year Audit for the Period ended June 30, 2023 – Management Letter

Dear Chair Jones and Vice Chair De Hoff,

As you know, we have been coordinating an audit being conducted by CliftonLarsonAllen LLP for our biennial financial statements for the Period Ended June 30, 2023. If any material weaknesses are found, they are communicated to the Board of Directors via the Internal Control Communication and Management Letter from the Audit Firm. A material weakness is a deficiency in internal controls that has a reasonable possibility of resulting in a material misstatement in the financial statements.

We have received a draft copy of the Internal Control Communication and Management Letter from the Audit Firm. The letter disclosed the following material weakness along with the resulting misstatement details:

Material weaknesses

We consider the following deficiencies in the entity's internal control to be material weakness.

- During our review of payments made subsequent to yearend, we noted that certain payments totaling \$70,606 for goods and services received before June 30 were not accrued at yearend. This resulted to understatement of accounts payable and expenses.

We agreed with the auditor's finding and made the proper correction to the financial statements for the biennial audit period ended June 30, 2023.

We are currently working on revisions to Metro Wastewater JPA's financial policies and procedures. These revisions will be brought to the Board for consideration in early 2025 calendar year. We will be including enhanced year-end closing procedures to ensure we properly identify and accrue any transactions that cross over fiscal years.

If you have questions regarding this information, feel free to contact me at your convenience by email at rjgreek@cox.net or by phone at 760-809-0681.

Kind regards,

Rodney Greek

Rodney Greek, CPA

San Diego River Investigative Order:

**Quantifying Sources of
Human Fecal Pollution
in the San Diego River Watershed**

Ken Schiff

Southern California Coastal Water Research Project

www.SCCWRP.org

1

Background and Rational for the IO

- There is a regulatory TMDL (Total Maximum Daily Load)
 - Fecal indicator bacteria frequently exceed water quality objectives
- People are getting sick
 - Epidemiology study quantified an increased risk of gastrointestinal illness in surfers during wet weather compared to not entering the ocean
- Upstream sampling found HF183 in every site during every storm
 - Also measured human pathogens wet weather runoff from SD River discharge
- Cost-Benefit Study identified that controlling human fecal sources was the most efficient way to reduce public health risk

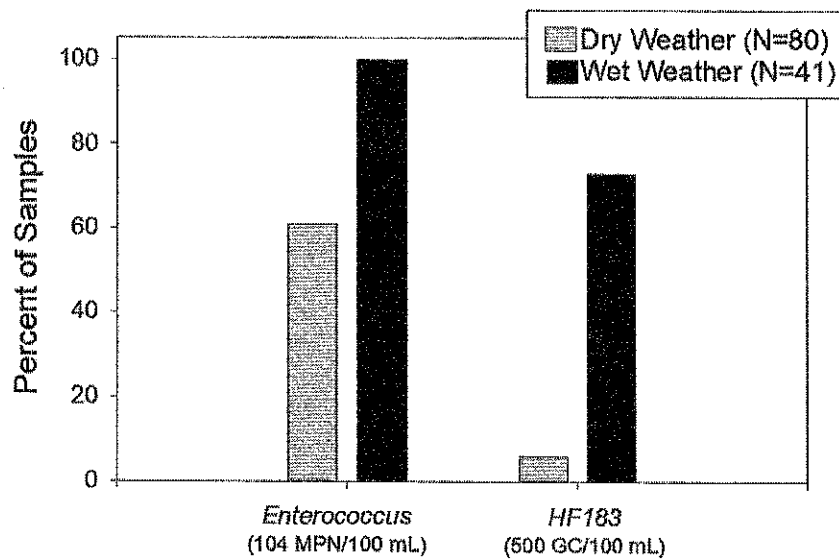
2

What Is HF183?

- HF183 is a gene sequence in the gut bacteria *Bacteroides*
 - Measure using DNA, not cultures like indicator bacteria
- HF183 is found almost exclusively in humans
 - Indicator bacteria can be shed by any warm-blooded organism
- Does not survive long outside of the human body
 - Indicator bacteria can survive long periods and even regrow in the environment
- Been in use for almost two decades
 - In the State's Microbial Source Tracking Manual

3

Percent Exceedances at Fashion Valley



4

Study Questions from Investigative Order

1. What is the watershed load of fecal pollution from each human source in the SDR watershed?
 - Illicit connections and Illegal discharges (IC/ID)
 - Public or Private Sanitary Sewer Overflows (SSOs)
 - Public or Private Sewer Exfiltration
 - Onsite Wastewater Treatment Systems (OWTS)
 - Direct or Indirect deposition from People Experiencing Homelessness
2. How does the watershed load of fecal pollution compare among the different human fecal sources in the SDR watershed?
 - What proportion of the total human fecal load at the end of the watershed

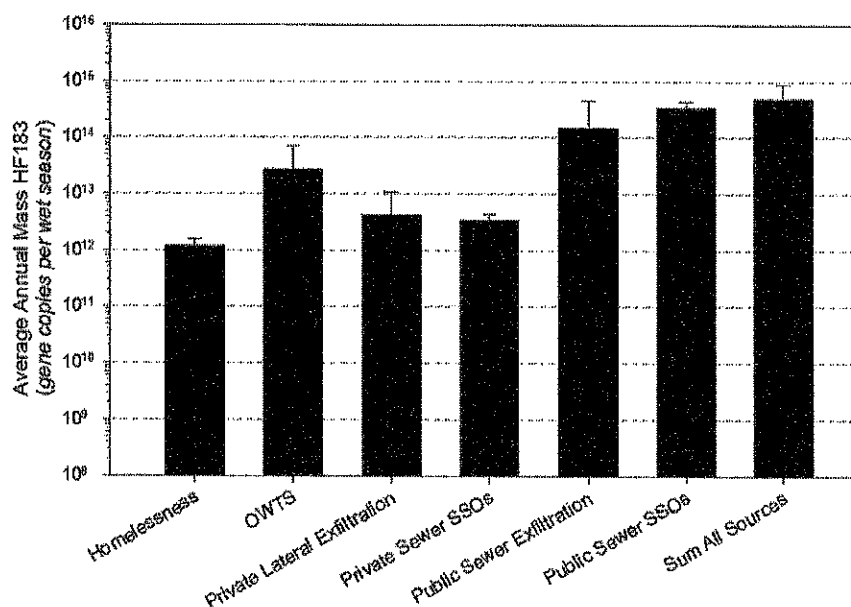
5

The Study Took 5 Years to Complete

- Quantified each source independently
 - Since this type of study had never done before, essentially 5+ different research projects
- HF183 was the “currency” for human fecal loading
- Focused on wet weather
- Estimated average annual human fecal loads
 - Not designed as a “gotcha” source tracking study
- Utilized a Steering Committee and a Technical Review Committee

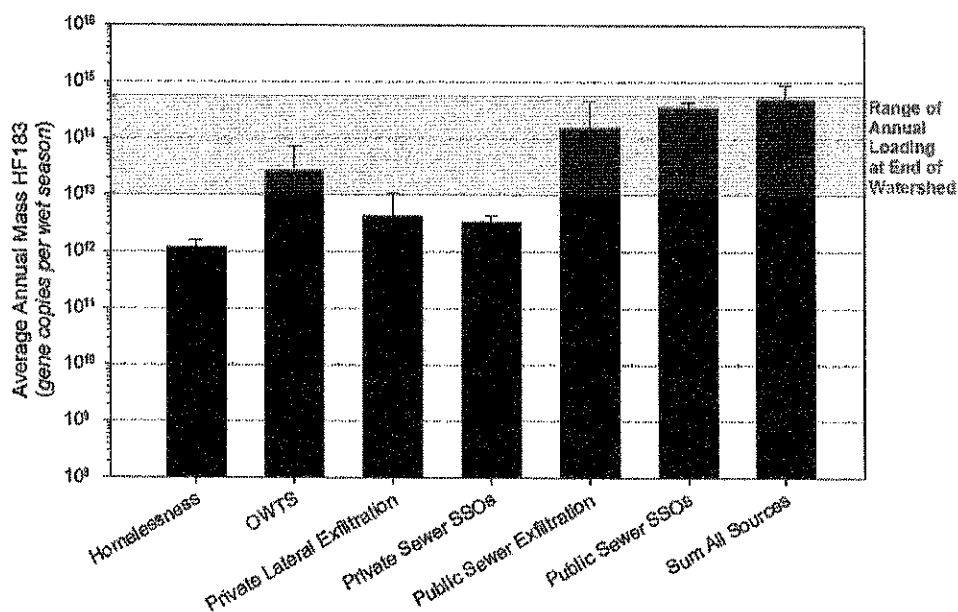
6

Comparison of Annual Wet Weather HF183 Mass Emissions

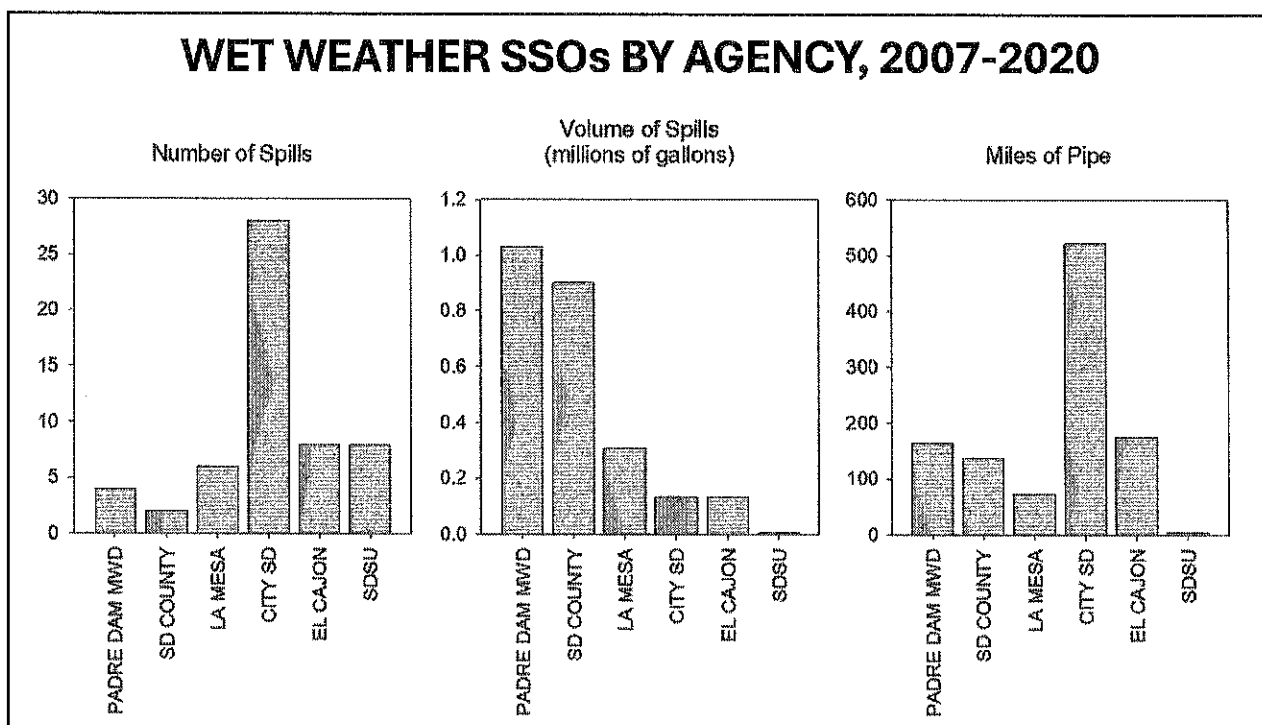


7

Comparison of Annual Wet Weather HF183 Mass Emissions



8



9

Study Limitations/Recommendations

- Highly variable nature of SSOs
- More information on sanitary sewer exfiltration
- OWTS failure rates
- Human fecal pollutants directly into the estuary
- Monitoring HF183 trends at Fashion Valley

10

Where We're At Now

- Technical Report submitted to Regional Board
 - https://ftp.sccwrp.org/pub/download/DOCUMENTS/TechnicalReports/1380_FecalPollutionSanDiegoRiver.pdf
- Final Management Report also submitted to Regional Board
 - SCCWRP did not participate in this document
- Regional Board made a formal request for more information for
 - both the Technical Report and the Management Report
- Informational Item scheduled at the Nov 13 Regional Board meeting

METRO JPA/TAC
Staff Report
Date: 07 Nov 2024

Project Title:

San Diego River Investigative Order

Presenter(s) Name: Kenneth Schiff, Southern California Coastal Water Research Project (SCCWRP)

Presenter(s) Title: Deputy Director

Requested Action:

Informational

Recommendations:

Metro TAC:	For Your Information
IROC:	N/A
Prior Actions: (Committee/Commission, Date, Result)	N/A

Fiscal Impact:

Is this projected budgeted?	Yes <u>X</u> No ____
Cost breakdown between Metro & Muni:	Funding already allocated and expended in previous FYs

Fiscal impact to the Metro JPA:	
------------------------------------	--

Capital Improvement Program:

New Project?	Yes ____ No ____ N/A <u>X</u>
Existing Project?	Yes <u>X</u> No ____ Upgrade/addition ____ Change ____ N/A ____

Previous TAC/JPA Action: N/A

Additional/Future Action:

City Council Action:

N/A.

Background: *Provide background information on the need for the project*San Diego River Investigative Order

The San Diego Regional Water Quality Control Board (RWQCB) issued a §13267 Investigative Order (R9-2019-0014) in June 2019 to conduct a study quantifying the human sources of fecal pollution in the lower San Diego River watershed. The IO was issued to all of the agencies with NPDES permits within the watershed (“named parties”). The IO did not provide any details of how to complete the study, but that a workplan, quality assurance plan, semi-annual progress reports and final report on specific time schedules were required. It also identified which human sources of fecal pollution to be quantified:

- Sanitary sewer overflows (SSO) from publicly-owned sewer collection systems;
- Sewage spills from privately-owned lateral sewer lines;
- Exfiltration from publicly-owned sanitary sewer collection systems (a type of SSO) and privately-owned lateral sewer lines (a private lateral sewage discharge);
- Faulty privately-owned Onsite Wastewater Treatment Systems (OWTS);
- Illegal connections/Illicit discharges to Municipal Separate Storm Sewer Systems (MS4s); and
- Direct or indirect deposition from homeless encampment

Studies like these have never been conducted in San Diego or anywhere else in California previously.

The named parties secured the Southern California Coastal Water Research Project (SCCWRP), a JPA focused on water quality research and management, to prepare the workplan and then to implement the study. The Study was led by a 14-member Steering Committee comprised of the named parties within the SDR watershed, two non-governmental organizations, and the RWQCB. The technical elements of the study were reviewed and approved by a six-member Technical Review Committee comprised of national engineering and scientific thought leaders in stormwater, groundwater, sanitary sewer collection systems, microbiology, public health, and sociology (for homelessness).

The project was completed in June 2024 and this presentation provides a brief, high-level summary of results.

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

The technical results are available in a project Final Report, submitted to the RWQCB June 12, 2024. An Informational Item for this project is on the RWQCB meeting agenda for November 13, 2024.

Metro WW JPA/Commission SP Ad Hoc Committee

Presentation to the Metro JPA

November 7, 2024

1

Goals of Presentation

1. Promote understanding of the proposed Strategic Goals (SGs) and Objectives (SOs).
2. Provide an opportunity for questions and answers, and to hear suggestions for other Strategic Objectives that the Committee may have missed.
3. Begin to develop ownership and support for this important document, which will serve as the Metro JPA's roadmap in the years ahead.

2

Overview of the Strategic Planning Ad Hoc Committee's Efforts-to-Date

3

Overview of SP Committee's Efforts

- **1st workshop - Sept. 5:** Reviewed survey responses; this served as a springboard for dialogue. Some of the top issues included:
 - Oversight of Pure Water, and Cost Control, in general
 - Inflow and Infiltration Reduction
 - New Agreement (SARA) & Billing Model (FAB)
 - Repair & Mtce of Metro's Infrastructure – Reduce Spills
 - Planning – modeling for capital replacement
 - Ways to monitor regulation on emerging pollutants such as PFAS
- **2nd workshop - Sept. 26:** Discussed numerous issues, including the ones above, and more. Reviewed a draft list of 2025 Strategic Goals (SGs) and Strategic Objectives (SOs).
- **3rd workshop - Oct. 17:** Continued review of proposed Strategic Goals and Objectives
- **4th Workshop - Oct. 31:** Finalized proposed Strategic Goals and Objectives

4

Definitions

5

Definitions

- **Mission Statement:** A statement that articulates the organization's purpose. Generally, it describes what products or services you deliver, for whom, and how you will achieve it.

Metro Wastewater JPA / Commission Mission Statement

The Metro JPA's mission is to create an equitable partnership with the San Diego City Council and Mayor on regional wastewater issues.

The JPA achieves this through:

- Striving to ensure fair rates for participating agencies, protect the environment, and make regionally balanced decisions.
- Advocating for services to be delivered safely, reliably, and at the lowest possible cost.
- Supporting stakeholder collaboration and open dialogue, and making data-informed policy decisions.

6

Definitions

- **Strategic Goals** – SGs describe the broad areas of focus to which your efforts are directed. They help you achieve your Mission.
 - SGs are generally long-term. They're a "what," and not a "how"
 - It tells you where you are going rather than how you will get there
 - (e.g., Improve Health – physical, mental, and emotional)
- **Strategic Objectives** – SOs are more specific focus areas within a SG.
 - SOs are also long-term, and are a "what," and not a "how"
 - (e.g., Weight; Cardiovascular; Strength and Flexibility; Stress; Diet)
- **Strategic Initiatives** – SIs are projects that help you achieve the strategic goals and objectives.
 - SIs are a "How"
 - SMART (Specific, Measurable, Assigned, Realistic, Time-bound), usually in the 1-year time frame (e.g., Create a 2025 Strategic Plan by Jan.1, 2025)
 - (e.g., 1) Hire personal trainer for 2x/wk; 2) Go to gym 3x/wk; 3) Join weight watchers – Lose 10 lbs. in 2025; 4) Join yoga program 2 x/week)

7

7

Overview of the Proposed 2025 Strategic Goals and Objectives

8

8

Strategic Goal 1

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.

9

Strategic Goal 1's Objectives

- **Strategic Objective 1 - Oversee Service and Billing: (Retain - No change)** Oversee City of San Diego Public Utilities Department to ensure that services provided to METRO member agencies are efficiently delivered.
- **Strategic Objective 2 - Oversee Costs and Rates: (Retain - No change)** Oversee the City of San Diego's METRO wastewater programs, including Pure Water, sewer fees, and recycled water rates to protect the interests of METRO member agencies.
- **Strategic Objective 3 - Oversee Capital Improvements and Maintenance Operations: (Retain - No change)** Oversee the City of San Diego's METRO wastewater system capital improvement program (CIP) and maintenance operations, to protect the environment and the investment of METRO member agencies.

10

Strategic Goal 1's Objectives

- **Strategic Objective 4 – Continue Audit Process: (Retain - No change)** Maintain the integrity of the annual audit of the City of San Diego to ensure that only METRO wastewater costs are billed to METRO member agencies.
- **Strategic Objective 5 – Revised Language - Monitor Billing Equity Framework** - Conduct continual review of the billing system, including the progress of new procedures that determine flow and strength allocations to the Participating Agencies.

Conduct a review of the flow metering monitoring system, sampling locations, and cost allocation and audit parameters a minimum of every five years to be consistent with section 3.5.3 of the Amended Restated Agreement.

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Strategic Goal 1's Objectives

- **Strategic Objective 6 – New – Support Second Amended Restated Agreement (SARA) and Revised Billing Structure (FAB):** Advocate for and support the Participating Agencies (PA's)'s review and approval of the Second Amended Restated Agreement (SARA).

Support the successful implementation of the new SARA billing structure (e.g., Functional Allocated Billing (FAB), Industrial Waste Program payments, Administrative Agreement, etc.) contained in the SARA.

- **Strategic Objective 7 – New – Monitor and Mitigate Infiltration and Inflow (I&I):** Work with the City of San Diego and Participating Agencies to reduce infiltration and inflow (I&I) and Sanitary Sewer Overflows (SSOs).

These are becoming more frequent due to conditions of aging infrastructure, as well as increased frequency of storm severity.

Participate in a Regional I&I study that will identify ways to reduce I&I and implement recommendations from I&I study as appropriate.

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Strategic Goal 1's Objectives

- **Strategic Objective 8 – New – Monitor Industrial Waste Provisions:** There is extensive language in SARA about monitoring industrial waste and pretreatment requirements. Monitor the fees for industrial users on behalf of the City and Participating Agencies.

The financial burden will be retained for the most part by industrial users, but a general benefit to all other users will be recognized in the billing structure.

An example of a specific general benefit is that monitoring industrial waste and pretreatment prevents chemicals from being discharged into the sewer system that would upset biological processes in the Metro system needed for proper treatment and disposal.

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Strategic Goal 2

- 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.

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Strategic Goal 2's Objectives

- **Strategic Objective 1 - Oversee and Support OPRA 2 Legislation:** (**Revised language**) Support the City of San Diego's efforts to obtain legislation (OPRA 2) to allow for secondary equivalency for the Pt. Loma Wastewater Treatment Plant. Obtaining this change in legislation will avoid unnecessary expenses and upgrades to the Pt. Loma treatment plant.

Maintain ongoing technical, financial and regulatory analyses of the permit process and provide comments to the City of San Diego, METRO Commission and METRO JPA as needed.

Obtaining this permit will avoid unnecessary expenses and upgrades to the Pt Loma treatment plant.

- **Strategic Objective 2 - Oversee Permit Planning for Pt. Loma Treatment Plant:** (**Retained - Title revised slightly**) Maintain ongoing technical, financial and regulatory analyses and provide comments to the City of San Diego, METRO Commission and METRO JPA as needed.

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Strategic Goal 2's Objectives

- **Strategic Objective 3 - Oversee Recycled Water Pricing Study:** (**Retain - No change**) Maintain ongoing technical, financial and regulatory analyses and provide comments to the City of San Diego, METRO Commission and METRO JPA as needed.

- **Strategic Objective 4 - Monitor Potable Reuse Regulatory Development:** (**Revised language**) Regulations have been adopted for both indirect and direct potable reuse.

Metro JPA will continue to monitor, participate and advocate where appropriate for regulatory adoption that is environmentally safe and the most cost-effective.

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Strategic Goal 2's Objectives

- **Strategic Objective 5 - Oversee Pure Water Program, Phase 2, and any Associated Projects: (Retain, no change)**
Maintain ongoing technical, financial and regulatory analyses as the location and composition of each facility is determined.

As Phase 2 costs are developed, ensure that an appropriate allocation methodology of costs will be established.

Provide comments to the City of San Diego, METRO Commission and METRO JPA as needed.

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Strategic Goal 2's Objectives

- **Strategic Objective 6 - New - Monitor Efforts to Regulate Newly-identified Chemicals and Pollutants** - Metro JPA will monitor, participate and advocate for appropriate regulations regarding wastewater pollutants and chemicals, such as PFAS.

Metro JPA will collaborate with the City of San Diego to develop the best strategies to minimize potential costs while maintaining appropriate environmental responsibility.

- **Strategic Objective 7 - New - Support the City's Consideration and Analysis of Possible New Sewage Sources:** Monitor and support the City of San Diego's consideration and analysis of new sources, such as sewage and stormwater, as these opportunities develop.

18

Strategic Goal 3

3. **Strategic Goal 3 - Develop and Maintain Key Partnerships:** Effectively partner with the City of San Diego and key stakeholders, working together to ensure fair rates for participating agencies, regionally balanced decisions, and the best possible management for all multi-jurisdiction-use facilities.

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19

Strategic Goal 3's Objectives

- **Strategic Objective 1 - New - Commit to Partnering and Professionalism:** Work effectively with the City of San Diego and other stakeholders aspiring to high standards of professionalism and a commitment to collaboration.
- **Strategic Objective 2 - New - Participate in Committees and Projects:** Work collaboratively on projects and committees such as the Financial Implementation Group (FIG) and the Infiltration and Inflow (I&I) study.

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Questions and Suggestions?

21

21

***Draft* Metro JPA 2025 Strategic Goals & Objectives**

Mission Statement: Revised Language -

The JPA's mission is to create an equitable partnership with the San Diego City Council and Mayor on regional wastewater issues. The JPA achieves this through:

- Striving to ensure fair rates for participating agencies, protect the environment, and make regionally balanced decisions.
- Advocating for services to be delivered safely, reliably, and at the lowest possible cost.
- Supporting stakeholder collaboration and open dialogue, and making data-informed policy decisions.

Strategic Goal 1 - Oversee 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.

Strategic Objective 1 - Oversee Service and Billing: (Retain - No change) Oversee City of San Diego Public Utilities Department to ensure that services provided to METRO member agencies are efficiently delivered.

Strategic Objective 2 - Oversee Costs and Rates: (Retain - No change) Oversee the City of San Diego's METRO wastewater programs, including Pure Water, sewer fees, and recycled water rates to protect the interests of METRO member agencies.

Strategic Objective 3 - Oversee Capital Improvements and Maintenance Operations: (Retain - No change) Oversee the City of San Diego's METRO wastewater system capital improvement program (CIP) and maintenance operations, to protect the environment and the investment of METRO member agencies.

Strategic Objective 4 - Continue Audit Process: (Retain - No change) Maintain the integrity of the annual audit of the City of San Diego to ensure that only METRO wastewater costs are billed to METRO member agencies.

<p>Strategic Objective 5 – Revised Language - Monitor Billing Equity Framework - Conduct continual review of the billing system, including the progress of new procedures that determine flow and strength allocations to the Participating Agencies. Conduct a review of the flow metering monitoring system, sampling locations, and cost allocation and audit perimeters a minimum of every five years to be consistent with section 3.5.3 of the Amended Restated Agreement.</p>
<p>Strategic Objective 6 – New – Support Second Amended Restated Agreement (SARA) and Revised Billing Structure (FAB): Advocate for and support the Participating Agencies (PA’s)’s review and approval of the Second Amended Restated Agreement (SARA). Support the successful implementation of the new SARA billing structure (e.g., Functional Allocated Billing (FAB), Industrial Waste Program payments, Administrative Agreement, etc.) contained in the SARA.</p>
<p>Strategic Objective 7 – New – Monitor and Mitigate Infiltration and Inflow (I&I): Work with the City of San Diego and Participating Agencies to reduce infiltration and inflow (I&I) and Sanitary Sewer Overflows (SSOs). These are becoming more frequent due to conditions of aging infrastructure, as well as increased frequency of storm severity. Participate in a Regional I&I study that will identify ways to reduce I&I and implement recommendations from I&I study as appropriate.</p>
<p>Strategic Objective 8 – New – Monitor Industrial Waste Provisions: There is extensive language in SARA about monitoring industrial waste and pretreatment requirements. The Metro JPA staff will monitor the fees for industrial users on behalf of the City and Participating Agencies. The financial burden will be retained for the most part by industrial users, but a general benefit to all other users will be recognized in the billing structure. An example of a specific general benefit is that monitoring industrial waste and pretreatment prevents chemicals from being discharged into the sewer system that would upset biological processes in the Metro system needed for proper treatment and disposal.</p>

<p>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.</p>
<p>Strategic Objective 1 - Oversee and Support OPRA 2 Legislation: (Revised language) Support the City of San Diego's efforts to obtain legislation (OPRA 2) to allow for secondary equivalency for the Pt. Loma Wastewater Treatment Plant. Obtaining this change in legislation will avoid unnecessary expenses and upgrades to the Pt Loma treatment plant. The Metro JPA staff will maintain ongoing technical, financial and regulatory analyses of the permit process and provide comments to the City of San Diego, METRO Commission and METRO JPA as needed.</p>
<p>Strategic Objective 2 - Oversee Permit Planning for Pt. Loma Treatment Plant: (Revised – New Title) Maintain ongoing technical, financial and regulatory analyses and provide comments to the City of San Diego, METRO Commission and METRO JPA as needed.</p>
<p>Strategic Objective 3 - Oversee Recycled Water Pricing Study: (Retain - No change.) Maintain ongoing technical, financial and regulatory analyses and provide comments to the City of San Diego, METRO Commission and METRO JPA as needed.</p>
<p>Strategic Objective 4 - Monitor Potable Reuse Regulatory Development: (Revised language) Regulations have been adopted for both indirect and direct potable reuse. Metro JPA will continue to monitor, participate and advocate where appropriate for regulatory adoption that is environmentally safe and the most cost-effective.</p>
<p>Strategic Objective 5 - Oversee Pure Water Program, Phase 2, and any Associated Projects: (Retain, no change) Maintain ongoing technical, financial and regulatory analyses as the location and composition of each facility is determined. As Phase 2 costs are developed, ensure that an appropriate allocation methodology of costs will be established. Provide comments to the City of San Diego, METRO Commission and METRO JPA as needed.</p>
<p>Strategic Objective 6 - Monitor Efforts to Regulate Newly-identified Chemicals and Pollutants - New - Metro JPA will monitor, participate and</p>

advocate for appropriate regulations regarding wastewater pollutants and chemicals, such as PFAS. Metro JPA will collaborate with the City of San Diego to develop the best strategies to minimize potential costs while maintaining appropriate environmental responsibility.

Strategic Objective 7 - New – Support the City’s Consideration and Analysis of Possible New Sewage and Other Inflow Sources: Monitor and support the City of San Diego’s consideration and analysis of new sources, such as sewage and stormwater, as these opportunities develop.

Strategic Goal 3: - New (Formerly SG1, SO6.) - Develop and Maintain Key Partnerships: Effectively partner with the City of San Diego and key stakeholders, working together to ensure fair rates for participating agencies, regionally balanced decisions, and the best possible management for all multi-jurisdiction-use facilities.

Strategic Objective 1 - New – Commit to Partnering and Professionalism: Work effectively with the City of San Diego and other stakeholders aspiring to high standards of professionalism and a commitment to collaboration.

Strategic Objective 2 - New – Participate in Committees and Projects: Work collaboratively on projects and committees such as the Financial Implementation Group (FIG) and the Infiltration and Inflow (I&I) study.

Public Utilities Department

Amendment #2 to the Agreement with CH2M Hill for Design Engineering Services

Metro TAC
August 21, 2024



1



Public Utilities Department

Background

- Pure Water contract with CH2M Hill for professional engineering services to design Metropolitan Biosolids Center Improvements
- Current Contract Duration: 6/2017 –6/2027
- Current Funding: \$6,297,621 authorized

2



Pure Water Phase 1 Map



Amendment #1 Budget Impacts

- Obsolete Equipment
 - Additional design/design changes requiring substantial effort from CH2M Hill (e.g., biogas heat exchangers, grit separator control panels)
- Facility Commissioning Planning
 - Requiring workshops and design efforts from CH2M Hill to reevaluate and plan facility commissioning efforts with lower flow than anticipated during design



Amendment #1 Budget Impacts

- Distributed Control System (DCS) Deficiencies
 - Additional efforts to rectify DCS issues in support of unit process automation and equipment startup necessary for the functionality & completion of the project
- RFIs, Submittals, Meetings
 - All exceeded the budgeted amounts of Amendment 1



Requested Action for Amendment #2

- Add \$3,157,130 to the contract:

• Original authorization:	\$5,051,090
• Amendment 1 authorization:	\$1,246,271
• Requested amendment:	\$3,157,130
<ul style="list-style-type: none"> • Approximate cost to Metro TAC/JPA: 	\$1,041,853
• New total amount:	\$9,454,491



Scope for Amendment #2

- Provide the necessary funding for all construction related support services
 - Additional review of submittals and RFI
 - Additional construction meetings
 - Additional facility commissioning support
 - Additional as-needed technical assistance and construction staffing support



Questions?



METRO JPA/TAC
Staff Report
Date: 8/21/2024

Project Title:

Pure Water Program – Amendment No. 2 to the Agreement with CH2M Hill Engineers, Inc. for Engineering Services for the Design of the North City Metropolitan Biosolids Center (MBC) Improvements Project.

Presenter(s) Name:

Akram Bassyouni/Reyhaneh Martin

Presenter(s) Title:

Deputy Director/Senior Civil Engineer

Requested Action:

Approve Amendment No. 2 to the design engineering services agreement between the City of San Diego and CH2M Hill Engineers, Inc. for the North City Metropolitan Biosolids Center (MBC) Improvements Project and forward item to Metro JPA/ Metro Commission for approval. Amendment No. 2 is for a total not to exceed amount of \$3,157,130, which will be utilized for construction support services.

Recommendations:

Approve Amendment No. 2 to the design agreement

Metro TAC:

Approve the subject item and forward to Metro JPA/ Metro Commission for approval

IROC:

N/A

Prior Actions:
(Committee/Commission,
Date, Result)

N/A

Fiscal Impact:

Is this projected budgeted? Yes ☒ No ☐

**Cost breakdown between
Metro & Muni:**

The funding will be allocated as follows: Wastewater: 100% (\$3,157,130) (Metro: 100%, Muni: 0%).

**Fiscal impact to the Metro
JPA:**

33% of Metro cost (approximately \$1,041,852.90)

Capital Improvement Program:

New Project? Yes ☐ No ☒ N/A ☐

Existing Project? Yes ☒ No ☐ Upgrade/addition ☐ Change ☐

Previous TAC/JPA Action:

None

Additional/Future Action:

Present item to Metro JPA/ Metro Commission for approval in August 2024

City Council Action:

City Council approval is anticipated in September 2024

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

San Diego's imported water supplies face increasing stresses from a variety of sources. As a result, the region's supplies are becoming less reliable and more expensive. These circumstances, and the threat of limitation on San Diego's water supplies, have intensified the need for new sources of water. Pure Water San Diego is the City of San Diego's 20-year program to provide a safe, secure and sustainable

local drinking water supply for San Diego. Recycled water will be turned into drinkable water through the use of water purification technology. Further, Pure Water's system-wide reuse will significantly reduce flows to the Point Loma Wastewater Treatment Plant and will make San Diego more water independent. On April 29, 2014, City Council adopted Resolution Number R-308906 supporting the Pure Water Program. Pure Water implementation includes design and construction of new treatment and conveyance facilities. To ensure quality design and construction of future Pure Water facilities, the Public Utilities Department has elected to obtain professional engineering and technical services for completing the design work.

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

One of the current projects that is being executed under the Pure Water Program is the upgrades to the existing North City Metropolitan Biosolids Center (MBC). MBC receives solids that are removed at both the Point Loma Wastewater Treatment Plant and North City Water Reclamation Plant (NCWRP). MBC thickens and dewateres the solids so they can be transported for disposal. As a part of the Pure Water Program, NCWRP is being expanded to produce sufficient recycled water to meet customer demands and to provide the feedwater to the new North City Pure Water Facility where it will undergo additional advanced treatment to produce purified water. The expanded NCWRP will generate more solids for MBC to process. In turn, the MBC upgrades are needed to ensure it has the capacity to handle the increased load.

In May 2017, the City awarded an agreement to CH2M Hill Engineers, Inc. to perform design and construction support services for the MBC Improvements project. The original Agreement is on file in the Office of the City Clerk as Document No. R-311146. The Agreement was issued for an amount not to exceed \$5,051,090 and for a duration of five years, expiring on June 2, 2022. Design and bid services are complete. Construction and construction support services at MBC began in September 2021. Note, the construction contract was awarded to PCL Construction, Inc. for \$40,086,690. As of the quarter ending March 31, 2024, \$2.6 million has been incurred in change orders, which brings the construction contract amount to \$42,673,159.

In June 2022, nine months after construction began, City Council approved Amendment 1 (O-21465) for an additional not-to-exceed amount of \$1,246,271 to continue with all related construction support services including additional review of submittals and shop drawings, additional responses to RFI's, record drawings, facility commissioning support, geotechnical and structural observations, preparation of operation and maintenance manuals, and as-needed technical support. Amendment 1 also extended the contract term for an additional five years so that construction support could continue until the end of the construction contract. Thus, the total contract amount was increased from \$5,051,090 to \$6,297,361. To date, approximately \$6,179,000 of the existing total contract amount of \$6,297,361 (or 98%) has been spent.

The original scope of work for the MBC design improvements primarily focused on ensuring the plant had sufficient capacity to handle the NCWRP's increased solids load. The largest and most essential treatment equipment were assessed for replacement and included the centrifuges (for solids thickening), various pumps, and gas compressors. It was envisioned that new equipment would be installed in their place and connected to existing mechanical, instrumentation, and control systems. As the upgrades proceeded since Amendment 1 was approved, it became evident that some of the existing ancillary equipment at MBC that were not expected to be replaced have in fact reached the end of their useful lives. These include chemical piping, electrical panels, instrumentation, and a pump motor. The designer has had to assess their condition and functionality to determine if they can operate effectively with the MBC upgrades already in construction. Some of these items have been added to the construction scope, thus requiring additional design/design modifications to ensure the project intent is met and in close coordination with the construction team & the contractor to avoid or minimize impacts to the project schedule.

The Morena Pump Station has been significantly delayed due to a dewatering change condition. To minimize the impact on the overall Phase 1 schedule to start producing purified water, the partial Phase 1 system that includes MBC, NCWRP, the North City Pure Water Facility, and the North City Pure Water Pipeline will be commissioned prior to Morena Pump Station's completion. However, without the wastewater from Morena, none of the facilities in the partial system will have their full design flows during start-up and commissioning. This will increase the complexity of the already complex commissioning exercise, but it can be managed. Additional designer effort will be required to reconfigure current commissioning plans to ensure equipment performance can still be verified without full facility flow.

Amendment 2 will add \$3,157,130 and increase the agreement amount to \$9,454,491. A portion of the amount is for additional services, \$500,000. And per the contract, CH2M Hill can request up to a 3% increase in hourly rates, annually. All requests are subject to City approval. The Amendment 2 amount includes an 8% hourly rate increase, the first such increase to be granted since the contract was awarded seven years ago. This increase accounts for \$194,000 of the \$3,157,130 proposed in this amendment.

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

Public Utilities Department

Item #3: First Amendment to the Agreement with CDM Smith Inc. for Preparation of the Public Utilities Department Integrated Master Plan

Metro JPA/Commission
November 7, 2024



1

SD Public Utilities Department

PUD Integrated Master Plan Scope

Comprehensive, long-term planning document that outlines strategies and prioritizes projects across all utility areas

- Changes in water needs, system modifications, and the transition to a complete water cycle through the Pure Water Program.
- Roadmap to ensure system can meet current and future demands, maintain regulatory compliance, maintain resilient infrastructure, and support sustainable growth.
- Focus on the repair and rehabilitation of utilities to maximize the useful life of major assets and existing infrastructure.
- Authorized CDM Smith Inc. to prepare a combined master plan that looks at the department's needs holistically, across all utilities.



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Data Gap - Proposed Contract Amendment

- Some assets missing from SAP/EAM (dams/reservoirs, groundwater, misc. across most vertical facilities)
- Assets in SAP/EAM missing key information and critical attributes required to assess risk
- Functional Asset Hierarchy needs correcting and updating
- Complete Master Asset List needed to enable preparation of the PUD priority list of projects



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Amendment

- Extend the duration of the agreement to perform a visual inventory of all assets necessary to complete the remaining tasks in the contract
- Scope:
 - Update Functional Location hierarchy
 - Remove records of non-existing assets
 - Create new assets in SAP
 - Complete a visual assessment and rating of assets
 - Populate all available attributes for assets
 - Assemble all data for bulk uploading by City staff

Contract:

- Additional twenty-eight (28) months and an amount of \$1,472,934
- Metro JPA Share - \$145,820 (33% of \$441,880)
- Total sixty (60) months and an amount of \$5,254,501



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Proposed Actions

1. Authorize the Mayor, or designee, to execute the First Amendment with CDM Smith Inc., to increase the not to exceed amount by \$1,472,934 from \$3,781,567 to \$5,254,501 and to extend the contract expiration date from July 2025 to December 2027; and
1. Authorize the Chief Financial Officer to expend an amount not to exceed \$1,472,934 in total, of which \$338,774.82 is from Fund 700000, Muni Sewer Revenue, \$441,880.20 from Fund 700001, Metro Sewer Utility, and \$692,278.98 from Fund 700011, Water Utility Operating, for the purpose of funding the First Amendment to the engineering services agreement with CDM Smith, Inc.

Question?



METRO JPA/TAC**Staff Report****Date: 10/16/2024****Project Title:**

First Amendment to the Agreement with CDM Smith Inc. for Preparation of the Public Utilities Department Integrated Master Plan

Presenter(s) Name: Anh Nguyen**Presenter(s) Title:** Senior Civil Engineer (City of San Diego Public Utilities Department)**Requested Action:**

Consideration and Possible Action to Recommend to the Metro Wastewater JPA
Approval of the First Amendment to the Agreement with CDM Smith Inc. for Preparation of the Public Utilities Department Integrated Master Plan

Recommendations:

Approve the Metro expenditure request and forward to the Metro Commission.

Metro TAC:	To be submitted for consideration
IROC:	N/A
Prior Actions: (Committee/Commission, Date, Result)	N/A

Fiscal Impact:

Is this projected budgeted?	Yes <u>X</u> No <u> </u>
Cost breakdown between Metro & Muni:	Total: \$1,472,934 Muni: \$338,774.82 Metro: \$441,880.20 Water: \$692,278.98

Fiscal impact to the Metro JPA:	33% of Metro costs is \$145,820.40
------------------------------------	------------------------------------

Capital Improvement Program:

New Project?	Yes <u> </u>	No <u> </u>	N/A <u>X</u>
Existing Project?	Yes <u>X</u>	No <u> </u>	Upgrade/addition <u> </u> Change <u> </u> N/A <u> </u>

Previous TAC/JPA Action:

N/A

Additional/Future Action:

City Council Action:

Environmental Committee for October 2024.

City Council for November 2024.

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

An Integrated Master Plan is a comprehensive, long-term planning document that outlines strategies for managing and developing water and wastewater infrastructure. It provides a roadmap to ensure systems can meet current and future demands, maintain regulatory compliance, and support sustainable growth. Historically, the Public Utilities Department (PUD) prepared separate planning documents for each major water and wastewater asset. While this approach has worked in the past, significant changes in water needs, system modifications, and the transition to a complete water cycle through the Pure Water 2 Program require a more integrated and holistic approach to utility master planning. Additionally, with our aging infrastructure, there is an increased focus on the repair and rehabilitation of utilities to maximize the useful life of major assets and existing infrastructure.

A contract amendment is necessary to support the subtasks underway and requires additional time and funding for completion. The amendment will provide funding and time to complete a necessary inventory of all PUD assets identified within the Integrated Master Plan, with a focus on vertical assets, such as pump stations and plants. This work is essential to develop a complete asset inventory and perform visual assessments. Through the consultant's work since contract initiation, it has been discovered that key information required to assess risks for many vertical assets and the components therein, were incomplete, for water treatment plants, wastewater treatment plants, pump stations, reservoirs, and storage tanks. PUD also has thousands of horizontal assets of which sufficient information is known on condition to inform planning efforts. The additional information for vertical assets is necessary to complete tasks within the Integrated Master Plan. An accurate inventory, including photos, identification tags and visual inspection notes will be compiled and entered into the City's asset management database allowing for replacement of components based on current condition and risk scoring, to extend the asset's useful life. This information is needed not just for the integrated planning effort but also to be integrated into existing asset management schedules and maintenance work.

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

On December 6, 2022, the City of San Diego issued the Notice to Proceed memo for the initial agreement with CDM Smith Inc. Under the amendment with CDM Smith Inc., the following task will be modified for the additional time and funding:

Task 14 – Visual Asset Inventory and Inspection for PUD Facilities. This task requires an additional twenty-eight (28) months and an amount of \$1,472,934 to complete. The amendment includes performing a field inventory of all missing vertical assets at PUD facilities. Within each facility there are multiple assets that are unaccounted for or require additional information to accurately inventory assets and assess risk. It is estimated that over 15,000 components will need verification to complete the master planning tasks in the original contract.

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

The Request for Proposal (RFP) was advertised on May 13, 2021. Two firms (HDR & CDM Smith, Inc.) submitted their proposal. The two firms were then interviewed. After the review of the proposal and interview, CDM Smith, Inc. was selected to provide the service.

The scope of the Integrated Master Plan is to prepare a comprehensive master plan that will identify areas where current planning efforts for one utility area impact other utility areas in addition to presenting a detailed focus on needed repair, rehabilitation, and renovation projects for existing infrastructure.

The total original contract amount is \$3,781,567.



Monthly Executive Director's Report September 2024

September was a month where Executive Team consultants were primarily working on major Metro CIP projects and Pure Water Change Orders as well as facilitating the Strategic Planning Initiatives. The following is a summary of key tasks currently being addressed by the Executive Team members:

Key Tasks and Updates:

1. Website Reminder:

- The JPA maintains a website where valuable information about the Metro System, the Pure Water Program and the JPA can be easily accessed at <https://www.metrojpa.org/home>.
- Please note that you can efficiently add Metro TAC and Metro JPA/Com meetings to your calendar by selecting the meeting listed on the homepage once the agenda has been posted and downloading the calendar event available on the left side of the subsequent page. We will start sending links to this in the meeting notices.

2. Strategic Planning:

- The Strategic Planning Ad Hoc Committee held its kickoff workshop on September 5, focusing on reviewing survey responses collected between August 1 and August 16. The committee developed a shared understanding of the responses, which sparked discussions on key focus areas for the Metro JPA.
- The top opportunities and challenges identified in the survey included:
 - Cost Control
 - Pure Water
 - Reducing Inflow
 - Inflow and Infiltration (I&I)
 - SARA – New Agreement & FAB Billing Model
 - Repair and Maintenance of Metro's Infrastructure – Reducing Spills
 - Miscellaneous issues like capital replacement planning, audit completion, and PFAS.
- The second workshop took place on September 26, where the committee followed up on discussions from the September 5 meeting, including ways to monitor and influence regulations on emerging concerns like PFAS. They also reviewed a draft list of 2025 Strategic Goals (SGs) and Strategic Objectives (SOs).

- Upcoming meetings and deliverables are scheduled on the following dates:

Oct. 17	Review of a draft Strategic Plan (SP) (SGs and SOs)
Oct. 31	Finalize draft SP (SGs and SOs) Develop Action Plan for Nov. 20 TAC Presentation
Nov. 20	Present proposed SP to Metro TAC <i>(For Information Only)</i>
Dec. 5	Present SP to Metro JPA

3. FY 2021 – FY 2023 Metro Contract Compliance Audit and Reconciliation

- **Fieldwork Completion on CIP and Revenue Sections:** Initial fieldwork was completed for the CIP and Revenue sections of the multi-year audit and questions have been submitted for review and discussion with San Diego Audit Team.
- **Audit Process: Next Steps:** In October, the City Audit and JPA Executive Teams will meet to address and resolve audit questions arising from the O&M, CIP, and Revenue sample reviews.
- **Audit Scope:** The Annual Metro Exhibit E Audit purpose is to review Metro O&M and CIP costs to ensure that Participating Agencies (PAs) are not allocated costs from other City of San Diego departments such as water or municipal sewer and only pay their fair share of allowable Metro costs. Once the total allowable costs are determined, the allocation to each PA is reviewed to ensure correct cost allocations based on each agency's actual sewage flows and strengths for the audited year. These costs and allocations are then reconciled with that year's budgeted amounts that had been billed to each PA.

4. Final Draft Second Amended and Restated Agreement (SARA) Language Review:

- The City of San Diego's (City) Attorney's office has completed an initial review of SARA. In September, City Attorneys met with Public Utilities Department (PUD) staff to discuss these results and continue revisions. Once their review is finalized, FIG will meet to address questions and changes, and the City Attorney will follow up with the JPA's attorney. The aim is to finalize the integration of these revisions in November, after which the draft SARA will be released to Metro TAC and Metro JPA Directors for their review.

5. FAB Implementation:

- JPA Executive Team members continue to meet with JPA members and PUD staff to refine and finalize the capacities contained in the draft of Exhibit B that will become the basis for FAB cost allocations. All PAs are reminded that we are trying to finalize Exhibit B by the end of October for release with SARA and draft FAB cost allocations. TAC members are reminded to set meetings with the Executive Team to review, discuss and finalize their individual Exhibit B capacities if they are still needed.

6. Pump Station 1 Upgrade and Rehabilitation Contract Review

- The design build contract for PS1 is supposed to go to the San Diego City Council on October 8th for final approval.

7. Inflow and Infiltration (I&I) Study:

- The TAC Committee including 3 representatives for the City of San Diego had a second meeting on August 29th.
- Metro staff are currently working with PUD staff to determine how much information is available from the existing metering system and ADS contractor.
- The next meeting will be to discuss the scope of the first phase of the I&I study.

8. Review of Pure Water Phase 2 Alternatives:

- Stantec, the City of San Diego program manager, is conducting a validation study of the proposed Phase 2 Pure Water Program. The City of San Diego is taking a critical look at sizing and costs for Phase 2 Pure Water.
- A letter from the JPA summarizing main scope from the JPAs perspective was approved by the JPA Board of Directors and is being sent to the City. A copy of this letter is attached.

9. JPA Executive Team Updates:

- At the Special Meeting of the Metro JPA/Com on September 19, 2024, the Board approved the transfer of JPA Attorney **Adriana Ochoa** from her current firm, Procopio, to Snell & Wilmer. All terms of the existing legal services contract, including hourly rates, were carried over to the new agreement with Snell & Wilmer.
- Executive Team engineering consultant **Scott Tulloch** of NV5 announced his retirement after 30 years of service to the San Diego region. Following a distinguished career as a Colonel in the U.S. Army Corps of Engineers, Scott spent 12 years with the City of San Diego, first as Deputy Director of Engineering for the \$1.8 billion Clean Water Program and later as Director of the Metropolitan Wastewater Department. He then served as Director of Engineering and Assistant City Manager for the City of Chula Vista. In 2013, Scott joined the Metro Wastewater JPA Executive Team as an on-call engineering advisor. After 11 years with the JPA, he will continue in a limited capacity through the final SARA review process, marking the conclusion of his exemplary service to the San Diego region's wastewater community.

Upcoming Meetings:

- **Metro TAC Meeting:**
 - **Date:** October 16, 2024
 - **Format:** Zoom
 - **Main Topics:** SARA: Pretreatment and Administrative Agreements; FY 2024 4th Quarter Metro Capital Improvements and Funding Sources
- **Metro JPA/Commission Meeting:**
 - **Date:** November 7, 2024
 - **Format:** In-Person, MOC Auditorium
 - **Main Topics:** SCCWRP Presentation on San Diego River Investigative Order Study Findings (Ken Schiff); Amendment No. 2 to the Agreement with CH2M Hill Engineers, Inc. for Engineering Services for the Design of the North City Metropolitan Biosolids Center (MBC) Improvements Project; Metro Wastewater JPA FY 2024 Year-End Financial Statements



October 3, 2024

City of San Diego Public Utilities Department
9192 Topaz Way
San Diego, CA 92123

Attention: Juan Guerreiro, Director of Public Utilities

As the City of San Diego (City) begins Stantec's review and verification of the implementation plan for the Pure Water Phase 2 Program, we would like to present to the City several alternatives and ideas we would like to be included in the review. We recognize that the City will implement the program that it deems best, but we would like to ensure a comprehensive range of alternatives are considered. Additionally, we acknowledge that there are agreements and NPDES conditions that currently require the Metro region to produce 83 MGD of potable reuse.

We agree with the City that Stantec should review and verify the current and future sewer flow and water demand for implementation of the Phase 2 Pure Water program. Some major changes related to water supply and cost have happened over the last 10 years and these may impact the best approach to implement Phase 2 Pure Water. These changes include:

- Change in variability of water supply and demand in Southern California
- An extremely successful water conservation program that has resulted in (1) Reduced water sales in San Diego County despite continued population growth and (2) Reduced sewage flows and the likelihood of even greater reductions in sewage flows
- San Diego County Water Authority's fixed water revenue requirement due to the cost of ensuring water supply and maintaining infrastructure, which, due to reduced water sales, is putting an upward pressure on water retail rates.
- Increases in expenditures to maintain existing water and sewer infrastructure
- The possibility of reduced sewage flows below needs to feed some Pure Water Phase 2 alternatives
- Finalization of Direct Potable Reuse regulations

With these concerns in mind, we feel alternatives for Phase 2 Pure Water that reduce capital and operations costs to the maximum extent possible should be considered. These alternatives should include maximizing water

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

production beyond 32 mgd at the North City Pure Water Facility (NCPWF), utilizing East County Advanced Water Purification (ECAWP) production of potable water to meet the 83 mgd regional goal, reducing the proposed sizing of the Central Area Pure Water Facility (CAPWF) to 37 mgd or below, eliminating the pipeline to San Vicente, and retaining the flexibility to expand the Pure Water production in the future beyond 83 mgd, if warranted.

The following provides a description of alternatives we would like Stantec to review:

1. Optimize NCPWF and reduce CAPWF.
 - 1a. Optimize and expand production of Pure Water at NCPWF. Production goal 35 mgd. To do this the following could be done:
 - i. Dedicate more sewage from purple pipe recycling to Pure Water. (This would allow NCPWF to run at 32 mgd of its design capacity year around)
 - ii. Increase production stream from RO to capture more water. (Goal 92.5% product stream)
 - iii. Re-permit as Direct Potable Reuse to deliver greater flows to Miramar Reservoir
 - 1b. Decrease CAPWF production goal to 36.5 mgd and deliver to Murray Reservoir
(83 MGD – 35 MGD NCPWF – 11.5 ECWPF = 36.5 mgd)
 - 1c. Do not build pipe to San Vicente Reservoir
2. Evaluate costs for full secondary treatment at Point Loma Wastewater Treatment Plant (PLWWTP) under the following scenarios:
 - 2a. Post-Pure Water Phase 1 flows.
 - 2b. Post-Pure Water Phase 2 flows.
 - 2c. Assuming 50 mgd of I&I reduction for 2a and 2b.
 - 2d. Assuming 100 mgd of I&I reduction for 2a and 2b.

We thank you for your consideration of these alternatives.

Sincerely,

Jerry Jones, Chair

Attachment(s)

The Joint Powers Authority Proactively Addressing Regional Wastewater Issues

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National City • Otay Water District • Poway • Padre Dam Municipal Water District

ATTACHMENT A

**LETTER TO THE CITY OF SAN DIEGO
FOR SCOPE OF WORK ON STANTEC STUDY
ON PHASE 2 PURE WATER POWERPOINT**

LETTER TO THE CITY OF SAN DIEGO FOR SCOPE OF WORK ON STANTEC STUDY ON PHASE 2 PURE WATER

1

PURE WATER AND ECAWP GRAPHIC



2

2

STANTEC IS CURRENTLY DOING A PHASE 2 VALIDATION STUDY WHICH SHOULD BE COMPLETE BY THE END OF 2025

Why is Study Needed

- Conservation has decreased
 - Water demand on SDCWA
 - Sewage flow and further decreases are expected
- Currently, available water supplies exceed demand and may continue to do so in the future.
- Water agencies are faced with large rate increases to fund existing costs especially with reduced revenue associated with reduced demand, so a cost sensitive approach to Phase 2 Pure Water is needed.
- ECAWP is under construction and should be considered as a part of 83 mgd requirement.
- It is the appropriate time to validate Pure Water Phase 2 program
- Direct Potable Regulations are completed

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JPA STUDY ITEMS

1

Include ECAWP in 83 MGD requirement, so City of San Diego only needs to produce 71.5 MGD of Pure Water.

2

Expand production of Pure Water Phase I facilities to greatest extent practical. Goal 35 MGD from current design of 30 MGD.

3

Reduce production goal of CAPWF from original amount of 53 mgd to 36.5 MGD.

4

Evaluate capacity reduction at Point Loma (cost savings/triggers) and full Point Loma secondary options

4

4

ADVANTAGE OF 36.5 MGD PURE WATER PHASE 2

Reduced capital costs

Proposed treatment plant sites will not be spaced constrained

Murray Reservoir will be easier to manage

Pipe to San Vicente should not be needed

5

5

POINT LOMA

- Develop cost saving for I&I reductions of 50 mgd and 100 mgd
- Develop cost estimates for conversion to full secondary dry weather with provisions for advanced primary treatment for wet weather:
 - After Phase 1 Pure Water
 - After Phase 2 Pure Water

6

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QUESTIONS?



7

A summary of action items, presentations, discussions and updates heard at the regularly scheduled Metro Technical Advisory Committee held on September 18, 2024.

Action Items Moved Forward to JPA:

1. Consideration and Possible Action to Recommend to the Metro Wastewater JPA Approval of a Contract for Pump Station 1 Improvements and Modernization with J.R. Filanc Construction Company, Inc. (Shadi Sami/Eric Rubalcava)

- The City of San Diego (City) requested approval to enter a Design-Build contract with J.R. Filanc Construction Company (Filanc) for design and construction services of the Pump Station 1 Improvement and Modernization Project. Filanc was the sole bidder for the Project. This Project is under a Cease-and-Desist Order by the Regional Board as a result of the April 2020 Spill and requires completion by December 31, 2028. As the total Project cost of \$111.8 million is much higher than anticipated, and Metro staff/representatives were not included in the bid selection panel, TAC representatives requested the City pursue a value engineering process to determine areas of cost savings and include Dexter Wilson in that process. The City is in agreement with that approach.
- Motion passed unanimously with the additional requirement the City take a value engineering approach and include Metro JPA staff in that process.

2. Consideration and Possible Action to Recommend to the Metro Wastewater JPA Approval of FY 2024 Year-End Financial Statements (Lee Ann Jones-Santos)

- A review of the Metro Wastewater JPA FY24 Year-End Financial Statements was provided. Cash flows and reserves are in a positive position. TAC representatives were provided an opportunity to ask questions.
- Motion passed unanimously.

3. Consideration and Possible Action to Recommend to the Metro Wastewater JPA Approval of Phase 2 Planning Alternatives (Dexter Wilson)

- The proposed Metro JPA draft letter to the City providing a position on Phase 2 Pure Water and requesting inclusion of additional scope of work items on Stantec's Phase 2 study was discussed at the August TAC meeting. The draft letter was circulated to Metro TAC Representatives for comment. Otay provided comments and a discussion was held on the incorporation of Otay's comments into the draft letter. TAC representatives agreed on a final draft.
- Motion passed unanimously.

4. Pure Water Program Semi-Annual Update (Amy Dorman)

- A Pure Water update was provided, which included Phase 1 programmatic and construction and Phase 2 planning information. Phase 1 remains on schedule with substantial completion expected summer-fall 2026 and full capacity flows in early 2027.
- As part of Pure Water, the City is required to monitor and enforce limits for certain substances in the wastewater collection system. The study on local limits has been substantially completed and indicates the number of new local limits will be less than 10.
- The City requested approval of the below action items related to Pure Water Phase 1.
- a. **ACTION: Consideration and Possible Action to Recommend to the Metro Wastewater JPA Approval of Pure Water Program-Construction Change Order No. 12 with Kiewit Infrastructure West Co. for North City Water Reclamation Plant Expansion (K-21-1861-DBB-3) (Akram Bassyouni)**
 - The City requested approval for Kiewit Change Order No. 12, which addresses delays and issues at North City due to varied site conditions and design modifications related to Morena Pump Station dewatering, as well as delays in procuring electrical equipment. Kiewit's claim for \$27 million in damages was mediated and settled for \$16 million, 147 additional working days and extending project completion date to December 2027.
 - The Change Order increases the original \$255.1 million contract by 6.3% for a total of \$278.5 million. Sixty-three percent of the \$16 million is attributable to wastewater and the Metro portion is \$3.33 million.
 - Motion passed unanimously.
- b. **ACTION: Consideration and Possible Action to Recommend to the Metro Wastewater JPA Approval of Pure Water Program – Amendment No. 3 to the Agreement with CH2M Hill Engineers, Inc., for Design Engineering Services for the North City Water Reclamation Plant Expansion and Influent Conveyance Project (Akram Bassyouni)**
 - The City requested approval of Amendment No. 3 to the contract with CH2M Hill Engineers, Inc. (CH2M) for design services at North City. Additional modifications are needed due to unforeseen site conditions, such as discovery of equipment past its useful life and unknown pipelines in the ground. North City must remain operational during construction, which involves significant coordination to replace equipment without disrupting operations. Additionally, the Distributed Control System (DCS) integration has required more effort than initially anticipated. The above modifications require additional O&M training for operations staff, which is included in the Amendment.

- The total Amendment cost of \$14 million will be allocated with \$11.1 million (79%) attributable to wastewater, and \$2.94 million (21%) to water. Metro JPA's portion of is \$3.65 million (33%).
 - Motion passed unanimously.
- c. **ACTION: Consideration and Possible Action to Recommend to the Metro Wastewater JPA Approval of Pure Water Phase 1 CIP Budget – Increase Pooled Contingency (Amy Dorman)**
- The City requested approval of Phase 1 CIP budget increase of \$130 million, raising the total pooled contingency to \$245 million, an increase from 10% to 20% of the total Pure Water construction budget. The current pooled contingency is \$115 million, with \$87 million already used, leaving \$28 million remaining. Pooled contingency allows the City to manage change orders more efficiently across the 17 active Phase 1 construction contracts, minimizing delays to Pure Water.
 - Large and significant change orders, such as Morena Pump Station (\$26M) and I-805 tunnel (\$9M), consumed a large portion of the original pooled contingency. Change orders reflect current market prices, which have increased from original 2021 construction cost estimates due to inflation, supply chain issues, and overall commodity price increases. The City hired outside experts to review change orders to mitigate cost increases when negotiating with large contractors.
 - The City plans to finance cost increases through long-term bonds, with \$80.9 million covered by water and \$49.1 million by wastewater. The City is also pursuing grant opportunities to reduce the need for bond issuance. It was noted there are potential savings from reduced SDG&E relocation costs and other cost adjustments may also mitigate increased costs.
 - A discussion was held on potential continued costs increases reaching the Phase 1 \$1.8 billion cap for wastewater. Per Metro staff request, the City will break down cost allocations between water/wastewater through a process by process breakdown for all change orders and this detail will carry over into O&M as well.
 - Motion passed unanimously.

Standing Items to be Brought to JPA:

Items 2, 4, 5, 6, 7, 8, 9 and 10 are expected to be brought to the October JPA meeting. (Item 3 will be brought to the November meeting due to time limitations.)

Metro Meetings:

Recent Meetings

- **Metro JPA Strategic Planning (2 of 4)**
 - **Date:** September 26, 2024
 - **Format:** Zoom only.
- **I&I Metro TAC Subcommittee:**
 - **Date:** October 17, 2024
 - **Format:** Zoom only.

Upcoming Meetings

- **Metro TAC:**
 - **Date:** October 16, 2024
 - **Format:** Zoom only.
 - **Main Topic:** Design Build Contract for PS1; Pure Water Quarterly Update and Consultant Contract Amendments; Quarterly Phase 1 Construction Report.
- **Metro JPA Strategic Planning (3 of 4)**
 - **Date:** October 17, 2024
 - **Format:** Zoom only.
- **Metro JPA Strategic Planning (4 of 4)**
 - **Date:** October 31, 2024
 - **Format:** Zoom only.

A summary of action items, presentations, discussions and updates heard at the regularly scheduled Metro Technical Advisory Committee held on October 16, 2024.

Action Items Moved Forward to JPA:

1. Consideration and Possible Action to Recommend to the Metro Wastewater JPA Approval of the First Amendment to the Agreement with CDM Smith Inc. for Preparation of the Public Utilities Department Integrated Master Plan (Anh Nguyen)

- The City of San Diego (City) requested approval of the First Amendment to the Agreement with CDM Smith Inc. (CDM), for preparation of the PUD Integrated Master Plan. The Amendment will extend the duration of the agreement Twenty-eight (28) months to perform visual inventory of all assets necessary to complete the remaining tasks in the contract. The City's Integrated Master Plan is a comprehensive, long-term planning document outlining strategies for managing and developing water and wastewater infrastructure, ensuring systems meet current and future demands, maintaining regulatory compliance, and supporting sustainable growth. The Amendment is necessary as current asset identification tasks underway require additional time and funding. This work is essential for developing a complete asset inventory for PUD, including water treatment plants, wastewater treatment plants, pump stations, reservoirs, and storage tanks. An accurate inventory, including photos, identification tags and visual inspection notes will be compiled and entered into the City's asset management database allowing for replacement of components based on current condition and risk scoring. It is noted, this work will prioritize Metro projects and Metro staff requested the City provide a report. The City confirmed the work will differentiate assets between divisions and provide updates to Metro. The Amendment will increase the contracted amount by \$1.47 million and the term to Sixty (60) months for a total of \$5.2 million. Thirty-three percent (33%) is attributable to wastewater with the Metro share being \$145,820.
- Motion passed unanimously.

Presentations:

1. SARA: Pretreatment and Administrative Agreements (Adriana Ochoa)

- A presentation was provided on the proposed SARA Pretreatment and Administrative Agreements. Administrative Agreements will allow for more efficient administration and provide more flexibility to make necessary changes and amend the agreement more quickly moving forward. The purpose of making

this change to the SARA will allow the process of making changes or amending the agreement to be more efficient. There will be four ways to amend, modify, or change terms of the SARA: 1) Traditional Amendment; 2) Joint Administrative Review Process; 3) Two-Party Approval; and 4) City Administrative Approval. The SARA will list all administrative agreements and document all changes.

- The final SARA is in draft form and TAC staff are anticipating a meeting with COSD attorneys near end of October to discuss the SARA draft.

Standing Items to be Brought to JPA:

Items 3, 5, 6, 7, 8, and 9 are expected to be brought to the November JPA meeting.

Metro Meetings:

Recent Meetings

- **Metro JPA Strategic Planning AdHoc 4**
 - **Date:** October 31, 2024
 - **Format:** Zoom only.
- **I&I Metro TAC Subcommittee:**
 - **Date:** October 17, 2024
 - **Format:** Zoom only.

Upcoming Meetings

- **Metro TAC:**
 - **Date:** November 20, 2024
 - **Format:** Zoom only
- **I&I Metro TAC Subcommittee:**
 - **Date:** November 14, 2024
 - **Format:** Zoom only.