



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, JANUARY 11, 2022 AT 10:00 A.M.
AT
1720 W. CAMERON AVE., SUITE 100 IN WEST COVINA, CA**

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). Members of the public can participate remotely via Zoom following the instructions provided below. Members of the public may also submit comments in writing to Michelle@wqa.com which comments will be distributed to the members of the Board, provided such written comments are received prior to the meeting start time. To address the Board during the meeting you may use the "raise hand" feature and you will be called up on when appropriate.

To attend the meeting please register in advance at:
https://us06web.zoom.us/webinar/register/WN_NCYLIImHTkydRTDRAJzMPQ

A confirmation email will be sent to you with instructions on how to join the meeting virtually or a call-in option

**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*

AGENDA

Committee Members: Mike Whitehead, Lynda Noriega and Mark Paulson

Liaison Member: Dave Michalko

- I. Call to Order
- II. Public Comment
- III. Discussion Regarding Disposal Surplus Property [enc]
- IV. Discussion Regarding Update to Procedure 28 – Risk Transfer [enc]
- V. Discussion Regarding Proposal for Audit Services for Fiscal Years Ending FYE 6/30/2022 and 2023 [enc]
- VI. Discussion Regarding 4th Quarter Cash Report [enc]
- VII. Discussion Regarding Comments on Draft 406 Plan for 2022 [enc]
- VIII. Executive Director's Report
- IX. Adjournment



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AGENDA SUBMITTAL

To: WQA Administrative / Finance Committee
From: Randy Schoellerman, Executive Director
Date: January 11, 2022
Subject: Disposal of Surplus Personal Property

Background and Discussion

Under WQA Administrative Procedure 35, the Executive Director has the authority and responsibility for the disposal of surplus personal property that has been maintained as fixed assets of the WQA. If it is determined that the items are either broken, obsolete or of no further use for the purposes of the WQA, the Executive Director shall submit the items to the Board of Directors to be declared surplus.

WQA wishes to dispose of surplus equipment as listed on the attached schedule that is either obsolete or has been replaced with updated technology and is of no further use. These items have been fully depreciated and have a net book value of \$0.

Under Guideline #1 of Administrative Procedure 35, the value of the property shall be determined by the Executive Director after contacting appraisers or dealers, vendors, or other businesses which buy used equipment or take such items as trade-in. After review of the list of surplus items and further examination of the actual equipment, it was determined that the items proposed for disposal do not have any resale value. Guideline #3 states that if the property has no reasonable resale value, the Executive Director may determine to donate the property to another governmental agency or a charitable institution.

Recommendation / Proposed Action

Recommend that the equipment items listed on the attached schedule be declared surplus allowing the Executive Director to dispose of the property in accordance with Administrative Procedure 35.

SCHEDULE OF SURPLUS / OBSOLETE EQUIPMENT					
JANUARY 19, 2022					
Date		Original	Accum	Net	
Acquired	Equipment Description	Cost	Depr	Book Value	Explanation for Disposal
04/01/93	PZ Mic System & PA Amp	488.97	(488.97)	0.00	Obsolete, no longer operational
06/15/93	Technics Cassette Recorder	419.04	(419.04)	0.00	Obsolete, no longer operational
03/26/93	Microwave	1,551.13	(1,551.13)	0.00	Obsolete, no longer operational
01/31/08	1 Dell 4GB DDR2 SDRAM 25	2,192.53	(2,192.53)	0.00	Obsolete, no longer operational
05/31/11	CORO Group-Social Media	21,000.00	(21,000.00)	0.00	Replaced by in-house and Civic Publications Social Media Campaigns
07/26/11	ARC View Data & Mapping	1,652.95	(1,652.95)	0.00	Converted to subscription model
06/29/12	Dell -Power Edge T620 Serv	4,988.70	(4,988.70)	0.00	Obsolete technology
06/28/12	Adobe X - 6 user licenses	2,156.00	(2,156.00)	0.00	Converted to subscription model
09/13/12	Dell 1610HD Projector	1,003.36	(1,003.36)	0.00	Obsolete technology
		35,452.68	(35,452.68)		



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AGENDA SUBMITTAL

To: WQA Administrative/Finance Committee
From: Randy Schoellerman, Executive Director
Date: January 11, 2022
Subject: **Update to Procedure 28 – Risk Transfer Procedure**

Summary

At the October 20, 2021 Board meeting, staff presented updates to Procedure 28 – Risk Transfer Procedure as recommended by the Admin/Finance Committee. After review and discussion, the Board recommended that staff develop criteria to determine when it is appropriate to lower insurance limits or modify insurance requirements and to include that criteria for a waiver in limitation. Staff worked with legal counsel to develop the criteria now included as Section 7. Staff recommends approval of the updated Procedure 28.

Background and Discussion

Procedure 28 establishes the risk transfer procedures for the management of risk of loss when obtaining outside services or by Authority employees.

ACWA/JPIA is the Authority's insurer for property, liability and workers compensation insurance. Staff updated the Authority's Risk Transfer Procedure No. 28 to conform to the insurance requirements and indemnification clauses as recommended by the ACWA/JPIA.

In general, the Authority's Procedure 28 does include the appropriate insurance coverages. To more closely conform to the ACWA/JPIA's recommendations, staff has made the following changes.

- Adding specific language regarding indemnifications (Section 1a),
- Increasing the general liability coverage from \$1,000,000/\$2,000,000 per occurrence/aggregate to \$2,000,000 per occurrence (Section 2b),
- Adding specific additional insured language (Section 4a),
- Including a primary coverage provision (Section 4b),
- Including the requirement that the Authority be notified if policy is cancelled (Section 4c),
- Adding acceptability of insurers requirement (Section 4d), and
- Reserving the right to modify insurance requirements (Section 7).

Recommendation / Proposed Action

Discuss proposed update to Procedure 28 – Risk Transfer Procedure and recommend Board approval.

Attachment

Draft V2 of Policy 28 -Risk Transfer Procedure

DRAFT

SAN GABRIEL BASIN WATER QUALITY AUTHORITY

Policy and Procedures Manual

No. 28

Date: 11/21/94

Revised 01/19/22

Page 1 of 4

RISK TRANSFER PROCEDURE

APPROVED

Purpose

To provide management of potential risk of loss: 1) when obtaining outside contractors' services; or 2) by Authority employees.

Procedure

The Authority's policy with respect to management of risks of loss when obtaining the services of any outside contractor shall have as its objectives, to the extent physically and financially practicable:

1. To obtain written agreements from all contractors which includes a scope of work and/or duties to be performed while under contract with the Authority.
 - a. Indemnification Language – To the extent permitted by law, Contractor shall hold harmless, defend at its own expense, and indemnify the San Gabriel Basin Water Quality Authority, its directors, officers, employees, and authorized volunteers, against any and all liability, claims, losses, damages, or expenses, including reasonable attorney's fees and costs, arising from all acts or omissions of Contractor or its officers, agents, or employees in rendering services under this contract; excluding, however, such liability, claims, losses, damages or expenses arising from the San Gabriel Basin Water Quality's sole negligence or willful acts.
 - b. To require the contractor, his/her employees and subcontractors to follow all applicable laws, regulations, policies of governmental agencies with jurisdiction and when applicable, shall require all contractors to comply with all Cal-OSHA standards when performing work for the Authority.

2. To obtain from each contractor certificates of insurance and the proper accompanying policy endorsements for the following.
 - a. Auto liability for no less than \$1,000,000 per occurrence in accordance with ISO Form CA 00 01.
 - b. Commercial general liability for no less than \$2,000,000 per occurrence in accordance with the ISO Form CG 00 01 (with the Authority named as additional insured with the ISO CG 20 10 11 85 endorsement form or equivalent).
 - c. Workers compensation insurance as required by the State of California, with statutory limits and Employer's Liability Insurance with a limit of no less than \$1,000,000 per accident for bodily injury or disease.
3. To obtain certificates of insurance for professional liability appropriate to the Contractor's profession (e.g., errors and omissions) for no less than \$2,000,000/\$2,000,000 per occurrence/aggregate from any contractors providing consultation services to the Authority.
4. Other Required Provisions - The general liability policy must contain, or be endorsed to contain, the following provisions:
 - a. Additional Insured Status: The San Gabriel Basin Water Quality Authority, its directors, officers, employees, and volunteers are to be given insured status (at least as broad as ISO Form CG 20 10 11 85), with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts, or equipment furnished in connection with such work or operations.
 - b. Primary Coverage: For any claims related to this project, the Contractor's insurance coverage shall be primary at least as broad as ISO CG 20 01 04 13 as respects to the San Gabriel Basin Water Quality Authority, its directors, officers, employees and authorized volunteers. Any insurance or self-insurance maintained by the San Gabriel Basin Water Quality Authority, its directors, officers, employees and authorized volunteers shall be excess of the Contractor's insurance and shall not contribute with it.
 - c. Notice of Cancellation: Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to the San Gabriel Basin Water Quality Authority.

- d. Acceptability of Insurers: Insurance is to be placed with insurers authorized to conduct business in the state with a current A.M. Best rating of no less than A:VII, unless otherwise acceptable to the Authority.
5. The Authority's policy with respect to management of risks of loss by employees of the Authority shall include the following programs:
- a. The Authority will enroll all employees in the Department of Motor Vehicles - Driver Record Information Services Employer Pull Notice Program for governmental agencies. The information received from the Department of Motor Vehicles as part of this program shall not be a public record and the Authority shall take all steps necessary to ensure the information obtained from the Department is not disclosed to unauthorized persons.
 - b. The Authority will provide a defensive driving course to be taken by Authority employees at least every four (4) years.
6. This Policy's application as related to Section 2.b. is prospective to any new contracts or the extension of any existing contracts that are entered into after January 19, 2022.
7. The Authority reserves the right to modify any or all of these requirements, including limits based on the nature of the risk, prior experience, insurer, coverage, or special circumstances on a case-by-case basis in the best interests of the Authority or as otherwise required by applicable law.

In evaluating whether to waive or relax any of the requirements of this policy, the Board and/or staff, may weigh and consider the following factors.

- (1) The nature of the risks and liabilities that may reasonably be anticipated or associated with a vendor's performance of a given service or task, including whether any risks or liabilities involve the risk of injury or death to persons or damage to the property of the Authority or any third party.
- (2) The potential magnitude and financial exposure of such risks and liabilities.
- (3) The likelihood of such risks or liabilities actually occurring.
- (4) The carrier rating of the insurer a vendor proposes to use.
- (5) Whether certain risks or liabilities are covered by other sources of coverage, including the Authority's own self-insurance.

- (6) Whether the insurance requirements recommended by this policy are not commercially or legally available for the type of work or services to be performed.
- (7) The degree to which oversight by Authority staff over the vendor's performance may serve to minimize the occurrence of certain risks and liabilities.
- (8) The practical and financial feasibility of identifying and/or engaging other vendors capable of performing the same service while also meeting the recommended requirements of this policy.
- (9) The scope of any indemnity obligation on the part of the vendor and whether the vendor is financially capable of satisfying such obligations in the event insurance does not cover anticipated risks or liabilities.
- (10) Whether other insurance or forms of security maintained or offered by the vendor offer comparable or greater protection to the Authority.
- (11) The impact of the requirements on the overall cost to the Authority in procuring the services sought.
- (12) Whether emergency conditions and the need to act quickly warrant the waiver or relaxation of the recommended requirements in order to expedite the engagement of a vendor to respond to an emergency.



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MEMORANDUM

To: WQA Administrative / Finance Committee
From: Randy Schoellerman, Executive Director
Date: January 11, 2022
Subject: **Proposal for Audit Services for Fiscal Years Ending 6/30/2022 and 2023**

Recommendation

Staff requests that the Committee recommend approval of the Vasquez and Company LLP (Vasquez) proposal for audit services for the fiscal years 2022 and 2023.

Discussion

Vasquez has been the WQA's auditors for the past six fiscal years. Their contract expired with the completion of the fiscal year end audit for 6/30/21.

WQA needs to engage an audit firm for the upcoming fiscal years ending 6/30/22 and 6/30/23.

Given the current situation with Covid-19 in which all audit procedures are performed remotely, it would be very difficult and time-consuming for WQA Finance staff to change audit firms at this time. And it appears that the need for remote-access auditing will continue indefinitely.

Because of Vasquez's established knowledge of WQA's operations, the Finance staff would like to engage the firm for an additional two years. This would allow for greater continuity and will help to minimize the potential for disruption in connection with the independent audit.

Vasquez has submitted an audit proposal for the two fiscal years ending June 30 with the following proposed fixed fees:

- 2022 – \$27,326 (no increase from 2021)
- 2023 – \$28,146 (3% increase over 2022)

These fees include both a financial statement audit and a single audit of the WQA's federal awards. If a single audit is not required, the fees will be reduced accordingly.

Vasquez changed the audit partner and management level staff for the fiscal year ended 6/30/21 audit and has committed to providing the same partner and management level staff for the next two fiscal years.

Background

WQA conducted a full RFP process in April 2016 to select an independent audit firm. This resulted in the Board of Directors approving a contract for audit services with Vasquez for three years, which covered fiscal years of 2016, 2017 and 2018 at fixed fees of \$24,280, \$25,008, and \$25,758, respectively. In February 2019, the Board approved a three-year extension of the audit contract for fiscal years 2019, 2020, and 2021 at fixed fees of \$25,758, \$26,531, and \$27,326, respectively. As noted above, Vasquez has been WQA's auditors for six consecutive years.

Guidance for Auditor Rotation Requirements

As support for extending the contract with Vasquez for an additional two years, included below is guidance related to audit firm rotation.

The State of California recognizes that auditor rotation at the partner level (not the entire firm) after six consecutive years satisfactorily promotes independence and objectivity. Government Code section 12410.6(b) indicates that a local agency shall not employ a public accounting firm if the lead partner has performed audit services that that local agency for six consecutive years.

The Government Accounting Office believes that mandatory audit firm rotation may not be the most efficient way to strengthen auditor independence and improve audit quality considering the additional financial costs and loss of institutional knowledge of the of the previous auditor of record.

The Government Finance Officers Association's (GFOA) recommended practice for audit procurement states an audit contract should be at least five years in duration when obtaining the services of independent auditors. Such multi-year agreements can take a variety of forms, including a series of single or multiple year agreements.

The American Institute of Certified Public Accounts (AICPA) has determined there is a link between auditor tenure and auditor competence – studies have shown audit failures are three times more likely in the first two years of an audit engagement. The cost of audit firm rotation exceeds the potential benefits.



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AGENDA SUBMITTAL

To: WQA Administrative / Finance Committee
From: Randy Schoellerman, Executive Director
Date: January 11, 2022
Subject: **Report on Cash and Investments – 4th Quarter 2021**

Discussion

Attached for your review is the quarterly report on cash and investments as of December 31, 2021.

SGBWQA holds its investment funds at the Local Agency Investment Fund (LAIF). The average monthly effective yield for the Pooled Money Investment Account (PMIA) for each of the months October and November is 0.203%. The PMIA Quarter to Date rate is .21%, as shown on the PMIA Daily Effective Yield schedule. The LAIF quarterly rate for October through December 2021 has not yet been issued.

SGBWQA holds its cash funds at Bank of the West (BOTW). Funds held at BOTW exceed the FDIC insured limit of \$250,000. All funds in excess of the FDIC limits are collateralized by BOTW in accordance with California Government Code Title 5, Division 2, Part 1, Chapter 4, Article 2 – Deposit of Funds.

Recommendation / Proposed Action

For information only.

Enclosures

Cash Report

Schedule of Interest Received and Interest Rates

PMIA/LAIF Performance Report as of 12/10/21

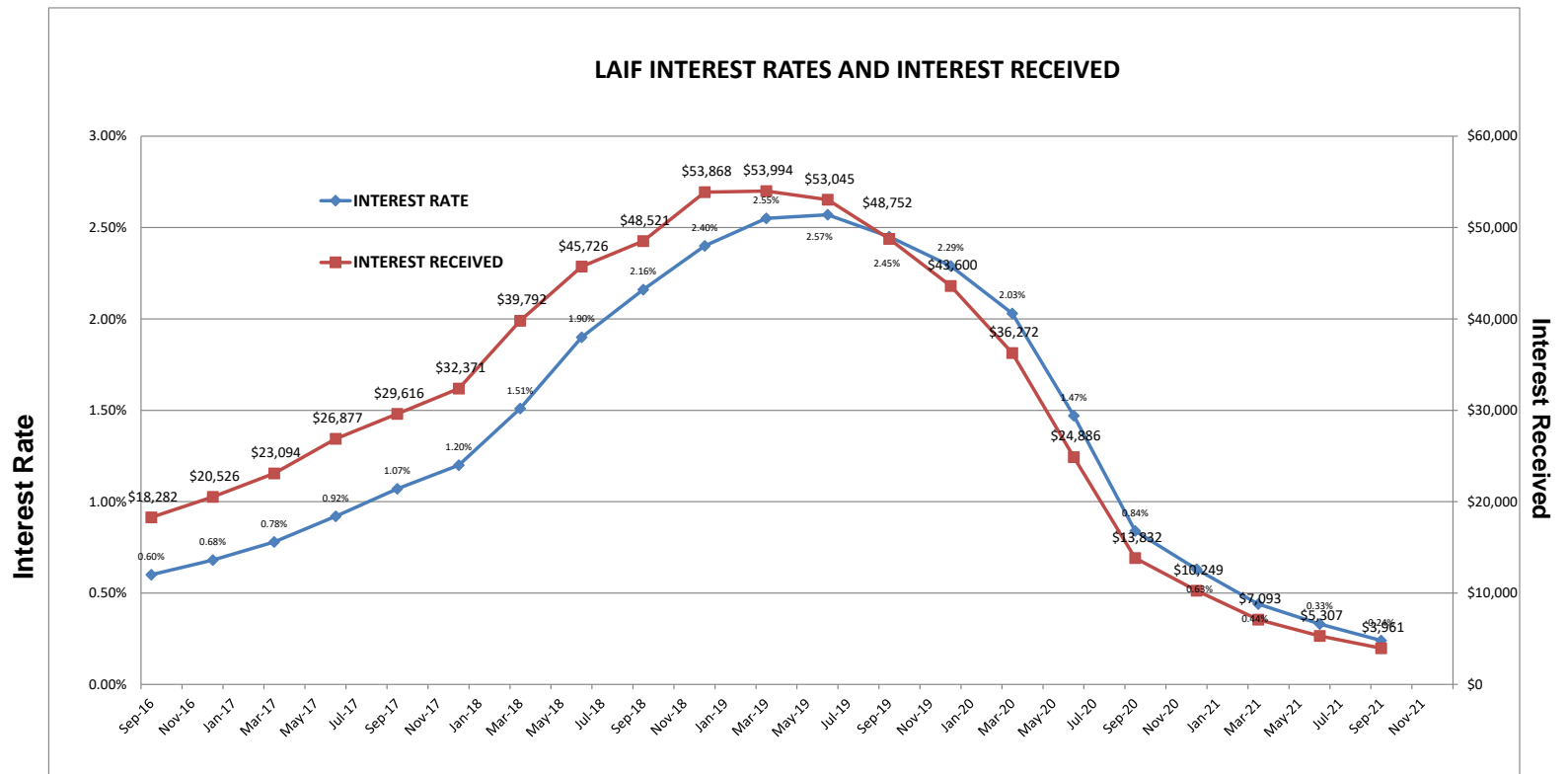
PMIA Daily Effective Yield

San Gabriel Basin Water Quality Authority
SUMMARY OF CASH AND INVESTMENTS
December 31, 2021
DRAFT

DESCRIPTION	BALANCE
<u>CASH AND BANK ACCOUNTS</u>	
Cash on Hand	\$ 250
<u>Bank of the West Checking Accounts</u>	
General Account	1,000
Revolving Account	22,242
Payroll Account	70,019
Project Account	2,727,609
Pooled Money Market Account - Project/Admin	11,985
Federal Funding Account	1,000
Total Cash and Bank Accounts	2,834,105
<u>Trustee Accounts</u>	
<u>Bank of the West</u>	
South El Monte Operable Unit (SEMOU) Checking Account	6,543
Total Trustee Accounts	6,543
<u>Investment Accounts</u>	
California Treasurer's Office	
Local Agency Investment Fund (LAIF)	
WQA General	5,481,357
SEMOU RP's	1,027,627
Total Investment Accounts	6,508,984
TOTAL CASH, TRUSTEE AND INVESTMENT ACCOUNTS	\$ 9,349,632

San Gabriel Basin Water Quality Authority
SUMMARY OF CASH AND INVESTMENTS
Schedule of LAIF Interest Received and Interest Rates
AS OF DECEMBER 31, 2021
DRAFT

LAIF RATE TABLE		
Quarter Ended	Interest Rate (%)	Interest Rec'd
Sep-16	0.60%	\$ 18,282
Dec-16	0.68%	\$ 20,526
Mar-17	0.78%	\$ 23,094
Jun-17	0.92%	\$ 26,877
Sep-17	1.07%	\$ 29,616
Dec-17	1.20%	\$ 32,371
Mar-18	1.51%	\$ 39,792
Jun-18	1.90%	\$ 45,726
Sep-18	2.16%	\$ 48,521
Dec-18	2.40%	\$ 53,868
Mar-19	2.55%	\$ 53,994
Jun-19	2.57%	\$ 53,045
Sep-19	2.45%	\$ 48,752
Dec-19	2.29%	\$ 43,600
Mar-20	2.03%	\$ 36,272
Jun-20	1.47%	\$ 24,886
Sep-20	0.84%	\$ 13,832
Dec-20	0.63%	\$ 10,249
Mar-21	0.44%	\$ 7,093
Jun-21	0.33%	\$ 5,307
Sep-21	0.24%	\$ 3,961
Dec-21		





PMIA/LAIF Performance Report as of 12/10/21



PMIA Average Monthly Effective Yields⁽¹⁾

Nov	0.203
Oct	0.203
Sep	0.206

Quarterly Performance Quarter Ended 09/30/21

LAIF Apportionment Rate ⁽²⁾ :	0.24
LAIF Earnings Ratio ⁽²⁾ :	0.00000661958813242
LAIF Fair Value Factor ⁽¹⁾ :	0.999873661
PMIA Daily ⁽¹⁾ :	0.20%
PMIA Quarter to Date ⁽¹⁾ :	0.22%
PMIA Average Life ⁽¹⁾ :	321

Pooled Money Investment Account Monthly Portfolio Composition ⁽¹⁾ 11/30/21 \$178.6 billion

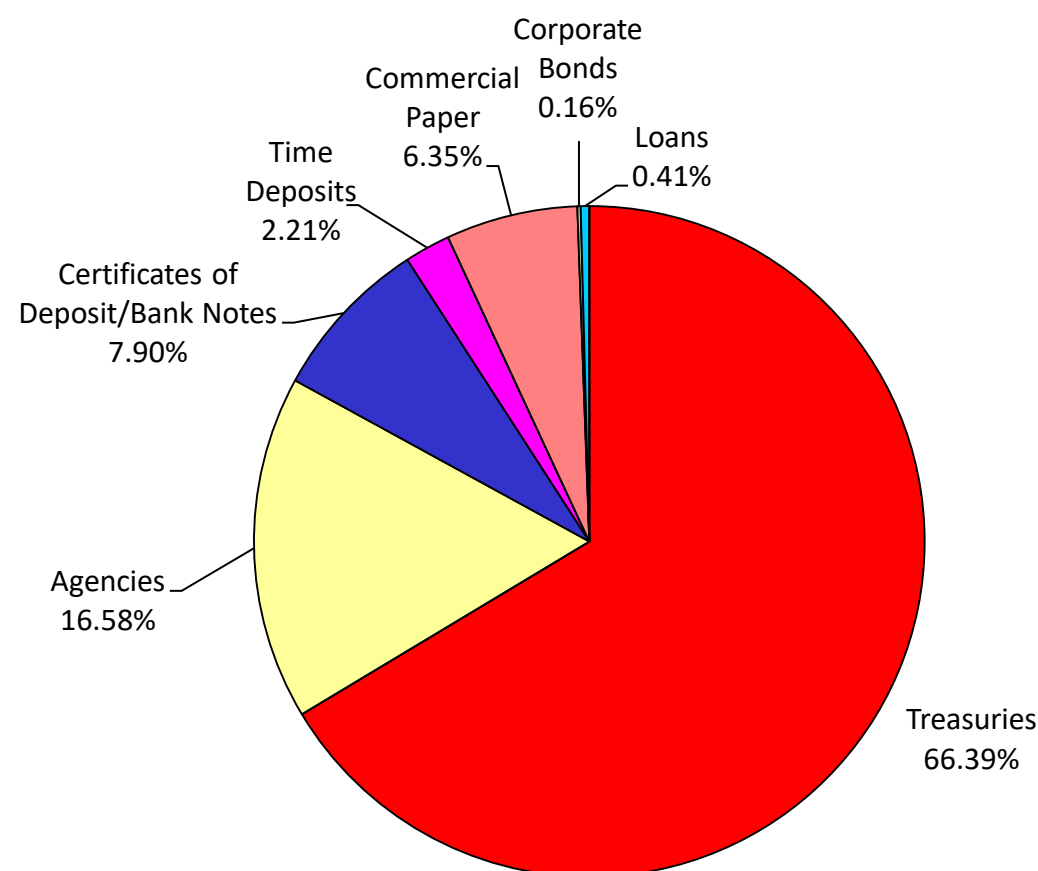


Chart does not include \$7,037,000.00 in mortgages, which equates to 0.003941%. Percentages may not total 100% due to rounding.

Daily rates are now available here. [View PMIA Daily Rates](#)

Notes: The apportionment rate includes interest earned on the CalPERS Supplemental Pension Payment pursuant to Government Code 20825 (c)(1) and interest earned on the Wildfire Fund loan pursuant to Public Utility Code 3288 (a).

Source:

⁽¹⁾ State of California, Office of the Treasurer

⁽²⁾ State of California, Office of the Controller



**CALIFORNIA STATE TREASURER
FIONA MA, CPA**



PMIA Daily Effective Yield

Date	Daily	Quarter to Date	Average Maturity
12/29/21	0.22	0.21	334
12/28/21	0.22	0.21	335
12/27/21	0.22	0.21	336
12/26/21	0.22	0.21	338
12/25/21	0.22	0.21	338
12/24/21	0.22	0.21	338
12/23/21	0.22	0.21	339
12/22/21	0.22	0.21	337
12/21/21	0.22	0.21	338
12/20/21	0.21	0.21	338
12/19/21	0.21	0.20	342
12/18/21	0.21	0.20	342
12/17/21	0.21	0.20	342
12/16/21	0.22	0.20	343
12/15/21	0.21	0.20	340
12/14/21	0.21	0.20	340
12/13/21	0.21	0.20	340
12/12/21	0.21	0.20	343
12/11/21	0.21	0.20	343
12/10/21	0.21	0.20	343
12/09/21	0.21	0.20	341
12/08/21	0.21	0.20	341
12/07/21	0.20	0.20	340
12/06/21	0.20	0.20	341
12/05/21	0.20	0.20	343
12/04/21	0.20	0.20	343
12/03/21	0.20	0.20	343
12/02/21	0.20	0.20	344
12/01/21	0.20	0.20	339
11/30/21	0.20	0.20	332
11/29/21	0.21	0.20	331
11/28/21	0.21	0.20	337
11/27/21	0.21	0.20	337
11/26/21	0.21	0.20	337
11/25/21	0.21	0.20	337
11/24/21	0.21	0.20	337
11/23/21	0.21	0.20	335
11/22/21	0.21	0.20	336

*Daily yield does not reflect capital gains or losses

Updated: 12/30/2021



CALIFORNIA STATE TREASURER
FIONA MA, CPA



PMIA Daily Effective Yield

Date	Daily	Quarter to Date	Average Maturity
11/21/21	0.21	0.20	338
11/20/21	0.21	0.20	338
11/19/21	0.21	0.20	338
11/18/21	0.21	0.20	340
11/17/21	0.20	0.20	337
11/16/21	0.20	0.20	337
11/15/21	0.20	0.20	335
11/14/21	0.20	0.20	338
11/13/21	0.20	0.20	338
11/12/21	0.20	0.20	338
11/11/21	0.20	0.20	338
11/10/21	0.20	0.20	338
11/09/21	0.21	0.20	338
11/08/21	0.20	0.20	336
11/07/21	0.20	0.20	338
11/06/21	0.20	0.20	338
11/05/21	0.20	0.20	338
11/04/21	0.20	0.20	339
11/03/21	0.20	0.20	336
11/02/21	0.20	0.20	338
11/01/21	0.20	0.20	338



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AGENDA SUBMITTAL

To: WQA Administrative/Finance Committee
From: Randy Schoellerman, Executive Director
Date: January 11, 2022
Subject: Draft 2022 §406 Plan Comments

Summary

On December 15, 2021, the Board approved releasing WQA's Section 406 Groundwater Quality Management and Remediation Plan for a 30-day public comment period ending January 14, 2022. This agenda item provides an opportunity for WQA to receive public comment. Staff will also provide and update on any comments already received.

Recommendation / Proposed Action

This is an information item only.