

**A REGULAR MEETING  
OF THE  
SAN GABRIEL BASIN WATER QUALITY AUTHORITY  
FEBRUARY 16, 2022 AT 12:00 P.M.**

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*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, this WQA Board meeting took place online and teleconference.*

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**CALL TO ORDER**

The Chairwoman 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.

**ROLL CALL OF BOARD MEMBERS**

Valerie Munoz, Mark Paulson, Bob Kuhn, Lynda Noriega, Michael Whitehead, Ed Chavez, and Robert Gonzales

**BOARD MEMBERS ABSENT**

None.

**STAFF MEMBERS PRESENT**

Randy Schoellerman, Executive Director; Stephanie Moreno, Executive Assistant/Outreach Coordinator; Dan Colby, Assistant Executive Director/Senior Project Manager; Mary Saenz, Director of Finance; Michelle Sanchez, Admin/Accounting Assistant; Richard Padilla, Legal Counsel

**MEMBERS OF THE PUBLIC PRESENT**

None.

**MEMBERS OF THE PUBLIC THAT PARTICIPATED VIA ONLINE/TELECONFERENCE**

Brian Bowcock, Three Valleys MWD; Gabriel Monares, The Monares Group; Lenet Pacheco, Valley County Water District; Paul DiMaggio, Suburban Water Systems; Andy Bullington, City of Covina; Chisom Obegolu, City of Glendora; Alejandro Reyes, San Gabriel Valley Water Company; Ben Lewis, Golden Stat Water Company; Christopher Castruita, City of Monrovia; Sylvie Lee, Three Valleys MWD; Steve Kiggins, San Gabriel Valley MWD; Lewis Rudnick, City of El Monte; Cameron Griffin, Office of Assemblywoman Rubio; Jared Macias, Azusa, Light & Water; Dave Michalko, Valencia Heights Water Company; Martin Zvirbulis, San Gabriel Valley Water Company; Oscar Ramos, San Gabriel Valley Water Company; Roy Frausto, La Puente Valley County Water District; Hai-Van Nguyen, San Gabriel Valley Water Company; Jose Martinez, Valley County Water District; Patty Cortez, Upper District; Tara Robinson, Valley County Water District; Kristan Lloyd, City El Monte; Casey Feilen, San Gabriel County Water District; Irma Cooper, Interested Party; Jennifer Santana, Upper District; Paul Cranmer, City of Arcadia; Tony Zampietro, Watermaster; Melissa Barbosa, Azusa, Light & Water; Richard Gonzales, City of Monterey

Park; George Cambero, City of El Monte

**PUBLIC COMMENT**

None.

**ITEMS TOO LATE TO BE AGENDIZED**

None.

**WORKSHOP**

***“Proposed San Gabriel Basin Water Quality Authority Act Extension and Review of Options for Pumping Right Assessment Limitation Adjustment”***

Mr. Schoellerman provided a presentation the proposed WQA Act extension and the options for the pumping right assessment adjustment limitation adjustment. He reported that the current WQA sunset date was July 1, 2030. He indicated there were basin cleanup projects that would require funding beyond July 1, 2030. He reported that Assemblywoman Rubio has introduced AB 2163 to extend the WQA’s sunset date from July 1, 2030 to July 1, 2050. He explained that with the extension to July 1, 2050 it would be appropriate to review the \$10/acre foot assessment limit. He noted that the discussion of the limit should not be confused with the actual assessment the Board adopts annually. And that it is not a discuss about raising the current assessment of \$12/acre-foot. He noted that the actual assessment is determined by the WQA Board and is subject to a public hearing each year.

He reported that the assessment limit was established in 2003 and has not increased in almost 20 years. He indicated that an adjustment would provide additional clarity going forward and the increase of the limitation would be phased in over time. He noted that the methodology used to established the proposed adjustments were inflationary adjustments of 3% coupled with a 3% adjustment for emerging issues. He reported that the proposed adjustments to the limit would take place in three increments: July 1, 2025 - \$20/AF (proposed assessment limit), July 1, 2030 - \$26/AF (proposed assessment limit) and July 1, 2035 - \$33/AF (proposed assessment limit).

Mr. Kuhn asked what the numbers would be if only the 3% inflation number were used. Mr. Colby responded at 2025 it would be \$17.89, and at 2030 it would be \$20.74.

Mr. Kuhn asked Ms. Noriega and Mr. Whitehead if there will be push back from the producers about the 3% for emerging contaminants.

Ms. Noriega explained that it is important to note that these numbers are proposed for the cap, but the numbers are not going to have any impact on the producers until this board sits and decides what it is going to set its assessment at on an annual basis. She noted that we are looking at a period of 28 years and leaving the cap at \$10 is not reasonable, and now is the time to address it with the extension legislation. She stated that everyone needs to understand that regulations are going to

change and there is going to be emerging contaminants, it's a constant in our world. She explained that there is going to continue to be a need for WQA to get funding to help with a lot of this, and there won't be a guarantee that there will be responsible parties or other agencies that can contribute to that. Therefore, you have to set a cap to address a period of 28 years and what is being proposed is reasonable. She noted that 3% for inflation is standard, with the exception of this year, and 3% for emerging contaminants is reasonable. She stated that just because you are setting the cap at \$20/AF in 2025 doesn't necessarily mean that the board will set the assessment at \$20/AF. She pointed out that the board would evaluate, and, based on fiscal position, determine what the assessment will be.

Ms. Noriega also explained that Mr. Schoellerman and Ms. Saenz have put together certain management items with respect to reserve policies and goals for WQA to consider. She noted that as we have discussed during previous committee and board meetings, if there is a need to increase the actual assessment, Mr. Schoellerman would need to get out in front of the producer community early on and let them know if we are looking to increase the actual assessment that is invoiced to them.

Ms. Noriega continued saying that it is also helpful for producers to understand that WQA's assessments are based on prescriptive pumping rights in the basin, which is a fixed number. She explained that the number does not adjust and is based on the basin adjudication back in the 1970's so the only way to generate additional assessment revenue is by increasing the assessment. She indicated that it comes down to fiscal policy and managing expenses against what they generate in revenue and against what funding they bring in.

Mr. Whitehead commented that he agrees with Ms. Noriega's observations and explanations and that they were right on point. He noted a compelling point that the cap would be stated in the legislation as an amount not to be exceeded and in the history of the assessment it has rarely, if ever, been at the maximum. He explained that it is because the board has applied fiscal responsibility and the staff has done an outstanding job of keeping costs under the cap and as it has risen by law. He indicated that there is reason for confidence for the board's commitment to respecting the impact of these assessments and the impact of the costs that we incur. He noted that there is a continual assessment and reassessment of the benefits that are derived from these expenditures and assessments. He explained that the board always invites the producers to join in its deliberations and wants to make sure everyone understands that the board doesn't just move up automatically to the cap. He noted that it has not happened at all and we would expect that to continue and that we would

reach the cap only in unforeseen circumstances. He concluded saying that he has confidence in Mr. Schoellerman and his team's ability to manage our costs in a way that keeps us below that cap.

Mr. Kuhn stated that he agreed with Mr. Whitehead and Ms. Noriega and emphasized that producers, city councils and other elected officials need to understand what they just said and to support it. He noted that he appreciates Assemblywoman Rubio for considering this for her bill.

Mr. Paulson asked if the proposed language would allow us an increase of 3% each year and what the impact would be if the board acted to not increase for two or three years then all of a sudden tried to increase it.

Mr. Schoellerman responded that it would be difficult to make up for the increase at one time.

Mr. Kuhn noted that Mr. Paulson was pointing out that we've been limited by the inflation number and that the proposed number would allow for more flexibility if it became necessary.

Mr. Schoellerman responded that under this proposal the board would have the discretion to assess up to \$20 on July 1, 2025.

Ms. Noriega asked if the \$20 amount between 2025 and 2030 could be adjusted for inflation also.

Mr. Schoellerman indicated that the number may be adjusted for inflation.

Mr. Kuhn commented that he appreciated the input from the water producers and agreed that the WQA needs to be out in front of this.

Ms. Munoz asked if there were any producer comments.

Mr. DiMaggio asked what the current inflation rate is and to confirm that WQA was proposing 6%.

Mr. Schoellerman responded that the most recent reading from January was about 7%. He noted that this rate was expected to be temporary, and that economist expect the rate to return to a 3% long term average. He confirmed that the proposal includes 3% for inflation and 3% for emerging concerns.

Mr. Ruddick asked if this would require 218 public hearing.

Mr. Padilla indicated that this adjustment in the assessment limitation is not subject to a Prop 218 process because it isn't setting an actual assessment rate.

Ms. Noriega asked Mr. Schoellerman to describe the assessment approval process for the producers.

Mr. Schoellerman explained that WQA starts the budget process each March and that staff and the board receive input from the public at several committee and board meetings until May when the budget is adopted after a final public hearing. He noted that the actual assessment to pay for the proposed budget is then typically approved each August by the board only after publishing required notices of the proposed assessment and public hearing prior to the action.

Paul Dimaggio: Asked if the proposed assessment adjustment would be put into AB2163 (Rubio).

Mr. Schoellerman responded that the final decision to add this language to the bill would be up to Assemblywoman Rubio. He explained that the WQA is gathering input about the proposal from stakeholders.

Mr. Frausto asked if staff foresees the assessment going up in the future to the proposed limits at some future point.

Mr. Schoellerman commented that under the current conditions, there are no plans to raise the assessment to the future limits.

Mr. Kuhn commented that the WQA's role is to also find money for cleanup and that WQA is not just here to do the cleanup.

Mr. Whitehead commented that he agrees mission of the WQA includes raising funds from a variety of sources, state or federal or private, and the history of the WQA has been remarkably successful in doing that. He noted that the funding was to offset our costs as well as to maintain effective advocacy in Sacramento and Washington, D.C.

Ms. Munoz commented that an ADHOC committee was formed to address the producer's concerns.

## **CONSENT CALENDAR**

Mr. Kuhn moved to approve the consent calendar. Mr. Paulson seconded the motion, and it was approved by the following roll call vote.

AYES: MUNOZ, PAULSON, KUHN, NORIEGA,  
WHITEHEAD, GONZALES

NO: NONE

ABSENT FOR VOTE: CHAVEZ

**ABSTENTIONS:**

Ms. Noriega abstained from Project Demand No. E91440 and Mr. Whitehead abstained from Project Demand No. E91441.

**COMMITTEE REPORTS**

***Legislative/Public Information  
Committee Report***

Mr. Schoellerman reported the minutes for the committee meeting were enclosed for review.

**OTHER  
ACTION/INFORMATION  
ITEMS**

***Discussion/Action Regarding San  
Gabriel Valley Economic  
Partnership Membership Renewal***

Ms. Moreno reported that a correction needed to be made on the demand number for this item and that the correct Demand No. should read E91442.

Mr. Schoellerman reported that the WQA has a Leader Level Membership with San Gabriel Valley Economic Partnership and the annual renewal amount of \$20,000 is discounted from the regular price of \$25,000. WQA's membership has been beneficial in putting the WQA's issues out in front of the community by allowing the WQA to participate in local events with local and state legislators. He noted that it also gives the WQA a seat on the Board of the Directors.

- 1. Approve Renewal for 2022***
- 2. Approve Demand No.  
E91442***

Mr. Gonzales moved to approve the renewal for 2022 and to approve Demand No. E91442. Ms. Munoz seconded the motion and it was approved by the following roll call vote:

**AYES: MUNOZ, PAULSON, KUHN, NORIEGA,  
WHITEHEAD, GONZALES**

**NO: NONE**

**ABSENT FOR VOTE: CHAVEZ**

**PROJECT REPORTS**

Mr. Colby reported that the site investigations continue in the SEMOU. He also reported that the first Prop 68 grant payment request submittal to the state was postponed to until May to allow more time for the grant recipients to assemble their cost documentation.

**ATTORNEY'S REPORT**

None.

**LEGISLATIVE REPORT**

Mr. Monares reported that with AB 2163 Assemblywoman Rubio has the final decision on adding any new language to the bill and that the first bill hearing was expected be in April. He reported that staff has been working on a caucus letter to the State Water Board clarifying the intended use of the remaining Prop 68 funds for groundwater treatment and remediation and that former Assemblyman Ed Hernandez and Speaker Anthony Rendon have agreed to provide clarifications as well since they

were part of the bond's development. He lastly reported that extension of a federal continuing budget resolution was expected to be approved.

**EXECUTIVE DIRECTOR'S REPORT**

Mr. Schoellerman reported thanked Mr. Gualco and Mr. Monares on their work with Prop 68. He reported that a legislative ADHOC meeting was scheduled for the following week. He indicated that the Division of Financial Assistance held a meeting on recycled and drinking water funding for stakeholders where he participated as a panelist on February 2<sup>nd</sup>. He noted that there was some discussion of providing additional funds for Proposition 1. He noted that a webinar for city officials was held on February 2, 2022. He lastly reported the policy 97-005 training workshop with the Coalition for Environmental Protection Restoration and Development and the Division of Drinking Water was held in January for regulators and there would now be training session on April 7<sup>th</sup> for all interested parties.

None.

**FUTURE AGENDA ITEMS**

**FUTURE BOARD AND COMMITTEE MEETINGS**

The next Administrative/Finance Committee meeting was scheduled for Tuesday, March 8, 2022, at 10am.

The next Legislative/Public Information Committee meeting was scheduled for Wednesday, March 9, 2022, at 11:00am.

The next WQA Board meeting is scheduled for Wednesday, March 16, 2022, at 12:00pm.

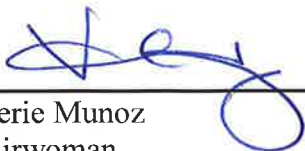
**BOARD MEMBERS' COMMENTS/ REPORTS**

Mr. Kuhn commented it might be a good idea to have a workshop for the San Gabriel Valley Economic Partnership Legislative Committee on AB 2163 if ready. He also thanked staff for the workshop and thought it was very informative.

Mr. Whitehead thanked staff for the workshop and for all that attended today and made helpful comments. He also commended Mr. Schoellerman on his work on the policy 97-005 training workshop. He noted that it is one of the most significant and consequential matters in the basin because it is the process that allows us to use highly impaired sources for drinking water.

**ADJOURNMENT**

The Chairwoman asked if there were any other items of business to come before the Board. There being none, the meeting was adjourned to March 16, 2022.



Valerie Munoz  
Chairwoman



Bob Kuhn  
Secretary