

**SAN GABRIEL BASIN WATER QUALITY AUTHORITY  
ADMINISTRATIVE/FINANCE COMMITTEE AND  
SPECIAL MEETING OF THE BOARD OF DIRECTORS  
APRIL 13, 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, Lynda Noriega and Mark Paulson

**WATERMASTER LIASON**

Dave Michalko

**COMMITTEE MEMBERS  
ABSENT**

None

**OTHER BOARD MEMBERS  
PRESENT**

Bob Kuhn

**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**

Lenet Pacheco, Valley County Water District, Brian Bowcock, Three Valleys MWD, Tara Robinson, Valley County Water District; Javier Vargas, Valley County Water District

**PUBLIC COMMENT**

None.

***Budget Workshop for Fiscal Year  
2021/2022***

Ms. Saenz reviewed the draft budget for FY 2021/2022 with the committee. She reminded the committee that the purpose of the budget is to project the costs for the upcoming fiscal year and determine the revenues necessary to cover those costs. She noted that WQA's budgeted costs are funded by assessments the WQA charges on prescriptive pumping rights in the Main San Gabriel Basin. Funding also includes grants from the U.S. Bureau of Reclamation, the U.S. Environmental Protection Agency, the State Water Resources Control Board Division of Financial Assistance Proposition 1 and Proposition 68, and Responsible Parties.

She indicated that there are a total of 197,610 acre-feet of

prescriptive pumping rights in the Basin. The current WQA assessment is \$12 per acre-foot, for total assessment collection of \$2,371,320. She noted that the draft FY 21/22 budget anticipates the assessment remaining at \$12 per acre-foot. She reviewed the new assessment reserve policy and noted that the draft budget exceeds the goal of achieving 9 months of assessment reserves as set in the policy. She reviewed assessment projections for the next five years and noted that assessment reserves would decline below the 9-month threshold in FY23/24 without an increase in the assessment. She noted that project costs having impact on the assessment are matching funds required for WQA's two Prop 1 site investigation projects and Prop 68 reimbursements for the operation of WQA's Whitmore Street Groundwater Remediation Facility. She reported that the budget was scheduled for adoption at the May WQA Board meeting.

Mr. Paulson asked if it would be beneficial to increase the assessment in small amounts over a period of time.

Mr. Whitehead commented that he favored Mr. Paulson's approach of phasing in an increase.

Ms. Noriega commented that it would be important for the Executive Director to continue his conversations with the producers about any upcoming increases and that a gradual increase would be better.

Mr. Michalko commented that a notice of an increase is important since the water producers have other assessments from other agencies to pay as well. He noted that the further you can project out into the future the easier it is for the water producers to plan their budgets.

Ms. Saenz noted that there will be budget workshop at the April 21<sup>st</sup> WQA Board meeting.

***Discussion Regarding Draft  
Administrative Procedure – Policy  
for Establishing a Fee for the  
Pursuit of, and the Obtaining and  
Securing of Funding***

Mr. Schoellerman reported that the WQA has collected reimbursements from various parties to recover some of its costs related to pursuing, obtaining and securing funding from a variety of sources. He indicated that establishing a fee policy provides for a continuation of those efforts for WQA to recover its costs. The draft policy would provide for the collection of fees from producers that receive funding from WQA. He emphasized that producers not receiving funding from WQA would not be subject to the fee. He noted that this allows WQA to align its incremental costs related to the acquisition of funding with those producers that receive the direct funding benefit. Additionally, the policy offers a more sustainable funding model for the WQA rather than relying solely on the prescriptive pumping rights assessment to fund certain costs. He indicated that once a year WQA would invoice a producer that had received funding from WQA in the prior calendar year

for an amount not to exceed 5% of those funds. It is anticipated that staff would prepare invoices in January of each year after confirming the amount of funding each producer received from WQA the prior 12 calendar months. At that time, staff could make a recommendation to the Board about the appropriate percentage to use in calculating the fee amount that would not exceed 5%.

Mr. Paulson asked how much this fee would generate.

Mr. Schoellerman commented that it would generate up to 5% of the amount that was received by each producer in a given year.

Ms. Noriega commented that she felt this was a reasonable approach.

Mr. Michalko commented that he thought this policy was extremely equitable.

Mr. Whitehead commented that he thought this was an appropriate approach to maintain sustainability.

Mr. Michalko recommended that information regarding the funds collected be incorporated as a separate line on the 5-year budget projection charts.

After some discussion, the committee recommended that draft fee policy go to the full Board for approval.

***Discussion Regarding Second Amendment to the 2017 Baldwin Park Operable Unit Agreement***

Mr. Schoellerman reported that the 2017 Baldwin Park Operable Unit (BPOU) Agreement provides that the statute of limitations for each party's claims be tolled while the agreement is ongoing. However, state law is such that the tolling period must be extended every four years. Thus, the ten-year BPOU agreement essentially requires the parties to extend the tolling period every four years. He indicated that the Second Amendment to the 2017 BPOU Agreement provides for the tolling extension.

After brief discussion the committee recommended that the Second Amendment to the 2017 BPOU Agreement go to the full Board for approval.

***Report on Cash and Investments for 1<sup>st</sup> Quarter 2021***

Ms. Saenz reported that the quarterly report on cash and investments as of March 31, 2021 was enclosed with the agenda for review. She indicated that the average monthly effective yields for the Pooled Money Investment Account (PMIA) for January, February and March are 0.458%, 0.407%, and 0.357%, respectively. She noted that the Local Agency Investment Fund (LAIF) quarterly rate for January through March 2021 has not yet been issued. She lastly noted that the PMIA Quarter to Date rate is .41%, as shown on the PMIA

Daily Effective Yield schedule.

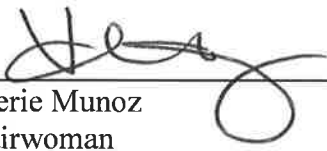
**EXECUTIVE DIRECTOR'S  
REPORT**

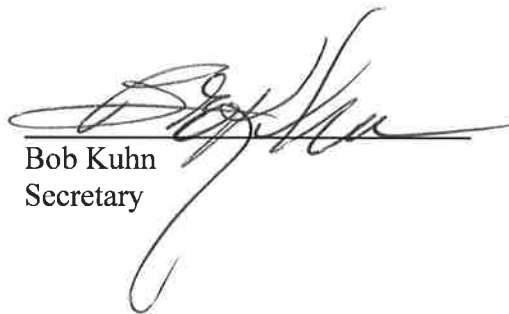
Mr. Schoellerman reported that the Prop 68 agreement should be ready to be executed in the next few weeks. He noted that staff held a meeting with the Prop 68 recipients to provide them an update. He reported that staff will be meeting with the Acting Commissioner of the Bureau of Reclamation to discuss current funding needs. He noted that staff has submitted requests for Community Project Funding with Congresswomen Torres and Roybal-Allard. He indicated that staff has received numerous support letters from the community regarding this funding request. He reported that he met with State Water Board Members to discuss WQA activities and funding goals. He indicated that the meetings were beneficial and that staff would be following up on some items.

Mr. Whitehead thanked staff for their work on the budget and for the presentation.

**ADJOURNMENT**

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

  
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Valerie Munoz  
Chairwoman

  
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Bob Kuhn  
Secretary