



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, MARCH 8, 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 Stephanie@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_VXJmO25RQrSCayEhGfKG3Q

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 Board of Directors Cost-of-Living Adjustment (“COLA”) for Fiscal Year 2022-2023 [enc]
- IV. Discussion Regarding Draft Budget for Fiscal Year 2022-2023 [enc]
- V. Executive Director’s Report
- VI. Adjournment



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AGENDA SUBMITTAL

To: WQA Administrative / Finance Committee
From: Randy Schoellerman, Executive Director
Date: March 8, 2022
Subject: **Board of Directors Cost-of-Living Adjustment (“COLA”) for Fiscal Year 2022-2023**

Summary

Each year at this time the Board considers a cost-of-living (CPI) adjustment for the daily stipend per WQA procedures. Staff is recommending the Committee review the relevant cost of living indicators and applicable CA Water Code requirements when considering this option.

Discussion

CPI increases in Board Member stipends need to comply with the requirements of WQA Procedure No. 23 and the CA Water Code. The attached CPI-U Table 4 indicates that the CPI for January 2022 is 7.5%. Per Water Code Section 2022, the annual increase to Board compensation may not exceed 5%, therefore the CPI increase is limited to 5.0%.

If the Board elects to increase the compensation by 5.00%, the rate would increase from \$149.43 to \$156.90.

The Board also has the option to increase compensation based on cumulative increases from 2015 to 2022, which could be an increase of up to 20.80%, and could increase the board fees from \$149.43 to \$180.51.

Background

WQA Procedure No. 23 provides that each Board Member receive a daily stipend for services rendered for WQA. Under subsection H of the procedure, the Board may increase the Daily Stipend by an amount equal to the lesser of 5% or the percentage increase in the annual Consumer Price Index for All Urban Consumers (“CPI-U”), Los Angeles-Long Beach-Anaheim area.

CA Water Code Section 20202: Increases to the amount of compensation may not exceed 5 percent for each calendar year following the operative date of the last adjustment of the compensation. The last increase to the daily stipend was \$1.19 (0.8%) and was effective 7/1/2014.

CA Water Code Section 20203: Requires that any ordinance to establish or increase the compensation rate for Board Members must be approved at a public hearing with prior published notice pursuant to Government Code Section 6066.

CA Water Code Section 20204: An ordinance adopted pursuant to Section 20201 shall only become effective after the passage of 60 days from the date of its final passage.

For any proposed increase, the Board needs to approve an ordinance at a noticed public hearing pursuant to the CA Water Sections noted above.

Recommendation

Discuss options for cost-of-living increase to Board compensation.

Attachments

Excerpt from Consumer Price Index for January 2022 – Table 4

Schedule of Board Fee Increases from September 1, 2006 to July 1, 2021

Excerpt from Administrative Procedures 23 –Part III, Section H “Increases to Daily Stipend”

Table 4. Consumer Price Index for All Urban Consumers (CPI-U): Selected areas, all items index, January 2022
 [1982-84=100, unless otherwise noted]

Area	Pricing Schedule ¹	Percent change to Jan. 2022 from:			Percent change to Dec. 2021 from:		
		Jan. 2021	Nov. 2021	Dec. 2021	Dec. 2020	Oct. 2021	Nov. 2021
U.S. city average.....	M	7.5	1.2	0.8	7.0	0.8	0.3
Region and area size²							
Northeast.....	M	6.3	1.0	0.8	5.9	0.8	0.2
Northeast - Size Class A.....	M	5.7	1.1	1.0	5.0	0.5	0.1
Northeast - Size Class B/C ³	M	7.0	0.8	0.5	7.0	1.0	0.3
New England ⁴	M	6.6	1.3	0.9	6.2	1.3	0.4
Middle Atlantic ⁴	M	6.1	0.9	0.7	5.8	0.6	0.1
Midwest.....	M	7.9	1.1	0.8	7.5	0.7	0.3
Midwest - Size Class A.....	M	7.4	0.9	0.6	6.9	0.7	0.3
Midwest - Size Class B/C ³	M	8.2	1.1	0.9	7.9	0.7	0.2
East North Central ⁴	M	7.9	1.2	0.9	7.5	0.8	0.3
West North Central ⁴	M	7.9	0.8	0.6	7.7	0.6	0.2
South.....	M	7.8	1.2	0.9	7.4	0.8	0.3
South - Size Class A.....	M	7.7	1.5	0.9	7.3	1.1	0.6
South - Size Class B/C ³	M	7.8	1.1	0.9	7.4	0.6	0.2
South Atlantic ⁴	M	7.9	1.4	1.0	7.5	0.9	0.5
East South Central ⁴	M	6.9	0.5	0.7	7.1	0.2	-0.2
West South Central ⁴	M	7.8	1.1	0.8	7.4	0.8	0.3
West.....	M	7.7	1.3	0.9	7.1	0.9	0.4
West - Size Class A.....	M	7.4	1.3	0.9	6.8	1.0	0.4
West - Size Class B/C ³	M	8.1	1.2	0.9	7.4	0.9	0.3
Mountain ⁴	M	9.0	1.3	0.7	8.6	1.2	0.6
Pacific ⁴	M	7.3	1.2	0.9	6.5	0.8	0.3
Size classes							
Size Class A ⁵	M	7.1	1.2	0.9	6.5	0.9	0.4
Size Class B/C ³	M	7.8	1.1	0.8	7.5	0.8	0.3
Selected local areas							
Chicago-Naperville-Elgin, IL-IN-WI.....	M	6.8	1.3	0.9	6.6	0.7	0.4
Los Angeles-Long Beach-Anaheim, CA.....	M	7.5	1.5	1.1	6.6	1.0	0.4
New York-Newark-Jersey City, NY-NJ-PA.....	M	5.1	0.9	1.1	4.4	0.1	-0.2
Atlanta-Sandy Springs-Roswell, GA.....	2				9.8	1.9	
Baltimore-Columbia-Towson, MD ⁶	2				8.0	1.8	
Detroit-Warren-Dearborn, MI.....	2				7.0	1.1	
Houston-The Woodlands-Sugar Land, TX.....	2				6.6	0.7	
Miami-Fort Lauderdale-West Palm Beach, FL.....	2				7.1	1.2	
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD.....	2				6.6	0.9	
Phoenix-Mesa-Scottsdale, AZ ⁷	2				9.7	1.7	
San Francisco-Oakland-Hayward, CA.....	2				4.2	0.8	
Seattle-Tacoma-Bellevue, WA.....	2				7.6	0.6	
St. Louis, MO-IL.....	2				8.3	0.8	
Urban Alaska.....	2				7.2	0.4	
Boston-Cambridge-Newton, MA-NH.....	1	6.3	1.6				
Dallas-Fort Worth-Arlington, TX.....	1	7.8	1.6				
Denver-Aurora-Lakewood, CO.....	1	7.9	1.4				
Minneapolis-St.Paul-Bloomington, MN-WI.....	1	7.2	0.7				
Riverside-San Bernardino-Ontario, CA ⁴	1	8.6	1.5				
San Diego-Carlsbad, CA.....	1	8.2	2.0				
Tampa-St. Petersburg-Clearwater, FL ⁸	1	9.6	2.4				
Urban Hawaii.....	1	6.0	0.9				
Washington-Arlington-Alexandria, DC-VA-MD-WV ⁶	1	6.0	0.9				

¹ 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.

² Regions defined as the four Census regions.

³ Indexes on a December 1996=100 base.

⁴ Indexes on a December 2017=100 base.

⁵ Indexes on a December 1986=100 base.

⁶ 1998 - 2017 indexes based on substantially smaller sample.

⁷ Indexes on a December 2001=100 base.

⁸ Indexes on a 1987=100 base.

NOTE: Local area indexes are byproducts of the national CPI program. Each local index has a smaller sample size than the national index and is, therefore, subject to substantially more sampling and other measurement error. As a result, local area indexes show greater volatility than the national index, although their long-term trends are similar. Therefore, the Bureau of Labor Statistics strongly urges users to consider adopting the national average CPI for use in their escalator clauses.

San Gabriel Basin Water Quality Authority
Schedule of Board Fee Increases to Date and Potential Increase for FY 22/23

<u>Options for Board Fee Increase</u>			
Current Board fee rate =	\$149.43		\$149.43
		with a range of	
		potential increases up	
		to	
Increase	5.00%		20.80%
Potential Board fees	\$156.90		\$180.51

Explanation of Options for Board Fee Increase

Board Members receive a fee for each meeting they attend, up to a maximum of six meetings per month, in accordance with WQA Policy No. 23. Board fees and increases were initially established by Ordinance 2006-1. The following is a schedule of board fees and the increases received since Ordinance 2006-1 was established. In the past 14 years, the Board has refused all but three increases - see below. Per CA Water Code Section 20200 " the increase may not exceed an amount equal to 5% for each calendar year following the operative date of the last adjustment of the compensation which is received when the ordinance is adopted. WQA's Policy No. 23 further limits the increase to the January CPI-U or 5%, whichever is less. The last adjustment for compensation was 7/1/14; therefore any increase is limited to the cumulative CPI for FY 15/16 to FY 20/21.

<u>Effective Date</u>	<u>Rate</u>	<u>\$ Increase</u>	<u>% Increase</u>	<u>JAN CPI</u>
09/01/06	\$138.26	<i>Rate set per Ordinance 2006-1</i>		
07/01/07	\$142.68	\$4.42	3.2%	3.2%
07/01/08	\$148.24	\$5.56	3.9%	3.9%
07/01/09	\$148.24			-0.6%
07/01/10	\$148.24			1.8%
07/01/11	\$148.24			1.8%
07/01/12	\$148.24			2.1%
07/01/13	\$148.24			2.0%
07/01/14	\$149.43	\$1.19	0.8%	0.8%
<hr/>				
07/01/15	\$149.43			-0.1%
07/01/16	\$149.43			3.1%
07/01/17	\$149.43			2.1%
07/01/18	\$149.43			3.5%
07/01/19	\$149.43			3.2%
07/01/20	\$149.43			3.1%
07/01/21	\$149.43			0.9%
Summary of CPI since last increase in 2014 =				15.8%
January 2022 CPI =		7.50%	Maximum allowed increase = 5.0%	
			Total Potential increase =	20.8%

EXCERPT FROM ADMINISTRATIVE PROCEDURE No. 23
BOARD MEMBER REIMBURSEMENT, COMPENSATION AND ETHICS TRAINING:
Last amended on June 2018

Excerpt from Part III, Section H

Increases to the Daily Stipend. Subject to the procedures and restrictions set forth under Water Code Sections 20200 through 20204* and Water Code Section 71255 as the same may be amended from time to time, the Board, no more than once each fiscal year, may take action to increase the Daily Stipend by an amount equal to the lesser of the following:

- (i) the annual percentage change in the January Consumer Price Index (CPI) for the Los-Angeles-Long Beach-Anaheim CA area, Consumer Price Index, All Items, 1982-84=100 for All Urban Consumers (CPI-U); or
- (ii) five percent (5%) for each calendar year following the operative date of the last adjustment.

Such increases shall not take effect until the later of the following: (i) July 1st of the fiscal year immediately following the fiscal year in which the increase is finally adopted by the Board; or (ii) 60 calendar days from the date the increase is finally adopted by the Board. The foregoing notwithstanding and pursuant to Water Code Appendix Section 134-512, in no event may the amount of the Daily Stipend exceed the amount set for members of the governing boards of municipal water districts as the amount may be calculated pursuant to Water Code Sections 20202 and 71255.

*Water Code Section 20203 provides that no ordinance to increase compensation shall be adopted except following a public hearing. Notice of the public hearing shall be published in a newspaper of general circulation pursuant to Government Code Section 6066. Government Code Section 6066 provides that publication pursuant to its provisions shall be once a week for two successive weeks. Government Code Section 6066 also states that two publications in a newspaper published once a week or more often, with at least 5 days intervening between the respective publication dates not counting such publication dates, are sufficient. The period of notice commences upon the first day of publication and terminates at the end of the 14th day, including therein the first day.



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AGENDA SUBMITTAL

To: WQA Administrative/ Finance Committee
From: Randy Schoellerman, Executive Director
Date: March 8, 2022
Subject: Discussion of Draft Budget for FY 22/23

Discussion

The budget for FY 22/23 involves the participation of several interested parties – the WQA Board of Directors, the Water Producers, the Responsible Parties (RPs), the Prescriptive Pumping Rights Holders and the public.

The budget summary of the draft budget for FY 22/23 is being submitted today to the Administrative/Finance Committee. The budgeted assessment is \$2,371,320, which is \$12/acre foot of prescriptive pumping rights. There will most likely be comments and recommendations for changes, which may be incorporated in subsequent budget drafts.

The WQA will hold its first Budget Workshop on April 12, 2022, at the Special Board Meeting - Administrative/Finance Committee Meeting – at this time the full version of the draft budget will be presented. A second Budget Workshop is scheduled for the regular WQA Board Meeting on April 20, 2022.

Any comments or changes received by the WQA after April 20 may result in a revised version of the draft budget. If there are additional changes, the budget will be presented and discussed at the May 10, 2022, Administrative/Finance Committee meeting. At this point, the draft budget should be in its final version, and it is anticipated that the Administrative/Finance Committee will recommend submittal to the full Board for approval at the May 16th Board Meeting.

Recommendations / Proposed Actions

- Staff requests that the Committee provide comments on the draft Budget Summary and approve the Budget and Assessment Schedule.

Attachments:

2022/2023 Budget and Assessment Schedule - Draft
Budget Summary of FY 22/23 Draft Budget v1, dated 3/8/2022

**SAN GABRIEL BASIN WATER QUALITY AUTHORITY
BUDGET SUMMARY
FOR FISCAL YEAR ENDING JUNE 30, 2023**

Draft v1, March 8, 2022

LINE ITEMS	Other Projects (5 Projects)	Baldwin Park Operable Unit (10 Projects)	El Monte Area Operable Unit (6 Projects)	So. El Monte Operable Unit (10 Projects)	Puente Valley Operable Unit (3 Projects)	Area Three Operable Unit (2 Projects)	Prop 68	Administration	Total Project Budget
<u>CAPITAL COSTS</u>	<u>\$2,431,600</u>	<u>\$887,680</u>	<u>\$89,000</u>	<u>\$408,300</u>	<u>\$3,419,040</u>	<u>\$56,900</u>	<u>\$0</u>	<u>\$0</u>	<u>\$7,292,520</u>
WQA Salaries	0	0	0	0	6,000	0		0	6,000
WQA Benefits	0	0	0	0	2,000	0		0	2,000
WQA Overhead	0	0	0	0	3,000	0		0	3,000
Government Relations	49,900	212,400	68,900	124,900	25,700	50,300		0	532,100
Community Relations	16,700	33,400	20,100	33,400	10,000	6,600		0	120,200
Project Construction	0	0	0	0	0	0		0	0
Contractors/Grants	2,365,000	641,880	0	250,000	3,372,340	0		0	6,629,220
Site Acquisition	0	0	0	0	0	0		0	0
<u>OPERATING EXPENSES</u>	<u>\$3,168,300</u>	<u>\$19,791,859</u>	<u>\$2,107,577</u>	<u>\$6,663,808</u>	<u>\$273,500</u>	<u>\$2,479,233</u>	<u>\$383,333</u>	<u>\$1,127,713</u>	<u>\$35,995,324</u>
WQA Salaries	15,000	117,500	35,500	137,500	35,000	6,500		422,000	769,000
Prop 68-WQA Salaries	0	0	0	0	0	0	100,000		100,000
WQA Benefits	5,000	38,778	11,725	45,833	11,667	2,100	33,333	136,563	285,000
WQA Overhead	7,500	58,750	17,750	68,750	17,500	3,300	50,000	569,150	792,700
Legal/Consultants	0	85,000	0	3,000	0	0		0	88,000
Utilities	0	0	0	20,000	0	0		0	20,000
Other (See attached pages)	0	12,000	1,000	0	4,000	0		0	17,000
Prop 68-Consultants	0	0	0	0	0	0	200,000		200,000
Prop 68-Treatment & Remediation	3,140,800	0	1,610,567	1,691,800	0	2,467,333	0	0	8,910,500
Treatment & Remediation Costs	0	19,479,831	431,035	4,696,925	205,333	0		0	24,813,124
<u>TOTAL CAPITAL & OPERATING</u>	<u>\$5,599,900</u>	<u>\$20,679,539</u>	<u>\$2,196,577</u>	<u>\$7,072,108</u>	<u>\$3,692,540</u>	<u>\$2,536,133</u>	<u>\$383,333</u>	<u>\$1,127,713</u>	<u>\$43,287,844</u>
<u>REVENUES</u>	<u>\$5,599,900</u>	<u>\$20,679,539</u>	<u>\$2,196,577</u>	<u>\$7,069,108</u>	<u>\$3,692,540</u>	<u>\$2,536,133</u>	<u>\$383,333</u>	<u>\$1,127,713</u>	<u>\$43,284,844</u>
Rest. Fund/Title XVI/PRPs/Producers									
Restoration Funds (RF)	100,000	0	0	0	0	0	0	0	100,000
Potentially Responsible Parties	0	19,464,836	431,035	0	3,577,673	0	0	0	23,473,544
Water Producers (PROD)	0	1,002,440	0	1,700,000	0	0	0	0	2,702,440
State - SWRCB/Prop 84/Prop	2,265,000	0	0	1,171,382	0	0	0	0	3,436,382
SEMOU Cooperative Agreement	0	0	0	1,842,623	0	0	0	0	1,842,623
SEMOU Settlement Funding	0	0	0	0	0	0	0	0	0
Interest income	0	0	0	0	0	0	0	10,000	10,000
SWRCB DFA Proposition 68	3,140,800	0	1,610,567	1,825,622	0	2,467,333	300,000	0	9,344,322
WQA Assessment	94,100	212,263	154,975	529,481	114,867	68,800	83,333	1,117,713	2,375,533
<u>ASSESSMENT RESERVE</u>									
<i>Reserve balance from FY 2020-21</i>									2,459,841
<i>WQA 21-22 Assessments Collected @ \$12 acre foot</i>									2,371,320
<i>WQA 21-22 Projected Costs Funded By Assessments</i>									(1,940,727)
<i>Projected reserve balance for FY 2021-22</i>									2,890,434
<i>WQA Assessments Collected @ \$12 acre foot</i>									2,371,320
<i>WQA 22-23 Budgeted Costs Funded By Assessments</i>									(2,375,533)
<i>Projected Assessment Reserve for FY 22-23</i>									2,886,221
<u>WQA ASSESSMENT SUMMARY - "See Annotation 33, page 52"</u>									
WQA ASSESSMENT FOR FY 2022-23									<u>\$2,371,320</u>
WQA ASSESSMENT PER ACRE FOOT									<u>\$12</u>

San Gabriel Basin Water Quality Authority
2022/2023 BUDGET AND ASSESSMENT SCHEDULE
DRAFT

TASK	DATE
Preliminary Draft Budget and Projections at the Administrative / Finance Committee Meeting	03/08/2022
Budget Workshop - Administrative / Finance Committee and Special Meeting of the Board of Directors	04/12/2022
Public Hearing and Budget Workshop Presentation at the Regular Board Meeting	04/20/2022
Administrative/Finance Committee - review of revised draft budget (if necessary)	05/10/2022
WQA Board Meeting Budget Hearing Adoption of Budget, Set Date of Assessment Public Hearing Adoption of Budget Set Date of Assessment Public Hearing Resolution Setting Schedule of Assessment Collection	05/18/2022
Mail Notices of Assessment Hearing and Anticipated Assessment Amount and Schedule of Collections to Producers, Cities, Watermaster, and Interested Parties (<i>minimum 90 days Prior to Assessment Hearing</i>)	05/18/2022
Place Newspaper Announcement (2 days) (minimum <i>45 days prior to hearing</i>)	06/13/2022 and 06/20/2022
Post Hearing Notice at Entrance of Public Hearing Location (minimum <i>45 days prior to hearing</i>)	06/27/2022
WQA Board Meeting - Assessment Public Hearing and ADOPTION of Assessment	08/17/2022
Mail Invoices for Assessments	08/18/2022
Collect Assessments (1st installment)	09/16/2022
Collect Assessments (2nd installment)	11/14/2022

NOTE: These dates are subject to change with notification