

**SAN GABRIEL BASIN WATER QUALITY AUTHORITY  
ADMINISTRATIVE/FINANCE COMMITTEE AND  
SPECIAL MEETING OF THE BOARD OF DIRECTORS  
FEBRUARY 9, 2021 AT 10:00 A.M.**

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*To the extent authorized by the Governor's Executive Order N-25-20 dated March 12, 2020 ("Executive Order") issued in response to the Covid-19 outbreak, the WQA Board Reserved the Right to Suspend Application of Certain Public Meeting Requirements Under the 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 Administrative/Finance Committee and Special meeting of the Board took place online and teleconference.*

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**CALL TO ORDER**

Mr. Whitehead called the regular meeting of the San Gabriel Basin Water Quality Authority to order and reviewed the actions anticipated on the agenda for the meeting.

**COMMITTEE MEMBERS  
PRESENT**

Mike Whitehead, Bob Kuhn and Mark Paulson

**WATERMASTER LIASON**

Absent.

**COMMITTEE MEMBERS  
ABSENT**

None.

**OTHER BOARD MEMBERS  
PRESENT**

None

**STAFF MEMBERS PRESENT**

Randy Schoellerman, Executive Director; Stephanie Moreno, Executive Assistant/Public Outreach Coordinator; Dan Colby, Assistant Executive Director/Senior Project Manager; Mary Saenz, Director of Finance; Michelle Sanchez, Administrative/Accounting Assistant

**MEMBERS OF THE PUBLIC  
PRESENT**

Brian Bowcock, Three Valleys Municipal Water District, Lenet Pacheco, Valley County Water District

**PUBLIC COMMENT**

None.

***Discussion Regarding Reserve  
Fund Policy***

Ms. Saenz reviewed a draft reserve fund policy that had been requested by the committee. She indicated that the reserve fund policy would establish a designated assessment reserve with a recommended minimum level as well as a policy for restricted reserves. She noted that the policy would be used in conjunction with the annual WQA budget process to assist in the determination of the annual assessment. She presented charts to demonstrate the impact that assessment reserves of 50% and 75% of WQA's annual budget, representing six and nine months of operations, respectively, would have on current and future assessments. She indicated the 50% level could be achieved without raising the assessment for FY21/22. However, the assessment would need to be increased in FY22/23 to maintain the 50% level. In addition, to achieve the

75% level the assessment would need to be increased to \$14/AF for FY21/22.

Mr. Schoellerman indicated that the projections do not include the impact of any federal funding WQA may receive to offset assessments currently budgeted as matching funds required for WQA's Proposition 1 grants.

Mr. Paulson commented that WQA should be mindful of the difficulty purveyors may have adjusting to increased assessments. He suggested considering achieving a recommended reserve goal over two years to lessen the near-term impact on the assessment.

Mr. Kuhn commented that reserve closer to 75% would be preferred. He would like to give the water purveyors as much notice as possible if an increase is needed.

Mr. Whitehead commented that he believes WQA is operating efficiently and prefers to maximize reserves to be conservative. He also recognizes that going forward inflation pressures will cause administrative expenses to increase.

After some discussion, the committee recommended that the reserve fund policy go to the full Board for approval. The committee also requested that the policy come back to the committee for review on a regular basis.

***Discussion Regarding  
Administrative Procedure No. 40  
COLA Policy***

Ms. Saenz reported that last year the Board requested that this policy come back to the committee for review. She indicated that the COLA increase for the WQA is based on the Consumer Price Index for All Urban Consumers ("CPI-U"), selected areas, all items index. The selected area is Los Angeles, Long Beach and Anaheim. All Urban Consumers represent about 93% of the total US population, based on expenditures of almost all residents of urban or metropolitan areas. She noted that Administrative Procedure No. 40 establishes the COLA procedures for WQA Employees, with increases based on the April CPI-U. For April 2020, the CPI-U was 0.7%. She also noted that Administrative Procedure No. 23 establishes the COLA for the WQA Board of Directors whereas increases are based on the lesser of the January CPI-U or 5%. For January 2020, the COLA was 3.1%. She reported that in preparation for this discussion, she prepared an analysis of the CPI-U rates for the past 14 years (2007 to 2020) with a comparison of the April CPI-U to January CPI-U and to December CPI-U for each of those years. As per the analysis, the annual averages for the overall CPI-U totals for the 14 years are as follows:

- 2.0% for the April CPI-U.
- 2.1% for the January CPI-U.
- 2.0% for the December CPI-U.

She noted that over the long term there is no real impact on the selection of the month of the CPI-U.

Mr. Whitehead asked if the same month should be used for board and staff.

Ms. Saenz commented that the month of January was used for board members due to public hearing and noticing requirements if the amount was to be increased.

After some discussion, the committee recommended no changes to Procedure No. 40.

***Discussion Regarding Operation and Maintenance Task Order for Avocet Environmental, Inc.***

Mr. Schoellerman reported that Avocet Environmental, Inc. (Avocet) has been operating and maintaining WQA's Whitmore Street Groundwater Remediation Facility (WSGRF) for the past 13 years and the current Task Order authorization concludes February 28, 2021. He indicated that staff is now recommending issuing a Task Order to Avocet to extend operation of the system for an additional two years.

After brief discussion, the committee recommended that the task order for Avocet Environmental, Inc. go to the full Board for approval.

***Discussion Regarding Draft §406 Plan for 2021 – Receive Comments***

Mr. Schoellerman reported that this agenda item would provide an opportunity for the committee to receive comments on the 2021 draft plan and raise awareness that it was out for public review. He noted that staff placed announcements in La Opinion and the Los Angeles Times according to the public review schedule. He indicated that no written or verbal comments have been received and that the comment period would close February 16<sup>th</sup>.

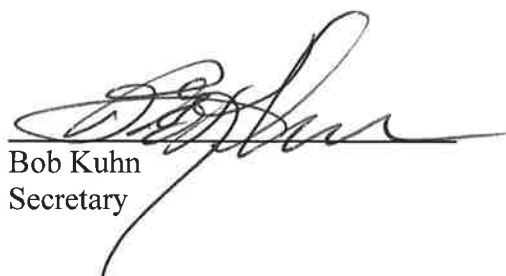
**EXECUTIVE DIRECTOR'S REPORT**

Mr. Schoellerman reported that staff has working with legal counsel to draft Prop 68 agreements with purveyors. He indicated that the agreements would be similar to the SEMOU cooperative agreements. He also reported that staff was working on a new policy that would provide a process for WQA to offset some of its separate costs related to grant funding.

**ADJOURNMENT**

Mr. Whitehead asked if there were any other items of business to come before the Board. There being none, the meeting was adjourned.

  
Valerie Munoz  
Chairwoman

  
Bob Kuhn  
Secretary