



**Southeast
Water Coalition**

A joint powers authority to protect the Central Groundwater Basin

AGENDA
SOUTHEAST WATER COALITION
REGULAR MEETING OF THE ADMINISTRATIVE ENTITY
WEDNESDAY, JULY 15, 2026 12:30 p.m.

**Cerritos Sheriff Station
EOC Conference Room
18135 Bloomfield Avenue
Cerritos, California 90703**

- 1. ROLL CALL**
- 2. PUBLIC COMMENTS**
- 3. CONSENT CALENDAR**
 - a. SOUTHEAST WATER COALITION ADMINISTRATIVE ENTITY MINUTES OF MAY 21, 2026 REGULAR MEETING**
Recommendation: Approve minutes as submitted.
- 4. DISCUSSION/ACTION REGARDING SEWC FY 2025-26 AUDIT UPDATE**

Jose Arroyo, AE Member, City of Cerritos
Recommendation: Discuss the presented SEWC FY 2025-26 Financial Audit before presenting it at the August Board Meeting.
- 5. DISCUSSION/ACTION REGARDING SUPPORT LETTERS FOR GRANT FUNDING**

Jacque Koontz, AE Member, City of Norwalk
Recommendation: Review draft funding application support letters and consider Administrative Entity approval to submit the letters to the City of Norwalk on behalf of the Southeast Water Coalition.
- 6. DISCUSSION/ACTION REGARDING SEWC WEBSITE UPDATE**

Jose Arroyo, AE Member, City of Cerritos
Recommendation: Review the new SEWC Website and provide comments.
- 7. GENERAL LEGISLATIVE UPDATE**

Jose Arroyo, AE Member, City of Cerritos
Recommendation: Receive a general legislative update for relevant bills.



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8. DISCUSSION REGARDING ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) UPDATES

Jose Arroyo, AE Member, City of Cerritos

Recommendation: Receive a general update regarding ACWA related items and upcoming events.

9. AUGUST 6, 2026 BOARD OF DIRECTORS AGENDA

Jose Arroyo, AE Member, City of Cerritos

Recommendation: Discuss the Southeast Water Coalition Board of Directors Agenda for August 6, 2026.

10. WRITTEN COMMUNICATIONS

11. ADMINISTRATIVE ENTITY MEMBER COMMENTS

On July 10, 2026, the foregoing agenda was posted in accordance with the applicable legal requirements. Regular and Adjourned Regular meeting agendas may be amended up to 72 hours and Special meeting agendas may be amended up to 24 hours in advance of the meeting.

Disability-related services are available to enable persons with a disability to participate in this meeting, consistent with the Federal Americans with Disabilities Act of 1990. Please contact the City of Cerritos Administrative Services Department at least 72 hours in advance of the meeting at (562) 916-1314 or at dschneider@cerritos.gov.

The next meeting of the Southeast Water Coalition Administrative Entity will be on Wednesday, September 16, 2026, 12:30 p.m., at Cerritos Sheriff Station, EOC Conference Room, 18135 Bloomfield Avenue, Cerritos, California 90703.



**Southeast
Water Coalition**

A joint powers authority to protect the Central Groundwater Basin

**MINUTES OF THE SOUTHEAST WATER COALITION
JOINT POWERS AUTHORITY
REGULAR MEETING OF THE ADMINISTRATIVE ENTITY**

**THURSDAY, MAY 21, 2026
12:00 NOON**

The Regular Meeting of the Southeast Water Coalition (SEWC) Joint Powers Authority Administrative Entity (AE) was held on Thursday, May 21, 2026 at the Norwalk Arts & Sports Complex, Hargitt Room, 13000 Clarkdale Avenue, Norwalk, CA 90650. The meeting was called to order at 12:02 p.m. by Norwalk Staff member, Fabian Lucarelli. At the time the meeting was called to order, a quorum of members was present.

Ms. Madeline Gallagher took attendance, and the following AE members were present:

ITEM 1 - ROLL CALL

Chris Kuebert	City of Cerritos
Dan Mueller	City of Downey
Derek Nguyen	City of Lakewood
Michelle Tse	City of Paramount
Joanna Moreno	City of Vernon
Ray Cordero	City of Whittier

STAFF AND GUESTS ON SIGN-IN SHEET:

Natalie Kalbakian	Richards Watson & Gershon
Andrew Lujan	City of Whittier
Fabian Lucarelli	City of Norwalk (Staff)
Marco Ramirez	City of Norwalk (Staff)
Patricia Santana	City of Norwalk (Staff)
Madeline Gallagher	SEWC Staff
Olivia Turner	SEWC Staff

ITEM 2 – PUBLIC COMMENT

None.

ITEM 3 - CONSENT CALENDAR

A motion to approve the Consent Calendar was made by Mr. Mueller and seconded by Mr. Kuebert. The motion passed by the following voice vote:

AYES: Kuebert, Mueller, Nguyen, Tse, Cordero.

NOES: None.

ABSTAIN: Moreno.

ITEM 4 – DISCUSSION/ACTION REGARDING DRAFT SEWC BUDGET

Mr. Lucarelli introduced the draft SEWC Fiscal Year 2026-27 Budget and reviewed the anticipated ending fund balance, expenditures, and key line items, including the standalone website and financial services. He noted that anticipated member dues would remain at \$6,500 and that no substantive changes were proposed. Mr. Lucarelli also drew attention to the Board compensation line and requested feedback from AE members.

During this discussion, Mr. Nguyen raised a question regarding the carryover balance, noting an apparent discrepancy of approximately \$70,000 between the anticipated carryover and the amount reflected in the proposed budget. Members discussed that because expenditures had not increased, the carryover balance should remain consistent or leave a larger balance remaining, and Staff agreed to confirm the figure. Members requested three edits to the draft budget: (1) confirm the budgeted amount for meals; (2) add an asterisk to the board meeting compensation line clarifying that compensation is budgeted for one voting member per city per meeting; and (3) confirm the carryover balance.

Mr. Cordero moved to approve the following recommendation:

- a. Make recommended edits to the draft SEWC FY 2026-27 Budget and take final version to the June Board Meeting for adoption.

The motion was seconded by Ms. Moreno and was approved by the following voice vote:

AYES: Kuebert, Mueller, Nguyen, Tse, Moreno, Cordero.

NOES: None.

ABSTAIN: None.

ITEM 5 – DISCUSSION/ACTION REGARDING NEW ADMINISTRATIVE ENTITY (AE)
MEETING DATE AND TIME

Mr. Lucarelli provided context regarding the need to update the AE meeting date and time and presented the results of the member survey. He noted that the change would be implemented via resolution and would help address occasional scheduling conflicts from the lead agency. The overall consensus among members was to approve the results of the poll.

Following general discussion, Ms. Moreno moved to approve the following recommendation:

- a. Confirm the new AE Meeting date and time and take it to the June Board Meeting for formal approval.

The motion was seconded by Ms. Tse and was approved by the following voice vote:

AYES: Kuebert, Mueller, Nguyen, Tse, Moreno, Cordero.

NOES: None.

ABSTAIN: None.

ITEM 6 – DISCUSSION/ACTION REGARDING UPDATES TO LEAD AGENCY
RESPONSIBILITIES

Mr. Lucarelli provided context regarding the proposal to procure a standalone SEWC website. Staff obtained two quotes from recommended vendors and discussed both options. AE Members asked Staff to confirm the contract commitment terms, including whether the agreement could be terminated after one year and whether an escalator clause would apply. Staff confirmed that historic agendas would be preserved on the new website. AE Members agreed that the website should be presented as a standalone item at the Board meeting, along with the two quotes and allow the Board to decide whether to move forward.

Mr. Mueller moved to approve the following recommendation:

- a. Proceed with procuring a standalone SEWC website and bring the item, along with the vendor quotes, to the Board for consideration and direction.

The motion was seconded by Mr. Nguyen and was approved by the following voice vote:

AYES: Kuebert, Mueller, Nguyen, Tse, Moreno, Cordero.

NOES: None.

ABSTAIN: None.

Members then discussed the proposals regarding paid staff time and support for the management of accounting, finances, and audit coordination. The City of Norwalk Staff noted that approximately 478 hours had been devoted to SEWC over the last two years, or approximately 528 hours including finance-related work, representing an estimated hourly cost of \$63,420, which impacts the overall budget.

Some AE members expressed hesitation about paying additional compensation for staff time, noting that the lead agency role has traditionally been performed without such compensation. Others were not opposed, as long as members were informed based on the estimated hours and time allocated to serving as Chair.

As an alternative, AE members discussed whether the lead agency could be exempt from paying membership dues, or receive a discount, in lieu of additional compensation. AE Members discussed that if the lead agency did not pay dues, the remaining member cities might need to increase their contributions, and agreed this option should be placed before the budget discussion and brought back to a future meeting. It was noted that this was not a permanent decision, but rather, a recommendation to the Board.

Mr. Mueller moved to approve the following recommendation:

- a. Bring to the Board the option of providing support for the management of accounting, finances, and audit coordination in lieu of, or in addition to, adjusting lead agency membership dues.

The motion was seconded by Mr. Nguyen and was approved by the following voice vote:

AYES: Kuebert, Mueller, Nguyen, Tse, Moreno, Cordero.

NOES: None.

ABSTAIN: None.

ITEM 7 – DISCUSSION/ACTION REGARDING SOUTHEAST WATER COALITION FORMAL POLICIES

Mr. Lucarelli provided context regarding the draft formal policies, specifically a Reserve Policy and a Lead Agency Transition Policy. Members discussed that it would be preferable to bring these policies back to a later AE meeting for further review, and that the reserve level should be based on what is a healthy and

appropriate amount for the agency, with a clear rationale for the figures selected, including what is the appropriate reserve target.

For the Transition Policy, members discussed including the history of the transition process and the reasons for the approach taken, noting that the framework was approved shortly before the City of Commerce served as lead agency. However, it was also discussed that this document is more of a helpful guide, rather than a formal policy.

AE Members agreed to have the Reserve Policy addressed at a later meeting so they could be incorporated into the budget within the coming year.

After general discussion, members directed Staff to continue developing the draft formal policies, such as a Reserve Policy and/or a Lead Agency Transition Policy.

ITEM 8 – GENERAL LEGISLATIVE UPDATE

Mr. Lucarelli turned the discussion over to Ms. Natalie Kalbakian of Richards Watson & Gershon, who provided a brief overview of two bills. She noted that SB 454, which would have established PFAS mitigation requirements, was vetoed by the Governor, and that the veto was sustained in May 2026 due to insufficient votes. A similar bill amending a different part of the code, SB 1313, a remediation bill, has been stalled; since March, the bill was amended, referred, and placed in a suspense file, which typically occurs when there are budget concerns. As of May 14, 2026, the bill remained stalled but may be taken up in the future.

Ms. Kalbakian also provided an update on the proposed EPA PFAS rescission rule. The EPA announced proposed rules that would provide an extension to 2031 for compliance with enforceable levels under the National Primary Drinking Water Regulation, for which member agencies may need to apply. The proposed rules would also rescind previously adopted regulations for certain PFAS constituents, potentially excluding PFOA and PFOS, and address the procedures under which those regulations were adopted. Public comments on the proposed rules will be accepted, with a meeting scheduled for July 7, 2026.

ITEM 9 – DISCUSSION REGARDING ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) UPDATES

Staff noted that ACWA emails are being confirmed and that additional updates would follow.

ITEM 10 – JUNE 4, 2026 BOARD OF DIRECTORS AGENDA

Mr. Lucarelli opened up a discussion to confirm which items should be on the next Board Agenda, and the following items were discussed:

1. 26/27 Budget

-
2. WRD Fiscal Year 26/27 Budget Update
 3. Website Item
 4. Reduced/No Dues for Lead Agency
 5. New AE Meeting Date and Time
 6. General Legislative Update
 7. ACWA Update

ITEM 11 – WRITTEN COMMUNICATIONS

None.

ITEM 12 - ADMINISTRATIVE ENTITY MEMBER COMMENTS

None.

ITEM 13 - ADJOURNMENT

The meeting adjourned at 1:23 p.m.

The next regular Southeast Water Coalition Administrative Entity Meeting will be held on July 15, 2026 at 12:00 p.m. at the Cerritos Sheriff Station, EOC Conference Room, 18135 Bloomfield Avenue, Cerritos, California 90703.

Chair

Date



**SOUTHEAST WATER COALITION
JOINT POWERS AUTHORITY
AGENDA REPORT**

Date: July 15, 2026
To: Southeast Water Coalition Administrative Entity
From: Jose Arroyo, AE Member, City of Cerritos
Jacqueline Koontz, AE Member, City of Norwalk

Subject: DISCUSSION/ACTION REGARDING ANNUAL FINANCIAL AUDIT REPORT

Discussion:

Price Paige has performed an audit, in accordance with the auditing standards accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Controller General of the United States. The draft audit of financial statements of Southeast Water Coalition (SEWC) for the fiscal year (FY) ending June 30, 2025, was submitted to the City of Norwalk on July 2, 2026.

The Price and Paige draft audit report of the SEWC financial statements for FY 2024/25 concludes that:

- No deficiencies were identified with internal financial control measures.
- Results of audit compliance testing disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Revisions to the attached draft financial audit report are anticipated to be minor in nature.

Recommendation: Review and discuss the Draft Annual Financial Audit Report of the Southeast Water Coalition financial statements for Fiscal Year 2024/25.

Attachments:

1. Draft Financial Audit Report for FY 2024/25

Southeast Water Coalition | Norwalk, CA

Financial Statements

For the Year Ended June 30, 2025

DRAFT

TABLE OF CONTENTS

	PAGE
Independent Auditor’s Report	1
Basic Financial Statements:	
Statement of Net Position	4
Statement of Revenues, Expenses and Change in Net Position	5
Statement of Cash Flows.....	6
Notes to the Basic Financial Statements	8
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	10

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Southeast Water Coalition
c/o City of Norwalk
Norwalk, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Southeast Water Coalition (the Coalition), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Coalition's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Coalition, as of June 30, 2025, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Coalition and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Coalition's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Coalition's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Coalition's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May XX, 2026, on our consideration of the Coalition's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Coalition's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Coalition's internal control over financial reporting and compliance.

Firm's Signature

Clovis, California

May XX, 2026

BASIC FINANCIAL STATEMENTS

SOUTHEAST WATER COALITION | JUNE 30, 2025Statement of Net Position

ASSETS

Cash	\$ 208,218
Accounts receivable	439
Due from other funds	<u>660</u>

Total assets	<u>209,317</u>
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LIABILITIES

Accounts payable	<u>17,488</u>
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Total liabilities	<u>17,488</u>
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NET POSITION

Unrestricted	<u>191,829</u>
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Total net position	<u>\$ 191,829</u>
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The notes to the basic financial statements are an integral part of this statement.

SOUTHEAST WATER COALITION | FOR THE YEAR ENDED JUNE 30, 2025

Statement of Revenues, Expenses and Change in Net Position

Operating revenues:	
Member contributions	\$ 60,500
Total operating revenues	<u>60,500</u>
Operating expenses:	
Contract services	71,520
Professional services	6,800
Meeting expense	<u>4,787</u>
Total operating expenses	<u>83,107</u>
Operating income (loss)	<u>(22,607)</u>
Nonoperating revenues (expenses):	
Investment income	<u>4,394</u>
Total nonoperating revenues (expenses)	<u>4,394</u>
Change in net position	(18,213)
Net position - beginning	<u>210,042</u>
Net position - ending	<u>\$ 191,829</u>

The notes to the basic financial statements are an integral part of this statement.

SOUTHEAST WATER COALITION | FOR THE YEAR ENDED JUNE 30, 2025

Statement of Cash Flows

CASH FLOWS FROM OPERATING ACTIVITIES

Cash receipts from member agencies	\$ 74,401
Cash paid to vendors and suppliers for materials and services	<u>(71,399)</u>
Net cash provided by (used for) operating activities	<u>3,002</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>4,394</u>
Net cash provided by (used for) investing activities	<u>4,394</u>
Increase (decrease) in cash	7,396
Cash - beginning	<u>200,822</u>
Cash - ending	<u>\$ 208,218</u>

**Reconciliation of net operating income (loss) to net cash provided
by (used for) operating activities:**

Net operating income (loss)	\$ (22,607)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Change in other receivables	13,901
Change in accounts payable	<u>11,708</u>
Net cash provided by (used for) operating activities	<u>\$ 3,002</u>

The notes to the basic financial statements are an integral part of this statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 – FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

On July 1, 1991, certain public agencies entered into a joint powers agreement to form the Southeast Water Coalition (the Coalition). Each member has one representative on the Policy Board and on the Administrative Entity. The purpose of the Coalition is to jointly exercise its powers for the purpose of improving the quality and quantity of potable water in the southeast area of Los Angeles County. The Coalition members are the cities of Downey, Whittier, Paramount, Pico Rivera, Lakewood, Norwalk, Commerce, Vernon, Cerritos, South Gate, and Santa Fe Springs.

It is the firm position of the Coalition that both the containment at Commerce Narrows and cleanup of the San Gabriel Basin are essential to the protection of the Central Basin. The containment program is the Coalition's primary short-term focus because the Commerce Narrows containment program serves primarily to protect the Central Basin.

In addition, the Coalition will work with communities and agencies in the San Gabriel Basin to expedite the cleanup of the San Gabriel Basin as a no less important, but longer term, focus. In addition, it is the goal of the Coalition to return the decision-making authority, both in terms of alternatives chosen and lead agency status with respect to the implementation of the containment program at Commerce Narrows and the cleanup of the San Gabriel Basin, to agencies at the local or state level while pursuing funds at the federal, state, and local levels.

B. Basis of Presentation

The financial statements of the Coalition are prepared in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is the acknowledged standard-setting body for establishing accounting and financial reporting standards followed by the governmental entities in the United States.

C. Basis of Accounting and Measurement Focus

The Coalition uses the proprietary fund type (Enterprise Fund) to account for its operations. The financial statements (i.e., the Statement of Net Position, the Statement of Revenues, Expenses and Change in Net Position, and Statement of Cash Flows) report information on all of the activities of the primary government. The Coalition accounts for its operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses) of providing goods or services on a continuing basis be financed or recovered primarily through member contributions.

The Coalition's financial statements are accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Change in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Coalition are member contributions. Operating expenses for the Coalition include the cost of contract and professional services, policy board compensation, meeting and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Cash

For purposes of the Statements of Cash Flows, the Coalition considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

NOTE 1 – FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Use of Estimates

The preparation of the basic financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. Net Position

Net position is reported in three categories as follows:

Net Investment in capital assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvements of the assets.

Restricted – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted – This amount is all net position that does not meet the definition of “net investments in capital assets” or “restricted net position”.

When an expense is incurred for a purpose for which both restricted and unrestricted net position are available, it is the Coalition's practice to apply restricted net position first.

NOTE 2 – CASH

The Coalition's cash was maintained in a deposit and investment pool managed by the City of Norwalk during the year ended June 30, 2025. This pool is governed by and under the regulatory oversight of the investment policy adopted by the City Council of the City. The Coalition has not adopted a deposit and investment policy separate from that of the City of Norwalk.

Information regarding the City of Norwalk's deposit and investment pool, including interest rate, credit, and custodial credit risks, can be found in the City of Norwalk's Basic Financial Statements for the year ended June 30, 2025, located at City Hall and on the City of Norwalk's website.

At June 30, 2025, the Coalition's cash balance was \$208,218.

NOTE 3 – COMMITMENTS AND CONTINGENCIES

A. Litigation

In the ordinary course of operations, the Coalition is subject to claims and litigation from outside parties. In the opinion of the Coalition's management, there is no pending litigation which is likely to have a material adverse effect on the financial position of the Coalition.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Southeast Water Coalition
c/o City of Norwalk
Norwalk, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Southeast Water Coalition (the Coalition), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Coalition's basic financial statements, and have issued our report thereon dated May XX, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Coalition's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Coalition's internal control. Accordingly, we do not express an opinion on the effectiveness of the Coalition's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Coalition's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Firm's Signature

Clovis, California

May XX, 2026

DRAFT



**SOUTHEAST WATER COALITION
JOINT POWERS AUTHORITY
AGENDA REPORT**

Date: July 15, 2026
To: Southeast Water Coalition Administrative Entity
From: Jacqueline Koontz, AE Member, City of Norwalk

**Subject: DISCUSSION/ACTION REGARDING CITY OF NORWALK'S REQUEST
FOR LETTERS OF SUPPORT FOR GRANT FUNDING**

Discussion:

The City of Norwalk (Norwalk) is a groundwater producer/pumper in the Central Groundwater Basin. Groundwater extracted from Norwalk's Well No. 10 has exhibited benzene concentrations exceeding California drinking water standards, necessitating implementation of a wellhead treatment system and upgrades to restore the well to beneficial use. Well No. 10 is Norwalk's largest groundwater well historically supplying 60-70% of customer demands.

Norwalk has completed a condition assessment and design to rehabilitate Well No. 10 and is working towards soliciting a contractor to perform the work. The Water Replenishment District (WRD) is working in partnership with local water agencies to address groundwater quality challenges, including the presence of volatile organic compounds (VOCs) such as benzene. Norwalk was awarded funding in the amount of \$2M via WRD's Safe Drinking Water Program for wellhead treatment. Norwalk is in need of approximately \$7M of additional funding to complete construction.

To offset costs, Norwalk is preparing applications to obtain grant funding assistance through the United States Bureau of Reclamation's WaterSMART Drought Response Program (USBR DRP) and the State Water Resources Control Board Drinking Water State Revolving Fund (DWSRF). DWSRF applications are accepted on a continuous basis; however, it is Norwalk's goal to submit as soon as possible to expedite the project. The deadline for USBR DRP applications is July 28, 2026, which is prior to the next Southeast Water Coalition (SEWC) Board Meeting scheduled for August 6, 2026.

In April of 2026, the SEWC Board approved a new policy and letter template to allow the Administrative Entity (AE) Members to write and send letters on behalf of the SEWC in special cases, and when deadlines do not allow sufficient time for prior approval at Board Meetings.

Agenda Item: 5

Including support letters is a requirement of both applications to be competitive. Due to the deadline of July 28, 2026, for USBR DRP applications, and the expedited nature of the DWSRF application; Norwalk is respectfully requesting support letters for both programs to increase the likelihood of obtaining grant funding.

The purpose of this agenda item is to consider Norwalk's request for support letters for grant funding applications and to utilize the policy to allow the AE to write and send letters on behalf of the SEWC.

Recommendation: Review draft funding application support letters and consider Administrative Entity approval to submit the letters to the City of Norwalk on behalf of the Southeast Water Coalition.

Attachments:

1. AE Expedited Correspondence Policy
2. Draft Support Letters for Grant Funding Applications

ADMINISTRATIVE ENTITY EXPEDITED CORRESPONDENCE POLICY

Approved Date: 04/02/2026

1. Purpose

The purpose of this policy is to establish a framework for the Administrative Entity (AE) to draft and send official correspondence on behalf of the Southeast Water Coalition (SEWC) when a deadline occurs before the next regularly scheduled Board meeting. The Southeast Water Coalition occasionally faces time-sensitive regulatory and legislative deadlines, such as public comment periods for health goals or water quality standards. This policy will help ensure that SEWC remains an active and influential voice in regional water policy.

2. Strategic Plan Alignment

All correspondence issued under this policy must directly support the SEWC Strategic Plan Goals, specifically:

- **Goal 1: Groundwater Protection** – SEWC will provide leadership and collaborate to protect and sustain the Central Basin groundwater supply of the SEWC region
- **Goal 2: Advocacy and Communications** – SEWC will track, develop, coordinate, and communicate input into water policy affecting the SEWC region
- **Goal 3: Funding** – SEWC will seek funding for water resource projects and programs benefiting the SEWC region

Additionally, any correspondence sent on behalf of SEWC should align with the following values to guide the internal and external interactions:

- **Integrity** - the quality of being honest and having strong moral principles
- **Open communication** – we will communicate in an unreserved and objective fashion
- **Collaboration** – we will work jointly to achieve the Coalition's goals
- **Public stewardship of resources** – we will carefully and prudently manage the resources that are entrusted to us
- **Transparency** – our Coalition activities will be visible and information/deliberations accessible

3. Scope of Authority

The AE is authorized to act without prior Board approval only when:

1. **Time Constraint:** A formal deadline (e.g., public comment period) expires before the next Board meeting.
2. **Consistency:** The position taken in the letter is consistent with established SEWC positions, previous Board-approved resolutions, or the Strategic Plan.
3. **Non-Binding:** The letter does not commit SEWC to unplanned financial expenditures or new legal obligations.

4. Process and Notification

To ensure transparency and uniformity, the AE shall follow these steps:

- **Drafting:** The AE will use the Standardized Correspondence Template to draft letters.
- **Review:** If there is sufficient time before a deadline, the draft must be reviewed and approved by a majority vote at the next AE Meeting. If the deadline does not provide sufficient time for the AE to review and approve a letter at a regular meeting, a draft can be given final review and approval in writing by at least three AE members, including the Chair or the Vice Chair.
- **Signature:** The letter must be signed by the Board Chair (or the Board Vice Chair in the Chair's absence) and sent prior to the deadline.
- **Notification:** A copy of the sent letter must be emailed to the full AE and Board of Directors within 48 hours of transmission.
- **Ratification:** The letter will be included as an informational item at the following Board meeting for formal record-keeping and discussion.

**ADMINISTRATIVE ENTITY
EXPEDITED CORRESPONDENCE DRAFT LETTER TEMPLATE**

7/15/2026

Mr. Darrin Polhemus
Deputy Director, Division of Drinking Water
California State Water Resources Control Board
1001 I Street
Sacramento, CA 95814

RE: Support for the City of Norwalk's Well No. 10 Treatment Project

Dear Mr. Polhemus,

On behalf of the Southeast Water Coalition (SEWC), we appreciate the opportunity to express our strong support for the City of Norwalk's (City) application for funding under the State Water Resources Control Board Drinking Water State Revolving Fund for wellhead treatment of groundwater produced from Well No. 10.

SEWC is a Joint Powers Authority with 11-member cities created in 1991 and serving over 600,000 residents. SEWC is dedicated to *ensuring a reliable, safe, and affordable water supply for our region*. Our strategic goals prioritize the protection of public health through scientifically sound and operationally feasible regulatory frameworks. One of our main goals is to seek funding for water resource projects and programs benefiting the SEWC region.

The City is one of our SEWC member agencies and a groundwater producer within the Central Groundwater Basin, relying on local wells to supply safe and reliable drinking water to its residents. Recently, groundwater extracted from Well No. 10 has exhibited benzene concentrations exceeding State drinking water standards, necessitating implementation of a wellhead treatment system to restore the well to beneficial use.

The proposed Project is fully consistent with SEWC's mission to protect and sustain the Central Basin groundwater supply and preserve high-quality groundwater resources. SEWC has long worked with our member agencies to address groundwater quality challenges, including the presence of volatile organic compounds (VOCs) such as

benzene. These efforts are focused on maintaining the long-term viability of groundwater supplies for potable use and supporting agencies like the City in meeting all applicable drinking water standards.

Support for this Project is particularly important in the context of regional drought resilience. The State Water Resources Control Board Drinking Water State Revolving Fund prioritizes projects within disadvantaged communities that enhance water supply reliability, improve infrastructure, and reduce vulnerability to drought. By treating contaminated groundwater and returning Well 10 to service, the City of Norwalk will increase its use of local supplies, reduce dependence on imported water, and strengthen its ability to withstand future drought conditions.

The SEWC strongly supports the City's efforts to implement treatment at Well No. 10 and views this project as a cost-effective and timely investment in the region's water infrastructure. The SEWC stands ready to continue collaborating with the City and other regional partners to protect groundwater quality and expand local, drought-resilient water supplies.

You can reach me at fyokoyama@cerritos.gov and/or (562) 860-0311, or you can reach our Administrative Entity Chair Chris Kuebert at ckuebert@cerritos.gov or (562) 916-1220, for any questions you may have. Thank you for the opportunity to express our support for this important project.

Sincerely,

Frank Yokoyama
Board Chair
Southeast Water Coalition

[List All Current Board Members and Respective Cities]

**ADMINISTRATIVE ENTITY
EXPEDITED CORRESPONDENCE DRAFT LETTER TEMPLATE**

7/15/2026

Ms. Shelbie Neff
Reclamation Drought Coordinator
Bureau of Reclamation
Mail Code: MP-400
2800 Cottage Way
Sacramento, CA 95825

RE: Support for the City of Norwalk's Well No. 10 Treatment Project

Dear Ms. Neff,

On behalf of the Southeast Water Coalition (SEWC), we appreciate the opportunity to express our strong support for the City of Norwalk's (City) application for funding under the Bureau of Reclamation's WaterSMART Drought Response Program for wellhead treatment of groundwater produced from Well No. 10.

SEWC is a Joint Powers Authority with 11-member cities created in 1991 and serving over 600,000 residents. SEWC is dedicated to *ensuring a reliable, safe, and affordable water supply for our region*. Our strategic goals prioritize the protection of public health through scientifically sound and operationally feasible regulatory frameworks. One of our main goals is to seek funding for water resource projects and programs benefiting the SEWC region.

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challenges, including the presence of volatile organic compounds (VOCs) such as benzene. These efforts are focused on maintaining the long-term viability of groundwater supplies for potable use and supporting agencies like the City in meeting all applicable drinking water standards.

Support for this Project is particularly important in the context of regional drought resilience. The Bureau of Reclamation's WaterSMART Drought Response Program prioritizes projects that enhance water supply reliability, improve infrastructure, and reduce vulnerability to drought. By treating contaminated groundwater and returning Well 10 to service, the City of Norwalk will increase its use of local supplies, reduce dependence on imported water, and strengthen its ability to withstand future drought conditions.

The SEWC strongly supports the City's efforts to implement treatment at Well No. 10 and views this project as a cost-effective and timely investment in the region's water infrastructure. The SEWC stands ready to continue collaborating with the City and other regional partners to protect groundwater quality and expand local, drought-resilient water supplies.

You can reach me at fyokoyama@cerritos.gov and/or (562) 860-0311, or you can reach our Administrative Entity Chair Chris Kuebert at ckuebert@cerritos.gov or (562) 916-1220, for any questions you may have. Thank you for the opportunity to express our support for this important project.

Sincerely,

Frank Yokoyama
Board Chair
Southeast Water Coalition

[List All Current Board Members and Respective Cities]



SOUTHEAST WATER COALITION JOINT POWERS AUTHORITY AGENDA REPORT

Date: July 15, 2026
To: Southeast Water Coalition Administrative Entity
From: Jose Arroyo, AE Member, City of Cerritos

**Subject: DISCUSSION/ACTION REGARDING SOUTHEAST WATER COALITION
WEBSITE**

Discussion:

During the March and May Administrative (AE) Meetings, the option of procuring a standalone Southeast Water Coalition (SEWC) website was raised. The purpose of this website would be to host all SEWC related information, agenda packets, and activities in one place. Additionally, it would support historical information by hosting everything on one website, rather than being on multiple websites based on which city was the lead agency at the time.

During the May AE Meeting, SEWC AE Members reviewed proposals from two recommended website designers, Streamline and Revize and decided to bring both proposals to the Board for a final decision and approval. During the June Board Meeting, the Board decided to proceed with working with Revize.

The purpose of this agenda item is to review the current draft website and provide feedback and comments so that it can be finalized before the August Board meeting.

Recommendation: Review the new SEWC Website and provide comments.



Nicholas R. Ghirelli

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E nghirelli@rwglaw.com

1 Civic Center Circle, PO Box 1059
Brea, California 92822-1059
rwglaw.com

MEMORANDUM

TO: Southeast Water Coalition's Administrative Entity

FROM: Nicholas R. Ghirelli
Natalie C. Kalbakian

DATE: July 15, 2026

SUBJECT: Legislative Update

Our office has been asked to provide an update on pending state bills and federal regulations relevant to the Southeast Water Coalition's mission to protect the quality and quantity of the regional water supply.

We previously discussed Assembly Bill 35 ("AB 35") (Proposition 4 Implementation Acceleration Act), which would exempt the development and adoption of regulations needed to effectuate or implement local assistance programs funded under the Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024,¹ from Administrative Procedure Act ("APA") requirements.² The bill would streamline the rulemaking process to prevent the stalling of grant programs of public agencies, non-profit organizations, special districts, joint powers authorities, tribes, public utilities, or mutual water companies. AB 35 also requires entities that receive competitive grant program funding to establish project solicitation and evaluation guidelines, publish and transmit these guidelines to the appropriate committees, hold a public meeting, and meet additional requirements. Since our latest update, the amended bill was sent to the Senate Floor by the Appropriations Committee without a public hearing,³ unanimously passed in the State Senate as a consent item, and ordered back to the State Assembly, which has since unanimously approved the Senate's amendments. As of July 2, 2026, the bill is currently being engrossed and enrolled (i.e. proofread and finalized) before it reaches the Governor. Since AB 35 was approved by a 2/3 supermajority, the bill will take immediate effect upon being signed by the Governor.

¹ Division 50 of the Public Resources Code (commencing with section 90000).

² The proposed bill would amend Public Resources Code section 90135.

³ As a procedural matter, the Appropriations Chair takes this action when the Chair determines that state costs associated with the bill are not significant. The June 11 bill analysis is available at the following link: file:///M:/202520260AB35_Assembly%20Floor%20Analysis.pdf.

Assembly Bill 1603 (“AB 1603”) addresses per-and polyfluoroalkyl substance (“PFAS”) pesticide contamination of produce, groundwater, drinking water, soil, and the environment. Among other changes, the bill classifies pesticides registered for agricultural use that contain PFAS pesticide ingredients (i.e. PFAS that are intentionally added to a pesticide as active, adjuvant, or inert ingredients) as a “PFAS-restricted material.” The bill would prohibit the Department of Pesticide Regulation from registering such pesticides containing PFAS unless an application for the pesticide was submitted before January 1, 2027. AB 1603 also imposes a disclosure requirement on the department for such materials. The proposed bill has been amended, and re-referred to the Assembly Agriculture Committee and recommended for approval by the Environmental Quality Committee as of June 24, 2026.

We are not aware of updates regarding Senate Bill 1313 (“SB 1313”). As previously noted, Senate Bill 454 (“SB 454”), which would have created the PFAS Mitigation Fund, was vetoed by the Governor, and the veto has since been sustained. The bill was subsequently reintroduced as SB 1313. SB 1313 would clarify that PFAS treatment funding is an eligible project through Safe Drinking Water State Revolving Fund programs, and ultimately expand access to financial assistance to address PFAS contamination in drinking water. In addition, the State Water Resources Control Board’s revisions of its policy handbook would not be subject to the rulemaking process under the APA. Again, progress on this bill has been halted since it has not moved out of the Committee to the Senate floor.

Lastly, on May 18, 2026, the EPA announced proposed rules to extend the perfluorooctanoic acid (“PFOA”) and perfluorooctane sulfonic acid (“PFOS”) compliance deadlines and rescind previously adopted regulatory determinations and regulations for perfluorohexane sulfonic acid (“PFHxS”), perfluorononanoic acid (“PFNA”), hexafluoropropylene oxide dimer acid (“HFPO-DA”), and Hazard Index Mixtures of these three PFAS and perfluorobutanesulfonic acid (“PFBS”). The first rule upholds the National Primary Drinking Water Regulations for PFOA and PFOS, while allowing eligible drinking water systems to request additional time until April 2031 to diagnose the severity of contamination, construct and test new controls, and comply with enforceable MCL limits.⁴ Eligible water systems must provide certain information to the EPA to receive the extension, including but not limited to, water system information (e.g. their system name, PWSID, system type, contact information, etc.), initial date of system operations, most recent PFOA and PFOS drinking water sample results, and a certified statement that the water system cannot comply by the current deadline due to economic or other compelling factors.⁵

On July 7, 2026, the EPA held a virtual public hearing regarding these proposed rules, and will continue to accept public comments until July 20, 2026.⁶

⁴ https://www.epa.gov/system/files/documents/2026-05/508_proposed-pfoa-and-pfos-extension-rule_faqsandsystems_final.pdf.

⁵ Additional requirements are listed under newly proposed 40 C.F.R. 142.58(b).

⁶ The public hearing agenda is available at the following link: https://www.epa.gov/system/files/documents/2026-07/proposed-pfas-regulations-public-hearing-agenda_july-2026_final.pdf.