



# San Gabriel Basin Water Quality Authority

1720 W. Cameron Avenue, Suite 100, West Covina, CA 91790 • 626-338-5555 • Fax 626-338-5775

**WQA ADMINISTRATIVE/FINANCE COMMITTEE  
AND SPECIAL MEETING OF THE BOARD OF DIRECTORS  
TO BE HELD ON TUESDAY, JUNE 8, 2021 AT 10:00 A.M.  
AT  
1720 W. CAMERON AVE., SUITE 100 IN WEST COVINA, CA**

**To attend the meeting please register at:**

[https://zoom.us/webinar/register/WN\\_ZuW\\_NkZZTfWvIsT4mo3BDg](https://zoom.us/webinar/register/WN_ZuW_NkZZTfWvIsT4mo3BDg)

**A confirmation email will be sent to you with instructions to join the meeting**

*In light of the Governor's Executive Orders N-25-20 dated March 12, 2020 and N-29-20 dated March 17, 2020 (collectively, the "Executive Order") issued in response to the Covid-19 outbreak, the WQA Board Has Suspended Application of Certain Public Meeting Requirements otherwise required under Brown Act during the term of the Executive Order, Including Restrictions and Noticing Requirements Relating to the Conduct of Teleconferenced Board Meetings .Due to the essential nature of the WQA Board Meetings in conducting Authority business, the WQA Board meeting will take place via online and teleconference. Copies of Executive Order will be made available to members of the public upon request.*

*Public Comments can be emailed prior to the meeting to [Stephanie@wqa.com](mailto:Stephanie@wqa.com)*

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*\*The Administrative/Finance Committee meeting is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board that are not assigned to the Administrative/Finance Committee may attend and participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the Committee as advisory to the Board, members of the Board who are not assigned to the Administrative/Finance Committee will not vote on matters before the Committee*

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## **DRAFT AGENDA**

**Committee Members:** Mike Whitehead, Lynda Noriega and Mark Paulson

**Liaison Member:** Dave Michalko

- I. Call to Order
- II. Public Comment
- III. Discussion Regarding Cost of Living Adjustment For Exempt and Non-Exempt Staff [enc]
- IV. Discussion Regarding Proposition 68 Engineering Services [enc]
- V. Discussion Regarding Investment Policy Reaffirmation [enc]
- VI. Executive Director's Report
- VII. Adjournment



# San Gabriel Basin Water Quality Authority

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## AGENDA SUBMITTAL

**To:** WQA Board of Directors  
**From:** Randy Schoellerman, Executive Director  
**Date:** June 8, 2021  
**Subject:** **Exempt Employees: Proposed Increase in Salary Ranges**  
**Non-Exempt Employees: Proposed increase in both Salary Ranges and Salaries**

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### Recommendation / Proposed Action

Staff requests that the Committee recommend approval of the following:

- Increase the salary ranges for both Exempt and Non-Exempt employees by 3.6%.
- Increase the salaries of the Non-Exempt employees by 3.6%.

### Background and Discussion

Procedure 40 establishes the Cost of Living Adjustment (COLA) procedures for WQA Employees. The COLA increase is based on the April Consumer Price Index for All Urban Consumers ("CPI-U").

The policy differentiates between Exempt and Non-Exempt employees, as shown below.

- 1) *Exempt employees*: provides for an increase in the salary ranges by the April CPI-U.
- 2) *Non-Exempt employees*: provides for an increase in both the salary ranges and the actual salaries by the April CPI-U.

The CPI-U percentage increase from April 2020 to April 2021 is 3.6%.

Listed below are both the current and proposed monthly salary ranges. If the increase is approved by the Board, it will be effective July 1, 2021.

Job Titles	<b>Current</b>		<b>3.6% increase</b>	
	<b>Monthly Salary Range</b>		<b>Monthly Salary Range</b>	
	<u>7/1/20 to 6/30/21</u>		<u>7/1/21 to 6/30/22</u>	
	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>
<b><u>Exempt Positions</u></b>				
Asst. Executive Director/Sr. Project Manager	\$8,858	\$14,235	\$8,858	\$14,747
Director of Finance	\$7,792	\$13,301	\$7,792	\$13,780
<b><u>Non-Exempt Positions</u></b>				
Project Resource Manager	\$4,459	\$8,351	\$4,459	\$8,651
Exec. Assistant/Public Outreach Coordinator	\$4,329	\$7,730	\$4,329	\$8,008
Admin/Accounting Assistant	\$3,636	\$6,079	\$3,636	\$6,297

Attachment: Table 4 from Consumer Price Index CPI-U for April 2021

**Table 4. Consumer Price Index for All Urban Consumers (CPI-U): Selected areas, all items index, April 2021**  
[1982-84=100, unless otherwise noted]

Area	Pricing Schedule <sup>1</sup>	Percent change to Apr. 2021 from:			Percent change to Mar. 2021 from:		
		Apr. 2020	Feb. 2021	Mar. 2021	Mar. 2020	Jan. 2021	Feb. 2021
U.S. city average.....	M	4.2	1.5	0.8	2.6	1.3	0.7
<b>Region and area size<sup>2</sup></b>							
Northeast.....	M	3.3	1.4	0.7	2.1	1.0	0.6
Northeast - Size Class A.....	M	3.0	1.1	0.7	1.7	0.8	0.4
Northeast - Size Class B/C <sup>3</sup> .....	M	3.7	1.7	0.8	2.6	1.3	0.9
New England <sup>4</sup> .....	M	2.7	1.5	0.5	1.8	1.3	1.0
Middle Atlantic <sup>4</sup> .....	M	3.5	1.3	0.8	2.2	0.9	0.5
Midwest.....	M	4.9	1.5	0.8	3.0	1.5	0.7
Midwest - Size Class A.....	M	4.7	1.6	0.8	2.6	1.6	0.8
Midwest - Size Class B/C <sup>3</sup> .....	M	5.1	1.5	0.8	3.2	1.5	0.7
East North Central <sup>4</sup> .....	M	4.9	1.5	0.8	2.8	1.5	0.7
West North Central <sup>4</sup> .....	M	5.0	1.6	0.7	3.2	1.5	0.9
South.....	M	4.4	1.5	0.7	2.9	1.3	0.8
South - Size Class A.....	M	4.2	1.4	0.7	2.8	1.3	0.7
South - Size Class B/C <sup>3</sup> .....	M	4.6	1.6	0.8	3.0	1.3	0.8
South Atlantic <sup>4</sup> .....	M	4.2	1.4	0.7	2.9	1.1	0.7
East South Central <sup>4</sup> .....	M	5.7	1.9	0.8	4.0	1.7	1.1
West South Central <sup>4</sup> .....	M	4.3	1.6	0.7	2.4	1.4	0.8
West.....	M	3.9	1.7	1.0	2.4	1.2	0.7
West - Size Class A.....	M	3.8	1.6	0.9	2.3	1.2	0.6
West - Size Class B/C <sup>3</sup> .....	M	3.9	1.9	1.1	2.6	1.3	0.7
Mountain <sup>4</sup> .....	M	4.2	2.2	1.3	2.5	1.3	0.9
Pacific <sup>4</sup> .....	M	3.8	1.6	0.9	2.4	1.2	0.6
<b>Size classes</b>							
Size Class A <sup>5</sup> .....	M	3.9	1.4	0.8	2.3	1.2	0.6
Size Class B/C <sup>3</sup> .....	M	4.4	1.6	0.9	2.9	1.3	0.8
<b>Selected local areas</b>							
Chicago-Naperville-Elgin, IL-IN-WI.....	M	4.6	1.7	1.0	2.6	1.2	0.6
Los Angeles-Long Beach-Anaheim, CA.....	M	3.6	1.6	1.1	2.2	0.9	0.5
New York-Newark-Jersey City, NY-NJ-PA.....	M	3.2	1.1	0.7	2.0	0.7	0.4
Atlanta-Sandy Springs-Roswell, GA.....	2	6.0	1.6				
Baltimore-Columbia-Towson, MD <sup>6</sup> .....	2	2.9	1.8				
Detroit-Warren-Dearborn, MI.....	2	5.4	1.7				
Houston-The Woodlands-Sugar Land, TX.....	2	4.5	1.8				
Miami-Fort Lauderdale-West Palm Beach, FL.....	2	4.1	1.6				
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD.....	2	3.5	1.2				
Phoenix-Mesa-Scottsdale, AZ <sup>7</sup> .....	2	4.9	2.4				
San Francisco-Oakland-Hayward, CA.....	2	3.8	1.7				
Seattle-Tacoma-Bellevue, WA.....	2	3.4	1.1				
St. Louis, MO-IL.....	2	5.4	2.1				
Urban Alaska.....	2	4.8	1.8				
Boston-Cambridge-Newton, MA-NH.....	1				1.3	0.9	
Dallas-Fort Worth-Arlington, TX.....	1				3.4	1.8	
Denver-Aurora-Lakewood, CO.....	1				1.6	0.8	
Minneapolis-St. Paul-Bloomington, MN-WI.....	1				3.0	1.1	
Riverside-San Bernardino-Ontario, CA <sup>4</sup> .....	1				3.6	1.3	
San Diego-Carlsbad, CA.....	1				4.1	2.4	
Tampa-St. Petersburg-Clearwater, FL <sup>8</sup> .....	1				4.9	1.6	
Urban Hawaii.....	1				1.8	0.9	
Washington-Arlington-Alexandria, DC-VA-MD-WV <sup>6</sup> .....	1				2.6	0.7	

<sup>1</sup> Foods, fuels, and several other items are priced every month in all areas. Most other goods and services are priced as indicated: M - Every month.

1 - January, March, May, July, September, and November. 2 - February, April, June, August, October, and December.

<sup>2</sup> Regions defined as the four Census regions.



# San Gabriel Basin Water Quality Authority

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## AGENDA SUBMITTAL

**To:** WQA Administrative / Finance Committee  
**From:** Randy Schoellerman, Executive Director  
**Date:** June 8, 2021  
**Subject:** Engineering Services for Proposition 68 Grant

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### Summary

WQA has received two Proposition 68 (Prop 68) grants from the State Water Resources Control Board Division of Financial Assistance (DFA) to fund Treatment & Remediation costs for water treatment facilities for a period of 4 to 5 years. The grants require the preparation of a Monitoring and Reporting Plan to include a Monitoring Plan, a Project Assessment and Evaluation Plan, and a Quality Assurance Project Plan for the treatment facilities. In addition, a series of reports will be required, including quarterly progress reports, a final project report, a final project summary, and additional reports as may be required by DFA. Each report will be subject to review and comments with final revisions made as necessary to satisfy WQA and DFA Project Manager's requirements.

A Request for Proposal was issued and WQA received two responses. Although both firms are qualified to perform the services, staff is recommending that Stetson Engineers be selected to provide the Proposition 68 engineering support services. The primary grant proposal encompassing 24 water treatment facilities is \$152,200. Additionally, the proposal includes an amount of \$36,800 for the secondary grant with 3 water treatment facilities. The combined fee for service agreement is a not to exceed of \$189,000, for an expected term of July 2021 through March 2023.

### Recommendation

Approve Task Order with Stetson Engineers Inc.

### Attachments

*Stetson Engineers Inc. – Proposition 68 Grant Support San Gabriel Basin Regional Groundwater Remediation Program*



08-003

June 4, 2021

Mr. Randy Schoellerman, Executive Director  
San Gabriel Basin Water Quality Authority  
1720 W. Cameron Avenue, Suite 100  
West Covina, CA 91790

Subject: Proposition 68 Grant Support for  
San Gabriel Basin Regional Groundwater Remediation Program

Dear Mr. Schoellerman:

The San Gabriel Basin Water Quality Authority (WQA) has been awarded two grants from the State Water Resources Control Board (State Water Board) for the San Gabriel Basin Regional Groundwater Remediation Program (Project). One grant (Grant-24) addresses 24 water treatment facilities summarized in Attachment No. 1 and the second grant (Grant-3) addresses 3 water treatment facilities owned by the City of El Monte summarized in Attachment No. 2. It is our understanding one of El Monte's treatment facilities (Well 10) was not selected for this round of approved funding. The State Water Board's grants require specific project management, monitoring, and reporting tasks to be completed throughout the Project. Per your request, we are providing you with the following Scope of Work and budget for addressing tasks presented in the Request for Proposal (RFP) for Grant-24. WQA has also requested that the same scope of work from the RFP be used for Grant-3.

## SCOPE OF WORK

The following Scope of Work covers the identical tasks required for both Grant-24 and Grant-3, unless noted otherwise. Deliverables for both grants will be prepared separately. For purposes of budgeting and as indicated in the Request for Proposal, we have assumed all tasks for Stetson's Scope of Work will begin in July 2021 and be complete by March 2023. This Project duration (21 months) is the basis for the number of quarterly reports that will be required.

### Task 1 – Monitoring and Reporting Plan

Stetson will prepare a Monitoring and Reporting Plan (MRP) for the Project which will include a Monitoring Plan (MP), a Project Assessment and Evaluation Plan (PAEP), and a Quality Assurance Project Plan (QAPP). The State Water Board has indicated that

their intent is to use existing documentation to fulfill the requirements of the MRP. It is our understanding the State Water Board has agreed that the MRP will only need to include monitoring and reporting of influent and effluent water quality and volumes treated at each water treatment plant.

- 1.1 Monitoring Plan – Stetson will prepare a MP that summarizes the purpose of the MP, the Project area, the required sampling, and field sampling procedures. For each water treatment plant, the MP will reference the requirements of the existing Domestic Water Supply Permits and associated Operations, Maintenance, and Monitoring Plans (OMMP) approved by the State Water Board, Division of Drinking Water (DDW). Stetson will obtain the DDW permits and associated OMMPs for each of the water treatment plants from the Water Producers and include these as attachments to the MP.
- 1.2 Project Assessment and Evaluation Plan – Stetson will prepare a PAEP that summarizes how the Project performance will be assessed, evaluated, and reported, based on influent and effluent water quality and volumes of treated water. The PAEP will reference requirements of the existing Domestic Water Supply Permits and associated Operations, Maintenance, and Monitoring Plans approved by DDW for each water treatment plant.
- 1.3 Quality Assurance Project Plan – Stetson will prepare a QAPP for the Project which references the existing approved DDW Domestic Water Supply Permits and their respective Operations, Maintenance, and Monitoring Plans which include specific quality assurance requirements for water quality data for the water treatment plants. In addition, where available, Stetson will reference existing QAPP documents that have been prepared and approved for specific water treatment plants and/or operable units.

Stetson will submit a draft of the MRP to WQA for one round of review and comments. WQA's comments will then be incorporated and a draft MRP prepared and submitted to the State Water Board for comment. Upon receipt of one round of comments from the State Water Board, Stetson will incorporate comments and submit a final MRP to the Grant Manager for approval.

It is our understanding that uploading of groundwater analytical data into the State Water Board's GeoTracker/Groundwater Ambient Monitoring and Assessment (GAMA) system, as required by the State Water Board, will be performed by water producers and is therefore not included as part of Stetson's scope of work.

Stetson's proposed budget for Task 1 for Grant-24 is \$41,700 and for Grant-3 is \$9,200.

## **Task 2 – Reporting**

Stetson will include the State's required disclosure statement regarding funds and contents of the report in each document prepared by Stetson.

- 2.1 Quarterly Progress Reports – Stetson will prepare quarterly progress reports using the format provided by the Grant Manager. All water treatment plants will be included in one combined quarterly progress report and provide a brief description of activities that have occurred, milestones achieved, monitoring results, any problems encountered, expenditures, and work performed by contractors. The reports will include charts and tables summarizing the influent and effluent water quality of contaminants of concern and volume of water treated for each water treatment plant. Stetson will collect information for each progress report from WQA, Water Producer staff, and/or others designated by WQA. Stetson will submit draft progress reports to WQA for review and comment. Stetson will incorporate one round of comments from WQA and submit final progress reports to the Grant Manager within forty-five (45) days following the end of the calendar quarter (March, June, September, and December). For budgeting purposes, it is assumed that eight (8) quarterly reports will be prepared.
- 2.2 As Needed Reports and Information – Stetson will provide additional reports or information as needed by the State Water Board for evaluation of the funding program or to fulfill reporting requirements of the state or federal government. For budgeting purposes, we have assumed twenty (20) hours for these types of requests from the State Water Board.
- 2.3 Final Project Report – At the conclusion of the Project, Stetson will prepare and submit a draft Final Project Report to WQA for review and comment. The format of the report will be provided by the Grant Manager. The reports will include charts and tables summarizing the influent and effluent water quality of contaminants of concern and volume of water treated for each water treatment plant. The report will include descriptions of the water quality problems being addressed, discussion of the project's likelihood of successfully addressing the water quality problem in the future, and a summary of compliance with applicable environmental conditions. Upon receipt of one round of comments from WQA, Stetson will incorporate WQA comments and submit the report to the Grant Manager for review. Upon receipt of one round of comments from the Grant Manager, Stetson will incorporate the Grant Manager's comments and submit the report to the Grant Manager. One reproducible master copy of the final report will be submitted to the Grant Manager. An electronic copy of the final report in PDF format will be uploaded to the FFAST system.



- 2.4 Final Project Summary – Stetson will prepare a brief summary of the information contained in the Final Project Report using a format provided by the Grant Manager. The summary will include accomplishments, recommendations, and lessons learned, as appropriate. An electronic copy of the Final Project Summary in PDF format will be uploaded to the FFAST system.

Stetson's proposed budget for Task 2 for Grant-24 is \$110,500 and for Grant-3 is \$27,600.

The total proposed budget for Tasks 1 and 2 for Grant-24 is \$152,200 and for Grant-3 is \$36,800 for a total combined budget of \$189,000 for both grants. All work will be performed on a Time and Material basis, Not to Exceed the approved budget. Stetson's Standard Fee Schedule is attached.

Thank you for considering Stetson's response to your request for a proposal and this opportunity to assist WQA. If you are in agreement with this proposal, please provide Stetson with written authorization to proceed. Please feel free to contact Mr. John Cardoza should you have any questions.

Sincerely,



Stephen B. Johnson, P.E.  
President  
Stetson Engineers Inc.



**San Gabriel Basin Water Quality Authority**  
**San Gabriel Basin Regional Groundwater Remediation Program - Grant Support (24 Plants)**  
**Stetson Engineers Inc.**  
**Estimated Engineering Fees - Submitted June 4, 2021**

Task	Description	<u>Sup.Engineer</u> \$206	<u>Sr Engineer</u> \$165	<u>Assoc I</u> \$122	<u>Assoc III</u> \$111	<u>Clerical</u> \$88	<u>Direct</u> <u>Costs</u>	<u>Total</u> <u>Cost</u>	<u>Task Totals</u> <u>Cost</u>
<b>1</b>	<b>Monitoring &amp; Reporting Plan</b>								<b>\$ 41,700</b>
1.1	Monitoring Plan	10	20	8	192		\$ 200	\$ 27,800.00	
1.2	Project Assessment & Evaluation Plan	6	12		48			\$ 8,500.00	
1.3	Quality Assurance Project Plan	6	12		20			\$ 5,400.00	
<b>2</b>	<b>Reporting</b>								<b>\$ 110,500.00</b>
2.1	Quarterly Progress Report (8 rpts)	36		592		32		\$ 82,500.00	
2.2	As Needed Reports and Information	4	16					\$ 3,500.00	
2.3	Final Project Report	16	48	48		8	\$ 200	\$ 18,000.00	
2.4	Final Project Summary	4	24	12		2	\$ 100	\$ 6,500.00	
<b>Subtotal</b>		<b>82</b>	<b>132</b>	<b>660</b>	<b>260</b>	<b>42</b>	<b>\$ 500</b>	<b>\$ 152,200</b>	<b>\$ 152,200</b>
<b>Total Scope of Work</b>		<b>82</b>	<b>132</b>	<b>660</b>	<b>260</b>	<b>42</b>	<b>\$ 500</b>	<b>\$ 152,200</b>	<b>\$ 152,200</b>

**San Gabriel Basin Water Quality Authority**  
**San Gabriel Basin Regional Groundwater Remediation Program - Grant Support (3 Plants)**  
**Stetson Engineers Inc.**  
**Estimated Engineering Fees - Submitted June 4, 2021**

Task	Description	<u>Sup.Engineer</u> \$206	<u>Sr Engineer</u> \$165	<u>Assoc I</u> \$122	<u>Assoc III</u> \$111	<u>Clerical</u> \$88	<u>Direct</u> <u>Costs</u>	<u>Total</u> <u>Cost</u>	<u>Task Totals</u> <u>Cost</u>
<b>1</b>	<b>Monitoring &amp; Reporting Plan</b>								<b>\$ 9,200</b>
1.1	Monitoring Plan	2	4	4	24			\$ 4,200.00	
1.2	Project Assessment & Evaluation Plan	2	8		6			\$ 2,400.00	
1.3	Quality Assurance Project Plan	2	8		8			\$ 2,600.00	
<b>2</b>	<b>Reporting</b>								<b>\$ 27,600.00</b>
2.1	Quarterly Progress Report (8 rpts)	12		88		32		\$ 16,000.00	
2.2	As Needed Reports and Information	4	16					\$ 3,500.00	
2.3	Final Project Report	4	24	6		2	\$ 200	\$ 5,900.00	
2.4	Final Project Summary	2	8	1.5		2	\$ 100	\$ 2,200.00	
<b>Subtotal</b>		<b>28</b>	<b>68</b>	<b>99.5</b>	<b>38</b>	<b>36</b>	<b>\$ 300</b>	<b>\$ 36,800</b>	<b>\$ 36,800</b>
<b>Total Scope of Work</b>		<b>28</b>	<b>68</b>	<b>99.5</b>	<b>38</b>	<b>36</b>	<b>\$ 300</b>	<b>\$ 36,800</b>	<b>\$ 36,800</b>

## **ATTACHMENT NO. 1**

**Grant-24**

**Summary of Water Treatment Facilities**

1. Alhambra Groundwater Treatment Plant
2. Arcadia Live Oak Treatment
3. Arcadia Longden Treatment
4. Cal Domestic Water Company Basset Treatment
5. Golden State Water Company Garvey Plant
6. Golden State Water Company San Gabriel Plant
7. Golden State Water Company Encinita Plant
8. La Puente Valley County Water District Treatment Plant
9. Monrovia Myrtle Tower 1 and 2 Treatment
10. Monrovia Myrtle Tower 3 and 4 Treatment
11. Monterey Park Well 5 Treatment
12. Monterey Park 9, 12, 15 Treatment
13. Monterey Park 1, 3, 10, & Fern Treatment
14. San Gabriel Valley Water Company Plant No. 8 Treatment
15. San Gabriel Valley Water Company Plant No. 11 Treatment
16. San Gabriel Valley Water Company Plant B5 Treatment
17. San Gabriel Valley Water Company Plant No. B6 Treatment
18. San Gabriel Valley Water Company Plant B11 Treatment
19. San Gabriel Valley Water Company Plant G4 Treatment
20. South Pasadena Wilson Treatment
21. Valley County Water District Maine Treatment
22. Valley County Water District Nixon Treatment
23. Valley County Water District Lante Treatment Plant
24. Water Quality Authority WSGRF

## **ATTACHMENT NO. 2**

**Grant-3**

**Summary of Water Treatment Facilities**

1. El Monte 2A Treatment Facility
2. El Monte 12 Treatment Facility
3. El Monte 14, 15, and 16 Treatment Facility



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## **AGENDA SUBMITTAL**

**To:** WQA Administrative / Finance Committee  
**From:** Randy Schoellerman, Executive Director  
**Date:** June 8, 2021  
**Subject:** Affirm WQA Investment Policy and Guidelines

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### **Recommendation / Proposed Action**

Staff is requesting that the Committee recommend that Administrative Procedure No. 26, Investment Policy and Guidelines be affirmed by the Board as of June 16, 2021 as part of the procedures for the upcoming fiscal year 21/22.

### **Discussion**

WQA's Administrative Procedure No. 26, Investment Policy and Guidelines was last updated on September 25, 2013 in accordance with the relevant Government Code Sections and the Local Agency Investment Guidelines. It is WQA's policy to submit the Investment Policy for affirmation by the Board at the beginning of each fiscal year. Procedure No. 26 was affirmed by the Board last fiscal year on August 19, 2020.

The investment guidelines require that WQA invest its public funds in a manner which will provide the highest investment return while meeting the daily cash flow demands, maintaining an appropriate risk level and conforming to all state and local statutes. Procedure No. 26 itemizes the acceptable investment instruments for the WQA and includes a specific requirement that investments be limited to a 12-month term.

### **Attachments**

*Administrative Procedure No. 26*



SAN GABRIEL BASIN WATER QUALITY AUTHORITY  
Policy and Procedure Manual

ADMINISTRATIVE PROCEDURES

No. 26

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Date: 6/19/95; Revised: 9/25/13; Affirmed: 6/21/17; Affirmed: 6/20/18; Affirmed: 8/21/19;  
Affirmed 8/19/20

INVESTMENT POLICY AND GUIDELINES

Approve: \_\_\_\_\_

POLICY

The Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern.

The legislative body of a local agency may invest monies not required for the immediate necessities of the local agency in accordance with the provisions of California Government Code Section 53601.

It is the policy of the San Gabriel Basin Water Quality Authority (WQA) to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands and conforming to all statutes governing the investment of public funds.

PRUDENCE

Investments shall be made with judgment and care, under circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the WQA, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent investor" standard (California Government Code Section 53600.3) and shall be applied in the context of managing an overall portfolio. WQA's Board of Directors, acting in accordance with WQA written procedures and this investment policy and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

## SCOPE

WQA's Board of Directors may invest that portion of WQA funds not required for immediate expenditure as is deemed wise or expedient and in compliance with the governing provision of law as set forth in this investment policy.

Any reference to portfolio shall mean the total of the WQA's cash and securities under management by WQA's Board of Directors. Those securities held in trust or escrow by a trustee or escrow agent on behalf of the WQA are invested under the direction of WQA's Board of Directors and the authority and terms of the specific trust agreements and indentures related to those securities.

## OBJECTIVES

When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing WQA funds, the primary objectives, in priority order, of the investment activities shall be:

- a. **Safety:** Safety and preservation of principal is the foremost objective of the investment program. Investments of the WQA shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification and maturity limitations are required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
- b. **Liquidity:** The investment portfolio will remain sufficiently liquid to enable the WQA to meet all operating requirements which might be reasonably anticipated. Securities should mature concurrent with cash needs to meet anticipated demands.
- c. **Return on Investments:** The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk restrictions and the cash flow characteristics of the portfolio. Return on investment is of secondary importance compared to the safety and liquidity objectives.

## INVESTMENT AUTHORITY

The authority of WQA's Board of Directors to invest funds is derived from Section 53601 of the California Government Code. WQA's Board of Directors shall establish procedures for the management of investment activities, including the activities of WQA staff in strict accordance with this policy. WQA's Board of Directors may retain the services of an outside investment advisor or manager to assist it with WQA's investment program. Any investment advisor selected shall make all investment decisions and transactions in strict accordance with State law, and this policy.

## ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall not engage in any personal business activity which could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

## AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The Executive Director shall maintain a list of approved security broker/dealers who are authorized to provide investment and financial advisory services in the State of California. No public deposit shall be made except in a qualified public depository as established by federal and state laws

For broker/dealers of government securities and other investments, the WQA shall select only broker/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission, the National Association of Securities Dealers or other applicable self-regulatory organizations.

Before engaging in investment transactions with a broker/dealer, WQA's Board of Directors shall have received from said firm a signed Certification Form. This form shall attest that the individual responsible for the WQA's account with that firm has reviewed this investment policy and that the firm understands the policy and intends to present investment recommendations and transactions to the WQA that are appropriate under the terms and conditions of this investment policy.

## ACCEPTABLE INVESTMENT INSTRUMENTS

Funds required to meet daily cash flow demands shall be held in checking accounts (interest bearing and/or non-interest bearing) of a nationally or state chartered bank or a state or federal association located within the State of California. The account balances are to be secured by federal insurance and maintained at levels that are considered necessary for the purposes for which the accounts were established.

The classes of investments, as listed below, that most adequately meet the above-mentioned criteria shall be allowed for purchase. Adequate diversification, when appropriate, from the range of authorized instruments and acceptable institutions shall be applied to these investments. For purposes of diversification, pooled-type investment funds are acceptable and the liquidity of assets in case of immediate requirements as well as the marketability of the security should be considered at the time of purchase. The investments specifically identified below which are authorized by the Government Code are allowed to be included in the WQA investment portfolio. Other types of investments that are authorized by the Government Code can be added as an amendment to the approved policy if conditions ever warrant their use.

Investments under this policy are restricted to a term of 12 months or less. Long-term investments (over one year) can be added as an amendment to the approved policy.

For each category of investment set forth below, information is first provided regarding the portfolio and maturity limitations established by California law and is then followed by the portfolio and maturity limitations that are permitted under this policy.

A. STATE OF CALIFORNIA LOCAL AGENCY INVESTMENT FUND (LAIF) (California Government Code Section 16429.1)

State law: No portfolio percentage or maturity limitations.  
This policy: No portfolio percentage or maturity limitations.

B. NEGOTIABLE CERTIFICATES OF DEPOSITS (California Government Code Section 53601(i))

State law: 30% portfolio limitation, 5 year maturity limitation.  
This policy: 30% portfolio limitation, 1 year maturity limitation.

Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by California Financial Code Section 5102), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit shall not exceed 30 percent of WQA's funds that may be invested pursuant to Government Code Section 53601. WQA's Board of Directors is prohibited from investing WQA funds, or funds in the custody of WQA in negotiable certificates of deposit issued by a state or federal credit union if a member of WQA's Board of Directors or a person with investment decision-making authority at WQA also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

C. U.S. TREASURIES (California Government Code Section 53601(b))

State Law: No portfolio percentage limitation, 5 year maturity limitation.  
This Policy: No portfolio percentage limitation, 1 year maturity limitation.

United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

D. U.S. AGENCIES (California Government Code Section 53601(f))

State Law: No portfolio percentage limitation, 5 year maturity limitation.  
This policy: No portfolio percentage limitation, 1 year maturity limitation.

Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to

principal and interest by federal agencies or United States government-sponsored enterprises.

#### SAFEKEEPING AND CUSTODY

All security transactions entered into by the WQA shall be conducted on a delivery-vs.-payment basis. All securities purchased or acquired shall be delivered to the WQA by book entry, physical delivery or by third party custodial agreement.