CITY OF SAN DIEGO
PUBLIC UTILITIES DEPARTMENT

Independent Accountant's Report on Applying Agreed-Upon Procedures to the Schedule of Allocation for Billing to Metropolitan Wastewater Utility

For the Fiscal Year Ended
June 30, 2022

MGO. | Certified Public Accountants

CITY OF SAN DIEGO PUBLIC UTILITIES DEPARTMENT
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Independent Accountant's Report

To the Honorable Mayor and City Council
City of San Diego California

We have performed the procedures enumerated below on the accompanying modified cash basis Schedule of Allocation for Billing to Metropolitan Wastewater Utility (Schedule) (attached as Attachment A) prepared by the City of San Diego Public Utilities Department (PUD) for the year ended June 30, 2022. The Metropolitan Wastewater Utility is an enterprise fund within the City of San Diego's (City) Sewer Utility Enterprise Fund which accounts for sewer services to both the City and participants of the Metropolitan Wastewater Joint Power Authority (Metro JPA). PUD's management is responsible for the Schedule and compliance with the Regional Wastewater Disposal Agreement filed on May 18, 1998, and amended on May 15, 2000, and June 30, 2010 (Agreements).

The City and Metro JPA have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting users in understanding the allocations reported in the Schedule for the year ended June 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows:

1. Inquire and confirm any changes in the Agreements.

   Results:
   We inquired of PUD management and confirmed that there were no amendments to the Agreements and no new agreements during the fiscal year ended June 30, 2022.

2. Inquire and confirm any changes in the Exhibit E billing process.

   Results:
   We inquired of PUD management and confirmed that there were no changes in the Exhibit E of Strength Based Billing (SBB) process during the fiscal year ended June 30, 2022.

3. Calculate the change in line-item balances in the Schedule of Allocation for Billing to Metropolitan Wastewater Utility (**Attachment A**) between the year ended June 30, 2022, and the prior year and inquire about changes greater than 10%.

Results:
We noted the following line-items with changes greater than 10% from the prior year:

- Transmission Main Cleaning under Municipal System increased by 12.9% ($1.6 million). Per inquiry with the PUD accountant, the change was related to the following: 1) increase of $748 thousand in Equipment Rental - Motive Assign cost center (cctr) 2000181213 due to change in vehicle replacement cost calculation as a result of increased inflation rates from 3.5% to 5%, and also used actual service years vs. the previous method of the vehicle's average lifespan; 2) increase of $256 thousand in Engineering Services due to Task Order #15 (as-needed sewer system maintenance optimization support) beginning in FY21 with very little work performed that year, which led to higher charges appearing in FY22 as the work increased; and 3) increase of $633 thousand in Equipment Rental - Motive Assign (cctr 2000181214) driven by the catch-up of FY21 under-billing, when only 58% of applicable costs were billed, as well as by the methodology change implemented in FY22. Under the updated approach, billings were intentionally increased to recover prior-year shortfalls in this GL where charges did not fully cover the associated vehicle-related fees.

- Transmission Sewer Pump Stations under Municipal System increased by 11.6% ($720 thousand). Per inquiry with the PUD accountant, the change was related to the following: 1) increase of $108 thousand in Other Machine Parts and $78 thousand in Other Repair & Maint Supplies due to a result of Wastewater Collection (WWC) shifting its approach in FY22 to begin building a spare parts inventory, transitioning from having no spare parts on hand to proactively stocking essential components; 2) increase of $140 thousand in Equipment Rental due to Sewer Pump Stations shifting from one unified service area to separate north and south areas, increasing vehicle needs, combined with the extended downtime of aging fleet units. In addition, because replacements were not approved for vehicles deemed no longer operational, rentals were required whenever those units were out of service to maintain operations; and 3) increase of $81 thousand in Electric Services attributed to SDG&E's rate increase of approximately 14.7% between FY21 and FY22.

- Transmission Other Pump Stations under Metropolitan System increased by 97.9% ($1.1 million). Per inquiry with the PUD accountant, the change was mainly due to the following: 1) increase of $707 thousand in FY22 in Salaried Wages, CERS-General Retire, Flexible Benefit, & Maint-Bldg,Rds,Equi. There was a restructure in FY22, so this is a new cctr for FY22 and is picked up under Other Pump Stations. In FY21, this cctr would have been under Operational Support; 2) increase of $221 thousand in Electric Services due to delayed billing in FY21 which was charged in FY22.

- Transmission Pump Station 1 under Metropolitan System increased by 50.7% ($1.2 million). Per inquiry with the PUD accountant, the change was mainly related to the following: 1) increase of $271 thousand in Repair/Maint Svcs due to PO 4200002841 w/ Cass Construction for Emergency Const. Contract w/ Cass for PS1 #4; and 2) increase of $755 thousand in Electric Services due to delayed billing in FY21, and missed bill in March, which were charged in FY22.

- Transmission Pump Station 2 (PS 2) under Metropolitan System increased by 41.5% ($3.1 million). Per inquiry with the PUD accountant, the change was mainly due to a $3.3 million increase in Electric Services due to higher usage.

- Transmission Wastewater Collection (WWC) Engineering & Planning under Municipal System increased by 12.2% ($364 thousand). Per inquiry with the PUD accountant, the change was mainly due increase of $291 thousand in Salaried Wages and CERS – General Retirement primarily driven by the citywide 4% salary increase, which raised base pay and proportionally increased retirement contributions.

- Treatment and Disposal Point Loma Wastewater Treatment Plan (PTLWWTP) under Metropolitan System increased by 30.9% ($8.8 million). Per inquiry with the PUD accountant, the change was mainly due to the following: 1) $1.6 million - increase in Chemical cost due to 5 price increases for 4 different chemicals; 2) $6.0 million - Construction contract due to unexpected digester repairs at the facility, which called for the creation of an Emergency PO; and 3) increase of $752 thousand in Misc Prof/Tech Svcs due to increased work/costs with HDR Engineering for Pt Loma Water Treatment Plant coastal erosion project.

- Treatment and Disposal North City Water Reclamation Plant (NCWRP) under Metropolitan System increased by 19.7% ($1.9 million). Per inquiry with the PUD accountant, the change was related to the following: 1) increase of $1.3 million in Electric Services related to delayed billing due to new meter install and standby charges stopped billing and had to be caught up. Higher usage and rate increases could be a factor alongside operational changes; and 2) increase of $748 thousand in Chemicals due to increase in price and usage with JCI Jones (Sodium Hypochlorite 12.5%) and U S Peroxide (Ferrous Chloride, Hydrogen Peroxide 50%).

  Treatment and Disposal South Bay Water Reclamation Plant (SBWRP) under Metropolitan System decreased by 19.6% ($1.8 million). Per inquiry with the PUD accountant, the change was related to the following: 1) decrease of $233 thousand in City Services Billed due to WWT received a decreased amount of support from other City Divisions/Departments in FY22 (16 employees in FY22 vs 33 employees in FY21; and 2) decrease of $1.1 million in Electric Services and decrease $219 thousand in Gas Services due to several months of FY22 billing that was delayed and unpaid in FY22.

- Treatment and Disposal Cogeneration Facilities under Metropolitan System increased by 25.9% ($364 thousand). Per inquiry with the PUD accountant, the change was mainly due to increase of $1.3 million in Prior Year Costs related to 2019/2020 ESD Reconciliation for the MOU with ESD and PUD for the Miramar Landfill Gas Electrical Generation Facilities. Reconciliations for the Calendar Year (CY) are delayed by 1-2 years. There should only be one reconciliation done every year. However, CY2019 and CY2020 were reconciled and paid in FY22. This is offset by the decrease of $661 thousand in Misc Prof/Tech Svcs and decrease of $300 thousand in Repair/Maint Svcs because CoGen was taken offline in April 2022.

- Treatment and Disposal Gas Utilization Facility (GUF) under Metropolitan System decreased by 20.7% ($264 thousand). Per inquiry with the PUD accountant, this actually has an increase in FY22 of $1.2 million due to GUF being erroneously recorded in FY22 as PLWWTP. This has been adjusted on the FY24 file. The FY22 expense for GUF should be $2.5 million. The following are the explanations for an increase in FY22 as if the amount recorded in FY22 was $2.5 million: 1) increase of $717 thousand in Auto Repair Supplies due to hours based regular major maintenance overhaul for the GUF'S GENSET (generator + engine) engine #2. The costs with Hawthorne Machinery included labor and materials, the latter attributing to the bulk of the expenses. 2) increase of $267 thousand in Miscellaneous Professional/Technical Services due to less power usage during FY22 as a result of an unexpected power outage and the generator's volt regulator failed and had to be repaired/serviced. 3) increase of $113 thousand in Maintenance- Buildings, Roads, Equipment: due to an unexpected repair to the tube leak boiler #4.

- Treatment and Disposal Wastewater Treatment and Disposal (WWTD) Plant Engineering under Metropolitan System increased by 47.9% ($328 thousand). Per inquiry with the PUD accountant, the change was related to the following: increase in retirement costs ($134k), increased pay in 3 EEs salaried wages ($61k), several employees had increased vacation/sick time ($42k), new EE joined Flexible Benefit Plan ($13k), 2 EE took parental leave ($12k), & increased pay for two engineers for "Reg Pay for Engineers" & "Infrastructure Registration" for 2 EEs ($19k).

- Quality Control Sewage Testing & Control under Municipal System increased by 18.0% ($33 thousand). Per inquiry with the PUD accountant, the change was mainly due to increase of $32k in personnel expenses due to Associate Chemists working approx. 200 more hours in FY22.
- Quality Control Sewage Testing & Control under Metropolitan System increased by 191.1% ($734 thousand). Per inquiry with the PUD accountant, the change was mainly due to increase of $723 thousand in Consulting Svcs due to Point Loma NPDES permit renewal with HDR Engineering.
- Quality Control Marine Biology & Ocean Operations under Metropolitan System increased by 11.5% ($721 thousand). Per inquiry with the PUD accountant, the change was related to the following: 1) increase of $255 thousand in Personnel exp due to Sr Boat Operator vacancy being filled and 2.0 Marines Biologist I's returning from leave at different times in FY22; 2) increase of $219 thousand in Repair/Maint Svcs due to emergency replacement of engines and transmission for the ocean monitoring vessel was required for operations in FY22; 3) increase of $123 thousand due to multiple Covid-19 related expenses (Southern California Coastal Water Research Project molecular analysis and California State Water Resources Control Board studies) were required in FY22; and 4) increase of $71 thousand in Salaried Wages which reflects the elimination of one Biologist I position and the addition of two Biologist II positions, resulting in a net increase of one higher-level FTE.
- Quality Control Wastewater Chemistry Services under Municipal System decreased by 74.0% ($975 thousand). Per inquiry with the PUD accountant, the change was mainly due to decrease of $762 thousand in FY22 in personnel exp due to a decrease in FTE from 8.86 in FY21 to 2.55 in FY22 (cctr 2000161511) and decrease of $117 thousand in personnel expenses (cctr 2000161711) as a result of Asst Chemist restructure out of section for FY22.
- Quality Control Wastewater Chemistry Services under Metropolitan System increased by 16.8% ($1.1 million). Per inquiry with the PUD accountant, the change was related due to the following: 1) increase in Salaried Wages ($452 thousand), Vacation ($67 thousand), and Flexible Benefit Plan ($81 thousand), due to 2 Assoc Chemists vacancies being filled in the later part of FY21, & an Assoc Chemist position becoming vacant in P5 of FY21. Approx 1500 more vacation hours were also taken in FY22 throughout the section; 2) increase of $203 thousand in Chem, Lab, Medical Supplies due to higher purchases of consumables and supplies from contracted vendors, such as Agilent Technologies, Fisher Scientific and Hach, who provide scientific equipment for our labs; and 3) increase of $50 thousand due in Repair/Maint Svcs due to higher repair and maintenance expenses in FY22 for Agilent Technologies, who provide proprietary scientific equipment for our labs.
- Engineering Program Management & Review under Municipal System increased by 12.9% ($445 thousand). Per inquiry with the PUD accountant, the change was mainly due to increase of $205 thousand in Misc Prof/Tech Svcs and increase $153 thousand in Professional IT Services due to GIS section started their digitizing process in FY22 and it is still ongoing. This project digitized records for the entire city.
- Engineering Environmental Support under Municipal System decreased by 24.3% ($285 thousand). Per inquiry with the PUD accountant, the change was mainly due to decrease of $125 thousand in Salaried Wages due to staff turnover in FY22 and decrease of $149 thousand in Environmental Impact Svcs due to the Environmental section being used as an "as-needed" for emergencies and other individual situations, and it is common for their spending to be irregular as scheduling emergencies is not always available.
- Engineering Environmental Support under Metropolitan System decreased by 24.3% ($285 thousand). Per inquiry with the PUD accountant, the change was related to the following: 1) increase of $70 thousand in personnel expenses due to large reorganizational change and positions were moved from cost centers that were going to be inactive to active cost centers; and 2) increase of $153 thousand in Environmental Impact Svcs and increase of $4 thousand

in Misc Prof/Tech Svcs due to the Environmental section being used as an "as-needed" for emergencies and other individual situations, and it is common for their spending to be irregular as scheduling emergencies is not always available.

- Operational Support Central Support: Clean Water Operations Management Network (Comnet) under Municipal System decreased by 38.9% ($49 thousand). Per inquiry with the PUD accountant, the change was mainly due to the decrease of $92 thousand in IT App Svcs due to the application portfolio consisting of all custom software that are used for operations. This contract tends to have volatility year over year from an allocation perspective due to the nature of the methodology, which is the actual hours worked by the vendor per application the prior year. This is offset by an increase of $40 thousand in Professional IT Services due to CGI Technologies slowly transitioning out, and Emerson Process Management taking over.
- Operational Support Central Support: Clean Water Operations Management Network (Comnet) under Metropolitan System increased by 48.1% ($1.4 million). Per inquiry with the PUD accountant, the change was mainly due to the increase in Professional IT services of $1.9 million related to RFP w/ Emerson Process Management Power & Water Solutions, Inc., replacing CGI to support Wastewater's Distributed Control System (DCS). Expenses increased due to Emerson's higher rates, request for additional resources, & transition expenses. This is offset by the decrease of $306 thousand in IT App Svcs due to the application portfolio consisting of all custom software that are used for operations. This contract tends to have volatility year over year from an allocation perspective due to the nature of the methodology, which is the actual hours worked by the vendor per application the prior year.
- Operational Support under Metropolitan System decreased by 12.7% ($718 thousand). Per inquiry with the PUD accountant, the change was mainly due to decrease of $719 thousand in Misc Prof/Tech Svcs FY22 is related to the costs in FY21 for the Public Works PO 4200002321 with Cass Construction which was for the emergency repair of sewer siphons.
- General & Administrative Operating Division Admin under Metropolitan System increased by 11.5% ($739 thousand). Per inquiry with the PUD accountant, the change was mainly due to increase of $520 thousand in City Services Billed. WWT received an increased amount of support from other City Divisions/Departments in FY22 (73 employees in FY22 vs 18 employees in FY21).
- Capital improvement expenses under Metropolitan System increased by 193.8% ($61.1 million). Per inquiry with the PUD accountant, the change was related to the following: 1) B21060-PWP NCWRP Expansion - increase of %38 million in FY22 mostly attributable to the NCWRP expansion and NCPWF Influent Pump Station and Pipeline due to the commencement of the construction contract with Kiewit 2) B21061-PWP Morena Water PS – increase of $43.6 million in FY22 mostly attributable to the Morena Wastewater Pump Station commencement of the construction contract with Flatiron. 3) this is offset by a decrease in S00312-PS2 Power Reliability of $5.2M - Pump Station 2 Power Reliability & Surge Protection declined in FY22 as most of Phase 4 construction and the start of Phase 5 construction occurred in FY21. Annual expenses were highest in FY20 and have subsequently declined with the completion of most construction.
- Debt service allocation under Municipal System increased by 19.4% ($6.4 million). Per inquiry with the PUD accountant, the change was mainly due to a $4.9 million increase for the 2016A Sewer Bond.
- Operating revenue under Metropolitan System decreased by 15.4% ($2.4 million). Per inquiry with the PUD accountant, the change was mainly due to decrease in Interest on Pooled Investments of $2.3 million.
- CIP – Revenue Bond under Metropolitan System decreased by 100.0% ($16.9 million). Per inquiry with the PUD accountant, the change was mainly due to a decrease in bonds issued.

- Operating Grant Revenue under Metropolitan System decreased by 100.0% ($1.8 million). Per inquiry with the PUD accountant, the change was mainly due to WaterSMART: Title XVI Water Reclamation and Reuse Program Funding for FY20 PW North City Project Preconstruction Activities was funded in FY22, but not in FY21.
- IP – Grant/SRF Revenue under Metropolitan System increased by 131.7% ($10.8 million). Per inquiry with the PUD accountant, the change was mainly due to $9.6 million increase in FY22 related to Prop 68 grant revenue and $1.4 million increase in SRF proceeds for 8032-110 PS2 in FY22.

4. Inquire and confirm changes in the monitoring process over the sewer flow measurement.

   Results:
   We inquired of PUD management and confirmed that there were no changes in the sewer flow monitoring process.

5. Inquire and confirm any changes in the process and criteria for capturing and summarizing sewer flow data reported in the Flow Metering Section Monthly Reports.

   Results:
   We inquired of PUD management and confirmed that there were no changes in process and criteria for capturing and summarizing sewer flow data in the Flow Metering Section Monthly Report.

6. Obtain the Flow Metering Section Monthly Reports (FMS Reports) (excel workbook: FY22 FMS Report) for the fiscal year for each Participating Agency (PA) of Metro JPA and the City both which participate in the Metropolitan Wastewater Collection System (the Metropolitan System). Recalculate the Summary tab of the FMS Reports workbook using each individual monthly tab.

   Result:
   Procedure performed without exception.

7. Obtain the Strength Based Billing schedule of percentages (SBB schedule) for each PA and the City under the Metropolitan System and recalculate mathematical accuracy of the schedule.

   Result:
   Procedure performed without exception. Refer to **Attachment B** for the SBB schedule for each PA and the City of the Metropolitan System.

8. Agree the individual sewer flow schedules in the FMS Reports workbook and SBB schedule for each PA and the City to the allocation schedule prepared to aggregate and summarize all PA's and City sewer flows allocations. Recalculate the mathematical accuracy of the summary schedule.

   Result:
   Procedure performed without exception. Refer to **Attachment B** for the allocation schedule for each PA and the City under the Metropolitan System.

9. Recalculate the mathematical accuracy of the amount billed to each PA. Agree each PA's final adjustment to the PA invoices.

Result:
We obtained the summary of invoices submitted to each PA and the schedule of allocation of costs by flow, suspended solids and chemical oxygen demand. We traced the allocated cost to each PA to the Schedule to compare to the invoiced amount to verify mathematical accuracy of the adjustment amount. Refer to **Attachment C.**

10. Compare the City's SAP GL system utilized to compile and prepare the City's fiscal year ended June 30, 2022 Annual Comprehensive Financial Report (ACFR), to the Schedule to confirm completeness of the Exhibit E expense population used to select individual transactions samples.

Result:
We obtained a reconciliation from the operating expenses reported in the City's fiscal year ended June 30, 2022 ACFR to the total expenses in the Schedule to verify the completeness of the population of expenses.

11. From the transaction details of the Schedule, select 55 transactions using the following stratifications:

    a) Five (5) transactions exceeding $15,000 related to chemical purchases.
    b) 25 transactions exceeding $15,000 and less than $50,000.
    c) 25 transactions exceeding $50,000.

    For each transaction selected perform the following procedures:

    a) Agree transaction to original source documentation and inclusion in the Schedule.
    b) Confirm the transaction is in compliance with the City and PA's contractual agreements.

Result:
We selected 55 expense transactions from the Metropolitan System fund and performed the procedures. Refer to **Attachment D** for the summary of findings.

12. Select 50 transactions from a transaction report extracting a listing of all expense transactions in excess of $15,000. For each transaction selected, confirm the transaction was excluded from the total allocation for billing purpose of Metropolitan system.

Result:
We selected 50 expense transactions from the Municipal System fund and performed the procedures. Refer to **Attachment D** for the summary of findings.

13. Obtain 50 transactions selected by the Metro Commission/Metro TAC representative from the Metropolitan fund described above, consisting of Pure Water transactions of $2,500 or more and non-Pure Water transactions of $15,000 or more.

    a) For each Pure Water transaction, confirm the purchase order allocation percentage in the SAP system agrees with the agreements between the City and PA.
    b) For each non-Pure Water transactions agreed to original source documentation and inclusion in the total allocation for the billing purpose of the Metro system.
    c) For each transaction confirm compliance with the City and PA's contractual agreements.

Result:
We obtained 50 transactions selected by the Metro Commission/Metro TAC representative and performed the procedures. Refer to **Attachment D** for the summary of findings.

14. The City will provide Metro Commission/Metro TAC representatives with the detailed annual capital projects report (WBS Summary workbook) and the Debt Service Allocation workbook that support the capital improvement expense and debt service allocation line items, respectively in the Schedule. Agree WBS Summary workbook and Debt Service Allocation workbook to the CIP and debt service reconciliations and agree the reconciliations to respective line-item captions on the Schedule.

    Result:
    Procedure performed without exception.

15. Obtain supporting documents for 25 transactions (related to capital projects and income credits and other fund contributions) agree amounts to the Revenue Ledger maintained by the City. Metro Commission/Metro TAC representatives are to select and provide the 25 transactions.

    Result:
    We obtained the supporting documents for 25 transactions selected by the Metro Commission/Metro TAC representative and agreed amounts to the Revenue Ledger maintained by the City. Refer to **Attachment D** for the summary of findings.

16. Agree the debt service allocation agreed to by the City and Metro JPA to the Debt Service Allocation workbook and trace the actual transaction records in the SAP GL system. Ascertain that benefits and credits, if any, associated with bond financing have been reported in accordance with the agreed upon allocation percentages. Confirm that the methodology used in billing the PAs for debt services payments are in accordance with the agreed upon allocation.

    Result:
    Procedure performed without exception.

17. Obtain the listing of legal expense transactions recorded in the Metropolitan System fund for the period July 1, 2021 through June 30, 2022. For transactions greater than $15,000, obtain supporting documentation and confirm that transactions relate to the activities of the Metropolitan System fund and recalculate the allocation between the Municipal System and Metropolitan System.

    Result:
    Procedure performed without exception.

18. Obtain the listing of charges allocated from the City Attorney's Office (Internal Order) recorded in the Metropolitan System fund for the period July 1, 2021 through June 30, 2022. Summarize the transactions by program description and recalculate the allocation of expenses, based on the allocation methodology defined in the Internal Order, between the Municipal System and Metropolitan System.

    Result:
    No exceptions noted as a result of the procedure.

19. Recalculate the operating reserve and debt service coverage ratio and compare to the thresholds outlined in the Administrative Protocol document dated April 19, 2010.

    a. If the operating reserve is less than 45 days, confirm that the City calculated and billed the PAs for additional funding.

    b. If the debt service coverage ratio is less than 1.2, confirm that the City calculated and billed the PAs for additional funding.

    Result:
    We recalculated the operating reserve without exception and noted the additional funding billed to meet the minimum threshold defined in the Administrative Protocol of 45 days. We recalculated the debt service coverage ratio without exception and noted that it exceeded the minimum threshold defined in the Administrative Protocol of 1.2. Refer to **Attachment E** for the operating reserve contribution and operating reserve balance as of June 30, 2022, by PA.

20. Obtain a schedule of operating and maintenance (O&M) and capital expenditures incurred on Pure Water projects from July 1, 2021 through June 30, 2022, and agree amounts to the SAP system.

    Result:
    Procedure performed without exception. Refer to **Attachment F** for the summary schedule of Pure Water project costs.

We were engaged by the City to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Schedule. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the PUD and the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of management of the City and PUD, the Metro Commission and the participant agencies of Metropolitan System, and is not intended to be and should not be used by anyone other than these specified parties.

Macias Gini & O'Connell LLP

San Diego, California
July 27, 2026

Attachment A

CITY OF SAN DIEGO PUBLIC UTILITIES DEPARTMENT
Schedule of Allocation for Billing to Metropolitan Wastewater Utility
For the Fiscal Year Ended June 30, 2022

	Operating Expenses		
	Municipal System	Metropolitan System	Total
Transmission			
Main Cleaning	$ 14,400,693	$ -	$ 14,400,693
Sewer Pump Stations	6,909,078	-	6,909,078
Other Pump Stations	5,987,034	2,197,098	8,184,132
Pump Station 1	-	3,554,937	3,554,937
Pump Station 2	-	10,676,716	10,676,716
Other Muni Agencies	2,874,877	-	2,874,877
Pipeline Maintenance & Repair	14,004,561	-	14,004,561
Wastewater Collection (WWC) Engineering & Planning	3,331,930	-	3,331,930
Total Transmission	47,508,173	16,428,751	63,936,924
Treatment and Disposal			
Point Loma Wastewater Treatment Plan (PTLWWTP)	-	37,376,831	37,376,831
North City Water Reclamation Plant (NCWRP)	-	11,707,575	11,707,575
South Bay Water Reclamation Plant (SBWRP)	-	7,220,649	7,220,649
Metropolitan Biosolids Center (MBC)	-	18,362,435	18,362,435
Cogeneration Facilities	-	1,768,064	1,768,064
Gas Utilization Facility (GUF)	-	1,008,314	1,008,314
Wastewater Treatment and Disposal (WWTD) Plant Engineering	-	1,011,933	1,011,933
Total Treatment and Disposal	-	78,455,801	78,455,801
Quality Control			
Sewage Testing & Control	219,870	1,118,097	1,337,967
Marine Biology & Ocean Operations	-	6,999,898	6,999,898
Wastewater Chemistry Services	342,924	7,696,766	8,039,690
Industrial Permitting & Compliance	6,473,720	-	6,473,720
Total Quality Control	7,036,514	15,814,761	22,851,275
Engineering			
Program Management & Review	3,883,561	13,000,560	16,884,121
Environmental Support	887,518	469,191	1,356,709
Total Engineering	4,771,079	13,469,751	18,240,830
Operational Support			
Central Support: Clean Water Operations Management Network (Comnet)	76,614	4,508,093	4,584,707
Operational Support	1,100,206	4,936,466	6,036,672
Total Operational Support	1,176,820	9,444,559	10,621,379
General & Administrative			
Business Support Admin	23,863,877	22,363,393	46,227,270
Operating Division Admin	8,100,592	7,191,995	15,292,587
Total General & Administrative	31,964,469	29,555,388	61,519,857
TOTAL EXPENSES	92,457,055	163,169,011	255,626,066
CAPITAL IMPROVEMENT EXPENSE	74,375,751	92,696,741	167,072,492
DEBT SERVICE ALLOCATION	39,400,904	65,534,181	104,935,085
METROPOLITAN SYSTEM INCOME CREDITS			
Operating Revenue	-	(13,039,774)	(13,039,774)
CIP - Revenue Bond	-	(16,930,213)	(16,930,213)
Operating - Grant Revenue	-	(1,755,672)	(1,755,672)
CIP - Grant/SRF Revenue	-	(19,007,731)	(19,007,731)
TOTAL METROPOLITAN SYSTEM INCOME CREDITS	-	(50,733,390)	(50,733,390)
TOTAL ALLOCATION FOR BILLING PURPOSES	$ 206,233,710	$ 270,666,543	$ 476,900,253
AMOUNT INVOICED IN FY22 FOR FY22 SERVICES		**$ 80,000,004**	
(OVER) / UNDER BILLED REVENUE FOR THE YEAR ENDED 06/30/2022		$ 15,735,121	

Attachment B

CITY OF SAN DIEGO PUBLIC UTILITIES DEPARTMENT

System Wastewater Characteristics in Quantities and in Percentages by Participating Agencies

For the Fiscal Year Ended June 30, 2022

AGENCY	WASTEWATER CHARACTERISTICS			UNADJUSTED ANNUAL USE			ADJUSTED ANNUAL USE					Expressed in Percents		
	AVERAGE FLOW - mgd (a)	SS mg/l (b)	COD mg/l (b)	2022 FLOWS million gallons	SS thousand pounds	COD thousand pounds	2022 FLOWS million gallons	Flow Difference (c)	FY 2022 Billing Flows	SS thousand pounds	COD thousand pounds	Flow	SS	COD
CHULA VISTA	16.889	315.039	829.953	6,164.592	16,205.808	42,693.366	6,473.037	125.006	6,598.043	22,217.873	40,449	11.24%	12.40%	12.10%
CORONADO	1.347	317.786	731.668	491.544	1,303.468	3,001.092	516.139	9.968	526.106	1,787.031	2,843	0.90%	1.00%	0.85%
DEL MAR	(0.006)	297.340	487.831	(2.087)	(5.179)	(8.497)	(2.192)	(0.042)	(2.234)	(7.101)	(8)	0.00%	0.00%	0.00%
EAST OTAY MESA	0.281	252.730	683.055	102.642	216.464	585.039	107.778	2.081	109.859	296.768	554	0.19%	0.17%	0.17%
EL CAJON	6.745	443.263	806.378	2,461.954	9,106.338	16,566.132	2,585.137	49.924	2,635.061	12,484.626	15,695	4.49%	6.97%	4.70%
IMPERIAL BEACH	2.043	255.567	621.381	745.580	1,590.018	3,865.933	782.885	15.119	798.004	2,179.886	3,663	1.36%	1.22%	1.10%
LA MESA	4.427	176.220	540.231	1,615.723	2,375.876	7,283.654	1,696.566	32.764	1,729.330	3,257.284	6,901	2.95%	1.82%	2.06%
LAKESIDE/ALPINE	3.074	263.358	670.768	1,121.929	2,465.557	6,279.716	1,178.064	22.751	1,200.815	3,380.234	5,950	2.05%	1.89%	1.78%
LEMON GROVE	1.857	270.382	643.898	677.914	1,529.519	3,642.459	711.834	13.747	725.581	2,096.943	3,451	1.24%	1.17%	1.03%
NATIONAL CITY	4.328	255.865	820.473	1,579.641	3,372.657	10,814.965	1,658.678	32.032	1,690.710	4,623.852	10,246	2.88%	2.58%	3.07%
OTAY	0.109	1,656.912	1,429.763	39.616	547.738	472.647	41.598	0.803	42.402	750.938	448	0.07%	0.42%	0.13%
PADRE DAM	1.867	989.080	1,808.966	681.544	5,625.069	10,287.900	715.645	13.820	729.466	7,711.869	9,747	1.24%	4.31%	2.92%
POWAY	2.040	241.957	500.430	744.630	1,503.421	3,109.467	781.888	15.100	796.987	2,061.164	2,946	1.36%	1.15%	0.88%
SPRING VALLEY	5.157	245.293	678.387	1,882.413	3,853.024	10,656.011	1,976.599	38.172	2,014.771	5,282.427	10,096	3.43%	2.95%	3.02%
WINTERGARDENS	0.903	331.410	829.417	329.540	911.333	2,280.784	346.029	6.682	352.711	1,249.421	2,161	0.60%	0.70%	0.65%
SUBTOTAL PARTICIPATING AGENCIES	**51.061**	**324.481**	**779.319**	**18,637.176**	**50,601.108**	**121,530.667**	**19,569.686**	**377.926**	**19,947.612**	**69,373.215**	**115,141.404**	**33.9827%**	**38.7315%**	**34.4448%**
SAN DIEGO	99.195	264.941	765.574	36,206.026	80,044.817	231,297.152	38,017.591	734.188	38,751.779	109,740.014	219,137.108	66.02%	61.27%	65.56%
REGIONAL SLUDGE RETURNS	7.518	756.266	299.618	2,744.075	17,317.005	6,860.675								
FLOW DIFFERENCE	3.047			1,112.114	31,150.299	(25,409.980)								
TOTAL	**160.820**	**365.672**	**682.453**	**58,699.391**	**179,113.230**	**334,278.513**	**57,587.277**	**1,112.114**	**58,699.391**	**179,113.230**	**334,278.513**	**100.0000%**	**100.0000%**	**100.000%**

(a) Flows based on metered, housecounts and inter-agency flow, adjustment to City of San Diego flow for centrate, chemical additons reduction, plus an addition for recycled water.

(b) SS and COD characteristics based on samples taken by PUD's Environmental Monitoring and Technical Services Division through June 30, 2022 - proportionate share of return flow loadings calculated in the "ADJUSTED ANNUAL USE" BOX.

(c) Flow difference between metered/housecount and facility totals.

Attachment C

CITY OF SAN DIEGO PUBLIC UTILITIES DEPARTMENT
System Wastewater Characteristics Allocation by Participating Agencies
For the Fiscal Year Ended June 30, 2022

AGENCY	ALLOCATION OF COSTS BY FLOW, SUSPENDED SOLIDS AND CHEMICAL OXYGEN DEMAND FLOW (a)	SS (a)	COD (a)	TOTAL FLOW, SS & COD	TOTAL PAID FOR FY 2022	DIFFERENCE	45-DAY OPERATING RESERVE	TOTAL
CHULA VISTA	$ 15,053,366	$ 9,038,523	$ 7,729,562	$ 31,821,451	$ 25,004,304	$ 6,817,147	$ 11,474	$ 6,828,621
CORONADO	1,200,306	726,988	543,343	2,470,637	2,269,132	201,505	915	202,420
DEL MAR	(5,097)	(2,889)	(1,538)	(9,524)	43,628	(53,152)	(4)	(53,156)
EAST OTAY MESA	250,643	120,729	105,920	477,293	530,264	(52,971)	191	(52,780)
EL CAJON	6,011,864	5,078,910	2,999,270	14,090,045	12,052,944	2,037,101	4,582	2,041,683
IMPERIAL BEACH	1,820,637	886,806	699,921	3,407,364	2,927,956	479,408	1,388	480,796
LA MESA	3,945,448	1,325,106	1,318,693	6,589,247	6,697,072	(107,825)	3,007	(104,818)
LAKESIDE/ALPINE	2,739,646	1,375,124	1,136,932	5,251,702	4,733,396	518,306	2,088	520,394
LEMON GROVE	1,655,405	853,064	659,461	3,167,930	2,703,204	464,726	1,262	465,988
NATIONAL CITY	3,857,338	1,881,044	1,958,031	7,696,413	6,055,452	1,640,961	2,940	1,643,901
OTAY	96,739	305,492	85,572	487,802	701,868	(214,066)	74	(213,992)
PADRE DAM	1,664,268	3,137,290	1,862,607	6,664,165	4,604,360	2,059,805	1,269	2,061,074
POWAY	1,818,318	838,509	562,964	3,219,790	3,981,020	(761,230)	1,386	(759,844)
SPRING VALLEY	4,596,678	2,148,961	1,929,253	8,674,892	6,203,644	2,471,248	3,504	2,474,752
WINTERGARDENS	804,707	508,281	412,932	1,725,920	1,491,760	234,160	613	234,773
SUBTOTAL PARTICIPATING AGENCIES	$ 45,510,266	$ 28,221,938	$ 22,002,922	$ 95,735,125	$ 80,000,004	$ 15,735,121	$ 34,689	$ 15,769,810
SAN DIEGO	88,411,774	44,643,683	41,875,959	174,931,416				
TOTAL	$ 133,922,040	$ 72,865,621	$ 63,878,881	$ 270,666,541				

(a) Allocations based on annual flows and strength loadings - See Attachment B

Attachment D

CITY OF SAN DIEGO PUBLIC UTILITIES DEPARTMENT
Summary of Findings over Cost Allocation
For the Fiscal Year Ended June 30, 2022

Finding #	Procedure #	Amount	Finding Explanation	Muni Fund	Metro Fund	Water Fund	Other Departments
1	13	$268,222	Funds were allocated incorrectly between DCS (Comnet) and SCADA. This was the only invoice that paid against the PO. Decrease Muni by ($299.35), Decrease Metro by ($14,668.75) and Increase Water by $14,968.10.	$ (299)	$ (14,669)	$ 14,968	$ -
2	13	31,286	Funds were allocated incorrectly between DCS (Comnet) and SCADA. All of the invoices for this PO were analyzed and will be corrected as a part of this Finding. Decrease Muni by ($987.94), Decrease Metro by ($48,435.70) and Increase Water by $49,423.64.	(988)	(48,436)	49,424	-
3	13	30,000	The Wastewater Cost of Service allocation is being changed from 50/50 to 75% Muni and 25% Metro, based on the Wastewater portion of the Prop 218 allocation. All WW COSS expenditures for the five year contract are being adjusted. Increase Muni and Decrease Metro by $44,378.50.	44,379	(44,379)	-	-
4	13	224,386	Funds were allocated incorrectly between DCS (Comnet) and SCADA. This was the only invoice that paid against the PO. Increase Muni by $521.56, Increase Metro by $25,555.98 and Decrease Water by ($26,077.54).	522	25,556	(26,078)	-
5	13	267,900	Funds were allocated incorrectly between DCS (Comnet) and SCADA. This was the only invoice that paid against the PO. Increase Muni by $21.75, Increase Metro by $1,065.18 and Decrease Water by ($1,086.93).	22	1,065	(1,087)	-
6	13	277,916	Funds were allocated incorrectly between DCS (Comnet) and SCADA. This was the only invoice that paid against the PO. Increase Muni by $20.30, Increase Metro by $994.68 and Decrease Water by ($1,014.98).	20	995	(1,015)	-
7	11	46,079	At the time of this expense, the original Prop 218 allocation was incorrect. It has since been corrected, changing the Metro percentage to 12.50%, but this expense was not corrected. All of the expenses using the incorrect allocation were found and added to this Finding. Increase Muni 10,927.29, Decrease Metro (32,801.88), Increase Water 21,874.59.	10,927	(32,802)	21,875	-
8	11, 12	62,322	PO was opened with the incorrect Fund allocation. This was the only invoice. Decrease Muni ($3,625.02), Increase Metro $2,416.68, Increase Water $1,208.34.	(3,625)	2,417	1,208	-
9	12	16,691	Invoice 10612831 should be 100% Water. All the other Lake Barrett invoices posted properly in FY22. Decrease Muni and Increase Water by $16,691.15.	(16,691)	-	16,691	-
10	15	1,174	Print Shop order charged 100% to Metro. Should be 83/17. Decrease Metro and Increase Water by $199.62.	-	(200)	200	-
11	15	7,647	Print Shop order charged 100% to Metro. Should be 83/17. Decrease Metro and Increase Water by $1,300.04.	-	(1,300)	1,300	-
				$ 34,266	$ (111,752)	$ 77,486	$ -

Attachment E

CITY OF SAN DIEGO PUBLIC UTILITIES DEPARTMENT

Participating Agencies Reserve Contribution by Participating Agencies

For the Fiscal Year Ended June 30, 2022

Agency	FY 2022 Flow Percentage (1)	FY 2022 Reserve Beginning Balance	FY 2022 Reserve Interest Allocation (2)	FY 2022 Fund Balance Interest Allocation (3)	FY 2022 Reserve Ending Balance	FY 2022 PA Contribution to meet minimum (4)	FY 2022 Adjusted Reserve Ending Balance
CHULA VISTA	33.077%	$ 1,884,984	$ 7,585	$ 15,911	$ 1,908,480	$ 11,474	$ 1,919,954
CORONADO	2.637%	208,210	605	1,269	210,083	915	210,998
DEL MAR	-0.011%	59,109	(3)	(5)	59,101	(4)	59,097
EAST OTAY MESA	0.551%	5,364	126	265	5,755	191	5,946
EL CAJON	13.210%	969,700	3,029	6,354	979,084	4,582	983,666
IMPERIAL BEACH	4.000%	246,000	917	1,924	248,842	1,388	250,230
LA MESA	8.669%	578,190	1,988	4,170	584,348	3,007	587,356
LAKESIDE/ALPINE	6.020%	355,437	1,380	2,896	359,713	2,088	361,801
LEMON GROVE	3.637%	237,550	834	1,750	240,134	1,262	241,395
NATIONAL CITY	8.476%	498,517	1,944	4,077	504,537	2,940	507,477
OTAY	0.213%	33,244	49	102	33,395	74	33,469
PADRE DAM	3.657%	331,882	839	1,759	334,480	1,269	335,748
POWAY	3.995%	365,922	916	1,922	368,761	1,386	370,147
SPRING VALLEY	10.100%	657,724	2,316	4,859	664,899	3,504	668,402
WINTERGARDENS	1.768%	102,761	405	851	104,017	613	104,631
TOTAL	100.00%	$ 6,534,594	$ 22,931	$ 48,104	$ 6,605,629	$ 34,689	$ 6,640,318

NOTES

(1) FY2022 Audited PA Flow percentage used to determine allocation

(2) FY2022 Interest earned on Reserve account added to reserve

(3) FY2022 Interest earned on undesignated fund balance added to reserve

(4) 45 - day operating reserve

Attachment F

CITY OF SAN DIEGO PUBLIC UTILITIES DEPARTMENT

Pure Water Project Program Costs to the Metropolitan System
For the Fiscal Year Ended June 30, 2022

	FY2022 Pure Water Program Costs
Total Operating and Maintenance Costs	$ 5,842,254
Capital Improvement Costs:	
Morena Conveyance	(5,056,086)
North City Water Reclamation Plant (NCWRP) Expansion - Early Site Work	(25,792,979)
Metropolitan Biosolids Center (MBC) Improvements	(2,662,436)
North City Water Reclamation Plant (NCWRP) Flow Equalization	3,174,908
North City Water Reclamation Plant (NCWRP) Expansion	40,028,476
Morena Wastewater Pump Station	46,572,337
Genesee Avenue Median Improvement	673
Central Area Small-Scale Facility	211,339
Total Capital Improvement Costs	56,476,232
Total Pure Water Program - Metropolitan Wastewater Fund Costs	$ 62,318,486