

**SAN GABRIEL BASIN WATER QUALITY AUTHORITY
ADMINISTRATIVE/FINANCE COMMITTEE AND
SPECIAL MEETING OF THE BOARD OF DIRECTORS
JANUARY 11, 2022 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**

Bob Kuhn; Robert Gonzales

STAFF MEMBERS PRESENT

Randy Schoellerman, Executive Director; Dan Colby, Assistant Executive Director/Senior Project Manager; Mary Saenz, Director of Finance; Michelle Sanchez, Admin/Accounting Assistant

**MEMBERS OF THE PUBLIC
PRESENT**

Brian Bowcock, Three Valleys MWD; Javier Vargas, Valley County Water District; Ralph Galvan, Valley County Water District; Lenet Pacheco, Valley County Water District

PUBLIC COMMENT

None.

***Discussion Regarding Disposal
Surplus Property***

Mrs. Saenz reported that staff wished to dispose of surplus items as listed on the attached schedule that is either broke, worn out or has been replaced with updated technology and, is of no further use. She indicated that these items have been fully depreciated and have a net book value of \$0. She noted that 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 have no trade-in value or 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.

After brief discussion, the committee recommended that this item go to the full Board for approval.

Discussion Regarding Update to Procedure 28 – Risk Transfer

Mr. Schoellerman reported that 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 the criteria for a waiver in limitations. Staff worked with legal counsel to develop the criteria now included as Section 7 of the Procedure. Staff recommends approval of the updated Procedure 28 with the following recommended 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).

After brief discussion, the committee recommended that this item go to the full Board for approval.

Discussion Regarding Proposal for Audit Services for Fiscal Years Ending FYE 6/30/2022 and 2023

Mrs. Saenz reported that the 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 & Company LLP (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 of Directors approved extending Vasquez's contract for audit services for fiscal years 2019, 2020 and 2021 at fixed fees of \$25,758, \$26,531 and \$27,326, respectively. Mrs. Saenz reported that Vasquez changed the audit partner and audit staff halfway through the 2020 audit and the new audit team worked on the 2021 audit. Mrs. Saenz reported that due to the current Covid restrictions and need for remote access, that the committee consider recommending a contract for services with Vasquez for another two years.

Vasquez submitted a proposal to cover fiscal years 2022 and 2023 at fixed fees of \$27,326 and \$28,146, respectively.

Mr. Paulson commented that he thinks it is good to retain a new audit firm after four to five years but would agree to an extension of one year.

Mrs. Noriega commented that she understands the complexities of the audit done remotely. She also understands the undertaking staff would have with a new audit firm with the current Covid restrictions. She would agree to the extension of two more years.

After brief discussion, the committee recommended that this item go to the full Board for further discussion with consideration of Mr. Paulson's concerns about the timing of rotating audit firms.

Discussion Regarding 4th Quarter Cash Report

Ms. Saenz reported that the WQA holds its investment funds in the Local Agency Investment Fund (LAIF). She indicated that the average monthly effective yields for the Pooled Money Investment Account (PMIA) for October, November and December are 0.203%, 0.203%, and 0.21%, respectively. 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. This was an information item only.

Discussion Regarding Comments on Draft 406 Plan for 2022

Mr. Schoellerman reported that at the December 15, 2021, Board meeting, the 30-day public comment period for the draft 406 Plan for 2022 was opened and that staff had not received any comments from the public at this time. He informed the committee that the closing date of the public comment period is Friday, January 14, 2022. He stated that staff would address any comments received at the upcoming Board meeting when it is presented for adoption. This was an information item only.

EXECUTIVE DIRECTOR'S REPORT

Mr. Schoellerman reported that Congress is primarily focused on the Voting Rights Act this time. However, discussions are continuing to resolve the FY22 budget that must be passed before the February 18th Continuing Resolution expiration. He noted that WQA's \$10M request is still included the budget package.

He reported that Congress passed the debt ceiling extension in December, which pushes the issue to the end of 2022.

He reported that WQA has scheduled the next City Webinar for February 2, 2022, at noon, and the first notice was sent out the previous week.

He introduced WQA's new Board member representing cities

with pumping rights, Mr. Robert Gonzales. He indicated that he had the opportunity to meet with Mr. Gonzales the previous week to provide a brief background and update him on WQA's current activities.

He reported that discussion/action for contract services with the Bank of the West regarding the new WQA officers will be brought before the Board for approval at the upcoming Board meeting.

He lastly reported that staff continues to follow all the local and state COVID-19 guidelines for the office. Additionally, he has extended the flexibility for staff to work remotely during this period.

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



Bob Kuhn
Secretary