

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

With passage and signing of AB 361 and in light of the ongoing Statewide State of Emergency originally declared by Governor Newsom on March 4, 2020, WQA Board Meetings will continue to be conducted via remote teleconferencing, subject to the requirements of Government Code Section 54953(e).

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.

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

None.

**COMMITTEE MEMBERS
ABSENT**

None.

**OTHER BOARD MEMBERS
PRESENT**

None.

STAFF MEMBERS PRESENT

Randy Schoellerman, Executive Director; Stephanie Moreno, Executive Assistant/Public Outreach Coordinator; Mary Saenz, Director of Finance

**MEMBERS OF THE PUBLIC
PRESENT**

Brian Bowcock, Three Valleys MWD

PUBLIC COMMENT

Mr. Bowcock commented that he wanted to acknowledge WQA staff member Stephanie Moreno for her upcoming role as the Southern California Water Utilities Association President for the upcoming year. He also noted that because she holds that position she will also participate in the USC Foundation for Cross-Connection Control & Hydraulic Research. He noted that she was introduced to the Foundation this morning at their quarterly meeting.

***Discussion Regarding Interim
Budget and Assessment Reserve
Review for FY 21/22***

Ms. Saenz reported that in February 2021, the Board approved Administrative Procedure No. 41, Reserve Fund Policy. Section 4.1 of the Procedure defines and establishes Assessment Reserves as the reserves that cover operating costs. The Assessment Reserves are funded by an annual assessment on prescriptive pumping rights in the San Gabriel Basin. She indicated that the policy establishes a minimum assessment

reserve of 6 months or 50 percent of current budgeted operating expenses with a goal of achieving reserves of 9 months or 75 percent of budgeted expenses. She noted that Section 6, Reserve Procedures, requires that an interim reserve review be performed and presented to the Administrative / Finance Committee to determine the status of reserve funds. She reported that the assessment rate is determined during the annual WQA budget process. Typically, the WQA draft budget is presented to the Board and the public during April and May of each year, with the budget being approved at the May Board Meeting. The Board adopted the FY 21/22 budget on May 19, 2021, with an annual assessment of \$12/acre ft on 197K/acre ft of prescriptive pumping rights. She presented some charts for discussion and analysis showing different approaches to an increase in the assessment and how it would affect the reserve funds. The charts were projections for the next five years. She noted that included in the projections are the impacts of matching funds required by the Prop 1 funding for SEMOU projects, three years of Prop 68 funding for T & R throughout the San Gabriel Basin, and the annual operating costs and funding acquisition costs.

Mr. Schoellerman noted that the projected reserves at the end of FY22/23 would be sufficient and allow WQA to maintain the assessment at \$12/AF. However, for FY23/24 he noted that the projected reserves decline below the minimum reserve level and that WQA would need to consider raising the assessment accordingly. He commented that these projections are a conservative approach since they do not reflect any of the federal funding that the WQA is currently pursuing or a possible reduction in matching funds for the proposed grants. He indicated that this information is presented to provide producers with advanced notice of the possible need for assessment increases in the future.

Mr. Paulson commented that if there were a need to raise the assessment in FY23/24 and beyond he like the phased approach option that would allow the producers some time to plan for an increase.

Mr. Whitehead commented that it is very important to communicate with the producers what the plan is going to be. He also asked if the pending Restoration Funds would have an impact on the assessment if received.

Mr. Schoellerman indicated that those funds could offset assessments used for matching the state grants and the Whitmore Street Groundwater Remediation Project operations.

Mr. Whitehead commented that it is an important point to make with the producers that the pending federal funds could offset the assessment. He indicated that the funding that WQA brings in is an important story to tell.

Ms. Noriega commented that the phased approach would be best since these are long term projects that will likely change. She commented that if the Whitmore Street Project 50% match could be lowered to \$25% that would be helpful since the \$2M for that project is significant. She also suggested that Mr. Schoellerman work with the SGV Water Association to communicate this discussion to the producers. She thanked staff for the informative presentation.

EXECUTIVE DIRECTOR'S REPORT

Mr. Schoellerman reported that the Infrastructure Bill 2021 was passed by Congress. He indicated that conference committees are discussing dates to finalize the FY22 budget package, and the continuing resolution expires December 3, 2021. He reported that staff completed WQA's FY19/20 audit in September that was delayed due to COVID and has been working on the FY20/21 fiscal year audit that is scheduled to be presented to the Board in December. He thanked Ms. Saenz for her work on the audits and budget projections. He indicated that staff was working on Procedure No. 28 regarding insurance requirements and is collecting additional information to bring back to the committee at a future meeting for more discussion. He noted that due to the calendar conflict with the committee and Board meeting dates for December he suggested that the Administrative/Finance Committee meeting be canceled in December. He reported that the 2022 Draft §406 Plan would go to the Board in December to open up a public comment period. He lastly reported that he has been having discussions with stakeholders regarding the WQA Act extension.

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



Jorge Marquez
Treasurer