



Monthly Executive Director's Report April 2025

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

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

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

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

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

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

Key Tasks and Updates:

1. SARA Implementation Progress

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

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

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

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

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

JPA/Com Regular Meeting – May 1, 2025

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

Metro TAC Regular Meeting - May 21, 2025

- Discussion: Substantive Review of SARA

JPA/Com Regular Meeting – June 5, 2025

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

Metro TAC Regular Meeting - June 18, 2025

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

JPA/Com Special Meeting – July 10, 2025 (Replaces July 3rd Meeting)

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

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

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

2. JPA Board Adopts First Investment Policy

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

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

3. I&I Committee

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



Understanding the Second Amended and Restated Agreement (SARA)

What is SARA?

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

What does SARA do?

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

Key Updates in SARA:

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

Key Structural and Operational Improvements:

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

Approval Process:

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

The Joint Powers Authority Proactively Addressing Regional Wastewater Issues