

**AN ADJOURNED REGULAR MEETING  
OF THE  
SAN GABRIEL BASIN WATER QUALITY AUTHORITY  
MAY 4, 2010 at 9:30 A.M.**

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**CALL TO ORDER** The Chairman 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** Greg Nordbak, Mike Whitehead, Margaret Clark, Ed Chavez, and Bob Kuhn

**BOARD MEMBERS ABSENT** Jim Byerrum and Carol Montano

**STAFF MEMBERS PRESENT** Grace Kast, Executive Director; Randy Schoellerman, Assistant Executive Director/Senior Engineer; Stephanie Moreno, IS/Administrative Assistant; Mary Saenz, Director of Finance; Dan Colby, Project Resource Manager; Art Kidman, General Counsel; Gabriel Monares, Director of Resource Development; Michelle Sanchez, Accounting/Administrative Assistant.

**MEMBERS OF THE PUBLIC PRESENT** Dan Horan, Three Valleys MWD; Tom Lindros, BPOU CR's, Chris Arriola, City of Monterey Park; Kyle Snay, Golden State Water Company; Steve Sherman, Covina Irrigating Company

**ITEMS TOO LATE TO BE AGENDIZED** None.

**PUBLIC COMMENT** None.

**ACTION ITEMS**

***Discussion/Action Regarding Budget for Fiscal year 2010/2011*** Mr. Nordbak asked if anyone had any comments on the draft budget.

Mr. Kuhn commented that he noticed when reviewing the budget and where all the money is coming from that the state of California was conspicuously absent from the contributions.

Mr. Whitehead concurred with the comments made by Mr. Kuhn and added that he was aware that there was some activity to remedy that issue with possible bond money which is not reflected in the budget and for that reason he has grave reservations regarding this budget. He indicated that there are many unanswered questions in the budget and he could not conclude that the numbers in the budget are justifiable.

Mr. Kuhn commented that he was comfortable with adopting the budget but had some concerns with the assessment.

Ms. Clark expressed her concerns with the idea that WQA could budget for funds that it doesn't yet have.

Ms. Kast reported that staff, at the Board request, did go back and review the recipients of the WQA Federal funding (FFPA) awards to see how viable those projects were and noted that there were about three projects that did not reflect full funding. She reminded everyone that through the FFPA process, WQA requires that the award recipient is committed to being able to fully fund the project, and this process is just a reimbursement.

Mr. Chavez entered the meeting.

Mr. Nordbak asked Ms. Kast how much money the WQA had received from the State of California.

Ms. Kast responded that WQA had received \$1.4M from the cleanup and abatement fund for the Bozung project.

Ms. Clark asked for clarification from Mr. Whitehead regarding his issue with the state funding and if it isn't here, how can we put it in a budget.

Mr. Whitehead responded by saying that his concern was that if the funding level under the Restoration Fund was so low because we are not receiving as much money as we had hoped, are we sure that these projects will actually be built? He also noted that the Board learned for the first time at the last Board meeting that \$10M of state bond money through Prop. 84 was not applied for even though WQA submitted written notice of intent to apply for those funds which is a significant amount of money that was worthy of pursuing. He stated that our role here is to maximize the amount of outside funding so that the rate payers in this valley are not burdened by the costs for the cleanup.

Ms. Clark noted that we didn't apply for that Prop. 84 funding because the Department of Public Health changed the rules about California Environmental Quality Act (CEQA). She asked if we were advocating going ahead and applying and seeing what we could do to change the rules after the fact. She noted that she was very bothered by that.

Mr. Kuhn commented that after his meeting with DPH he felt that they recognized that the CEQA requirements caused a problem and they indicated that they would look at the issue.

Ms. Kast concurred with Mr. Kuhn's comments and indicated that the meeting went very well.

Ms. Kast wanted to clarify an issue regarding the Prop 84 applications and stated that the Board was indeed notified by her that WQA was unable to apply for the Prop. 84 funds at prior Board meetings and committee meetings. She also noted that there was a big difference between the state funding and the federal funding and that the state funding does not name WQA. So anyone can apply for that state funding without the assistance of WQA. She indicated that we had a variety of applicants; three of them were PRP groups which lacked the funding to move forward. She noted that in every case WQA followed up and was told that they could not get the CEQA done because of either lead agency issues, discharge issues or not having enough funding to get the CEQA done due to zoning issues. She also noted that there was one public agency that told WQA not to give them anymore money because they felt that the PRPs should be paying for it. She state that staff did the best that they could and could not accept that the Board feels they were not notified.

Ms. Clark asked for clarification regarding making changes to the budget.

Mr. Kidman reported that the budget can be adopted and must be adopted by the majority of the Board which is four votes, and one vote must come from one of the Water District Members, one from the Producer Members and one from the City Members. He also noted that today the Board would be setting the hearing date and time for an assessment hearing to allow for 90 days of notice, and would not be adopting the assessment today. He noted that if the assessment does not change then the notice period could be reduced to 45 days. If the Board decided to change the assessment after setting a hearing date, then the hearing would have to be postponed and would have to start the notice process over.

Ms. Kast commented that maybe the Board should consider re-opening the discussion regarding the FFPA to address some of these concerns raised by Mr. Whitehead.

Ms. Clark asked Mr. Whitehead to clarify his concerns that he had with the amount of funding that was provided to the Covina Irrigating Project.

Mr. Whitehead responded by saying that even though our federal funding authorizes us to make a grant of up to 65% matching funds, we are spreading the funds much thinner which makes for the grants to be much less of what our authority permits us to do. He noted that there was \$10M of available funds and that is what WQA was created to do was to go out and get that kind of funding so that the water producers would not be out on their own. He questioned if the agency was fulfilling its mandated mission.

Mr. Kuhn commented that he felt that WQA was doing what they were set out to do and that WQA encourages the agencies with

minimal amounts of money to be creative with ways to obtain funding to keep the projects alive.

*Adoption of Budget*

After detailed discussion, Mr. Kuhn moved to adopt the budget as presented. Ms. Montano seconded the motion and it failed adoption by the following voice vote:

YES: NORDBAK, CHAVEZ, MONTANO, CLARK, KUHN

NO: WHITEHEAD

Mr. Kidman indicated that the budget did not pass due to not having at least one "yes" vote from a producer member.

Mr. Kuhn requested that we have another meeting to resolve the budget issues and requested more information on the assessment.

The Board decided to hold a special meeting on May 11, 2010 at 12:00 P.M.

***Discussion/Action  
Regarding Assessment  
for Fiscal Year  
2010/2011***

Mr. Nordbak asked if the Board would like to defer this item as well.

Mr. Kuhn requested information regarding the assessment and what the alternative is if the Bond passes or not, does it have any significance whatsoever.

Ms. Kast indicated that regardless of whether or not the Bond passes or the WQA gets State funding it will not change the assessment.

Mr. Kidman noted the Board needed to adopt a budget first in order to move forward with the assessment.

After general discussion the Board decided to defer the assessment discussion to the meeting scheduled for May 11, 2010.

*Adoption of Resolution  
No. 10-001*

Deferred to May 11, 2010.

*Adoption of Resolution  
No. 10-002*

Deferred to May 11, 2010.

**EXECUTIVE  
DIRECTOR'S  
REPORT**

Ms. Kast reported that she had an excellent meeting with DPH in Sacramento and thanked Mr. Kuhn for attending.

**FUTURE  
BOARD/COMMITTEE  
MEETINGS**

The Administrative/Finance Committee meeting scheduled for Tuesday, May 11, 2010 at 12:00 P.M was cancelled

The Engineering Committee meeting scheduled for Tuesday, May 11, 2010 at 1:00 P.M was cancelled.

A Special WQA Board Meeting was scheduled for Tuesday, May 11, 2010 at 12:00 P.M.

The Legislative/Public Information Committee meeting was scheduled for Wednesday, May 12, 2010 at 10:00 A.M.

The WQA Board Meeting was scheduled for Monday, May 17, 2010 at 9:30 A.M.

**BOARD MEMBERS'  
COMMENTS/  
REPORTS**

Mr. Whitehead commented that he was not in favor of adopting the budget now because of many questions that were raised. He noted that a lot of hard work went into the budget and the FFPA but there was a question of confidence about whether or not the WQA was fulfilling its mission that it was created to do.

Mr. Kuhn commented on a letter that Mr. Monares received from Assemblyman Hernandez and four other caucus members. He stated that he took personal offense to it and he wanted to let Assemblyman Hernandez know that he takes offense to it. He also commented that Mr. Monares has done a great job but has not done anything alone and that there were other agencies involved in the progress that has been made in the valley. He also noted that the letter should have been addressed to the WQA Board if they wanted someone to recognize that he was doing an outstanding job. He stated that he was going to discuss it with both Assemblyman Hernandez and Assemblyman Eng when he meets with them the following week.

Ms. Montano thanked Ms. Kast for the additional information that was provided regarding the FFPA funding.

Ms. Clark commented that if the state has contributed as much money as the federal government has over the years as she understands that they have a leg to stand on and is extremely offended that it is perceived that WQA has dropped the ball by not applying for the Prop 84 funds.

Mr. Chavez agreed with many of the comments that were made by the other members of the Board.

Mr. Nordbak commented that he has become disillusioned as to what has been going on with the WQA. He disagrees with Mr. Whitehead's comments questioning whether WQA is fulfilling its mission. He is disappointed that things have become so political to the point that he has considered resigning from the Board. He feels that he could not sit around and watch this agency fall apart after all of the good work it has done over the years.

**CLOSED SESSION**

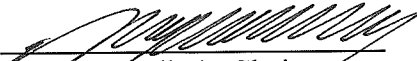
A closed session was held.

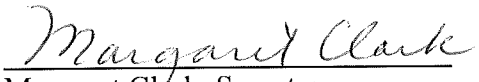
**RECONVENE OPEN  
SESSION**

Mr. Nordbak reported that there was no reportable action. He noted that an additional item under closed session would be added to the next meeting regarding the Executive Director's contract.

**ADJOURNMENT**

The Chairman asked if there were any other items of business to come before the Board. There being none, this regular Board meeting was adjourned to May 11, 2010 at 9:30 A.M.

  
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J. Greg Nordbak, Chairman

  
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Margaret Clark, Secretary