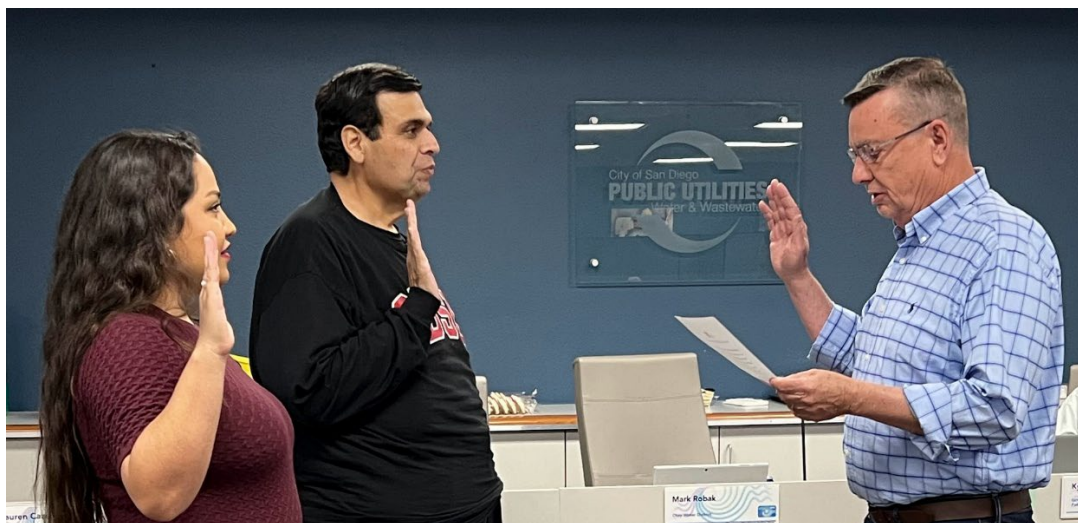


Monthly Executive Director's Report January 2026/February Board Meeting

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.

FY 2027 began at a fast pace, with January proving to be a very busy and productive month for the Executive Team (ET) and the JPA. This level of activity is reflected in the substantial agenda for the February Board Meeting.

At the February Board Meeting, Directors Preciado and Cazares were formally administered the Oath of Office by County Supervisor Joel Anderson. The Executive Team looks forward to working closely with both Directors.



Also at the February Board Meeting, Stantec presented its final report on the Functional Allocated Billing (FAB) Study, which the Board unanimously approved. Stantec's detailed FAB presentation in the "News" section of the JPA website, is available for your review and download at any time.

<https://www.metrojpa.org/home/showdocument?id=5160>

In addition, the Board approved a contract with IONBLADE, and the new website update process is scheduled to begin on February 9.

In further good news, City of San Diego staff will be offering a tour of the North City Pure Water Facility following the May Board Meeting. The Board Secretary will email an invitation in advance. Directors and TAC members who have previously participated in a tour are welcome to submit a request to attend, and every effort will be made to accommodate as many participants as possible. Please note that participation is limited to six Board Members due to Brown Act restrictions. Spaces will be filled on a first-come, first-served basis, with priority given to Directors who did not participate in the previous tour.

Van transportation will be provided from the Metro Operations Center to the North City facility, as construction activities have significantly limited on-site parking. Board and TAC members interested in attending are encouraged to contact the Board Secretary to reserve a space.

This is expected to be an especially exciting tour, as the new Operations Building should be open and several other facilities will be nearing completion

Key Tasks and Updates:

1. SARA and Administrative Agreement No. 1 (AA1) Update

As of the date of this report (February 9), nine Participating Agencies' Councils/Boards have approved the Second Amended and Restated Agreement (SARA) and Administrative Agreement No. 1 (AA1). Notably, both the largest Participating Agency (Chula Vista) and the smallest (Del Mar) approved the agreements unanimously on the same evening (January 20) through their consent calendars. This was followed by approval from the City of Imperial Beach the following night, and from National City and Otay during the first week of February. El Cajon and the County of San Diego are scheduled to consider approval in late February and March, respectively. The Executive Team would like to thank the Participating Agencies for their hard work on SARA and Administrative Agreement No. 1, as well as for the timely actions taken to move this important new operating document forward.

As part of the January website update, new materials were added to support member agencies throughout their approval processes, including the final Functional Allocated Billing (FAB) Report and accompanying PowerPoint presentation. The following resources are also readily available on the website and upon request:

- Sample staff reports, including versions used by all Participating Agencies to date

- The standard SARA presentation, as well as a streamlined version refined in collaboration with participating agencies and the presentations used by the nine agencies that have already approved SARA/AA1
- A concise one-page handout summarizing key elements of SARA for inclusion in Council packets or as a public-facing resource

Executive Team members remain available to attend meetings, support presentations, and address questions from elected officials, staff, and the public.

2. Website Update

Each January, the Executive Team reviews key areas of the JPA website to confirm that Board and public-facing materials are up to date, including information related to the JPA and its participation in the City of San Diego Pure Water Program. The Executive Team would like to thank the Board Secretary for completing the annual website update. At this time, due to limitations of the current website, much of this information is consolidated in the New Director Manual, which serves as the primary repository for these materials, other than items posted in the “News” section on the Home Page. It is anticipated that, with the launch of the new website, this information will be more clearly organized into distinct categories for easier access.

The New Director Manual is available at:

<https://www.metrojpa.org/about-us/-folder-101>

3. FY 2027 Metro Budget

In mid-January, the City of San Diego released its January estimate of the FY 2027 Metro budget in accordance with the ARA contractual requirements. The estimate reflects an initial projected increase in Metro expenses of approximately 32 percent, driven primarily by the following three factors:

- Estimated reductions in flows from East County JPA members as their advanced water purification project progresses toward start-up during FY 2027. These anticipated flow and strength reductions account for approximately 5 percent of the projected budget increase to the remaining Participating Agencies.
- Additional operational costs associated with the start-up of the City of San Diego’s Pure Water Phase 1 facilities during FY 2027, accounting for approximately 10 percent of the projected increase. These costs include chemicals and power, 24-hour staffing at the North City Water Reclamation Plant, and start-up of the Morena Pump Station, a major pump station comparable in size to Pump Stations 1 and 2.

- Pay-as-you-go funding of capital improvement projects, including Pump Stations 1 and 2, as well as approximately \$50 million in Phase 1 Pure Water capital costs, which together account for the majority of the increase.

Executive Team staff is actively working with City of San Diego Public Utilities Department staff and the East County agencies to refine flow projections so they more closely align with the anticipated phase-in of the East County project, which is now expected to begin start-up in the final quarter of FY 2027. In parallel, ET staff is working with City staff to evaluate potential financing alternatives to pay-as-you-go funding to help mitigate the near-term budget impacts of increased capital costs. Updated flow projections and potential financing alternatives are anticipated to be discussed at the February Metro TAC meeting.

4. Pure Water Annual Report

The City of San Diego released their Annual Pure Water Report a copy of which can be found on their website. From the Executive Summary: “Construction of the Phase 1 North City Pure Water Projects is nearly 85% complete..... Looking ahead to 2026, we plan to complete final paving and restoration activities along pipeline routes and continue to prepare for the startup and commissioning of all facilities. We anticipate the first delivery of 7.5 million gallons per day of purified water to Miramar Reservoir near the end of next year, ushering in a new era for the San Diego region with the availability of Pure Water San Diego. Pure Water San Diego will provide dual value for San Diegans, significantly reducing discharges from the Point Loma Wastewater Treatment Plant and providing nearly half of San Diego’s water supply locally by 2035.”

The full report can be located at:

https://www.sandiego.gov/sites/default/files/2026-01/pur-art-annual-report-2025-ada-012326_v15.pdf

Full Pure Water program information can be found on the City of San Diego’s website at:

<https://www.sandiego.gov/public-utilities/sustainability/pure-water-sd/information>

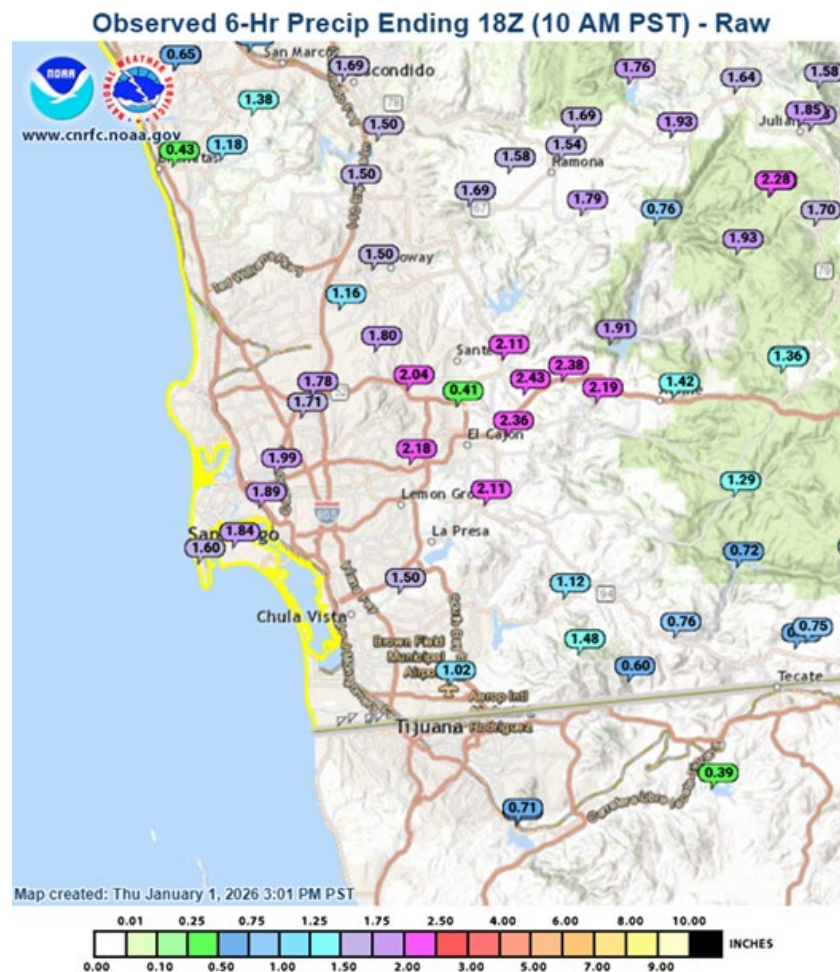
5. New Year’s Storm Event

On New Year’s Day, the Metro sewer system experienced significant wet-weather flows. Both Pump Station 1 and Pump Station 2 successfully withstood peak conditions, with all six pumps at PS1 and all seven pumps at PS2 operating. At PS2, flows exceeded 300 million gallons and wet well levels reached over 90 percent capacity; however, neither pump station experienced a spill. The successful

performance of both stations under these conditions reflects the high level of preparedness and responsiveness of the City of San Diego operations staff. We sincerely thank PUD staff for this especially on a holiday.

At the Point Loma Wastewater Treatment Plant, system flows reached maximum capacity and a spill occurred. Approximately 100,000 gallons of treated wastewater were discharged from the plant into a storm drain that ultimately flowed to the ocean, rather than being conveyed through the outfall as designed. The County was consulted, and no additional signage beyond the standard wet-weather advisory was required. Environmental teams inspected the area and observed no impacts beyond those typically associated with storm runoff. Regulatory agencies were notified in accordance with established protocols. Additional information, including root cause analysis, will be provided once available.

For reference, rainfall totals across the region for the six-hour period from 4:00 a.m. to 10:00 a.m. are provided below. Further updates will be shared at upcoming TAC and JPA Commission meetings.



6. Inflow and Infiltration (I&I) Study:

The Inflow and Infiltration (I&I) Committee met on January 29 and reviewed progress on action items from the previous meeting, including the collection of data needed to characterize each sewer meter basin. Most Participating Agencies have submitted their data, and those still working on it are nearing completion. Engineering Executive Team members have reached out to these agencies and offered assistance where needed.

The City of San Diego has finalized a scope of work with ADS for Phase 1 of the study and is awaiting receipt of the majority of Participating Agency data to initiate the effort. Engineering ET members have scheduled the next committee meeting for February 26.

7. Treasury Activities

During January, Treasury staff continued to be actively engaged in the JPA's FY 2024 and FY 2025 audit process, responding to inquiries from CliftonLarsonAllen (CLA). Staff are targeting presentation of a draft audit report to the Finance Committee in March 2026.

In addition, Treasury staff processed required 1099 forms for Directors and vendors, managed domain name applications, and prepared the Quarterly Treasurer's Report in time for inclusion in the January TAC agenda.

8. Finance and AdHoc Committee Meetings Update

- **Succession Planning Ad Hoc**

The Succession Planning Ad Hoc met on January 6 and discussed several administrative and governance-related items. The Committee reviewed the JPA's current website domain (metrojpa.org) and, in light of the upcoming website transition and anticipated changes to state regulations, discussed migrating to either a ".ca.gov" or ".gov" domain. The Committee directed staff to apply for both, with the preferred primary domain identified as *metrowastewaterjpa.ca.gov*, subject to availability.

The Committee also continued its discussion of the new provisions of Senate Bill 707 related to virtual and hybrid meetings. Following discussion, the Committee approved Resolution No. 2026-0205, authorizing optional teleconferencing, remote participation by Board members, and virtual meetings of committees pursuant to Government Code Sections 54953.86 and 54953.87, and directed that the resolution be forwarded to the JPA Board for consideration at the February meeting.

In addition, the Committee discussed Executive Team performance evaluations and directed the Executive Director to proceed with the remaining evaluations for the Engineering Consultant, Treasurer, and Board Secretary.

- **Pure Water Ad Hoc**

The Pure Water Ad Hoc met on January 15 to receive an update on the status of Participating Agency approvals of SARA and AA1 and to continue discussion of implementation-related issues.

- **Executive Director Ad Hoc**

The Metro JPA Executive Director Ad Hoc met on January 27 and reviewed the solicitation for the Executive Director position prepared by JPA legal counsel. The Committee approved the solicitation and discussed the process for reviewing the current Executive Director/Financial Consultant position. A detailed schedule of related milestones was developed, and the solicitation was approved to move forward to the Board in closed session at the February meeting.

- **Finance Committee**

The Finance Committee is scheduled to meet on February 24 to begin the FY 2027 JPA budget development process. The Committee will also review the FY 2020 JPA billing reconciliation, now that the Metro audit has been completed and approved. This reconciliation will be included in the FY 2027 budget packet for Board review and consideration at the May meeting.

UPCOMING MEETINGS:

Metro TAC:

Regular Meeting:

February 18, 2026
11-1 Via Zoom

Metro JPA/Commission:

Regular Meeting:

March 5, 2026
Noon-2 PM MOC Auditorium

Finance Committee:

Regular Meeting:

February 24, 2026
10-Noon; Format to be determined