

# INDIAN WELLS VALLEY GROUNDWATER AUTHORITY

Ridgecrest City Hall 100 W California Ave., Ridgecrest, CA 93555 760-499-5002

## BOARD OF DIRECTORS

### A G E N D A

Wednesday, June 8, 2022

**Closed Session – 10:00 a.m.**

**Open Session – No earlier than 11:00 a.m.**

***NOTICE:*** *In accordance with the evolving public health declarations, we will continue to provide live stream video for those wishing to participate virtually. Please see the Public Comment Notice below for detailed instructions on submitting public comment as well as websites for livestream broadcasting. Telephonic participation by members of the Board and staff is expected.*

*In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, please contact April Keigwin at (805) 764-5452. Requests must be made as early as possible and at least one full business day before the start of the meeting. Documents and material relating to an open session agenda items that are provided to the IWVGA Board of Directors prior to a regular meeting will be available for public inspection and copying at Ridgecrest City Hall, 100 W California Ave, Ridgecrest, CA 93555, or online at <https://iwvga.org/>.*

#### Statements from the Public

*The public will be allowed to address the Board during Public Comments about subjects within the jurisdiction of the IWVGA Board and that are NOT on the agenda. No action may be taken on off-agenda items unless authorized by law. Questions posed to the Board may be answered after the meeting or at future meeting. Dialog or extended discussion between the public and the Board or staff will be limited in accordance with the Brown Act. All Public Comment portions of the meeting shall be limited to three (3) minutes per speaker. Each person is limited to one comment during Public Comments.*

#### **1. CALL TO ORDER**

#### **2. ADOPTION OF AGENDA AND AB 361 FINDING**

#### **3. PUBLIC COMMENT ON CLOSED SESSION**

#### **4. CLOSED SESSION**

- CONFERENCE WITH REAL PROPERTY NEGOTIATIONS –  
(Government Code Section 54956.8) - Property: Jackson Ranch - Kings County  
Assessor's Parcel Numbers 048-010-016, 048-010-018, and 048-020-030; Agency  
Negotiator: Capitol Core Group; Negotiating Parties: Various; Under Negotiation: Price  
and terms of payment.
- CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION  
(Government Code Section 54956.9(c)): IWVGA v. Inyokern CSD

- CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION  
(Government Code Section 54956.9(d)(1) - Name of case: Searles Valley Minerals Inc v. Indian Wells Valley Groundwater Authority, et. al. - Orange County Superior Court 30-2022-01239487-CU-MC-CJC
  
- CONFERENCE WITH LEGAL COUNSEL- EXISTING LITIGATION  
(Government Code Section 54956.9(d)(1) - Name of case: Mojave Pistachios, LLC, a California limited liability company, et.al. v. Indian Wells Valley Groundwater Authority, a California Joint Powers Authority, et. al. - Orange County Superior Court 30-2022-0139479-CU-MC-CJC

**5. OPEN SESSION – No earlier than 11:00 a.m.**

- a. Report on Closed Session
- b. Pledge of Allegiance
- c. Roll Call

**6. PUBLIC COMMENT**

This time is reserved for the public to address the Board about matters NOT on the agenda. No action will be taken on non-agenda items unless authorized by law. Comments are limited to three minutes per person.

**7. BOARD MEMBER COMMENTS**

This time is reserved for comments by Board members and/or staff and to identify matters for future Board business.

**8. CONSENT AGENDA**

- a. Approve Minutes of Board Meeting May 11, 2022
- b. Approve Expenditures  
*\*To view itemized invoices please visit <https://iwvga.org/iwvga-meetings>*
  - i. \$57,905.75 – Stetson Engineers
  - ii. \$26,222.75 – Regional Government Services – (Replenishment / Extraction)
  - iii. \$19,187.50 – Capitol Core Group – (Replenishment)
  - iv. \$19,762.45 – California Rural Water Association – (SDAC)
  - v. \$6,000.00 – Brown Armstrong – (Extraction)

**9. BOARD TO RECEIVE AND FILE THE 2020 FINANCIAL AUDIT REPORT FROM BROWN ARMSTRONG**

**10. COMMUNICATION AND ENGAGEMENT PLAN IMPROVEMENTS AND IMPLEMENTATION**

- a. PAC/TAC Report

**11. WATER RESOURCES MANAGER REPORT**

- a. Grant Funding
  - i. Proposition 1
  - ii. Proposition 68
  - iii. SGMA Implementation Project Grant Funds
- b. GSP Implementation Projects/Management Action Updates
  - i. Recycled Water Program
- c. Miscellaneous Items
  - i. IWVGA Basin Model Configuration Management Plan

**12. GENERAL MANAGER'S REPORT**

- a. Monthly Financial Report
- b. Report on IWVGA's Water Marketer (Capitol Core Group)

**13. DATE OF NEXT MEETING – JULY 13, 2022**

**14. ADJOURN**

**PUBLIC COMMENT NOTICE**

On September 16, 2021, Governor Newsom signed into law Assembly Bill 361, relating to the convening of public meetings in light of the COVID-19 pandemic. At this time, the Indian Wells Valley Groundwater Authority is continuing to hold board meetings in order to conduct essential business. IWVGA meetings will be open to the public for physical attendance; However, for those who wish to continue using virtual alternatives please follow the directions below for access to live stream video as well as ways to submit public comment.

• **Watch meetings on-line:**

All of our meetings are streamed live at <https://ridgecrest-ca.gov/369/Watch> (4 second streaming delay) or on YouTube at <https://www.youtube.com/cityofridgecrest/live> (22 second streaming delay) and are also available for playback after the meeting.

• **Call in for public comments:**

If you wish to make verbal comment, *please call (760) 499-5010*. This phone line will allow only one caller at a time, so if the line is busy, please continue to dial. We will be allowing a 20-30 second pause between callers to give time for media delays and callers to dial in. Due to media delays, please mute your streaming device while making public comment. If you wish to comment on multiple items, you will need to call in as each item is presented.

\*Please Note – This process will be a learning curve for all, *please be patient*.

• **Submit written comments:**

We encourage submittal of written comments supporting, opposing, or otherwise commenting on an agenda item, for distribution to the Board prior to the meeting. Send emails to [akeigwin@rgs.ca.gov](mailto:akeigwin@rgs.ca.gov) written correspondence may be sent to April Keigwin, Clerk of the Board, 100 W. California Ave., Ridgecrest, CA 93555. Please specify to which agenda item your comment relates.

• **Large Groups:**

If you are part of a large group that would like to comment on an agenda item, please consider commenting in writing. This will be as impactful to the Board as having a large group in attendance.

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# INDIAN WELLS VALLEY GROUNDWATER AUTHORITY

City of Ridgecrest, Indian Wells Valley Water District, Inyo County, Kern County, San Bernardino County

## BOARD OF DIRECTORS MEETING MINUTES Wednesday, May 11, 2022

### IWVGA Members Present:

|  |  |
|--|--|
| Chairman Phillip Peters, Kern County         | Carol Thomas-Keefer, IWVGA General Manager |
| Peggy Breeden, City of Ridgecrest            | Alex Lemieux, Legal Counsel                |
| Stan Rajtora, IWVWD                          | Steve Johnson, Stetson Engineers           |
| John Vallejo, Inyo County                    | John Kersey, US Navy, DoD Liaison          |
| Tim Itnyre, San Bernardino County            | April Keigwin, Clerk of the Board          |
| Thomas Bickauskas, Bureau of Land Management |  |

Attending via teleconference is Tim Itnyre, John Vallejo, Carol Thomas-Keefer, and Steve Johnson.

Meeting recording and public comment letters submitted are made available at:  
<https://iwvga.org/iwvga-meetings/>

### 1. CALL TO ORDER:

Chairman Peters calls the meeting to order at 10:03 a.m.

### 2. ADOPTION OF AGENDA AND AB-361 FINDING:

Motion made by John Vallejo and seconded by Stan Rajtora to make a finding that health and safety risks as stated in AB-361 are still of concern.

Motion carries by the following roll call vote:

|                    |     |
|--------------------|-----|
| Chairman Peters    | Aye |
| Vice Chair Breeden | Aye |
| Director Itnyre    | Aye |
| Director Rajtora   | Aye |
| Director Vallejo   | Aye |

### 3. PUBLIC COMMENT ON CLOSED SESSION:

None.

Chairman Peters calls the meeting into Closed Session at 10:05 a.m.

### 4. CLOSED SESSION:

- CONFERENCE WITH REAL PROPERTY NEGOTIATIONS – (Government Code Section 54956.8) - Property: Jackson Ranch - Kings County Assessor's Parcel Numbers 048-010-016, 048-010-018, and 048-020-030; Agency Negotiator: Capitol Core Group; Negotiating Parties: Various; Under Negotiation: Price and terms of payment.
- CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Government Code Section 54956.9(c)): IWVGA v. Inyokern CSD
- CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

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- CONFERENCE WITH LEGAL COUNSEL- EXISTING LITIGATION  
(Government Code Section 54956.9(d)(1) - Name of case: Mojave Pistachios, LLC, a California limited liability company, et.al. v. Indian Wells Valley Groundwater Authority, a California Joint Powers Authority, et. al. - Orange County Superior Court 30-2022-0139479-CU-MC-CJC

Closed Session adjourns at 11:04 a.m.

**5. OPEN SESSION – No earlier than 11:00 a.m.**

Meeting reconvenes into Open Session at 11:09 a.m.

- a. Report on Closed Session – Counsel Lemieux reports no action was taken that would require disclosure under The Brown Act.
- b. Pledge of Allegiance is led by Chairman Peters
- c. Roll Call

|                    |         |
|--------------------|---------|
| Chairman Peters    | Present |
| Vice Chair Breeden | Present |
| Director Itnyre    | Present |
| Director Rajtora   | Present |
| Director Vallejo   | Present |

**6. PUBLIC COMMENT:**

None.

**7. BOARD MEMBER COMMENTS:**

Vice Chair Breeden announces she will be serving as the alternate for Vice Chair Hayman as the City of Ridgecrest representative for this meeting.

Director Rajtora requests the Board consider adding an agenda item to the July meeting to implement a new policy requiring future Annual Reports be adopted by the Board before submission to the Department of Water Resources (DWR). Director Rajtora would like to see a plan and budget for the 19 recommended corrective actions identified by DWR. Rajtora requests Stetson provide monthly updates on groundwater in storage. Board consensus is to add an item to the July meeting for further discussion on future annual report adoption procedures.

**8. CONSENT AGENDA:**

a. Approve Minutes of Board Meeting April 13, 2022

b. Approve Expenditures

*\*To view itemized invoices please visit <https://iwvga.org/iwvga-meetings>*

- i. \$105,262.85 – Stetson Engineers
- ii. \$33,957.00 – Regional Government Services – (Replenishment / Extraction)
- iii. \$12,243.75 – Capitol Core Group – (Replenishment)
- iv. \$36,473.33 – California Rural Water Association – (SDAC)

Motion made by Peggy Breeden and seconded by Tim Itnyre to approve Minutes of Board Meeting April 13, 2022 and the following expenditures in the amount of, \$105,262.85 to Stetson Engineers, \$33,957.00 to Regional Government Services, \$12,243.75 to Capitol Core Group, and \$36,473.33 to California Rural Water Association.

Motion carries by the following roll call vote:

|                    |     |
|--------------------|-----|
| Chairman Peters    | Aye |
| Vice Chair Breeden | Aye |

|                  |     |
|------------------|-----|
| Director Itnyre  | Aye |
| Director Rajtora | Aye |
| Director Vallejo | Aye |

**9. IWVGA SUPPORT FOR LEGISLATIVE MATTERS:**

Michael McKinney of Capitol Core Group presents the following items for Board approval (documents made available on the IWVGA website):

- a. Wastewater Treatment Plant State Budget Request
- b. SB 1395 CAL-DCIP

The Board hears public comment from Renee Westa-Lusk

Motion made by Peggy Breeden and seconded by Stan Rajtora to approve the Letter of Support for the Wastewater Treatment Plant State Budget Request.

Motion carries by the following roll call vote:

|                    |     |
|--------------------|-----|
| Chairman Peters    | Aye |
| Vice Chair Breeden | Aye |
| Director Itnyre    | Aye |
| Director Rajtora   | Aye |
| Director Vallejo   | Aye |

Motion made by Stan Rajtora and seconded by Peggy Breeden to approve the Letter of Support requesting the City of Ridgecrest be included under the requirements of SB 1395 CAL-DCIP.

Motion carries by the following roll call vote:

|                    |     |
|--------------------|-----|
| Chairman Peters    | Aye |
| Vice Chair Breeden | Aye |
| Director Itnyre    | Aye |
| Director Rajtora   | Aye |
| Director Vallejo   | Aye |

**10. BOARD DISCUSSION AND POSSIBLE ABANDONMENT OF THE FALLOWING PROGRAM DUE TO LACK OF FUNDING:**

Carol Thomas-Keefer presents letter from Indian Wells Valley Water District (IWVWD) Board of Directors (document made available on the IWVGA website).

The Board hears public comment from Judie Decker, Joshua Nugent, Don Decker, and Renee Westa-Lusk.

**11. SUSTAINABLE GROUNDWATER MANAGEMENT ACT IMPLEMENTATION PROJECT (SGMA IP) GRANT FUNDING AWARD:**

Carol Thomas-Keefer announces the award status from Department of Water Resources for SGMA IP funding. Jeff Simonetti of Capitol Core Group and Steve Johnson discuss actions moving forward with funding dollars.

The Board hears public comment from Don Decker.

**12. BOARD TO REVIEW AND APPROVE RFP RELEASE FOR IMPORTED WATER PIPELINE ALIGNMENT STUDY:**

Steve Johnson and Jeff Helsley present a staff report and RFP (documents made available on the IWVGA website).

The Board hears public comment from Don Decker, West Katzenstein, Derek Hoffman, Mike Sinnott, and Renee Westa-Lusk.

Motion made by John Vallejo and seconded by Peggy Breeden to approve release of RFP for Imported Water

Pipeline Alignment Study.

Motion carries by the following roll call vote:

|                    |     |
|--------------------|-----|
| Chairman Peters    | Aye |
| Vice Chair Breeden | Aye |
| Director Itnyre    | Aye |
| Director Rajtora   | Aye |
| Director Vallejo   | Aye |

**13. WATER RESOURCES MANAGER REPORT:**

Steve Johnson, and Jean Moran provide updates on the following grants/programs (documents made available on the IWVGA website):

- a. Grant Funding
  - i. Proposition 1
  - ii. Proposition 68
  - iii. SGMA Implementation Project Grant Funds
- b. GSP Implementation Projects/Management Action Updates
  - i. Recycled Water Program
- c. Miscellaneous Items
  - i. Groundwater Dependent Ecosystems (GDE) Update
  - ii. Rose Valley Subflow Update
  - iii. IWVGA Basin Model Configuration Management Plan

The Board hears public comment from Don Decker.

**14. GENERAL MANAGER'S REPORT:**

Carol Thomas-Keefer provides the Monthly Financial Report, Technical Memorandum from Capitol Core Group, Severely Disadvantaged Communities Update and status update on the 2020 audit (documents made available on the IWVGA website).

The Board hears public comment from Renee Westa-Lusk.

**15. DATE OF NEXT MEETING – June 8, 2022**

**16. ADJOURN:**

Chairman Peters adjourns the meeting at 1:10 p.m. on May 11, 2022.

Respectfully submitted,

*April Keigwin*  
Clerk of the Board  
Indian Wells Valley Groundwater Authority

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**Invoice**

Indian Wells Valley Groundwater Authority  
 Mr. Alan Christensen  
 100 W. California Ave.  
 Ridgecrest, CA 93555

**Invoice Number: 2652-57**  
**Invoice Date: 05/26/22**

Project #: 2652      **Indian Wells Valley Groundwater Authority**

Professional Services through 4/30/2022

**Water Resources Management 2022**

**01 - Meetings & Prep**

| <b>Professional Services</b>           | <u>Bill Hours</u> | <u>Bill Rate</u> | <u>Charge</u>      |
|--|-------------------|------------------|--------------------|
| Principal                              | 20.50             | \$237.00         | \$4,858.50         |
| Supervisor I                           | 17.50             | \$206.00         | \$3,605.00         |
| Senior Associate                       | 7.00              | \$128.00         | \$896.00           |
| Associate III                          | 2.50              | \$111.00         | \$277.50           |
| Assistant I                            | 5.75              | \$98.00          | \$563.50           |
| <i>Professional Services Subtotal:</i> |                   |                  | <u>\$10,200.50</u> |
|  |                   |                  | <u>Charge</u>      |
| <b>Reimbursables</b>                   |                   |                  | \$27.59            |
| Reproduction (Color)                   |                   |                  | \$1.80             |
| Reproduction                           |                   |                  |                    |
| <i>Reimbursables Subtotal:</i>         |                   |                  | <u>\$29.39</u>     |
| <i>Meetings &amp; Prep Subtotal:</i>   |                   |                  | <u>\$10,229.89</u> |

**02 - Prop 1 / Prop 68 Grant Administration**

| <b>Professional Services</b>                           | <u>Bill Hours</u> | <u>Bill Rate</u> | <u>Charge</u>     |
|--|-------------------|------------------|-------------------|
| Principal  | 9.00              | \$237.00         | \$2,133.00        |
| Senior Associate                                       | 1.50              | \$128.00         | \$192.00          |
| Associate III  | 3.50              | \$111.00         | \$388.50          |
| Assistant II   | 47.00             | \$93.00          | \$4,371.00        |
| <i>Professional Services Subtotal:</i>                 |                   |                  | <u>\$7,084.50</u> |
| <i>Prop 1 / Prop 68 Grant Administration Subtotal:</i> |                   |                  | <u>\$7,084.50</u> |

**03 - Grant Review & Application Preparation**

| <b>Professional Services</b>                                | <u>Bill Hours</u> | <u>Bill Rate</u> | <u>Charge</u>     |
|---|-------------------|------------------|-------------------|
| Supervisor I  | 7.25              | \$206.00         | \$1,493.50        |
| Associate III   | 2.25              | \$111.00         | \$249.75          |
| <i>Professional Services Subtotal:</i>                      |                   |                  | <u>\$1,743.25</u> |
| <i>Grant Review &amp; Application Preparation Subtotal:</i> |                   |                  | <u>\$1,743.25</u> |

**04 - Data Mgmt System Support**

| <b>Professional Services</b>              | <u>Bill Hours</u> | <u>Bill Rate</u> | <u>Charge</u>     |
|---|-------------------|------------------|-------------------|
| Supervisor I                              | 2.50              | \$206.00         | \$515.00          |
| Associate I                               | 8.75              | \$122.00         | \$1,067.50        |
| Assistant I                               | 2.25              | \$98.00          | \$220.50          |
| <i>Professional Services Subtotal:</i>    |                   |                  | <u>\$1,803.00</u> |
| <i>Data Mgmt System Support Subtotal:</i> |                   |                  | <u>\$1,803.00</u> |



**05 - General Project Mgmt**

**Professional Services**

|                  | <u>Bill Hours</u> | <u>Bill Rate</u> | <u>Charge</u> |
|------------------|-------------------|------------------|---------------|
| Supervisor I     | 5.50              | \$206.00         | \$1,133.00    |
| Supervisor II    | 10.00             | \$191.00         | \$1,910.00    |
| Senior Associate | 7.25              | \$128.00         | \$928.00      |
| Associate III    | 2.75              | \$111.00         | \$305.25      |

*Professional Services Subtotal:* \$4,276.25

*General Project Mgmt Subtotal:* \$4,276.25

**06 - Model Transfer & Upgrade**

**Professional Services**

|               | <u>Bill Hours</u> | <u>Bill Rate</u> | <u>Charge</u> |
|---------------|-------------------|------------------|---------------|
| Supervisor I  | 15.50             | \$206.00         | \$3,193.00    |
| Supervisor II | 2.00              | \$191.00         | \$382.00      |

*Professional Services Subtotal:* \$3,575.00

**Sub-Contractors**

|                  | <u>Charge</u> |
|------------------|---------------|
| Board of Regents | \$3,757.60    |

*Sub-Contractors Subtotal:* \$3,757.60

*Model Transfer & Upgrade Subtotal:* \$7,332.60

**07 - Imported Water: Engineering & Analysis**

**Professional Services**

|                  | <u>Bill Hours</u> | <u>Bill Rate</u> | <u>Charge</u> |
|------------------|-------------------|------------------|---------------|
| Supervisor I     | 1.75              | \$206.00         | \$360.50      |
| Senior Associate | 0.50              | \$128.00         | \$64.00       |
| Associate III    | 13.00             | \$111.00         | \$1,443.00    |

*Professional Services Subtotal:* \$1,867.50

*Imported Water: Engineering & Analysis Subtotal:* \$1,867.50

**09 - Recycled Water**

**Professional Services**

|               | <u>Bill Hours</u> | <u>Bill Rate</u> | <u>Charge</u> |
|---------------|-------------------|------------------|---------------|
| Principal     | 2.00              | \$237.00         | \$474.00      |
| Supervisor I  | 2.50              | \$206.00         | \$515.00      |
| Associate III | 11.00             | \$111.00         | \$1,221.00    |

*Professional Services Subtotal:* \$2,210.00

*Recycled Water Subtotal:* \$2,210.00

**11 - Data Collection, Monitoring & Data Gaps**

**Professional Services**

|                  | <u>Bill Hours</u> | <u>Bill Rate</u> | <u>Charge</u> |
|------------------|-------------------|------------------|---------------|
| Supervisor I     | 10.00             | \$206.00         | \$2,060.00    |
| Supervisor II    | 4.00              | \$191.00         | \$764.00      |
| GIS Manager      | 1.50              | \$122.00         | \$183.00      |
| GIS Specialist I | 0.50              | \$101.00         | \$50.50       |
| Assistant I      | 23.50             | \$98.00          | \$2,303.00    |

*Professional Services Subtotal:* \$5,360.50

**Reimbursables**

|                    | <u>Charge</u> |
|--------------------|---------------|
| Equipment Purchase | \$619.51      |

*Reimbursables Subtotal:* \$619.51

*Data Collection, Monitoring & Data Gaps Subtotal:* \$5,980.01

**12 - Prop 1 SDAC Program Support**

**Professional Services**

|              | <u>Bill Hours</u> | <u>Bill Rate</u> | <u>Charge</u> |
|--------------|-------------------|------------------|---------------|
| Supervisor I | 2.25              | \$206.00         | \$463.50      |



**12 - Prop 1 SDAC Program Support**

| Professional Services | <u>Bill Hours</u> | <u>Bill Rate</u> | <u>Charge</u>                                |
|-----------------------|-------------------|------------------|--|
| Associate III         | 9.50              | \$111.00         | \$1,054.50                                   |
|                       |                   |                  | <i>Professional Services Subtotal:</i>       |
|                       |                   |                  | <u>\$1,518.00</u>                            |
|                       |                   |                  | <i>Prop 1 SDAC Program Support Subtotal:</i> |
|                       |                   |                  | <u>\$1,518.00</u>                            |

**14 - Production Reporting, Transient Pool & Fee Support**

| Professional Services | <u>Bill Hours</u> | <u>Bill Rate</u> | <u>Charge</u>   |
|-----------------------|-------------------|------------------|---|
| Associate III         | 1.00              | \$111.00         | \$111.00  |
|                       |                   |                  | <i>Professional Services Subtotal:</i>                                  |
|                       |                   |                  | <u>\$111.00</u>   |
|                       |                   |                  | <i>Production Reporting, Transient Pool &amp; Fee Support Subtotal:</i> |
|                       |                   |                  | <u>\$111.00</u>   |

**18 - Navy/Coso Royalty Fund: FY21 Rose Valley MW Permitting, Bid Doc Support & Dr**

| Professional Services | <u>Bill Hours</u> | <u>Bill Rate</u> | <u>Charge</u>   |
|-----------------------|-------------------|------------------|---|
| Principal             | 3.50              | \$237.00         | \$829.50  |
| Supervisor I          | 2.50              | \$206.00         | \$515.00  |
| Supervisor II         | 4.50              | \$191.00         | \$859.50  |
| Associate I           | 9.50              | \$122.00         | \$1,159.00  |
|                       |                   |                  | <i>Professional Services Subtotal:</i>  |
|                       |                   |                  | <u>\$3,363.00</u>   |
|                       |                   |                  | <i>Navy/Coso Royalty Fund: FY21 Rose Valley MW Permitting, Bid Doc Support &amp; Dr</i> |
|                       |                   |                  | <u>\$3,363.00</u>   |

**20 - Shallow Well Mitigation Program: Outreach & Impacts Evaluation**

| Professional Services | <u>Bill Hours</u> | <u>Bill Rate</u> | <u>Charge</u>  |
|-----------------------|-------------------|------------------|--|
| Principal             | 2.50              | \$237.00         | \$592.50   |
| Supervisor I          | 1.00              | \$206.00         | \$206.00   |
| Senior Associate      | 2.50              | \$128.00         | \$320.00   |
| GIS Manager           | 0.75              | \$122.00         | \$91.50  |
| Assistant I           | 3.00              | \$98.00          | \$294.00   |
|                       |                   |                  | <i>Professional Services Subtotal:</i>   |
|                       |                   |                  | <u>\$1,504.00</u>  |
|                       |                   |                  | <i>Shallow Well Mitigation Program Outreach &amp; Impacts Evaluation Subtotal:</i> |
|                       |                   |                  | <u>\$1,504.00</u>  |

**21 - General Engineering**

| Professional Services | <u>Bill Hours</u> | <u>Bill Rate</u> | <u>Charge</u>                          |
|-----------------------|-------------------|------------------|--|
| Principal             | 6.00              | \$237.00         | \$1,422.00                             |
| Supervisor I          | 3.25              | \$206.00         | \$669.50                               |
| Supervisor II         | 11.00             | \$191.00         | \$2,101.00                             |
|                       |                   |                  | <i>Professional Services Subtotal:</i> |
|                       |                   |                  | <u>\$4,192.50</u>                      |
|                       |                   |                  | <i>General Engineering Subtotal:</i>   |
|                       |                   |                  | <u>\$4,192.50</u>                      |

**22 - Coordination with DWR on GSP Review**

| Professional Services | <u>Bill Hours</u> | <u>Bill Rate</u> | <u>Charge</u>  |
|-----------------------|-------------------|------------------|--|
| Supervisor I          | 0.75              | \$206.00         | \$154.50   |
| Senior Associate      | 7.00              | \$128.00         | \$896.00   |
| Associate III         | 0.50              | \$111.00         | \$55.50  |
|                       |                   |                  | <i>Professional Services Subtotal:</i>               |
|                       |                   |                  | <u>\$1,106.00</u>                                    |
|                       |                   |                  | <i>Coordination with DWR on GSP Review Subtotal:</i> |
|                       |                   |                  | <u>\$1,106.00</u>                                    |

**23 - Annual Report Preparation**

| Professional Services | <u>Bill Hours</u> | <u>Bill Rate</u> | <u>Charge</u> |
|-----------------------|-------------------|------------------|---------------|
| Principal             | 2.00              | \$237.00         | \$474.00      |
| GIS Manager           | 1.50              | \$122.00         | \$183.00      |





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**23 - Annual Report Preparation**

*Professional Services Subtotal:* \$657.00

*Annual Report Preparation Subtotal:* \$657.00

**25 - Allocation Plan & Rules & Regs on Pumping/Restrictions**

| <b>Professional Services</b> | <u>Bill Hours</u> | <u>Bill Rate</u> | <u>Charge</u> |
|------------------------------|-------------------|------------------|---------------|
| Principal                    | 5.50              | \$237.00         | \$1,303.50    |
| Associate III                | 0.75              | \$111.00         | \$83.25       |

*Professional Services Subtotal:* \$1,386.75

*Allocation Plan & Rules & Regs on Pumping/Restrictions Subtotal:* \$1,386.75

**27 - Litigation Support**

| <b>Professional Services</b> | <u>Bill Hours</u> | <u>Bill Rate</u> | <u>Charge</u> |
|------------------------------|-------------------|------------------|---------------|
| Principal                    | 6.50              | \$237.00         | \$1,540.50    |

*Professional Services Subtotal:* \$1,540.50

*Litigation Support Subtotal:* \$1,540.50

***Water Resources Management 2022 Subtotal:*** \$57,905.75

**\*\*\* Invoice Total \*\*\*** **\$57,905.75**

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# Invoice

PO Box 1350  
Carmel Valley, CA 93924

| Date      | Invoice # |
|-----------|-----------|
| 4/30/2022 | 13415     |

**Bill To:**  
Indian Wells Valley Groundwater Authority  
100 W California Ave  
Ridgecrest, CA 93555

| P.O. No. | Due Date  | Inv Sent  |
|----------|-----------|-----------|
|          | 5/30/2022 | 5/13/2022 |

| Date         | Description                                       | Amount             |
|--------------|---|--------------------|
| 4/30/2022    | Contract Services for April - please see attached | 25,922.75          |
| <b>Total</b> |   | <b>\$25,922.75</b> |

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PO Box 1350  
Carmel Valley, CA 93924

# Invoice

| Date      | Invoice # |
|-----------|-----------|
| 4/30/2022 | 13506     |

**Bill To:**

Indian Wells Valley Groundwater Authority  
100 W California Ave  
Ridgecrest, CA 93555

| P.O. No. | Due Date  | Inv Sent  |
|----------|-----------|-----------|
|          | 6/15/2022 | 5/23/2022 |

| Date      | Description  | Amount |
|-----------|--|--------|
| 4/30/2022 | Reimbursable Expenses for City of Ridegecrest Monthly Rent (\$300) - please see attached | 300.00 |

|  |              |                 |
|--|--------------|-----------------|
|  | <b>Total</b> | <b>\$300.00</b> |
|--|--------------|-----------------|

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**Capitol Core Group, Inc.**  
 205 Cartwheel Bend (Operations Dept.)  
 Austin, TX 78738 US  
 512.568.3084  
 operations@capitolcore.com  
 www.capitolcore.com

**BILL TO**

Indian Wells Valley Groundwater  
 Authority  
 500 West Ridgecrest Blvd.  
 Ridgecrest, California 93555  
 USA

**INVOICE 2022-022**

**DATE** 06/01/2022 **TERMS** Net 45

**DUE DATE** 07/16/2022

**VENDOR ID**

195953

**INVOICE PERIOD**

May 2022

| DATE       | ACCOUNT SUMMARY  | AMOUNT     |
|------------|--|------------|
| 05/02/2022 | Balance Forward  | 12,243.75  |
|            | Other payments and credits after 05/02/2022 through 05/31/2022 | -12,243.75 |
| 06/01/2022 | Other invoices from this date                                  | 0.00       |
|            | New charges (details below)                                    | 19,187.50  |
|            | Total Amount Due   | 19,187.50  |

| ACTIVITY  | HOURS | RATE   | AMOUNT   |
|---|-------|--------|----------|
| <b>Charges</b>  |       |        |          |
| Task 1 -- Secure Imported Water Supplies  |       |        |          |
| <b>Government Relations: Intergovernmental Affairs</b><br>Sub-Task D: 2022 Water Supplies {Tatum}                                   | 6     | 250.00 | 1,500.00 |
| <b>Government Relations: Intergovernmental Affairs</b><br>Private Seller 2 -- Continuing Negotiations {Tatum}                       | 3     | 250.00 | 750.00   |
| <b>Government Relations: Intergovernmental Affairs</b><br>Agency Seller 1 -- Continuing Negotiations {Tatum}                        | 2.50  | 250.00 | 625.00   |
| <b>Government Relations: Intergovernmental Affairs</b><br>Task 1 follow-up calls (various) {Tatum}                                  | 2     | 250.00 | 500.00   |
| <b>Government Relations: Intergovernmental Affairs</b><br>Sub-Task 1D: Imported Water Supplies Meetings (various) {Simonetti}       | 4     | 225.00 | 900.00   |
| Task 1 Totals = \$4,275.00 (17.5 hours)   |       |        |          |
| Task 2 -- Secure Federal Funding Sources  |       |        |          |
| <b>Government Relations: Federal</b><br>Legislative: FY2023 NDAA Amendment -- Direct Advocacy HASC/SARC, draft amendment {McKinney} | 3     | 250.00 | 750.00   |
| <b>Government Relations: Federal</b><br>Legislative: AVEK route briefings {McKinney}  | 1.50  | 250.00 | 375.00   |
| <b>Government Relations: Federal</b><br>Legislative: WRDA-22 Amendment and analysis of Chairman's mark                              | 1     | 250.00 | 250.00   |

| ACTIVITY  | HOURS | RATE   | AMOUNT   |
|---|-------|--------|----------|
| <b>Government Relations:Federal</b><br>Legislative: WRDA-22 and FY2023 NDAA Advocacy -- House Committee on Transportation and Infrastructure, House Armed Services Committee (various Members) {Simonetti}  | 6.50  | 225.00 | 1,462.50 |
| Task 2 Totals = \$2,837.50 (12 hours)   |       |        |          |
| Task 3 -- Secure State Funding Sources  |       |        |          |
| <b>Government Relations:California</b><br>Legislative: State budget request (wastewater treatment plant): Speaker's Office, Assembly Committee on Budget Chairman, Subcommittee Chairman {McKinney}         | 4.50  | 250.00 | 1,125.00 |
| <b>Government Relations:California</b><br>Legislative: State budget request (wastewater treatment plant): Senate President pro Temper and Senate Budget Chair {McKinney}                                    | 2     | 250.00 | 500.00   |
| <b>Government Relations:California</b><br>Legislative: State budget request (wastewater treatment plant): Coalition development {McKinney}  | 2     | 250.00 | 500.00   |
| <b>Government Relations:California</b><br>Legislative: SB 1395 -- Cal-DCIP: Appropriations Committee Lobbying {McKinney}  | 6.50  | 250.00 | 1,625.00 |
| <b>Government Relations:California</b><br>Legislative: Cal-DCIP: State Budget Amendment development {McKinney}  | 3     | 250.00 | 750.00   |
| <b>Government Relations:California</b><br>Legislative: FY2022/2023 State Budget: May Revision, analysis and direct advocacy Subcommittee {McKinney} (split)   | 3     | 250.00 | 750.00   |
| <b>Government Relations:California</b><br>Agency: Dept. of Conservation -- Multi-purpose Land Reuse Program (MLRP); analysis, budget review, and agency scoping call {McKinney}                             | 2     | 250.00 | 500.00   |
| <b>Government Relations:California</b><br>Legislative: FY2022/2023 State Budget Act -- Senate Water Rights/Supply Proposal: analysis, strategy development, memorandum to client, client meeting {McKinney} | 3.50  | 250.00 | 875.00   |
| <b>Government Relations:California</b><br>Legislative: State Budget Request Advocacy Assembly/Senate -- Wastewater Treatment Plant (various) {Simonetti}  | 7.75  | 225.00 | 1,743.75 |
| <b>Government Relations:California</b><br>Legislative: Senate Bill 1395 (Bates) -- California Defense Communities Infrastructure Program  | 5.25  | 225.00 | 1,181.25 |
| Task 3 Totals = \$9,550.00 (39.50 hours)  |       |        |          |
| Task 4 -- Administrative  |       |        |          |
| <b>Administrative</b><br>Board Meeting: May: Preparation, Closed Session, Open Session {McKinney}   | 3.25  | 250.00 | 812.50   |
| <b>Administrative</b><br>Board Meeting (May, Closed Session) {Tatum}  | 1     | 250.00 | 250.00   |
| <b>Administrative</b><br>Ad Hoc Reporting for IWVGA {Simonetti}   | 2.50  | 225.00 | 562.50   |
| <b>Administrative</b><br>May Board Meetings {Simonetti}   | 3     | 225.00 | 675.00   |



| ACTIVITY | HOURS | RATE | AMOUNT |
|----------|-------|------|--------|
|----------|-------|------|--------|

**Administrative**

Monthly Materials Preparation {Simonetti}

1

225.00

225.00

Task 4 Totals = \$2,525.00 (10.75 hours)

-----  
 Compliance Reporting Notes:

Federal WWTP Reporting (this invoice) = \$1,425.00

Federal Reporting (this invoice) = \$1,412.50

State WWTP Reporting (this invoice) = \$3,868.75

State Reporting (this invoice) = \$5,671.25  
 -----

Thank you for your business. Please make checks payable to  
 Capitol Core Group, Inc.

TOTAL OF NEW  
 CHARGES

19,187.50

|                  |                    |
|------------------|--------------------|
| <b>TOTAL DUE</b> | <b>\$19,187.50</b> |
|------------------|--------------------|

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# IWVGA ADMINISTRATIVE OFFICE

## *Memorandum*

---

**TO:** IWVGA Board Members

**DATE:** JUNE 8, 2022

**FROM:** IWVGA Staff

**SUBJECT:** Agenda Item No. 8.b.iv – California Rural Water Association Invoices

### **DISCUSSION**

The following invoices have been resubmitted to the Board for approval due to the following reasons:

- Invoice SVWD-FSLD-A-010 was submitted to the Board in April 2022 in the amount of \$15,022.19. A miscalculation in the invoice has since been found increasing the invoice total to \$15,079.81. The original amount has already been paid leaving a balance owed of \$57.62.
- Invoice IWVGA-Task#6-002 was submitted to the Board in May 2022 in the amount of \$15,819.83. Various miscalculations throughout the invoice has since been found increasing the invoice total to \$19,704.83. The errors were caught before payment submission leaving the full balance of \$19,704.83 still owed.

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# California Rural Water Association

California Rural Water Association  
Searles Valley Work Plan Narrative Report Completion

## INVOICE

**To:** Indian Wells Valley Groundwater Authority  
Attn: Carol Thomas-Keefer  
500 W. Ridgecrest Blvd  
Ridgecrest CA, 93555

**Invoice #:** SVWD-FSLD-A-010  
**Invoice Date:** 3/15/2022  
**Terms:** Net 30 Days

**Amended 5.23.2022**

**Pay:** California Rural Water Association  
1234 North Market Blvd.  
Sacramento, CA 95834

**Project Name:** IWVGA Work Plan SVWD-FSLD-A

| IWVGA-Searles Valley Water District |  |                |                     |
|-------------------------------------|--|----------------|---------------------|
| Work Plan/AR #                      | Description of work                        | Date           | Cost                |
| SVWD-ADMIN                          | Admin and project support                  | Invoice period | \$ 4,288.05         |
| SVWD-Technicians                    | Pioneer Point Survey                       | Invoice period | \$ 5,460.00         |
| SVWD- Technician Travel             | Pioneer Point Survey                       | Invoice period | \$ 1,677.50         |
| Travel Expenditures                 |  |                |                     |
| Name                                | Description of Travel                      | Cost           |                     |
| Michael Sims                        | Travel to and from Pioneer point in SVWD   | \$             | 886.64              |
| Abel Silva                          | Travel to and from Pioneer point in SVWD   | \$             | 638.53              |
| Mark Hardison                       | Travel to and from Pioneer point in SVWD   | \$             | 628.00              |
| Equipment                           |  |                |                     |
| Name                                | Description of Equipment                   | Cost           |                     |
| Abel Silva Equipment (Boots)        | Boots replaced for On site work on SVWD LD | \$             | 171.27              |
| R1 GPS/Mapping device               | Field equipment used for mapping SVWD      | \$             | 873.25              |
| North American Embroidery           | Jacket for on-site LD surveying            | \$             | 76.04               |
| North American Embroidery           | Vests and shirts for LD surveying          | \$             | 230.50              |
| USA Bluebook                        | Meter equipment maintenance                | \$             | 150.03              |
| <b>INVOICE TOTAL:</b>               |  |                | <b>\$ 15,079.81</b> |

Submitted by:  
Dustin Hardwick, Deputy Director  
California Rural Water Association

Signature

3/15/2022

Date

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# California Rural Water Association

California Rural Water Association  
 Task #6 Additional Conservation and Drought Mngmt Planning  
 Jan. 2022 - Apr. 2022

## INVOICE

**To:** Indian Wells Valley Groundwater Authority  
 Attn: Carol Thomas-Keefer  
 500 W. Ridgecrest Blvd  
 Ridgecrest CA, 93555

**Invoice #:** IWVGA-Task#6-002  
**Invoice Date:** 5/19/2022  
**Terms:** Net 30 Days

**Pay:** California Rural Water Association  
 1234 North Market Blvd.  
 Sacramento, CA 95834

**Amended 5/24/2022**

**Project Name:** IWVGA Task #6 Agreement 03-19 Addendum No. 1

| IWVGA-Searles Valley Water District |                           |                |                     |
|-------------------------------------|---------------------------|----------------|---------------------|
| Work Plan/AR #                      | Description of work       | Date           | Cost                |
| Task 6                              | Admin and project support | Invoice period | \$ 562.50           |
| Task 6                              | Technician Admin suport   | Invoice period | \$ 12,115.00        |
| Task 6                              | Technician Travel Hours   | Invoice period | \$ 3,885.00         |
| Travel Expenditures                 |                           |                |                     |
| Name                                | Description of Travel     | Cost           |                     |
| Michael Sims                        | Milage, Meals, Lodging    | \$ 1,251.18    |                     |
| Abel Silva                          | Milage, Meals, Lodging    | \$ 1,027.25    |                     |
| Mark Hardison                       | Milage, Meals, Lodging    | \$ 774.20      |                     |
| Equipment                           |                           |                |                     |
| Name                                | Description of Equipment  | Cost           |                     |
| N/A                                 | No Equipment purchased    | \$ -           |                     |
| <b>INVOICE TOTAL:</b>               |                           |                | <b>\$ 19,615.13</b> |

Submitted by:  
 Dustin Hardwick, Deputy Director  
 California Rural Water Association

Signature

5/19/2022

Date

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**Brown Armstrong Accountancy Corporation**

**4200 Truxtun Avenue  
Suite 300  
Bakersfield, CA 93309  
661-324-4971**

INDIAN WELLS VALLEY GROUNDWATER AUTHORITY  
100 W. CALIFORNIA AVENUE  
RIDGECREST, CA 93555

Invoice No. 264427

Date Sunday, April 24, 2022

Client No. 32711.001

Work in progress on 2020 audit:

(Contract amount/Billed to date: \$12,000/\$7,000)

|                        |    |                 |
|------------------------|----|-----------------|
| Current Invoice Amount | \$ | 5,000.00        |
| Beginning Balance      |    | <u>1,000.00</u> |
| Balance Due            | \$ | <u>6,000.00</u> |

|          |          |         |          |          |          |
|----------|----------|---------|----------|----------|----------|
| 0 - 30   | 31 - 60  | 61 - 90 | 91 - 120 | Over 120 | Balance  |
| 5,000.00 | 1,000.00 | 0.00    | 0.00     | 0.00     | 6,000.00 |

Please remit by: May 25, 2022

**Credit Card and ACH Payments Accepted on BA Payment Portal, Bacpas.com**

Click on "Make a Payment"

(3% Convenience Fee will Apply on Credit Cards)

Make checks payable to: **Brown Armstrong**

E-mail billing inquiries to: Katrina Soto

ksoto@bacpas.com

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To the Board of Directors  
Indian Wells Valley Groundwater Authority  
Ridgecrest, California

We have audited the financial statements of the Indian Wells Valley Groundwater Authority (the Authority) as of and for the year ended December 31, 2020. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 18, 2021. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 84 – *Fiduciary Activities*, GASB Statement No. 90 – *Majority Equity Interests*, and GASB Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance* during the year ended December 31, 2020. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Authority's financial statements was:

Management's estimate of the useful lives of its capital assets for the purpose of calculating annual depreciation expense in the Authority's Statement of Revenues, Expenses, and Changes in Net Position (Deficit). Estimated useful lives for equipment is 7 years. We evaluated the key factors and assumptions used to develop the estimate of the useful lives of its capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of the estimate of the useful lives of its capital assets in Note 3 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No such misstatements were identified.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated June 3, 2022.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Restriction on Use**

This information is intended solely for the information and use of the Board of Directors and management of Indian Wells Valley Groundwater Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*  
*Accountancy Corporation*

Bakersfield, California  
June 3, 2022

**INDIAN WELLS VALLEY GROUNDWATER AUTHORITY**

**AUDIT REPORT**

**FOR THE YEARS ENDED  
DECEMBER 31, 2020 AND 2019**

**INDIAN WELLS VALLEY GROUNDWATER AUTHORITY  
DECEMBER 31, 2020 AND 2019**

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the Governing Board  
Indian Wells Valley Groundwater Authority  
Ridgecrest, California

### Report on the Basic Financial Statements

We have audited the accompanying financial statements of the Indian Wells Valley Groundwater Authority (the Authority) as of and for the years ended December 31, 2020 and 2019, and the related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Basic Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditor's Responsibility

Our responsibility is to express opinions on these basic financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the basic financial statements 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 Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of December 31, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the years ended December 31, 2020 and 2019, in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

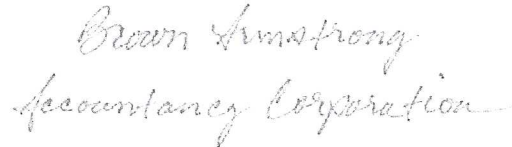
*Required Supplementary Information*

Management has omitted the management discussion and analysis (MD&A) 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 June 3, 2022, on our consideration of the Authority’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 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 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 Authority’s internal control over financial reporting and compliance.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

Handwritten signature in cursive script that reads "Brown Armstrong Accountancy Corporation".

Bakersfield, California  
June 3, 2022



**INDIAN WELLS VALLEY GROUNDWATER AUTHORITY  
STATEMENTS OF NET POSITION (DEFICIT)  
DECEMBER 31, 2020 AND 2019**

|                                  | <u>2020</u>           | <u>2019</u>           |
|----------------------------------|-----------------------|-----------------------|
| <b>ASSETS</b>                    |                       |                       |
| Current Assets                   |                       |                       |
| Cash and Cash Equivalents        | \$ 146,996            | \$ 69,641             |
| Assessment Fees Receivable       | 62,663                | 50,109                |
| Grant Receivable                 | <u>656,959</u>        | <u>376,409</u>        |
| Total Current Assets             | <u>866,618</u>        | <u>496,159</u>        |
| Noncurrent Assets                |                       |                       |
| Depreciable Capital Assets, Net  | <u>26,909</u>         | <u>-</u>              |
| Total Noncurrent Assets          | <u>26,909</u>         | <u>-</u>              |
| Total Assets                     | <u>893,527</u>        | <u>496,159</u>        |
| <b>LIABILITIES</b>               |                       |                       |
| Current Liabilities              |                       |                       |
| Accounts Payable                 | <u>797,909</u>        | <u>464,185</u>        |
| Total Current Liabilities        | <u>797,909</u>        | <u>464,185</u>        |
| Noncurrent Liabilities           |                       |                       |
| Advances Payable                 | 1,000,000             | 1,000,000             |
| Due to Other Governments         | <u>482,060</u>        | <u>247,418</u>        |
| Total Noncurrent Liabilities     | <u>1,482,060</u>      | <u>1,247,418</u>      |
| Total Liabilities                | <u>2,279,969</u>      | <u>1,711,603</u>      |
| <b>NET POSITION</b>              |                       |                       |
| Net Investment in Capital Assets | 26,909                | -                     |
| Unrestricted                     | <u>(1,413,351)</u>    | <u>(1,215,444)</u>    |
| Total Net Deficit                | <u>\$ (1,386,442)</u> | <u>\$ (1,215,444)</u> |

The accompanying notes are an integral part of basic these financial statements.

**INDIAN WELLS VALLEY GROUNDWATER AUTHORITY  
STATEMENTS OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION (DEFICIT)  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

|                                       | <u>2020</u>           | <u>2019</u>           |
|---------------------------------------|-----------------------|-----------------------|
| <b>OPERATING REVENUES</b>             |                       |                       |
| Assessment Fees                       | \$ 795,136            | \$ 533,908            |
| Total Operating Revenues              | <u>795,136</u>        | <u>533,908</u>        |
| <b>OPERATING EXPENSES</b>             |                       |                       |
| Professional Fees                     | 1,623,601             | 1,744,877             |
| Depreciation Expense                  | 2,070                 | -                     |
| Total Operating Expenses              | <u>1,625,671</u>      | <u>1,744,877</u>      |
| Operating Loss                        | <u>(830,535)</u>      | <u>(1,210,969)</u>    |
| <b>NONOPERATING REVENUES</b>          |                       |                       |
| State Grants                          | <u>659,537</u>        | <u>555,533</u>        |
| Total Nonoperating Revenues           | <u>659,537</u>        | <u>555,533</u>        |
| Change in Net Position                | (170,998)             | (655,436)             |
| Net Position - Beginning, as Restated | <u>(1,215,444)</u>    | <u>(560,008)</u>      |
| Net Position - Ending (Deficit)       | <u>\$ (1,386,442)</u> | <u>\$ (1,215,444)</u> |

The accompanying notes are an integral part of basic these financial statements.

**INDIAN WELLS VALLEY GROUNDWATER AUTHORITY  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

|   | <u>2020</u>         | <u>2019</u>           |
|---|---------------------|-----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                      |                     |                       |
| Cash Received from Assessments Fees   | \$ 782,582          | \$ 528,332            |
| Cash Payments for Operating Expenses  | <u>(1,055,235)</u>  | <u>(1,662,144)</u>    |
| Net Cash Used by Operating Activities   | <u>(272,653)</u>    | <u>(1,133,812)</u>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                                      |                     |                       |
| Proceeds from State Grants  | <u>378,987</u>      | <u>726,740</u>        |
| Net Cash Provided by Financing Activities   | <u>378,987</u>      | <u>726,740</u>        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                      |                     |                       |
| Purchase of Capital Assets  | <u>(28,979)</u>     | <u>-</u>              |
| Net Cash Used by Investing Activities   | <u>(28,979)</u>     | <u>-</u>              |
| Net Increase (Decrease) in Cash and Cash Equivalents                              | 77,355              | (407,072)             |
| Cash and Cash Equivalents, Beginning of Year                                      | <u>69,641</u>       | <u>476,713</u>        |
| Cash and Cash Equivalents, End of Year  | <u>\$ 146,996</u>   | <u>\$ 69,641</u>      |
| <b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities:</b> |                     |                       |
| Operating Loss  | \$ (830,535)        | \$ (1,210,969)        |
| Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities: |                     |                       |
| Depreciation  | 2,070               | -                     |
| (Increase in Assessment Fees Receivable   | (12,554)            | (5,576)               |
| Increase/(Decrease) in Accounts Payable   | 333,724             | (5,363)               |
| Increase in Due to Other Governments  | <u>234,642</u>      | <u>88,096</u>         |
| Net Cash Used by Operating Activities   | <u>\$ (272,653)</u> | <u>\$ (1,133,812)</u> |

The accompanying notes are an integral part of basic these financial statements.

**INDIAN WELLS VALLEY GROUNDWATER AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization and Authority Activities**

Indian Wells Valley Groundwater Authority (the Authority) was formed June 15, 2016. The Authority is organized under California Government Code Section 65000. The Authority was formed for the purpose of forming a Groundwater Sustainable Agency (GSA) and achieving groundwater sustainability in the Indian Wells Valley Groundwater Basin. The Authority is governed by a five member Board of Directors (the Board). One board member is appointed by each General Member. The five General Members of the Authority are the City of Ridgecrest, County of Inyo, County of Kern, County of San Bernardino, and Indian Wells Valley Water District (the District).

The accounting and reporting policies of the Authority conform in all material respects to accounting principles generally accepted in the United States of America applicable to governmental enterprise funds.

**B. Reporting Entity**

The Authority has no oversight responsibility for any other governmental entity nor is the Authority's operation a component unit of any other governmental entity. Therefore, the reporting entity consists only of the Authority's operations.

**C. Basis of Presentation**

The Authority reports its activities as an enterprise fund. An enterprise fund is a proprietary type fund used to account for operations that are financed in a manner similar to private business enterprises: (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**D. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are prepared using the economic resource measurement focus and the accrual basis of accounting. Under the economic measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with these activities are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenue) and decreases (expenses) in total net position (deficit). Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**E. Classification of Revenues and Expenses**

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from water activities related to the Indian Wells Valley Groundwater Basin and related costs. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.



**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Classification of Revenues and Expenses (Continued)**

Operating revenues, such as member contributions, result from exchange transactions associated with the principal activity of the Authority. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as sale of assets and grant income, result from nonexchange transactions or ancillary activities in which the Authority gives (receives) value without directly receiving (giving) equal value in exchange. For the years ended December 31, 2020 and 2019, nonoperating revenues included \$659,537 and \$555,533, respectively, in grant income received from the State of California.

Operating expenses include the cost of sales and service, administrative expense, and depreciation on capital assets. All expenses not meeting this definition are reported as nonoperating expenses.

**F. Establishment of Revenue**

Income is, for the most part, generated from the contributions of the Authority's members. The Board determines member contributions.

**G. Budget**

Although a budget is adopted annually, it is used primarily as a guideline for the Board in regulation of expenses. The budget is prepared on a modified cash basis of accounting. There is no legal compulsion to stay within the adopted budget in the payment or classification of expenses.

**H. Cash and Cash Equivalents**

Cash and cash equivalents are considered to be cash on hand, demand deposits with financial institutions, deposits in money market mutual funds, and short-term investments with original maturities of twelve months or less from the date of acquisition. The short-term investments include the pooled cash with the Kern County Treasury. Investment pool deposits are carried at the Authority's proportionate share of the fair value of the pool's underlying portfolio.

**I. Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the enterprise fund on the Statement of Net Position as nondepreciable or depreciable noncurrent assets. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciable capital assets are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u> | <u>Useful Lives</u> |
|---------------|---------------------|
| Equipment     | 7 years             |

**I. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Authority to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Subsequent Events**

In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through June 3, 2022, the date the financial statements were available to be issued.

**K. Net Position**

In the Statement of Net Position, net position is classified in the following category:

Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any notes or other borrowings attributable to those assets.

Unrestricted Net Position – This amount includes all items that do not meet the definition of restricted assets.

**L. Governmental Accounting Standards Update**

During the year ended December 31, 2020, the Authority implemented the following standards:

**GASB Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance.*** The requirements of this statement are effective immediately. The Authority will implement GASB Statements No. 87, No. 89, No. 91, No. 92, and No. 93 in accordance with the postponed effective dates as stated in GASB Statement No. 95.

**GASB Statement No. 84 – *Fiduciary Activities.*** The requirements of this statement are effective for reporting periods beginning after December 15, 2019. There was no impact on the Authority's accounting or financial reporting as a result of implementation.

**GASB Statement No. 90 – *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61.*** The requirements of this statement are effective for reporting periods beginning after December 15, 2018. There was no impact on the Authority's accounting or financial reporting as a result of implementation.

Recently released standards by GASB affecting future years are as follows:

**GASB Statement No. 87 – *Leases.*** The requirements of this statement are effective for reporting periods beginning after December 15, 2021. The Authority has not fully judged the effect of implementation of GASB Statement No. 87 as of the date of the basic financial statements.

**GASB Statement No. 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period.*** The requirements of this statement are effective for reporting periods beginning after December 15, 2020. The Authority has not fully judged the impact of implementation of GASB Statement No. 89 on the financial statements.

**GASB Statement No. 91 – *Conduit Debt Obligations.*** The requirements of this statement are effective for reporting periods beginning after December 15, 2021. The Authority has not fully judged the impact of implementation of GASB Statement No. 91 on the financial statements.



**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

L. Governmental Accounting Standards Update (Continued)

**GASB Statement No. 92 – Omnibus 2020.** The requirements of this statement are effective as follows:

- The requirements related to the effective date of GASB Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of GASB Statements No. 73 and No. 74 are effective for reporting periods beginning after June 15, 2021.
- The requirements related to application of GASB Statement No. 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

The Authority has not fully judged the impact of implementation of GASB Statement No. 92 on the financial statements.

**GASB Statement No. 93 – Replacement of Interbank Offered Rates.** The requirements of this statement, except for paragraph 11b, are effective for reporting periods beginning after June 15, 2021. The Authority has not fully judged the impact of implementation of GASB Statement No. 93 on the financial statements.

**GASB Statement No. 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements.** The requirements of this statement are effective for reporting periods beginning after June 15, 2022. The Authority has not fully judged the impact of implementation of GASB Statement No. 94 on the financial statements.

**GASB Statement No. 96 – Subscription-Based Information Technology Arrangements.** The requirements of this statement are effective for reporting periods beginning after June 15, 2022. The Authority has not fully judged the impact of implementation of GASB Statement No. 96 on the financial statements.

**GASB Statement No. 97 – Certain Component Units Criteria and Accounting and Financial Reporting of Internal Revenue Code 457 Deferred Compensation Plans – an Amendment to GASB Statements No. 14 and No. 84 and a Supersession of GASB Statement No. 32.** The requirements in paragraph 4 as it applies to defined contribution pension plans, defined other employee benefit plans, and other employee benefit plans and paragraph 5 are effective immediately. All other requirements of this statement are effective for reporting periods beginning after June 15, 2021. The Authority has not fully judged the impact of implementation of GASB Statement No. 97 on the financial statements.

**NOTE 2 – CASH DEPOSITS AND INVESTMENTS**

The Authority has the following cash and cash investments at December 31:

|                             | <u>2020</u>       | <u>2019</u>      |
|-----------------------------|-------------------|------------------|
| Deposits:                   |                   |                  |
| Demand deposits             | <u>\$ 82,005</u>  | <u>\$ 19,971</u> |
| Cash Investments:           |                   |                  |
| Kern County Investment Fund | <u>\$ 64,991</u>  | <u>\$ 49,670</u> |
| Total                       | <u>\$ 146,996</u> | <u>\$ 69,641</u> |

The Authority’s deposit policy for custodial credit risk requires compliance with the provisions of state law. Balances were fully insured and/or collateralized with securities held by the pledging financial institutions in the Authority’s name.

The Authority does not have an adopted investment policy; therefore, the Authority is governed by the investment guidelines of the California Government Code. The State of California Government Code authorizes investments in obligations of the U.S. Treasury, its agencies and instrumentalities, commercial paper, bankers’ acceptances, repurchase agreements, and the State of California Local Agency Investment Fund.

As of December 31, 2020 and 2019, the Authority had \$64,991 and \$49,670, respectively, invested with the Kern County Investment Fund. The Kern County Investment Fund fair value factor of 1.0139247707 and 1.0087814055 at December 31, 2020 and 2019, respectively, was used to calculate the fair value of the investments.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Authority’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the Authority). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

GASB Statement No. 40 requires that disclosures be made with respect to custodial credit risks relating to deposits and investments. Of the Authority’s bank balances, \$0 and \$0 at December 31, 2020 and 2019, respectively, were exposed to custodial credit risk.



**NOTE 3 – CAPITAL ASSETS**

Capital asset activity for the years ended December 31, 2020 and 2019, is as follows:

|                                 | Balance<br>January 1, 2020 | Additions | Deletions | Balance<br>December 31, 2020 |
|---------------------------------|----------------------------|-----------|-----------|------------------------------|
| Depreciable Assets:             |                            |           |           |                              |
| Equipment                       | \$ -                       | \$ 28,979 | \$ -      | \$ 28,979                    |
| Total Depreciable Assets        | -                          | 28,979    | -         | 28,979                       |
| Less: Accumulated Depreciation: |                            |           |           |                              |
| Equipment                       | -                          | (2,070)   | -         | (2,070)                      |
| Total Accumulated Depreciation  | -                          | (2,070)   | -         | (2,070)                      |
| Total Depreciable Assets, Net   | -                          | 26,909    | -         | 26,909                       |
| Total Capital Assets, Net       | \$ -                       | \$ 26,909 | \$ -      | \$ 26,909                    |
|                                 | Balance<br>January 1, 2019 | Additions | Deletions | Balance<br>December 31, 2019 |
| Depreciable Assets:             |                            |           |           |                              |
| Equipment                       | \$ -                       | \$ -      | \$ -      | \$ -                         |
| Total Depreciable Assets        | -                          | -         | -         | -                            |
| Less: Accumulated Depreciation: |                            |           |           |                              |
| Equipment                       | -                          | -         | -         | -                            |
| Total Accumulated Depreciation  | -                          | -         | -         | -                            |
| Total Depreciable Assets, Net   | -                          | -         | -         | -                            |
| Total Capital Assets, Net       | \$ -                       | \$ -      | \$ -      | \$ -                         |

Depreciation expense for the years ended December 31, 2020 and 2019 were \$2,070 and \$0, respectively.

**NOTE 4 – ADVANCES PAYABLE**

On December 13, 2017, the District entered into an advanced funds agreement to allow work to continue on the Groundwater Sustainability Plan. The District agreed to defer reimbursement until future assessments, charges, and fees imposed by the Authority to fund the costs of the Groundwater Sustainability are collected. Advances payable to the District are \$500,000 and \$500,000 at December 31, 2020 and 2019, respectively.

On June 26, 2018, the County of Kern (the County) provided the Authority with initial funding capital to close the funding gap created by the delay in imposing a groundwater extraction fee, while simultaneously providing provisions that will ensure that the County's contributions are refunded to the County as the Authority becomes self-sufficient. Advances payable to the County are \$500,000 and \$500,000 at December 31, 2020 and 2019, respectively.

**NOTE 5 – DUE TO OTHER GOVERNMENTS**

The Authority entered into agreements to have other government entities pay for professional fees to allow work to continue on the Groundwater Sustainability Plan as expenses expended revenues collected. These other government entities have agreed to defer reimbursement until future assessments, charges, and fees imposed by the Authority to fund the costs of the Groundwater Sustainability are collected. For the years ended December 31, 2020 and 2019, the Authority had amounts due to other governments totaling \$482,060 and \$247,418, respectively.

**NOTE 6 – PRIOR PERIOD ADJUSTMENT**

|   |                       |
|---|-----------------------|
| Net Position at January 1, 2019, as previously stated                             | \$ (414,751)          |
| Operating expenses not previously recognized                                      | <u>(145,257)</u>      |
| Net Position at January 1, 2019, as restated                                      | (560,008)             |
| Change in Net Position for the Year Ended December 31, 2019, as previously stated | (345,826)             |
| Assessment fees not previously recognized   | 19,124                |
| Operating expenses not previously recognized                                      | <u>(328,734)</u>      |
| Net Position at January 1, 2020, as Restated                                      | <u>\$ (1,215,444)</u> |

**OTHER INDEPENDENT AUDITOR'S REPORT**

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

To the Honorable Members of the Governing Board  
Indian Wells Valley Groundwater Authority  
Ridgecrest, 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 Indian Wells Valley Groundwater Authority (the Authority), as of and for the years ended December 31, 2020 and 2019, and the related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 3, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the basic financial statements, we considered the Authority'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 basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding 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 may exist that have not been identified.

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.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong  
Accountancy Corporation*

Bakersfield, California  
June 3, 2022

**INDIAN WELLS VALLEY GROUNDWATER AUTHORITY  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

None noted.



**INDIAN WELLS VALLEY GROUNDWATER AUTHORITY  
STATUS OF PRIOR FINDINGS AND RESPONSES  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**Finding 2019-001**

Condition:

We noted during our subsequent disbursements and subsequent receipts testing that the Authority did not properly accrue revenue and expenses. As such, we had to make an adjustment to accounts payable and grant receivables.

Criteria:

Per accounting principles generally accepted in the United States of America and governmental accounting standards, proprietary funds use the accrual basis of accounting. Under the accrual basis, expenses and liabilities are to be recorded in the period incurred. As the Authority's grant is on a reimbursement basis, the related grant revenue and receivable for reimbursement of expenses incurred are also to be recorded in the period incurred.

Cause of Condition:

There was a timing issue when it came to recording expense and revenue accruals at year end and the Authority did not accrue a liability and asset that should have been accrued.

Potential Effect of Condition:

Understating liabilities, expenses, assets and revenue for the fiscal year under audit.

Recommendation:

We recommend that the Authority implement procedures to review invoices received subsequent to year end for costs incurred prior to the end of the fiscal year. All costs incurred prior to the end of fiscal year need to be accrued within the fiscal year. Grant revenues for reimbursable costs should also be accrued in the fiscal year in which the costs were incurred. Additionally, to remedy the condition, we recommend that the Authority perform its own in-house bookkeeping rather than rely on the County of Kern.

View of Responsible Officials and Planned Corrective Actions:

This finding is a repeat of the finding discussed with the County Fiscal and Policy Analyst on Friday February 1, 2019, where she acknowledged there was no accrual made. The Authority will correct their financial statements to reflect these assets and liabilities on the financial statements. Change in staffing resulted in closing procedures not being made properly. They agree to perform certain closing procedures to ensure that proper accruals are made.

Current Year Status

The Authority has implemented new closing procedures to ensure proper accrual of revenue and expenses.

## **Finding 2019-002**

### **Condition:**

The Authority is not able to produce its own financial statements in conformity with accounting principles generally accepted in the United States of America. For convenience and efficiency, the Authority's Management relies on the external auditor to assist in preparing the financial statements

### **Criteria:**

Brown Armstrong Accountancy Corporation (BAAC) prepared and drafted the financial statements and footnotes for the Authority. Upon completion, a draft of the financial statements is submitted to the Authority's Management for review and approval. This service is performed as a convenience to management. Management accepts the responsibility to establish and maintain effective internal controls over financial reports and to adjust the financial statements and footnotes prepared by BAAC in order to correct any material mistakes.

### **Effect:**

BAAC assisted with the preparation of the financial statements, which is a less effective of a control than performing the reporting function internally.

### **Cause:**

The Authority's Management relies upon BAAC to draft the financial statements as a convenience to management.

### **Recommendation:**

We recommend that the Authority identify a member of management to take over the responsibility of financial reporting.

### **View of Responsible Officials and Planned Corrective Actions:**

The Authority, at this time, depends on member agencies to manage its various responsibilities. These member agency employees have other responsibilities within their organization which limits time available to the Authority. Until such time as the Authority itself employs individuals or contracts out these responsibilities, the Authority will have to rely on third party production of these statements.

### **Current Year Status**

The Authority has contracted out these responsibilities to ensure proper production of the financial statements.



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# IWVGA ADMINISTRATIVE OFFICE

*STAFF REPORT*

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**TO:** IWVGA Board of Directors **DATE:** June 8, 2022

**FROM:** Carol Thomas-Keefer, General Manager

**SUBJECT:** **Agenda Item No. 10 – Communications and Engagement Plan Improvements and Implementation**

## **BACKGROUND**

The Groundwater Sustainability Plan (GSP) developed by the Indian Wells Valley Groundwater Authority (IWVGA) includes a Communications and Engagement (C&E) Plan as required by GSP regulations. The C&E Plan for the IWVGA GSP was developed by the Policy Advisory Committee (PAC) but has had minimal implementation to date.

In January, the state Department of Water Resources approved IWVGA’s GSP, and that approval included several Recommended Corrective Actions (RCA) to be addressed with the next GSP update by January 2025. RCA 1 states: “Provide additional information on the required, ongoing communications elements required in the GSP Regulations, and describe how those required elements fit into the Authority’s Communication and Engagement Plan, including how it will continue to allow an open collaborative process with active diverse stakeholder engagement...during Plan implementation.”

Recognizing a need for improved outreach and communication efforts, and in light of the DWR’s RCA 1 in the GSP approval, the PAC has recently worked to develop additional recommendations for a more comprehensive C&E plan. At the board’s direction, IWVGA staff has been developing a plan to implement these improvements.

## **DISCUSSION**

The PAC has provided a number of excellent suggestions and recommendations for enhancing IWVGA’s communications and outreach efforts, and those most recent recommendations are included in the PAC’s report for May 2022 (included as part of this item). Staff has reviewed those recommendations and proposes an initial implementation plan aimed at expanding outreach and education for the community and key stakeholders. Activities would include:

- Development of informational mailers
- Development of a variety of Fact Sheets

- Improvement of website and expansion of information available online
- Regular electronic newsletter/e-blast
- Active social media presence
- Public workshops

Staff proposes an initial budget of \$60,000 for implementation of these activities through 2022. Currently, the budget has \$10,000 available for Stakeholder Coordination; additionally, funds could be reallocated from money currently budgeted for Shallow Well Outreach (\$20,000), Conservation Efforts (\$20,000) and possibly from Litigation Support and/or Meetings and Preparation, as needed. Staff will obtain cost estimates and proposals from consultants as needed to assist with efforts such as website improvements, social media involvement, design, printing and mailing of materials, etc. For this initial implementation, IWVGA staff anticipates assisting with and overseeing these activities; depending on our needs, additional assistance may be proposed for further implementation in 2023.

#### **ACTION(S) REQUIRED BY THE BOARD**

The IWVGA board should consider authorizing implementation of proposed improvements to IWVGA's C&E Plan, as recommended above, with an initial budget of \$60,000 for 2022, with funds reallocated from existing budget items as proposed.

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# IWVGA Board Meeting

## June 8, 2022

### **Communication and Engagement Plan**

#### *TAC Membership*

- At the May 11<sup>th</sup> GA Board Meeting TAC Membership Included:
  - Don Decker
  - Eddy Teasdale
  - Tim Parker
  - Steven Rourakos
  - Michelle Anderson
  - Donna Ogilvie
- On May 17<sup>th</sup> the Water District hosted the DWR adjudication facilitation.
- On May 19<sup>th</sup> Eddy Teasdale resigned the TAC
- TAC current membership is four (4) members, with two (2) voting.

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**Item 1. Call to Order**

Voting members David Janiec, Renee Westa-Lusk, West Katzenstein, Lyle Fisher, Judie Decker, Camille Anderson, Tim Carrol, and Regina Troglin were in attendance. Non-voting members Don Zdeba, Tom Bickauskas, and John Kersey were present. Not present was non-voting member Lorelei Oviatt. Ed Imsand had submitted his resignation to the IWVGA Board in email prior to the meeting. The chair noted that there are now no agriculture representatives on the PAC.

**Item 2. Pledge of Allegiance****Item 3. Open Public Comment (Not Related to Other Agenda Items)**

None received.

**Item 4. Approve Minutes of the January PAC Meeting**

Renee Westa-Lusk moved to approve the minutes, seconded by West Katzenstein. Judie Decker abstained. The motion was approved 7-0-1.

**Item 5. Communication and Engagement (C&E) Plan Review and Update Per Recommended Corrective Action No. 1 of DWR Groundwater Sustainability Plan Approval**

- A. Review individual PAC member comments.
- B. Discuss and outline consensus on full PAC recommendations
- C. Discuss changes necessary to the GA C&E Plan to document the key changes

**PAC Member Comment -**

Eight individual PAC members comments were submitted to the chair and distributed to all members the week prior to this meeting. PAC members agreed that there were several main and secondary themes that carried through all the individual inputs. Robust discussion among all PAC members further developed the outline for these factors presented below:

Key Common Factors and Secondary Themes

1. Key focus elements for the implementation and execution phase of the GSP
  - a. Provide an integrated, comprehensive schedule clearly linking projects/tasks, budgets, responsible parties, planned vs. execution progress, and a financial summary
  - b. Focus on the Projects and Management Actions in the GSP
  - c. Provide a summary statement or fact sheet about the overall purpose and objectives for the GSP and the link to achieving sustainability in the basin
  - d. Provide a summary statement or fact sheet addressing the technical basis and modeling used to underpin the GSP
  - e. Provide concise, key element "fact sheets" in layman's terms, but include references or links for more extensive information and definitions of terms. Where those need to be longer, provide an executive summary
2. Increased public engagement and methods of engagement
  - a. Focus on stakeholder engagement and communication focused on stakeholders
    - i. General public (all stakeholders) just becoming aware or searching for information
    - ii. Each stakeholder group
  - b. Methods of engagement
    - i. Update, improve and focus the website designed around simplicity in providing information to the public for easier online search

1. Provide accurate introductory material for the general public and all interested stakeholders
2. Provide easy navigation with access to “Frequently Asked Questions”, including “fact sheets” and instruction regarding how to address questions not yet covered by a “FAQ”
  - ii. Increase use of existing and newer social media. The PAC will provide recommendations for new media
  - iii. Stakeholder targeted communication, fully available to the general public (i.e. the “general store” in Inyokern for western valley residents, or the equivalent in Trona)
- c. Provide “key element” fact sheets available online, at public meetings, and via proactive media push out. The PAC may provide a prioritized, recommended list of additional subjects, including SGMA and the establishment of the GA, stakeholders, fees, etc.
3. Key sections, approaches and methods in the seven other plans approved by DWR
  - a. Key sections were noted in those plans, plus the Owens Valley C&E Plan and the updated draft provided by Regina Troglin at the start of this meeting
4. Employ or assign a C&E Public Relations Director or Lead
  - a. Provide guidelines to provide for responsive communication in a litigation environment

PAC members noted these are consistent with the PAC recommendations provided to the GA in our March 24, 2022 meeting, but went further to address the points noted in Recommended Corrective Action #1 from the DWR GSP Approval document. Additional PAC discussion noted that PAC and TAC members (or a PAC ad-hoc sub-committee) may be willing to provide draft Fact Sheets to GA staff for review and edit prior to publishing. A group of social media engagement volunteers might be found for execution of the increased social media engagement

**Public Comment** – Don Decker noted that references and definitions are critical to the understanding of very complex technical information and reiterated the need to provide those in public communication.

**PAC Action** – PAC members agreed to establish an ad-hoc sub-committee to further develop the list of the common elements for GA communications and engagement. Sub-committee members are David Janiec, West Katzenstein and Regina Troglin. The sub-committee will meet prior to the PAC June meeting and provide expanded recommendations for full PAC agreement at the June 26th meeting. The priority is on the four common, key elements of for communications and engagement during the GSP implementation. GA General Manager Carol Thomas-Keefer noted that the PAC report and recommendations from this meeting and the March meeting will be discussed during GA board meeting on June 7<sup>th</sup>, with the intent of creating an action item for the board addressing enhancements and improvements to the C&E Plan and efforts during the GSP implementation.

#### **Item 6. Member Comments**

Judie Decker suggested that the GA board be less formal, friendlier, and in-person during their board meeting to enhance and encourage public engagement and perception.

Don Zdeba noted that the 10yr financial analysis summary and capital improvement plan for the Water District will be discussed at the next board meeting in preparation for a subsequent potential rate study. Camille Anderson thanked Regina Troglin for the effort in providing her updated C&E Plan.

West Katzenstein reiterated the need for review of GA products. He also appreciated Don Zdeda’s comments noting the Water District’s future planning, based on financial and systems engineering process, specifically noting that the GA needs the same focus on the recently awarded \$7.6M grant critical to the larger plan that gets us to sustainability.



David Janiec noted that this C&E task was easier because so many PAC members had contributed robust responses.

**Item 7. Meeting Adjourned.**

Submitted by: David Janiec, IWVGA PAC Chair, May 5, 2022

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IWVGA Board Meeting  
June 8, 2022

**Grant Funding**

Proposition 1 Status Update

- Invoice #12a
  - Covers July through September 2021
  - Total requested payment after retention: **\$132,693.95**
  - Status: Approved, currently awaiting payment
- Invoice #13a
  - Covers October through December 2021
  - Total requested payment after retention: **\$299.70**
  - Status: Approved, currently awaiting payment
- Invoice #14a
  - Covers January 2022 through March 2022
  - Total requested payment after retention: **\$64,941.88**
  - Status: Invoice package and progress report submitted on May 27

IWVGA Board Meeting  
June 8, 2022

**Grant Funding**

Proposition 1 Overview

- Grant was awarded in 2017 in the amount of \$2,146,000
- Eligible grant work:
  - Developing the HCM and preparing/updating the Numerical Groundwater Model
  - Identifying and evaluating hydrogeologic data gaps
  - Installing new monitoring wells, stream gages, and weather stations
  - Performing aquifer tests and conducting water quality/isotope sampling
  - Creating and uploading data to the Data Management System (DMS)
  - Preparation of the GSP
    - Feasibility studies for imported and recycled water
    - Developing and writing GSP chapters
  - Water conservation pilot projects for SDACs
  - Stakeholder outreach, grant administration/reporting, and project management

| IWVGA Proposition 1 Grant Payment Summary |                         |   |   |                            |  |                     |
|---|-------------------------|---|---|----------------------------|--|---------------------|
| Invoice Number                            | Dates Covered           | Total Amount Requested, before Retention <sup>1</sup> | Total Amount Requested, after Retention | Total Amount Paid, to-date | Remaining Amount Receivable <sup>2</sup> | Amount Retained     |
|   |                         | [A]   | [B]                                     | [C]                        | [D]                                      | [A] - [C] - [D]     |
| 1   | 7/1/2017 to 9/30/2018   | \$372,851.88  | \$335,566.69                            | \$335,566.69               | \$0.00                                   | \$37,285.19         |
| 2   | 10/1/2018 to 3/31/2019  | \$391,172.46  | \$352,055.21                            | \$352,055.21               | \$0.00                                   | \$39,117.25         |
| 3   | 4/1/2019 to 6/30/2019   | \$206,873.01  | \$186,185.71                            | \$186,185.71               | \$0.00                                   | \$20,687.30         |
| 4   | 7/1/2019 to 9/30/2019   | \$101,087.69  | \$90,978.92                             | \$90,978.92                | \$0.00                                   | \$10,108.77         |
| 5   | 10/1/2019 to 12/31/2019 | \$68,448.38   | \$61,603.54                             | \$61,603.54                | \$0.00                                   | \$6,844.84          |
| 6   | 1/1/2020 to 3/31/2020   | \$44,687.54   | \$40,218.79                             | \$40,218.79                | \$0.00                                   | \$4,468.75          |
| 7(a)                                      | 4/1/2020 to 6/30/2020   | \$106,560.39  | \$95,904.35                             | \$95,904.35                | \$0.00                                   | \$10,656.04         |
| 8(a)                                      | 7/1/2020 to 9/30/2020   | \$92,115.62   | \$82,904.06                             | \$82,904.06                | \$0.00                                   | \$9,211.56          |
| 9(a)                                      | 10/1/2020 to 12/31/2020 | \$57,421.93   | \$51,679.74                             | \$51,679.74                | \$0.00                                   | \$5,742.19          |
| 10(a)                                     | 1/1/2021 to 3/31/2021   | \$86,355.92   | \$77,720.33                             | \$77,720.33                | \$0.00                                   | \$8,635.59          |
| 11(a)                                     | 4/1/2021 to 6/30/2021   | \$77,728.33   | \$69,955.50                             | \$69,955.50                | \$0.00                                   | \$7,772.83          |
| 12(a)                                     | 7/1/2021 to 9/30/2021   | \$147,437.72  | \$132,693.95                            | \$0.00                     | \$132,693.95                             | \$14,743.77         |
| 13(a)                                     | 10/1/2021 to 12/31/2021 | \$333.00  | \$299.70                                | \$0.00                     | \$299.70                                 | \$33.30             |
| 14(a)                                     | 1/1/2022 to 3/31/2022   | \$72,157.64   | \$64,941.88                             | \$0.00                     | \$64,941.88                              | \$7,215.76          |
| <b>Total</b>                              | -                       | <b>\$1,825,231.51</b>                                 | <b>\$1,642,708.37</b>                   | <b>\$1,444,772.84</b>      | <b>\$197,935.53</b>                      | <b>\$182,523.14</b> |

|  |                     |
|--|---------------------|
| <b>Total Amount Due (Receivable + Retained):</b> | <b>\$380,458.67</b> |
|--|---------------------|

|   |                       |
|---|-----------------------|
| <b>Total Amount Awarded in Prop 1:</b>    | <b>\$2,146,000.00</b> |
| <b>Total Amount Remaining to Request:</b> | <b>\$320,768.49</b>   |

**Notes**  
1) 10% of amount requested is withheld by DWR until Project completion and submission/approval of Project Completion Reports.  
2) For Invoices 8(a) & 9(a), amount paid was reduced until completion of CEQA concurrence. Reduced amounts were again requested as part of Invoice 12(a).


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## IWVGA Board Meeting June 8, 2022

### Grant Funding

#### Proposition 1 Overview

- Remaining tasks fall under water conservation efforts for SDACs
  - Completion date of October 31, 2022
- Anticipate billing approximately \$267,000 of the remaining \$320,768.49
  - Leftover funding attributed to lack of opportunity for a third aquifer test
- Grant completion reporting to be finished by December 2022
- Retention invoice to be prepared after completion reporting

4 

AGENDA ITEM 11a.i

4

IWVGA Board Meeting  
June 8, 2022

**Grant Funding**

*Proposition 68 Status Update*

- Invoice # 12b
  - Covers July through September 2021
  - Total requested payment after retention: **\$3,158.82**
  - Status: Payment received on May 24
- Invoice # 13b
  - Covers October through December 2021
  - Total requested payment after retention: **\$272.09**
  - Status: Approved, currently awaiting payment
- Invoice #14b
  - Covers January 2022 through March 2022
  - Total requested payment after retention: **\$1,885.36**
  - Status: Invoice package and progress report submitted on May 27

AGENDA ITEM 11a.ii



5

IWVGA Board Meeting  
June 8, 2022

**Grant Funding**

*Proposition 68 Overview*

- Grant was awarded in 2020 in the amount of \$300,000
  - Additional \$30,000 was awarded but was unavailable until 2021
- Eligible grant work:
  - Allocation support, including:
    - Development of allocation scenarios through meetings/discussions with attorneys
    - Analysis of historic and projected pumping to develop allocation structure for the GSP
  - Engineering support for IWVGA fees, including:
    - Preparation of data packages
    - Review of monthly reporting forms
    - Review of meter compliance submittals

AGENDA ITEM 11a.ii



6

| IWVGA Proposition 68 Grant Payment Summary |                         |   |   |                            |                             |                    |
|--|-------------------------|---|---|----------------------------|-----------------------------|--------------------|
| Invoice Number                             | Dates Covered           | Total Amount Requested, before Retention <sup>1</sup> | Total Amount Requested, after Retention | Total Amount Paid, to-date | Remaining Amount Receivable | Amount Retained    |
|  |                         | [A]   | [B]                                     | [C]                        | [D]                         | [A] - [C] - [D]    |
| 7(b)                                       | 5/18/2016 to 6/30/2020  | \$273,725.60  | \$246,353.04                            | \$246,353.04               | \$0.00                      | \$27,372.56        |
| 8(b)                                       | 7/1/2020 to 9/30/2020   | \$3,791.56  | \$3,412.40                              | \$3,412.40                 | \$0.00                      | \$379.16           |
| 9(b)                                       | 10/1/2020 to 12/31/2020 | \$4,831.42  | \$4,348.28                              | \$4,348.28                 | \$0.00                      | \$483.14           |
| 10(b)                                      | 1/1/2021 to 3/31/2021   | \$3,183.38  | \$2,865.04                              | \$2,865.04                 | \$0.00                      | \$318.34           |
| 11(b)                                      | 4/1/2021 to 6/30/2021   | \$3,946.80  | \$3,552.12                              | \$3,552.12                 | \$0.00                      | \$394.68           |
| 12(b)                                      | 7/1/2021 to 9/30/2021   | \$3,509.80  | \$3,158.82                              | \$3,158.82                 | \$0.00                      | \$350.98           |
| 13(b)                                      | 10/1/2021 to 12/31/2021 | \$302.32  | \$272.09                                | \$0.00                     | \$272.09                    | \$30.23            |
| 14(b)                                      | 1/1/2022 to 3/31/2022   | \$2,094.84  | \$1,885.36                              | \$0.00                     | \$1,885.36                  | \$209.48           |
| <b>Total</b>                               | -                       | <b>\$295,385.72</b>                                   | <b>\$265,847.15</b>                     | <b>\$263,689.70</b>        | <b>\$2,157.45</b>           | <b>\$29,538.57</b> |


  

|  |                    |
|--|--------------------|
| <b>Total Amount Due (Receivable + Retained):</b> | <b>\$31,696.02</b> |
|--|--------------------|

|   |                     |
|---|---------------------|
| <b>Total Amount Awarded in Prop 68:</b>   | <b>\$330,000.00</b> |
| <b>Total Amount Remaining to Request:</b> | <b>\$34,614.28</b>  |

**Notes**  
1) 10% of amount requested is withheld by DWR until Project completion and submission/approval of Project Completion Reports.



7


## IWVGA Board Meeting June 8, 2022

### Grant Funding

#### Proposition 68 Overview

- Remaining tasks include ongoing, as-needed engineering support for allocations and fees
  - Completion date of October 31, 2022
- Anticipate billing the full remaining \$34,614.28
  - May include other past costs that have been re-considered for reimbursement, such as Prop 218 report preparation
- Grant completion reporting to be finished by December 2022
- Retention invoice to be prepared after completion reporting

AGENDA ITEM 11a.ii



8

IWVGA Board Meeting  
June 8, 2022

**Grant Funding**

**SGMA-Implementation Grant Status Update**

- Draft funding agreement for \$7.6M was provided by DWR on June 2
  - Currently undergoing review and comment by WRM, General Manager, and Legal Counsel
- Imported Water Pipeline Alignment Study RFP
  - Board authorized advertising RFP on May 11
  - RFP posted online and on IWVGA's website on May 23
  - Pre-proposal meeting was held on June 2 to introduce RFP and expectations for scope of work
  - Proposals due on June 27
- Next Steps
  - Receive, review, and score proposals submitted for Imported Water Pipeline Alignment Study
  - Select consultant and request authorization at July Board meeting to execute contract

AGENDA ITEM 11a.iii



9

IWVGA Board Meeting  
June 8, 2022

**GSP Implementation Projects/Management Action Updates**

**Recycled Water Program Update**

- Section 5
  - Released to Technical Team on June 6
- Agenda and potential meeting times are being developed for discussions with Regional Board
- Next Steps
  - Schedule meeting with Regional Board
  - Define injection project in terms of injection locations, additional non-City treatment needs & sites, storage needs, and other information for preliminary design
  - Ongoing coordination with Capitol Core on potential grant funding opportunities
  - Draft final tech memo planned for late 2022

AGENDA ITEM 11b.i



10

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# BUDGET TO ACTUAL REPORT- MAY

|           |  | ACTUALS BY REVENUE ALLOCATION |                |                         |               |                | (B)              | (A-B)            | (B/A)     |           |           |
|-----------|--|-------------------------------|----------------|-------------------------|---------------|----------------|------------------|------------------|-----------|-----------|-----------|
|           |  | Restricted                    | Restricted     | Restricted              | Restricted    | Restricted     | \$               | \$               | %         |           |           |
|           |  | Extraction                    | Augmentation   | Shallow Well Mitigation | Prop. 1 SDAC  | Prop. 1/68     | ACTUAL           | REMAINING        | COMPLETED |           |           |
| (A)       | BUDGET   |                               |                |                         |               |                |                  |                  |           |           |           |
| <b>1</b>  | <b>REVENUE</b>   |                               |                |                         |               |                |                  |                  |           | <b>1</b>  |           |
| <b>2</b>  | Extraction Fee   | 1,245,105                     | 329,536        | -                       | -             | -              | <b>329,536</b>   | 915,569          | 26%       | <b>2</b>  |           |
| <b>3</b>  | <b>Transfer In/Loan from Augmentation Fund</b>           | <b>1,062,745</b>              | <b>125,000</b> | -                       | -             | -              | <b>125,000</b>   | 937,745          | 12%       | <b>3</b>  |           |
| <b>4</b>  | Augmentation Fee   | 4,069,625                     | -              | 1,080,613               | -             | -              | <b>1,080,613</b> | 2,989,012        | 27%       | <b>4</b>  |           |
| <b>5</b>  | <b>Transfer In/Loan Repayment from Extraction Fund</b>   | <b>-</b>                      | <b>-</b>       | <b>-</b>                | <b>-</b>      | <b>-</b>       | <b>-</b>         | -                | 0%        | <b>5</b>  |           |
| <b>6</b>  | Shallow Well Mitigation Fee                              | 195,250                       | -              | -                       | 32,826        | -              | <b>32,826</b>    | 162,424          | 17%       | <b>6</b>  |           |
| <b>7</b>  | Department of Water Resources (DWR) Grants               | 338,500                       | -              | -                       | -             | 147,676        | 6,711            | <b>154,387</b>   | 184,113   | 46%       | <b>7</b>  |
| <b>8</b>  |  |                               |                |                         |               |                |                  |                  |           | <b>8</b>  |           |
| <b>9</b>  | <b>TOTAL REVENUES</b>                                    | <b>6,911,225</b>              | <b>454,536</b> | <b>1,080,613</b>        | <b>32,826</b> | <b>147,676</b> | <b>6,711</b>     | <b>1,722,361</b> | 5,188,864 | 25%       | <b>9</b>  |
| <b>10</b> | <b>EXPENSES</b>  |                               |                |                         |               |                |                  |                  |           | <b>10</b> |           |
| <b>11</b> | <b>Administration</b>                                    |                               |                |                         |               |                |                  |                  |           | <b>11</b> |           |
| <b>12</b> | Administration (RGS)                                     | 333,000                       | 73,573         | 73,573                  | -             | -              | -                | <b>147,146</b>   | 185,854   | 44%       | <b>12</b> |
| <b>13</b> | Office Rent  | 3,600                         | 600            | 600                     | -             | -              | -                | <b>1,200</b>     | 2,400     | 33%       | <b>13</b> |
| <b>14</b> | Office Supplies  | 1,000                         | -              | -                       | -             | -              | -                | -                | 1,000     | 0%        | <b>14</b> |
| <b>15</b> | Postage and Delivery                                     | 360                           | -              | -                       | -             | -              | -                | -                | 360       | 0%        | <b>15</b> |
| <b>16</b> | External Audit (Brown & Associates)                      | 12,000                        | -              | -                       | -             | -              | -                | -                | 12,000    | 0%        | <b>16</b> |
| <b>17</b> | Council Chambers/IT Services                             | 8,500                         | -              | -                       | -             | -              | -                | -                | 8,500     | 0%        | <b>17</b> |
| <b>18</b> | General Counsel (Aleshire & Wynder)                      | 150,000                       | 2,529          | -                       | -             | -              | -                | <b>2,529</b>     | 147,471   | 2%        | <b>18</b> |
| <b>19</b> | Insurance Premium (Insurica)                             | 13,160                        | 12,930         | -                       | -             | -              | -                | <b>12,930</b>    | 230       | 98%       | <b>19</b> |
| <b>20</b> | Legal Notices (Daily Independent)                        | 2,000                         | -              | -                       | -             | -              | -                | -                | 2,000     | 0%        | <b>20</b> |
| <b>21</b> | Memberships (Cal. Assoc.Mutual Water Co)                 | 100                           | 100            | -                       | -             | -              | -                | <b>100</b>       | -         | 100%      | <b>21</b> |
| <b>22</b> | Website (IWVWD)  | 300                           | 276            | -                       | -             | -              | -                | <b>276</b>       | 24        | 92%       | <b>22</b> |
| <b>23</b> | Printing and Reproduction                                | -                             | -              | -                       | -             | -              | -                | -                | -         | 0%        | <b>23</b> |
| <b>24</b> | Bank Service Charges                                     | -                             | -              | -                       | -             | -              | -                | -                | -         | 0%        | <b>24</b> |
| <b>25</b> |  |                               |                |                         |               |                |                  |                  |           | <b>25</b> |           |
| <b>26</b> | <b>Non-Departmental</b>                                  |                               |                |                         |               |                |                  |                  |           | <b>26</b> |           |
| <b>27</b> | Other Legal Services (RWG Law)                           | 500,000                       | -              | 89,294                  | -             | -              | -                | <b>89,294</b>    | 410,706   | 18%       | <b>27</b> |
| <b>28</b> | Lobbying Services (Capitol Core)                         | 175,000                       | -              | 69,163                  | -             | -              | -                | <b>69,163</b>    | 105,838   | 40%       | <b>28</b> |
| <b>29</b> | Other Professional Services                              | -                             | -              | -                       | -             | -              | -                | -                | -         | 0%        | <b>29</b> |
| <b>30</b> | Shallow Well Mitigation Emergency Assistance Program     | 50,000                        | -              | -                       | -             | -              | -                | -                | 50,000    | 0%        | <b>30</b> |
| <b>31</b> | Repayment of Kern County Advance                         | 500,000                       | 125,000        | -                       | -             | -              | -                | <b>125,000</b>   | 375,000   | 25%       | <b>31</b> |
| <b>32</b> | Repayment of City of Ridgecrest In-Kind Services         | 300,000                       | -              | -                       | -             | -              | -                | -                | 300,000   | 0%        | <b>32</b> |
| <b>33</b> | <b>Transfer Out/ Loan Repayment to Augmentation Fund</b> | <b>-</b>                      | <b>-</b>       | <b>-</b>                | <b>-</b>      | <b>-</b>       | <b>-</b>         | <b>-</b>         | -         | 0%        | <b>33</b> |
| <b>34</b> | <b>Transfer Out/Loan to Extraction Fund</b>              | <b>1,062,745</b>              | <b>-</b>       | <b>125,000</b>          | <b>-</b>      | <b>-</b>       | <b>-</b>         | <b>125,000</b>   | 937,745   | 12%       | <b>34</b> |

# BUDGET TO ACTUAL REPORT- MAY

|        |  | ACTUALS BY REVENUE ALLOCATION |              |                         |              |            | (B)    | (A-B)     | (B/A)     |    |
|--------|--|-------------------------------|--------------|-------------------------|--------------|------------|--------|-----------|-----------|----|
|        |  | Restricted                    | Restricted   | Restricted              | Restricted   | Restricted | \$     | \$        | %         |    |
| (A)    |  | Extraction                    | Augmentation | Shallow Well Mitigation | Prop. 1 SDAC | Prop. 1/68 | ACTUAL | REMAINING | COMPLETED |    |
| BUDGET |  |                               |              |                         |              |            |        |           |           |    |
| 35     |  |                               |              |                         |              |            |        |           |           | 35 |
| 36     | <b>Conservation Programs</b>   |                               |              |                         |              |            |        |           |           | 36 |
| 37     | Outreach & Technical Services (Cal Rural Water Assoc & Water Wise)       | 306,500                       | -            | -                       | -            | 61,411     | 61,411 | 245,089   | 20%       | 37 |
| 38     |  |                               |              |                         |              |            |        |           |           | 38 |
| 39     | <b>Basin Management Administration</b>                                   |                               |              |                         |              |            |        |           |           | 39 |
| 40     | Production Reporting, Transient Pool, and Fee Support                    | 34,000                        | 244          | -                       | -            | -          | 244    | 33,756    | 1%        | 40 |
| 41     | Meetings and Prep  | 120,000                       | 50,796       | -                       | -            | -          | 50,796 | 69,204    | 42%       | 41 |
| 42     | Budget Support   | 10,000                        | 2,118        | -                       | -            | -          | 2,118  | 7,882     | 21%       | 42 |
| 43     | Stakeholder Coordination   | 10,000                        | 64           | -                       | -            | -          | 64     | 9,936     | 1%        | 43 |
| 44     | Litigation Support   | 40,000                        | 3,555        | -                       | -            | -          | 3,555  | 36,445    | 9%        | 44 |
| 45     |  |                               |              |                         |              |            |        |           |           | 45 |
| 46     | <b>Basin Management</b>  |                               |              |                         |              |            |        |           |           | 46 |
| 47     | POAM No. 20 Data Management System                                       | -                             | -            | -                       | -            | -          | -      | -         | 0%        | 47 |
| 48     | POAM No. 56 Monitoring Wells - Implementation                            | -                             | -            | -                       | -            | -          | -      | -         | 0%        | 48 |
| 49     | POAM No. 78 Aquifer Tests  | -                             | -            | -                       | -            | -          | -      | -         | 0%        | 49 |
| 50     | Review of Ramboll Report (Task began in 2020)                            | 8,210                         | -            | -                       | -            | -          | -      | 8,210     | 0%        | 50 |
| 51     | Prop 1 SDAC Program Support  | 15,000                        | -            | -                       | -            | 1,189      | 1,189  | 13,811    | 8%        | 51 |
| 52     | General Engineering  | 35,000                        | 23,563       | -                       | -            | -          | 23,563 | 11,437    | 67%       | 52 |
| 53     | TSS: El Paso Well Drilling Support                                       | 10,000                        | 2,948        | -                       | -            | -          | 2,948  | 7,052     | 29%       | 53 |
| 54     | TSS: General Coordination/Application Support                            | 30,000                        | -            | -                       | -            | -          | -      | 30,000    | 0%        | 54 |
| 55     | Coordination with DWR on GSP Review                                      | 45,000                        | 4,606        | -                       | -            | -          | 4,606  | 40,394    | 10%       | 55 |
| 56     | Annual Report Preparation  | 30,000                        | 50,460       | -                       | -            | -          | 50,460 | (20,460)  | 168%      | 56 |
| 57     | Data Management System Support   | 20,000                        | 12,780       | -                       | -            | -          | 12,780 | 7,220     | 64%       | 57 |
| 58     | Allocation Plan: Allocation Process & Transient Pool Support             | -                             | 356          | -                       | -            | -          | 356    | (356)     | 0%        | 58 |
| 59     | Allocation Plan and Rules & Regs on Pumping/Restrictions                 | 10,000                        | 2,462        | -                       | -            | -          | 2,462  | 7,539     | 25%       | 59 |
| 60     | Allocation Plan: Following & Transient Pool Transfer Program             | -                             | -            | -                       | -            | -          | -      | -         | 0%        | 60 |
| 61     | Conservation Efforts   | 20,000                        | -            | -                       | -            | -          | -      | 20,000    | 0%        | 61 |
| 62     | General Project Management   | 30,000                        | 15,818       | -                       | -            | -          | 15,818 | 14,182    | 53%       | 62 |
| 63     | Model Transfer and Upgrade   | 150,000                       | 14,412       | -                       | -            | -          | 14,412 | 135,588   | 10%       | 63 |
| 64     | Navy/Coso Royalty Fund: Develop Projects & Secure Funding                | 30,000                        | -            | -                       | -            | -          | -      | 30,000    | 0%        | 64 |
| 65     | Navy/Coso Royalty Fund: Rose Valley MW Permitting, Bid Doc Spt & Drillii | 300,000                       | 11,396       | -                       | -            | -          | 11,396 | 288,604   | 4%        | 65 |
| 66     | Data Collection, Monitoring, and Data Gaps                               | 134,000                       | 79,948       | -                       | -            | -          | 79,948 | 54,052    | 60%       | 66 |
| 67     | Imported Water: Negotiations and Coordination                            | 35,000                        | -            | 3,137                   | -            | -          | 3,137  | 31,864    | 9%        | 67 |
| 68     | Imported Water: Engineering and Analysis                                 | 118,000                       | 18,899       | -                       | -            | -          | 18,899 | 99,101    | 16%       | 68 |
| 69     | Recycled Water   | 180,000                       | -            | 45,137                  | -            | -          | 45,137 | 134,863   | 25%       | 69 |

# BUDGET TO ACTUAL REPORT- MAY

|     |  | ACTUALS BY REVENUE ALLOCATION |                  |                         |               |               | (B)              | (A-B)            | (B/A)      |    |
|-----|--|-------------------------------|------------------|-------------------------|---------------|---------------|------------------|------------------|------------|----|
|     |  | Restricted                    | Restricted       | Restricted              | Restricted    | Restricted    | \$               | \$               | %          |    |
|     |  | Extraction                    | Augmentation     | Shallow Well Mitigation | Prop. 1 SDAC  | Prop. 1/68    | ACTUAL           | REMAINING        | COMPLETED  |    |
| (A) | BUDGET   |                               |                  |                         |               |               |                  |                  |            |    |
| 70  | <b>EXPENSES (Cont'd)</b>   |                               |                  |                         |               |               |                  |                  |            | 70 |
| 71  | <b>Basin Management (cont'd)</b>                                 |                               |                  |                         |               |               |                  |                  |            | 71 |
| 72  | Shallow Well Mitigation Program: Plan Development                | -                             | -                | 1,115                   | -             | -             | 1,115            | (1,115)          | 0%         | 72 |
| 73  | Shallow Well Mitigation Program: Outreach and Impacts Evaluation | 20,000                        | -                | 7,903                   | -             | -             | 7,903            | 12,098           | 40%        | 73 |
| 74  | Brackish Water Group: Data Review and Coordination               | 7,500                         | -                | -                       | -             | -             | -                | 7,500            | 0%         | 74 |
| 75  | Well Monitoring Services (WellIntel Inc.)                        | 2,100                         | 1,680            | -                       | -             | -             | 1,680            | 420              | 80%        | 75 |
| 76  | Weather Station Maintenance                                      | -                             | -                | -                       | -             | -             | -                | -                | 0%         | 76 |
| 77  |  |                               |                  |                         |               |               |                  |                  |            | 77 |
| 78  | <b>Grant Management</b>  |                               |                  |                         |               |               |                  |                  |            | 78 |
| 79  | Prop 1 / Prop 68 Grant Administration                            | 70,000                        | 9,414            | -                       | -             | -             | 9,414            | 60,586           | 13%        | 79 |
| 80  | Grant Review and Application Preparation                         | 50,000                        | 36,988           | -                       | -             | -             | 36,988           | 13,012           | 74%        | 80 |
| 81  |  |                               |                  |                         |               |               | -                |                  |            | 81 |
| 82  | <b>TOTAL EXPENSES</b>  | <u>4,982,075</u>              | <u>557,514</u>   | <u>405,903</u>          | <u>9,018</u>  | <u>62,600</u> | <u>1,035,035</u> | <u>3,947,040</u> | <u>21%</u> | 82 |
| 83  |  |                               |                  |                         |               |               |                  |                  |            | 83 |
| 84  | <b>Surplus (Deficit)</b>   | <u>1,929,150</u>              | <u>(102,978)</u> | <u>674,710</u>          | <u>23,808</u> | <u>85,076</u> | <u>687,327</u>   | <u>1,241,823</u> |            | 84 |

Budget to Actual Report includes all revenues and expenditures during the calendar year and is on a cash basis. Accruals will be finalized during the year-end reconciliation and audit process and presented in a separate report. Billing and receipt of reimbursement grant program revenue may cross over fiscal years with revenue received for prior year programs. Separate reconciliation will be completed for grant programs.

## MONTH TO DATE REVENUES & EXPENDITURES EXCLUDING TRANSFERS

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|  | Revenue   | Transfer In* | Transfer Out* | Expenses | Surplus (Deficit) |
|--|-----------|--------------|---------------|----------|-------------------|
| Extraction Fund                            | 329,536   | 125,000      | -             | 557,514  | (102,978)         |
| Augmentation Fund                          | 1,080,613 | -            | 125,000       | 280,903  | 674,710           |
| Shallow Well Mitigation Fund               | 32,826    | -            | -             | 9,018    | 23,808            |
| Dept. of Water Resources (DWR) Grants Fund | 154,387   | -            | -             | 62,600   | 91,787            |
| Total                                      | 1,597,361 | 125,000      | 125,000       | 910,035  | 687,327           |

*\* The Extraction Fund Budget will be balanced through a loan from the Augmentation Fund.*

## OUTSTANDING OBLIGATIONS

|   | Kern<br>County | City of<br>Ridgcrest | Augmentation<br>Fund | Total            |
|---|----------------|----------------------|----------------------|------------------|
| <b>Advance Agreements</b>                     |                |                      |                      |                  |
| Advance of Funds                              | 500,000        | -                    | -                    | 500,000          |
| Advance Repayment: 1 of 4                     | (125,000)      | -                    | -                    | (125,000)        |
| <b>In-Kind Services</b>                       |                |                      |                      |                  |
| Attorney Srvcs./IT/Chambers -FY22 thru 4/30   |                | 68,228               |                      | 68,228           |
| Attorney Srvcs./IT/Chambers -FY 21            | -              | 326,915              | -                    | 326,915          |
| Attorney Srvcs./IT/Chambers -FY's16-20        |                | 366,982              |                      | 366,982          |
| <b>Inter-Fund Loans</b>                       |                |                      |                      |                  |
| Estimated 2022 Loan to Extraction Fund*       | -              | -                    | 1,062,745            | 1,062,745        |
| Repayment of Adv. Of Funds to IWVWD**         | -              | -                    | 500,000              | 500,000          |
| Estimated 2021 Loan to Extraction Fund-TBD*** | -              | -                    | -                    | -                |
| <b>Postponed Invoice Payments</b>             |                |                      |                      |                  |
| None  | -              | -                    | -                    | -                |
| Total   | <u>375,000</u> | <u>762,125</u>       | <u>1,562,745</u>     | <u>2,699,870</u> |

\* Included in Adopted Budget.

\*\* IWVWD used restricted Augmentation Revenue to repay the Advance Agreement.

Repayment of the IWVWD Advance requires a transfer from the Extraction Fund to the Augmentation Fund.

\*\*\* Review of prior year use of Augmentation Revenue is on-going. Additional inter-fund loans will be presented in a future financial update. Amendment to the budget will be necessary to schedule a revised repayment.

## ADOPTED 2022 OBLIGATION REPAYMENTS

|   | Kern<br>County | City of<br>Ridgcrest | Augmentation<br>Fund | Total          |
|---|----------------|----------------------|----------------------|----------------|
| <b>Advance Agreements</b>                     |                |                      |                      |                |
| \$125,000 scheduled in March, June, Sept, Dec | 500,000        | -                    | -                    | 500,000        |
| <b>In-Kind Services</b>                       |                |                      |                      |                |
| Attorney Services/IT/Council Chambers         | -              | 300,000              | -                    | 300,000        |
|   | <u>500,000</u> | <u>300,000</u>       | <u>-</u>             | <u>800,000</u> |

Upon repayment of the 2022 Obligations, an inter-fund loan of \$800,000 will be created between the Extraction Fund and Augmentation Fund and added to Outstanding Obligations under Inter-Fund Loans.

City of Ridgcrest In-Kind Services Repayment for prior years is included in the Outstanding Obligation Schedule. Currently \$300,000 is budgeted for repayment in the Adopted 2022 Obligation Repayments Schedule. Amendment to the budget will be required to schedule a revised repayment and loan from the Augmentation Fund.

## CASH BALANCE

### May 2022 Activity

#### Cash Receipts (Receipts over \$50,000 and all grants are detailed)

|  |    |                   |
|--|----|-------------------|
| April -IWVWD Augmentation/Extraction/SWM | \$ | 336,942.98        |
| DWR-Prop 68 Grant- Invoice 12B           |    | 3,158.82          |
| All Other Cash Receipts                  |    | 33,247.49         |
| Total Cash Receipts                      | \$ | <u>373,349.29</u> |

#### Cash Disbursements (Obligation payments are detailed)

|                          |    |                     |
|--------------------------|----|---------------------|
| Warrants - 5/20/22       | \$ | (209,943.23)        |
| Total Cash Disbursements | \$ | <u>(209,943.23)</u> |

### Cash Balance

#### Prior Month to Current Month Ending Balance Reconciliation

#### April Cash Balance By Investment

|                                   |    |                     |
|-----------------------------------|----|---------------------|
| Kern County Treasurer             | \$ | 3,248,985.43        |
| Mission Bank                      |    | 320,789.43          |
| Total Cash Balance as of April 30 | \$ | <u>3,569,774.86</u> |

#### May Activity

|                            |    |              |
|----------------------------|----|--------------|
| Cash Receipts              | \$ | 373,349.29   |
| Cash Disbursements         |    | (209,943.23) |
| Stale Dated Warrant (OMLO) |    | 3,120.10     |
| Total May Activity         | \$ | 166,526.16   |

|   |    |                     |
|---|----|---------------------|
| May Ending Cash Balance                       | \$ | 3,736,301.02        |
| Less: Outstanding Warrants                    |    | (135,309.70)        |
| Total Available Cash By Activity as of May 31 | \$ | <u>3,600,991.32</u> |

#### May Cash Balance by Investment

|   |    |                     |
|---|----|---------------------|
| Kern County Treasurer                           | \$ | 3,736,301.02        |
| Mission Bank                                    |    | -                   |
| Total May Balance                               | \$ | 3,736,301.02        |
| Less: Outstanding Warrants                      |    | (135,309.70)        |
| Total Available Cash by Investment as of May 31 | \$ | <u>3,600,991.32</u> |

*Cash Receipts are deposited in Mission Bank and sent electronically to Kern County Treasurer. Cash in Transit at month end will be reflected in the Kern County Treasurer balance. Warrants are approved by IWVGA Board and administratively processed by IWVGA staff. Warrants are executed by Kern County staff. Outstanding Warrants are vendor invoices received and not yet paid. Outstanding Obligations are detailed in a separate attached report.*

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To: Carol Thomas-Keefer, General Manager Indian Wells Valley Groundwater Authority

From: Michael W. McKinney, President Capitol Core Group

cc: Steve Johnson, Stetson Engineering  
Jeff Simonetti, Sr. Vice President Capitol Core Group  
Todd Tatum, Sr. Client Advisor Capitol Core Group

Date: May 31, 2022

Subject: Project Update Memorandum – May 2022 Activities

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There was significant activity in May on behalf of the Indian Wells Valley Groundwater Authority in all task areas. The following will provide a status report of those activities.

### Task 1: Secure Imported Water Supplies

May saw continued active negotiations with “Private Seller 2” specifically in the Seller’s response to IWVGA’s “Term Sheet” and due diligence that led to proposed changes in the “Term Sheet”. Negotiations are continuing with the Seller. Details of the discussions were provided in Closed Session per Brown Act requirements.

May saw the continuation of the development of requested items from “Agency 1” and meetings did occur with “Agency 1” staff. The completion of the some of the requested items has occurred and we continue to expect more in the month of June 2022.

Meetings did occur with “Private Seller 3” regarding various water supply scenarios the Seller has proposed. Negotiations are continuing with the Seller. Details of the discussions were provided in Closed Session per Brown Act requirements.

### Task 2: Secure Federal Funding

#### **FY2023 National Defense Authorization Act – Defense Community Infrastructure Program Amendments (Wastewater Treatment Plant)**

May activities surrounded securing proposed amendments to the “Defense Communities Infrastructure Program (DCIP)” within the *Fiscal Year 2023 National Defense Authorization Act* (FY2023 NDAA). These proposed amendments, negotiated with the Association of Defense Communities would modify DCIP eligibility to allow for projects located on leased lands or easements on military installations. If passed, the City of Ridgecrest Wastewater Treatment Plant would be eligible for DCIP funding application in



FY2023. In previous months, Capitol Core worked with Representative McCarthy's office to submit the amendment as a priority. In May, we continued that effort and expanded advocacy to the House/Senate Armed Services Committees to secure inclusion in the "Chairman's Mark (draft)" of the legislation.

Several Members, including Representative McCarthy, submitted the language as a priority. The Department of Defense has provided no opposition to the proposed amendment and its inclusion in the FY 2023 NDAA has been secured. Markup of the legislation is scheduled for early June in the House Armed Services Committee.

### **FY2022 Water Resources Development Act (Interconnection Project)**

The *Water Resources Development Act (WRDA)* is an Army Corps of Engineers (ACE) administered program to deal with structural, environmental, hydrology protection, and water resource projects. The bill is re-authorized every two years for the purpose of updating project status and providing Congressional authorization for new projects. In March 2022, Capitol Core worked with Representative McCarthy's office to develop *directive language* within accompanying House Committee Report. This is often used as a precursor to a future project authorization. The proposed language accomplishes many of the goals of the *FY2021 National Defense Authorization Act* directive language which requested DOD include many of these same aspects in a revised Water Resiliency Assessment. That effort was heavily watered down by Committee Counsel to address opposition. The final NDAA language required "*consideration of regional approaches*" within in the revised Assessment. The following language was submitted for Committee consideration:

*"The Committee directs the Corps to develop a strategy in consultation with the Indian Wells Valley Groundwater Authority and the Naval Air Weapons Station China Lake to resolve water supply needs and eliminate overdraft in the Indian Wells Valley groundwater basin. This strategy shall develop measures needed to provide water supply resiliency in the basin and for the critical Federal defense assets that overlie it, including, but not limited to, importation of water, construction needs, rights of way, estimated costs, and projected future growth both on and off-base in the basin. The Corps is directed to provide this strategy to the House Committee on Transportation and Infrastructure and the Senate Committee on Environment and Public Works within 180 days of enactment of this Act."*

This essentially directs ACE to conduct a "feasibility study" and "project cost." The *Water Resource Development Act of 2022 (WRDA-22)*, HR 7776, was considered and ordered reported by the House Committee on Transportation and Infrastructure during May. The accompanying Committee Report is still being drafted and the above language remains up for final consideration and modification by the Committee staff. As the language is a Member-specific (District) consideration, no objection was filed by the Committee for its inclusion in the Report.

### **AVEK Route Briefings (Interconnection Project)**

The Board's May-meeting decision to adopt the Antelope-Valley East-Kern (AVEK) route as the preferred interconnection route was of significant interest to many Members of Congress including Representative McCarthy and Senator Feinstein. In May, Capitol Core provided a quick briefing to those Members concerning the Board's decision and its impact to seeking funding.

### Task 3: Secure State Funding

#### **FY2022/2023 State Budget Act (Water Recycling Plant, Interconnection Project)**

The Governor's May Revision of the proposed *FY2022/2023 State Budget Act* has been released. An analysis of the revisions was provided to the Authority under a separate memorandum which is as an attachment to this Monthly Update Report. Our primary goal in advocacy of the sections of interest is to ensure sufficient funding and eligibility for both the water recycling plant and interconnection project. The budget proposal does not contain specific programmatic funding opportunities for the City's wastewater treatment plant, which caused us to seek a Member-directed Budget Request (see below).

The Senate released a modified \$2B water program which significantly differs from the Governor's and Assembly's May drafts. The Senate proposal shows some significant policy differences from the Governor and Assembly Leadership creating uncertainty within the overall Budget negotiation. Leadership from both Houses are meeting with the Governor in an attempt to resolve differences within the statutory required deadlines. The Governor's Office now projects the FY State budget surplus to be \$97.5 Billion, thus triggering the 1979-enacted "Gann Limits," which provides a ceiling for State-reserves and limits the way the Legislature can spend surplus amounts. This is despite future, near-term, projections which show the State could be facing equal budget-shortfalls. The Governor's earlier Budget proposal called for a \$9B return to State taxpayers, the May Revision called for an \$11B return. The Senate disagrees with the return of the additional \$2B to taxpayers and disagrees with lowering taxes on cannabis.

IWVGA may benefit from the proposed Senate amendments to the Budget, particularly in the ability to purchase water and within the Department of Conservation's Multi-Benefit Land Repurposing Program (MLRP) which seeks a gain of \$460M. A letter is attached for your consideration.

#### **State Budget Request (Wastewater Treatment Plant)**

Assembly Leadership called for Member-to-Member meetings in May for individual State Budget Requests. This begins the process of reconciling the legislatively-directed spending requests to the overall availability of funds within the State. In May, Capitol Core began working extensively with Assembly Leadership, Budget Committee/Subcommittee Chairs, and Committee staff on the Budget request. Assembly Leadership signaled no issues with the request and moved it to the Budget Committee for consideration.

Senate Leadership has held Member-to-Member meetings and pushed all State Budget Requests for consideration in the August Budget Trailer Bill. At Senator Grove's request Capitol Core began working

with Leadership and Senate Budget Chairs in May. The Senate's proposed amendment, however, disrupted activities and pushed both Houses State Budget Requests to the August Budget Trailer bill.

**California Defense Communities Infrastructure Program (Cal-DCIP), SB 1395 (all projects)**

In April, Senator Patricia Bates (R-Laguna Niguel) amended her Senate Bill 1395 to implement the *California Defense Communities Infrastructure Program (Cal-DCIP)*. The legislation sought to authorize a \$50 million/year pre-cursor grant program to the federal-DCIP. The proposed grant program would provide for planning funds and allow the grant to be used as the required State-matching funds for the federal program. This would directly benefit all of the IWVGA/City proposed projects. Unfortunately, SB 1395 failed passage in the Senate Appropriations Committee. Capitol Core attempted a quick effort to insert the Cal-DCIP as a Budget Amendment within the State Senate. That effort was met with some resistance and dropped as infeasible for this FY. We strongly recommend the California Defense Communities Alliance resubmit SB 1395 next year for consideration.



To: Carol Thomas-Keefer, General Manager – Indian Wells Valley Groundwater Authority

From: Michael W. McKinney, President – Capitol Core Group  
Jeff Simonetti, Sr. Vice President – Capitol Core Group

cc: Steve Johnson, Watermaster – IWVGA  
Keith Lemieux, Counsel  
Todd Tatum, Sr. Client Advisor – Capitol Core Group

Date: May 17, 2022

Subject: Analysis: May Budget Revision

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Governor Newsom has provided his May Revision to the FY2022/2023 State Budget Act. The Senate Subcommittee has held its oversight hearings on the Revision. The following will provide a summary and analysis of the May Budget Revision.

**[Governor’s] Drought Resilience Package (programs of interest)**

| Agency                                | Program   | State Budget Request           | May Revision                   |
|---------------------------------------|---|--------------------------------|--------------------------------|
| Office of Planning and Research (OPR) | “Save our Water” (conservation program)                   | \$0.00                         | \$100M                         |
|                                       | Water Rights Modernization and Drought Resiliency Program | \$0.00                         | \$44M                          |
| SWRCB                                 | Drinking Water Emergency Program                          | \$25M                          | \$25M                          |
|                                       | Curtailments and Water Rights Enforcement program         | \$0.00                         | \$8M                           |
|                                       | Urban Community Drought Relief Program                    | \$60M                          | \$140M                         |
|                                       | Small Community Drought Relief                            | \$60M                          | \$40M                          |
|                                       | Water Storage Tanks                                       | \$0.00                         | \$27M                          |
|                                       | State Revolving Fund                                      | \$0.00 State<br>\$1.4B Federal | \$400M State<br>\$1.4B Federal |
|                                       | Water Recycling Program                                   | \$0.00                         | \$100M                         |
| DWR                                   | SMGA Implementation                                       | \$30M                          | \$26M                          |
|                                       | County Level Drought Support                              | \$0.00                         | \$15M                          |
|                                       | FIRO (reservoir)  | \$0.00                         | \$10M                          |
|                                       | Runoff Forecasting  | \$0.00                         | \$7M                           |
|                                       | Water Conservation (Urban/Small)                          | \$105M                         | \$0.00                         |

|                                  |   |         |         |
|----------------------------------|---|---------|---------|
|                                  | Agricultural Drought Response Program     | \$0.00  | \$50M   |
| Department of Food & Agriculture | Drought Relief for Small Farmers          | \$5M    | \$20M   |
|                                  | Water Efficiency and Technical Assistance | \$0.00  | \$15M   |
|                                  | State Water Efficiency Program            | \$20M   | \$40M   |
| Dept. of Conservation            | Multi-Benefit Land Repurposing            | \$40M   | \$0.00  |
|                                  |   | ~\$1.7B | ~\$2.6B |

### Office of Planning and Research

**Save Our Water Campaign (\$100 million).** The requested funding will allow for an expanded statewide public awareness and outreach campaign to support additional advertising, community partnerships, social media influencers, and content encouraging people to reduce their water usage. The campaign will connect with households in zip codes with high water usage with urgency about how and why to conserve water, along with the biggest water saving actions they can take. The campaign will also begin to build a strategy that aims to achieve a longer-term culture shift. These efforts will empower Californians with the information and tools they need to adapt to a hotter and drier climate to make saving water a way of life. Community outreach will focus on highly interactive tactics and harder to reach communities across the state and increase private and public partnership opportunities. Funding for public awareness and outreach targeting hard-to-reach communities will be managed by the Office of Community Partnerships and Strategic Communications. This work would be done in coordination with the California Natural Resources Agency, Department of Water Resources, and other state subject matter experts to help inform the campaign. This Office was created to manage the state’s highest priority public awareness and community outreach campaigns and will leverage valuable lessons learned from prior statewide campaigns during implementation of the Save Our Water campaign.

**Water Rights Modernization and Drought Resilience (\$44 million).** The State Water Board is requesting 26.0 permanent positions and \$38 million in one-time contract funds to enhance water rights drought planning efforts and develop the technical and regulatory tools needed for administering an efficient and effective water rights system. California must build a sound foundation for how water use is managed in response to the extreme wet and dry conditions we are experiencing under a changed climate. The Board’s existing approaches, established more than 100 years ago, have not kept pace with changes throughout the entire water sector, and are now challenged to provide timely, useful, and meaningful information needed to guide state and local water use decisions, which are especially vital during periods of drought.

With these positions and funds, the Board will 1) develop telemetry projects in two or three watersheds to collect real-time diversion data, integrate the data into the Board’s new water rights data system, and create data governance best practices; (6.0 positions and \$15 million in contract funds for equipment purchase, installation, operations and maintenance, and oversight); 2) modernize existing regulations, methodologies, and procedures in formal rulemaking processes with public input for more flexible curtailments (7.0 positions and \$3 million in contract funds for CEQA required for regulations); 3) develop supply/demand models and allocation tools for implementing the priority system in 15+ watersheds (10.0 positions and \$15 million in contract funds to develop precipitation-runoff models in north coast and

coastal California watersheds); and 4) update Central Valley water unavailability methodology to incorporate return flows and geography so the methodology is more refined for curtailments (3.0 positions and \$5 million in contract funds for necessary streamflow gage data).

## State Water Resources Control Board

**Drinking Water Emergencies (\$25 million).** The State Water Board requests an additional \$25 million for Drinking Water Emergency funds that would be used to expand regional and county- based drought emergency programs to support interim and permanent solutions for drinking water drought and water outage emergencies. Funded programs could support community water systems, small water systems, and domestic well communities. Services provided to drought- impacted households include interim bottled water, hauled water and storage tanks, vending machines, permanent connection to adjacent water systems where feasible, or well and equipment repairs/replacements, and point-of-use or point-of-entry treatment where necessary. To be able to provide similar services statewide, the State Water Board has been working in coordination with DWR to reach counties and encourage applications for new county-wide or regional drought emergency programs. Applications can be submitted by counties or non-governmental organizations on their behalf. Regional approaches addressing multiple counties are encouraged where feasible. A handful of new county programs have been funded during FY 2021-22, but broader geographical coverage is needed to proactively respond to drought emergency needs on a statewide basis, as drinking water outages have been reported in many counties outside the San Joaquin Valley. These funds would support additional county or regional programs to help fill the gaps.

**Curtailments and Water Right Enforcement (\$8 million).** The State Water Board is requesting 17.0 permanent positions, and \$100,000 in one-time equipment funds to 1) support the effort for diverters to understand how to comply with curtailment regulations, 2) inspect water diversions for compliance with curtailments and enforce against those that do not, 3) investigate drought- related and unauthorized diversion complaints, 4) conduct water right hearings to resolve enforcement cases, and 5) respond to curtailment exemption requests.

The Board's Division of Water Rights issued over 18,000 drought curtailment orders statewide in 2021 and with historic drought conditions continuing, the Division anticipates the need for earlier and broader curtailments in 2022 and beyond. Curtailments are fundamental to the stability of the water rights priority system because they protect the environment and legal users of water and ensure water is available for critical human health and safety needs. Without a credible enforcement presence, curtailments are not effective. The Board must act now to expand our enforcement capacity as soon as possible because the Board cannot build an effective presence without permanent staff who understand the enforcement process and can be activated quickly. The \$100,000 in one-time equipment funds will be used for additional enforcement and inspections equipment.

**Urban Community and Multi-benefit Drought Relief (\$140 million).** There has been extremely high demand for funding under DWR's 2021 Urban and Multi-benefit Drought Relief Program. Grant applications received in the first two months of the program totaled \$1.1 billion in requests (for the \$300 million available from the FY 21-22 Budget appropriation) for over 200 projects. To date the program has awarded \$250 million for 85 projects. This proposed \$140 million will augment the existing local assistance grant program, providing competitive and directed action grants to applicants. Priority will be given to applications that address emergencies and Human Right to Water related needs. Eligible projects will improve overall local and regional water management efficiency and resilience and help meet urban community and broader multi-benefit water use objectives. Example projects include infrastructure

rehabilitation, interties, intake structures, leak detection, water loss audits, recycled water systems, advanced/smart metering systems, stormwater capture/retention, groundwater recharge, recovery, conveyance, and treatment, groundwater supply and wells, drinking water system consolidation, agricultural system improvements, drought resilience planning, and water supply forecasting. This is in addition to the \$60 million requested in the Governor's Budget in January.

***Small Community Drought Relief (\$40 million).*** As conditions continue to worsen in various parts of the state, including the Sacramento Valley, due to a record-setting dry January and February the need for funding to address urgent drought needs in small communities remains critical. The current Small Communities Drought Relief Program has received requests that far exceed the FY 21-22 Budget appropriation. The program was allocated \$200 million in July 2021 and has received nearly 120 applications for more than \$310 million. As of late December, DWR has funded 65 of those applications for a total of \$142 million, the majority in direct support of underrepresented communities. DWR continues to evaluate existing applications and assist tribes with their unique drought-related needs. Funded projects have included support for emergency water supplies, new wells and well rehabilitation, leaky water line replacement, system interties, enhancements, and consolidations, water treatment and new water source development. With this request, DWR will continue the program and address many urgent drought needs that otherwise would go unmet. This is in addition to the \$60 million requested in the Governor's Budget in January.

***Water Storage Tanks for Emergency Water Supply (\$21 million).*** Funding will be used to purchase up to 1,000 water storage tanks, pre-position tanks, set-up and remove when longer-term solutions are put in place. Funding also supports temporary positions to procure and manage state purchased supplies which will be made available to counties or communities that need immediate assistance for domestic wells that have gone dry. This effort would be in addition to existing grant programs managed by State Water Board, Department of Water Resources and California Office of Emergency Management. Storage tanks would be provided to communities outside of county jurisdiction, to counties not currently engaged in state grant programs (and may not be able to engage quickly enough as emergency conditions arise) and could also include Tribes requiring emergency assistance. DWR, State Water Board, CAL OES, Department of General Services and California Department of Food and Agriculture have coordinated on identifying the need for this action and estimated resources. DGS will provide support by developing a master contract for purchasing tanks and associated supplies.

***Water Transfers Pilot Project (\$20 million).*** As Water Years 2021 and 2022 have shown, California's hydrology is becoming increasingly extreme and unpredictable. New water management approaches are needed as the state is transitioning to a warmer and drier climate in which the traditional timing for many water management decisions is changing. California's water transfers market has been driven by short-term annual transfers that rely on availability of water from a relatively limited number of senior water rights holders. These supplies are becoming less reliable as dry conditions result in cuts or threatened cuts to water rights settlement contractors, creating less certainty for urban buyers needing to bolster not only current year supplies but also to plan for the potential of continued multi-year dry conditions. The purpose of the pilot project is to develop experience with contracting approaches for multi-year transfers and to test sellers' willingness to enter into these agreements. DWR would acquire water from willing sellers and sell it to buyers with critical needs or provide some of the purchased water for targeted critical environmental purposes that could vary with specific hydrologic conditions or species' needs. The State Water Project and Central Valley Project are in new circumstances with managing project supplies to meet minimum health and safety needs of their contractors, and the pilot project would additionally provide a safety net for addressing unexpected contingencies arising from this situation.



**Water Recycling (\$100 million).** Recycled water is a critical water supply for California and an important resource for diversifying local supplies and improving water resilience. The California Legislature has declared that a substantial portion of the future water requirements of the state may be economically met by beneficial use of recycled water. (Wat. Code, § 13511.) The Legislature also expressed its intent that the state undertakes all possible steps to encourage development of water recycling facilities so that recycled water may be made available to help meet the growing water requirements of the state. (Wat. Code, § 13512.) The State Water Board provides funding for water recycling projects that offset, or augment state or local fresh water supplies through its Water Recycling Funding Program. This proposal provides \$100 million for recycled water projects.

The existing Water Recycling Funding Program promotes the beneficial use of treated municipal wastewater (water recycling) through grants and loans in order to augment fresh water supplies in California by providing technical and financial assistance to agencies and stakeholders in support of water recycling projects and research. Projects will be awarded through a competitive selection process and leveraged with voter approved Proposition 1 and Proposition 68 funds and the Clean Water State Revolving Fund program.

**State Revolving Funds (\$400 million).** The federal Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) programs provide each state the opportunity to establish infrastructure funding programs capitalized by federal and State funds to provide financial assistance to a wide variety of local water and wastewater infrastructure projects. Since 1989, the State Water Board has made over 875 CWSRF loans totaling over \$12 billion, and since 1997, the State of California (acting since July 2014 through the State Water Board) has made over 540 DWSRF loans totaling over \$3.6 billion. Approximately half of the funds committed by the programs have been financed over the last seven years alone.

Under H.R. 3684 (Infrastructure Investment and Jobs Act or “IIJA”, also known as the Bipartisan Infrastructure Law or “BIL”), both the CWSRF and DWSRF are expected to see their annual federal capitalization grant levels increase approximately 500 percent of their current average amount. California receives between 7 and 9 percent of the national allotments annually for both CWSRF and DWSRF, respectively. In addition, IIJA includes appropriations that are specifically earmarked for “emerging contaminants” and replacement of “lead service lines.” Additional demand is expected from local agencies to fund infrastructure upgrades and improvements to address the impacts of climate change on water and wastewater facilities so that they can continue to meet regulatory requirements and provide the vital services for which they are designed.

Additional demand is also expected to target the use of funds specifically appropriated to address emerging contaminants and lead service line replacements. To effectively administer the significant increase of annual federal grant funds, address emerging contaminants, lead service lines, Water Resilience funds approved in the 2021-2022 Budget, and climate change, the State Water Board requests 29 permanent positions. With these positions, the State Water Board will develop and implement public-facing communications strategies that foster awareness, understanding, and appreciation of the state's financial and technical support for local drinking water, wastewater, and recycled water projects; provide additional outreach and solicitation efforts to identify specific, eligible projects; review and manage additional applications, development of agreements, project management activities, and loan servicing; support activities related to encumbrance and disbursement of funds, compliance reporting, and cashflow management; and information technology support services. The requested staffing will position the State



to timely and effectively commit and distribute the federal SRF capitalization funds and Water Resilience funds, addressing a long-standing need to construct infrastructure more resilient to climate change, replace aging infrastructure, finance projects to bring water systems into compliance, address water reliability, and meet the Human Right to Water policy goals.

In addition, the State Water Resources Control Board also requests \$400 million to provide state matching funds that are required as a condition of receiving the increased federal CWSRF and DWSRF capitalization grants. If matching funds are not provided, then future federal grants will not be awarded to California's CWSRF and DWSRF and those funds will be reallocated to other states by EPA. California's SRF programs have met past matching requirements with a combination of intermittent State bond fund contributions and the "local match" loan option. There are no current general obligation bond funds measures being proposed for voter consideration that would provide SRF match. The local match option is a way for SRF loan recipients to contribute the state match and receive an additional discount on their loans. It was successful in the past when interest rates were higher, but with historically low interest rates, the local match option is more expensive for SRF loan applicants and is, therefore, not a viable option at present. The SRF programs can sell match bonds, as allowed by US EPA. The downsides of this option are that it only repurposes existing SRF funds (past and future loan interest) to repay the match bonds, making the repayment stream (annual bond principal and interest payments) unavailable for future SRF loans.

Furthermore, the State Water Board requests that trailer bill language be added to amend Water Code Section 13480 to eliminate the limitation that CWSRF non-repayable funds be disbursed directly from federal funds. The State Water Board is unable to fully comply with federal policy on unliquidated obligations (ULO policy) as a result of this restriction on the CWSRF program, placing California at risk of reduced or withdrawn federal CWSRF grants. This problem is occurring because state law currently requires CWSRF principal forgiveness to be provided solely from federal CWSRF capitalization grants. This proposal would remove restrictions on how principal forgiveness from the CWSRF is administered, to allow the State Water Board to more immediately disburse undrawn federal capitalization grant funds from the CWSRF and to comply with federal policy and guidance.

## Department of Water Resources

***SGMA Implementation (\$26 million).*** The \$26 million will support Sustainable Groundwater Management Act (SGMA) implementation. Of this request, \$20 million will be for grant funding to local public agencies to support planning, engineering, and construction of projects that further implement SGMA. SGMA requires groundwater sustainability agencies (GSAs) to prepare groundwater sustainability Plans (GSPs) that meet their groundwater basin sustainability goals within 20 years of GSP adoption. All GSPs must identify projects and management actions that will support plan implementation. Preliminary cost estimates for implementing these project and management actions total billions of dollars. These funds would be awarded through the Department's existing Sustainable Groundwater Management Grant Program.

Funding will also support efforts to provide tools, technical services, and datasets. Expansion will include the support of groundwater trading throughout the State as identified in the California Water Commission's Groundwater Trading White Paper. This White Paper was developed in response to Action 3.6 of the Governor's Water Resilience Portfolio. The Groundwater Trading White Paper recommended actions the State could take to support groundwater trading. These funds would initiate implementation of those recommendations.

**County Level Drought Support (\$15M).** The funding would be used for a pilot project to develop an inventory of active water wells in the counties at highest- drought risk of domestic well impacts in the state. The existing state well information makes drought response difficult since it includes wells that are no longer in use and could be missing wells in certain areas. This funding would be used to contract with a direct technical assistance provider to work with counties and community organizations to canvas areas and identify where active water wells are located, as a fundamental step for counties to inform the development of water shortage plans, consistent with SB 552 requirements.

**Forecast Informed Reservoir Operations (FIRO) Improved Runoff Forecasting/Snow Data (\$16.75 million ongoing).** The funding for the FIRO partnership will allow DWR to partner with federal agencies, local water agencies, and the University of California (UC) in multiple projects to determine how weather forecasts generated through research and weather modeling by UC can be used to allow changes in United States Army Corps of Engineers (USACE) water control manual regulatory requirements for dam operations at selected sites. Allowing flexibility in existing regulatory requirements could permit increased storage in dry years during the winter flood control season, providing a greater water supply buffer during droughts. Forecasts also enable improved flood response and management by allowing more time to release water at lower flows that enable more flood storage at the reservoir. Advancing observations, forecasts, and associated decision support are critical to the successful adaptation of real-time water management to a warming world.

In response to WY 2021 forecast problems and climate change impacts, funds will also provide funding for the collection of Airborne Snow Observatory (ASO) data in the Sacramento River Basin for the purpose of improving snow data collection in this region. The snowpack data from ASO has historically been as high as 97% accurate compared to the larger errors that result from gaps in data due to the spatial limitations of having only point-source data. In order to facilitate the forecast improvements using climate informed and physically based models, the use of remote data such as ASO is essential. The combination of this model and ASO data will significantly improve the accuracy of the runoff forecast.

**Runoff Forecasting (\$7M).** New program.

**Agricultural Drought Response Program (\$50 million).** Several consecutive dry years and low combined storage in State and federal Project reservoirs have significantly tightened water supplies throughout the Central Valley. This funding will support agricultural water conservation practices, such as temporary land fallowing, delaying the replanting of orchards until the drought subsides, offsetting the cost of importing feed instead of using groundwater for local production in order to reduce crop consumptive water. The reduction of consumptive water use will help protect water quality, improve aquatic ecological conditions and protect water supply in underrepresented communities. It is anticipated this amount of funding will conserve up to 360,000 acre-feet of water through October 2022. This program mirrors a similar program in the Sacramento River watershed supported by federal funding.

## CDFA

**Drought Relief for Small Farmers (\$20 million).** This funding will provide direct assistance to small farmers and ranchers who have experienced water cost increases of more than 50 percent. Grantees may include Resource Conservation Districts (RCDs), universities, nonprofits, and tribes who will administer the micro-grants as well as provide critical technical assistance. This technical assistance may include, but is not limited to, assistance with applications to federal and state drought relief programs, business plan and

marketing support to help pivot businesses in response to the drought, and assistance identifying opportunities for water efficiency improvement.

***Water Efficiency Technical Assistance Program (\$15 million).*** The Water Efficiency Technical Assistance (WETA) Program first received funding in the 2021 Budget Act and the first round of funding was awarded in April 2022. WETA is designed to provide technical assistance to agricultural operations for on-farm water efficiency which, in addition to directly helping farmers and ranchers cope with drought, provides ancillary energy efficiency and nutrient management benefits. Grantees may include Resource Conservation Districts (RCDs), universities, non-profits and tribes with the requisite expertise to provide on-farm, one-on-one assistance to farmers. Technical assistance may include evaluation of irrigation system efficiency and provision of diagnostics, reports, and recommendations; pump efficiency testing; and training regarding water use efficiency and nutrient management practices or technology.

***State Water Efficiency and Enhancement Program (\$40 million).*** The State Water Efficiency and Enhancement Program (SWEEP) was established in 2014 to help address the drought in California. The purpose of SWEEP is to provide financial incentives to agricultural operations to invest in water irrigation treatment and distribution systems that will reduce greenhouse gas emissions, as well as reduce water and energy use, augment water supply, and increase water and energy efficiency in agricultural applications. Eligible technologies include soil moisture monitoring, drip irrigation systems, low pressure irrigation systems, pump retrofits, variable frequency drives, and installation of renewable energy to reduce on-farm water use and energy. SWEEP also addresses other high priority environmental issues, such as groundwater sustainability and water quality protection, and prioritizes funding to socially disadvantaged farmers and ranchers and farms in priority populations. Since 2014, SWEEP has funded 828 projects with \$80.5 million, which has allowed efficient irrigation systems and water distribution technologies to be implemented on almost 134,000 agriculture acres. These projects have an estimated water savings of 1.15 million acre-feet and greenhouse gas emission reductions of 800,773 MTCO<sub>2e</sub> over 10 years. The program is oversubscribed on average by 279 percent, which means that many eligible farmers do not receive funding due to a lack of funds available for the program. As part of the 2021-22 Water Resilience Package, SWEEP received \$50 million in 2021-22 and \$50 million in 2022-23.

***Special Assistant for Drought Response (\$223,000).*** Under the direction of the Secretary and Undersecretary, the Special Assistant for Drought Response will work directly with department management and senior CDFA staff and the Governor's Office on assigned issues and statewide program implementation projects related to the current drought and ongoing water programs to mitigate impacts of future droughts. The position will also assist with policy development or legislation analysis, as well as programmatic and legislative strategy as needed. This position will also coordinate with sister agencies in current and future drought responses to ensure a cohesive state-wide approach is applied. Additional responsibilities include coordinating stakeholder outreach, community engagement and drought communications. This position will report directly to the Undersecretary and will be required to coordinate with the Deputy Secretary for Climate and Working Lands.

**Water Resilience Package Items**

| Agency | Program                                     | State Budget<br>Request | May Revision |
|--------|---|-------------------------|--------------|
| SWRCB  | Drinking Water/Wastewater<br>Infrastructure | \$0.00                  | \$0.00       |
|        | Water Recycling/Water Clean Up<br>Program   | \$200M                  | \$200M       |
|        | PFAS  | \$50M                   | \$20M        |
| DWR    | SMGA Implementation                         | \$120M                  | \$120M       |
|        | Water Conveyance                            | \$100M                  | \$100M       |
|        | Flood Control Programs                      | \$375M                  | \$375M       |
|        |   | \$845M                  | \$815M       |

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