

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



Directors and TAC Members toured the North City Water Reclamation Plant Pure Water facilities following the May Board Meeting. The tour provided participants with a firsthand look at one of the region's most significant water infrastructure investments and the substantial progress being made toward project completion. Special thanks to Doug Campbell and the City of San Diego staff who coordinated and led this informative and meaningful tour. The overall Pure Water Program is now approaching 90% overall completion, with several facilities already entering startup, commissioning and testing phases as the program moves closer to full operation.

Three major projects occupied the Executive Team and Board Committees in May: the implementation of the Second Amended and Restated Agreement (SARA), the final development and review of the FY 2027 Metro Billings, and the Website Update Project. Together, these initiatives represent important milestones in the JPA's ongoing efforts to modernize its governance framework, improve communication and accessibility, and provide Participating Agencies with the tools and information necessary to support informed regional decision-making. Considerable progress was achieved during the month as these projects moved from development into implementation.

Key Tasks and Updates:

1. Progress Toward SARA Implementation

Progress toward implementation of the Second Amended and Restated Agreement (SARA) and Administrative Agreement No. 1 remained a primary focus during May. Efforts centered on maintaining momentum toward a July 1, 2026, implementation date, reviewing proposed revisions, and coordinating the administrative and legal actions necessary to support a smooth transition to the new framework.

To support these efforts, the Pure Water (SARA) Ad Hoc Committee met twice during the month to review proposed revisions to SARA and evaluate options for moving the agreement forward. Following extensive review and discussion, the Ad Hoc Committee unanimously recommended a series of actions for consideration by the JPA/Commission at its June meeting. The recommendations are intended to support regional coordination, provide a clear path toward implementation, and address the administrative and regulatory requirements associated with SARA and Administrative Agreement No. 1.

The ongoing implementation effort reflects several years of collaboration among the Participating Agencies, the City of San Diego, and the JPA. Throughout May, discussions remained focused on achieving a successful transition to the new agreement framework while continuing to work collaboratively toward final regional consensus.

2. FY 2027 Metro Billing Transition Planning

At the May Technical Advisory Committee (TAC) meeting, the City of San Diego presented the proposed FY 2027 Interim Billing methodology. The proposal is intended to serve as a temporary bridge between the current 1998 strength-based billing system and the Functional Allocation Billing (FAB) methodology developed through the SARA process. The City emphasized that if SARA and FAB are implemented effective July 1, 2026, the Interim Billing methodology would not be used.

The city noted that the current billing system no longer fully reflects modern Metro System operations, infrastructure, and cost drivers. In addition, a recent negative watch issued by one of the wastewater system's rating agencies highlighted the importance of increasing revenue stability through a greater fixed-cost component in the Metro billing structure to provide additional assurance to bondholders. In response, the City has evaluated billing changes that can be implemented within its existing authority while SARA implementation remains pending.

The proposed Interim Billing methodology would gradually increase fixed-cost recovery while maintaining the majority of operations and maintenance costs as variable charges. The city described the proposal as a limited and measured step toward the principles embodied in FAB and emphasized that it is intended only as an interim solution until full FAB implementation can occur. A copy of the City's presentation can be found on the JPA's website attached to the May 20, 2026, agenda as Item 6(a).

3. Website Update Project:

Significant progress was made on the Website Update Project during May. A comprehensive review of the draft website, including all navigation structures, content areas, document libraries, and resources, was completed. More than ten pages of comments and recommendations were provided to the website consultant, who has subsequently incorporated these revisions along with additional refinements identified through the ongoing review process. A semi-final review is scheduled for early June, after which final comments will be submitted to the developer.

The Website Team anticipates launching the new website in a semi-final form around June 19, 2026, in conjunction with the publication of materials for the June 28 Special JPA/Commission Meeting. The new platform represents a substantial enhancement over the existing website, providing greatly expanded opportunities to organize and share JPA information, documents, programs, historical records, and Board resources.

While the core website will be operational at launch, it is anticipated that an additional four to six months will be required to fully develop and populate the expanded content areas. This next phase will focus on creating new content and resources that will allow the JPA to take full advantage of the website's enhanced capabilities and provide greater value to Board Members, Participating Agencies, and the public.

4. Executive Director Succession and Recruitment

During May, final contract negotiations were completed for the Executive Director position. The proposed agreement reflects the direction provided by the Board and Executive Director Ad Hoc Committee throughout the recruitment and selection process. The contract is scheduled to be presented to the JPA/Commission Board of Directors on June 4, 2026, for final consideration and approval.

5. FY 2027 JPA Operating Budget

The FY 2027 JPA Operating Budget was approved by the Board at its May meeting. The adopted budget totals \$867,894, a 4% increase over the FY 2026 adopted budget, and reflects the transition from development to implementation of major regional initiatives, including SARA and Functional Allocation Billing (FAB). Key budget elements include the establishment of a standalone Executive Director position, updated consultant agreements, and new placeholders for insurance and memberships. Consistent with Finance Committee recommendations, available reserves and non-operating revenues will be used to offset the increase, allowing Participating Agency billings to remain unchanged from FY 2026 levels.

A copy of the FY 2027 Budget and accompanying PowerPoint presentations can be found on the JPA's website under the "News" section on the home page.

<https://www.metrojpa.org/home>

6. Finance and AdHoc Committee Meetings Update

The Finance Committee and all Ad Hoc Committees were dark during May, with the exception of the Pure Water (SARA) Ad Hoc Committee, whose activities are discussed under Item 1, Progress Toward SARA Implementation.

UPCOMING MEETINGS:

Metro TAC:

Regular Meeting:

June 17, 2026

11-1 Via Zoom

Metro JPA/Commission:

Regular Meeting:

June 4, 2026

Noon-2 PM MOC Auditorium