

**SAN GABRIEL BASIN WATER QUALITY AUTHORITY
ADMINISTRATIVE/FINANCE COMMITTEE
JANUARY 14, 2026 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)]**

Robert DiPrimio

**COMMITTEE MEMBERS
PRESENT**

Lynda Noriega and Mark Paulson.

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; Stephanie Moreno, Director of Communications; Mary Saenz, Director of Finance; Maritza Cardenas, Director of Finance; Jackie Montgomery, Accounting Specialist; Pearl Escobar, Project Resource Specialist; Michelle Sanchez, Senior Administrative Assistant/Office Coordinator

**MEMBERS OF THE PUBLIC
PRESENT**

Lenet Pacheco, Valley County Water District; Bruce Knoles, San Gabriel Valley Municipal Water District; Chris Lancaster, Civic Publications

**MEMBERS OF THE PUBLIC
ONLINE**

None.

PUBLIC COMMENT

None.

***Discussion Regarding
Authorization to Extend the Cash
Management Services Agreements
with BMO Bank***

Ms. Saenz reported that Resolution 26-001 is being presented to the committee to extend the agreement with BMO Bank through December 2026 and commits BMO Bank to provide an ECR (earnings credit rate) of 0.60 basis points and maintains the bank's fees at the rates that were established back in 2013 with Bank of the West. She noted that this resolution authorizes Board Officers to enter into Treasury Management

Agreements with BMO Bank. She reminded the committee that the board had selected Bank of the West in September 2013 as WQA's bank and entered into a three-year contract with a two-year renewal option which expired in September 2018. She reported that in September 2018 the board approved extending the agreement for an additional three years through September 2021 and in return Bank of the West committed to keeping the current terms and fee structure in place and it increased the ECR to 0.60 from 0.45 basis points. She stated that although the extension expired September 2021, WQA was able to keep the banking relationship with all terms in place. She stated that this resolution of commitment is for an additional 12-month term in order to maintain the 0.60 basis points and fee structure. She reported on the importance of the 0.60 basis points which offsets our bank fees so that WQA pays zero bank fees.

After some discussion, the committee recommended that the resolution go to the full Board for approval.

***Discussion Regarding Interim
Budget and Assessment Reserve
Review for FY 25/26***

Ms. Saenz opened the discussion by outlining the purpose of the review, emphasizing that the six-month review aligns with the WQA policy, to analyze the budget, compare projections with actuals and provide a five-year outlook on reserves and expenses.

Ms. Saenz presented a detailed analysis of the designated assessment reserves, guided by Procedure 41, which outlines policies for designated and restricted reserves. Ms. Saenz explained that designated reserves, also known as operating reserves, cover operational costs without alternative funding sources. She explained the policy mandates maintaining reserves equivalent to a full year (100%) of operating expenses, and budgeted expenses, which the Board approved in April 2025. She reviewed the summary of the budget that was approved in May 2025 for FY25/26 which included budgeted costs funded by the WQA assessment of \$1.9 million. She stated that the initial assessment reserve balance of \$3.4 million, combined with collections and increased assessment use, resulted in reserves of \$3.8 million for FY24/25. This was an increase of approximately \$433,437 over the initial projection from May of \$3.4 million. Ms. Saenz presented updated projected reserves for FY25/26, detailing that the use of assessments decreased due to higher-than-expected interest income and indicated a projected reserve balance of \$4.2 million.

Ms. Saenz presented three different assessment scenarios for the next 5 years. Scenario A maintains a \$12/acre-foot assessment rate for five years resulting in a projected reserve balance of \$2.4 million by 2030–2031. Scenario B would incrementally increase the assessment by \$0.50 per year starting in 2027–2028 and would yield a reserve balance of

\$3.3 million by 2030–2031. Scenario D would increase the assessment to a \$14/acre-foot in 2029–2030 resulting in a reserve balance of approximately \$3.2 million by 2030–2031. Ms. Saenz noted that assumptions about interest rates significantly impact these projections, as future income from interest may decline with expected rate adjustments.

The committee noted that reserves at the conclusion of the current fiscal year are projected to be \$4,082,275, which is nearly twice the minimum required amount stated in WQA’s policy. There was a discussion of possibly reducing the assessment in the short term to lower the reserves. However, it was determined that increases would be necessary soon thereafter to maintain the minimum reserve level since the use of assessments are projected to be outpacing collections over the next several years.

After some further discussion by the committee, Ms. Saenz concluded that the current \$12/acre-foot assessment rate aligns with the board’s goals and objectives. The committee agreed that no immediate adjustments were necessary and expressed their appreciation for the thorough analysis presented.

**EXECUTIVE DIRECTOR’S
REPORT**

Mr. Schoellerman reported that the original FY26 San Gabriel Basin Restoration Fund (Fund) funding request was reduced from \$10 million to \$3.2 million during budget negotiations. He noted that a trip to Washington, D.C. is being scheduled for the first week of February, and that he and Ms. Noriega will attend. The purpose of the trip will be to request \$10 million FY 2027, and seek amendments to the Fund’s authorization language.

He introduced Martiza Cardenas to the committee, noting that she will serve as the new Director of Finance succeeding Mary Saenz, who is retiring in February.

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