



**METRO TAC AGENDA**  
**(Technical Advisory Committee to Metro JPA/Commission)**

**TO:** MetroTAC Representatives

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

**DATE:** May 21, 2025

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

**LOCATION:** Metro TAC is holding its May meeting as a Hybrid in MOC II Conference Room 2E. Due to the size of the meeting room, only TAC Primary members, JPA Staff and approved San Diego Staff (Presenters & Mgt.) are authorized to attend in person. All Metro TAC Alternates and staff who wish to view the meeting may do so via the TEAMS link sent via another email. REMINDER: MetroTAC is NOT a public meeting so non-TAC members and JPA Board members are not invited to attend. Please do not share the link. As this meeting is in a restricted area of MOC an escort from the front desk is required. Please arrive prior to 11:10 otherwise an escort and therefore entry into the meeting cannot be assured. Please try the TEAMS link prior to the meeting. Should you have any questions, please call Board Secretary Lori Peoples at 619.548.2934 PRIOR to the meeting date.

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1. **ACTION:** Review and Approve MetroTAC Action Minutes for the Meeting of April 16, 2025 (**Attachment**)
  2. **INFORMATION:** Treasurer's Report for March 31, 2025 (Lee Ann Jones-Santos) (**Attachment**)
  3. **ACTION:** Consideration and Possible Action to Recommend to the Metro Wastewater JPA Approval of the FY 2026 JPA Budget (Karyn Keze/Lee Ann Jones-Santos) (**Attachment**)
  4. **ACTION:** Consideration and Possible Action to Recommend to the Metro Wastewater JPA Approval of the Following Items Relating to FY 2026 JPA Budget:

- a. CLA (Auditor Contract) (**Attachment**) (Lee Ann Jones-Santos/Karyn Keze)
  - b. Executive Director Contract (**Attachment**) (Adriana Ochoa)
  - c. Treasurer's Contract (**Attachment**) (Karyn Keze)
  - d. Termination Letter - NV5 (**Attachment**) (Karyn Keze)
5. **ACTION:** Consideration and Possible Action to Recommend to the Metro Wastewater JPA Approval of the Following Chemical Contracts:
  - a. Contract with Pencco, Inc. to purchase Ferric Chloride at the North City Water Reclamation Plant) (**Attachment**) (Craig Boyd/Tim Carroll)
  - b. First Amendment to the Contract with Polydyne Inc. to purchase Anionic Polymer; adding the North City Water Reclamation Plant (**Attachment**) (Craig Boyd, Tim Carroll)
  - c. Contract with JCI Jones Chemicals Inc. to purchase Sodium Hypochlorite for Water and Wastewater Facilities (**Attachment**) (Craig Boyd/Tim Carroll)
6. **UPDATE:** Metro Wastewater (General) (Standing Item) (Lisa Celeya)
7. **UPDATE:** Metro Wastewater Financial (Standing Item) (Adam Jones)
  - a. Audit Update
8. **DISCUSSION:** SARA (**Attachment**) – Metro Exec Team & TAC Reps only
9. **UPDATE:** April 2025 JPA Executive Director's Monthly Report (Standing Item) (**Attachment**) (Karyn Keze)
10. **UPDATE:** Metro Commission/JPA Board Meeting Recap (Standing Item) (Blake Behringer)
11. Review of Items to be Brought Forward to the Regular Metro Commission/Metro JPA Meeting (**June 5, 2025**)
12. Other Business of Metro TAC
13. Adjournment (**To the next Regular Meeting June 18, 2025**)

#### **Metro TAC 2025 Meeting Schedule**

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

## **Metro TAC**



(Technical Advisory Committee to Metro JPA/Commission)

### **ACTION MINUTES**

**DATE OF MEETING:** April 16, 2025

**TIME:** 11:00 AM

**LOCATION:** ZOOM Electronic Meeting

**Metro TAC Chair Behringer called the meeting to order at 11:05 a.m.**

#### **MEETING ATTENDANCE:**

##### **Members Present**

Michael Benozza, Chula Vista  
Patrick Moneda, Chula Vista  
Eddie Flores, Chula Vista  
Leon Firsh, Coronado (absent)  
Joe Bride, Del Mar  
Blake Behringer, El Cajon, Metro TAC Chair  
Juan Larios, Imperial Beach  
Larissa Patros, Imperial Beach  
Carla Camacho, Imperial Beach  
Joe Kuhn, La Mesa, Metro TAC Vice Chair  
Jacob Martin, La Mesa  
Izzy Murguia, Lemon Grove  
Carmen Kasner, National City  
Beth Gentry, Otay WD  
Peejay Tubongbanua, Padre Dam MWD  
Paul Clarke, Padre Dam MWD  
Troy DePriest, Poway  
Sumedh Bahl, County of San Diego  
Anthony Hooper, County of San Diego  
Clay Johnson, County of San Diego

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

Doug Campbell, City of San Diego  
Adam Jones, City of San Diego  
Edgar Patino, City of San Diego  
Orelia DeBaal, City of San Diego  
  
Doug Owen, Stantec, City of San Diego  
Ben Stewart, Stantec, City of San Diego

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

Karyn Keze, JPA Executive Director, Keze Group  
Adriana Ochoa, General Counsel  
Kathleen Noel, Dexter Wilson Engineering  
Lee Ann Jones-Santos, Metro JPA Treasurer  
Lori Anne Peoples, Board Secretary

1. **ACTION: Review and Approve MetroTAC Action Minutes for the Meetings of January 15, 2025, and March 19, 2025**

**ACTION:** Motion by Troy DePriest, seconded by Michael Benoza, the minutes be approved. Sumedh Bahl requested a correction to include “Several PAs indicated that they needed more time to review the SARA.” The maker and second agreed to the correction. Motion with correction carried unanimously.

2. **PRESENTATION/DISCUSSION: SARA: FAB**

Adam Jones, City of San Diego, introduced Ben Stewart of Stantec. Adam then requested questions and comments be sent through the TAC primary members and then they submit them through the TAC Chair.

Ben Stewart provided a verbal overview of the PowerPoint presentation provided in the agenda package.

Carmen Kasner asked what would change if Exhibit G were removed. Adam Jones clarified that the City does not intend to deviate from Exhibit G. Executive Director Keze reminded the group that Exhibit G was approved with the ARA and will remain in place to allocate Phase 1 capital and debt service costs. Under SARA, a new Exhibit B will replace the existing Exhibit B but not Exhibit G. The future Exhibit B remains in development during SARA implementation.

Sumedh Bahl asked whether FAB costs were adjusted for the ECAWP JPA project. Ms. Keze explained that Exhibit G, Column 12, reflects allocation percentages based on reduced capacities for ECAWP JPA members reflecting 2050 projections, and these are the current basis for charges.

Joe Bride noted the value of the agency-specific examples shown on Slides 24–26 and requested versions for all PAs. Ben Stewart agreed to produce and distribute them.

Michael Benoza and Beth Gentry asked how peak flow charges are assessed if a PA exceeds capacity. Kathleen Noel stated that SARA includes a clause for such cases in Exhibit B. Ms. Keze added that there is no penalty; instead, audited costs will charge each PA for actuals. The provisions in SARA set forth how Exhibit B is adjusted if a PAs actual usage changes from their Exhibit B capacities.

Adam Jones reported that the City will add more meter locations for the I&I Study and assess peaking during rain events. Kathleen Noel noted that additional data will support adjustments to peak flow measurements.

Ms. Keze emphasized that SARA includes an Administrative Agreement process to efficiently implement needed changes—avoiding extended negotiations when updating capacity values.

3. **DISCUSSION/ACTION: SARA Review and Recommendation to JPA**

Executive Director Keze explained that the Executive Team members have been meeting with individual PAs to address questions and incorporate meaningful improvements to the document at their suggestion. She acknowledged the timeline concerns raised by TAC regarding the Ad Hoc Committee's recommendation, noting that the AdHoc's intent was to provide a structured path for implementation that accommodates all parties. The overarching goal is to transform the outdated 1998 document into a functional, living agreement and bring it into this century.

General Counsel Ochoa stated she would circulate a red line reflecting the changes between the ARA and SARA. However, since SARA has essentially rewritten the ARA, it may be very hard to follow. She suggested just taking a copy of the ARA and putting it side by side with the SARA draft. She acknowledged the timeline is aggressive, noting it was set by the Ad Hoc Committee, not the Executive Team. While some PAs appear comfortable with the schedule, others not represented on the Ad Hoc may need additional time. Having additional time is the intent of the AdHoc for those who require it.

Beth Gentry stated she required more time. She agrees with the documents but needs more time to review and requests the next TAC meeting be held in person and this be discussed in depth and then have a vote or action to delay the vote.

Sumedh concurred with Beth as he too has had other obligations and this was shared only at the last meeting with no time to review at this point, therefore he is in no position to recommend.

Ms. Keze reiterated that if more time is needed, one of the members should craft a motion.

Peejay Tubangbana stated that Padre Dam is similar with Otay and the County. They have made progress but need additional time.

Sumedh suggested a motion be produced and voted that an additional 2-3 weeks was needed.

Michael Benozza echoed Otay, Padre and San Diego County. He stated he had sent the draft for legal review but had not heard anything. Engineering staff have reviewed but legal input is needed prior to acting.

**ACTION:** Motion by Beth Gentry, seconded by Sumedh Bael, to hold action on recommending approval pending significant discussion at the May TAC meeting, followed by a vote at the June TAC meeting, with TAC comments included in the document before it goes to the JPA for approval. Motion carried YES: 6 to NO: 4 as follows:

AYES: Chula Vista, Lemon grove, National City, Otay, Padre Dam, San Diego County

NOES: Coronado, Del Mar, El Cajon, La Mesa,

ABSTAIN: None

ABSENT: Imperial Beach, Poway

Ms. Keze stated that based on TAC's recommendation she will prepare an updated schedule and present to the JPA Chair's at their monthly meeting with the goal of introducing it to the JPA/Commission at their May Meeting.

Adam Jones, City of San Diego requested and was granted the ability to present Items 4 and 6 together.

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

- Adam Jones reported that the City Council approved the January 23 spill settlement, which is now pending a final decision by the Regional Board at its June meeting. San Diego expects the payment to the Regional Board to be made this fiscal year.
- Edgar Patino is issuing revised Metro bills for FY 2026 to reflect one correction that was noted by Ms. Keze during her review process. ECAWP JPA members may see an increase in FY 2026 due to Exhibit G allocations being revenues and not costs.
- After the last TAC meeting, the City of San Diego received letters from Otay, Olivenhain, and Poway regarding recycled water rates and the City is currently reviewing them and meeting with the three agencies. A Council vote is not anticipated until September on the City of San Diego's retail rate case of which recycled water rates are a part.

**ITEM 6 WAS HEARD HERE (included in Item 4 report)**

5. **UPDATE: Pure Water Program Update (Standing Item)**

a. **Quarterly Construction Update**

Doug Owen of Stantec provided an overview of his report included in the agenda packet. He noted that this was a significant quarter for Change Orders, totaling \$40 million for the overall project—\$14 million of which is related to the wastewater portion, with the remainder tied to the water side.

**ITEM 6 WAS HEARD PRIOR TO ITEM 5 (included in Item 4 report)**

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

a. **Recycled Water Rate Update**

7. **UPDATE: JPA Executive Director (Standing Item)**

Executive Director Keze noted that her report was included in the agenda packet. She added that the Finance Committee approved the FY 2026 Budget and the Policies & Procedures Manual in March. To allow TAC to focus on SARA, the budget will not be presented until May and the Manual deferred to August or September.

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

Metro TAC Chair Blake Behringer stated that the tours of the North City Pure Water Plant had been cancelled again, and staff were looking at scheduling them for August/September to allow the JPA/Commission meetings to stay focused on SARA. He further noted that OPRA II was back in Congress. The JPA approved all actions moved forward by TAC unanimously.

9. **Review of Items to be Brought Forward to the Regular Metro Commission/Metro JPA Meeting (May 1, 2025)**

Executive Director Keze noted that the upcoming meeting will include the same FAB presentation by Stantec that was given to TAC, along with a discussion on SARA as the other main agenda item.

10. **Other Business of Metro TAC**

None.

11. **Adjournment (To the next Regular Meeting May 21, 2025)**

There being no further business, Chair Behringer adjourned the meeting at 1:44 p.m.



Metro Wastewater Joint Powers Authority  
Treasurer's Report  
**ending March 31, 2025**

**\*\*UNAUDITED\*\***

**Metro Wastewater JPA**  
**Treasurer's Report**  
ending March 31, 2025  
Unaudited

|                                                  |                              |
|--------------------------------------------------|------------------------------|
| <b>Beginning Cash Balance at July 1, 2024</b>    | \$ 317,985                   |
| <br><b>Operating Results</b>                     |                              |
| Membership Dues & Interest Income                | 1,005,012                    |
| Expenses                                         | <u>(412,628)</u>             |
| Change in Net Position                           | 592,384                      |
| Net change in Receivables & Payables             | <u>43,573</u>                |
| <br><b>Cash used in Operations</b>               | <br><u>635,956</u>           |
| <br><b>Ending Cash Balance at March 31, 2025</b> | <br><u><u>\$ 953,941</u></u> |

**Metro Wastewater JPA**  
**Statement of Net Position**

As of July 1, 2024 and March 31, 2025

Unaudited

|                                                    | <u>July 1, 2024</u>      | <u>March 31, 2025</u>    | <u>\$ Change</u>         |
|----------------------------------------------------|--------------------------|--------------------------|--------------------------|
| <b><u>ASSETS</u></b>                               |                          |                          |                          |
| Checking/Savings                                   | \$ 317,985               | \$ 953,941               | \$ 635,956               |
| Accounts Receivable                                | 22,824                   | -                        | (22,824)                 |
| Total Assets                                       | <u>\$ 340,809</u>        | <u>\$ 953,941</u>        | <u>\$ 613,133</u>        |
| <b><u>LIABILITIES</u></b>                          |                          |                          |                          |
| Accounts Payable                                   | \$ 42,611                | \$ 63,360                | \$ 20,749                |
| Unearned Membership Billings                       | -                        | -                        | -                        |
| Total Liabilities                                  | \$ 42,611                | \$ 63,360                | \$ 20,749                |
| <b><u>NET POSITION</u></b>                         |                          |                          |                          |
| Net Position at Beginning of Period                | \$ 247,595               | \$ 298,197               | \$ 50,602                |
| Change in Net Position                             | 50,602                   | 592,384                  | 541,782                  |
| Net Position at End of Period                      | \$ 298,197               | \$ 890,581               | \$ 592,384               |
| <b><u>TOTAL LIABILITIES &amp; NET POSITION</u></b> | <u><b>\$ 340,809</b></u> | <u><b>\$ 953,941</b></u> | <u><b>\$ 613,133</b></u> |

|                                                          |                   |
|----------------------------------------------------------|-------------------|
| <i>Net Position at 03/31/2025</i>                        | \$ 890,581        |
| <i>FY '25 Required Reserve (4 months of Op Exp)</i>      | 275,637           |
| <i>Over (under) required reserve</i>                     | \$ 614,944        |
| <i>Contingency Reserve (3 months of FY 2025 Op. Exp)</i> | 197,714           |
|                                                          | <u>\$ 812,658</u> |
| Assets                                                   | \$ 953,941        |
| Liabilities/Equity                                       | \$ 953,941        |
| Difference                                               | <u>\$ (0)</u>     |

**Metro Wastewater JPA**  
**Statement of Operations**  
**Budget vs. Actual**

ending March 31, 2025  
Unaudited

|                                        | Actual              | Budget (A)        | Over (Under)<br>Budget | Annual Budget     |
|----------------------------------------|---------------------|-------------------|------------------------|-------------------|
| <b>Income</b>                          |                     |                   |                        | Month 9           |
| Membership Dues                        | \$ 988,568          | B 790,855         | \$ 197,713             | \$ 790,855        |
| City of San Diego                      | 13,154              | 26,516            | (13,362)               | \$ 35,355         |
| Interest Income                        | 3,290               | 525               | 2,765                  | 700               |
| <b>Total Income</b>                    | <u>\$ 1,005,012</u> | <u>\$ 817,896</u> | <u>\$ 187,116</u>      | <u>\$ 826,910</u> |
| <b>Expense</b>                         |                     |                   |                        |                   |
| Administrative Assistant-LP            | \$ 13,212           | 36,900            | \$ (23,688)            | \$ 49,200         |
| Bank Charges                           | 27                  | 150               | (123)                  | 200               |
| Contingency                            | -                   | -                 | -                      | -                 |
| Dues & Subscriptions                   | -                   | -                 | -                      | -                 |
| Financial Services                     |                     | -                 |                        |                   |
| Audit Fees                             | 6,560               | -                 | 6,560                  | -                 |
| Financial Consulting Support (Auditor) | -                   | -                 | -                      | -                 |
| Financial - The Keze Group             | 128,380             | 126,000           | 2,380                  | 168,000           |
| Treasurer - CPA                        | 40,795              | 37,500            | 3,295                  | 50,000            |
| JPA/TAC meeting expenses               | 3,235               | 4,500             | (1,265)                | 6,000             |
| Miscellaneous                          | 1,048               | 188               | 861                    | 250               |
| Per Diem - Board                       | 29,570              | 21,375            | 8,195                  | 28,500            |
| Printing, Postage, Supplies            | 471                 | 375               | 96                     | 500               |
| Professional Services                  |                     | -                 |                        |                   |
| Engineering - Dexter Wilson            | 105,240             | 150,000           | (44,760)               | 200,000           |
| Engineering - NV5                      | 2,040               | 22,500            | (20,460)               | 30,000            |
| Legal - (Pure Water/2nd ARA)           | 21,742              | 112,500           | (90,758)               | 150,000           |
| Legal - (General)                      | 35,410              | 45,000            | (9,590)                | 60,000            |
| Legal - (SD Spill 2020 & 2023)         | 8,012               | 22,500            | (14,488)               | 30,000            |
| Paul Redvers Brown, Inc.               | -                   | 9,338             | (9,338)                | 12,450            |
| Strategic Planning                     | 15,250              | 11,456            | 3,794                  | 15,275            |
| IT & Communications                    | -                   | 15,000            | (15,000)               | 20,000            |
| Telephone, Software & Internet         | 1,636               | 2,250             | (614)                  | 3,000             |
| Website Architecture Update            | -                   | -                 | -                      | -                 |
| Website Maintenance & Hosting          | -                   | 2,651             | (2,651)                | 3,535             |
| <b>Total Expense</b>                   | <u>\$ 412,628</u>   | <u>\$ 620,183</u> | <u>\$ (207,554)</u>    | <u>\$ 826,910</u> |
| <b>Net Income (Loss)</b>               | <u>\$ 592,384</u>   | <u>\$ 197,714</u> | <u>\$ 394,670</u>      | <u>\$ -</u>       |

**A** The Budget shown is for 9 months equaling the 3rd Quarter completion.

**B** The Contingency Reserve is included.

**Metro Wastewater JPA**  
**Statement of Cash Flows**

ending March 31, 2025  
Unaudited

**CASH FLOWS FROM OPERATING ACTIVITIES**

|                                           |                  |
|-------------------------------------------|------------------|
| Cash Receipts from Member Agencies        | \$ 1,024,546     |
| Cash Paid to Vendors and Suppliers        | <u>(391,880)</u> |
| Net Cash Provided by Operating Activities | 632,666          |

**CASH FLOWS FROM INVESTING ACTIVITIES**

|                                           |              |
|-------------------------------------------|--------------|
| Interest Earnings                         | <u>3,290</u> |
| Net Cash Provided by Investing Activities | <u>3,290</u> |

**NET CHANGE IN CASH AND CASH EQUIVALENTS** 635,956

Cash and Cash Equivalents - Beginning of Period 317,985

**CASH AND CASH EQUIVALENTS - END OF PERIOD** \$ 953,941

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

|                                              |                          |
|----------------------------------------------|--------------------------|
| Operating Income                             | \$ 592,384               |
| Change in Net Position                       |                          |
| Adjustments to Reconcile Operating Income to |                          |
| Increase in Accounts Receivable              | 22,824                   |
| Decrease in Accounts Payable                 | 20,749                   |
| Interest Earnings                            | <u>(3,290)</u>           |
| Total Adjustments                            | <u>40,283</u>            |
| Net Cash Provided by Operating Activities    | <u><u>\$ 632,666</u></u> |



# **METRO WASTEWATER JPA**

## **FY 2026 DRAFT OPERATING BUDGET**

**MAY 21, 2025**

## **Metro Wastewater JPA Mission Statement (2025)**

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 these guiding principles:

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

Thank You to the City of San Diego for Pictures of the Pure Water Program Phase 1 Projects.

Cover: North City Water Reclamation Plant EQ Basin: Falsework erection for rooftop. Columns and stringers are installed; nearing completion of joists and sheeting installation. January 2025



**TO: Metro TAC**  
**FROM: Karyn L. Keze, Executive Director**  
**DATE: May 21, 2025**  
**RE: Agenda Item No. 3: FY 2026 JPA OPERATING BUDGET**

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Over the past five years, the Metro Wastewater JPA has evolved from an observer to an active participant in regional wastewater—and, at times, water—issues affecting the San Diego Metro System. Prior to FY 2020, the JPA’s technical role focused primarily on reviewing Metro costs through the annual Exhibit E audit. That began to change with the first Amended and Restated Agreement (ARA) negotiations, when engineering consultants were engaged to support capital and operations cost reviews for Pure Water Phase 1.

As a result, JPA engineering and financial consultants helped secure more accurate and equitable cost allocations for Pure Water Phase 1 construction, resulting in over \$190 million (16%) in project costs being shifted from the Metro System to the City’s water utility. This adjustment directly reduced the financial burden on the Participating Agencies. To support this expanded technical oversight, the JPA Operating Budget increased accordingly.

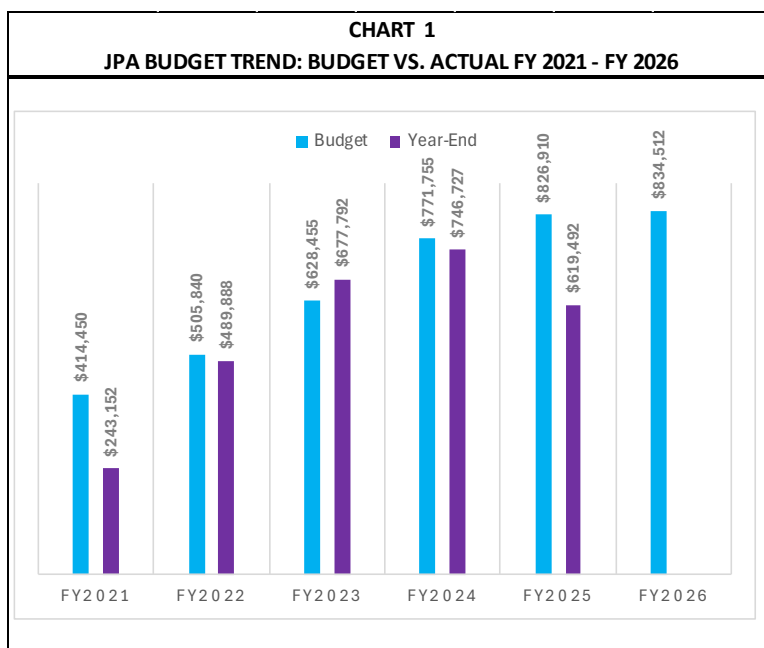
With the beginning of drafting of the Second ARA (SARA) in April 2021, JPA consultants began partnering with City of San Diego PUD staff in creating a new operating agreement. This collaboration led to increased input and eventual drafting of SARA language and the creation of the new Metro billing system, the Functional Allocated Billing (FAB) system which were released in draft format for review and the start of the implementation process in March 2025 to the Metro TAC and April 2025 JPA/Commission Directors.

Today, JPA consultants are also engaged in planning for key infrastructure rehabilitation projects (Pump Station 1 (PS1), Pump Station 2 (PS2), and Pt. Loma), as well as Pure Water Phase 2, supporting compliance with Regional Board Executive Orders tied to sewer spills, and co-managing a region-wide Inflow and Infiltration (I&I) Study with PUD staff.

With SARA and FAB now drafted, the consultants’ role is shifting to implementation. As part of this transition, and following the retirement of NV5’s Scott Tulloch, the FY 2026

Operating Budget reflects a \$30,000 reduction in engineering services. This helps offset the \$23,630 cost of the bi-annual audit (covering FY 2024 and FY 2025), which is due this fiscal year.

**Chart 1** summarizes the trend in the JPA’s Operating Expenditures from FY 2021 to present, showing both budget and actuals for FY 2021 – FY 2024, FY 2025’s budget and projected actuals, and FY 2026’s draft Operating Budget amounts.



## ORGANIZATIONAL AND STRATEGIC PLANNING PROGRESS

Over the past two years, the Metro Wastewater JPA has taken key steps to formalize its internal operations and strengthen its capacity to manage regional responsibilities.

In FY 2024, the JPA formed a Reorganization AdHoc Committee, which resulted in the development of the agency’s first formal organizational structure. This included clarifying the roles of consultants, designating a central point of administrative coordination, and establishing the position of Executive Director. These changes provided the JPA with a defined framework for internal management and decision-making. **(See Attachment 1: Organizational Chart.)**

In FY 2025, a Strategic Planning AdHoc Committee was created to develop a set of Strategic Goals and Objectives to guide the agency’s work over the next five years. These priorities reflect the JPA’s evolving responsibilities and expanded technical role in regional wastewater planning. The FY 2026 Operating Budget aligns with this

direction, and a formal Strategic Plan will be developed during FY 2026 incorporating these Goals and Objectives. **(See Attachment 2.)**

Also in FY 2025, the Board established a Succession Planning AdHoc Committee to continue the review of the JPA's current structure and staffing model. The committee's work will begin in July 2025, in anticipation of the June 30, 2026, expiration of all major consultant contracts. This review will help the JPA evaluate future staffing needs and determine the most effective structure to support its ongoing responsibilities.

Together, these efforts have provided the JPA with a more consistent structure for planning, coordination, and communication as it moves into the implementation phase of SARA, FAB, and other regional initiatives.

## **FY 2025 MILESTONES**

FY 2025 was a year of key progress in governance, financial management, and planning. These accomplishments created a strong foundation for the JPA's future work and increased responsibilities. Highlights of the year include:

1. **Released the draft SARA** to the Metro TAC in March and to the JPA Board in April, formally launching the review and implementation process for the Second Amended and Restated Agreement.
2. **Finalized the draft Functional Allocated Billing (FAB) methodology**, presented to TAC in April and the JPA Board in May. Stantec is preparing the final report, which will guide future Metro cost allocations for the participating agencies.
3. **Engaged an independent Treasurer and CPA for the first time**, strengthening financial oversight and enabling the development of the JPA's first *Policies and Procedures Manual*. The manual was approved by the Finance Committee in March 2025; formal release is deferred to August 2025 to maintain focus on SARA. The draft is available for review in the "News" section of the JPA website at [www.metrojpa.org](http://www.metrojpa.org).
4. **Adopted updated Strategic Goals and Objectives** to guide the JPA's direction over the next five years. These will form the basis of a formal Strategic Plan to be finalized in FY 2026.
5. **Approved the JPA's first Investment Policy**, authorizing participation in the State's Local Agency Investment Fund (LAIF) to improve interest earnings on reserves and strengthen long-term financial stewardship.
6. **Partnered with the City of San Diego to establish the Regional I&I Committee**, chaired by JPA Engineering Staff. This committee coordinates efforts to address inflow and infiltration issues across the Metro System.

## LOOKING AHEAD TO FY 2026

In FY 2026, the JPA will begin putting that work into practice—supporting SARA and FAB implementation, contributing to major project planning, and helping coordinate regional efforts. Priorities for the coming year include:

- **Implementing SARA and the FAB methodology** in coordination with the City of San Diego as part of the transition to the new agreement and billing system.
- **Facilitating and advancing regional inflow and infiltration efforts** through continued leadership and participation in the Regional I&I Committee.
- **Participating in and providing input into the planning and design of major Metro facilities**, including rehabilitation projects at PS1 and PS2 and Pure Water Phase 2.
- **Launching the work of the Succession Planning AdHoc Committee** to assess future staffing and consultant needs in anticipation of the June 30, 2026, expiration of all major consultant contracts.

These steps will ensure the JPA continues to serve as a knowledgeable and engaged partner with the City of San Diego in managing and planning the region's wastewater system.

## METRO WASTEWATER JPA FY 2025 OPERATING BUDGET FY 2026 OPERATING BUDGET OVERVIEW

### INTRODUCTION

The JPA's FY2026 Operating Budget has been established to meet the adopted strategic planning framework. A summary of the proposed FY 2026 Operating Budget is presented in **Table 1**.

| TABLE 1<br>FY 2026 PROPOSED OPERATING BUDGET |            |      |
|----------------------------------------------|------------|------|
| Administration & Finance                     | \$ 322,800 | 39%  |
| General & Administrative Expens              | \$ 15,632  | 2%   |
| Professional Services                        | \$ 496,080 | 59%  |
| TOTAL                                        | \$ 834,512 | 100% |
|                                              |            |      |

The detailed FY 2026 Operating Budget, along with a comparison to prior-year actuals, is provided in **Attachments 3 and 4**. Most core expenses remain unchanged. Some costs have been updated based on contract reviews and adjustments to scopes of work. A few new or increased costs are included to meet current operational needs and planned activities in FY 2026.

### SECTION ONE: CONTRACT REVIEW AND FY 2026 PROGRAM EXPENSE UPDATES

The FY 2026 Operating Budget reflects a slight increase of \$7,602 or 1% overall increase from FY 2025 as shown in **Table 2**. **Table 2** shows not only the approved FY 2025 Operating Budget but also the projected forecast for year-ending June 30, 2025. A full line-item detail of the projected FY 2025 budget versus actual expenses is included as **Attachment 3**.

| TABLE 2<br>FY 2025 VS. FY 2026 PROPOSED OPERATING BUDGET |                |            |             |                |            |     |
|----------------------------------------------------------|----------------|------------|-------------|----------------|------------|-----|
|                                                          | FY 2025 Budget |            |             | FY 2026 Budget |            |     |
|                                                          | Approved       | Forecast   | Difference  | Proposed       | Difference |     |
| Administration & Finance                                 | \$ 295,700     | \$ 293,978 | \$ (1,722)  | \$ 322,800     | \$ 27,100  | 9%  |
| General & Administrative Expenses                        | \$ 13,485      | \$ 14,365  | \$ 880      | \$ 15,632      | \$ 2,147   | 16% |
| Professional Services                                    | \$ 517,725     | \$ 311,149 | \$(206,576) | \$ 496,080     | \$(21,645) | -4% |
| TOTAL                                                    | \$ 826,910     | \$ 619,492 | \$(207,418) | \$ 834,512     | \$ 7,602   | 1%  |
|                                                          |                |            |             |                |            |     |

The majority of the FY 2026 Operating Budget remains consistent with prior years, reflecting stable contract structures and limited program changes. Some line items reflect slight increases or decreases based on existing contract terms, including standard COLA adjustments to consulting agreements. The full FY 2026 Operating Budget is included in **Attachment 4**, which also summarizes the JPA's projected cash position as of June 30, 2025. Based on current projections, the JPA is expected to end the fiscal year with a positive cash balance of \$499,968, the first such positive position in several years. This amount will fully fund both the FY 2026 Operating and Contingency Reserves, with a remaining unallocated balance of \$17,604.

The updated or new program elements included in the FY 2026 Operating Budget are summarized in **Table 3** and described in more detail following the Table.

| TABLE 3<br>CHANGES: FY 2026 OPERATING BUDGET |                |                                |      |                                                        |  |
|----------------------------------------------|----------------|--------------------------------|------|--------------------------------------------------------|--|
| Expense:                                     | FY 2026 Budget | Difference from FY 2025 Budget |      | Variances in Line Items Compared to the FY 2025 budget |  |
| Audit Fees                                   | \$ 23,630      | \$ 23,630                      | 100% | Two-year Audit FY 2024 and 2025                        |  |
| JPA/TAC meeting expenses                     | \$ 6,600       | \$ 600                         | 9%   | Increased number of meetings/attendees                 |  |
| Per Diem - Board                             | \$ 55,600      | \$ 27,100                      | 49%  | More frequent meetings & COLA                          |  |
| Printing, Postage, Supplies                  | \$ 800         | \$ 300                         | 38%  | Increase based on actual expense                       |  |
| Engineering - NV5                            | \$ -           | \$ (30,000)                    |      | Decrease following SARA draft completion               |  |
| Strategic Planning                           | \$ -           | \$ (15,275)                    |      | Contract completed in FY 2025                          |  |
| Telephone, Internet, Software                | \$ 4,000       | \$ 1,000                       | 25%  | Software contracts prices have increased.              |  |
| Website Maintenance & Hosting                | \$ 3,782       | \$ 247                         | 7%   | Year-Four of Contract                                  |  |
| TOTAL                                        | \$ 94,412      | \$ 7,602                       |      |                                                        |  |
|                                              |                |                                |      |                                                        |  |

- **Audit Fees:**

FY 2026 includes the biannual financial audit covering FY 2024 and FY 2025, as required by law. The audit contract and scope of work with CLA was approved by the Board in February 2025, with a budget of \$23,630, the same amount as previous audits.

- **Board Per Diem:**

In accordance with Resolution 2025-2, the Board meeting per diem will increase by 5% to \$175 and the mileage allowance may increase in January 2026 based on federal guidelines. FY 2025 also introduced per diem eligibility for Board Alternates attending meetings and estimates for these are included in the FY 2026 budget. The per diem budget increases from \$28,500 to \$55,600 to accommodate these changes and provide support for the Succession Planning and Pure Water AdHoc Committees.

- **Miscellaneous Operating Expenses:**

Modest increases are reflected in several operating expense accounts, including JPA/TAC meeting expenses, printing, postage and supplies, and communications (telephone, internet, and software). The Granicus website maintenance and hosting contract, now in its fourth and final year, reflects a planned increase based on contract terms.

All major consulting contracts—including Dexter Wilson Engineering, The Keze Group, the Board Secretary, and Treasurer—are in the final year of four-year agreements. No changes to contract scopes or ceilings are proposed for FY 2026. General Counsel services provided by Snell and Wilmer, will continue under existing budget projections. With the retirement of Scott Tulloch and the completion of the draft SARA document, the NV5 contract has concluded and is no longer included in the FY 2026 budget.

## SECTION TWO: FY 2026 BUDGET REVENUES

The Operating Budget has four sources of income/revenues as shown in **Table 4**: they are the annual Membership Dues charged to each JPA member for the operations of the JPA, use of prior year reserves, if any, to offset the current years' operating budget, reimbursements from the City of San Diego, and interest income:

| TABLE 4<br>INCOME: FY 2026 OPERATING BUDGET |                |                                |      |                                                        |
|---------------------------------------------|----------------|--------------------------------|------|--------------------------------------------------------|
| Income:                                     | FY 2026 Budget | Difference from FY 2025 Budget |      | Variances in Line Items Compared to the FY 2025 budget |
| Membership Dues                             | \$ 790,855     | \$ -                           | 0%   | Interest offsets 1% budget increase                    |
| Use of Reserves                             | \$ -           | \$ -                           | 0%   | No reserves are needed in FY 2026                      |
| City of San Diego                           | \$ 27,000      | \$ (8,355)                     | -31% | Decrease due to Facilitation Contract ending           |
| Interest Income                             | \$ 16,657      | \$ 15,957                      | 96%  | Increase due to reserve funds in LAIF                  |
|                                             | \$ 834,512     | \$ 7,602                       | 1%   |                                                        |
|                                             |                |                                |      |                                                        |

The JPA's FY 2026 revenues are shown in **Table 4** and include the following sources:

**1. Membership Dues**

The Participating Agencies fund the balance of the Operating Budget after accounting for all other revenue sources. Cost allocations are based on prior year flows and sewage strengths as determined in the City of San Diego's annual Metro budget and are reconciled through the Exhibit E audit process. For FY 2026, Membership Dues are budgeted at \$790,855, unchanged from FY 2025. This amount represents the total Operating Budget of \$834,512 less projected revenues from City of San Diego offsets and interest income as discussed in Items 2 – 4 following.

**2. Use of Reserves**

In past years, excess operating reserves were used to offset costs. No use of reserves is projected for FY 2026.

**3. City of San Diego Contributions**

The City continues to offset 50% of the Board Secretary cost. In prior years, the City also covered 70% of the Pure Water Facilitator contract. With the completion of the draft SARA, that contract and its associated revenue have been removed. This adjustment has no net impact on the FY 2026 budget.

**4. Interest Income**

FY 2026 will be the first year the JPA invests available funds in the Local Agency Investment Fund (LAIF). Interest revenue has been budgeted conservatively but is projected to be sufficient to fully offset the \$7,602 increase in the FY 2026 budget.

**Table 5** shows the distribution of Membership Dues by agency. No additional contributions to reserves are required this year. A table showing Agency billings for the last three years is included as **Attachment 5**.

**TABLE 5**  
**FY 2026 BUDGET FUNDING**

|                            | <b>PROPOSED FY 2026 BILLING**</b> |                                     |                                   |        |
|----------------------------|-----------------------------------|-------------------------------------|-----------------------------------|--------|
| <b>Agency</b>              | <b>Per Cent</b>                   | <b>Amount</b>                       |                                   |        |
|                            | <b>Agency<br/>Billing %</b>       | <b>Total<br/>Budget<br/>Billing</b> | <b>Difference FY2025<br/>Base</b> |        |
| <b>Chula Vista</b>         | <b>30.57%</b>                     | <b>\$ 241,795</b>                   | \$ (19,461)                       | -7.4%  |
| <b>Coronado</b>            | <b>2.31%</b>                      | <b>\$ 18,232</b>                    | \$ (2,638)                        | -12.6% |
| <b>County of SD*</b>       | <b>17.40%</b>                     | <b>\$ 137,631</b>                   | \$ 3,059                          | 2.3%   |
| <b>Del Mar</b>             | <b>0.02%</b>                      | <b>\$ 170</b>                       | \$ (42)                           | -19.7% |
| <b>El Cajon</b>            | <b>16.25%</b>                     | <b>\$ 128,518</b>                   | \$ 14,421                         | 12.6%  |
| <b>Imperial Beach</b>      | <b>3.92%</b>                      | <b>\$ 31,010</b>                    | \$ 245                            | 0.8%   |
| <b>La Mesa</b>             | <b>6.75%</b>                      | <b>\$ 53,410</b>                    | \$ (3,110)                        | -5.5%  |
| <b>Lemon Grove</b>         | <b>2.31%</b>                      | <b>\$ 18,268</b>                    | \$ (7,082)                        | -27.9% |
| <b>National City</b>       | <b>7.50%</b>                      | <b>\$ 59,289</b>                    | \$ (1,126)                        | -1.9%  |
| <b>Otay Water District</b> | <b>0.55%</b>                      | <b>\$ 4,380</b>                     | \$ (721)                          | -14.1% |
| <b>Padre Dam MWD</b>       | <b>8.40%</b>                      | <b>\$ 66,432</b>                    | \$ 16,806                         | 33.9%  |
| <b>Poway</b>               | <b>4.01%</b>                      | <b>\$ 31,722</b>                    | \$ (352)                          | -1.1%  |
| <b>Total</b>               | <b>100%</b>                       | <b>\$ 790,855</b>                   |                                   |        |

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

\*\*Based on 4/25 San Diego Adjustments to FY 2026 Budget Estimate

Differences in agency allocations between FY 2025 and FY 2026 are mainly due to how Phase 1 Pure Water costs (Exhibit G) and individual flow and strength data affect the budget. Exhibit G allocates Phase 1 capital costs based on each agency's projected 2050 use of the Metro System and is a fixed percentage of project costs per agency.

In FY 2025, ECAWP JPA members were assigned a smaller share of the \$7.7 million in Phase 1 costs due to the Exhibit G percentages, resulting in a lower overall budget allocation for them for Metro and the JPA. However, in FY 2026, the Exhibit G allocation flips from an expense to a revenue offset. Because ECAWP JPA members are responsible for a smaller share of Phase 1 capital costs, they receive a smaller portion of this offset

(\$6.7 million) resulting in a higher net Metro budget share and, in turn, a higher JPA allocation.

### **SECTION THREE: FY 2026 OPERATING BUDGET PROCESS**

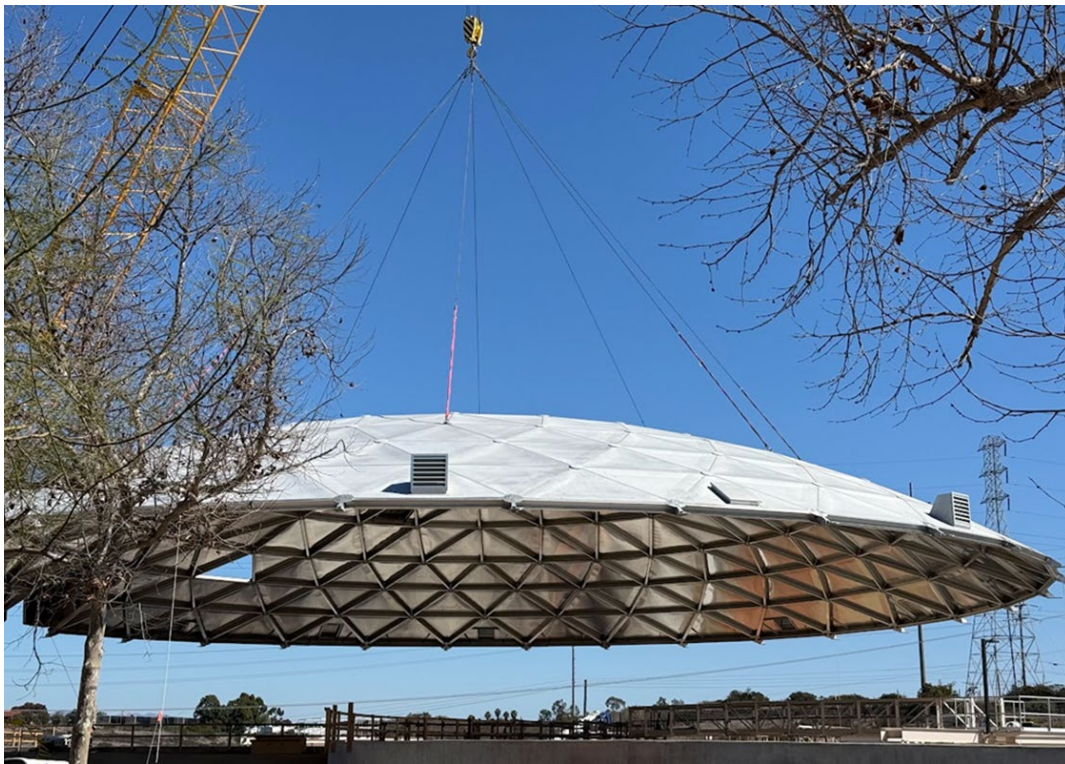
The FY 2026 Operating Budget and the contracts it contains have been reviewed twice by the Finance Committee, considering the line-item budget, current financial position, and reserve levels. They unanimously approved the budget to be moved forward to the TAC and the full Board of Directors for their review and potential approval at their March 2025 meeting.

### **STAFF RECOMMENDATION**

1. Staff recommend that the Metro TAC and JPA Board of Directors approve the following:
  - a. The proposed **FY 2026 JPA Operating Budget**.
  - b. Issuance of **Membership Dues totaling \$790,855** to JPA member agencies, as detailed in Table 5.
2. Alternatively, the TAC and Board may **discuss and provide directions** to staff regarding modifications to the proposed budget or dues allocations or take other action as appropriate.

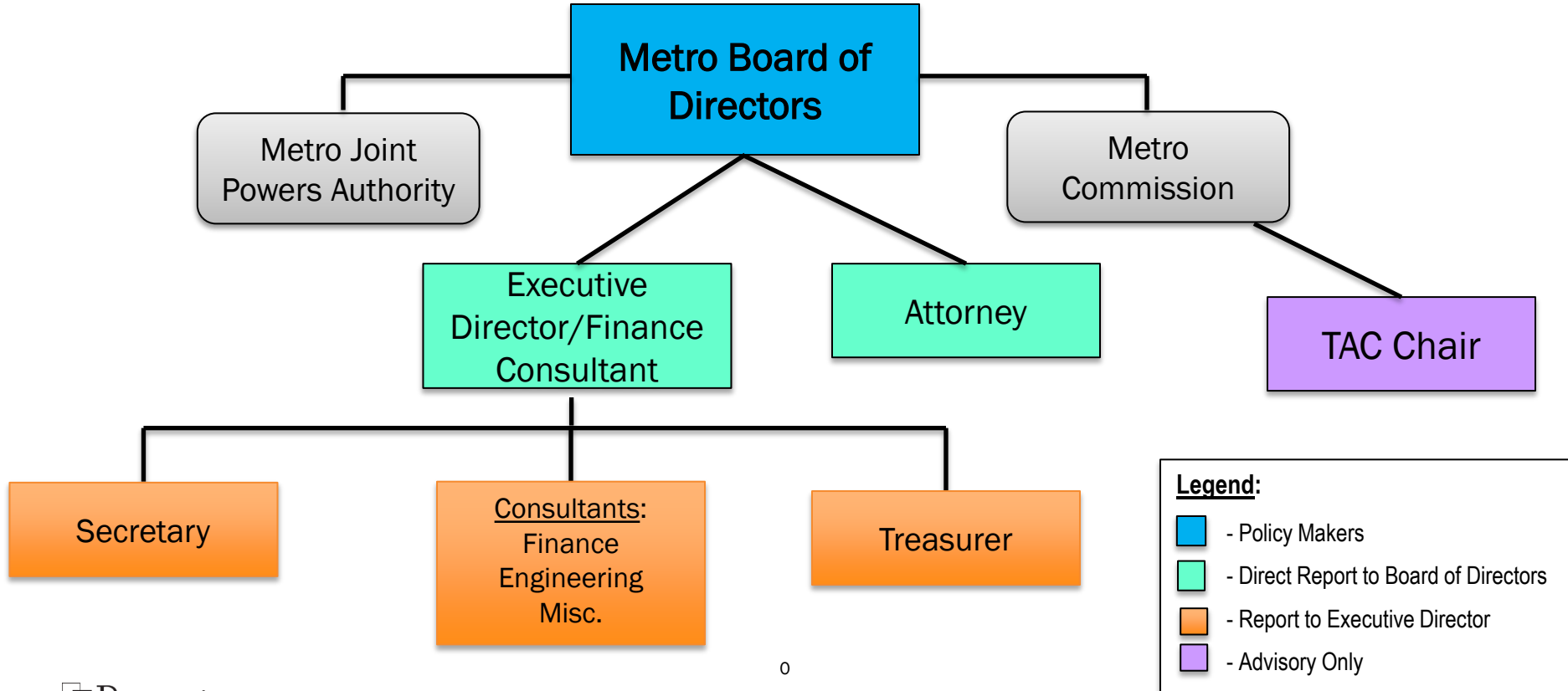
# ATTACHMENT 1

## Metro Wastewater JPA Adopted Organizational Chart



**North City Water Reclamation Plant Expansion – January 2025 Update**  
Secondary Clarifier Cover Installation - February 2025

# Attachment 1: Metro Adopted Organizational Chart (2024)



# ATTACHMENT 2

## Metro Wastewater JPA 2025 Mission Statement and Strategic Goals & Objectives



**North City Water Reclamation Plant Expansion – February 2025 Update**  
Effluent Pump Station: Work ongoing for 8"/10" UWHP.

## **Metro JPA 2025 Mission Statement and Strategic Goals & Objectives**

### **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 these guiding principles:

- Strive to ensure fair rates for all participating agencies, to protect the environment, and to make regionally balanced decisions.
- Advocate for services to be delivered safely, reliably, and at the lowest possible cost.
- Support stakeholder collaboration, 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 (i.e., monitor, review, audit, value-engineer, negotiate, etc.) 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:** 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:** 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:** 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.

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Strategic Objective 4 – Continue Audit Process:</b> 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>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <p><b>Strategic Objective 5 - Monitor Billing Equity Framework</b> - 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><b>Strategic Objective 6 – Support Second Amended Restated Agreement (SARA) and Revised Billing Structure (FAB):</b> 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><b>Strategic Objective 7 - Monitor and Mitigate Infiltration and Inflow (I&amp;I):</b> Work with the City of San Diego and Participating Agencies to reduce infiltration and inflow (I&amp;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&amp;I study that will identify ways to reduce I&amp;I and implement recommendations from I&amp;I study as appropriate.</p>                                                                                                                                                                                                           |
| <p><b>Strategic Objective 8 - Monitor Industrial Waste Provisions:</b> 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><b>Strategic Goal 2: Oversight of the City of San Diego’s Water Reuse Planning (Pure Water San Diego)</b> - 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><b>Strategic Objective 1 - Oversee and Support OPRA II Legislation:</b> Support the City of San Diego’s efforts to obtain legislation (OPRA II) 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><b>Strategic Objective 2 - Oversee Permit Planning for Pt. Loma Treatment Plant:</b> 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><b>Strategic Objective 3 - Oversee Recycled Water Pricing Study:</b> 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><b>Strategic Objective 4 - Monitor Potable Reuse Regulatory Development:</b> 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><b>Strategic Objective 5 - Oversee Pure Water Program, Phase 2, and any Associated Projects:</b> 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. The Metro JPA supports the City of San Diego in reaching their regulatory purification requirements through value engineering and pursuit of the most cost-effective alternatives. This could include Direct Potable Reuse (DPR) and inclusion of independent purification projects within the service area.</p> |

**Strategic Objective 6 - 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 - 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: - 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 - 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 - 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.

# ATTACHMENT 3

## Metro Wastewater JPA FY 2025 Budget Versus Actuals



**North City Water Reclamation Plant Expansion – February 2025 Update**  
NCPWF Influent Pump Station: Installing Wall Rebar.

**ATTACHMENT 3**  
**FY 2025 PROJECTED BUDGET VERSUS ACTUALS**

|                                            | Actual Through<br>2/28/2025 | Estimate<br>Remaining<br>Months | Forecast<br>Through 6/30/25 | Approved<br>Annual Budget | Forecast over /(under) Budget |      |
|--------------------------------------------|-----------------------------|---------------------------------|-----------------------------|---------------------------|-------------------------------|------|
|                                            |                             |                                 |                             |                           | \$                            | %    |
| <b>Income</b>                              |                             |                                 |                             |                           |                               |      |
| <b>Membership Dues</b>                     | \$ 790,855                  | \$ -                            | \$ 790,855                  | \$ <b>790,855</b>         | \$ -                          | 0%   |
| <b>Use of Reserves</b>                     | \$ -                        | -                               | -                           | -                         | -                             |      |
| <b>City of San Diego</b>                   | \$ 13,155                   | \$ 13,520                       | 26,675                      | <b>35,355</b>             | (8,681)                       | -25% |
| <b>Interest Income</b>                     | 2,606                       | 1,100                           | 3,706                       | <b>700</b>                | 3,006                         | 429% |
| <b>Total Income</b>                        | \$ 806,615                  | \$ 14,620                       | \$ 821,235                  | \$ <b>826,910</b>         | \$ (5,675)                    | -1%  |
| <b>Expense</b>                             |                             |                                 |                             |                           |                               |      |
| <b>Admin - Board Secretary</b>             | \$ 13,621                   | \$ 20,000                       | \$ 33,621                   | \$ <b>49,200</b>          | \$ (15,579)                   | -32% |
| <b>Bank Charges</b>                        | 24                          | 12                              | 36                          | <b>200</b>                | (164)                         | -82% |
| <b>Financial Services</b>                  |                             |                                 |                             | -                         |                               |      |
| <b>Audit Fees</b>                          | 6,560                       | -                               | 6,560                       | -                         | 6,560                         |      |
| <b>Executive Director - The Keze Group</b> | 110,734                     | 57,266                          | 168,000                     | <b>168,000</b>            | -                             | 0%   |
| <b>Treasurer - El Cajon</b>                | 24,808                      | 25,192                          | 50,000                      | <b>50,000</b>             | -                             | 0%   |
| <b>JPA/TAC meeting expenses</b>            | 3,140                       | 2,860                           | 6,000                       | <b>6,000</b>              | -                             | 0%   |
| <b>Miscellaneous</b>                       | 1,047                       | -                               | 1,047                       | <b>250</b>                | 797                           | 319% |
| <b>Per Diem - Board</b>                    | 27,157                      | 15,200                          | 42,357                      | <b>28,500</b>             | 13,857                        | 49%  |
| <b>Printing, Postage, Supplies</b>         | 458                         | 42                              | 500                         | <b>500</b>                | -                             | 0%   |
| <b>Professional Services</b>               |                             |                                 |                             |                           |                               |      |
| <b>Engineering - Dexter Wilson</b>         | 92,745                      | 58,443                          | 151,188                     | <b>200,000</b>            | (48,813)                      | -24% |
| <b>Engineering - NV5</b>                   | 2,040                       | 700                             | 2,740                       | <b>30,000</b>             | (27,260)                      | -91% |
| <b>Legal - 2nd ARA/PW</b>                  | 14,533                      | 53,467                          | 68,000                      | <b>150,000</b>            | (82,000)                      | -55% |
| <b>Legal - General</b>                     | 29,339                      | 25,600                          | 54,939                      | <b>60,000</b>             | (5,061)                       | -8%  |
| <b>Legal - Spill</b>                       | 6,473                       | 6,000                           | 12,473                      | <b>30,000</b>             | (17,527)                      | -58% |
| <b>Paul Redvers Brown</b>                  | -                           | -                               | -                           | <b>12,450</b>             | (12,450)                      |      |
| <b>Strategic Planning</b>                  | 15,250                      |                                 | 15,250                      | <b>15,275</b>             | (25)                          | 0%   |
| <b>Communications</b>                      | -                           | -                               | -                           | <b>20,000</b>             | (20,000)                      |      |
| <b>Telephone, Internet, Software</b>       | 987                         | 2,013                           | 3,000                       | <b>3,000</b>              | -                             | 0%   |
| <b>Website Maintenance &amp; Hosting</b>   | -                           | 3,782                           | 3,782                       | <b>3,535</b>              | 247                           | 7%   |
| <b>Total Expense</b>                       | \$ 348,915                  | \$ 270,577                      | \$ 619,492                  | \$ <b>826,910</b>         | \$ (207,418)                  | -25% |
| <b>Net Income (Loss)</b>                   | \$ 457,700                  | \$ (255,957)                    | \$ 201,743                  | \$ -                      | \$ 201,743                    |      |

# ATTACHMENT 4

## Metro Wastewater JPA FY 2026 Proposed Operating Budget



**Morena Pump Station and Screening Facilities – January 25, 2025**

ATTACHMENT 4

FY 2026 PROPOSED OPERATING BUDGET

|                                     | FY 2026 Proposed Annual Budget | Difference from FY '25 Forecast | Difference from FY '25 Budget |      | Variances in Line Items Compared to the FY 2025 budget |
|-------------------------------------|--------------------------------|---------------------------------|-------------------------------|------|--------------------------------------------------------|
|                                     |                                |                                 | \$                            | %    |                                                        |
| Income                              |                                |                                 |                               |      |                                                        |
| Membership Dues                     | \$ 790,855                     | \$ -                            | \$ -                          | 0%   | Interest offsets 1% budget increase                    |
| Use of Reserves                     |                                | -                               | -                             |      | No reserves are needed in FY 2026                      |
| City of San Diego                   | 27,000                         | 326                             | (8,355)                       | -31% | Decrease due to Facilitation Contract ending           |
| Interest Income                     | 16,657                         | 12,951                          | 15,957                        | 96%  | Increase due to reserve funds in LAIF                  |
| Total Income                        | \$ 834,512                     | \$ 13,277                       | \$ 7,602                      | 1%   |                                                        |
| Expense                             |                                |                                 |                               |      |                                                        |
| Admin - Board Secretary             | \$ 49,200                      | 15,579                          | \$ -                          | 0%   | Year-Four of Contract                                  |
| Bank Charges                        | 200                            | 164                             | -                             | 0%   | Rebudgeted                                             |
| Financial Services                  |                                |                                 |                               |      |                                                        |
| Audit Fees                          | 23,630                         | 17,070                          | 23,630                        | 100% | Two- year Audit 2024 and 2025                          |
| Executive Director - The Keze Group | 168,000                        | -                               | -                             | 0%   | Year-Four of Contract                                  |
| Treasurer                           | 50,000                         | -                               | -                             | 0%   | Transition to private consulting from PA support       |
| JPA/TAC meeting expenses            | 6,600                          | 600                             | 600                           | 9%   | Increased number of meetings/attendees                 |
| Miscellaneous                       | 250                            | (797)                           | -                             | 0%   | Rebudgeted                                             |
| Per Diem - Board                    | 55,600                         | 13,243                          | 27,100                        | 49%  | More frequent meetings and COLA adjustments            |
| Printing, Postage, Supplies         | 800                            | 300                             | 300                           | 38%  | Increase based on actual expense forecast              |
| Professional Services               |                                |                                 |                               |      |                                                        |
| Engineering - Dexter Wilson         | 200,000                        | 48,813                          | -                             | 0%   | Year-Four of Contract                                  |
| Engineering - NV5                   | -                              | (2,740)                         | (30,000)                      |      | Decrease following SARA draft completion               |
| Legal - S&W (2nd ARA/PW)            | 150,000                        | 82,000                          | -                             | 0%   | Rebudgeted                                             |
| Legal - S&W (General)               | 60,000                         | 5,061                           | -                             | 0%   | Rebudgeted                                             |
| Legal - S&W (Spill)                 | 30,000                         | 17,527                          | -                             | 0%   | Rebudgeted                                             |
| Consensus Support                   | 12,450                         | 12,450                          | -                             | 0%   | Decrease following SARA draft completion               |
| Strategic Planning                  | -                              | (15,250)                        | (15,275)                      |      | Contract completed in FY 2025                          |
| IT & Communications                 | 20,000                         | 20,000                          | -                             | 0%   | Placeholder for potential website update, etc.         |
| Telephone, Internet, Software       | 4,000                          | 1,000                           | 1,000                         | 25%  | Software contracts prices have increased.              |
| Website Maintenance & Hosting       | 3,782                          | (0)                             | 247                           | 7%   | Year-Four of Contract                                  |
| Total Expense                       | \$ 834,512                     | \$ 215,020                      | \$ 7,602                      | 1%   |                                                        |

|                                    |            |
|------------------------------------|------------|
| Fund Balance at 6/30/24            | \$ 298,225 |
| Projected Net Income FY 25         | \$ 201,743 |
| Projected 6/30/25 Fund Balance     | \$ 499,968 |
| Months Operating Expenses FY'25    | \$ 275,637 |
| 3 Months Contingency Reserve FY'25 | \$ 206,728 |
| Amount over Required Reserves      | 17,604     |

# ATTACHMENT 5

## Metro Wastewater JPA FY 2026 Budget Funding



**Morena Pump Station Electrical Building Conduit Placement – January 2025**

**ATTACHMENT 5**  
**FY 2026 BUDGET FUNDING**

|                            | <b>ACTUAL FY 2024 BILLING</b> |                             | <b>ACTUAL FY 2025 BILLING</b> |                                  |                                |                                | <b>PROPOSED FY 2026 BILLING**</b> |                             |                               |        |
|----------------------------|-------------------------------|-----------------------------|-------------------------------|----------------------------------|--------------------------------|--------------------------------|-----------------------------------|-----------------------------|-------------------------------|--------|
| <b>Agency</b>              | <b>Per Cent</b>               | <b>Amount</b>               | <b>Per Cent</b>               | <b>Base Amount</b>               | <b>Reserve</b>                 | <b>Amount</b>                  | <b>Per Cent</b>                   | <b>Amount</b>               |                               |        |
|                            | <b>Agency Billing %</b>       | <b>Total Agency Billing</b> | <b>Agency Billing %</b>       | <b>Total Base Budget Billing</b> | <b>Contribution Per Agency</b> | <b>Total FY 2025 + Reserve</b> | <b>Agency Billing %</b>           | <b>Total Budget Billing</b> | <b>Difference FY2025 Base</b> |        |
| <b>Chula Vista</b>         | 31.84%                        | \$ 231,650                  | 33.03%                        | \$ 261,255                       | \$ 65,314                      | \$ 326,569                     | 30.57%                            | \$ 241,795                  | \$ (19,461)                   | -7.4%  |
| <b>Coronado</b>            | 2.70%                         | \$ 19,644                   | 2.64%                         | \$ 20,870                        | \$ 5,218                       | \$ 26,088                      | 2.31%                             | \$ 18,232                   | \$ (2,638)                    | -12.6% |
| <b>County of SD*</b>       | 15.99%                        | \$ 116,334                  | 17.02%                        | \$ 134,572                       | \$ 33,643                      | \$ 168,215                     | 17.40%                            | \$ 137,631                  | \$ 3,059                      | 2.3%   |
| <b>Del Mar</b>             | 0.02%                         | \$ 146                      | 0.03%                         | \$ 212                           | \$ 53                          | \$ 264                         | 0.02%                             | \$ 170                      | \$ (42)                       | -19.7% |
| <b>El Cajon</b>            | 14.46%                        | \$ 105,203                  | 14.43%                        | \$ 114,097                       | \$ 28,524                      | \$ 142,621                     | 16.25%                            | \$ 128,518                  | \$ 14,421                     | 12.6%  |
| <b>Imperial Beach</b>      | 3.67%                         | \$ 26,701                   | 3.89%                         | \$ 30,765                        | \$ 7,691                       | \$ 38,456                      | 3.92%                             | \$ 31,010                   | \$ 245                        | 0.8%   |
| <b>La Mesa</b>             | 7.89%                         | \$ 57,403                   | 7.15%                         | \$ 56,520                        | \$ 14,130                      | \$ 70,649                      | 6.75%                             | \$ 53,410                   | \$ (3,110)                    | -5.5%  |
| <b>Lemon Grove</b>         | 3.32%                         | \$ 24,154                   | 3.21%                         | \$ 25,350                        | \$ 6,338                       | \$ 31,688                      | 2.31%                             | \$ 18,268                   | \$ (7,082)                    | -27.9% |
| <b>National City</b>       | 8.39%                         | \$ 61,041                   | 7.64%                         | \$ 60,414                        | \$ 15,104                      | \$ 75,518                      | 7.50%                             | \$ 59,289                   | \$ (1,126)                    | -1.9%  |
| <b>Otay Water District</b> | 0.55%                         | \$ 4,001                    | 0.65%                         | \$ 5,101                         | \$ 1,275                       | \$ 6,376                       | 0.55%                             | \$ 4,380                    | \$ (721)                      | -14.1% |
| <b>Padre Dam MWD</b>       | 7.01%                         | \$ 51,001                   | 6.27%                         | \$ 49,625                        | \$ 12,406                      | \$ 62,032                      | 8.40%                             | \$ 66,432                   | \$ 16,806                     | 33.9%  |
| <b>Poway</b>               | 4.16%                         | \$ 30,266                   | 4.06%                         | \$ 32,073                        | \$ 8,018                       | \$ 40,092                      | 4.01%                             | \$ 31,722                   | \$ (352)                      | -1.1%  |
| <b>Total</b>               | 100%                          | \$ 727,545                  | 100%                          | 790,855                          | \$ 197,714                     | \$ 988,569                     | 100%                              | \$ 790,855                  |                               |        |

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

\*\*Based on 4/25 San Diego Adjustments to FY 2026 Budget Estimate



MSA Date: March 6, 2025

### ***Master Services Agreement***

This master service agreement ("MSA") documents the terms, objectives, and the nature and limitations of the services CliftonLarsonAllen LLP ("CLA," "we," "us," and "our") will provide for Metro Wastewater JPA ("you," or "your"). The terms of this MSA will apply to the initial and each subsequent statement of work ("SOW"), unless the MSA is changed in a communication that you and CLA both sign or is terminated as permitted herein.

#### **1. Scope of Professional Services**

CLA will provide services as described in one or more SOW that will reference this MSA. The SOW will describe the scope of professional services; the nature, limitations, and responsibilities related to the specific services CLA will provide; and the fees for such services.

If modifications or changes are required during CLA's performance of requested services, or if you request that we perform any additional services, we will provide you with a separate SOW for your signature. Such SOW will advise you of the additional fee and time required for such services to facilitate a clear understanding of the services.

Our services cannot be relied upon to disclose all errors, fraud, or noncompliance with laws and regulations. Except as described in the scope of professional services section of this MSA or any applicable SOW, we have no responsibility to identify and communicate deficiencies in your internal controls as part of any services.

#### **2. Management responsibilities**

You acknowledge and understand that our role is to provide the services identified in an SOW and that management, and any other parties engaging CLA, have responsibilities that are fundamental to our undertaking to perform the identified services.

#### **3. Fees and terms**

Fees for the services, per our proposal to provide professional audit services submitted by us on February 14, 2025 are as follows:

Two-year period ending June 30, 2025 (inclusive of 5% technology fee) \$23,630

Two-year period ending June 30, 2027 (inclusive of 5% technology fee) \$24,810

Work may be suspended if your account becomes 60 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our

engagements will be deemed to have been completed even if we have not completed the services. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

Payments may be made utilizing checks, Bill.com, your online banking platform, CLA's electronic payment platform, or any other client-initiated payment method approved by CLA. CLA's electronic online bill pay platform [claconnect.com/billpay](https://claconnect.com/billpay) accepts credit card and Automated Clearing House (ACH) payments. Instructions for you to make direct bank to bank wire transfers or ACH payments will be provided upon request.

**4. Other Fees**

You agree to compensate us for reasonable time and expenses, including time and expenses of outside legal counsel, we may incur in responding to a subpoena, a formal third-party request for records or information, or participating in a deposition or any other legal, regulatory, or other proceeding relating to services we provide pursuant to a SOW.

**5. Finance charges and collection expenses**

You agree that if any statement is not paid within 30 days from its billing date, the unpaid balance shall accrue interest at the monthly rate of one and one-quarter percent (1.25%), which is an annual percentage rate of 15%. In the event that any collection action is required to collect unpaid balances due us, reasonable attorney fees and expenses shall be recoverable.

**6. Dispute Resolution**

Any disagreement, controversy, or claim ("Dispute") that may arise out of any aspect of our services or relationship with you shall be submitted to non-binding mediation by written notice ("Mediation Notice") to the other party. In mediation, we will work with you to resolve any differences voluntarily with the aid of an impartial mediator.

The mediation will be conducted as specified by the mediator and agreed upon by the parties (i.e., you and CLA). The parties agree to discuss their differences in good faith and to attempt, with the assistance of the mediator, to reach an amicable resolution of the Dispute.

Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties.

**7. Limitation of remedies**

These limitation of remedies provisions are not applicable for any audit or examination services provided to you.

Our role is strictly limited to the services described in an SOW, and we offer no assurance as to the results or ultimate outcomes of any services or of any decisions that you may make based on our communications with you. You agree that it is appropriate to limit the liability of CLA, its partners, principals, directors, officers, employees, and agents (each a "CLA party").

You further agree that you will not hold CLA or any other CLA party liable for any claim, cost, or

damage, whether based on warranty, tort, contract, or other law, arising from or related to this MSA, the services provided under an SOW, the work product, or for any plans, actions, or results of an SOW, except to the extent authorized by this MSA. In no event shall any CLA party be liable to you for any indirect, special, incidental, consequential, punitive, or exemplary damages, or for loss of profits or loss of goodwill, costs, or attorney fees.

The exclusive remedy available to you shall be the right to pursue claims for actual damages that are directly caused by acts or omissions that are breaches by a CLA party of our duties owed under this MSA and the specific SOW thereunder, but any recovery on any such claims shall not exceed the fees actually paid by you to CLA pursuant to the SOW that gives rise to the claim.

#### **8. Governing Laws, Jurisdiction, and Venue**

The MSA is made under and shall be interpreted and governed by the laws of the state of California. This includes dispute resolution and limitation of remedies. If any action is brought to interpret or enforce any term of this agreement, the action shall be brought in a state or federal court situated in the County of San Diego, State of California. In the event of any such litigation between the Parties, the prevailing party shall be entitled to recover all reasonable costs incurred, including reasonable attorney's fees, as determined by the court

#### **9. Time limitations**

The nature of our services makes it difficult, with the passage of time, to gather and present evidence that fully and fairly establishes the facts underlying any dispute that may arise between you and any CLA party. The parties (you and CLA) agree that, notwithstanding any statute or law of limitations that might otherwise apply to a dispute, including one arising out of this MSA or the services performed under an SOW, for breach of contract or fiduciary duty, tort, fraud, misrepresentation or any other cause of action or remedy, any action or legal proceeding by you against any CLA party must be commenced as provided below, or you shall be forever barred from commencing a lawsuit or obtaining any legal or equitable relief or recovery. An action to recover on a dispute shall be commenced within these periods ("Limitation Period"), which vary based on the services provided, and may be modified as described in the following paragraph:

| <b>Service</b>                                                                                                                                          | <b>Time after the date we deliver the services or work product*</b> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| Audit, review, examination, agreed-upon procedures, compilation, and preparation services other than those related to prospective financial information | 24 months                                                           |

\* pursuant to the SOW on which the dispute is based

If the MSA is terminated or your ongoing relationship with CLA is terminated, then the applicable Limitation Period is the lesser of the above periods or 12 months after termination of MSA or your ongoing relationship with CLA. The applicable Limitation Period applies and begins to run even if you have not suffered any damage or loss, or have not become aware of the existence or possible existence of a dispute.

## **10. Confidentiality**

Except as permitted by the “Consent” section of this MSA, CLA will not disclose any of your confidential, proprietary, or privileged information to any person or party, unless you authorize us to do so, it is published or released by you, it becomes publicly known or available other than through disclosure by us, or disclosure is required by law, regulation, or professional standard. This confidentiality provision does not prohibit us from disclosing your information to one or more of our affiliated companies in order to provide services that you have requested from us or from any such affiliated company. Any such affiliated company shall be subject to the same restrictions on the use and disclosure of your information as apply to us. You also consent to our disclosure of information regarding the nature of services we provide to you to another independent network member of CLA Global, for the limited purpose of complying with professional obligations regarding independence and conflicts of interest.

The Internal Revenue Code contains a limited privilege for confidentiality of tax advice between you and our firm. In addition, the laws of some states likewise recognize a confidentiality privilege for some accountant-client communications. You understand that CLA makes no representation, warranty or promise, and offers no opinion with respect to the applicability of any confidentiality privilege to any information supplied or communications you have with us, and, to the extent that we follow instructions from you to withhold such information or communications in the face of a request from a third party (including a subpoena, summons or discovery demand in litigation), you agree to hold CLA harmless should the privilege be determined not to apply to particular information or communications.

The workpapers and files supporting the services we perform are the sole and exclusive property of CLA and constitute confidential and proprietary information. We do not provide access to our workpapers and files to you or anyone else in the normal course of business. Unless required by law or regulation to the contrary, we retain our workpapers and files in accordance with our record retention policy that typically provides for a retention period of seven years. After this period expires, our workpapers and files will be destroyed. Furthermore, physical deterioration or catastrophic events may shorten the time our records are available. The workpapers and files of our firm are not a substitute for your records.

Pursuant to authority given by law, regulation, or professional standards we may be requested to make certain workpapers and files available to a regulator for its regulatory oversight purposes. We will notify you of any such request, if permitted by law. Access to the requested workpapers and files will be provided to the regulator under the supervision of CLA personnel and at a location designated by our firm. Furthermore, upon request, we may provide copies of selected workpapers and files to such regulator. The regulator may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

## **11. Other provisions**

You agree that CLA will not be assuming any fiduciary responsibility on your behalf during the course of this MSA, except as may be assumed in an SOW.

CLA may, at times, utilize external web applications to receive and process information from our clients; however, any sensitive data, including protected health information and personally identifiable information, must be redacted by you to the maximum extent possible prior to uploading the document or file. In the event that you are unable to remove or obscure all sensitive data, please contact us to discuss other potential options for transmitting the document or file.

CLA and certain owners of CLA are licensed by the California State Board of Accountancy. However, CLA has owners not licensed by the California State Board of Accountancy who may provide services under this MSA. If you have any questions regarding licensure of the personnel performing services under this MSA, please do not hesitate to contact us.

During the course of the engagement, there may be communication via fax or email. You are responsible to ensure that communications received by you or your personnel are secured and not shared with unauthorized individuals.

**12. Consent to use financial information**

We regularly aggregate anonymized client data and perform a variety of analyses using that aggregated data. Some of these analyses are published to clients or released publicly. However, we are always careful to preserve the confidentiality of the separate information that we obtain from each client, as required by the AICPA Code of Professional Conduct and various laws. Your acceptance of this MSA will serve as your consent to our use of Metro Wastewater JPA anonymized data in performing and reporting on these cost comparison, performance indicator and/or benchmarking analyses.

Unless authorized by law or the client consents, we cannot use a client's tax return information for purposes other than the preparation and filing of the client's tax return. By signing and dating this MSA, you authorize CLA to use any and all information furnished to CLA for or in connection with the preparation of the tax returns under this MSA, for a period of up to six (6) years from the date of this MSA, in connection with CLA's preparation of the types of reports described in the foregoing paragraph.

**13. Consent to send you publications and other materials**

For your convenience, CLA produces a variety of publications, hard copy and electronic, to keep you informed about pertinent business and personal financial issues. This includes published articles, invitations to upcoming seminars, webinars and webcasts, newsletters, surveys, and press releases. To determine whether these materials may be of interest to you, CLA will need to use your tax return information. Such tax information includes your name and address as well as the business and financial information you provided to us.

By signing and dating this MSA, you authorize CLA to use the information that you provide to CLA during the preparation of your tax returns to determine whether to offer you relevant materials. Your consent is valid until further notice.

**14. Subcontractors**

CLA may, at times, use subcontractors to perform services under this MSA, and they may have access

to your information and records. Any such subcontractors will be subject to the same restrictions on the use of such information and records as apply to CLA under this MSA.

**15. Technology**

CLA may, at times, use third-party software applications to perform services under this MSA. You acknowledge the software vendor may have access to your data.

**16. Termination of MSA**

This MSA shall continue for five years from March 6, 2025, unless terminated earlier by giving appropriate notice. Either party may terminate this MSA at any time by giving 30 days written notice to the other party.

CLA may terminate this MSA if you fail to cure a material default in the performance of this MSA within a period of 30 days, or such longer period as CLA may allow, after your receipt from CLA of a written termination notice specifying the default in performance. In the event of termination by either

party, you will pay CLA for all services performed and all expenses incurred under this MSA up to and

including the termination date less any costs, expenses, or other damages due to the failure of CLA to properly perform pursuant to this MSA subject to the provisions of section 7. No compensation will be payable for anticipated profit on unperformed services.

Upon termination of the MSA, the provisions of this MSA shall continue to apply to all services rendered prior to termination.

**17. Agreement**

We appreciate the opportunity to be of service to you and believe this MSA accurately summarizes the significant terms of our relationship. This MSA, along with the applicable addendum(s) and SOW(s), constitute the entire agreement regarding services to be performed and supersedes all prior agreements (whether oral or written), understandings, negotiations, and discussions between you and CLA. If you have any questions, please let us know. If you agree with the terms of our relationship as described in this MSA, please sign, date, and return.

**CliftonLarsonAllen LLP**

**Response:**

This MSA correctly sets forth the understanding of Metro Wastewater JPA.

**CLA**  
Munoz, Daphnie

SIGN:

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DATE:

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**Client**  
Metro Wastewater JPA

SIGN:

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**Jerry Jones**

DATE:

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## Statement of Work - Audit Services

March 5, 2025

This document constitutes a statement of work ("SOW") under the master service agreement ("MSA") dated August 9, 2023, or superseding MSA, made by and between CliftonLarsonAllen LLP ("CLA," "we," "us," and "our") and Metro Wastewater JPA ("you," "your," or "the entity"). We are pleased to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services CLA will provide for the entity as of and for the period ended June 30, 2025.

Daphnie Munoz is responsible for the performance of the audit engagement.

### **Scope of audit services**

We will audit the financial statements of the JPA, which collectively comprise the basic financial statements of Metro Wastewater JPA, and the related notes to the financial statements as of and for the two-year period ended June 30, 2025.

The Governmental Accounting Standards Board (GASB) provides for certain required supplementary information (RSI) to accompany the entity's basic financial statements.

The following RSI will be subjected to certain limited procedures, but will not be audited.

- Management's discussion and analysis.

### **Nonaudit services**

We will also provide the following nonaudit services:

- Preparation of your financial statements and the related notes.

### **Audit objectives**

The objectives of our audit of the financial statements 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 about whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). 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 auditing standards generally accepted in the United States of America (U.S. GAAS) will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and 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.

Our audit will be conducted in accordance with U.S. GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require us to be independent of the entity and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. Our audit will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinions.

We will apply certain limited procedures to the RSI in accordance with U.S. GAAS. However, we will not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. We will also perform procedures to enable us to express an opinion on whether the supplementary information (as identified above) other than RSI accompanying the financial statements is fairly stated, in all material respects, in relation to the financial statements as a whole.

We will issue a written report upon completion of our audit of your financial statements.

Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph to our auditors' report, or if necessary, withdraw from the engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming opinions on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express opinions or issue a report, or withdrawing from the engagement.

We will also provide a report (which does not include an opinion) on internal control over financial reporting and on compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements, as required by *Government Auditing Standards*. The report on internal control over financial reporting and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the entity is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit conducted in accordance with U.S. GAAS and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

#### **Auditor responsibilities, procedures, and limitations**

We will conduct our audit in accordance with U.S. GAAS and the standards for financial audits contained in *Government Auditing Standards*.

Those standards require that we exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. As part of our audit, we will:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and evaluate whether audit evidence obtained is sufficient and appropriate to provide a basis for our opinion. 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.
- 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 entity's internal control. However, we will communicate to you in writing any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- 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, including the amounts and disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on our evaluation of audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time.

Although our audit planning has not been concluded and modifications may be made, we have identified the following significant risk(s) of material misstatement as part of our audit planning:

- Management Override of Controls--
- Revenue Recognition

There is an unavoidable risk, because of the inherent limitations of an audit, together with the inherent limitations of internal control, that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with U.S. GAAS and *Government Auditing Standards*. Because we will not perform a detailed examination of all transactions, material misstatements, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity, may not be detected. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not require auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management and those charged with governance of any material errors, fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management and those charged with governance of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential.

Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting fraud or errors that are material to the financial statements and to preventing and detecting misstatements resulting from noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*. An audit is not designed to provide assurance on internal control or to identify deficiencies, significant deficiencies, or material weaknesses in internal control. However, we will communicate to you in writing significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we identify during the audit that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the entity's compliance with the provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

We will include in our report on internal control over financial reporting and on compliance relevant information about any identified or suspected instances of fraud and any identified or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements that may have occurred that are required to be communicated under *Government Auditing Standards*.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

### **Management responsibilities**

Our audit will be conducted on the basis that you (management and, when appropriate, those charged with governance) acknowledge and understand that you have certain responsibilities that are fundamental to the conduct of an audit.

You are responsible for the preparation and fair presentation of the financial statements and RSI in accordance with U.S. GAAP.

Management's responsibilities include the selection and application of accounting principles; recording and reflecting all transactions in the financial statements; determining the reasonableness of significant accounting estimates included in the financial statements; adjusting the financial statements to correct

material misstatements; and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. 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 entity's ability to continue as a going concern for 12 months beyond the financial statement date.

You are responsible for the design, implementation, and maintenance of effective internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including evaluating and monitoring ongoing activities and safeguarding assets to help ensure that appropriate goals and objectives are met. You are responsible for the design, implementation, and maintenance of internal controls to prevent and detect fraud; assessing the risk that the financial statements may be materially misstated as a result of fraud; and for informing us about all known or suspected fraud affecting the entity involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for implementing systems designed to achieve compliance with applicable laws and regulations and the provisions of contracts and grant agreements; identifying and ensuring that the entity complies with applicable laws, regulations, contracts, and grant agreements; and informing us of all instances of identified or suspected noncompliance whose effects on the financial statements should be considered. You are responsible for taking timely and appropriate steps to remedy any fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we may report.

You are responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, including amounts and disclosures, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters, and for the accuracy and completeness of that information (including information from within and outside of the general and subsidiary ledgers); (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

You agree to inform us of events occurring or facts discovered subsequent to the date of the financial statements that may affect the financial statements.

Management is responsible for providing us with a written confirmation concerning representations made by you and your staff to us in connection with the audit and the presentation of the basic financial statements and RSI. During our engagement, we will request information and explanations from you regarding, among other matters, the entity's activities, internal control, future plans, specific transactions, and accounting systems and procedures. The procedures we will perform during our engagement and the conclusions we reach as a basis for our report will be heavily influenced by the representations that we receive in the representation letter and otherwise from you. Accordingly, inaccurate, incomplete, or false representations could cause us to expend unnecessary effort or could cause a material fraud or error to go

undetected by our procedures. In view of the foregoing, you agree that we shall not be responsible for any misstatements in the entity's financial statements that we may fail to detect as a result of misrepresentations made to us by you.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies to us of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the "Audit objectives" section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other engagements or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

### **Responsibilities and limitations related to nonaudit services**

For all nonaudit services we may provide to you, management agrees to assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience to understand and oversee the services; evaluate the adequacy and results of the services; and accept responsibility for the results of the services. Management is also responsible for ensuring that your data and records are complete and that you have received sufficient information to oversee the services.

### **Use of financial statements**

Should you decide to include or incorporate by reference these financial statements and our auditors' report(s) thereon in a future private placement or other offering of equity or debt securities, you agree that we are under no obligation to re-issue our report or provide consent for the use of our report in such a registration or offering document. We will determine, at our sole discretion, whether we will re-issue our report or provide consent for the use of our report only after we have performed the procedures we consider necessary in the circumstances. If we decide to re-issue our report or consent to the use of our report, we will be required to perform certain procedures including, but not limited to, (a) reading other information incorporated by reference in the registration statement or other offering document and (b) subsequent event procedures. These procedures will be considered an engagement separate and distinct from our audit engagement, and we will bill you separately. If we decide to re-issue our report or consent to the use of our report, you agree that we will be included on each distribution of draft offering materials and we will receive a complete set of final documents. If we decide not to re-issue our report or decide to withhold our consent to the use of our report, you may be required to engage another firm to audit periods covered by our audit reports, and that firm will likely bill you for its services. While the successor auditor may request access to our workpapers for those periods, we are under no obligation to permit such access.

If the parties (i.e., you and CLA) agree that CLA will not be involved with your official statements related to municipal securities filings or other offering documents, we will require that any official statements or other offering documents issued by you with which we are not involved clearly indicate that CLA is not involved with the contents of such documents. Such disclosure should read as follows:

CliftonLarsonAllen LLP, our independent auditor, has not been engaged to perform and has not

performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. CliftonLarsonAllen LLP also has not performed any procedures relating to this offering document.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website or submitted on a regulator website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information in the electronic site with the original document.

We may issue preliminary draft financial statements to you for your review. Any preliminary draft financial statements should not be relied on or distributed.

### **Engagement administration and other matters**

We understand that your employees will prepare all confirmations, account analyses, and audit schedules we request and will locate any documents or invoices selected by us for testing. A list of information we expect to need for our audit and the dates required will be provided in a separate communication.

We will provide copies of our reports to the entity; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing confidential or sensitive information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the sole and exclusive property of CLA and constitutes confidential and proprietary information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to California State Controller's Office, or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of CLA personnel. Furthermore, upon request, we may provide copies or electronic versions of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release date or for any additional period requested by the California State Controller's Office. If we are aware that a federal or state awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Professional standards require us to be independent with respect to you in the performance of these services. Any discussion that you have with our personnel regarding potential employment with you could impair our independence with respect to this engagement. Therefore, we request that you inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence and objectivity. Further, any employment offers to any staff members working on this engagement without our

prior knowledge may require substantial additional procedures to ensure our independence. You will be responsible for any additional costs incurred to perform these procedures.

Our audit engagement ends on delivery of our signed report. Any additional services that might be requested will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific SOW for that service.

Government Auditing Standards require that we make our most recent external peer review report publicly available. The report is posted on our website at [www.CLAconnect.com/Aboutus/](http://www.CLAconnect.com/Aboutus/).

## **Fees**

Our professional fees are outlined in the table below:

| <b>Service</b>                                    | <b>Fee</b>          |
|---------------------------------------------------|---------------------|
| Financial Statement Audit                         | \$22,500            |
| Assistance in implementing SBITA's , if necessary | \$800 per agreement |

We will also bill for expenses including travel, internal and administrative charges, and a technology and client support fee of five (5%) of all professional fees billed. Our fee is based on anticipated cooperation from your personnel and their assistance with locating requested documents and preparing requested schedules. If the requested items are not available on the dates required or are not accurate, the fees and expenses will likely be higher.

## **Unexpected circumstances**

We will advise you if unexpected circumstances require significant additional procedures resulting in a substantial increase in the fee estimate.

## **Changes in accounting and audit standards**

Standard setters and regulators continue to evaluate and modify standards. Such changes may result in new or revised financial reporting and disclosure requirements or expand the nature, timing, and scope of the activities we are required to perform. To the extent that the amount of time required to provide the services described in the SOW increases due to such changes, our fee may need to be adjusted. We will discuss such circumstances with you prior to performing the additional work.

## **Agreement**

We appreciate the opportunity to provide to you the services described in this SOW under the MSA and believe this SOW accurately summarizes the significant terms of our audit engagement. This SOW and the MSA constitute the entire agreement regarding these services and supersedes all prior agreements (whether oral or written), understandings, negotiations, and discussions between you and CLA related to audit services. If you have any questions, please let us know. Please sign, date, and return this SOW to us to indicate your acknowledgment and understanding of, and agreement with, the arrangements for our audit of your financial statements including the terms of our engagement and the parties' respective

responsibilities.

Sincerely,

**CliftonLarsonAllen LLP**

**Response:**

This letter correctly sets forth the understanding of Metro Wastewater JPA.

**CLA**  
Munoz, Daphnie

SIGN:

---

DATE:

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**Client**  
Metro Wastewater JPA

SIGN:

---

**Jerry Jones**

DATE:

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**THIRD AMENDMENT TO THE AGREEMENT FOR PROFESSIONAL SERVICES  
BETWEEN METRO WASTEWATER JOINT POWERS AUTHORITY AND THE KEZE  
GROUP**

This Third Amendment (“**Third Amendment**”) to the Agreement for Professional Services Between Metro Wastewater Joint Powers Authority and The Keze Group LLC dated July 1, 2022 (“**Agreement**”) is made and entered into this 1st day of July, 2025, by and between the parties to that Agreement, the Metro Wastewater Joint Powers Authority, a joint powers authority, existing and organized under California Government Code section 6500 *et seq.* (“**Metro JPA**”), on the one hand, and The Keze Group LLC (“**Consultant**”), on the other hand. Metro JPA and Consultant are sometimes referred to individually as “**Party**” and collectively as “**Parties.**”

**RECITALS**

A. WHEREAS, the Parties entered into the Agreement in order for Consultant to provide duly licensed and qualified As-needed Technical, Financial, and Administrative Support Services to Metro JPA;

B. WHEREAS, Sections 3 and 21 of the Agreement state that the Agreement may be modified by an Amendment executed by both Parties, and the Parties previously amended the Agreement on May 16, 2023;

C. WHEREAS, on March 7, 2024, the Metro JPA Board of Directors did approve of the creation of an Executive Director position, which position would replace and eliminate the role of Administrative Coordinator;

D. WHEREAS, on March 7, 2024, the Metro JPA Board of Directors did approve of the appointment of Karyn Keze, previously the Administrative Coordinator, to the role of Executive Director;

E. WHEREAS, on April 4, 2024, the Parties entered into the Second Amendment to the Agreement to memorialize Consultant’s role as that of Executive Director;

F. WHEREAS, Section 3 of the Second Amendment to the Agreement states that the Consultant’s tenure as Executive Director shall commence on March 7, 2024, and end on June 30, 2025; and

G. WHEREAS, the Parties now mutually desire to extend the Consultant’s tenure as Executive Director by one year, as described below.

NOW THEREFORE, in consideration of the mutual obligations of the parties herein expressed, Metro JPA and the Consultant hereby agree to amend the Agreement as follows:

## **AMENDMENT TO AGREEMENT**

1. Amendment to Term. Consultant's tenure as Executive Director shall be extended an additional period of one year commencing on July 1, 2025, and ending on June 30, 2026, unless otherwise directed by Metro JPA.

2. Incorporation and Superiority. This Third Amendment is intended to be made a part of and is hereby incorporated into the terms of the Agreement. In all other respects, except only as specifically modified above, the Agreement is reaffirmed, remains in full force and effect, and is enforceable in accordance with its respective terms. In the event of any conflict or inconsistency between the provisions of this Third Amendment and the provisions of the Agreement, the provisions of this Third Amendment shall prevail.

3. Incorporation by Reference. The Recitals set forth in Sections A through G above are hereby incorporated into this Third Amendment by reference.

IN WITNESS HEREOF, BY SIGNING BELOW THE PARTIES HERETO VOLUNTARILY ENTER INTO THIS AMENDMENT AND ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTAND THE TERMS SET FORTH HEREIN AND AGREE TO BE BOUND THEREBY.

**METRO WASTEWATER  
JOINT POWERS AUTHORITY:**

By: \_\_\_\_\_  
Jerry Jones  
Board Chair

Date: \_\_\_\_\_

**THE KEZE GROUP LLC:**

By: \_\_\_\_\_  
Karyn L. Keze

Date: \_\_\_\_\_

**FIRST AMENDMENT TO THE AGREEMENT FOR TREASURER SERVICES  
BETWEEN METRO WASTEWATER JOINT POWERS AUTHORITY AND RODNEY  
GREEK, CPA**

This First Amendment (“**First Amendment**”) to the Agreement for Treasurer Services Between Metro Wastewater Joint Powers Authority and Rodney Greek, CPA dated June 6, 2024 (“**Agreement**”) is made and entered into this 1st day of July, 2025, by and between the parties to that Agreement, the Metro Wastewater Joint Powers Authority, a joint powers authority, existing and organized under California Government Code section 6500 *et seq.* (“**Metro JPA**”), on the one hand, and Rodney Greek, CPA (“**Treasurer**”), an independent contractor, on the other hand. Metro JPA and Treasurer are sometimes referred to individually as “**Party**” and collectively as “**Parties.**”

**RECITALS**

A. WHEREAS, the Parties entered into the Agreement in order for Treasurer to provide professional Governmental Treasurer Accounting services as described in Attachment A to the Agreement;

B. WHEREAS, Sections 1.01 and 9.03 of the Agreement state that the Agreement may not be modified or amended other than by a writing signed by the Parties, including for any extensions to the Agreement or for any changes to the scope of services or timeframes identified in Attachment A to the Agreement; and

C. WHEREAS, the Parties now mutually desire to extend the term of the Agreement by one year, as described below.

NOW THEREFORE, in consideration of the mutual obligations of the parties herein expressed, Metro JPA and the Treasurer hereby agree to amend the Agreement as follows:

**AMENDMENT TO AGREEMENT**

1. Amendment to Term. The term of the Agreement shall be extended an additional period of one year commencing on July 1, 2025, and ending on June 30, 2026, or until terminated as provided under Article 7 of the Agreement, whichever occurs first.

2. Incorporation and Superiority. This First Amendment is intended to be made a part of and is hereby incorporated into the terms of the Agreement. In all other respects, except only as specifically modified above, the Agreement is reaffirmed, remains in full force and effect, and is enforceable in accordance with its respective terms. In the event of any conflict or inconsistency between the provisions of this First Amendment and the provisions of the Agreement, the provisions of this First Amendment shall prevail.

3. Incorporation by Reference. The Recitals set forth in Sections A through C above are hereby incorporated into this First Amendment by reference.

IN WITNESS HEREOF, BY SIGNING BELOW THE PARTIES HERETO VOLUNTARILY ENTER INTO THIS AMENDMENT AND ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTAND THE TERMS SET FORTH HEREIN AND AGREE TO BE BOUND THEREBY.

**METRO WASTEWATER  
JOINT POWERS AUTHORITY:**

By: \_\_\_\_\_  
Jerry Jones  
Board Chair

Date: \_\_\_\_\_

**RODNEY GREEK CPA:**

By: \_\_\_\_\_  
Rod Greek

Date: \_\_\_\_\_



**VIA CERTIFIED MAIL & EMAIL**

June 5, 2025

NV5, Inc.  
15092 Avenue of Science, Suite 200  
San Diego, CA 92126  
Attn: Julian Palacios

Re: Notice of Termination

Dear Julian Palacios:

Metro Wastewater Joint Powers Authority hereby terminates the Agreement for Professional Services Between Metro Wastewater Joint Powers Authority and NV5, Inc., dated July 1, 2022, as amended.

This termination shall be effective ten (10) days following receipt hereof.

Please cease all work on behalf of Metro JPA and prepare a final invoice. Please also prepare and send all original field notes, drawings and specifications, written reports and other documents produced or developed for Metro JPA.

We appreciate NV5's assistance over the years. Please direct any questions concerning this notice to Metro JPA Executive Director Karyn Keze, [karyn@kezegroup.com](mailto:karyn@kezegroup.com).

Sincerely,

Jerry Jones, Chair  
Metro JPA

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

**METRO JPA/TAC**  
**Staff Report**  
**Date: May 14, 2025**

**Project Title:**

Contract with Pencco, Inc. to purchase Ferric Chloride at the North City Water Reclamation Plant

**Presenter(s) Name:**

Craig Boyd/Tim Carroll

**Presenter(s) Title:**

Deputy Director/Wastewater Chief Plant Operator

**Requested Action:**

Authorization to execute a contract with Pencco, Inc. to purchase ferric chloride at the North City Water Reclamation Plant, not to exceed \$2,178,000.

**Recommendations:**

Approve action

|                                                           |                                                                        |
|-----------------------------------------------------------|------------------------------------------------------------------------|
| Metro TAC:                                                | Approve the subject item and forward to Metro Commission for approval. |
| IROC:                                                     | N/A                                                                    |
| Prior Actions:<br>(Committee/Commission,<br>Date, Result) | N/A                                                                    |

**Fiscal Impact:**

|                                         |                                                                     |
|-----------------------------------------|---------------------------------------------------------------------|
| Is this projected budgeted?             | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> |
| Cost breakdown between<br>Metro & Muni: | Metro: \$6,600,000      Muni: \$0                                   |
| Fiscal impact to the Metro<br>JPA:      | \$2,178,000                                                         |

**Capital Improvement Program:**

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

**Previous TAC/JPA Action:**

N/A

**Additional/Future Action:**

N/A

**City Council Action:**

Anticipated for June/July 2025

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

The North City Water Reclamation Plant is currently undergoing facility expansion to increase its capacity from 30 million gallons per day (MGD) to 52 MGD for the Pure Water Program. Approximately 960 dry tons of ferric chloride will be needed annually.

Ferric chloride is used to coagulate particles for sedimentation in wastewater treatment and is needed for new treatment processes at the plant.

The contract with Pencco, Inc. for ferric chloride is a one year contract with the option to renew for four additional one year terms, in an amount not to exceed \$6,600,000. The fiscal impact to

the Metro JPA is not to exceed \$2,178,000. The average estimated annual expense for the JPA is \$435,600.

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

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

An Invitation to Bid to provide ferric chloride was issued on March 14, 2025, by the Purchasing and Contracting Department. The bid closed on April 10, 2025, in which the City received two responsive bids. Pencoco, Inc. was determined to be the lowest bidder at \$1,247.00 per dry ton. This was less than 1% lower than the next bidder, Kemira Water Solutions, Inc. at \$1,256.75 per dry ton. The Purchasing and Contracting Department issued the Notice of Intent to Award on May 2, 2025.

## Public Utilities Department

# Contract with Pencco Inc. to purchase Ferric Chloride at the North City Water Reclamation Plant

Metro TAC  
May 21, 2025



1

SD Public Utilities Department

## Background

- The North City Water Reclamation Plant is currently undergoing facility expansion to increase its capacity from 30 million gallons per day (MGD) to 52 MGD for the Pure Water Program
- Expansion includes implementation of Chemically Enhanced Primary Treatment (CEPT), which uses coagulants and flocculants to increase removals
- This chemical will be used to coagulate particles in CEPT at NCWRP
- Approximately 960 dry tons of ferric chloride will be needed annually

WATER COAGULATION

COAGULANT ADDITION

IMPURITIES  
BEFORE

COAGULANT ADSORBS ONTO IMPURITIES  
COAGULANT

FLOCS ARE FORMED AND SETTLED  
FLOCCULANT

North City Water Reclamation Plant

sandiego.gov

2

1



## Background (cont'd)

- An Invitation to Bid to provide ferric chloride was issued on March 14, 2025. The bid closed on April 10, 2025, in which two responsive bids were received
- Pencco, Inc. was determined to be the lowest bidder at \$1,247 per dry ton. Purchasing and Contracting issued the Notice of Intent to Award on May 2, 2025
- This was less than 1% lower than the next bidder, Kemira Water Solutions, Inc. at \$1,256.75 per dry ton



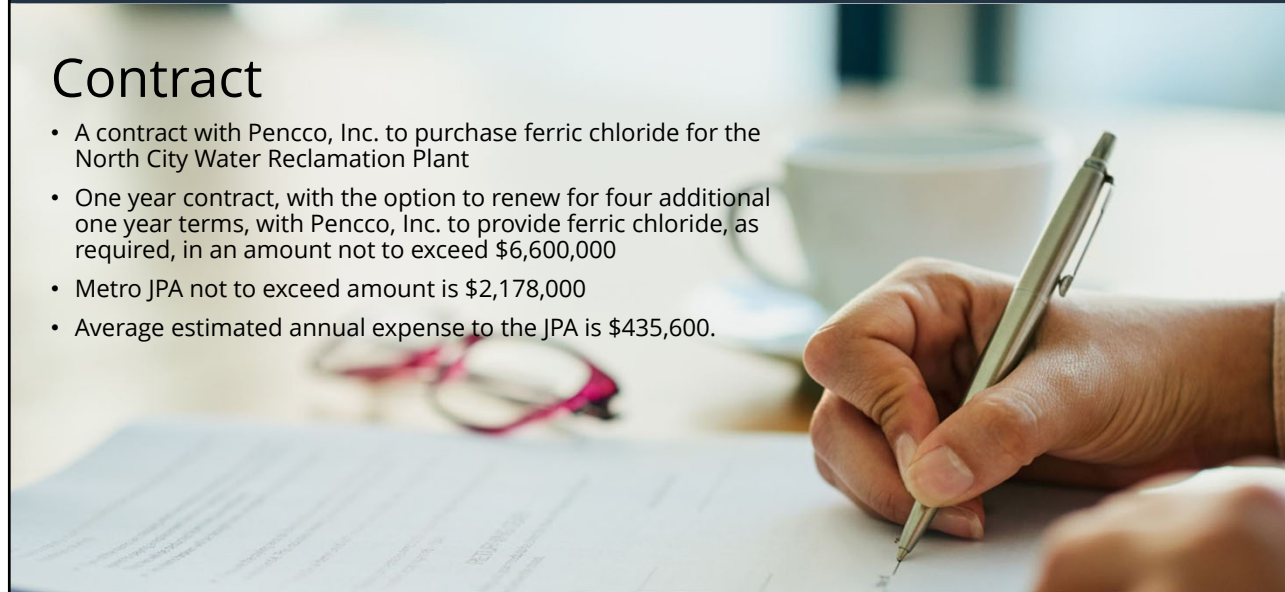
sandiego.gov

3



## Contract

- A contract with Pencco, Inc. to purchase ferric chloride for the North City Water Reclamation Plant
- One year contract, with the option to renew for four additional one year terms, with Pencco, Inc. to provide ferric chloride, as required, in an amount not to exceed \$6,600,000
- Metro JPA not to exceed amount is \$2,178,000
- Average estimated annual expense to the JPA is \$435,600.



sandiego.gov

4



Public Utilities Department

## Requested Action

- Authorization to Execute a Contract with Pencco, Inc. to purchase ferric chloride at the North City Water Reclamation Plant, not to exceed \$2,178,000



sandiego.gov

5



Public Utilities Department

## QUESTIONS



sandiego.gov

6

**METRO JPA/TAC**  
**Staff Report**  
**Date: May 14, 2025**

**Project Title:**

First Amendment to the Contract with Polydyne Inc. to purchase Anionic Polymer; adding the North City Water Reclamation Plant

**Presenter(s) Name:**

Craig Boyd, Tim Carroll

**Presenter(s) Title:**

Deputy Director, Wastewater Chief Plant Operator

**Requested Action:**

Approve First Amendment to the contract with Polydyne Inc. to purchase anionic polymer at the North City Water Reclamation Plant, not to exceed \$841,500 through contract end date July 13, 2027.

**Recommendations:**

Approve action

|                                                           |                                                                        |
|-----------------------------------------------------------|------------------------------------------------------------------------|
| Metro TAC:                                                | Approve the subject item and forward to Metro Commission for approval. |
| IROC:                                                     | N/A                                                                    |
| Prior Actions:<br>(Committee/Commission,<br>Date, Result) | N/A                                                                    |

**Fiscal Impact:**

|                                         |                                                                     |
|-----------------------------------------|---------------------------------------------------------------------|
| Is this projected budgeted?             | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> |
| Cost breakdown between<br>Metro & Muni: | Metro: \$2,550,000      Muni: \$0                                   |
| Fiscal impact to the Metro<br>JPA:      | \$841,500 through contract end July 13, 2027.                       |

**Capital Improvement Program:**

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

**Previous TAC/JPA Action:**

Existing contract approved on June 2, 2022.

**Additional/Future Action:**

N/A

**City Council Action:**

Anticipated for June/July 2025

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

This First Amendment adds the North City Water Reclamation Plant as a new delivery location and adds funds in the amount of \$2,550,000. The term of the contract remains unchanged (July 14, 2022, through July 13, 2027) The fiscal impact to the Metro JPA for the First Amendment is not to exceed \$841,500.

Anionic polymer separates the incoming solids from liquids through a process called flocculation in sedimentation basins. The anionic polymers' ability to flocculate solids is central to their role in wastewater treatment.

The expanded NCWRP will experience increased flows for the Pure Water Program. Approximately 235,000 dry pounds of anionic polymer will be required for plant operations.

The original contract is for the Point Loma Wastewater Treatment Plant where anionic polymer is part of the chemically enhanced primary treatment.

The current price on the existing contract is \$10.27 per pound, which is consistent with pricing for the Point Loma Wastewater Treatment Plant.

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

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

# Public Utilities Department First Amendment to the Contract with Polydyne Inc. to purchase Anionic Polymer; adding the North City Water Reclamation Plant

Metro TAC  
May 21, 2025



1

SD Public Utilities Department

## Background

- The North City Water Reclamation Plant is currently undergoing facility expansion to increase its capacity from 30 million gallons per day (MGD) to 52 MGD for the Pure Water Program
- Expansion includes implementation of Chemically Enhanced Primary Treatment (CEPT), which uses coagulants and flocculants to increase removals
- Anionic Polymer will be used to flocculate and settle solids as part of CEPT at NCWRP
- Approximately 235,000 dry pounds of anionic polymer will be required for plant operations through the contract end date, July 13, 2027.

Flocculation Process

North City Water Reclamation Plant

[sandiego.gov](https://sandiego.gov)

2



## First Amendment

- First Amendment to the contract with Polydyne Inc. to purchase anionic polymer at the North City Water Reclamation Plant through contract end date July 13, 2027.
- Current contract price is \$10.27 per pound which is consistent with the pricing for the Point Loma Wastewater Treatment Plant.
- This amendment will increase the amount of the contract by \$2,550,000.
- Metro JPA not to exceed amount is \$841,500.

A close-up photograph of a person's hand holding a silver pen, writing on a document. In the background, a white coffee cup and a pair of glasses are visible on a desk.  
sandiego.gov

3

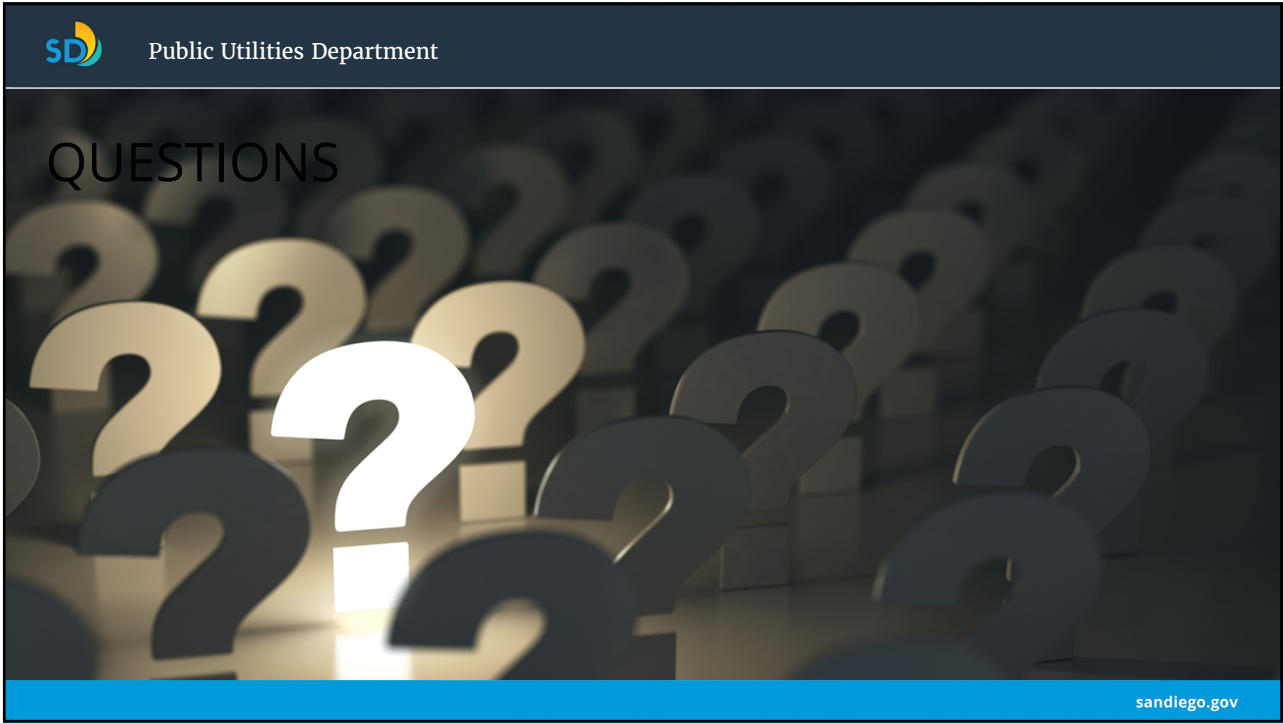


## Requested Action

- Approve First Amendment to the contract with Polydyne Inc. to purchase anionic polymer at the North City Water Reclamation Plant, not to exceed \$841,500 through contract end date July 13, 2027.

A photograph of a large, powerful blue wave crashing, with white foam at the crest.  
sandiego.gov

4



**METRO JPA/TAC**  
**Staff Report**  
**Date: May 14, 2025**

**Project Title:**

Contract with JCI Jones Chemicals Inc. to purchase Sodium Hypochlorite for Water and Wastewater Facilities

**Presenter(s) Name:**

Craig Boyd/Tim Carroll

**Presenter(s) Title:**

Deputy Director/Wastewater Chief Plant Operator

**Requested Action:**

Authorization to Execute a contract with JCI Jones Chemicals Inc. to purchase sodium hypochlorite for Water and Wastewater facilities, (not to exceed \$8,582,970).

**Recommendations:**

Approve action

|                                                           |                                                                        |
|-----------------------------------------------------------|------------------------------------------------------------------------|
| Metro TAC:                                                | Approve the subject item and forward to Metro Commission for approval. |
| IROC:                                                     | N/A                                                                    |
| Prior Actions:<br>(Committee/Commission,<br>Date, Result) | N/A                                                                    |

**Fiscal Impact:**

|                                         |                                                                     |
|-----------------------------------------|---------------------------------------------------------------------|
| Is this projected budgeted?             | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> |
| Cost breakdown between<br>Metro & Muni: | Metro: \$26,009,000    Muni: \$715,000    Water: \$7,171,000        |
| Fiscal impact to the Metro<br>JPA:      | : \$8,582,970                                                       |

**Capital Improvement Program:**

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

**Previous TAC/JPA Action:**

N/A

**Additional/Future Action:**

N/A

**City Council Action:**

Anticipated for June/July 2025

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

Sodium hypochlorite is used for odor control at several Water and Wastewater facilities.

The contract with JCI Jones Chemicals Inc. for sodium hypochlorite is a one year contract with the City's option to renew for four additional one year terms, in an amount not to exceed \$33,895,000. The Metro Fund portion of the contract is \$26,009,000. The fiscal impact to the Metro JPA is \$8,582,970.

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

N/A

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

An Invitation to Bid to provide sodium hypochlorite at water and wastewater facilities, was issued on February 19, 2025, by the Purchasing & Contracting Department. The bid closed on March 21, 2025. The City received three responsive bids. JCI Jones Chemicals, Inc. was determined to be the lowest bidder at \$1.62 to \$1.72 per gallon. Price varied per location. The lowest bid was 29.2% lower than the next lowest bidder, Brentag Pacific, Inc. at \$2.28 to \$3.14 per gallon. The Purchasing and Contracting Department issued the Notice of Intent to Award on April 29, 2025.

The current contract for sodium hypochlorite is also with JCI Jones Chemical, Inc. The contract began on December 29, 2020 and expires on December 28, 2025. The current contract price is \$1.97 per gallon.

## Public Utilities Department

# Contract with JCI Jones Chemicals Inc. to purchase Sodium Hypochlorite for Water and Wastewater Facilities

Metro TAC  
May 21, 2025

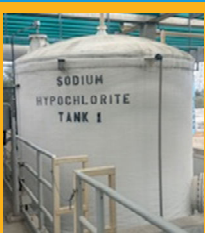


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SD Public Utilities Department

## Background

- Sodium Hypochlorite is used for disinfection and odor control at several Water and Wastewater facilities:
- Wastewater facilities include Pump Station 2, Pump Station 64, Pump Station 65, Penasquitos Pump Station, Metropolitan Biosolids Center, North City Water Reclamation Plant, South Bay Water Reclamation Plant, Point Loma Water Reclamation Plant, Black Mountain Reservoir, North City Pure Water Facility.
- An Invitation to Bid to provide sodium hypochlorite was issued on February 19, 2025. The bid closed on March 21, 2025, in which the City received three responsive bids.




North City Water Reclamation Plant

South Bay Water Reclamation Plant

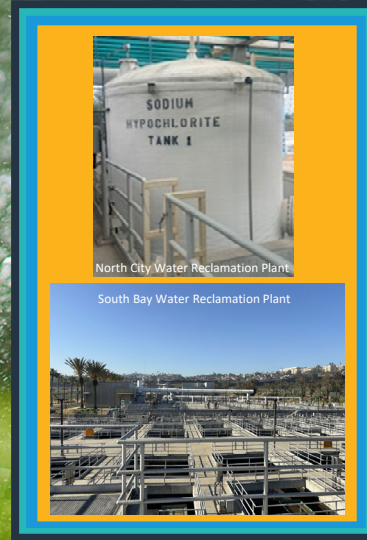
[sandiego.gov](http://sandiego.gov)

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## Background

- JCI Jones Chemicals Inc. was deemed the lowest bidder at \$1.62 to \$1.72 per gallon. The intent to award was issued on April 29, 2025.
- 29.2% lower than the next bidder, Brentag Pacific, Inc. at \$2.28 to \$3.14 per gallon.
- The current contract with JCI Jones Chemicals Inc. is \$1.97 per gallon and expires December 28, 2025.



sandiego.gov

3



## Contract

- A contract with JCI Jones Chemicals Inc. (ITB 10090233-25-J) to provide sodium hypochlorite at Public Utilities Water and Wastewater Facilities for odor control
- One year contract, with the option to renew for four additional one year terms, with JCI Jones Chemicals Inc. to provide sodium hypochlorite, as required, in an amount not to exceed \$33,895,000 of which the Metro Fund portion is \$26,009,000
- Metro JPA not to exceed amount is \$8,582,970
- Average estimated annual expense to the JPA is \$1,716,594.



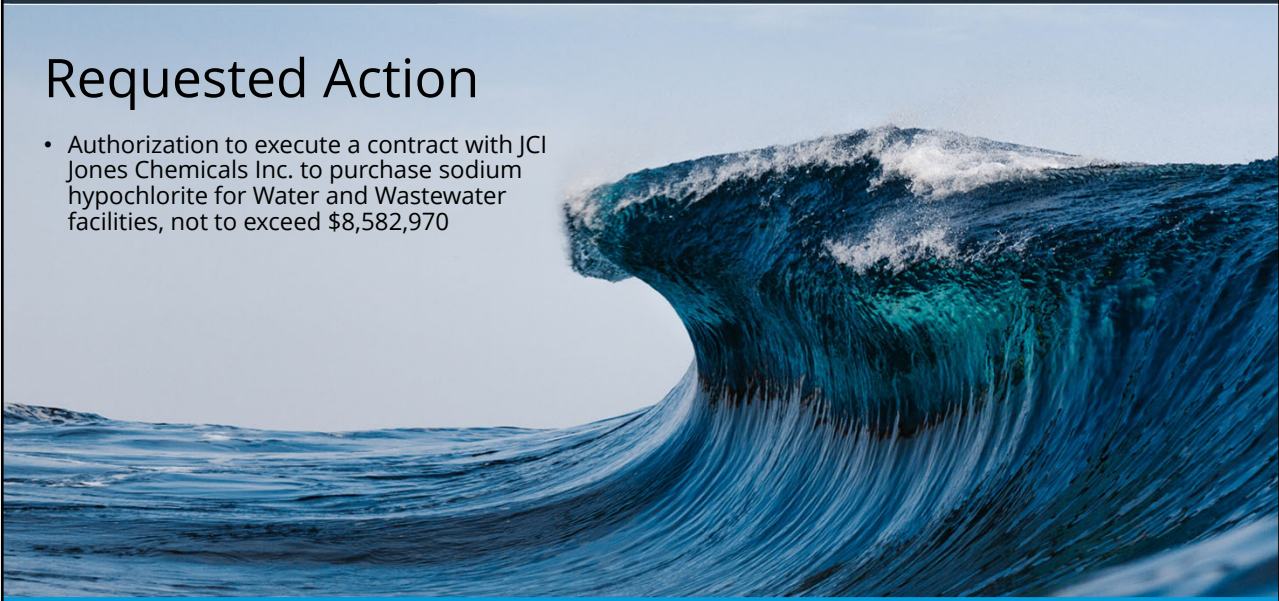
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 Public Utilities Department

## Requested Action

- Authorization to execute a contract with JCI Jones Chemicals Inc. to purchase sodium hypochlorite for Water and Wastewater facilities, not to exceed \$8,582,970



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 Public Utilities Department

## QUESTIONS



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**Action Requested: Bring Materials for May 21 TAC Meeting on SARA Draft**  
**Fri 5/16/2025 6:49 AM**  
**Email to Metro TAC Primary and Alternates**

Good Morning All:

So that we can have a meaningful discussion of the draft SARA document, TAC members are requested to bring the following to the May 21, 2025, meeting.

1. Your copy of SARA and any of the supporting documents that have been prepared if you need for reference. You can find the following documents in the PDF on the JPA Website at  
<https://www.metrojpa.org/Home/Components/News/News/142/18?backlist=%2fhome>  
Understanding SARA  
April 3, 2025, Staff Report (Metro JPA/Com Meeting)  
April 3, 2025, Presentation (Explaining SARA) (Metro JPA/Com Meeting)  
Draft SARA Document  
Draft Exhibits
2. Your copy of the current Amended and Restated Agreement (ARA) if you would like it for your reference. You can find a copy of the ARA on the JPA Website at:  
<https://www.metrojpa.org/Home/ShowDocument?id=4720>
3. Any redlines or revisions you would like to discuss.

In addition, we ask that you provide your redlines or suggested changes to me, in writing by no later than the day of the May 21 meeting. This is to ensure that your edits can be discussed with the Pure Water Ad Hoc and incorporated into a draft and submitted to the City of San Diego for review and discussion. Redlines provided earlier from Del Mar and National City have already been incorporated and submitted to the City of San Diego.

Please keep in mind that as SARA progresses through each agency's review process in the coming months, there will still be opportunities for continued discussion and updated redlines. However, this is the deadline for incorporating comments into the version that will be presented to the June TAC and July JPA meetings.

We now have input or redlines from five PAs and meetings scheduled with two others prior to TAC, and we want to acknowledge the time and effort this represents. Your thoughtful input is truly appreciated and is helping to shape a significantly stronger and more effective operating agreement. Thank you.

Regards,

Karyn Keze  
The Keze Group  
Executive Director  
Metro Wastewater JPA  
619.733.8876



## Monthly Executive Director's Report April 2025

The purpose of this report is to provide an update on the activities, progress, and outcomes related to the JPA's initiatives. It aims to ensure transparency, document key discussions and decisions, and keep all stakeholders informed of ongoing efforts and upcoming milestones.

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In April, the Executive Director and Executive Team focused primarily on the implementation process for the draft Second Amended and Restated Agreement (SARA), introduced at the March 19 TAC and April 3 JPA/Com Board meetings. To support this effort, the draft SARA, staff report, and presentation have been posted in the "News" section of the JPA website:

<https://www.metrojpa.org/Home/Components/News/News/142/18?backlist=%2fhome>

In addition, a copy of the current Amended and Restated Agreement (ARA) can be found in the Director's Manual at:

<https://www.metrojpa.org/Home/ShowDocument?id=4720>

During the implementation process the SARA documents will be updated as needed and noted in the Monthly Executive Director's Report as to any changes/additions.

### **Key Tasks and Updates:**

#### **1. SARA Implementation Progress**

The following is an excerpt from the Staff Report that was presented to the Metro JPA/Com Commissioners at their April meeting regarding the recommendations from the Pure Water AdHoc's March 10, 2025, meeting in which they concurred that the SARA draft should be moved forward for presentation to Metro TAC and the Metro JPA/Com as the first step in the implementation process. Their recommendations included an implementation schedule as well as draft language for a motion for the May Metro JPA/Com meeting.

*“The Metro Commission Pure Water Ad Hoc, together Metro’s Executive Staff, respectfully recommend the Metro JPA representatives discuss, evaluate and provide input or comments to the draft SARA. TAC representatives have been encouraged to confer with their Participating Agency staff, legal counsel and Metro JPA Board representatives, so that the Metro JPA Board representatives can be prepared to discuss and ask questions in advance of the next two Metro Board meetings (see below).*

**PURE WATER AD HOC RECOMMENDATION:** *A motion for the Metro Commission to recommend to the Participating Agencies’ approval of the SARA subject to non-substantive revisions and corrections, which non-substantive determinations shall be made by the Participating Agency’s Attorney and City/General Manager.*

- *That way, if changes are made, the PA’s Attorney and City/General Manager believe they are non-substantive; the PA’s approval can stand without having to go back to governing body.*
- *If substantive changes are made, SARA will need to go back to PA governing body for approval of amended version, but then the City Council/Board can only focus on the substantive changes. We hope this will make for a faster review.”*

At their April Meeting Metro TAC requested more time to review SARA and the following revised schedule was created and approved by the Board at their May Meeting:

**JPA/Com Regular Meeting – May 1, 2025**

- FAB Presentation - Stantec
- Discussion: Progress of SARA Review
  - TAC Recommendation
  - Pretreatment Administrative Agreement Discussion
- Discussion and Action: Move July Regular Board Meeting Date to June 26, 2025, or Other Date

**Metro TAC Regular Meeting - May 21, 2025**

- Discussion: Substantive Review of SARA

**JPA/Com Regular Meeting – June 5, 2025**

- Report: TAC Substantive Discussion, Pretreatment Progress
- Discussion: Continued Discussion of SARA Review

**Metro TAC Regular Meeting - June 18, 2025**

- Discussion: Continued Discussion of SARA Review
- Vote/Recommendation: SARA

**JPA/Com Special Meeting – July 10, 2025 (Replaces July 3<sup>rd</sup> Meeting)**

- Discussion: Continued Discussion of SARA Review
- Vote/Recommendation: SARA

Steady and coordinated progress continues on the implementation of the Second Amended and Restated Agreement (SARA), with several key actions underway:

- **One-Page SARA Summary:** In response to the Board's April request, staff prepared "*Understanding the Second Amended and Restated Agreement (SARA)*", a one-page summary distributed to TAC and JPA members in mid-April. It is attached to this Report and also available in the SARA packet on the JPA website.
- **PA Outreach and Feedback:** The Executive Team continues to offer one-on-one meetings with Participating Agencies (PAs) to address questions and receive feedback. To date, four PAs have engaged with the team, and revisions have been compiled and submitted to the City of San Diego in redline format from the first two meetings. Additional revisions are being gathered and as they are received will be submitted to San Diego staff.
- **Agreement Comparison Document:** At the request of the TAC Chair, a comparative redline showing key differences between the proposed SARA and the existing ARA was prepared and distributed on May 5 to TAC and JPA Board members. As previously noted, creating a traditional red line has been difficult due to the extensive reorganization and rewriting of the document, which was done to improve clarity and usability of the operating agreement.
- **Legal Review Coordination:** In response to directions from the Metro JPA/Com Board, JPA General Counsel Adriana Ochoa will host a Zoom meeting in early May exclusively for legal counsels representing the PAs. The purpose is to facilitate collective review, address legal questions, and minimize redundant discussions. This session is not a public meeting and is intended solely for agency legal representatives.
- **The Pure Water (SARA) AdHoc:** The AdHoc met on April 29<sup>th</sup> to review revisions to Administrative Agreement No. 1 proposed by the City of San Diego. JPA and PUD Legal Councils are continuing to work on revised language. It is anticipated that revisions will be completed in time for the Administrative Agreement to move forward with SARA over the next several months.
- **Functional Allocated Billing (FAB) Presentations:** Ben Stewart of Stantec provided a detailed overview of the Functional Allocated Billing (FAB) methodology and its projected impacts at the April TAC and May JPA/Commission meetings. The presentation addressed anticipated rate changes under both current flow allocations and future conditions following the withdrawal of ECAWP JPA. For most Participating Agencies, impacts appear minimal; the most significant financial shift is expected for the City of San Diego.

## 2. JPA Board Adopts First Investment Policy

At its May meeting, the JPA Board adopted its first-ever Investment Policy, developed as part of the broader Policy & Procedures Manual reviewed by the Finance Committee and approved in March for Board consideration. Due to ongoing SARA discussions, review of the remaining portions of the manual has been deferred to the August JPA/Com meeting. Historically, the JPA was limited to low-interest savings accounts; the new policy enables investment in higher-yield options such as LAIF. A resolution authorizing participation in LAIF was also

approved, and financial staff will begin transferring reserves and uncommitted operating funds over the next month.

### **3. I&I Committee**

The I&I committee met on April 24th and discussed progress on action items from the previous meeting. PAs are working on meter basin data requests with DWEI in the process of sending out individual requests to each agency to be specific. All requests will be sent out by May 9<sup>th</sup>, and the City is requesting to have all the information back by end of June. The City is continuing to work on a contract to bring ADS on board to analyze the March 2025 storms as a “Phase 1” of the I&I analysis. They are anticipating it will be ready for next fiscal year.



## **Understanding the Second Amended and Restated Agreement (SARA)**

### **What is SARA?**

- The Second Amended and Restated Agreement (SARA) is a revised version of the 2021 operating agreement between the City of San Diego and the twelve Participating Agencies (PAs) that use the regional Metro Wastewater System.
- SARA is the result of over four years of negotiations between the PAs and the City of San Diego. It's the work-product of hundreds of hours of research and negotiation from the staffs of the JPA and the City of San Diego, with additional layers of review from the PA's legal team, its Technical Advisory Committee, and the JPA Board members.

### **What does SARA do?**

- Updates the legal document that governs our regional cooperation on wastewater treatment and recycled/repurified water planning.
- Reorganizes the document and modernizes the language.
- Streamlines the JPA's authority to handle ministerial and operational issues.
- Resolves six specific "Parking lot Items" issues that were left unresolved in 2021.
- Provides more flexibility for future adjustments to keep the document relevant.

### **Key Updates in SARA:**

- Establishes cost-sharing approaches for Phases 1 and 2 of the City's Pure Water Program.
- Introduces a new billing method (Functional Allocated Billing) to allocate Metro System costs more accurately based on how each agency uses the Metro System.
- Establishes the Uniform Enforcement of the Pretreatment Program by the City of San Diego
- Outlines how future regional water reuse projects may be included in capital cost calculations.
- Provides a sample formula for calculating revenue from repurified water.
- Includes provisions for the treatment and billing of wastewater from military bases.

### **Key Structural and Operational Improvements:**

- Clarifies how fines, penalties, and regulatory enforcement actions are allocated among the parties.
- Creates a process for developing Administrative Agreements to address technical or operational matters without renegotiating the main agreement.
- Establishes four approval paths to update SARA in the future, allowing for more tailored and efficient decision-making.

### **Approval Process:**

- After SARA is approved, on an advisory vote, by the PA's representatives on the Metro JPA, it will be sent to each PA for formal review and approval.
- When all thirteen PAs approve, it will replace the current agreement for the next fifty years.

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