



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 AND
WATER PURVEYORS
TO BE HELD ON TUESDAY, MAY 10, 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_zNIHkpp-TUGapwE8j3f7IQ

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. Update on Budget Draft for Fiscal Year 2022/2023 [enc]
- IV. Discussion Regarding WQA Office Lease Agreement – Addendum #4 [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: May 10, 2022
Subject: Update on Budget Draft for FY 22/23 v2

Summary

WQA staff presented the FY 22/23 Budget Draft v2 in two April 2022 workshops at the Administrative/Finance Committee and at the WQA Board Meeting. Staff has received no additional comments and no changes to the budget are recommended at this time. This agenda item provides another opportunity for review and to receive comments on the budget. If any comments or changes are requested after today's Committee meeting, they may be incorporated into the budget and presented to the Board at the regular WQA Board Meeting on May 18, 2022. Furthermore, staff anticipates that the budget will be adopted on May 18, 2022.

Discussion

As presented at the workshops, the budget projects the costs for the upcoming fiscal year and determines the revenues necessary to cover those costs. The WQA's budgeted costs are funded by assessments that the WQA charges on prescriptive pumping rights in the Main San Gabriel Basin. Funding also includes State Water Resources Control Board Division of Financial Assistance Proposition 1 and Proposition 68 grants, U.S. Bureau of Reclamation grants, the U.S. Environmental Protection Agency Cooperative Agreement, and Responsible Parties.

The WQA assessment is budgeted at \$12 per acre foot, for assessment funding of \$2,371,320 on a total of 197,610-acre feet of prescriptive pumping rights that are owned in the Basin.

The budget workshops included a discussion of assessments, an overview of the grant funding from SWRCB DFA Proposition 68, discussion of the budget expenses and revenues for FY 22/23 and the budget /assessment schedule.

The budget workshops also included a specific discussion of the WQA Reserve Fund Policy and the effect that the FY 22/23 Budget has on the annual assessment level necessary to fund WQA's operations. The Reserve Fund Policy mandates that an annual review of reserves be presented to the Board as a component of the annual budget process. The review was performed and presented to the Board at the April workshops. Based on staff analysis, funding levels are appropriate and aligned with board goals and objectives for FY 22/23.

To date, no comments have been received by staff since the April budget workshops.

Recommendations / Proposed Actions

- For information purposes only.

Attachments

FY 22/23 Draft Budget v2 Summary, dated 4/12/2022.

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

Draft v2, April 12, 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			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>\$6,762,372</u>	<u>\$273,500</u>	<u>\$2,479,233</u>	<u>\$383,333</u>	<u>\$1,153,046</u>	<u>\$36,119,221</u>
WQA Salaries	15,000	117,500	35,500	139,500	35,000	6,500		420,000	769,000
Prop 68-WQA Salaries	0	0	0	0	0	0	100,000		100,000
WQA Benefits	5,000	38,778	11,725	46,500	11,667	2,100	33,333	135,896	285,000
WQA Overhead	7,500	58,750	17,750	69,750	17,500	3,300	50,000	597,150	821,700
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	1,766,697	0	2,467,333	0	0	8,985,397
Treatment & Remediation Costs	0	19,479,831	431,035	4,716,925	205,333	0		0	24,833,124
TOTAL CAPITAL & OPERATING	<u>\$5,599,900</u>	<u>\$20,679,539</u>	<u>\$2,196,577</u>	<u>\$7,170,672</u>	<u>\$3,692,540</u>	<u>\$2,536,133</u>	<u>\$383,333</u>	<u>\$1,153,046</u>	<u>\$43,411,741</u>
<u>REVENUES</u>	<u>\$5,599,900</u>	<u>\$20,679,539</u>	<u>\$2,196,577</u>	<u>\$7,180,672</u>	<u>\$3,692,540</u>	<u>\$2,536,133</u>	<u>\$383,333</u>	<u>\$1,153,046</u>	<u>\$43,421,741</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		36,000	36,000
SWRCB DFA Proposition 68	3,140,800	0	1,610,567	1,930,519	0	2,467,333	300,000	0	9,449,219
WQA Assessment	94,100	212,263	154,975	536,148	114,867	68,800	83,333	1,117,046	2,381,533
<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>									(1,966,512)
<i>Projected reserve balance for FY 2021-22</i>									2,864,649
<i>WQA Assessments Collected @ \$12 acre foot</i>									2,371,320
<i>WQA 22-23 Budgeted Costs Funded By Assessments</i>									(2,381,533)
<i>Projected Assessment Reserve for FY 22-23</i>									2,854,436
<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>



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AGENDA SUBMITTAL

To: WQA Administrative / Finance Committee
From: Randy Schoellerman, Executive Director
Date: May 10, 2022
Subject: **WQA Office Lease Agreement – Addendum #4**

Discussion

The WQA office lease expires June 30, 2022, and staff has been considering moving to alternate locations in addition to renewing the current lease. After much consideration, staff is recommending remaining in the current location and extending the lease another 5 years. The landlord has agreed to tenant improvements and repairs as described in Section 3 of the Lease Addendum #4.

WQA currently leases 4,288 square feet of useable office space and restrooms at a cost of \$7,488.99 (\$6,845.79 base rent plus \$643.20 electrical) or \$1.75 per square foot.

Addendum #4 is for a 62-month term, includes 2 months of free rent, and increases the base rent to \$9,004.80 plus \$643.20 electrical with 3% annual increases to the base rent each year through August 31, 2027. This increases the cost per square foot from \$2.25 in year 1 to \$2.58 in the final months of the lease. Although this is a significant increase, it appears to be lower than the market rates being offered for similar properties.

Staff has been working with Century 21 Commercial Broker Brion Costa who negotiated our prior lease Addendum #3. He has been engaged to provide assistance to staff in looking at other properties and negotiating the new lease on behalf of WQA. Staff is recommending paying Mr. Costa a 1% commission, consistent with his prior agreement with the WQA.

Recommendation

1. Approve Addendum to Lease #4 by and Between Ruffle Properties and San Gabriel Basin Water Quality Authority.
2. Approve 1% commission for Brion Costa.