



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

AGENDA

**Thursday, FEBRUARY 4, 2010
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

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. **ACTION** – CONSIDERATION AND POSSIBLE ACTION TO APPROVE THE MINUTES OF JANUARY 7, 2010 (**Attachment**)
- X 5. **ACTION** – CONSIDERATION AND POSSIBLE ACTION TO APPROVE THE TREASURER'S REPORT FOR 6 MONTH PERIOD ENDING DECEMBER 31, 2009 (**Attachments**)
- X 6. **ACTION** – CONSIDERATION AND POSSIBLE ACTION TO APPROVE FIRST AMENDMENT TO REIMBURSEMENT AGREEMENT FOR ADMINISTRATIVE SUPPORT SERVICES BY AND BETWEEN THE CITY OF SAN DIEGO AND METRO WASTEWATER JOINT POWERS AUTHORITY (**Attachment**)

Documentation
Included

7. UPDATE ON MODIFIED PERMIT
8. AMENDMENT TO MM AND NEO SAN DIEGO CONTRACTS (MIRAMAR LFG POWER PLANT EXPANSION) (Tom Alspaugh)
- X 9. GRIT PROCESSING IMPROVEMENT PROJECT AT POINT LOMA TREATMENT PLANT (Stuart Seymour) **(Attachment)**
10. REGIONAL RECYCLED WATER SURVEY (Karyn Keese)
11. KEY RELATED ITEMS WE SHOULD BE TRACKING/GETTING UP TO SPEED ON
12. METRO TAC UPDATE
13. IROC UPDATE
- X 14. FINANCE COMMITTEE
 - a. Establishment of Finance Committee Meeting Schedule for 2010
 - b. Report regarding City of San Diego Potential Metro Wastewater Debt Refunding **(Attachment)**
 - c. 2008 Exhibit E Audit Results **(Attachment)**
 - d. 2008 & 2009 Exhibit E Audit Calendar **(Attachment)**
 - e. Confirmation of Committee Membership/ Appointment of Chair to Finance Committee
15. STRATEGIC PLAN (ANNUAL RETREAT) AD HOC COMMITTEE
16. REPORT OF GENERAL COUNSEL
17. PROPOSED AGENDA ITEMS FOR THE NEXT METRO COMMISSION/ METRO WASTEWATER JPA MEETING **MARCH 4, 2010.**
18. METRO COMMISSIONERS' AND JPA BOARD MEMBERS' COMMENTS
19. 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 M. Kane at (858) 292.6321, at least forty-eight hours in advance of the meetings.

February 4, 2010

Metro Commission/Metro
Wastewater JPA Agenda

Agenda Item 4



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

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

January 7, 2010

DRAFT Minutes

Vice Chairman Jerry Jones 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 (arrived at 12:12 p.m.)	X	
City of Coronado	Al Ovrom (arrived at 12:08 p.m.)	X	Scott Huth
City of Del Mar	Donald Mosier	X	
City of El Cajon	Bill Wells (arrived at 12:06 p.m.)	X	
City of Imperial Beach	Patricia McCoy (arrived at 12:07 p.m.)	X	
City of La Mesa	Ernie Ewin (arrived at 12:07 p.m.)	X	
Lemon Grove Sanitation District	Jerry Jones	X	
City of National City	Alejandra Sotelo-Solis	X	
City of Poway	Merrilee Boyack	X	
City of San Diego	Jerry Sanders		Jim Barrett
County of San Diego	Dianne Jacob		Daniel Brogadir
Otay Water District	Larry Breitfelder	X	
Padre Dam MWD	Augie Caires	X	Augie Scalzitti
Metro TAC Chair	Scott Huth	X	
IROC	Don Billings	X	

Others present: Metro JPA General Counsel Paula de Sousa; City of San Diego General Counsel Tom Zeleny; JPA Secretary David Scherer; Karyn Keese – PBS&J

2. PUBLIC COMMENT

There was no public comment.

3. ACTION – APPROVE MINUTES OF OCTOBER 1, 2009

Upon motion by Commissioner McCoy, seconded by Commissioner Breitfelder, the October 1, 2009 Regular Meeting Minutes were approved with Commissioner Caires abstaining.

4. REPORT ON RECYCLED WATER

A. Excerpt from Brown & Caldwell Non-Potable Recycled Water Demands Technical Memorandum.

Marsi Steirer provided a brief verbal overview/update on the Recycled Water Study.

Commissioner McCoy inquired as to whether comments from City of Imperial Beach Public Works Director Levien had been received as they had not been included in the handout provided. Ms. Keese of PBS&J responded that the comments had been received and would be included in the final draft report.

MetroTAC Chairman Huth added that at a previous GPA board meeting there were a number of questions of what was happening regionally in the San Diego area. PBS&J is surveying that right now and will bring the information back at a future meeting. That information compiled with the information this study will provide on the Metro System, the other information that will come in will look at both that and regionally going on up to the North County.

5. ACTION – CONSIDERATION AND POSSIBLE ACTION ON LETTER OF SUPPORT OF INDIRECT POTABLE REUSE STUDY PROGRAM MANAGEMENT CONTRACT

MetroTAC Chairman Huth stated San Diego had requested the Metro JPA provide input on the program and a draft letter was put together which is being presented, memorializing some of the positions already taken on the issue to be put forward on behalf of the JPA.

ACTION: Motion by Commissioner Caires, seconded by Commissioner Boyack, to approve the sending of the letter of support. Motion carried with Commissioner Breitfelder abstaining.

6. UPDATE ON MODIFIED PERMIT

City of San Diego Public Utilities Director Barrett stated that a copy of the draft staff report had been received and it appeared that the City of San Diego modified permit was scheduled to be heard on Thursday, February 11th in Oceanside. His staff had not yet had a strategy session but will hold one tomorrow and their consultants will come in and review the language of the report and the specific conditions that the staff is putting forward for the Coastal Commissions' consideration. They will need to address the Coastal Commissions' desire to have the City of San Diego come back and talk about how they intend to implement the results of the recycled water study, even though Mayor Sanders was clear in his comments at the October hearing, that he could not commit to that as he had not idea what the study would determine at that point. There is not way to measure how to successfully meet that condition and the City of San Diego's preference would have been to come and report the results of the study to the Coastal Commission, not how to implement the results of the study. Concern was expressed at the October meeting that by accepting the condition the City of San Diego would be waiving their right to question the Coastal Commissions jurisdiction in the matter; and one of the Coastal Commissioners asked what would happen if the City of San Diego came back with their report and they did not like it to which Coastal Commission staff responded that they would reopen the permit, which would probably be true if it were a State permit that the Commission would be issuing however this is Federal permit issued by the EPA and it is not quite clear as to what authority they would have to do that.

Commissioner Caires inquired as to what would happen if a condition was imposed and not accepted. San Diego City Attorney Zeleny responded that the City of San Diego would have to appeal to the US Secretary of Commerce, who has to reach a decision within 330 days.

Chairman Ewin stated that the Metro JPA had an ongoing position of support and wanted to maintain that. Also, they wanted to be appraised of any issues that they needed to be aware of before they arise as soon as the City of San Diego becomes aware of them, and then inquired as to whether there was anything the City of San Diego needed from the Metro JPA and the Cities/member agencies individually at this point to which Mr. Barrett responded nothing was needed at this point.

Mr. Barrett stated that one of the things to be discussed tomorrow will be their approach to the actual Coastal Commissioners who will be able to vote on the condition. His understanding of the rules of the Commission, the vote of 8 to 4, and only the prevailing Commissioners can vote again, although everyone can talk.

7. KEY JPA RELATED ITEMS THE METRO COMMISSIONERS/JPA BOARD MEMBERS WOULD LIKE DISCUSSED, PRESENTED AND/OR REVIEWED IN 2010

Chair Ewin stated he had added this item to the agenda because of the standing rule of not meeting unless there is business or reason to meet and he wanted to make sure that items don't get lost. So if there are items that have been raised in the past that have not been responded to or need to be calendared for this year that are under the Metro JPA purview that the Commissioners would like to put on the list, he would like to hear them. The following items were provided:

1. Rate case items
2. Schedule E
3. Future bonding
4. Monitoring issues on water legislation
5. Maps from Scripps (Dr, Emily Young, San Diego Foundation) on Sea Level Rise presentation or Karen Goodrich at the Tijuana River National Estuarine Research Reserve
6. New plan for water and role of Metro JPA as projects unfold and are assigned to the various regional areas
7. Impacts with the border region and South Bay Plants (Tijuana)

MetroTAC Chairman Huth stated that presently the minutes were reviewed for what the different Commissioners were asking about to make sure they are on target, but they will provide a table that can be attached to future agendas to keep things on a list and they will try to keep it updated at each meeting.

8. METRO TAC UPDATE

MetroTAC Chairman Huth reported that at their December meeting they discussed the Recycled Water Study; the Recycled Water Pricing document that is still in the works and both TAC and the Board will have an opportunity to comment on it; heard a presentation by the City of San Diego on a Public Utilities Leadership Program that is essentially a management academy for secondary and first line supervisors which resulted in a lot of interest from PA's to participate in it and the Agencies have been surveyed to see what if any interest they would have in this and they are working with the City of San Diego to see if there is any opportunity to work together on the academy and lastly they received the Draft 2011 CIP Budget which is under review with the TAC and will be brought forward to the JPA soon.

9. IROC UPDATE

IROC Chairman Billings reported that they had been looking at the demonstration project; were continuing to struggle with performance reporting; spending time on Bid 2 Goal; reaching out to the Cities Audit Committee to continue to remind them that they have a role in the ordinance in advise the Audit Committee on setting audit scope for the Public Utilities department; following the water rate recalibration especially as it relates to the goal of water calibration and they are working on the annual report which they hope to have out within the next 30 days which will set forth IROC's recommendations based on their FY 2009 activities.

Commissioner Caires added with regard to the Modified Permit, the five year time period would start if approved by the Coastal Commission in February as it is a five year project; with regard to the IPR project, the Independent Advisory Committee audit comments had been received.

IROC Chairman Billings stated he had received them and reviewed them, however being a non-chemist could not make much sense of them and the key question that would be addressed to staff at their January meeting would be whether the project was being held to a higher standard by the DPH than it applies to OSHA or Orange County or others.

Mr. Barrett responded that it was his understanding that for Orange County, they had a discharge permit issued by their Water Quality Control Board and DPH was involved in some degree in the wording of the permit, but Orange County did not actually require a permit, so this will be the first time that DPH will be issuing a permit to put highly treated municipal wastewater into a drinking water reservoir. Since DPH has not issued any permits like this in the State, he suspects that they are being held to a different standard and that they are being extremely cautious. One of the purposes of the Independent Advisory Panel is to give them the scientific coverage when they get to the technical issues.

Commissioner Caires mentioned that those comments along with the IPD report will be incorporated into the Request for Proposals that will be going out regarding the advanced water treatment demonstration project. Additionally regarding the Second Annual IROC Report will be provided to all Commissioners. Lastly the City of San Diego Utility Department was the recipient of a very prestigious award, the Gold Award from the Association of Metropolitan Water Agencies for "Systematically Applied Effective Utility Management Approaches" which paves the way for the City to apply for a Platinum Award in the future.

Chairman Ewin requested when the IROC report comes out, Commissioner Caires hit the highlights in non-chemical terms for the other Commissioners.

10. FINANCE COMMITTEE

Commissioner Ovrom/Finance Committee Chairman stated there was nothing to report other than the first meeting would be held on January 27th.

Karyn Keese reported that the 2008 Exhibit E was effectively completed and they were working on 2009 having identified samples and pulled them for audit.

Chairman Ewin expressed thanks to Karyn Keese, Doug Wilson, Darlene Morrow-Truver and the San Diego staff for assisting in the continuity of the audit process.

Karyn Keese noted that Darlene and Deborah Campbell will continue to assist with the Exhibit E Audits.

11. STRATEGIC PLAN (ANNUAL RETREAT) AD HOC COMMITTEE

Chairman Ewin requested those serving on the Committee meet with him after the meeting to set a date to hold their next meeting

12. REPORT OF GENERAL COUNSEL

General Counsel de Sousa provided a brief summary of some of the items in the Water Legislation passed by the State a little over a month ago, one in particular, the Water Conservation Bill SB 7, which will require DWR and consultation with the State's Water Board to promote implementation of regional water resources management practices through increased incentives and removal of barriers consistent with State and Federal Law, specifically with regard to recycled water, brackish brown water, desalination, infiltration and direct use of urban storm water run off. To that end, the revisions to local permitting requirements are one of the items they can modify to meet the goals of the requirements of the statute so long as they do not weaken water quality protection under State and Federal Laws (consistent with this entity). With regard to the Water Bond, there are numerous pots of money that are to come to the San Diego region, one with regard to water recycling programs, approximately \$260,000,000 to be made available from the bond fund for direct expenditures, grants and loans for water conservation and water use efficiency plans which will also talk about reclaimed water.

General Counsel de Sousa will put a list together for the San Diego region and summarize her report for the next agenda to include time sensitive items.

Chairman Ewin requested the Commissioners run any items they would like Counsel to review through him for discussion at future meetings.

13. PROPOSED AGENDA ITEMS FOR THE NEXT METRO COMMISSION METRO WASTEWATER JPA MEETING (February 4, 2010)

Chairman Ewin stated we would work off the suggestions list, MetroTAC may have a few items and there may be some items relative to the litigation.

14. METRO COMMISSIONERS' and JPA BOARD MEMBERS' COMMENTS

Chairman Ewin appointed Commissioner Boyack to the Finance Committee.

15. ADJOURNMENT OF METRO COMMISSION AND METRO WASTEWATER JPA

At 12:48 p.m., there being no further business, Chairman Ewin declared the meeting adjourned.

Recording Secretary

Agenda Item 5

Metro Wastewater JPA

Treasurer's Report
Six months ending December 31, 2009

Metro Wastewater JPA

Treasurer's Report
Six Months Ending December 31, 2009
Unaudited

Beginning Cash Balance at July 1, 2009 **\$ 79,890**

Operating Results

Membership dues & Interest income	\$ 105,452
Expenses	\$ (106,292)
Net Income (Loss)	<u>\$ (840)</u>
Net change in receivables & payables (see cash flow statement)	<u>\$ 82,300</u>

Cash provided (used) from operating activities **\$ 81,460**

Ending Cash Balance at December 31, 2009 **\$ 161,350**

Submitted by:

Doug Wilson, Treasurer

13-Jan-10

Metro Wastewater JPA - C/O Padre Dam MWD
Balance Sheet
As of December 31, 2009

	<u>Dec 31, 09</u>	<u>Jun 30, 09</u>	<u>\$ Change</u>
ASSETS			
Current Assets			
Checking/Savings			
California Bank & Trust	158,646	75,858	82,787
California Bank - checking	2,705	4,032	-1,327
Total Checking/Savings	161,350	79,890	81,460
Accounts Receivable			
Accounts Receivable	31,225	3,232	27,993
Total Accounts Receivable	31,225	3,232	27,993
Total Current Assets	192,575	83,122	109,453
TOTAL ASSETS	<u>192,575</u>	<u>83,122</u>	<u>109,453</u>
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
Accounts Payable	27,274	21,981	5,293
Total Accounts Payable	27,274	21,981	5,293
Other Current Liabilities			
Unearned Membership Billings	105,000	0	105,000
Total Other Current Liabilities	105,000	0	105,000
Total Current Liabilities	132,274	21,981	110,293
Total Liabilities	132,274	21,981	110,293
Equity			
Retained Equity	61,141	12,194	48,948
Net Income	-840	48,948	-49,788
Total Equity	60,301	61,141	-840
TOTAL LIABILITIES & EQUITY	<u>192,575</u>	<u>83,122</u>	<u>109,453</u>

Metro Wastewater JPA - C/O Padre Dam MWD
Profit & Loss Budget vs. Actual
 July through December 2009

	<u>Jul - Dec 09</u>	<u>Budget</u>	<u>\$ Over Budget</u>
Ordinary Income/Expense			
Income			
Membership Dues	105,000	105,000	0
Interest_ Income	452	750	(298)
Total Income	<u>105,452</u>	<u>105,750</u>	<u>(298)</u>
Expense			
PBS&J	72,598	53,000	19,598
Legal	15,707	17,500	(1,793)
Administrative Support - Padre	7,145	7,000	145
Per Diem - Agency	6,450	12,375	(5,925)
Metro/JPA/TAC meeting expens...	1,831	2,750	(919)
Administrative Assistant	750	1,200	(450)
Automobile Expense	669	1,500	(831)
Office Supplies	646	250	396
Public Information	374	1,000	(626)
Bank charges	108	0	108
Business meals	14	0	14
Contingencies	0	5,000	(5,000)
Financial Consulting	0	1,500	(1,500)
Miscellaneous	0	375	(375)
Dues and Subscriptions	0	300	(300)
Total Expense	<u>106,292</u>	<u>103,750</u>	<u>2,542</u>
Net Ordinary Income	<u>(840)</u>	<u>2,000</u>	<u>(2,840)</u>
Net Income	<u>(840)</u>	<u>2,000</u>	<u>(2,840)</u>

Statement of Cash Flows

July through December 2009

	<u>Jul - Dec 09</u>
OPERATING ACTIVITIES	
Net Income	-840
Adjustments to reconcile Net Income to net cash provided by operations:	
Accounts Receivable	-27,993
Accounts Payable	5,293
Unearned Membership Billings	105,000
Net cash provided by Operating Activities	<u>81,460</u>
Net cash increase for period	81,460
Cash at beginning of period	79,890
Cash at end of period	<u><u>161,350</u></u>

Metro Wastewater JPA - C/O Padre Dam MWD
A/R Aging Summary
As of December 31, 2009

	<u>Current</u>	<u>1 - 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>> 90</u>	<u>TOTAL</u>
City of El Cajon	0.00	0.00	0.00	0.00	29,478.00	29,478.00
City of San Diego - Metro Wastewater Dept	1,747.00	0.00	0.00	0.00	0.00	1,747.00
TOTAL	<u>1,747.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>29,478.00</u>	<u>31,225.00</u>

10:13 AM

01/14/10

Metro Wastewater JPA - C/O Padre Dam MWD
Vendor Balance Summary
All Transactions

	<u>Jan 1, 10</u>
Augie Caires	555.60
Best Best & Krieger	1,354.81
Lori Anne Peoples	2,462.62
Padre Dam	125.40
PBS&J	22,538.50
Philadelphia Sandwich Company	237.02
TOTAL	<u>27,273.95</u>



An employee-owned company

January 18, 2010

Mr. Doug Wilson
Treasurer, Metro Wastewater Commission/JPA
c/o Padre Dam Municipal Water District
P.O. Box 719003
Santee, CA 92072

SUBJECT: Metro Wastewater Commission Mid-Year Budget Overruns

Dear Mr. Wilson:

Earlier this week I provided you with PBS&J's November and December billings for Financial and Engineering Services in support of the Metro Wastewater Commission/JPA/MetroTAC. I noted to you that, while we are currently at mid-year (50% of the fiscal year remaining), we have only 31% of our FYE 2010 budget remaining. The purpose of this letter is to provide you and the Metro member agencies with an explanation for this.

The Issue

The following table summarizes where we stand in each one of our contract's tasks.

Task	Total to 12/31/09	Budget	Remaining	% Remaining
TASK: 1001-Attend MetroTAC	\$ 4,200.00	\$ 8,400.00	\$ 4,200.00	50%
TASK: 1002-Attend Metro Commission	\$ 2,117.00	\$ 8,400.00	\$ 6,283.00	75%
TASK: 1003-Support Metro AdHoc Finance Committee	\$ 3,325.00	\$ 9,219.00	\$ 5,894.00	64%
TASK: 1004-Participate in Metro Strategic Planning Workshop	\$ -	\$ 2,800.00	\$ 2,800.00	100%
TASK: 2000-Exhibit E Audit	\$ 13,737.50	\$ 21,700.00	\$ 7,962.50	37%
TASK: 3000 -- Budget Review	\$ 3,407.50	\$ 10,150.00	\$ 6,742.50	66%
TASK: 4001-Metro TAC Staff Support	\$ 12,860.00	\$ 16,800.00	\$ 3,940.00	23%
TASK: 4002-Update Cap Fee Model	\$ 5,865.00	\$ 2,800.00	\$ (3,065.00)	-109%
TASK: 4003-Reclaimed Water Issues	\$ 19,228.00	\$ 8,400.00	\$ (10,828.00)	-129%
TASK: 4004-All Other Special Projects	\$ 7,720.00	\$ 16,800.00	\$ 9,080.00	54%
TASK: 9000-Direct Expenses	\$ 137.67	\$ 126.00	\$ (11.67)	-9%
Total All Tasks	72,597.67	105,595.00	32,997.33	31%

As you will note, the majority of the tasks have adequate remaining budget for the rest of the fiscal year. The only other tasks where a potential overrun might occur relate to our work on the Exhibit E audit and our MetroTAC support. The money we have expended year-to-date has accomplished the closure of the 2007 and 2008 audits. The current audit schedule shows that,

potentially, we could have the 2009 audit closed by fiscal year end as well. Technically we only budgeted to complete one audit, but with the San Diego staffs' additional preparation of documentation for us, we have achieved economies of scale which bode well for the future. MetroTAC Staff Support (Task 4001) is for on-call technical support to MetroTAC and is based on issues that arise which need our assistance. Recent items included facilitating the PAs' review and comment of Brown & Caldwell Technical Memorandums 1 and 2 and compiling PAs' responses, and preparing background material for City staff to standardize the Metro CIP format for review by the PAs.

The overruns fall into three tasks:

1. Resolution of Reclaimed Water Issue,
2. Update of the Metro Capacity Valuation Model, and
3. Direct Expenses.

Task 4003 – Resolution of Reclaimed Water Issue

The overrun in Task 4003 is the most substantial. The total expenditures for this task to date consist of the following:

Meetings w/City Staff	\$1,050.00
Reconciliation of Reclaimed Revenues & Expenses	\$13,803.00
Review & response to Recycled Water Pricing Study	\$4,375.00
Total Expenditures to Date	\$19,228.00

The first is the resolution of the reclaimed water issue. Essentially our budget was for 48 hours to meet with the City and the MetroTAC subcommittee and do some minor analysis of a resolution proposal prepared by City staff. However, this has not been the case. After two meetings with staff, it was determined that the subcommittee was going to have to make a proposal to them. Therefore, as directed by the subcommittee, we answered the questions of what is the financial responsibility of the PAs per the Regional Wastewater Disposal Agreement (Agreement), how much reclaimed revenue has been collected from both the North City and the South Bay subsystems, and what additional expenses the Metro System has incurred for both the required capital facilities and the annual operating expenses to produce the reclaimed water from inception.

PSB&J requested the information from the City and they were unable to provide it. Thus we had to reconstruct not only what the current debt service is for the Optimized System that the PAs are required to repay per the Agreement (the original debt had been refunded several times and the City could not clearly demonstrate what the PAs' current responsibility was for the debt service), but also what revenues and expenses have been since the completion of both water reclamation plants and the beginnings of reclaimed water sales. Water sales had to be reconstructed from wholesale customers' records as the City could not provide us with the information. The CIP had to be reconstructed by going through past CIP records from the audits

of each fiscal year. We prepared an economic model containing this information that can be updated each year to provide a record of revenue and expenses for the system and project when the Metro system will no longer have the repayment responsibility for the Optimized System debt. We have provided a copy of the model to the subcommittee for their use in continued negotiations with the City.

In addition, earlier this year the City provided us with a draft of their Recycled Water Pricing Study. PBS&J was tasked with reviewing the study and coordinating comments from MetroTAC members. We prepared a summary of the issues and a response letter to the City requesting further input once the next version of the study is complete. This task was not envisioned during the preparation of the scope for this year.

Task 4002 – Update of Metro Capacity Valuation Model

In February 2008, Raftelis Consulting completed a study which provided multiple valuation methodologies for the Metro System. As part of that study, they were to provide an economic model that could be updated to keep the system value current. Many agencies use the valuation as a basis for the Metro portion of their capacity fees. During planning for this year's support contract, it was decided that, since the valuation was almost three years out-of-date, the model should be updated. We requested the model from Raftelis but what we received was just a few spreadsheets of asset values. Thus we had to construct the required model before we could update the values. We had not anticipated constructing the model in our scope; rather, we anticipated only updating it with current numbers.

Task 9000 – Direct Expenses

The slight overrun in the direct expenses is due to the fact that we did not budget for providing breakfast or lunch for the Finance AdHoc Committee. This can easily be mitigated by moving money as needed from the Finance Committee budget to cover this expense.

Conclusion

The purpose of this letter is to provide an explanation of the three tasks where there are cost overruns at mid-year. It is quite possible that, if there are cost savings in other areas, such as the budget review, we will end the year within our contract budget. Still, we wanted you to be aware in advance of the current overruns and their cause.

Please feel free to contact me if you have any questions or concerns.

Sincerely,



Karyn Keese
Manager, Client Financial Services

Agenda Item 6

BEST BEST & KRIEGER

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January 8, 2010

Teri A. Juybari
Senior Contract Specialist
The City of San Diego
Public Utilities Department
9192 Topaz Way
San Diego, CA 92123

Re: Reimbursement Agreement for Administrative Support Services by and between the City of San Diego and Metro Wastewater Joint Powers Authority; Amendment No. 1

Dear Ms. Juybari,

Please find enclosed five signed copies of Amendment No. 1 of the above referenced Reimbursement Agreement.

If I can be of any further assistance, please do not hesitate to contact me.

Very truly yours,

Paula C. P. de Sousa
of BEST BEST & KRIEGER LLP

Encl.

PDS:mod



THE CITY OF SAN DIEGO



December 28, 2009

Ms. Paula de Sousa, General Counsel
Metro Wastewater Joint Powers Authority
655 West Broadway 15th Floor
San Diego, CA 92101

Dear Ms. De Sousa:

Subject: Reimbursement Agreement for Administrative Support Services by and between
the City of San Diego and Metro Wastewater Joint Powers Authority;
Amendment No. 1

Enclosed are five (5) copies of the subject Amendment. Please execute all five (5) copies and return them to this office as soon as possible. After execution by the City, a duplicate original will be returned to you for your records. An additional copy is enclosed for your files.

If you have any questions concerning this process, please contact the undersigned at
(858) 292-6365.

Sincerely,

Teri A. Juybari
Senior Contract Specialist

TJ/taj

Enclosure: Amendment No. 1 to the Reimbursement Agreement with the Metro JPA
(5 copies)

cc: Darlene Morrow-Truver, Deputy Director
Martin Kane, Supervising Management Analyst

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Public Utilities Department

9192 Topaz Way • San Diego, CA 92123
Tel (858) 292-6300 Fax (858) 292-6310



CITY OF SAN DIEGO
PUBLIC UTILITIES DEPARTMENT
REIMBURSEMENT AGREEMENT
FOR
ADMINISTRATIVE SUPPORT SERVICES
BY AND BETWEEN
THE CITY OF SAN DIEGO
AND
METRO WASTEWATER JOINT POWERS AUTHORITY

AMENDMENT NO.1

WHEREAS, the City of San Diego ("CITY") entered into a Reimbursement Agreement with the Metro Wastewater Joint Powers Authority ("Metro JPA") to provide clerical staff and services for meetings of the Metro Commission, which agreement is dated April 10, 2009 and the original of which is on file in the Office of the San Diego City Clerk as Document No. C-15017; and

WHEREAS, the Reimbursement Agreement went into effect three months earlier than anticipated and it is necessary to increase the CITY's not-to-exceed expenditure amount to \$32,000.00 in order to fully fund the Reimbursement Agreement through contract completion;

NOW THEREFORE, the CITY and the Metro JPA mutually agree to amend the Reimbursement Agreement as follows:

1. Add new Section 1.1 as follows:

1.1 Maximum Reimbursement. The City's total reimbursement obligation under this Agreement shall not exceed Thirty-Two Thousand Dollars (\$32,000.00).

(signatures on following page)

THIS AMENDMENT NO. 1 to the Reimbursement Agreement shall affect only the paragraph and/or terms and conditions referred to herein. All other terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, this AMENDMENT NO. 1 is executed by the City of San Diego, acting by and through its Mayor or designee pursuant to Municipal Code section 22.3036 authorizing such execution, and by the Metro JPA.

Metro Wastewater
Joint Powers Authority

THE CITY OF SAN DIEGO
a Municipal Corporation

By: _____

By: _____

Title: _____

W. Downs Prior
Principal Contract Specialist

Date: _____

Date: _____

I HEREBY APPROVE the form and legality of the foregoing AMENDMENT this _____ day of _____, 2009.

JAN I. GOLDSMITH, City Attorney

By: _____
Deputy City Attorney

Agenda Item 9

Agenda Item 14



City of San Diego

2010 Wastewater Financing Plan

- On March 24, 2009 City Council authorized the issuance of one or more financings (O-19841) through June 30, 2010 to include refunding outstanding Sewer Revenue Bonds
- The Senior Sewer Revenue Refunding Bonds, Series 2010A will consist of refunding the remaining outstanding Sewer Revenue Bonds (if economic and meets the City's 3% refunding savings requirement):
 - Series 1995 - \$43.85 million outstanding
 - Series 1997A & B - \$30.83 million outstanding
 - Series 1999A & B - \$104.10 million outstanding
- As of January 13, 2010, approximately \$75 million of the outstanding Sewer Revenue Bonds meet the savings requirement



City of San Diego



2010 Financing Milestones

- City Council authorizes the POS Mid - March
- Print and mail POS Late March
- Pricing of the bonds Late March
- Closing Mid - April



An employee-owned company

January 28, 2010

Mr. Al Ovrom
Chairman, Metro Finance Committee
San Diego Metro JPA
276 Fourth Ave.
Chula Vista, CA 91910

SUBJECT: 2008 Exhibit E Audit Results

Dear Mr. Ovrom and Committee Members:

Attached are the final findings from the 2008 Exhibit E Audit. The audit followed the same sampling procedures we have followed in past years. The City generates a listing of all transactions in excess of \$1,000 excluding payroll, San Diego Data Processing (SDDP) charges, and capital improvements (CIP) costs. The total dollar amount of these transactions was \$134.4 million this year. The selected samples from this data base totaled \$75 million or 56% of the total dollar amount.

In addition the auditors select 25 payroll samples and the JPA team selects 10 CIP and 20 revenue samples from separate transaction reports. The total sample in 2008 is as follows:

	# in Sample	\$ in Sample (millions)
Auditor	225	\$ 68.30
JPA	100	\$ 6.40
CIP	10	\$ 2.30
SDDP	1 week	
Payroll	25	\$ 0.05
Revenue	20	\$ 8.80
	380	\$ 85.85

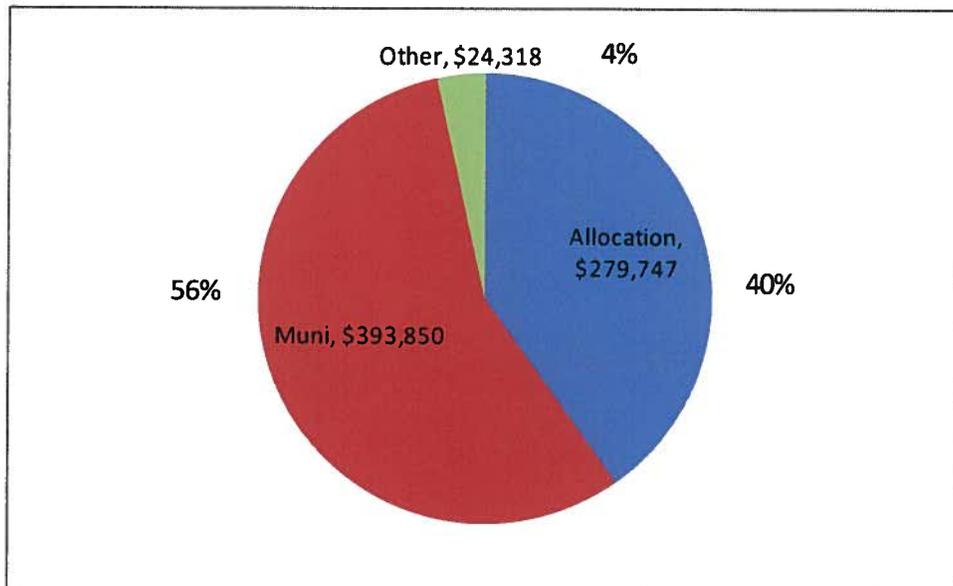
Out of the sample, there were a total of 35 findings totaling \$1.1 million dollars. This is further broken down into Metro and Muni findings. The Metro findings totaled \$698,000 and the muni findings totaled \$355,000. These are similar in number to 2007 audit results but close to double the dollar amount as shown on the following table:

Comparison of Number of Findings							
Findings	2008	2007	2006	2005	2004	2003	Average
Metro	23	20					
Muni	7	5					
Total	30	25					

Comparison of Dollar Amounts							
Findings	2008	2007					
Metro	\$697,915	\$368,292	\$ 772,778	\$ 2,289,812	\$ 1,774,222	\$ 1,400,000	\$ 1,217,170
Muni	\$354,673	\$189,024	\$ -		\$ -		\$ 135,924
Total	\$1,054,595	\$559,324	\$772,778	\$2,289,812	\$1,774,222	\$1,400,000	\$1,353,094

The table also shows that the average savings to the participating agencies from annual audit findings more than pays for the entire operations cost of the JPA. The annual budget for the current fiscal year is \$207,500. The PAs represent approximately 35% of the total flow and strengths of the Metro System. When the average savings of \$1,217,170 is multiplied by 35% the annual averages savings to the PAs is \$426,000.

The Metro findings of \$697,915 can be classified into three basic categories: incorrect allocations, muni costs charged to Metro, and other. The breakdown of these three groups is illustrated in the following graph.



Metro Finance Committee
January 28, 2010
Exhibit E Audit Results
Page 3 of 3

If I can provide you with any additional information please do not hesitate to call me at 858-514-1008.

Sincerely,
PBS&J

A handwritten signature in black ink, appearing to read 'Karyn Keese', with a long horizontal flourish extending to the right.

Karyn Keese
Client Financial Services Manager

Exhibit E Audit Calendar

Purpose: To map out the completion of the FY07 and FY08 Exhibit E Audits
As of 01/08/10

<u>Ending Date</u>	<u>Task</u>	<u>Responsible</u>
Done	PA review of FY07 Samples	Karyn Keese
Done	Respond to any FY07 outstanding questions	Debra Campbell
Done	Prepare FY07 Findings Schedule	Debra Campbell
Done	Request Comptroller to print listing that FY08 Sample will be chosen from	Debra Campbell
Done	FY08 CAFR deadline	Sally Rubi
Done	Provide listing to MWWD that FY08 Sample will be chosen from	Sally Rubi
Done	Provide listing to MGO and Karyn so the FY08 Sample can be chosen	Debra Campbell
Done	Provide listing of FY08 Sample items chosen to MWWD	Karyn Keese / MGO
Done	Submit FY07 Exhibit E Schedule (draft) to MGO	Sally Rubi
Done	Request FY08 Sample items to be pulled by Comptroller's	Debra Campbell
Done	Provide hard copy of FY08 Sample items to MWWD	Comptroller's Support Staff
Done	Finalized FY07 Exhibit E Schedules	Debra Campbell / Sally Rubi
Done	Prepare FY08 Sample for review	Debra Campbell
Done	FY09 CAFR deadline for 1st Draft	Sally Rubi
Done	Review FY08 Sample	MGO
Done	Request Comptroller to print listing that FY09 Sample will be chosen from	Debra Campbell
Done	Present FY07 Exhibit E Report to TAC/Metro Commission (PAs)	MWWD / MGO
Done	Respond to any FY08 questions from MGO	Debra Campbell
Done	FY09 CAFR deadline for Final Draft	Sally Rubi
Done	Provide Excel file of FY08 Sample, questions, and responses	MGO
Done	PA Review of FY08 Sample	Karyn Keese
Done	Submit FY08 Exhibit E Schedule (draft) to MGO	Sally Rubi
Done	Respond to any FY08 outstanding questions from PA's	Debra Campbell
Done	Meet with PA's for any unresolved questions regarding audit	Karyn Keese/Debra Campbell/Darlene Morrow-Truver
Done	Prepare FY08 Findings Schedule	Debra Campbell
Done	Submit revised FY08 Exhibit E Schedule (draft) to MGO	Sally Rubi
Done	Provide Variance Analysis spreadsheet	MGO
1/13/2010	Submit responses to Variance Analysis	Sally Rubi / Debra Campbell
1/20/2010	Finalized FY08 Exhibit E Schedules	Sally Rubi / Debra Campbell

Exhibit E Audit Calendar

Purpose: To map out the completion of the FY09 Exhibit E Audit
As of 01/08/10

Beginning Date	Ending Date	Task	Responsible
Done	Done	Request Comptroller to print listing that FY09 Sample will be chosen from	Debra Campbell
Done	Done	Provide listing to MWWD that FY09 Sample will be chosen from	Wei Dai / Sally Rubi
Done	Done	Provide listing to MGO and Karyn so the FY09 Sample can be chosen	Debra Campbell
Done	Done	Provide listing of FY09 Sample items chosen to MWWD	Karyn Keese / MGO
Done	Done	Request FY09 Sample items to be pulled by Comptroller's	Debra Campbell
Done	Done	Provide hard copy of FY09 Sample items to MWWD	Comptroller's Support Staff
1/11/2010	2/12/2010	Prepare FY09 Sample for review	Debra Campbell
TBD	TBD	Present FY08 Exhibit E Report to TAC/Metro Commission (PAs)	MWWD / MGO
2/16/2010	3/12/2010	Review FY09 Sample	MGO
2/16/2010	3/12/2010	Respond to any FY09 questions from MGO	Debra Campbell
3/15/2010	3/19/2010	Provide Excel file of FY09 Sample, questions, and responses	MGO
3/15/2010	3/19/2010	Submit FY09 Exhibit E Schedule (draft) to MGO	Wei Dai / Sally Rubi
3/29/2010	4/2/2010	PA Review of FY09 Sample	Karyn Keese
3/29/2010	4/9/2010	Respond to any FY09 outstanding questions from PA's	Debra Campbell
4/12/2010	4/16/2010	Meet with PA's for any unresolved questions regarding audit	Karyn Keese/Debra Campbell/Darlene Morrow-Truver
4/19/2010	4/21/2010	Prepare FY09 Findings Schedule	Debra Campbell
4/21/2010	4/26/2010	Submit revised FY09 Exhibit E Schedule (draft) to MGO	Wei Dai / Sally Rubi
4/27/2010	4/30/2010	Provide Variance Analysis spreadsheet	MGO
5/3/2010	5/19/2010	Submit responses to Variance Analysis	Wei Dai / Sally Rubi / Debra Campbell
5/20/2010	5/26/2010	Finalized FY09 Exhibit E Schedules	Wei Dai / Sally Rubi / Debra Campbell