



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

AGENDA

**Thursday, NOVEMBER 3, 2011
12:00 p.m.**

**9192 Topaz Way (MOC II) Auditorium
San Diego, California**

"The mission of the Metro Commission is to create an equitable partnership with the San Diego City Council on wastewater issues in the San Diego region that ensures fair rates for participating agencies, concern for the environment, and regionally balanced decisions through data analysis, collaboration among all stakeholders, and open dialogue."

Note: Any member of the Public may address the Metro Commission/Metro Wastewater JPA on any Agenda Item. Please complete a Speaker Slip and submit it to the Administrative Assistant or Chairperson prior to the start of the meeting if possible, or in advance of the specific item being called. Comments are limited to three (3) minutes per individual.

Documentation
Included

**** AUDITORIUM SAFETY BRIEFING (Bryan Green) ****

1. ROLL CALL

2. PLEDGE OF ALLEGIANCE TO THE FLAG

3. PUBLIC COMMENT

Persons speaking during Public Comment may address the Metro Commission/ Metro Wastewater JPA on any subject matter within the jurisdiction of the Metro Commission and/or Metro Wastewater JPA that is not listed as an agenda item. Comments are limited to three (3) minutes. Please complete a Speaker Slip and submit it prior to the start of the meeting.

X 4. ANNOUNCEMENT – APPOINTMENT OF LEE ANN JONES-SANTOS AS NEW DEPUTY DIRECTOR OF FINANCE AND INFORMATION TECHNOLOGY (**Attachment**)

X 5. **ACTION** – CONSIDERATION AND POSSIBLE ACTION TO APPROVE THE MINUTES OF THE REGULAR MEETING OF SEPTEMBER 1, 2011 (**Attachment**)

X 6. PRESENTATION ON POINT LOMA SEDIMENTARY BASIN (**Attachment forthcoming**)

X 7. PURCHASE OF ADDITIONAL FERROUS CHLORIDE FOR SULFIDE CONTROL IN WASTEWATER SLUDGE PIPELINES (Chris McKinney) (**Attachments**)

X 8. LANDFILL GAS FUELED ENGINE GENERATOR FOR NORTH CITY COGEN FACILITY (Tom Ashplaugh) (**Attachment**)

NOVEMBER 3, 2011

Metro Commission/Metro
Wastewater JPA Agenda

- X 9. PUMP STATION #2 POWER RELIABILITY AND SURGE PROTECTION PROJECT
 (Chisti Dadachanji) **(Attachment)**
- X 10. PRESENTATION OF REVISED JPA STRATEGIC PLAN (Mike Uhrhammer)
 (Attachment to be distributed under separate cover)
- X 11. KEY RELATED ITEMS WE SHOULD BE TRACKING/GETTING UP TO SPEED ON
 (Attachment)
- 12. METRO TAC UPDATE
- 13. IROC UPDATE
 - a. Appointment to IROC of Alternate
- 14. FINANCE COMMITTEE
 - a. Report from Finance Committee
- X 15. REPORT OF GENERAL COUNSEL
 - a. Presentation of SDG&E Rate Case (BBK) **(Attachment)**
- 16. PROPOSED AGENDA ITEMS FOR THE NEXT METRO COMMISSION/ METRO
 WASTEWATER JPA MEETING **December 1, 2011.**
- 17. METRO COMMISSIONERS' AND JPA BOARD MEMBERS' COMMENTS
- 18. ADJOURNMENT OF METRO COMMISSION AND METRO WASTEWATER JPA

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

Materials provided to the Metro Commission and/or Metro Wastewater JPA related to any open-session item on this agenda are available for public review by contacting L. Peoples at (619) 476-2557 during normal business hours.

***In compliance with the
AMERICANS WITH DISABILITIES ACT***

The Metro Commission/Metro Wastewater JPA requests individuals who require alternative agenda format or special accommodations to access, attend, and/or participate in the Metro Commission/Metro Wastewater JPA meetings, contact E. Patino at (858) 292.6321, at least forty-eight hours in advance of the meetings.

AGENDA ITEM 4

Attachment



THE CITY OF SAN DIEGO

M E M O R A N D U M

DATE: October 4, 2011

TO: Public Utilities Executive Team

FROM: Alex Ruiz, Assistant Director, Business Support Branch

SUBJECT: Appointment of Finance and Information Technology Deputy Director

It is my pleasure to formally announce the appointment, effective September 19, 2011, of Lee Ann Jones-Santos, Budget Program Manager, as our new Deputy Director of the Finance and Information Technology (FIT) Division. Her appointment culminates a competitive selection process involving many highly qualified applicants. We were fortunate to have a strong pool of internal and external candidates willing to serve in a leadership role as part of this organization.

For the past several months, Lee Ann has served as the Interim Deputy Director, effectively guiding the work of the Division through the last two budget processes before Council, and has worked steadfastly to improve the work of the FIT Division overall. As the Interim Deputy Director, Lee Ann has worked as my direct report to improve the financial reporting of the department, has interfaced effectively with other City departments to coordinate the production and reconciliation of critical financial and budgetary data, and has successfully represented the department before IROC, Council Committees and the City Council.

Lee Ann has been with the department since 2005, when she came over from the Comptroller's Office to serve as Metropolitan Wastewater Department's Business Lead for SAP implementation. Overall, Lee Ann has been with the City since 1999 and has a B.S. degree in accounting from California State University San Marcos, with additional education and training in auditing.

Please join me in congratulating Lee Ann on her new appointment. We look forward to her continued dedication and professionalism as the FIT Deputy Director.

A handwritten signature in black ink, appearing to read "Alex Ruiz".

AGENDA ITEM 5

Attachment



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

**9192 Topaz Way (MOC II) Auditorium
San Diego, California**

September 1, 2011

DRAFT Minutes

Chairman Ewin called the meeting to order at 12:05 p.m. A quorum of the Metro Wastewater JPA and Metro Commission was declared, and the following representatives were present:

1. ROLL CALL

| <u>Agencies</u> | <u>Representatives</u> | | <u>Alternate</u> |
|---------------------------------|------------------------|---|----------------------|
| City of Chula Vista | Cheryl Cox | X | Scott Tulloch |
| City of Coronado | Al Ovrom | X | Scott Huth |
| City of Del Mar | Donald Mosier | | (Arrived 12:20 p.m.) |
| City of El Cajon | Bill Wells | | Dennis Davies |
| City of Imperial Beach | Ed Spriggs | | (Arrived 12:10 p.m.) |
| City of La Mesa | Ernie Ewin | X | |
| Lemon Grove Sanitation District | Jerry Jones | | Mike James |
| City of National City | Louis Natividad | X | Joe Smith |
| City of Poway | Merrilee Boyack | X | |
| City of San Diego | Jerry Sanders | | Roger Bailey |
| County of San Diego | Dianne Jacob | | Daniel Brogadir |
| Otay Water District | Mark Robak | | |
| Padre Dam MWD | Augie Caires | X | Augie Scalzitti |
| Metro TAC Chair | Scott Huth | X | Greg Humora |
| IROC | Jim Peugh | | (No representative) |

Others present: Metro JPA General Counsel Paula de Sousa; Metro JPA Secretary Lori Anne Peoples; Leah Browder – City of Poway; Lee Ann Jones-Santos and Ann Sasaki - City of San Diego Public Utilities; Karyn Keese of Atkins Global; Greg Humora - City of La Mesa; Tom Zeleny – General Counsel City of San Diego

2. PLEDGE OF ALLEGIANCE TO THE FLAG

Commissioner Ovrom led the Pledge.

Chairman Ewin invited Darlene Morrow-Truver to the podium and presented her with a bouquet of flowers on behalf of the Metro Wastewater JPA for her retirement. Chair Ewin and Commissioners Ovrom, Boyack, Caires and Huth as well as Atkins Global Consultant Keese praised and thanked her for all of her assistance with the audit reforms and debt coverage items over the years and wished her well.

3. PUBLIC COMMENT

There was no public comment.

4. **ACTION - CONSIDERATION AND POSSIBLE ACTION TO APPROVE THE MINUTES OF THE REGULAR MEETING OF July 7, 2011**

ACTION: Upon motion by Commissioner Natividad, seconded by Commissioner Cox, the June 2, 2011 Minutes were approved with Commissioner Caires abstaining.

5. **UPDATE AND DISCUSSION ON RECYCLED WATER STUDY**

Scott Huth introduced Marsi Steirer who provided an update on the process. Ms. Steirer noted that this study was begun 2 ½ years ago when the City entered into a cooperative agreement with members of the environmental community in early 2009 so that they would not oppose the process as it moved forward. She became the project director and she and her staff put together a scope of work and along with a consultant team assembled to assist with any secondary work. The PA's have participated in the process throughout by providing review and comment on the draft scope of work and 8 subsequent Technical Memorandums. There have been 10 bi-monthly stakeholder meetings and a presentation to MetroTAC along with stakeholder workshops. The final draft report was distributed about a month ago and was provided to the PA's. There are 5 concepts that can turn into projects. The objective of the study was to identify ways to reduce ocean discharges and not have the flow and reduce the amount of wastewater that goes to Pt. Loma. With pretty extensive recycling they have come up with a way to reduce the flow to Pt. Loma over time by 100,000,000 gallons a day by pretty extensive recycling upstream. By achieving this number there could be a savings of \$650,000,000 dollars in construction that would not need to take place in direct relationship to the reduced flows. There would be other construction taking place such as reuse construction projects in South Bay as well as in North City that would be making advanced treated recycled water out of the water that was not flowing to Pt. Loma. She invited everyone to the North City Demonstration Plant so that they could feel comfortable and have an understanding of the operation of the facility and the product water. There is substantial potential infrastructure in moving some of the treatment water along as well as challenges of sighting the facilities and the lack of available land. Ultimately, besides the concepts and what the projects are the most popular chapter of the executive summary as well as the report is going to be about cost. Ongoing work as the report is finalized, the consultants will provide a final draft by early October; a series of internal meetings regarding implementation and roll out will be held next week; another presentation may be provided in November or December to the JPA. Forward discussions will need to be held with regards to the integration with the 2015 Waiver; cost sharing; evaluate the effect on the rates and within the study itself the list of additional items that need to happen and work performed such as site studies etc.

Chair Ewin reminded the Board that everyone had received the Draft and Executive Summary.

Scott Huth stated that the core of what was received was still going forward and should be reviewed as well as the white paper that had been circulated at MetroTAC. Updates will be provided with refinements. Several PA's had commented and they have been circulated and will be rerouted again. The main focus from the TAC is they are trying to put their arms around the study, review the impact and evaluate some of the figures and get a comfort level so that when a combination workshop presentation is held with the JPA they can assist in formulating what they see as the policy issues. There is a lot of consensus around the North City option as the plant is already there. Same with the South Bay location of an advance water treatment plant. Looking at East County and what Padre Dam is doing and the possibility of doing a joint facility. The core larger projects, the Harbor Drive option and or Mission Valley – they are having a hard time with in terms of the investment of that infrastructure, however the overall concepts are good and they have chimed in on IPR and it is going in a positive direction. They did not get everything in the study they asked for but got several things were included they thought were important and their white paper is their effort to augment the study as an addendum of things that they think are still important to review and that the decision makers who review the study will hopefully take into consideration.

Chair Ewin stated he wanted to be sure that there was a mechanism because of the perspective that the JPA brings and the amount of financial support they provide, that if the recommendations are not able to be incorporated directly into the report so that they don't disappear. The work that MetroTAC has done and the work of the individual PA's have done should not be lost throughout the long term planning cycle.

Director Caires give kudos to the TAC working group and inquired as to if there had been feedback received from the environmental groups. Scott Huth responded that they have been very positive about the recommendations put forward but are definitely of the mind set that Pt. Loma should go to secondary which is directly opposed to our point of view. They have not supported any expansion of purple pipe water, but accept the concept of what is out there and would like all the focus to be on the IPR strategy and support direct potable reuse.

Director Robak stated that it needed to be made clear in the public document that we support direct potable reuse. He then inquired regarding the tenor of the comments. Scott Huth responded that some of the feedback from comments received may have a tone that is a little deceptive because there is not agreement with the feedback that is coming back. Need to keep in a context that this is a study geared towards moving forward and building support behind it and yet there are refinements that will happen in time and by influence from the PA's and economies. There are some options put forward in the white paper that if more time were available could be proved.

Scott Tulloch stated he was able to attend the meeting with Scott Huth and Karyn Keese which comprised of about 20 people, about 6 environmental people, the consultants and City team and he felt the City and consultants were very receptive to the comments they had about amplifying or clarifying the report which will show in the final report. So part of our goal was to have the report be such that it would not close any doors to some of the things we would like to accomplish in the future.

Director Boyack stated that she appreciated all of the work done on the report and was pleased to hear that they were integrating with water as she felt it was lopsided previously. She stated she was still concerned with the costs and the way they are being calculated/presented and hoped that the cost benefit analysis calculations would be done very carefully and that San Diego will be sensitive to the PA's and the ratepayers as this is a significant amount of money.

Scott Huth stated that the report and formal presentation will be made in either November/December, hopefully in a workshop format.

6. PRESENTATION ON MANAGED COMPETITION PROGRAM

Lee Ann Jones-Santos introduced Barbara Lamb, Program Manager, City of San Diego Business Office (Mayor's Office), provided a brief verbal and PowerPoint presentation on the Managed Competition Program which included a definition; history; process review; PUD CSO managed competition status and other managed competition functions status.

7. KEY RELATED ITEMS WE SHOULD BE TRACKING/GETTING UP TO SPEED ON

MetroTAC Chair Huth stated that there were not any new updates.

8. METRO TAC UPDATE

MetroTAC Chair Huth stated that they did not have a regular meeting but met with only the PA's in a workshop format on the Recycled Water Program.

9. IROC UPDATE

a. Report from IROC Representative Caires

IROC Representative Caires stated that they did not have a meeting in July and had a brief meeting on August 15, 2011 and that the 2010 Annual Report was not done but was scheduled for a September Adoption; a presentation was received on future permitting strategies for the waiver which he will schedule for a future JPA meeting; a presentation on infrastructure disaster preparedness was also received and he noted that he had been appointed to the IROC Finance Committee as a voting member.

10. FINANCE COMMITTEE

a. Report from Finance Committee

Finance Committee Chair Ovrom stated the Finance Committee did not have a formal meeting in August, but that he and Member Boyack had been asked to perform a desk audit of the finances at Padre Dam which they had completed and concluded that everything was set up and tracking in Quick Books and the account register matched receipts and that bank statements matched.

Ms. Keese of Atkins Global stated that the Finance Committee will be working on some billing guidelines for consistency at their next meeting; regarding Exhibit E she had a planning meeting with Ms. Morrow-Truver prior to her retirement on how costs will be allocated in 2010 on the salary portion and they are hoping to get it started next month; she is going up to meet with her counter part at Brown & Caldwell who did the financial modeling to gain a thorough understanding and will probably take some work at MetroTAC to try to get a cost allocation.

11. REPORT OF GENERAL COUNSEL

General Counsel de Sousa stated that since the PA's all have facilities and rights of way and facilities in easements – the Federal Communications Commission has issued a notice of inquiry at the urging of telecommunications companies who want to have access to public agencies rights of way and property at lower prices and access with greater ease. She suggested the representatives have their staff look at this inquiry and comment by the due date of September 30, 2011.

12. PROPOSED AGENDA ITEMS FOR THE NEXT METRO COMMISSION/METRO WASTEWATER JPA MEETING October 6, 2011

Chair Ewin suggested moving the meetings to every other month which would make the next meeting in November and the following in January. If anything else important comes up it could be handled as an informational item approved by General Counsel as an interim update prior to an action item for the future and or a special meeting.

13. METRO COMMISSIONERS' AND JPA BOARD MEMBERS' COMMENTS

Director Robak requested staff follow-up on a prior budget item request.

14. ADJOURNMENT OF METRO COMMISSION AND METRO WASTEWATER JPA TO THE STRATEGIC PLANNING WORKSHOP IMMEDIATELY FOLLOWING THIS SPECIAL MEETING

At 1:27 p.m., there being no further business, Chairman Ewin declared the meeting adjourned.

Recording Secretary

AGENDA ITEM 6

Attachment

AGENDA ITEM 7

Attachment

METRO JPA/TAC Staff Report

Subject Title: Purchase of Additional Ferrous Chloride for Sulfide Control in Wastewater Treatment Plant Digesters and Sludge Pipelines

Requested Action: The Wastewater Treatment and Disposal (WWTD) Division requests approval to award a contract to Kemira Water Solutions for the purchase of additional ferrous chloride for Sulfide Control in the Wastewater Treatment Plant Digesters and Sludge Pipelines

Ferrous chloride (FeCl_2) is a chemical used for hydrogen sulfide (H_2S) control in wastewater treatment plant digesters and sludge pipelines. H_2S is a corrosive chemical that is hazardous to human health. It is a byproduct of bacterial activity in wastewater. Control of H_2S concentrations in the wastewater treatment process is a regulatory and employee safety requirement. Additionally, control of H_2S concentration is important for preserving the collection system infrastructure.

The Point Loma Wastewater Treatment Plant (PLWTP) sludge pipelines suffer from buildup of a hard mineral called vivianite. Buildup of this mineral reduces the effective size of the pipelines, thus leading to more-frequent pump failures and reduced plant reliability. The Wastewater Treatment and Disposal (WWTD) Division conducted a pilot study using ferric chloride (FeCl_3) – another iron salt similar to FeCl_2 – in an effort to reduce vivianite buildup while still controlling the concentration of H_2S . The study aimed to determine whether using FeCl_3 rather than FeCl_2 would slow the rate of mineral buildup and therefore reduce maintenance costs. However, the study determined that to achieve the same sulfide control results, the cost of FeCl_3 was greater than the cost of FeCl_2 . Analysis revealed that the avoided maintenance cost when using FeCl_3 is less than the added cost of this chemical. Therefore, as of July 1, 2011, the PLWTP suspended use of FeCl_3 for H_2S control in wastewater treatment plant digesters and sludge pipelines and returned to the traditional use of FeCl_2 .

The Public Utility Department requests amending the existing contract with Kemira Water Solutions, under the terms of Bid No. 10015313; Contract No. 4600000766, to meet anticipated additional needs for FeCl_2 . The anticipated increased expenditure of \$990,644.88 for FeCl_2 will result in a larger decreased expenditure for FeCl_3 . The net decrease in chemical expenditures will be approximately \$650,000.

FeCl_2 purchased under Bid No. 10015313 is used at multiple WWTD facilities, including the Point Loma Wastewater Treatment Plant, the Metropolitan Biosolids Center, and the North City Water Reclamation Plant. The total expenditure requested (\$1,856,728.48) is anticipated to meet all the Division's FeCl_2 needs.

The Public Utility Department requests authorization to renew the contract with Kemira Water Solutions, for up to four additional one (1) year periods, with annual per unit cost increase not to exceed 15%.

Recommendations:

| | |
|---|---|
| Metro TAC: | Submitted for consideration on September 21, 2011. |
| IROC: | N/A- This contract is included in the approved Metro operating budget and does not require IROC review. |
| Prior Actions: (Committee/Commission, Date, Result) | Submitted for consideration by the Natural Resources and Culture Committee on September 21, 2011; tentatively scheduled for consideration by the full Council on October 4, 2010. |

Fiscal Impact: \$1,856,782.48 in FY 2012

Is this projected budgeted? Yes ☒ No ☐

Public Utilities Department
Wastewater Treatment and Disposal Division
Metro TAC - Metro Commission - NR&C - Council
Summary Table

| Key | Fiscal Year | Metro/Muni | Official Title of Item | Brief Description of Item | Requested Vendor Name | Category | Total Cost Requested (Budgeted) | Metro TAC Date | Metro Commission | NR&C | Council | Reso # |
|-----|-------------|------------|---|--|----------------------------|----------|------------------------------------|--|---|------------|------------|---------|
| 1 | FY 2010 | Metro | Facility Franchise Agreement between the City and San Diego Landfill Systems, LLC, Second Amendment | 5-Year Agreement with San Diego Landfill Systems to collect, transport, and dispose of biosolids at MBC. | San Diego Landfill Systems | Service | \$1,725,000 | 9/16/2009 | 10/1/2009 | 10/7/2009 | 1/27/2010 | 19923 |
| 2 | FY 2010 | Metro | Cleaning of Digesters C1 and 8 at the Point Loma Wastewater Treatment Plant | Award a contact for cleaning digesters C1 and C8. | American Processing Group | Service | \$3,863,000 | 9/16/2009 | 10/1/2009 | 10/12/2009 | 3/26/2010 | 305677 |
| 3a | FY 2010 | Metro | Purchase of Sodium Hypochlorite for Wastewater Disinfection and Odor Control for Point Loma Wastewater Treatment Plant (Olin Chlor) | Award a contract to Olin Chlor, per bid number 9957-10-C for the purchase of sodium hypochlorite for wastewater disinfection and odor control for Pt. Loma. | Olin Chlor | Chemical | \$3,905,000 | 3/17/2010 | 4/1/2010 | 3/17/2010 | 5/27/2010 | 305840 |
| 4 | FY2011 | Metro | Provide Technical Service & Parts for Caterpillar Engine Generator and Switch Gears | Award a contract to Hawthorne Power Systems to provide technical services and parts for Caterpillar engine generators and switch gears. | Hawthorne Power Systems | Service | \$2,326,000 | 9/15/2010 | 10/7/2010 | 9/8/2010 | 12/14/2010 | 306299 |
| 3b | FY 2011 | Metro/Muni | Purchase of Sodium Hypochlorite for Odor Control at Various Wastewater Treatment Facilities (JCI Jones) | Award contract with JCI Jones to provide sodium hypochlorite for odor control for NCWRP, MBC, SBWRP, PS 1, PS 2, PS 64, PS 65 and Penasquitos Pump Stations. | JCI Jones | Chemical | \$832,000 | 6/16/2010 | 7/1/2010 | 6/16/2010 | 11/16/2010 | 306280 |
| 3c | FY 2011 | Metro | Purchase of Sodium Hypochlorite for Wastewater Disinfection and Odor Control for 10% price increase at Point Loma Wastewater Treatment Plant (Olin Chlor) | Olin Chlor is requesting an increase of 10% in the unit cost of sodium hypochlorite for the Point Loma Wastewater Treatment Plant. | Olin Chlor | Chemical | \$381,000 | Already approved previously on 3/17/2010 | Already approved previously on 4/1/2010 | 4/20/2011 | 5/24/2011 | 306820 |
| 5a | FY 2011 | Metro/Muni | Purchase of Ferrous Chloride, Supplies and Services for Peroxide Regenerated Iron-Sulfide Control (PRI-SC/PRI-CEPT) | Award contract with US Peroxide for the purchase of ferrous chloride, supplies, and services necessary for Peroxide Regenerated Iron-Sulfide Control (PRI-SC). | US Peroxide | Chemical | \$3,896,000 | 4/20/2011 | 5/5/2011 | 4/20/2011 | 6/13/2011 | 306841 |
| 5b | FY 2012 | Metro | Purchase of Additional Ferrous Chloride for Sulfide Control in Wastewater Treatment Plant Digesters and Sludge Pipelines | Request to amend existing contract with Kemira Water Solutions to purchase ferrous chloride for sulfide control. | Kemira Water Solutions | Chemical | \$990,645 | 9/21/2011 | 11/3/2011 | 10/19/2011 | 11/8/2011 | Pending |

AGENDA ITEM 8

Attachment

METRO JPA/TAC Staff Report

Subject Title:

Purchase a 1.6MW Landfill Gas Fueled Engine Generator for North City Cogeneration Facility Expansion through the National Joint Powers Alliance.

Requested Action:

Recommendation from the Metro TAC and Metro Commission to approve the project, moving it to City Council for approval.

This project will request Council Action authorizing the Mayor, or designee, to award a contract to Hawthorne Power Systems, per the Request for Quotation, using the National Joint Powers Alliance (NJPA). Contract Number 092409-CAT, to provide a Caterpillar G3520C Engine generator system and related skid mounted equipment. It also requests authorizing the Chief Financial Officer to expend a not to exceed amount of \$2,450,000 of which \$2,200,000 is from the Public Utilities Department CIP Fund 700009 and \$250,000 is from the Operating Fund 700001.

Recommendations:

| | |
|---|---|
| Metro TAC: | Present to JPA/TAC for approval of the purchase |
| IROC: | For Informational Only- This project is included in the approved Metro CIP budget and does not require IROC review. |
| Prior Actions: (Committee/Commission, Date, Result) | |

Fiscal Impact:

| | |
|--|---|
| Is this projected budgeted? | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> |
| Cost breakdown between Metro & Muni: | 100% Metro |
| Financial impact of this issue on the Metro JPA: | This total investment of about \$3,600,000 should generate savings and revenues of about \$360,000/year |

Capital Improvement Program:

| | |
|-------------------|---|
| New Project? | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> |
| Existing Project? | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> upgrade/addition <input type="checkbox"/> change <input type="checkbox"/> |

Comments/Analysis:

Project Cost:

| | |
|--------------------|-------------------|
| Equipment | \$2,200,000 |
| Compressor Upgrade | \$ 250,000 |
| Installation | \$ 850,000 |
| Contingency | <u>\$ 300,000</u> |
| Total budget | \$3,600,000 |

Note: The North City Water Reclamation Plant is a Metro facility. The PA percentage of the standard Metro facility is 33.5%

Previous TAC/JPA Action: Council approval of the City owned North City Cogeneration Facility Expansion's landfill gas fuel source occurred with the Fortistar/MM San Diego Miramar Landfill Gas Power Plants Amendments and Agreements on July 6, 2011.

Additional/Future Action: Presentation of 1472 for engine generator purchase to NR&C prior to City Council. Present design build construction and installation contract (approximately \$850,000) to Mayor for approval.

City Council Action: Request City Council authorization to purchase engine generator.

AGENDA ITEM 9

Attachment

**METRO JPA/TAC
Staff Report**

Subject Title: Pump Station 2 Power Reliability and Surge Protection Project

Requested Action: Past improvements and upgrades have not addressed the backup power for the facility since it went on line in 1963. The PS2 facility currently has three electrical power feeds from SDG&E. Two of the feeds are fed from the same substation. An existing agreement between PUD and SDG&E limits a maximum of two pumps per utility feed under normal conditions and three pumps per utility feed under emergency conditions like heavy rain. Losing two of the three utility feeds will not sustain the power requirements as the pump station will have five pumps available, three electric and two engine driven pumps, instead of all eight pumps that are required during peak flows. EPA (Environmental Protection Agency) guideline recommends that facilities like Pump Station 2 be equipped with two separate and independent sources of electrical power provided from either two separate utility substations or from a single substation and a plant based generator. The current pump station electrical configuration does not comply with the EPA recommendation as it does not have two 100% power source. Besides satisfying the EPA guidelines, it is also required that force main surge protection be provided at all times to protect the force mains from hydraulic transient/water hammer in the event of total power failure. The existing engine driven pumps that are driven for surge protection are aging and the maintenance associated with the pumps is high. This new project will provide the required force main surge protection and will comply with EPA recommendation for standby power for essential facilities.

Recommendations:

| | |
|---|---|
| Metro TAC: | Present to JPA for approval of design and construction. |
| IROC: | N/A – This project is included in the approved PUD CIP budget and does not require IROC review. |
| Prior Actions: (Committee/Commission, Date, Result) | |

Fiscal Impact:

Metro Funding: FY 2011 (\$878,281), FY 2012 (\$250,000), FY 2013 (\$1,901,719), FY 2014 (\$5,000,000), FY 2015 (\$20,000,000) and FY 2016 (\$3,200,000).

| | |
|--------------------------------------|---|
| Is this projected budgeted? | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> |
| Cost breakdown between Metro & Muni: | 100% Metro |
| Financial impact of this | 33.5% of \$31,230,000 = \$10,462,050 |

| | |
|---|---|
| issue on the Metro JPA: | |
| Capital Improvement Program: | |
| New Project? | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> |
| Existing Project? | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> upgrade/addition <input type="checkbox"/> change <input type="checkbox"/> |
| Comments/Analysis: Design for this project is scheduled to begin in FY 2012 and completed in FY 2014. Construction to begin in FY 2014 and end in FY 2016. | |
| Previous TAC/JPA Action: None | |
| Additional/Future Action: Present to Metro Commission on Nov 3, 2011, NR&C Dec 2011 and City Council Jan 2012. | |
| City Council Action: Will present to City Council for authorization to Advertise and Award for design in Jan 2012. | |

AGENDA ITEM 10

Attachment

AGENDA ITEM 11

Attachment

MetroTAC
2010/2011 Work Plan

| MetroTAC Items | Description | Subcommittee Member(s) |
|---|--|--|
| Advanced Water Purification Demonstration Project | San Diego engaged CDM to design/build/operate the project for the water repurification pilot program. <i>2/8/11: Equipment arrived 3/2011; tours will be held when operational (June/July 2011 timeframe)</i> | Al Lau |
| Fiscal Items | The Finance committee will continue to monitor and report on the financial issues affecting the Metro System and the charges to the PAs. The debt finance and reserve coverage issues have been resolved. Refunds totaling \$12.3 million were sent to most of the PA's. <i>10/26/11: 2010 will be the first year where the PAs will be credited with interest on the debt service reserve and operational fund balances. Interest will be applied as an income credit to Exhibit E when that audit is complete.</i> | Greg Humora Scott Huth Karen Jassoy Karyn Keese |
| Recycled Water Revenue Issue | Per our Regional wastewater Agreement revenues from SBWTP are to be shared with PA's. <i>4/11: City has agreed to pay out revenue to Wastewater Section and PA's credit will be on the Exhibit E adjustments at year end</i> Open issues: Capacity reservation lease payments and North City Optimized System Debt service status. | Scott Huth Scott Tulloch Karyn Keese |
| Water Reduction - Impacts on Sewer Rates | The MetroTAC wants to evaluate the possible impact to sewer rates and options as water use goes down, and consequently the sewer flows go down, reducing sewer revenues. Sewer strengths are also increasing because of less water to dilute the waste. We are currently monitoring the effects of this. <i>2/2011: wastewater revenues are declining due to conservation and flow reductions and agencies are re-prioritizing projects to be able to cover annual operations costs</i> | Eric Minicilli Manny Magaña Karyn Keese |
| "No Drugs Down the Drain" | The state has initiated a program to reduce pharmaceuticals entering the wastewater flows. There have been a number of collection events within the region. The MetroTAC, working in association with the Southern California Alliance of Publicly-owned Treatment Works (SCAP), will continue to monitor proposed legislation and develop educational tools to be used to further reduce the amount of drugs disposed of into the sanitary sewer system. <i>8/2010: County Sheriff and Chula Vista have set up locations for people to drop off unwanted medications and drugs. 4/11: Local law enforcement has taken a proactive role and is sponsoring drug take back events. 3/11: TAC to prepare a position for the board to adopt; look for a regional solution; watch requirements to test/control drugs in wastewater. 10/26/11: A prescription drug take back day is scheduled for 10/29/11. Goto www.dea.gov to find your nearest location.</i> | Greg Humora |
| Flushable Items that do not Degrade | Several PAs have problems with flushable products, such as personal wipes, that do not degrade and cause blockages. MetroTAC is investigating solutions by other agencies, and a public affairs campaign to raise awareness of the problems caused by flushable products. We are also working with SCAP in their efforts to help formulate state legislation to require manufacturers of products to meet certain criteria prior to labeling them as "flushable." Follow AB2256 and offer support. | Eric Minicilli |
| Grease Recycling | To reduce fats, oils, and grease (FOG) in the sewer systems, more and more restaurants are being required to collect and dispose of cooking grease. Companies exist that will collect the grease and turn it into energy. MetroTAC is exploring if a regional facility offers cost savings for the PAs. The PAs are also sharing information amongst each other for use in our individual programs. <i>3/11: get update on local progress and status of grease rendering plant near Coronado bridge</i> | Eric Minicilli |

| MetroTAC Items | Description | Subcommittee Member(s) |
|--------------------------------------|---|---|
| "Power Tariff" | Power companies are moving to a peak demand pricing scheme which negatively impacts PAs with pump stations and other high energy uses. MetroTAC wants to evaluate the new legislation and regulations, and to identify and implement cost savings efforts for the PAs. (8/2010): John Helminski at the City of San Diego is working on a sustainability project for CoSD 3/11: <i>Prepare a position paper for the JPA board to consider 4/11: John Helminski no longer works for the City. Request update from Paula.</i> 5/31/11: Roberto Yano met with SCAP representatives. Each agency should meet with their SDG&E representative to determine if there are special programs or incentives they can qualify for .Per SCAP there is no new legislation.10/26/11: We will continue to track this item through SCAP and report back when the issue is active again. | Tom Howard Paula de Sousa Roberto Yano Suggest closing this item. |
| Recycled Water Study | As part of the secondary waiver process, San Diego agreed to perform a recycled water study within the Metro service area. That study is currently underway, and MetroTAC has representatives participating in the working groups. TM #8 Costs estimates are out and PAs provided comments on TM#8 and have asked for a technical briefing. 10/16/11: Final draft of report is due out in November 2011. | Scott Huth Al Lau Karyn Keese Jennifer Duffy |
| Recycled Water Rate Study | San Diego is working on a rate study for pricing recycled water from the South Bay plant and the North City plant. MetroTAC, in addition to individual PAs, have been engaged in this process and have provided comments on drafts San Diego has produced. We are currently waiting for San Diego to promulgate a new draft which addresses the changes we have requested. 10/26/11: draft study still not issued | Karyn Keese Scott Huth Rita Bell |
| Metro JPA Strategic Initiatives | MetroTAC to develop success measures for the JPA strategic initiatives and suggest a schedule to complete certain items. | Scott Huth Dan Brogadir Karyn Keese |
| Salt Creek Diversion | 9/2010: OWD, Chula Vista and San Diego met to discuss options and who will pay for project; Chula Vista and OWD are reviewing options. 2/2011: OWD and PBS&J reviewed calculations with PUD staff; San Diego to provide backup data for TAC to review. This option is also covered in the Recycle Water Study.10/26/11: Back-up information has still not been received from staff. | Roberto Yano Manny Magaña Karyn Keese Rita Bell |
| Recycled Water Study Cost Allocation | A small working group was formed to discuss options to allocate PLWTP offset project costs among the water and wastewater rate payers; Concepts will be discussed at TAC and JPA Board in near future. | Scott Huth Roberto Yano Al Lau Karyn Keese |
| Board Members' Items | | |
| Metro JPA Strategic Plan | 2/2011: committee to meet 2/28/11 to plan for retreat to be held on 5/5/11 Retreat held and wrap up presented to the Commission at their June Meeting. JPA strategic planning committee to meet to update JPA Strategic Plan and prepare action items. | Augie Caires Ernie Ewin |
| Rate Case Items | San Diego is starting the process for their next five-year rate case. As part of that process, MetroTAC and the Finance Committee will be monitoring the City's proposals as we move forward. | Karyn Keese |
| Schedule E | MetroTAC and the Finance Committee are active and will monitor this process. Individual items related to Schedule E will come directly to the Board as they develop. | Karen Jassoy Karyn Keese |

| MetroTAC Items | Description | Subcommittee Member(s) |
|--|---|--|
| Future bonding | MetroTAC and the Finance Committee are active and will monitor this process. Individual items related to bonding efforts will come directly to the Board as they develop. 10/26/11: San Diego is issuing an RFP for a cost of service study to support a future bond issue potentially in mid-2013. Kristin Crane to sit on the selection panel. | Karen Jassoy Karyn Keese Kristen Crane |
| Changes in water legislation | MetroTAC and the Board should monitor and report on proposed and new legislation or changes in existing legislation that impact wastewater conveyance, treatment, and disposal, including recycled water issues | Paula de Sousa |
| Role of Metro JPA regarding Recycled Water | As plans for water reuse unfold and projects are identified, Metro JPA's role must be defined with respect to water reuse and impacts to the various regional sewer treatment and conveyance facilities | Scott Huth Karyn Keese |
| Border Region | Impacts of sewer treatment and disposal along the international border should be monitored and reported to the Board. These issues would directly affect the South Bay plants on both sides of the border. | |
| IROC Performance Audits | Work with IROC to identify areas to be audited; participate in audit process. 8/20/10: provide the top 5 areas to audit by September IROC meeting. | Augie Caires |
| SDG&E Rate Case | SDG&E has filed Phase 2 of its General Rate Case, which proposes a new "Network Use Charge" which would charge net-energy metered customers for feeding renewable energy into the grid as well as using energy from the grid. The proposal will have a significant impact on entities with existing solar facilities, in some cases, increases their electricity costs by over 400%. Ultimately, the Network Use Charge will mean that renewable energy projects will no longer be as cost effective. SDG&E's proposal will damage the growth of renewable energy in San Diego County. A coalition of public agencies has formed to protest this rate proposal. | Paula de Sousa |

| Completed Items | Description | Subcommittee Member(s) |
|---|---|--|
| Debt Reserve and Operating Reserve Discussion | In March 2010, the JPA approved recommendations developed by Metro JPA Finance Committee, MetroTAC, and the City of San Diego regarding how the PA's will fund the operating reserve and debt financing. MetroTAC has prepared a policy document to memorialize this agreement. Project complete: 4/10 | Scott Huth Karyn Keese Doug Wilson |
| State WDRs & WDR Communications Plan | The Waste Discharge Requirements (WDRs), a statewide requirement that became effective on May 2, 2006, requires all owners of a sewer collection system to prepare a Sewer System Management Plan (SSMP). Agencies' plans have been created. We will continue to work to meet state requirements, taking the opportunity to work together to create efficiencies in producing public outreach literature and implementing public programs. Project complete: 5/10 | Dennis Davies Patrick Lund |
| Ocean Maps from Scripps | Schedule a presentation on the Sea Level Rise research by either Dr. Emily Young, San Diego Foundation, or Karen Goodrich, Tijuana River National Estuarine Research Reserve Project complete: 5/10 | Board Member Item |
| Secondary Waiver | The City of San Diego received approval from the Coastal Commission and now the Waiver is being processed by the EPA. The new 5 year waiver to operate the Point Loma Wastewater Treatment Plant at advanced primary went into effect August 1, 2010. Project complete 7/10 | Scott Huth |
| Lateral Issues | Sewer laterals are owned by the property owners they serve, yet laterals often allow infiltration and roots to the main lines causing maintenance issues. As this is a common problem among PAs, the MetroTAC will gather statistics from national studies and develop solutions. 4/11: There has been no change to the issue. We will continue to track this item through SCAP and report back when the issue is active again. Efforts closed 3/11 | Tom Howard Joe Smith |

AGENDA ITEM 15

Attachment

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Memorandum

To: Metro Wastewater JPA
From: Paula C. P. de Sousa
Date: October 26, 2011
Re: SDG&E Rate Case Summary

San Diego Gas & Electric ("SDG&E") recently filed Phase Two of its General Rate Case with the California Public Utilities Commission ("CPUC") (A.11-10-002) which proposes adding a "network use charge," on net-energy metering ("NEM") customers for feeding renewable energy into the grid and then again for taking energy off of the grid. SDG&E's proposed new charge would have a detrimental impact to renewable energy NEM customers, especially those with larger sized systems, such as water agencies, school districts, community college districts, cities and the county. The proposed network use charge would essentially allow the utility to double dip – unbundling its rate in order to charge customers both when they take energy off the grid and when they feed energy back onto the grid.

The engineers at the California Center for Sustainable Energy have run the proposed rate structure using the data of three actual entities, a water district, a school district, and a commercial (non-residential) customer, as case studies to understand how (much) exactly the new rate structure proposed by SDG&E will impact public agency renewable projects.

As an example, a water district with a system size of 378kW, which offsets 90% of its demand load would generally have an electricity bill of \$16,454 per year. With the new rate proposed by SDG&E, the new electricity bill would be \$86,097, an increase of \$69,643 per year. For a solar photovoltaic system of 1.2 mW which offsets about 75% of demand load, the electricity bill would increase from \$167,749 to \$393,453 (an increase of \$225,704). The energy cost savings for such a system would drop from \$482,358 per year to \$243,555 per year. SDG&E treats schools differently under the proposed rate (exempting schools from some of the charges) but under the same scenario, schools with a system size of 1.2mW would see their electricity costs increase from \$167,749 to \$257,829 per year (an increase of \$90,080). To simplify the impact of the SDG&E proposal, under SDG&E's new rate, a school district would see the following changes to their electricity cost:

- Proposed 2014 SDG&E utility bill with no solar: 12% cost increase
- With 50% energy consumption offset by solar energy production: 50% cost increase

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- With 90% energy consumption offset by solar energy production: 74% cost increase

Obviously, the change is significant and undermines the economic viability of current and future renewable system investments. Public entities that have installed larger sized solar systems to offset more of their demand load would be significantly penalized under SDG&E's new rate for their good stewardship. In an attempt to justify its proposal, SDG&E is attacking the sustainability and value of distributed generation and is suggesting that SDGE's construction of its own "solar farms" is a "more sustainable" alternative. SDG&E's proposal however undermines the expressed renewable policy of the Governor's office, which has stated that out of the State's 20 gW renewable energy goal, the Governor would like to see 12 gW generated from distributed generation, with only 8 gW from utility scale installations.

SDG&E's case is an issue of first impression for the CPUC and could have statewide implications regarding what the future of renewable energy is going to look like, e.g. rooftop solar or utility scale solar farms.

Protests to SDG&E's application are due November 2. We anticipate that the Solar Alliance will be filing a protest as well as UCAN and the City of San Diego. Best Best & Krieger is building a coalition of public agencies impacted by the tariff changes to protest SDG&E's application. So far the coalition is comprised of 4 water districts, 3 school districts and a city. Agencies that have or are considering building a renewable energy project should be aware of SDG&E's proposal and consider lending their voice to the CPUC proceeding. After protests are due on November 2, there will be a Pre-hearing Conference on December 9th at the CPUC in San Francisco. Entities who want to become involved may become parties to the proceeding by individually appearing at the pre-hearing conference, filing a motion to become a party or join an existing group/party to the proceeding.