

**SAN GABRIEL BASIN WATER QUALITY AUTHORITY
ADMINISTRATIVE/FINANCE COMMITTEE
MARCH 11, 2025 AT 10:00 A.M.**

CALL TO ORDER

Ms. Noriega called the Administrative/Finance committee meeting of the San Gabriel Basin Water Quality Authority to order and reviewed the actions anticipated on the agenda for the meeting.

**REMOTE PARTICIPATION
DECLARATION – AB 2449
[Government Code 54953(f)]**

Mr. DiPrimio reported that he provided notice of his need to attend this board meeting remotely for just cause. He indicated that no one else was in the room with him during the meeting.

**COMMITTEE MEMBERS
PRESENT**

Lynda Noriega, Mark Paulson and Robert DiPrimio (remote).

WATERMASTER LIASON

Dave Michalko

**COMMITTEE MEMBERS
ABSENT**

None.

**OTHER BOARD MEMBERS
PRESENT**

None

STAFF MEMBERS PRESENT

Randy Schoellerman, Executive Director; Dan Colby, Assistant Executive Director/Senior Project Manager; Stephanie Moreno, Director of Communications; Mary Saenz, Director of Finance; Jackie Montgomery, Accounting Specialist; Michelle Sanchez, Senior Administrative Assistant/Office Coordinator

**MEMBERS OF THE PUBLIC
PRESENT**

None.

**MEMBERS OF THE PUBLIC
ONLINE**

None.

PUBLIC COMMENT

None.

***Discussion Regarding Board of
Directors Cost of Living
Adjustment (“COLA”) for Fiscal
Year 2025-2026***

Ms. Saenz reported that each year the Board considers a cost-of-living adjustment (COLA) for the daily stipend per WQA procedure No. 23. She stated that the CPI-U for January 2025 is 3.3%. She reported that should the Board elect to increase the compensation by 3.3%, the stipend would increase by \$4.95 from \$150.00 to \$154.95. Ms. Noriega reviewed the decisions the board made last year and opened the item up for discussion. Mr. Paulson stated that he understood the optics for not taking a stipend increase but stated that it was a reasonable increase. He requested that staff complete a survey

of the other water agencies to present for full board discussion at the March board meeting. Mr. DiPrimio stated that he did not like automatic stipend increases but agreed with Mr. Paulson. He asked when that last time the board took an increase, which was July 2022.

After further discussion, the committee requested staff complete a survey of other agencies and present the item to the full Board at the March board meeting with a recommendation of approval.

***Discussion Regarding Draft
Budget and Reserve Analysis for
Fiscal Year 2025-2026***

Ms. Saenz reported on the draft budget for the fiscal year 2025-2026. It was noted that a revised budget summary cover sheet was provided. A correction was made to the projected reserve balance for the current year, which was adjusted from \$1.7 million to \$1.873 million due to a typo. She explained this change impacted the reserve balance calculations, which were updated accordingly. She reviewed the projects' capital and operating expenses as well as the revenues per the budget summary page. She noted the additional column for Proposition 68 expenses, which was added last year, and explained that these expenses are separate because they do not belong to a specific OU and WQA gets reimbursed for those costs.

She reported that the proposed budgeted assessment is \$1,911,059, which is \$12/acre foot of prescriptive pumping rights. She further discussed the agency's interest income, which has increased significantly in recent years. She noted that previously, annual interest income ranged between \$24,000 and \$48,000, but recent gains have helped offset assessment costs. She stated that these additional funds have been allocated to reserves, strengthening the agency's financial position. The committee acknowledged that the projected reserve balance of approximately \$4.4 million exceeds the goal of 75% for maintaining reserves. Mr. Michalko commended staff for their efforts and strong financial management in maintaining reserve stability.

Ms. Saenz explained that possible future uncertainties regarding obtaining more federal restoration funds could impact financial planning. She stated that if funding is not received in the coming years, reserve funds may need to be utilized resulting in reduced interest earnings. The committee discussed bringing the reserve policy back to the committee to change the reserve goal range 50% -75% to 100% - 125%.

***Discussion Regarding
Administrative Procedure No. 42,
Fees for the Pursuit of, and the
Obtaining and Securing of
Funding***

Mr. Schoellerman reported that at February's committee meeting staff provided an overview of WQA's Administrative Procedure No. 42 along with some analysis of how the policy could be implemented. He indicated that staff is now providing the committee with additional information regarding the policy's implementation and how it may impact future WQA budgets. He noted that Procedure No. 42, which was approved by the Board on April 21, 2021, establishes a fee for services to support WQA's efforts in pursuing, obtaining, and securing all varieties of funding on behalf of producers. He indicated that although the procedure allows for the fee to be a sum of not more than 5% on the total amount of funding received by each producer in a calendar year, staff was recommending a 3% fee to be used going forward. He also noted that staff was recommending to waive the fees for all 2024 funding and fees would be collected for funding received in 2025 and beyond.

The committee expressed concerns about how the policy might be implemented and recommended that staff only include unreimbursed costs WQA incurred after the adoption of the policy in 2021 when considering the fee. The committee also indicated that any costs attributed to general funding acquisition efforts, such as water bonds, be regular assessment costs shared by all prescriptive pumping rights holders. Furthermore, the committee preferred to have a written agreement in place prior to the collection of any fees and an overall cap on fees per project.

Ms. Saenz reviewed the projected assessments reserves for the next 5 years showing both with fees collected and no fees collected. The committee recognized that WQA is currently in a healthy financial position whether or not fees are collected going forward.

Mr. Schoellerman commented that staff would continue to review this item and bring it back to the committee for more discussion.

**EXECUTIVE DIRECTOR'S
REPORT**

Mr. Schoellerman explained that he attended the California Groundwater Coalition (CGC) Lobby Day in Sacramento, which was productive. He informed the committee that they conducted 14 visits with various legislators to discuss bills moving through the legislature. He stated the event provided an opportunity for representatives from across the state to engage with legislators and advocate for groundwater-related initiatives.

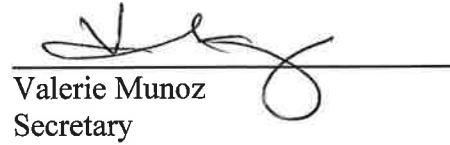
Mr. Schoellerman mentioned recent positive developments with the Department of Toxic Substances Control negotiations progressing in a positive direction. He stated that while the situation remains fluid, there is optimism that matters will move forward without requiring elevated action.

Mr. Schoellerman reported on the upcoming trip to Washington, D.C., scheduled for March 31st. He informed the committee that Lynda Noriega and Robert Gonzales will be accompanying him.

ADJOURNMENT

Ms. Noriega asked if there were any other items of business to come before the committee. There being none, the meeting was adjourned.


Lynda Noriega
Chairwoman


Valerie Munoz
Secretary