

Joint Meeting of the Northern Delta-Mendota Region Management Committee,  
Central Delta-Mendota Region Management Committee, and Central Delta-Mendota GSA

Thursday, May 25, 2023, 10:00 AM **DRAFT**

SLDMWA Boardroom, 842 6<sup>th</sup> Street, Los Banos, CA

**Northern & Central Delta-Mendota Regions Management Committees Members and Alternates Present**

Aaron Barcellos, Member\* – Pacheco Water District  
Bobby Pierce, Member – West Stanislaus Irrigation District  
Maria Encinas, Member – City of Patterson  
Chase Hurley, Alternate\* – Pacheco Water District  
Danny Wade, Member/Alternate\* – Tranquillity Irrigation District/Fresno Slough Water District  
Amy Montgomery, Member\* – Santa Nella Water District  
Anthea Hansen, Member/Alternate – Del Puerto Water District/Oak Flat Water District  
Wayne Western, Member\* – Panoche Water District  
Damian Aragona, Member\* – Widren Water District  
Augustine Ramirez, Alternate\* – Fresno County  
Steve Stadler, Alternate\* – San Luis Water District  
Juan Cadena, Alternate\* – Mercy Springs Water District  
\* Indicates representative, alternate or second alternate of Central Delta-Mendota GSA

**San Luis & Delta-Mendota Water Authority Staff Present**

John Brodie  
Scott Petersen – via Zoom  
Lauren Viers – via Zoom (through Item 4)

**Others Present**

Lauren Layne – Baker Manock & Jensen – via Zoom  
Anona Dutton – EKI Environment & Water, Inc. – via Zoom  
Meredith Durant – EKI Environment & Water, Inc. – via Zoom  
Leslie Dumas – Woodard & Curran – via Zoom  
Joe Hopkins – Provost & Pritchard

**1. Call to Order/Roll Call**

Aaron Barcellos/Pacheco Water District called the meeting to order at 10:00 AM.

**2. Committees to Consider Corrections or Additions to the Agenda of Items, as authorized by Government Code Section 54950 et seq.**

There were no corrections or additions to the agenda of items.

**3. Opportunity for Public Comment**

No public comment was shared under this meeting agenda item.

**4. Committees to Review and Take Action on Consent Calendar, Barcellos/Brodie**

- a) Minutes for the April 20, 2023 Special Joint Meeting of the Northern Delta-Mendota Management Committee, Central Delta-Mendota Region Management Committee, and Central Delta-Mendota GSA
- b) Minutes for the April 27, 2023 Joint Meeting of the Northern Delta-Mendota Management Committee, Central Delta-Mendota Region Management Committee, and Central Delta-Mendota GSA
- c) Minutes for the May 15, 2023 Special Joint Meeting of the Northern Delta-Mendota Management Committee, Central Delta-Mendota Region Management Committee, and Central Delta-Mendota GSA
- d) Budget-to-Actual Report (through March 2023)
- e) Grant Reimbursement Summary Report

Bobby Pierce/West Stanislaus Irrigation District provided the motion for the Northern Region Management Committee to approve Item 4, and Maria Encinas/City of Patterson seconded. The motion was passed unanimously by those present. Steve Stadler/San Luis Water District provided the motion for the Central Region Management Committee to approve Item 4, and Amy Montgomery/Santa Nella County Water District seconded. The motion was passed unanimously by those present.

**5. Committees to Discuss the Report of Representatives to the Coordination Committee, Hurley**

Chase Hurley/Pacheco Water District summarized a recent meeting with State Water Board staff noting that revision of the GSP may take 15-18 months to complete. The Water Board will issue a letter which will start the 90-day clock ahead of a proposed public hearing. However, the Water Board has not yet determined its schedule for issuing that letter.

Lauren Layne/Baker Manock & Jensen reported on the draft Memorandum of Agreement (MOA) which was reviewed with the Coordination Committee on May 22, 2023. The draft MOA was distributed to the members of the Northern & Central Management Committees for review, with comments requested by noon on May 30, 2023. A meeting with all of the Subbasin GSAs is scheduled for June 12, 2023 to review and discuss future representation and cost allocation for GSP revision and implementation.

**6. Committees to Discuss Staff Meeting with State Water Board and DWR Staff, Brodie/Dutton**

Anona Dutton/EKI and John Brodie/SLDMWA met with State Water Resources Control Board (SWRCB) staff on May 22, 2023. The SWRCB has not yet determined whether it will address the six subbasins with Inadequate Determinations simultaneously, or in smaller groups. SWRCB staff is still reviewing the Subbasin GSPs, and in the near-term encouraged the Subbasin to focus on addressing the deficiencies identified by DWR. A future meeting with the SWRCB staff will be scheduled to discuss data requirements and technical issues. Both DWR and SWRCB staff participating in the meeting were pleased to learn that the Subbasin was considering preparation and submittal of a single revised GSP.

**7. Committees to Discuss Revised Schedule for Release of the RFP for Response to the Subbasin GSPs' Inadequate Determination, Brodie**

John Brodie reported that the Request for Proposals (RFP) for revision of the Subbasin GSP is being reviewed, and he expects to transmit it to consultants by May 26, 2023. The consultant proposals will be due to SLDMWA on June 23, 2023, with selection anticipated by June 30, 2023.

8. **Committees to Discuss Draft FAQ for the Subbasin’s Inadequate Determination, Brodie**

John Brodie noted that the draft Frequently Asked Questions (FAQ) document has been circulated for review, with comments/edits requested by Friday May 26, 2023. The FAQ will be discussed at the Subbasin Coordination Committee meeting on Wednesday May 31, 2023.

9. **Committees to Discuss Subbasin Water Budget Methodology, Dutton**

Anona Dutton reviewed the presentation included in the meeting materials. The groundwater model developed by USGS/USBR currently represents the best available data and tool for the Subbasin water budget. The model results compare reasonably well with the aggregated water budgets from the Subbasin GSPs. Upcoming activities pertaining to the groundwater model include revising the “current” water year from 2013 to 2019, and evaluating two climate change scenarios per DWR guidance.

10. **Committees to Discuss Methodology for Establishing Revised Sustainable Management Criteria for Subsidence, Dutton**

Anona Dutton reviewed information regarding the water quality sustainable management criteria (SMCs) included in the meeting materials. A screening process was performed, and at this time, water quality SMCs are recommended for total dissolved solids (TDS), nitrate, and 1,2,2-trichloropropane (1,2,3-TCP). Future revision of the representative water quality monitoring network (RMN) is anticipated, with the objective of improving spatial distribution of representative monitoring wells and reducing challenges in areas where groundwater quality is already degraded.

11. **Committees to Discuss 2023 GSP Implementation**

- a) 2023 GSP Implementation Activities Review, Dutton
- b) Three-Month Look-Ahead Schedule, Dutton
- c) Upcoming GSP Implementation Monitoring Activities, Dumas
- d) Stakeholder Outreach and Engagement, Dumas/Dutton

Anona Dutton reviewed the Implementation Activities Summary table, and noted that the Tracking Tools have been distributed, with individual GSA review meetings to be scheduled. The Implementation Activities Summary tables will be updated based upon information provided by the GSAs. Leslie Dumas/Woodard & Curran reminded participants to submit their water level data, with the data upload to DWR required by July 1st. Leslie Dumas also reminded participants that public outreach and documentation regarding SGMA implementation activities continues to be important.

12. **Committees to Discuss Potential Additional Funding Opportunities, Brodie**

In response to a question from Chase Hurley, Leslie Dumas suggested that a request be submitted to DWR to obtain the scoring sheets for the SGMA Round 2 grant applications. If the Subbasin’s application was only a few points from the funding cutoff, it may be possible to request reconsideration by DWR. It was noted that the comment period closes soon.

13. **Next Steps**

- SLDMWA staff will transmit the Subbasin cost share structure.
- Comments on the draft MOA are due to Lauren Layne by noon on Tuesday May 30, 2023.

- Comments on the draft FAQ are due to SLDMWA staff by Friday May 26, 2023.
- Staff will transmit the RFP for completing a single GSP for the Subbasin on Friday.
- SLDMWA staff will submit a request to DWR to obtain the SGMA Round 2 grant application scoring.
- SLDMWA staff will circulate a list of proposed projects included in the SGMA Round 2 grant application.

**14. Conference with Legal Counsel – Anticipated Litigation**

A conference with legal counsel was not conducted.

**15. Conference with Legal Counsel – Existing Litigation**

A conference with legal counsel was not conducted.

*California Sportfishing Protection Alliance v. All Persons Interested in the Matter of the Validity of the Northern and Central Delta-Mendota Regions Groundwater Sustainability Plan, et al.*, Merced County Superior Court, Case No. 21CV-01691.

**16. Report out of Closed Session**

A closed session was not conducted.

**17. Reports Pursuant to Government Code 54954.2(a)(3)**

No topics were discussed under this item.

**18. Future Meetings**

**a. Northern & Central Delta-Mendota Regions Management Committees**

- i. Thursday June 22, 2023 at 10:00 AM
- ii. Thursday July 27, 2023 at 10:00 AM

**b. Delta-Mendota Subbasin Coordination Committee**

- i. Wednesday May 31, 2023 at 8:00 AM – Special Delta-Mendota Coordination Committee Policy Meeting
- ii. Monday June 12, 2023 at 1:00 PM – Special Delta-Mendota Subbasin GSA Informational Workshop and Coordination Committee Meeting
- iii. Additional Coordination Committee Meetings will be scheduled

**19. ADJOURNMENT**

Aaron Barcellos adjourned the meeting at 11:27 AM.

**SAN LUIS & DELTA-MENDOTA WATER AUTHORITY**  
**MARCH 1, 2023 - FEBRUARY 29, 2024**  
**SGMA ACTIVITIES - COORDINATED COST-SHARE AGREEMENT**  
**ACTIVITY AGREEMENTS BUDGET TO ACTUAL**  
**COORDINATED (FUND 63)**

**Report Period 3/1/23 - 4/30/23**

**Coordination Meeting 6/26/23**

<b>EXPENDITURES</b>	Annual Budget	Paid/ Expense	Amount Remaining	% of Amt Remaining	Expenses Through
<u>Legal:</u>					
Baker Manock & Jensen	\$ 30,960		\$ 30,960	100%	
<u>Other Professional Services:</u>					
GSP Implementation Contracts					
Coordinated Annual Reports Activities (Common Chapter, Water Level Contouring)	\$ 146,093		\$ 146,093	100%	
DMS Hosting, Augmentation and Support	\$ 11,367		\$ 11,367	100%	
GSP Approval-DWR Response to Comments	\$ -		\$ -	0%	
Staff Augmentation Support (EKI)	\$ 65,000		\$ 65,000	100%	
DAC Outreach and Coordination	\$ 30,000		\$ 30,000	100%	
SGMA Implementation Grant Round 1 SPA (A9)	\$ 75,560		\$ 75,560	100%	
SGMA Implementation Grant Round 2 SPA (B0)	\$ 75,560		\$ 75,560	100%	
<u>Other:</u>					
Executive Director	\$ 2,364	\$ -	\$ 2,364	100%	
General Counsel	\$ 4,082	\$ -	\$ 4,082	100%	
Water Policy Director	\$ 7,100	\$ 3,242	\$ 3,858	54%	4/30/23
Water Resources Program Manager	\$ 62,400	\$ 8,816	\$ 53,584	86%	4/30/23
Accounting	\$ 2,916	\$ 27	\$ 2,889	99%	3/31/23
License & Continuing Education	\$ 500		\$ 500	100%	
Conferences & Training	\$ 1,000		\$ 1,000	100%	
Travel/Mileage	\$ 2,500		\$ 2,500	100%	
Group Meetings	\$ 1,000		\$ 1,000	100%	
Telephone	\$ 500		\$ 500	100%	
Software	\$ 780		\$ 780	100%	
Equipment and Tools	\$ 5,650		\$ 5,650	100%	
<b>Total Expenditures</b>	<b>\$ 525,332</b>	<b>\$ 12,086</b>	<b>\$ 513,246</b>	<b>98%</b>	

**Minutes of the Quarterly Meeting of the Central Delta-Mendota GSA  
Monday April 24, 2023 10:00 AM DRAFT**

**Santa Nella County Water District  
12931 S. Hwy 33  
Santa Nella, CA 95322**

**Central Delta-Mendota GSA Members and Alternates Present**

Amy Montgomery, Member – Santa Nella County Water District  
Randy Miles, Member – Eagle Field Water District  
Danny Wade, Member/Alternate – Fresno Slough Water District/Tranquillity Irrigation District  
Chase Hurley, Alternate – Pacheco Water District  
Augustine Ramirez, Alternate – Fresno County  
Steve Stadler, Alternate – San Luis Water District  
Wayne Western, Member – Panoche Water District  
Lacey McBride, Member – Merced County

**Others Present**

Juan Cadena – Mercy Springs Water District\*  
Jessica Johnson – Baker Manock & Jensen\*  
Joe Hopkins – Aliso Water District/Provost & Pritchard\*

\*indicates participation by telephone conference line

**San Luis & Delta-Mendota Water Authority Representatives Present**

John Brodie

**1. Call to Order**

Amy Montgomery called the meeting to order at 10:02 AM

**2. Pledge of Allegiance**

Those in attendance recited the Pledge of Allegiance to the U.S.A.

**3. Approval of the Agenda**

The Quarterly Central-Delta Mendota GSA Investment report was added to the consent calendar.

**4. Opportunity for Public Comment**

There were no public comments offered.

**5. Consent Calendar**

- A. Minutes of the January 23, 2023, Quarterly Central Delta-Mendota GSA Meeting
- B. Quarterly Financial Report
- C. Quarterly Investment Report

The GSA considered approval of the consent calendar. The minutes of the meeting were amended to include Laurie Rouch – Alternate, Santa Nella County Water District in attendance. Danny Wade (Tranquillity Irrigation District/Fresno Slough Irrigation District) provided the motion and Randy Miles (Eagle Field Water District) seconded. The GSA voted by roll call and the motion was passed unanimously by those present.

6. **GSA to Discuss DWR Determination Letter for the Delta-Mendota Subbasin GSPs**  
John Brodie told GSA members about the March 2, 2023 Determination Letter issued by DWR stating the Groundwater Sustainability Plans (GSPs) for the Delta-Mendota Subbasin were deemed “inadequate” and the subbasin was being referred to the State Water Resources Control Board (SWRCB) as specified in the Sustainable Groundwater Management Act (SGMA). John also updated GSA members on SWRCB probably next steps, though no timeline has been established by SWRCB staff.
7. **GSA to discuss suggested approaches of the Coordination Committee to Respond to the Inadequate Determination**  
Chase Hurley (Pacheco Water District) reported that the Coordination Committee has requested consultant EKI Environment and Water begin working on the response to the deficiencies as identified by DWR. Chase said EKI’s work will focus on the water budget and sustainable management criteria. One suggestion under consideration is that the six GSPs be combined into one. Further discussion on that topic is necessary.
8. **GSA to Discuss 2025 GSP Update and Schedule**  
John Brodie noted that the 2025 Plan Update schedule was included in the meeting packet. John reported a draft Request for Proposals (RFP) for completing the 2025 Plan Update (Periodic Review) is being circulated for comment with a subcommittee of the Coordination Committee. The draft RFP is on schedule for release on May 1, 2023 as scheduled.
9. **GSA to Discuss Submission of the Delta-Mendota Subbasin Annual Report**  
John Brodie reported that the Subbasin’s annual report was submitted to DWR on time. It was due to DWR April 1, 2023.
10. **GSA to Discuss Draft Access Agreements for Well Meter Monitoring**  
The draft notice is available as a template for individual agency use.
11. **GSA to Discuss Draft Notice to GSA Member Agencies of Cost Share Revisions**  
The notice of proposed fee revision structure should be sent to individual agency boards for their review.
12. **List of Upcoming Funding Opportunities**  
John Brodie referred GSA members to a list of funding opportunities contained within the meeting packet. He told members to contact him for more information and to let him know whether they were interested in pursuing any of the available funding opportunities.

**13. Next Steps**

The following next steps were identified during the meeting:

- The draft cost share revision notice will be sent to the boards of the GSA member agencies by their representatives.
- The monitoring period will be added to the draft notice to member agencies.
- A date will be added to the versions of the draft notice so we know which version is the latest and the one we should be reviewing.

**14. Reports Pursuant to Government Code Section 54954.2(a)(3)**

There were no reports under this item.

**15. Conference with Legal Counsel – Existing Litigation**

The Committee exited the regular meeting to enter closed session to confer with legal counsel pursuant to Paragraph (1), Subdivision (d) of Government Code section 54956.9: (1 case).

*California Sportfishing Protection Alliance v. All Persons Interested in the Matter of the Validity of the Northern and Central Delta\_Mendota Regions Groundwater Sustainability Plan, et al.*, Stanislaus County Superior Court, Case No. CV-20-001748, Merced County Superior Court, Case No. 21CV-01691.

**16. Report Out of Closed Session**

The meeting was reopened after closed session. There was no reportable action taken during closed session.

**17. ADJOURNMENT**

Amy Montgomery adjourned the meeting at 10:51 AM



Central Delta-Mendota GSA  
Statement of Income and Expenses

Adopted Budget Fiscal Year 2023-24	1st Qtr			Remaining Budget
<i>Budget to Actual</i>	Budget	Mar, Apr, May 2023-24	FYTD	
<b>Operating Revenues</b>				
4000 Member Contributions	\$ 37,000.00	\$ 37,000.00	\$ 37,000.00	-
4100 Interest Income	-	6.57	6.57	(6.57)
4300 Other Income	-	-	-	-
Total Operating Revenues	<u>37,000.00</u>	<u>37,006.57</u>	<u>37,006.57</u>	
<b>Operating Expenses</b>				
<i>Administration:</i>				
5275 Bank Fees	150.00	-	-	150.00
5500 General Liability Insurance	500.00			500.00
5300 Office Supplies	500.00	8.28	8.28	491.72
5325 Regulatory Fees	250.00	-	-	250.00
Total Administration Expenses	<u>1,400.00</u>	<u>8.28</u>	<u>8.28</u>	
<i>Professional Services:</i>				
5425 Auditor Fees	8,000.00	-	-	8,000.00
5450 Legal Fees/District	18,000.00	-	-	18,000.00
5475 Consultant Fee (SLDMWA)	7,668.00	-	-	7,668.00
Total Professional Services	<u>33,668.00</u>	<u>-</u>	<u>-</u>	
Total Operating Expenses	<u>35,068.00</u>	<u>8.28</u>	<u>8.28</u>	
Net Operating Revenue	<u>\$ 1,932.00</u>	<u>\$ 36,998.29</u>	<u>\$ 36,998.29</u>	

Central Delta-Mendota GSA  
Investment Report

**1st Quarter FY 2023-24**

**March, April, May**

Current Assets	1st Quarter	4th Quarter	% Change
Unrestricted Funds			
1000-00 Wells Fargo Checking Account	56,478.68	38,521.66	31.79%
<b>Total Current Assets</b>	<b>56,478.68</b>	<b>38,521.66</b>	<b>31.79%</b>

*The Central Delta-Mendota GSA will meet operational expenditure requirements for the next six months.*

*\*Government Code Section 66006(a): If a local agency requires the payment of a fee specified in subdivision (c) in connection with the approval of a development project, the local agency receiving the fee shall deposit it with the other fees for the improvement in a separate capital facilities account or fund in a manner to avoid any comingling of the fees with other revenues and funds of the local agency, except for temporary investments, and expend those fees solely for the purpose for which the fee was collected. Any interest income earned by the moneys in the capital facilities account or fund shall also be deposited in that account or fund and shall be expended only for the purpose for which the fee was originally collected.*

May 1, 2023

Board of Directors and Amy Montgomery  
Central Delta-Mendota Groundwater Sustainability Agency  
Santa Nella

We are pleased to confirm our understanding of the services we are to provide Central Delta-Mendota Groundwater Sustainability Agency (CDM GSA) for the fiscal year ended February 28, 2023.

### **Audit Scope and Objectives**

We will audit the financial statements of CDM GSA as of and for the fiscal year ended February 28, 2023. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement CDM GSA's basic financial statements. Such 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. As part of our engagement, we will apply certain limited procedures to CDM GSA's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

#### 1) Management's Discussion and Analysis

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

We will conduct our audit in accordance with GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Our audit of the financial statements does not relieve you of your responsibilities.

### **Audit Procedures—Internal Control**

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

We have identified the following significant risk(s) of material misstatement as part of our audit planning:

- 1) Management override of controls
- 2) Improper revenue recognition due to fraud

### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of CDM GSA’s compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

### **Other Services**

We will also assist in preparing the financial statements of CDM GSA in conformity with accounting principles generally accepted in the United States of America based on information provided by you.

We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities for the financial statement preparation services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

### **Responsibilities of Management for the Financial Statements**

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America with the oversight of those charged with governance.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from

employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with accounting principles generally accepted in the United States of America (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to [include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon]. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

### **Engagement Administration, Fees, and Other**

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

The audit documentation for this engagement is the property of Bryant L. Jolley, CPA and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to regulatory agencies or its designee. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Bryant L. Jolley, CPA's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties or its designee. The parties or its designee may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

Bryant L. Jolley, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. We expect to begin our audit on approximately May 2023 and to issue our reports no later than July 2023.

Our fee for services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$8,000 for the fiscal year ended February 28, 2023. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered upon completion of the project and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

### **Reporting**

We will issue a written report upon completion of our audit of CDM GSA's financial statements. Our report will be addressed to the Board of Directors of CDM GSA. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-

of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or withdraw from this engagement.

We appreciate the opportunity to be of service to Central Delta-Mendota Groundwater Sustainability Agency and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Very truly yours,



Bryant L. Jolley, CPA

RESPONSE:

This letter correctly sets forth the understanding of Central Delta-Mendota Groundwater Sustainability Agency.

---

Amy Montgomery, General Manager

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Date

Central Delta-Mendota Groundwater Sustainability Agency  
12931 S Hwy 33  
Santa Nella, CA 95322

June 10, 2023

Bryant L. Jolley, CPA  
901 "N" Street, Suite 104  
Firebaugh, CA 93622

This representation letter is provided in connection with your audit of the financial statements of Central Delta-Mendota Groundwater Sustainability Agency ("the Agency"), which comprise the respective financial position as of February 28, 2023, and the respective changes in financial position and, where applicable, cash flows for the fiscal year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of June 10, 2023, the following representations made to you during your audit.

**Financial Statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 1, 2023, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.



- 8) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the accounts.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the Agency is contingently liable, if any, have been properly recorded or disclosed.

#### **Information Provided**


- 11) We have provided you with:
  - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
  - b) Additional information that you have requested from us for the purpose of the audit.
  - c) Unrestricted access to persons within the Agency from whom you determined it necessary to obtain audit evidence.
  - d) Minutes of the meetings of the Agency Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the Agency and involves—
  - Management,
  - Employees who have significant roles in internal control, or
  - Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the Agency's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
- 17) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 18) We have disclosed to you the names of the Agency's related parties and all the related party relationships and transactions, including any side agreements.

#### **Government-specific**

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.

- 21) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 22) The Agency has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 23) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 24) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
- 25) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 26) As part of your audit, you assisted with preparation of the financial statements and disclosures. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures.
- 27) The Agency has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 28) The Agency has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 29) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 30) The financial statements include all fiduciary activities required by [GASBS No. 84](#) , as amended.
- 31) The financial statements properly classify all funds and activities in accordance with [GASBS No. 34](#) , as amended.
- 32) All funds that meet the quantitative criteria in [GASBS Nos. 34](#) and [37](#) for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 33) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 34) Investments, derivative instrument transactions, and land and other real estate held by endowments are properly valued.
- 35) Provisions for uncollectible receivables have been properly identified and recorded.
- 36) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 37) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

- 38) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 39) Deposits and investment securities and derivative instrument transactions are properly classified as to risk and are properly disclosed.
- 40) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 41) We have appropriately disclosed the Agency's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 42) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

Signature:   
Title: Vice Chair

**CENTRAL DELTA-MENDOTA  
GROUNDWATER SUSTAINABILITY  
AGENCY**

**INDEPENDENT AUDITOR'S REPORT  
AND  
FINANCIAL STATEMENTS  
FEBRUARY 28, 2023**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Central Delta-Mendota Groundwater Sustainability Agency  
Santa Nella, California

### Report on the Financial Statements

#### Opinion

We have audited the accompanying financial statements of Central Delta-Mendota Groundwater Sustainability Agency ("the Agency"), as of and for the fiscal year ended February 28, 2023 and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency, as of February 28, 2023 and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Responsibilities of Management for the Financial Statements

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

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

## **Auditor’s Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

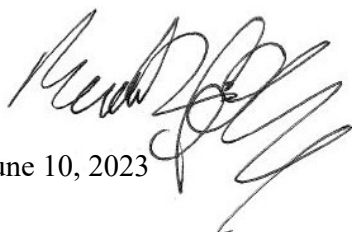
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining,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

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

### **Other Matters**

#### **Required Supplementary Information**

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



June 10, 2023

# CENTRAL DELTA-MENDOTA GROUNDWATER SUSTAINABILITY AGENCY

## STATEMENT OF NET POSITION

FEBRUARY 28, 2023

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### ASSETS

#### Current assets

Cash	\$ 38,522
Total current assets	<u>38,522</u>
Total assets	<u>38,522</u>

### LIABILITIES

#### Current liabilities

Accounts payable	<u>15,341</u>
Total current liabilities	<u>15,341</u>
Total liabilities	<u>15,341</u>

### NET POSITION

Unrestricted	<u>23,180</u>
Total net position	<u><u>\$ 23,180</u></u>

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# CENTRAL DELTA-MENDOTA GROUNDWATER SUSTAINABILITY AGENCY

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION YEAR ENDED FEBRUARY 28, 2023

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### Operating Revenues

Member fees	\$ 37,000
Total operating revenues	<u>37,000</u>

### Operating Expenses

Legal expense	21,836
Consulting	3,239
Audit fees	8,000
Office expense	61
Total operating expenses	<u>33,137</u>

Operating income/(loss)	<u>3,863</u>
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### Nonoperating Revenues/(Expenses)

Interest income	9
Total nonoperating revenues/(expenses)	<u>9</u>

### Change in Net Position

3,871

### Net Position

Beginning of year	<u>19,309</u>
End of year	<u>\$ 23,180</u>

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# CENTRAL DELTA-MENDOTA GROUNDWATER SUSTAINABILITY AGENCY

## STATEMENT OF CASH FLOWS YEAR ENDED FEBRUARY 28, 2023

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### Operating Activities

Receipts from member agencies	\$ 37,000
Payments to suppliers for goods and services	<u>(17,796)</u>
Net cash provided by (used in) operating activities	<u>19,204</u>

### Investing Activities

Interest received	<u>9</u>
Net cash provided by investing activities	<u>9</u>

### Net Increase in Cash

19,213

### Cash and Cash Equivalents

Beginning of year	<u>19,309</u>
End of year	<u><u>\$ 38,522</u></u>

### Cash Flows from Operating Activities

Operating income (loss)	\$ 3,863
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Increase (Decrease) in accounts payable	<u>15,341</u>

### Net Cash provided by (used in) Operating Activities

\$ 19,204

# CENTRAL DELTA-MENDOTA GROUNDWATER SUSTAINABILITY AGENCY

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED FEBRUARY 28, 2023

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### Note 1 – Summary of Significant Accounting Policies

The financial statements of the Central Delta-Mendota Groundwater Sustainability Agency (Agency) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Agency are described below:

#### Reporting Entity

Central Delta-Mendota Groundwater Sustainability Agency is a California joint powers authority created in August of 2019. As of February 28, 2023, the Agency's Joint Powers Agreement voting members consisted of the following local water districts and counties: Eagle Field Water District, County of Fresno, Fresno Slough Water District, County of Merced, Mercy Springs Water District, Pacheco Water District, Panoche Water District, San Luis Water District, Santa Nella County Water District, and Tranquility Irrigation District (collectively the Parties). The Agency is separate from and derives no financial support from its members. The Agency is governed by a Board of Directors whose membership is composed of appointed officials representing each of the voting members.

The Agency was created to implement the Sustainable Groundwater Management Act (SGMA) requirements and achieve the sustainability goals provided in SGMA by developing, adopting, submitting, implementing, enforcing, and revising a Groundwater Sustainability Plan (GSP) for the Central Delta-Mendota Region, which may be part of a broader GSP coordinated with other GSAs in the Delta-Mendota Subbasin, and to exercise all powers and authorities of a Groundwater Sustainability Agency (GSA) under SGMA.

In August and September 2014, the California Legislature passed, and the Governor signed, respectively, legislation creating SGMA to provide local groundwater agencies with the authority, technical and financial assistance necessary to sustainably manage groundwater. SGMA provides that each groundwater basin or subbasin may be regulated by one or more GSAs. Groundwater sustainability is achieved through GSPs and the Agency has fully participated in development of a GSP for the Central Delta-Mendota Region.

#### Basis of Accounting

The Agency accounts for its operations in an enterprise fund using the economic resources measurement focus and the accrual basis of accounting. A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific government activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

# CENTRAL DELTA-MENDOTA GROUNDWATER SUSTAINABILITY AGENCY

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED FEBRUARY 28, 2023

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### Note 1 – Summary of Significant Accounting Policies (continued)

#### **Basis of Accounting (continued)**

The Agency's Enterprise Fund financial statements report business-type activities financed in whole or in part by member fees. Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges such as member fees.

The Agency distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Agency's principal on-going operations. The principle operating revenues of the Agency are member fees. Operating expenses for enterprise funds include consulting and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### **Financial Statement Amounts**

*Cash and Cash Equivalents* – For purposes of the statement of cash flows, the Agency considers all highly liquid investments including cash to be cash equivalents.

*Accounts Receivable* – Billed, but unpaid, services provided to individuals or non-governmental entities are recorded as accounts receivable. The Proprietary Funds include a year end accrual for services through the end of the fiscal year which have not yet been billed. As of February 28, 2023, there was no balance.

*Accounts Payable* – As of February 28, 2023, the accounts payable balance was \$15,341, which consisted of services, and/or goods received but have not been paid.

*Unearned Revenues* – Unearned revenue is that for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The Agency typically records unearned revenue related to revenues received but not earned. As of February 28, 2023, there was no balance.

*Net Position* – The financial statements utilize a net position presentation. Net position is categorized as invested capital assets (net of related debt), restricted and unrestricted.

- Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted Net Position – This category presents external restrictions on net assets imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This category represents net position of the Agency not restricted for any project or other purpose.

# CENTRAL DELTA-MENDOTA GROUNDWATER SUSTAINABILITY AGENCY

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED FEBRUARY 28, 2023

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### Note 1 – Summary of Significant Accounting Policies (continued)

*Use of Estimates* – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management 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 expenditures/expenses during the reporting period. Actual results could differ from those estimates.

### Note 2 – Cash and Investments

Cash and investments as of February 28, 2023 consist of the following:

Deposits with financial institutions	\$ 38,522
Total Cash and Investments	<u>\$ 38,522</u>

The Agency's bank deposits at year end totaled \$38,522 in demand deposits and were fully insured.

### Note 3 – Subsequent Events

The Agency evaluated subsequent events for recognition and disclosure through June 10, 2023, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since February 28, 2023 that required recognition or disclosure in such financial statements.

**FIRST AMENDMENT TO  
AGREEMENT SUPPORTING FORMATION AND OPERATION OF  
CENTRAL DELTA-MENDOTA REGION  
MULTI-AGENCY GROUNDWATER SUSTAINABILITY AGENCY  
IN THE CENTRAL DELTA-MENDOTA REGION**

**1. RECITALS**

A. The Eagle Field Water District; County of Fresno; Fresno Slough Water District; County of Merced; Mercy Springs Water District; Pacheco Water District; Panoche Water District; San Luis Water District; Santa Nella County Water District and Tranquillity Irrigation District (the “Parties”) have entered into that certain agreement made effective as of February 15, 2017 entitled, “Agreement Supporting Formation and Operation of The Central Delta-Mendota Region Multi-Agency Groundwater Sustainability Agency in the Central Delta-Mendota Region (the “Central DM Region Multi-Agency GSA Agreement” or “Agreement”).

B. The Oro Loma Water District was included in the Central DM Region Multi-Agency GSA Agreement and initially authorized execution of the Agreement, but subsequently rescinded that authorization and never executed the Agreement.

C. The Parties desire to amend the Agreement so that the Oro Loma Water District is not mentioned in the Central DM GSA Agreement; is omitted from any map of the area included within the boundaries of the Central DM Multi-Agency GSA; and is not assigned a Participation Percentage under Exhibit “C” to the Agreement so that the Participation Percentages are allocated only to the Parties who have executed the Agreement.

D. The Agreement authorizes Amendments in Section 19.1, Amendments, which provides: “This Agreement may only be amended in a writing signed by all the Parties hereto.”

E. Section 8.2(b)(3) of the Agreement requires that Amendments to the Agreement be submitted for approval by the Parties, as follows:

“(b) Approval by the a [sic] Party or the Parties shall be required for . . .

(3) Amendment of this Agreement, including but not limited to, for purposes of adding a new Party or the replacement of this Agreement with an alternative form of agreement.”

### **AMENDMENT**

NOW, THEREFORE, in consideration of the true and correct facts recited above, the Parties agree as follows:

#### **2. AMENDMENTS TO REMOVE PARTICIPATION BY ORO LOMA WATER DISTRICT.**

2.1. Introductory Paragraph of Central DM Region GSA Agreement. The name “Oro Loma Water District” is omitted from the listing of agencies that have entered into this Agreement.

2.2. Section 2.3 of the Agreement Rescinded and Replaced: Section 2.3 is hereby replaced in its entirety with the following:

**2.3 “Basin” or “Delta-Mendota Subbasin” or “ DM Subbasin”** shall mean the Delta-Mendota Subbasin of the San Joaquin Valley Groundwater Basin, subbasin number 5-22.07, as identified in Bulletin 118 prepared by the DWR and depicted by the outer, rope-style boundary on EXHIBIT “A” to this Agreement.

2.3. Section 2.5 of the Agreement Rescinded and Replaced: Section 2.5 is hereby replaced in its entirety with the following:

**2.5 “Central Delta-Mendota Region” or “Central DM Region”** shall mean that portion of the Delta-Mendota Subbasin depicted in blue on EXHIBIT “A” with the geographical boundaries of the Parties to this Agreement indicated on the map attached hereto as EXHIBIT “B.”

2.4. Section 2.6 of the Agreement Rescinded and Replaced: Section 2.6 is hereby replaced in its entirety with the following:

2.6 “Central DM Region GSP” or “GSP” shall mean the Groundwater Sustainability Plan, as defined by Section 10721(k) of the Water Code for the Central DM Region as set forth in EXHIBITS “A” and “B” that the Parties intend, through this Central DM Region Multi-Agency GSA, to develop, adopt and implement under this Agreement, whether as a stand-alone GSP, or as the Central DM Region portion of a broader GSP for the DM Region that has been adopted by the Parties in conjunction with other GSA’s in the DM Subbasin.

2.5. Oro Loma Signature Block. The signature block for Oro Loma Water District is deleted from the Agreement.

2.6. EXHIBIT “A” Replaced. EXHIBIT “A,” to the Agreement is hereby replaced with the EXHIBIT “A” attached to this First Amendment.

2.7. EXHIBIT “B” Replaced. EXHIBIT “B,” to the Agreement is hereby replaced with the EXHIBIT “B” attached to this First Amendment.

2.8. EXHIBIT C, Participation Percentages Replaced. EXHIBIT “C,” Participation Percentages attached to the Agreement is hereby superseded and replaced by EXHIBIT “C” attached to this First Amendment, omitting Oro Loma Water District and reallocating participation percentages among the remaining Agreement Parties.

**3. EFFECT OF FIRST AMENDMENT/MAJORITY APPROVAL REQUIRED**

5.1 Amendment *Ab Initio*. This First Amendment is intended to modify the Agreement *ab initio* to remove any reference to participation by the Oro Loma Water District.

5.2 Modified Central DM Multi-Agency GSA Agreement. The terms of the Agreement as modified by this First Amendment remain in full force and effect.

5.3 Majority Approval Required. This First Amendment shall become effective upon its execution by an authorized representative of a majority of the Parties.



**EXHIBIT "C"**  
**REVISED PARTICIPATION PERCENTAGES**

<b>Agency Name</b>	<b>Participation Percentage</b>
Eagle Field Water District	6.0
Fresno County	13.5
Fresno Slough Water District	6.0
Merced County	9.5
Mercy Springs Water District	7.6
Pacheco Water District	7.1
Panoche Water District	15.7
San Luis Water District	20.0
Santa Nella County Water District	6.0
Tranquillity Irrigation District Member	8.6
	<hr/>
	100%

**THIRD AMENDMENT TO CENTRAL DELTA-MENDOTA REGION SUSTAINABLE  
GROUNDWATER MANAGEMENT ACT SERVICES ACTIVITY AGREEMENT AND  
CONSENT OF SS-MOA PARTICIPANTS**

A. WHEREAS, the San Luis & Delta-Mendota Water Authority (“Authority”) and its members Eagle Field Water District, Mercy Springs Water District, Pacheco Water District, Panoche Water District, San Luis Water District, Tranquillity Irrigation District and Fresno Slough Water District have executed that certain Central Delta-Mendota Region Sustainable Groundwater Management Act (“SGMA”) Services Activity Agreement (the “Activity Agreement Members” and “Activity Agreement”), made effective as of February 15, 2017, that certain First Amendment, made effective as of November 17, 2017 (the “First Amendment”), and that certain Second Amendment, made effective November 1, 2018 (the “Second Amendment”); and

B. WHEREAS, the County of Fresno, the County of Merced, the Santa Nella County Water District, and the Widren Water District, non-members of the Authority, have executed Memoranda of Agreement to participate in the Activity Agreement as SS-MOA Participants; and

C. WHEREAS, effective August 28, 2019, Eagle Field Water District, County of Fresno, Fresno Slough Water District, County of Merced, Mercy Springs Water District, Pacheco Water District, Panoche Water District, San Luis Water District, Santa Nella County Water District, and Tranquillity Irrigation District formed a joint power authority known as the Central Delta-Mendota Groundwater Sustainability Agency; and

D. WHEREAS, the Central Delta-Mendota Groundwater Sustainability Agency replaced the multi-agency GSA formed pursuant to a prior memorandum of agreement amongst the same parties; and

E. WHEREAS, the Members of the Activity Agreement desire to enter into this Third Amendment to allow the Members to delegate their voting authority on the Management Committee.

NOW, THEREFORE, in consideration of the true and correct facts recited above, the Activity Agreement Members and the Authority agree as follows:

1. **Amendment to Section 6.1(a).** The parties hereby amend, modify, and otherwise revise Section 6.1(a) of the Activity Agreement in its entirety as follows:

Management Committee Members and alternates shall be appointed by action of the governing body of the represented Activity Participant, and such appointments shall be effective upon the appointment date as communicated in writing to the Authority. Each appointee shall serve on the Management Committee from the date of appointment by the governing body of the Activity Participant he/she represents at the pleasure of such governing body. Each governing body may also delegate the voting authority of its Management Committee Members and alternates as provided in Section 6.4.

2. **Amendment to Section 6.4.** The parties hereby amend, modify, and otherwise revise Section 6.4 of the Activity Agreement in its entirety as follows:

Voting. Except as expressly stated to the contrary in this Activity Agreement, the vote of an Activity Participant's duly appointed Management Committee Member or Voting Alternate is deemed to be the vote of that Activity Participant. However, an Activity Participant may delegate voting authority of its Management Committee Member or Voting Alternate to another entity, such as the Central Delta-Mendota Groundwater Sustainability Agency, by providing written notice to the Authority.

A simple majority of the quorum shall be required for the adoption of a resolution, motion or other action of the Management Committee, except that: ....

3. **Amendment to Section 7.1.** The parties hereby amend, modify, and otherwise revise Section 7.1 of the Activity Agreement to add the following sentence identified in bold:


When the terms of this Agreement or applicable law require the approval of an Activity Participant, written documentation of such approval, whether by Resolution, motion, or other form of authorization, must be provided to the Authority and to each of the other Activity Participants. **An Activity Participant may delegate its approval authority to another entity, such as the Central Delta-Mendota Groundwater Sustainability Agency, by providing written notice to the Authority.**

4. **Controlling Document; No Other Amendment.** In the event of any conflict between the terms of this Third Amendment and the Activity Agreement, First Amendment, or Second Amendment, the terms of this Third Amendment shall control. Except as amended by this Third Amendment, all terms of the Activity Agreement shall remain in full force and effect.

5. **Counterparts.** This Third Amendment may be signed by the parties in different counterparts and the signature pages combined to create one document binding on all parties.

IN WITNESS WHEREOF, the Members and the Authority have executed this Third Amendment as of the date appearing next to their respective signature lines.

**SAN LUIS & DELTA-MENDOTA WATER AUTHORITY**

By:   
Name: FEDERICO BARAJAS  
Title: EXECUTIVE DIRECTOR  
Date: 8/30/2021

**SS-MOA PARTICIPANT CONSENT TO THIRD AMENDMENT  
TO THE CENTRAL DELTA-MENDOTA REGION  
SUSTAINABLE GROUNDWATER MANAGEMENT ACT  
SERVICES ACTIVITY AGREEMENT**

The undersigned duly authorized representatives of the SS-MOA Participants that have entered into a Memorandum of Agreement for Central Delta-Mendota Region Sustainable Groundwater Management Act Services with the San Luis & Delta-Mendota Water Authority hereby consent on behalf of such SS-MOA Participants to the Third Amendment to the Central Delta-Mendota Region Sustainable Groundwater Management Act Services Activity Agreement.

**SS-MOA Participants**

Agency Name: **COUNTY OF MERCED**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Agency Name: **COUNTY OF FRESNO**

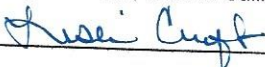
By: 

Name: Ernest Buddy Mendes

Title: Chairman, Fresno County Board of Supervisors

Date: April 14, 2020

ATTEST:  
BERNICE E. SEIDEL  
Clerk of the Board of Supervisors  
County of Fresno, State of California

By:  Deputy

Agency Name: **SANTA NELLA COUNTY WATER DISTRICT**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Third Amendment to the Central Delta-Mendota Region SGMA Services  
Activity Agreement FINAL

**CENTRAL DELTA-MENDOTA GROUNDWATER SUSTAINABILITY AGENCY  
JOINT POWERS AGREEMENT**

This CENTRAL DELTA-MENDOTA GROUNDWATER SUSTAINABILITY AGENCY JOINT POWERS AGREEMENT (this “Agreement”) is made and entered into by and among the Eagle Field Water District, a California Water District; County of Fresno, a political subdivision of the State of California; Fresno Slough Water District, a California Water District; County of Merced, a political subdivision of the State of California; Mercy Springs Water District, a California Water District; Pacheco Water District, a California Water District; Panoche Water District, a California Water District; San Luis Water District, a California Water District; Santa Nella County Water District, a California County Water District; and Tranquillity Irrigation District, a California Irrigation District (individually, a “Party” and in the plural or collectively, the “Parties”).

**RECITALS**

A. WHEREAS, in August 2014, the California Legislature passed, and in September 2014 the Governor signed, legislation creating the Sustainable Groundwater Management Act (or “SGMA,” as that term is defined in section 1.11, below) “to provide local groundwater agencies with the authority and technical and financial assistance necessary to sustainably manage groundwater” (Wat. Code, § 10720, subd. (d)); and

B. WHEREAS, SGMA provides that each affected groundwater basin or subbasin may be regulated separately by one or more groundwater sustainability agencies (“GSAs”). Any local agency, as that term is defined in SGMA, may decide to become the GSA for a basin or subbasin within its boundaries. SGMA also provides that a combination of local agencies may form a GSA through a joint powers agreement, or a memorandum of agreement or other legal agreement (Wat. Code, § 10723.6); and

C. WHEREAS, groundwater sustainability under SGMA is to be achieved through groundwater sustainability plans (or “GSPs,” as the term “GSP” is defined in section 1.8, below), which can be a single plan developed by one or more GSAs, or multiple coordinated plans within

a basin or subbasin (Wat. Code § 10727); and

D. WHEREAS, the Parties overlie a portion of the Delta-Mendota Subbasin number 5-22.07 of the San Joaquin Valley Groundwater Basin identified in the California Department of Water Resources (“DWR”) Bulletin 118 (the “Delta-Mendota Subbasin”), said portion being designated as the “Central Delta-Mendota Region,” as its boundaries may be modified from time to time as provided by law; and

E. WHEREAS, each Party’s jurisdictional area overlies the Central Delta-Mendota Region, depicted in Exhibit “B” attached hereto and incorporated herein by this reference, and DWR has designated the entire Delta-Mendota Subbasin as critically overdrafted. Under SGMA, each GSA is required to assume its regulatory role by June 30, 2017, and to submit a GSP to DWR by January 31, 2020; and

F. WHEREAS, the Parties are all public agencies authorized to contract with the State or Federal governments and agencies, and to exercise powers related to groundwater management, land use, or both, within their jurisdictional boundaries. Each Party would qualify individually to serve as a GSA under SGMA; and

G. WHEREAS, the Parties previously entered into that certain “Agreement Supporting Formation and Operation of the Central Delta-Mendota Region Multi-Agency Groundwater Sustainability Agency in the Central Delta-Mendota Region,” effective February 15, 2017 (the “Initial Agreement”), to establish and operate the Central Delta-Mendota Region Multi-Agency GSA to meet their mutual goal of cost-effective, sustainable groundwater management that considers the interests and concerns of the Parties and other stakeholders in the Central Delta-Mendota Region without establishing a legal entity separate from the individual agencies; and

H. WHEREAS, in section 5.4 of the Initial Agreement, the Parties agreed to consider entering into a joint powers agreement if they found it necessary or beneficial in achieving the goal of maintaining local control of sustainable groundwater management in the Central Delta-Mendota Region in compliance with SGMA; and

I. WHEREAS, under the Joint Exercise of Powers Act (Chapter 5 (commencing with section 6500) of the Division 7 of Title 1 of the Government Code) (the “Act”), two or more public agencies may by agreement jointly exercise any power held in common by agencies entering into such an agreement. All of the Parties are public agencies as defined by the Act; and

J. WHEREAS, the Parties are entering into this Agreement to form the Central Delta-

Mendota Groundwater Sustainability Agency for the purpose of acting as a separate and independent public agency and as a single GSA for the Central Delta-Mendota Region; and

K. WHEREAS, the Parties desire to achieve the objectives recited above through entering into this Agreement.

NOW, THEREFORE, in consideration of the true and correct facts recited above, which are hereby incorporated herein, and of the covenants, terms and conditions set forth herein, the Parties hereto agree as follows:

## ARTICLE 1.

### DEFINITIONS

As used in this Agreement, unless the context requires otherwise, the meaning of the terms hereinafter set forth shall be as follows:

- 1.1. **“Act”** means the Joint Exercise of Powers Act codified at Government Code sections 6500, *et seq.*
- 1.2. **“Agency”** means the Central Delta-Mendota Groundwater Sustainability Agency.
- 1.3. **“Agreement”** means this Central Delta-Mendota Groundwater Sustainability Agency Joint Powers Agreement.
- 1.4. **“Board of Directors”** means the governing body of the Agency established pursuant to Article 6 of this Agreement.
- 1.5. **“Delta-Mendota Subbasin”** means the Delta-Mendota Subbasin of the San Joaquin Valley Groundwater Basin, subbasin number 5-22.07, as identified in Bulletin 118 prepared by the DWR and depicted on Exhibit “A,” attached hereto and incorporated herein by this reference.
- 1.6. **“Director”** means a member of the Agency’s Board of Directors.
- 1.7. **“Central Delta-Mendota Region”** means that portion of the Delta-Mendota Subbasin depicted on the map attached hereto as Exhibit “B,” attached hereto and incorporated herein by this reference.
- 1.8. **“GSP”** means a groundwater sustainability plan, as defined by section 10721, subdivision (k), of the Water Code.
- 1.9. **“Fiscal Year”** means each period beginning on March 1 and ending the last day of February the following year.



- 1.10. **“Member Contributions”** means each Party’s allocated share of Agreement Expenses as determined and described in Article 11 of this Agreement and set forth in Exhibit “C,” attached hereto and incorporated herein by this reference.
- 1.11. **“SGMA”** means the California Sustainable Groundwater Management Act, which is codified in Part 2.74 (commencing with section 10720) of Division 6 of the Water Code, and all state regulations adopted under that Part.

## **ARTICLE 2.**

### **CREATION OF THE AGENCY**

- 2.1. Upon execution of this Agreement by all Parties (“Effective Date”) and pursuant to the Act, the Parties hereby create a public entity separate and independent from the Parties to be known as the “Central Delta-Mendota Groundwater Sustainability Agency”.
- 2.2. Pursuant to Government Code section 6509, the County of Fresno is the designated Party with respect to the Agency’s exercise of power.
- 2.3. The boundaries of the Agency are the Central Delta-Mendota Region, as depicted on the map and described in metes and bounds in Exhibit “B,” which is attached hereto and incorporated herein by this reference.
- 2.4. The Agency shall timely file the notices required by Government Code sections 6503.5, 6503.6, and 53051.

## **ARTICLE 3.**

### **TERM**

- 3.1. This Agreement is effective upon execution by all Parties and continues in full force and effect until terminated under Article 12.

## **ARTICLE 4.**

### **PURPOSE OF THE AGENCY**

- 4.1. The purpose of this Agreement is to create a joint powers agency to replace the Central Delta-Mendota Region Multi-Agency GSA for the Central Delta-Mendota Region that was formed pursuant to the Initial Agreement. The Parties and the boundaries will be

the same, but the structure of the entity will change from a multi-agency GSA to a joint powers agency that acts as the GSA.

- 4.2. The purpose of the Agency is to implement SGMA's requirements and achieve the sustainability goals provided in SGMA by developing, adopting, submitting, implementing, enforcing, and revising a GSP for the Central Delta-Mendota Region, which may be part of a broader GSP coordinated with other GSAs in the Delta-Mendota Subbasin, and to exercise all powers and authorities of a GSA under SGMA.
- 4.3. Nothing in this Agreement is intended to confer upon any Party or upon any third party outside this Agreement the authority to limit or interfere with the respective Party's rights and authorities over its own internal matters, including but not limited to, such Party's surface water supplies, groundwater supplies, facilities, billing and collection procedures, and operations and water management, subject to terms of this Agreement.

## **ARTICLE 5.**

### **POWERS OF THE AGENCY**

- 5.1. The Agency is authorized, in its own name, to do all acts necessary for carrying out the purpose of this Agreement, including, but not limited to, any and all of the powers identified in this Article 5, and establishing Member Contributions for the Parties.
- 5.2. As provided in Government Code section 6508, the Agency is authorized, in its own name, to do any or all of the following:
  - a. To make and enter into contracts;
  - b. To employ agents and employees;
  - c. To acquire, construct, manage, maintain, or operate any building, works or improvements;
  - d. To acquire, hold, or dispose of property;
  - e. To incur debts, liabilities, or obligations; and
  - f. To sue and be sued in its own name.
- 5.3. The Agency may exercise all powers granted to GSAs in SGMA to provide the maximum degree of local control and flexibility consistent with the sustainability goals of SGMA as set forth in the GSP, including but not limited to all of the authorities provided in Chapter 4 (commencing with section 10723), Chapter 5 (commencing with

section 10725), Chapter 6 (commencing with section 10727), Chapter 8 (commencing with section 10730), and Chapter 9 (commencing with section 10732) of SGMA.

- 5.4. The Agency may exercise the common powers of the Parties, including, but not limited to, the following:
- a. Adopting initial and annual operating budgets;
  - b. Accepting contributions, grants, or loans from any public or private agency or individual in the United States or any department, instrumentality, or agency thereof for the purpose of financing its activities; and
  - c. Investing money that is not needed for immediate necessities, as the Board of Directors determines advisable, in the same manner and upon the same conditions as other local entities in accordance with section 53601 of the Government Code.
- 5.5 The Parties agree that they are subject to the Water Code and authorities granted by SGMA. Furthermore, the Parties agree that nothing contained in this Agreement grants to the Agency any power to alter any water right, contract right, or any similar right held by any of the Parties, or to amend a Party's water delivery practice, course of dealing, or conduct without the express consent of that Party.

## **ARTICLE 6.**

### **AGENCY BOARD OF DIRECTORS**

- 6.1. Each Party shall designate one person to serve on the Board of Directors as a Director and up to two persons to serve as an alternate(s) to its appointed Director, to act during the absence or disqualification of that Party's Director. The Director and alternate Directors shall serve at the pleasure of his or her applicable appointing Party.
- 6.2. Directors and their alternates shall not be compensated by the Agency for participation on the Board of Directors. The Agency shall develop a policy for reimbursement associated with direct expenses.
- 6.3. Each appointed Director and alternate Director(s) shall comply with all legal requirements, including disclosure and ethics requirements, applicable to directors of a California Joint Powers Authority.

## ARTICLE 7.

### OFFICERS AND ADMINISTRATION

7.1 Officers. The Board of Directors shall, at its first meeting and then annually at its first meeting of each Fiscal Year, elect a Chairman, Vice-Chairman, Secretary, and any other officers as determined necessary by the Board of Directors. Each officer shall serve a term of one (1) year and such term may be extended by the Board of Directors or until the officer resigns or is replaced by the Board of Directors.

7.1.1. The Chairman shall preside at all Board of Directors meetings.

7.1.2. The Vice-Chairman shall act in place of the Chairman at meetings, should the Chairman be absent.

7.1.3. The Secretary shall keep minutes of all meetings of the Board of Directors and shall, as soon as possible after each meeting, forward a copy of the minutes to each member and alternate of the Board of Directors. The Secretary of the Board is not required to be a member of the Board of Directors.

7.2 Treasurer. The Agency shall designate a Treasurer from one of the Parties, or in lieu thereof, a certified public accountant that may be selected by the Agency and compensated by the Agency under contract to be the depository and have custody of all the money of the Agency, from whatever source.

7.2.1 The Treasurer shall receive and keep record of all money of the Agency and place it in the treasury of the Agency.

7.2.2 The Treasurer shall be responsible, upon his or her official bond, for the safekeeping and disbursement of all Agency money so managed by him or her.

7.2.3 The Treasurer shall pay, when due, out of money of the Agency, all sums payable on outstanding bonds and coupons of the Agency.

7.2.4 The Treasurer shall pay any other sums due from the Agency from Agency money, or any portion thereof, only upon warrants of the Officer performing the functions of Controller.

7.2.5 The Act requires strict accountability of all funds and reporting of all receipts and disbursements. As such, the Treasurer shall verify and report

in writing quarterly to the Agency the amount of money held by the Agency, the amount of receipts since the last report, and the amount paid out since the last report.

- 7.3 Controller. The Agency shall designate a Controller from the same Party as the designated Treasurer, unless a certified public accountant has been designated as Treasurer. In that case, the Agency shall designate a Controller from one of the Parties. The Controller shall draw warrants to pay demands against the Agency when the demands have been approved by the Agency or any person authorized to so approve.
- 7.4 Legal Counsel. The Board of Directors may hire/appoint legal counsel for the Agency.
- 7.5 Management. In addition to, or in lieu of, hiring employees, the Agency may engage one or more third parties to manage any or all of the business of the Agency on terms and conditions acceptable to the Board of Directors. A third party so engaged may, but need not, be a Party to this Agreement. Any third party so engaged shall have such responsibilities as are set forth in the contract for such third party's services.

## ARTICLE 8.

### QUORUM AND VOTING

- 8.1 Quorum. A majority of the Board of Directors members constitutes a quorum of the Board of Directors.
- 8.2 Director Votes. Except as set out in Section 8.3, all actions of the Board of Directors must be taken by majority vote of the Board of Directors at the meeting.
- 8.3 Matters Requiring Special Vote of Board of Directors. The following determinations require a two-thirds vote of the then-present Board of Directors:
- 8.3.1 To exercise the GSA enforcement powers identified in Chapter 9 (commencing with section 10732) of SGMA.
  - 8.3.2 To approve initial and annual operating budgets.
  - 8.3.3 To revise the Member Contributions of the Parties.
  - 8.3.4 To impose certain charges, which may include fees, assessments, or both, to fund the cost of the Agency in furthering the purposes of this Agreement, for complying with and as authorized by SGMA, and sustainably managing groundwater within the Central Delta-Mendota Region.

8.3.5 To adopt rules, regulations, policies, and procedures governing the adoption and implementation of the GSP for the Central Delta-Mendota Region.

8.3.6 To adopt a GSP and any amendments thereto.

## **ARTICLE 9.**

### **MEETINGS**

- 9.1. The Board of Directors shall hold at least one regular meeting each year and shall provide for other regular meetings and special meetings as it deems necessary. The Board of Directors shall fix the hour, date, and place for its regular meetings. All meetings of the Board of Directors must be called, noticed, held, and conducted in accordance with the provisions of the Ralph M. Brown Act, which is codified at Chapter 9 (beginning with section 54950) of Part 1 of Division 2 of Title 5 of the Government Code.
- 9.2. The Board of Directors Chairman may appoint, with the concurrence of the majority of the Board of Directors present, such ad hoc or standing committees as may be useful from time to time.
- 9.3. The Secretary of the Board of Directors shall prepare meeting minutes and place them in the records of the Agency.

## **ARTICLE 10.**

### **FISCAL YEAR & BUDGET**

- 10.1. Fiscal Year. The Fiscal Year of the Agency shall be from March 1 through the last day in February the following year.
- 10.2. Budget. The Board of Directors shall establish an annual budget for the activities authorized by this Agreement. The budget must describe the amounts that the Board of Directors anticipates are required for purposes of the Agreement during each Fiscal Year. Upon its approval of its obligations under the budget, each Party shall have available funding for its share of the Member Contributions to pay directly to the Agency.
- 10.3. The Agency shall not make expenditures or incur liabilities exceeding the amount of the appropriations allowed by the Agency's budget.

- 10.4. The Agency may amend the annual budget as needed subject to the provisions in Article 8 of this Agreement.

## ARTICLE 11.

### MEMBER CONTRIBUTIONS

- 11.1. The Member Contributions for each Party determines the share of Agreement Expenses allocated to each Party, except for any special-purpose contributions or fees owed pursuant to a separate agreement between less than all of the Parties to this Agreement.
- 11.2. Initial Member Contributions. The Member Contributions are established pursuant to the attached Exhibit “C,” which is incorporated herein by this reference. The Member Contributions in Exhibit “C” are deemed adopted by the Board of Directors upon Agency formation and shall supersede any previous fee structure established by the Initial Agreement.
- 11.3. Member Contributions after Adoption of GSP. Upon adoption of an estimated sustainable yield and a sustainability goal under the approved GSP for the Central Delta-Mendota Region, the Board of Directors shall consider recalculating the Member Contribution for each Party. In addition to the existing Member Contributions provided in Exhibit “C”, the Parties further agree to collect information adequate to allow the Board of Directors, by 2023, to develop and levy charges, which may include fees, assessments, or both, consistent with the GSP, which charges may include, but are not limited to, a volumetric groundwater extraction fee within the Central Delta-Mendota Region. Upon adoption of such charges, the Member Contributions in Exhibit “C” may be evaluated and modified. Furthermore, from time to time, the Board of Directors may evaluate the Member Contributions in order to consider new information concerning the relative contribution of each Party with a vote to approve revisions as provided in Section 8.3.3.

## ARTICLE 12.

### WITHDRAWAL AND REMOVAL OF PARTY; TERMINATION OF AGENCY

- 12.1. Withdrawal. Any Party may voluntarily withdraw from this Agreement and the Agency. The withdrawing Party shall give all Parties written notice of such

withdrawal not less than sixty (60) days prior to the withdrawal date. Upon withdrawal, (a) the Agency and the withdrawing Party shall work together with DWR to facilitate the withdrawing Party forming either its own GSA or joining a separate GSA; and (b) the withdrawing Party shall remain subject to the terms of the GSP that is prepared by the Agency so as to not put local management of the Delta-Mendota Subbasin in jeopardy, unless and until the withdrawing Party's service area is covered by a separate GSP approved by DWR. This obligation survives a Party's withdrawal from this Agreement, is for the express benefit of the remaining Parties, and is subject to the indemnification provisions of Article 15 of this Agreement.

- 12.2. Effect of withdrawal. Within thirty (30) days of withdrawal, a withdrawing Party shall pay for all of its financial obligations incurred prior to the withdrawal date pursuant to the terms of this Agreement and any other expenses pursuant to California law. This payment obligation for financial obligations incurred prior to the withdrawal date survives the Party's withdrawal from the Agreement, is for the express benefit of the remaining Parties, and is subject to the indemnification provisions of Article 15 of this Agreement. All financial obligations under this Agreement that are incurred prior to the withdrawal date shall survive after the withdrawal date.
- 12.3. Removal. Any Party may be removed by a two-thirds (2/3<sup>rd</sup>) vote of the Board of Directors, and upon removal shall no longer be a Party of the Agency. A Party so removed shall be liable for payment of such Party's financial obligations incurred up to and including the date of removal as calculated by the Member Contributions described in Article 11.
- 12.4. Termination of Agency. This Agreement may be terminated and the Agency dissolved by unanimous written consent of all Parties, except during the outstanding term of any agency indebtedness. Nothing in this Agreement prevents the Parties from entering into other joint powers agreements.
- 12.5. Disposition of Property and Surplus Money.

12.5.1 The Agency shall be formed and come into existence on the Effective Date and shall continue in existence unless terminated by the governing body of each of the Parties then a Party to this Agreement or at any point in time at



which there ceases to be at least two Parties to this Agreement, at which point in time this Agreement shall be automatically terminated; provided however, that the Agency and this Agreement shall continue to exist for the purpose of disposing of liabilities (“Agency Liabilities”) and distributing funds, property, and other assets (“Agency Assets”), and all other functions necessary to conclude the business of the Agency.

12.5.2 Notwithstanding any other provision herein, this Agreement shall remain in effect and be binding upon the Parties hereto and upon all subsequent Parties joined herein for such a period as the Agency desires to engage in any activities under this Agreement. The foregoing provision shall not apply, however, to any Party that withdraws or is terminated from its participation in the Agency in accordance with this Agreement.

12.5.3 Upon termination of this Agreement, after payment of all Agency Liabilities, any Agency Assets remaining shall be distributed to the Parties in accordance with the Member Contributions identified in Exhibit “C,” and as amended by the Board of Directors. The Agency shall cease to exist when the Agency liabilities are paid and Agency Assets have been distributed according to the provisions contained in this Section, this Agreement generally, and the Act (Gov. Code §6500 *et seq.*).

## **ARTICLE 13.**

### **ADMISSION OF NEW PARTIES**

13.1. Additional entities that are both “public agencies” under Government Code section 6500 and “local agencies” under Water Code section 10721, subdivision (n), may become signatories of this Agreement upon approval by the Board of Directors of the Agency and approval of the board of the new Party. Upon admission of a new Party, the Board of Directors shall recalculate Member Contributions, subject to section 8.3.3, and update any documents and maps as may be required by DWR.

## **ARTICLE 14.**

### **PRIOR AGREEMENT INTENT INCORPORATED; RATIFICATION**

- 14.1 It is the intent of the Parties to incorporate the purpose and activities of the Initial Agreement into this Agreement and for the Agency to be the GSA for the Central Delta-Mendota Region.

## ARTICLE 15.

### **SEPARATE ENTITY; INDEMNIFICATION**

- 15.1 Separate Entity. In accordance with the Act, the Agency is a public entity separate from the Parties. To the greatest extent permitted by law, unless otherwise specifically agreed to herein by all the Parties as to a specific debt, liability or obligation, the debts, liabilities and obligations of the Agency shall not be the debts, liabilities or obligations of the Parties under Government Code section 6508.1. The Agency shall own and hold title to all funds, property and works acquired by it during the term of this Agreement.
- 15.2 Indemnification. No Party has the power to obligate any other Party hereto and no Party's debt, liability or obligation due any third party may be asserted or collected against the Agency or any individual Party as a result of membership in the Agency through this Agreement. The Agency shall indemnify, defend, and save harmless the Parties, their officers, agents, directors, and employees, from and against any and all claims and losses whatsoever, occurring or resulting to persons, firms, or entities furnishing or supplying work, services, labor, materials or supplies to the Agency in connection with the performance of this Agreement and, except as expressly provided for by law, from any and all claims and losses accruing or resulting to any persons, firm or entity for damage, injury, or death arising out of or in connection with the Agency's performance of its obligations pursuant to this Agreement. The Agency may also acquire such policies of directors and officers liability insurance and in such amounts as the Board of Directors shall deem prudent. The Board of Directors, officers, agents, and employees of the Agency shall use ordinary care and reasonable diligence in the exercise of their powers, and in the performance of their duties pursuant to this Agreement. The Board of directors shall not be liable to the Parties to this Agreement for any mistake of judgment or any other action made, taken, or omitted by any agent, employee, or independent contractor selected with reasonable care, nor for loss incurred through the investment of Agency funds or failure to invest same. To the

extent authorized by California law, no Director, officer or employee of the Agency shall be responsible for any action made, taken, or omitted by any other Director, officer or employee. Furthermore, each Party shall indemnify, defend, and save harmless the other Parties, their officers, agents, directors, and employees, from and against any and all claims of negligence and/or willful misconduct by the indemnifying Party in performance of this Agreement.

## **ARTICLE 16.**

### **MISCELLANEOUS**

- 16.1 Amendments. This Agreement may not be amended except by a written amendment signed by all of the Parties.
- 16.2 Assignment; Binding on Successors. Except as otherwise provided in this Agreement, the rights and duties of the Parties may not be assigned or delegated without the express written consent of the other Parties. Any attempt to assign or delegate such rights or duties in contravention of this Agreement is null and void. Any approved assignment or delegation must be consistent with the terms of any contracts, resolutions, indemnities and other obligations of the Parties under this Agreement then in effect. This Agreement inures to the benefit of, and be binding upon, the successors and permitted assigns of the Parties.
- 16.3 Counterparts. This Agreement may be executed by the Parties in separate counterparts, each of which when so executed and delivered is an original, but all such counterparts together constitute the same instrument.
- 16.4 Governing Law. This Agreement is governed by the laws of the State of California.
- 16.5 Severability. If any part of this Agreement is held by a court of competent jurisdiction to be unlawful, invalid, or unenforceable, the remainder of the Agreement remains in effect and the Parties shall make best efforts to replace the unlawful, invalid, or unenforceable part of the Agreement with terms to accomplish the Parties' original intent.
- 16.6 Headings. The titles of sections of this Agreement are for convenience only and no presumption or implication of the intent of the Parties as to the construction of this Agreement shall be drawn from them.

- 16.7 Construction. The final form of this Agreement is the result of the Parties' combined efforts. If anything in this Agreement is found by a court of competent jurisdiction to be ambiguous, that ambiguity is not to be resolved by construing the terms of this Agreement against the drafter.
- 16.8 Notices. Notices authorized or required to be given pursuant to this Agreement shall be in writing and shall be deemed to have been given when mailed, postage prepaid, or delivered during working hours to the addresses set forth for each of the Parties beneath their signatures on this Agreement, or to such other changed addresses communicated to the Agency and the Parties in writing. For all claims arising from or related to this agreement, nothing in this agreement establishes, waives, or modifies any claims presentation requirements or procedures provided by law, including the Government Claims Act (Division 3.6 or Title 1 of the Government Code, beginning with section 810).
- 16.9 Signature Authorization. Each Party represents that the representative executing this Agreement on its behalf has been duly authorized to execute the Agreement on behalf of the Party.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the dates indicated next to the signatures attached to this Agreement.

Agency Name: **EAGLE FIELD WATER DISTRICT**

By: 

Name: BARBARA PREIMSBURG

Title: PRESIDENT

Date: 8/28/17

Agency Contact information:

Address: 51170 West Althea Ave, Fresno, CA 93622

Telephone: (209) 364-6149

Fax: (209) 364-6217

Email address: jfb@jfbri.com

**EXHIBIT C**  
**CENTRAL DELTA-MENDOTA GSA**  
**MEMBER CONTRIBUTIONS**

<b>Party Name</b>		<b>Member Contributions</b>
<b>Central DM GSA</b>		<b>(100%)</b>
Eagle Field Water District	Member	10%
County of Fresno	SS-MOA Participant	10%
Fresno Slough Water District	Member	10%
County of Merced	SS-MOA Participant	10%
Mercy Springs Water District	Member	10%
Pacheco Water District	Member	10%
Panoche Water District	Member	10%
San Luis Water District	Member	10%
Santa Nella County Water District	SS-MOA Participant	10%
Tranquillity Irrigation District	Member	10%



## MEMORANDUM

TO: Central Delta-Mendota Region Management Committee Members and Alternates

FROM: John Brodie, Water Resources Program Manager

DATE: July 7, 2023

RE: Approval of Representation on Delta-Mendota Subbasin Coordination Committee Under a New Memorandum of Agreement

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### BACKGROUND

On March 2, 2023, the California Department of Water Resources (DWR) issued a Determination Letter stating that the six Delta-Mendota Subbasin Groundwater Sustainability Plans (GSPs) were ‘inadequate.’ DWR referred the GSPs to the State Water Resources Control Board (SWRCB) for further review. SWRCB has the option of placing the Subbasin on probation until the GSPs address the deficiencies identified by DWR in the Determination Letter.

To address those deficiencies, the Delta-Mendota Subbasin Coordination Committee, with the support of the 23 Groundwater Sustainability Agencies (GSAs) in the Subbasin, began the process of consolidating the six GSPs into a single GSP. Under a single GSP, a Coordination Agreement as defined in the Sustainable Groundwater Management Act, is not required.

Though a formal coordination agreement is not necessary, Delta-Mendota Subbasin GSAs recognize the need to coordinate efforts to create and implement an approved GSP for the Subbasin to achieve groundwater sustainability. GSAs endorsed the idea of maintaining the Coordination Committee under a new Memorandum of Agreement (MOA).

### ISSUES FOR DECISION

The draft MOA maintains the current eight members of the existing Coordination Agreement, but with a cost share based on a per-vote structure. The Central Committee must determine whether it will maintain its vote on the Coordination Committee under the MOA, and confirm its

intent to participate in the cost share structure under the MOA to pay for Coordinated activities (Fund 63).

## **RECOMMENDATION**

Staff recommends that the CRMC maintain its seat on the Coordination Committee under the MOA and agree to pay for Coordinated expenses (Fund 63) provided the Coordinated Committee membership under the new MOA remains similar to levels as they exist under the current Coordination Agreement.

## **ANALYSIS**

The CRMC has had a vote on the Coordination Committee since its inception. By maintaining its seat under the MOA, continuity will be maintained for the CRMC, the Coordination Committee, and the entire Subbasin. It will demonstrate to SWRCB that the Subbasin is committed to intra-basin coordination and achieving groundwater sustainability.

## **BUDGET**

Under the existing six GSP Coordination Committee cost share structure, the CRMC contributes 50% of the 1/6 share of Coordinated expenses (Fund 63) for the Northern and Central Delta-Mendota GSP region. The Northern and Central GSP group has two votes on the Coordination Committee. Under the proposed new one vote = one share cost sharing framework in the MOA, the CRMC will contribute an estimated 1/8 of Coordinated expenses<sup>1</sup>, including expenses associated with responding to the Subbasin GSPs' inadequate determination.

For example:

Existing cost share agreement:

Fund 63 budget: \$600,000<sup>2</sup>

Northern & Central Cost Share (1/6): \$100,000

Central Mgt. Committee Share (50% of 1/6): \$50,000

Draft MOA Cost Share

Fund 63 budget: \$600,000

Central Mgt. Committee Share (1/8): \$75,000

The existing Central Management Committee cost share percentages are in Appendix A to this memo.

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<sup>1</sup> Based on the assumption that all eight existing seats on the Coordination Committee are maintained.

<sup>2</sup> Using this round number for simple math in the example.

# Memo Appendix A: Fund 65 Cost Share

## SAN LUIS & DELTA-MENDOTA WATER AUTHORITY MARCH 1, 2023 - FEBRUARY 29, 2024 SUSTAINABLE GROUNDWATER MANAGEMENT ACT SERVICES AGREEMENT CENTRAL DELTA-MENDOTA REGION COST ALLOCATION

	Total Acres	Central DM Multi Agency GSA Acres	% of Central Region Acreage	Total SGMA Central	Equal Split of 83.34%	% of Contribution	Contribution Based on 50% Service Area plus 50% Equal Split of Total Cost
				\$ (86,014)			
<b>DIVISION 1</b>							
1. Banta-Carbona ID			0.00000%	\$ -	\$ -	0.00%	\$ -
2. City of Tracy			0.00000%	\$ -	\$ -	0.00%	\$ -
3. Del Puerto Water District	0	0	0.00000%	\$ -	\$ -	0.00%	\$ -
4. Patterson Irrigation District	0	0	0.00000%	\$ -	\$ -	0.00%	\$ -
5. Byron Bethany Irrigation District			0.00000%	\$ -	\$ -	0.00%	\$ -
6. West Side Irrigation District			0.00000%	\$ -	\$ -	0.00%	\$ -
7. West Stanislaus ID	0	0	0.00000%	\$ -	\$ -	0.00%	\$ -
<b>Total Division 1</b>	<b>0</b>	<b>0</b>	<b>0.00000%</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.00%</b>	<b>\$ -</b>
<b>DIVISION 2</b>							
1. Panoche Water District*	38,317	38,317	23.74069%	\$ (7,168)	\$ (7,168)	8.33%	\$ -
2. San Luis Water District*	55,316	55,316	34.27304%	\$ (7,168)	\$ (7,168)	8.33%	\$ -
3. Westlands Water District			0.00000%	\$ -	\$ -	0.00%	\$ -
4. Charleston Drainage District			0.00000%	\$ -	\$ -	0.00%	\$ -
5. Panoche Drainage District			0.00000%	\$ -	\$ -	0.00%	\$ -
6. Pleasant Valley			0.00000%	\$ -	\$ -	0.00%	\$ -
<b>Total Division 2</b>	<b>93,633</b>	<b>93,633</b>	<b>58.01373%</b>	<b>\$ (14,336)</b>	<b>\$ (14,336)</b>	<b>16.67%</b>	<b>\$ -</b>
<b>DIVISION 3</b>							
1. Central California Irrigation District			0.00000%	\$ -	\$ -	0.00%	\$ -
2. Firebaugh Canal Water District			0.00000%	\$ -	\$ -	0.00%	\$ -
3. Grassland Water District			0.00000%	\$ -	\$ -	0.00%	\$ -
4. HMRD #2131			0.00000%	\$ -	\$ -	0.00%	\$ -
5. Columbia Canal Company (Friend Member)			0.00000%	\$ -	\$ -	0.00%	\$ -
6. Camp 13 Drainers			0.00000%	\$ -	\$ -	0.00%	\$ -
<b>Total Division 3</b>	<b>0</b>	<b>0</b>	<b>0.00000%</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.00%</b>	<b>\$ -</b>
<b>DIVISION 4</b>							
1. San Benito County Water District			0.00000%	\$ -	\$ -	0.00%	\$ -
2. Valley Water			0.00000%	\$ -	\$ -	0.00%	\$ -
<b>Total Division 4</b>	<b>0</b>	<b>0</b>	<b>0.00000%</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.00%</b>	<b>\$ -</b>
<b>DIVISION 5</b>							
1. Broadview Water District			0.00000%	\$ -	\$ -	0.00%	\$ -
2. Eagle Field Water District*	1,325	1,325	0.82095%	\$ (7,168)	\$ (7,168)	8.33%	\$ -
3. Fresno Slough WD*	1,459	1,459	0.90398%	\$ (7,167)	\$ (7,167)	8.33%	\$ -
4. James Irrigation District			0.00000%	\$ -	\$ -	0.00%	\$ -
5. Laguna Water District			0.00000%	\$ -	\$ -	0.00%	\$ -
6. Mercy Springs Water District*	3,840	3,840	2.37921%	\$ (7,168)	\$ (7,168)	8.33%	\$ -
7. Oro Loma Water District	1,258		0.76926%	\$ (7,168)	\$ (7,168)	8.33%	\$ -
(Not included in MA % Calc)							
8. Pacheco Water District*	4,999	4,999	3.09731%	\$ (7,168)	\$ -	8.33%	\$ (7,168)
9. Reclamation District 1606			0.00000%	\$ -	\$ -	0.00%	\$ -
10. Tranquillity ID*	10,750	10,750	6.66055%	\$ (7,168)	\$ (7,168)	8.33%	\$ -
11. Tumer Island Water District		0	0.00000%	\$ -	\$ -	0.00%	\$ -
<b>Total Division 5</b>	<b>23,631</b>	<b>22,373</b>	<b>13.86201%</b>	<b>\$ (43,007)</b>	<b>\$ (35,839)</b>	<b>50.00%</b>	<b>\$ (7,168)</b>
<b>OTHER</b>							
1. Northwestern Delta Mendota Subbasin GSA	0	0	0.00000%	\$ -	\$ -	0.00%	\$ -
2. City of Patterson GSA	0	0	0.00000%	\$ -	\$ -	0.00%	\$ -
3. Fresno County*	29,728	29,728	18.41906%	\$ (7,168)	\$ (7,168)	8.33%	\$ -
4. Merced County*	14,176	14,176	8.78326%	\$ (7,168)	\$ (7,168)	8.33%	\$ -
5. Santa Nella County Water District*	1,488	1,488	0.92194%	\$ (7,167)	\$ (7,167)	8.33%	\$ -
6. Widren GSA	877		0.53628%	\$ (7,168)	\$ -	8.33%	\$ (7,168)
(Not included in MA % Calculation)							
<b>Total Other</b>	<b>46,269</b>	<b>45,392</b>	<b>28.12426%</b>	<b>\$ (28,671)</b>	<b>\$ (21,503)</b>	<b>33.33%</b>	<b>\$ (7,168)</b>
<b>Total</b>	<b>163,533</b>	<b>161,398</b>	<b>100.00%</b>	<b>\$ (86,014)</b>	<b>\$ (71,678)</b>	<b>100.00%</b>	<b>\$ (14,336)</b>

\*Note: 83.34% Factor due to Central DM Multi-Agency Allocation of 84.34%; Wildren and Oro Loma flat 8.33% each.





## MEMORANDUM

TO: Central Delta-Mendota Region Management Committee Members and Alternates

FROM: John Brodie, Water Resources Program Manager

DATE: July 7, 2023

RE: Providing direction to the Central Delta-Mendota Region representative to the Delta-Mendota Subbasin Coordination Committee to approve a consultant to prepare a single GSP for the Delta-Mendota Subbasin and \$1.5 million budget augmentation to compensate the consultant for GSP work.

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### BACKGROUND

On March 2, 2023, the California Department of Water Resources (DWR) issued a Determination Letter stating that the six Delta-Mendota Subbasin Groundwater Sustainability Plans (GSPs) were ‘inadequate.’ DWR referred the GSPs to the State Water Resources Control Board (SWRCB) for further review. SWRCB has the option of placing the Subbasin on probation until the GSPs address the deficiencies identified by DWR in the Determination Letter.

To address those deficiencies, the Delta-Mendota Subbasin Coordination Committee, with the support of the 23 Groundwater Sustainability Agencies (GSAs) in the Subbasin, began the process of consolidating the six GSPs into a single GSP. On May 26, 2023, a request for proposals (RFP) was issued for a consultant or team to prepare a single GSP for the Subbasin.

As of the June 23, 2023 deadline to submit responses, one consultant responded to the RFP.

### ISSUES FOR DECISION

To continue the timely response to the inadequate determination and possible state intervention in the subbasin, the Central Delta-Mendota Region Management Committee (CRMC) must decide whether to direct its representative to the Coordination Committee to select the submitted response to the RFP and approve a \$1.5 million budget augmentation to the Coordinated budget (Fund 63) to pay for the consultant’s work.

## **RECOMMENDATION**

Staff recommends the following:

That the CRMC direct its representative to the Coordination Committee to approve selection of a consultant to prepare a single GSP for the Delta-Mendota Subbasin and approve a \$1.5 million budget augmentation to the Coordinated Budget (Fund 63) to pay for the consultant's work.

## **ANALYSIS**

Based on the June 21, 2023 meeting of the SWRCB, the Delta-Mendota Subbasin faces a possible probationary hearing by the SWRCB in September 2024. Without approval, time and momentum will be lost and work to have the single GSP ready and possibly adopted in advance of the proposed September 2024 probationary hearing will be at least delayed. The respondent is currently working on the initial parts of the subbasin's response to the inadequate determination, and approval of both the consultant and budget augmentation will provide a seamless transition to completing the necessary tasks.

## **BUDGET**

The total proposed budget augmentation to the Coordinated budget (fund 63) which will be considered by the San Luis and Delta-Mendota Water Authority (SLDMWA) Board at its July 13, 2023 meeting is \$1,500,000. Under the proposed new one vote = one share cost sharing framework in the MOA, the CRMC will contribute an estimated 1/8 of Coordinated expenses<sup>1</sup>.

Under this scenario:

Draft MOA Cost Share

Fund 63 budget: \$1,500,000.00 [\$1,700,000]

Central Mgt. Committee Share (1/8): \$187,500 [\$212,500]

During the previous three budget years, the CRMC has been reserving \$100,000 annually for the required five-year periodic update to the Northern & Central GSP. Under the consultant's submitted budget estimate, just over half of the existing reserve would be used to pay for the CRMC share to prepare a single GSP for the Subbasin.

The consultant's proposed budget to prepare the single GSP is included as Appendix A to this memo.

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<sup>1</sup> Based on the assumption that all eight existing seats on the Coordination Committee are maintained.

Memo Appendix A: EKI Single GSP Preparation Budget Proposal

**PROJECT BUDGET FOR COMPLETING THE RESPONSE TO THE INADEQUATE DETERMINATION ISSUED BY CA DWR FOR THE DELTA - MENDOTA SUBBASIN GROUNDWATER SUSTAINABILITY PLANS**

TASKS	EKI Labor											Expenses			TOTAL
	CAD/ GIS	Offner and Chief	Engineer-Scientist Christopher Heppner	Supervising Engineer-Scientist	Engineer-Scientist Amir Mani - Senior I	Engineer-Scientist Meredith Durant - Senior I, Engineer-Scientist	Engineer-Scientist	Grade 1 Engineer-Scientist	Grade 2 Engineer-Scientist	Grade 4 Engineer-Scientist	TOTAL EKI Labor, Including 4% Comm. Charge (1)	CAD/GIS Charge (per hour)	OTHER DIRECT COSTS	TOTAL EXPENSES (1)	
<b>Task 1 - Data Compilation, Review, and Analysis</b>	144	332	309	309	286	286	286	231	218	178	(\$)	\$20	10%	(\$)	
<b>Subtotal</b>	0	30	30	30	30	30	30	10	60	75	65	\$0	\$0	\$0	
<b>Task 2 - Describe Current Groundwater Conditions for Each Applicable SI</b>	40	25	40	40	8	8	8	50	80	80	\$74,816	\$800	\$1,000	\$1,900	
Subtask 2.1 – Develop Current Groundwater Conditions	15	30	30	30	30	30	30	30	75	75	\$40,747	\$0	\$0	\$0	
Subtask 2.2 – Prepare Qualitative Description of PM/A Impacts	25	10	10	10	150	150	150	250	300	300	\$172,058	\$0	\$1,000	\$1,100	
Subtask 2.3 – Quantitative Projection of PM/A Impacts	40	65	80	80	188	188	188	0	380	380	\$287,620	\$800	\$2,000	\$3,000	
<b>Subtotal</b>	80	80	100	100	0	0	0	120	150	80	\$149,386	\$1,600	\$1,000	\$2,700	
<b>Task 3 - Subbasin Monitoring Network</b>	80	80	100	100	0	0	0	120	150	80	\$149,386	\$1,600	\$1,000	\$2,700	
<b>Subtotal</b>	80	80	100	100	0	0	0	120	150	80	\$149,386	\$1,600	\$1,000	\$2,700	
<b>Task 4 - Analysis of New Information</b>	24	50	80	80	80	80	80	100	100	120	\$115,477	\$480	\$1,000	\$1,580	
Subtask 4.1 – Further Analysis and Potential Revisions to SMCs	30	30	30	30	80	80	80	80	80	120	\$75,587	\$0	\$1,000	\$1,100	
Subtask 4.2 – Further Analysis and Update to the Basin-wide Water Budget	40	40	20	20	150	150	150	250	250	250	\$171,194	\$0	\$2,000	\$2,200	
Subtask 4.3 – (Optional) CVHM2-DM Development and Calibration	24	120	100	100	230	230	230	0	430	490	\$362,259	\$480	\$4,000	\$4,900	
<b>Subtotal</b>	24	120	100	100	230	230	230	0	430	490	\$362,259	\$480	\$4,000	\$4,900	
<b>Task 5 - Revision of Plan Elements</b>	40	32	40	40	40	40	40	40	40	120	\$74,780	\$800	\$500	\$1,350	
Subtask 5.1 – Revision of Plan Area and Basin Setting Chapters	2	32	40	40	40	40	40	40	40	75	\$46,740	\$40	\$500	\$590	
Subtask 5.2 – Revision of Water Budget and Sustainable Yield Sections	2	40	72	72	72	72	72	80	100	100	\$73,898	\$40	\$500	\$590	
Subtask 5.3 – Revision of Sustainable Management Criteria Chapter	2	32	32	32	32	32	32	60	60	60	\$55,860	\$40	\$500	\$590	
Subtask 5.4 – Revision of P/MA and Plan Implementation Chapters	32	32	32	32	32	32	32	60	60	60	\$35,759	\$0	\$500	\$500	
Subtask 5.5 – Revision of Executive Summary and Introduction Chapter	46	168	144	144	72	72	72	0	40	415	\$287,100	\$920	\$2,500	\$3,700	
<b>Subtotal</b>	60	40	40	40	16	16	16	120	120	120	\$99,649	\$0	\$500	\$550	
<b>Task 6 - A Description of Other Information</b>	0	60	40	40	40	40	40	16	0	120	\$99,700	\$0	\$500	\$600	
<b>Subtotal</b>	0	60	40	40	40	40	40	16	0	120	\$99,700	\$0	\$500	\$600	
<b>Task 7 - Project Management and Coordination</b>	156	52	52	52	26	26	26	78	78	78	\$95,992	\$0	\$4,000	\$4,400	
Subbasin CC/TWG meetings (13 in-person, 13 remote)	52	52	52	52	26	26	26	26	26	26	\$17,955	\$0	\$500	\$550	
Bi-weekly one-hour planning meetings (remote 26)	16	16	16	16	16	16	16	16	16	16	\$10,284	\$0	\$0	\$0	
Coordination with hydrologically connected basins (8, 1-hr each)	36	16	16	16	16	16	16	16	16	16	\$25,958	\$0	\$1,000	\$1,100	
Meetings with DWR/ SWRCB (8 1-hr remote, 4 2-hr in-person)	24	24	24	24	24	24	24	0	0	0	\$15,425	\$0	\$0	\$0	
Project Schedule	40	40	40	40	32	32	32	32	32	32	\$23,329	\$0	\$500	\$550	
Project communications and project management tasks	0	324	68	68	42	42	42	0	94	0	\$189,000	\$0	\$6,000	\$6,600	
<b>Subtotal</b>	190	847	562	562	602	602	602	98	950	1,550	\$1,450,300	\$7,600	\$16,000	\$21,400	
<b>TOTAL With Optional Task(s):</b>	190	807	542	542	452	452	452	98	994	1,300	\$1,279,100	\$3,800	\$14,000	\$19,200	
<b>TOTAL Without Optional Task(s):</b>	190	807	542	542	452	452	452	98	994	1,300	\$1,279,100	\$3,800	\$14,000	\$19,200	
<b>Contingency-July 31, 2024 Completion Date (Without Optional Task)</b>	200	810	580	580	490	490	490	90	770	1,170	\$1,383,502	\$3,800	\$12,500	\$17,550	
<b>Contingency- March 29, 2024 Completion Date (Without Optional Task)</b>	210	770	620	620	500	500	500	80	810	1,250	\$1,435,855	\$1,900	\$7,750	\$10,425	

Notes:

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- 1) A communications charge of 4% of labor costs covers e-mail access, web conferencing, cellphone calls, messaging and data access, file sharing, local and long distance telephone calls and conferences, facsimile transmittals, standard delivery U.S. postage, and incidental in-house copying.
  
- 2) ""Other Direct Costs"" includes direct expenses, as listed below, incurred in connection with the work and will be reimbursed at cost plus ten percent (10%) for items such as:
  - a. Maps, photographs, reproductions, printing, equipment rental, and special supplies related to the work.
  - b. Consultants, soils engineers, surveyors, drillers, laboratories, and contractors.
  - c. Rented vehicles, local public transportation and taxis, travel and subsistence.
  - d. Special fees, insurance, permits, and licenses applicable to the work.
  - e. Outside computer processing, computation, and proprietary programs purchased for the work."

## BUDGET ASSUMPTIONS

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### March 2023 and July 2023 Accelerated Timelines:

EKI will not undertake optional Subtask 4.3 under accelerated timelines. Meetings will be scheduled more frequently as necessary, but there will be a proportional reduction in their number. EKI anticipates maintaining the same level of deliverables by expanding the team to handle the required tasks. The contingency budget accounts for increased coordination and effort (Tasks 1-6), as well as reduced expenses due to fewer meetings (Task 7) and the removal of Subtask 4.3.

## Funding Opportunities – Updated 7/3/2023

### Biologically Integrated Farming Systems (BIOS)

Projects from this program should demonstrate IPM-based alternative pest management options that focus on economical and efficacious biological and cultural pest management techniques that allow growers to maintain yields and quality. Up to \$1 Million available per project. California Dept. of Pesticide Regulation. Deadline: 7/31/23

### Natural Communities Conservation Planning Local Assistance Grant Program

A total of more than \$29 Million for NCCP implementation and NCCP and/or HCP planning and implementation, targeted at highest priority projects. California Dept. of Fish and Wildlife. Deadline: 8/4/23

### Healthy Soils Demonstration Program

This program funds on-farm demonstration projects to promote statewide implementation of conservation management practices that sequester carbon, reduce GHGs and improve soil health. Up to \$4 million available for the total program. California Dept. of Food and Agriculture. Deadline: 8/28/23

### Integrated Climate Adaptation and Resiliency Program's Regional Resilience Planning and Implementation Grant Program

The Regional Resilience Grant Program (RRGP) funds planning and implementation projects that strengthen climate change resilience at a regional scale. The RRGP funds projects led by partnerships that involve multiple jurisdictions working together to address the most significant climate change risks in their regions, especially in communities that are most vulnerable to climate change impacts. Up to \$3 Million per project, \$9.4 Million total available. Governor's Office of Planning and Research. Deadline: 8/29/23

### Instream Flow Water Purchase Program

The Instream Flow Water Purchase Program (WPP) establishes financial instruments and agreements necessary to ensure water for beneficial instream flows are made available from those with legal rights to use or dedicate water. Projects must measurably enhance streamflow at a time and location necessary to provide fisheries or ecosystem benefits or that improve upon existing flow conditions. Minimum qualifications will require applicants to provide at least 2,000 acre-feet of water through sale, lease, license, dedication or other binding mechanism, including forbearance, for purposes of instream flow enhancement between January 1st and June 30th in every water year type in which the water right holder proposes to provide water. These flows must be provided in the Sacramento-San Joaquin Delta Watershed for at least 10 water years (subject to negotiation if only provided in specific water year types). Up to \$360 Million available. Department of Water Resources. Deadline: 10/1/23

### Water Resilience Infrastructure-Water Recycling

The purpose of the grant is to provide technical and financial assistance to local agencies for the planning and construction of water recycling projects that promote the beneficial use of treated municipal wastewater in order to augment fresh water supplies in California. Up to \$15 million available per project and a total of more than \$232 Million. State Water Resources Control Board. Deadline: 6/30/25

#### Emergency Community Water Assistance Program

This program helps eligible communities prepare, or recover from, an emergency that threatens the availability of safe, reliable drinking water and is targeted at small communities and rural areas (DACs, SDACs, and EDAs). \$150,000 available for leak repair and maintenance to existing water lines and construct water line extensions; up to \$1,000,000 for construction of new wells, transmission lines, treatment plants, or other sources of water. USDA Rural Development. Applications accepted on a continuous basis.

#### County-Wide and Regional Funding Program

Funding for regional programs that address drought-related and contamination issues for small water systems and domestic wells serving DACs. No deadline. Funding is from the State Water Board.

#### Restoration Grant Program

Multiple funding programs including wetland restoration, wildlife corridors, and addressing climate impacts. Project categories include: planning, implementation, acquisition, monitoring, and scientific studies. Applications accepted on rolling basis. Funding from CA Dept. of Fish and Wildlife.

#### Riparian Habitat Conservation Program

The Wildlife Conservation Board is accepting concept proposals for projects that provide meaningful and sustainable improvements to riparian habitats. \$3 Million available on a rolling basis.

#### Fertilizer Research and Education Program

Total of \$225,000 available for projects on: improving input management, understanding plant-soil processes, and evaluating loss pathways. They are focused on nutrients in general with nitrogen/nitrates as a particular focus. It is a rolling deadline with funding awarded as projects are approved. CA Dept. of Food and Agriculture.

#### Building Resilient Infrastructure and Communities (BRIC) and Flood Mitigation Assistance (FMA) Programs

Applications accepted through the Governor's Office of Emergency Services. BRIC is prioritizing the following types of projects: infrastructure projects, projects that benefit disadvantaged communities as referenced in EO 14008, and projects that incorporate nature-based solutions including those designed to reduce carbon emissions, climate change adaptation and resilience projects. 25% Match required. Applications accepted on a rolling deadline.