

Joint Meeting of Cuyama Basin Groundwater Sustainability Agency Board of Directors and the Standing Advisory Committee

Board of Directors

Derek Yurosek Chairperson, Cuyama Basin Water District
Lynn Compton Vice Chairperson, Co. of San Luis Obispo
Das Williams Santa Barbara Co. Water Agency
Cory Bantilan Santa Barbara Co. Water Agency
Glenn Shephard Co. of Ventura
David Couch Co. of Kern

Paul Chounet Cuyama Community Services District
George Cappello Cuyama Basin Water District
Byron Albano Cuyama Basin Water District
Jane Wooster Cuyama Basin Water District
Tom Bracken Cuyama Basin Water District

Standing Advisory Committee

Roberta Jaffe Chairperson
Brad DeBranch
Jake Furstenfeld
Joe Haslett

Brenton Kelly Vice Chair
Louise Draucker
Mike Post

Agenda for February 7, 2018

Agenda for a meeting of the Cuyama Basin Groundwater Sustainability Agency Board of Directors and Standing Advisory Committee to be held on Wednesday, February 7, 2018 at 4:00 PM, at the Cuyama Valley Family Resource Center, 4689 CA-166, New Cuyama, CA 93254. To hear the session live call (888) 222-0475 Code 6375195#.

In compliance with the Americans with Disabilities Act, if you need disability-related modifications or accommodations, including auxiliary aids or services, to participate in this meeting, please contact Jessica Alwan at (916) 915-7337 by 4:00 p.m. on the Friday prior to this meeting. Agenda backup information and any public records provided to the Board after the posting of the agenda for this meeting will be available for public review at 4885 Primero Street, New Cuyama, California. The Cuyama Basin Groundwater Sustainability Agency reserves the right to limit each speaker to three (3) minutes per subject or topic.

- 1. Call to order (Yurosek)**
- 2. Roll call (Yurosek)**
- 3. Pledge of Allegiance**
- 4. EKI Presentation**
- 5. Approval of minutes (Yurosek)**
- 6. Report of the General Counsel (Hughes)**
- 7. Report of the Standing Advisory Committee and referral of matters to the SAC (Kelly)**
 - a. Standing Committee Membership**
- 8. Report of the Executive Director (Beck)**
 - a. Progress & Next Steps**
 - b. Groundwater Sustainability Plan Update and Stakeholder Engagement Strategy**
- 9. Financial Report (Beck)**
 - a. Approval of FY 17/18 Budget and Cost Allocation**
 - b. Review of Cashflow**
 - c. Financial Management Overview**

11. Directors' Forum

12. Public comment for items not on the Agenda

At this time, the public may address the Board on any item not appearing on the agenda that is within the subject matter jurisdiction of the Board. Persons wishing to address the Board should fill out a comment card and submit it to the Board Chair prior to the meeting.

13. Adjourn

Cuyama Basin Groundwater Sustainability Agency Acronyms Listing

BOD	Board of Directors
CA	California
CB	Cuyama Basin
CBGSA	Cuyama Basin Groundwater Sustainability Agency
DMS	Data Management System
DWR	California Department of Water Resources
FY	Fiscal Year
GSA	Groundwater Sustainability Agency
GSP	Groundwater Sustainability Plan
HG	Hallmark Group (Executive Director)
SAC	Standing Advisory Committee
SOW	Scope of Work
TO	Task Order
WC	Woodard & Curran (GSP Development Consultant)

Cuyama Basin Groundwater Sustainability Agency (GSA)

Draft Board of Directors Special Meeting Minutes

January 10, 2018

Cuyama Valley Family Resource Center, 4689 CA-166, New Cuyama, CA 93254

The Cuyama Basin GSA Board of Directors met at approx. 2:00 PM.

PRESENT: Directors: Chairman Derek Yurosek, Jane Wooster, George Cappello, Byron Albano, Cory Bantilan, Paul Chounet, Executive Director Jim Beck, Legal Counsel Joe Hughes.

Alt. Directors: Darcel Elliot, Arne Anselm, Matt Klingchuch, Alan Christensen

ABSENT: Vice Chair Lynn Compton

1. Call to order

Chair Yurosek calls the meeting to order at approx. 2:00 PM.

2. Roll call

Chair Yurosek calls roll of the Board (shown above).

3. Pledge of allegiance

The pledge of allegiance is led by Chair Yurosek.

4. Chair Yurosek opens to floor to comments on the meeting minutes.

No comments.

Motion was made by Director Bantilan to approve the minutes, second by Director Chounet. The motion passed unanimously.

5. Report of the Executive Director (Beck)

a. Progress and Next Steps

Executive Director Beck presented an overview of the program's progress starting with the near-term schedule. It was noted that the February session intends to host the United States Geological Survey (USGS) to provide an overview of the model and data for the Cuyama Basin. This will serve as an educational opportunity and does not delay the overall schedule for the development of the Groundwater Sustainability Plan.

The program accomplishments were highlighted noting the completion of the draft budget and cost allocation scenarios, review of newsletter content with the Standing Advisory Committee, and initiation of the Stakeholder Engagement Strategy among others. As for next steps the Board will look to approve the budget and determine a cost allocation model for the CBGSA, implement financial administration processes, develop the draft Stakeholder Engagement Plan and continue the ongoing data collection efforts.

6. Financial Report (Beck)

a. Review and Approval of Budget

Executive Director Beck began with a line by line overview of the draft FY17/18 budget. The Board asked for a recommendation on the frequency of the contributions to the GSA by the participating entities. Executive Director Beck recommended taking the complete FY17/18 budget to their respective sponsors to satisfy current funding needs. The FY18/19 budget will be developed within the next few months.

b. Review and Approval of CB-HG002 Task Order

Hallmark Group Task Order 2 was presented by Jessica Alwan of the Executive Director team as requested at the December session of the Board of Directors. The additional tasks include budget development, financial management, and outreach facilitation. The presentation began with an overview of what was outlined in the Request for Qualifications (RFQ) and continued to review what was covered and not covered in the RFQ and subsequent task order request. There was general discussion by the Board regarding the outreach component. It was noted that the Cuyama Basin is difficult to reach due to lack of media. The Executive Director team noted that those issues are also being contemplated by the consultants managing the Stakeholder Outreach Plan development.

Additional review of Task Order 2 continued, and questions were addressed by Executive Director Beck. The Board requested to reduce the proposed scope eliminating proposed tasks 3.2 and 3.3, then eliminating the assumption of convening an Ad Hoc Committee in 3.4 reducing the hours for the Executive Director to 25 and support to 5 hours.

A motion was made by Alternate Director Anselm to approve Task Order 2 with the noted modifications, second by Director Bantilan. The motion passed unanimously.

The Board took a 5-minute recess at 4:00pm and reconvened at 4:05pm.

c. Review and Approval of Cost Allocation

Executive Director Beck reviewed the cost allocation development process with the Board and the involvement of the Budget Ad Hoc Committee. The proposed options were reviewed and considered by the Directors. Discussion continued noting some Directors' preference to base the allocation on voting, others requesting that base contributions consider additional grant funds be used to offset those costs. Santa Barbara County requested that their additional grant funds be credited as their contribution.

Discussion amongst the Board continued regarding agricultural contributions to the Basin and how the allocation should be addressed. Clarifications were made on overall process for allocating costs through the Groundwater Sustainability Plan development versus the costs associated with plan implementation further noting that they are distinct. Concerns for certain entities that are not represented on the Board and are not paying for the Groundwater Sustainability Plan development were raised. Executive Director Beck recognized that this is a difficult decision and will not be perfectly equitable, but the group will need to work together to be successful in completing the Groundwater Sustainability Plan process. The community will need to work together and the experiences with other Groundwater Sustainability Agencies were shared amongst the Directors.

Directors continued to discuss what equity means for the entities involved as many have had to spend funds already for the SGMA efforts. Landowners are frustrated by the requirements of SGMA and how to allocate current and future costs without the inclusion of the white areas. Cuyama Basin Water District expressed concern about bearing the largest percentage of the overall cost. The Board also addressed the initial contribution and decided they would prefer to consider the highest possible cash flow scenario and worked with the allocations assuming no grant funds are contributed.

Hallmark Group will develop and present a quarterly cash flow projection for the current fiscal year. The Board also recommended an increased base contribution to reflect the fiscal year needs. The proposed cost allocation scenarios were edited to reflect the preferred allocations of the Directors.

A motion was made by Director Chounet to take the revised cost allocation scenario and budget to their respective entities for approval and to bring back for final approval at the February Board of Directors session, second by Director Albano. Motion passed unanimously among Directors present with an 88.89% weighted vote total.

7. Report of the General Counsel (Hughes)

Mr. Hughes had no report for this session.

8. Report of the Advisory Committee and referral of matters to the Advisory Committee (Beck)

No report for this session.

9. Reports of the Ad Hoc Committees

No report for this session.

10. Directors' Forum

There were no items brought forth by the Board.

11. Public comment for items not on the Agenda.

Chair Yurosek opens floor to comments without response.

12. Adjourn

Chair Yurosek adjourns the Cuyama Basin GSA Board of Directors meeting at approximately 6:30 PM.

I, Jim Beck, Executive Director to the Cuyama Basin Groundwater Sustainability Agency Board of Directors, do hereby certify that the foregoing is a fair statement of the proceedings of the meeting held on Wednesday, January 10, 2018, by the Cuyama Basin Groundwater Sustainability Agency Board of Directors.

Jim Beck

Dated: January 10, 2018

TO: Cuyama Basin Groundwater Sustainability Agency Board of Directors
FROM: Jim Beck, Executive Director
DATE: February 7, 2018
SUBJECT: Agenda Item #8a: Report of the Executive Director, Progress & Next Steps

Issue

To serve as an ongoing status update for the Board of Directors.

Recommended Motion

None required, for reference only.

Discussion

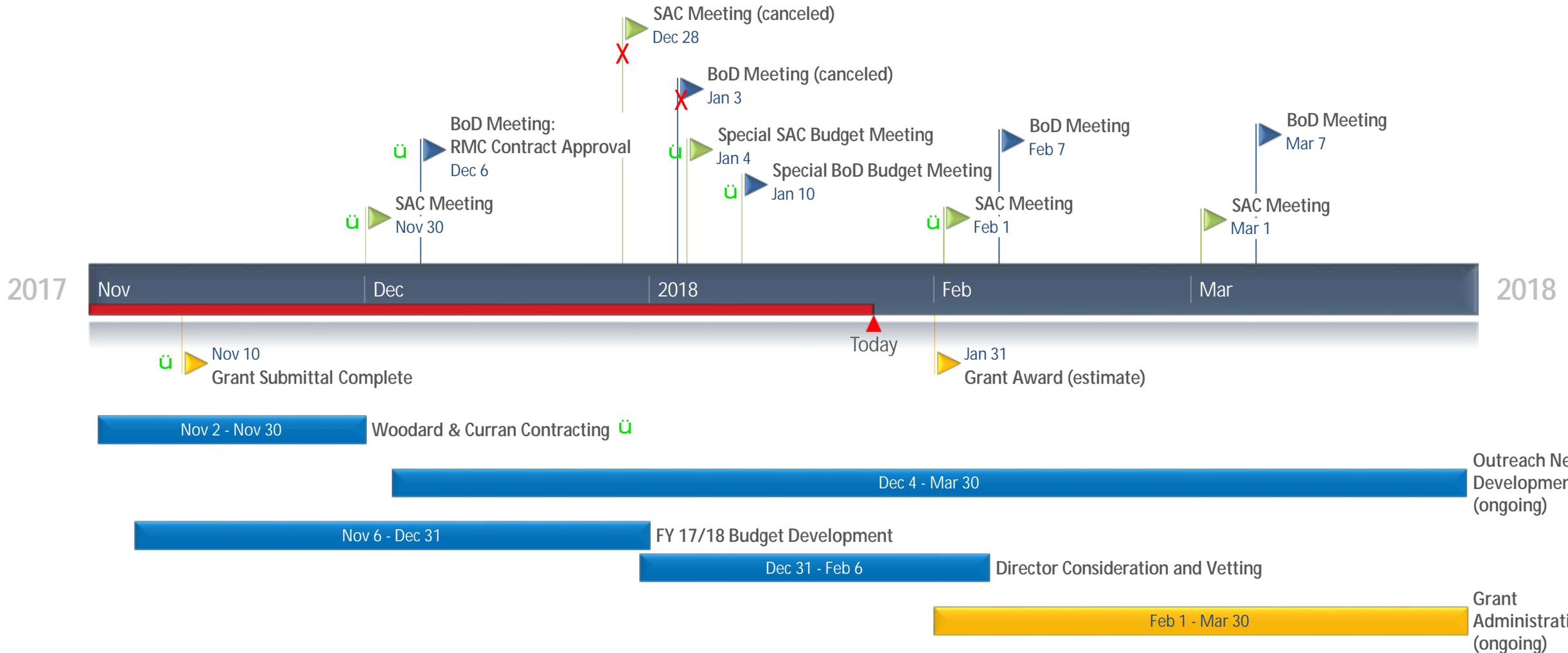
These documents will provide visual aid to the Board of Directors during the standing report of the Executive Director related to ongoing efforts, accomplishments, and next steps.

Cuyama Basin Groundwater Sustainability Agency

Executive Director Report

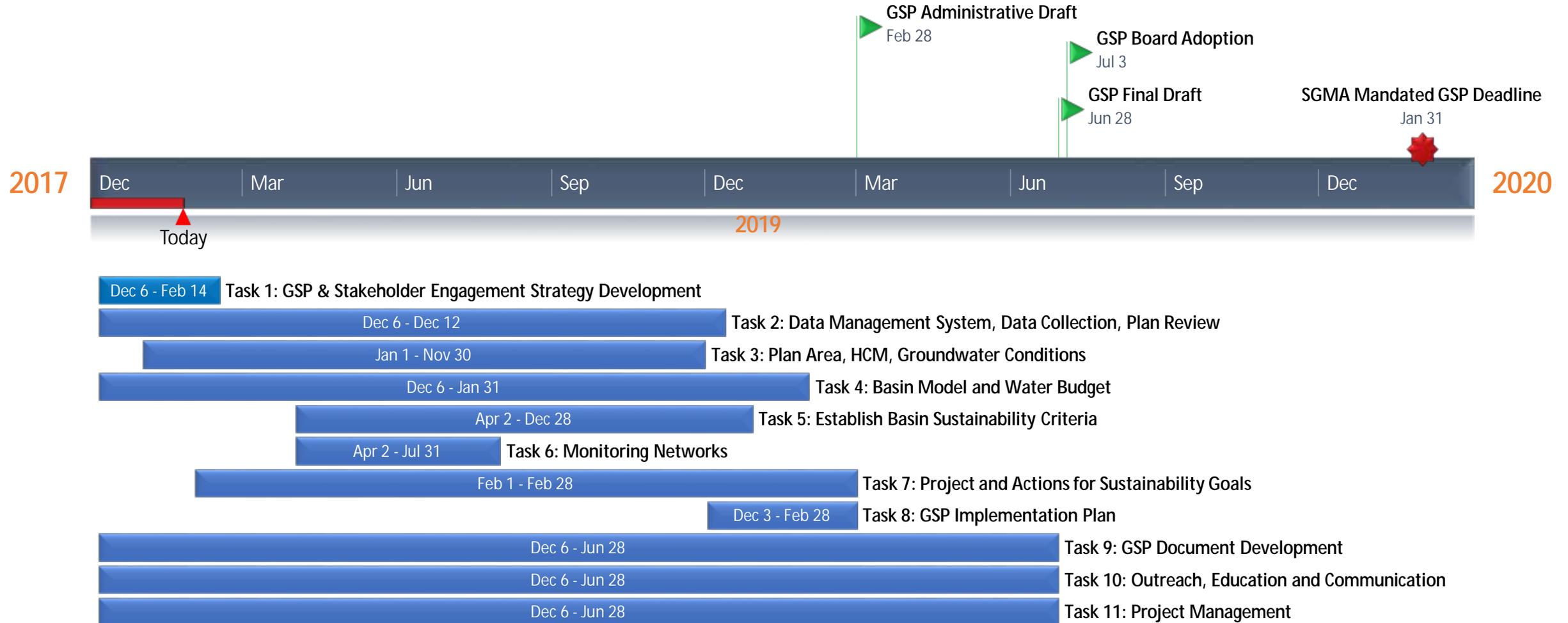
February 7, 2018

Cuyama Basin Groundwater Sustainability Agency Near-Term Schedule



Cuyama Basin Groundwater Sustainability Agency

Program Schedule



Accomplishments

- ü Revised FY 17/18 Budget Distributed for Vetting
- ü Revised Cost Allocation Distributed for Vetting
- ü Draft Cashflow Complete
- ü Financial Management Processes Initiated
- ü Financial Procedures Outline Complete
- ü Stakeholder Interviews Complete
- ü Refined GSP Work Plan
- ü Continued Data Collection
- ü USGS Model Review



Next Steps

- Approve CBGSA FY 17/18 Budget
- Approve CBGSA Cost Allocation
- Implement Financial Administration
- Secure Interim Funding
- Complete Draft Stakeholder Engagement Strategy
- Begin Data Analysis
- Perform Assessment of USGS Model and Present to BOD
- Development of GSA/GSP Website

TO: Cuyama Basin Groundwater Sustainability Agency Board of Directors
FROM: Jim Beck, Executive Director
DATE: February 7, 2018
SUBJECT: Agenda Item #8b: Report of the Executive Director, Groundwater Sustainability Plan Update and Stakeholder Engagement Strategy

Issue

Information only.

Recommended Motion

None required, for reference only.

Discussion

The following presentation is an update on the Groundwater Sustainability Plan (GSP) and stakeholder engagement strategy as developed by GSP consultant Woodard & Curran.

Cuyama Basin Groundwater Sustainability Agency

Groundwater Sustainability Plan Development

February 7, 2018

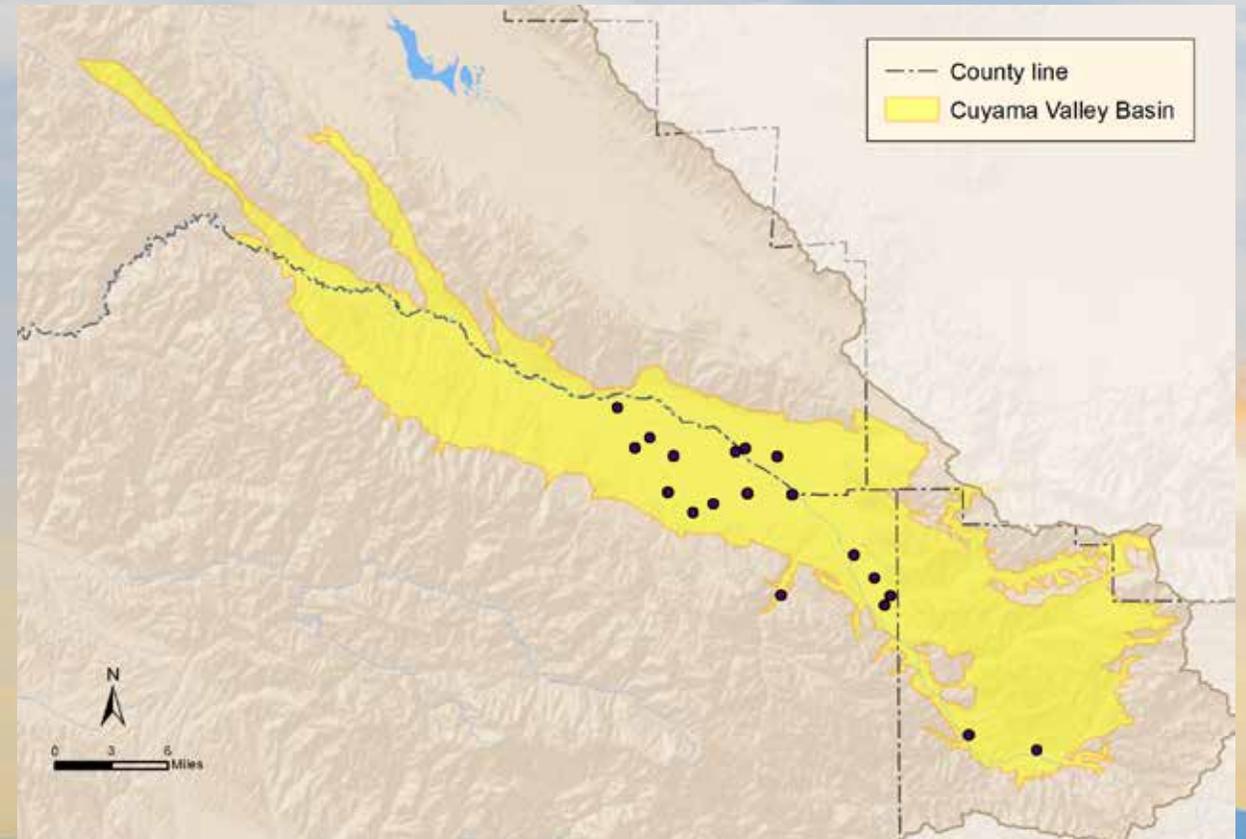


Team's Mission for Cuyama Basin

Create a transparent environment to develop a Groundwater Sustainability Plan that fully meets the Cuyama Basin's stakeholders needs and objectives.

Cuyama Basin Fundamentals

- § Limited surface water supplies
- § Historic over pumping of groundwater
- § Declining groundwater elevations
- § Variability across the basin



Some SGMA Fundamentals

- § Requires a Groundwater Sustainability Plan (GSP) be prepared and submitted by January 2020
- § Requires Basin become sustainable by January 2040
- § Requires GSP development be open and transparent, with stakeholder and public input
- § Multiple specific requirements
 - § Publicly accessible data base
 - § Hydrologic Conceptual Model (HCM)
 - § Opportunities for Management Areas

SGMA Requires Addressing Six Undesirable Results to Guide Sustainability Goals



Lowering of Groundwater Levels



Seawater Intrusion



Reduction of Groundwater Storage



Land Subsidence



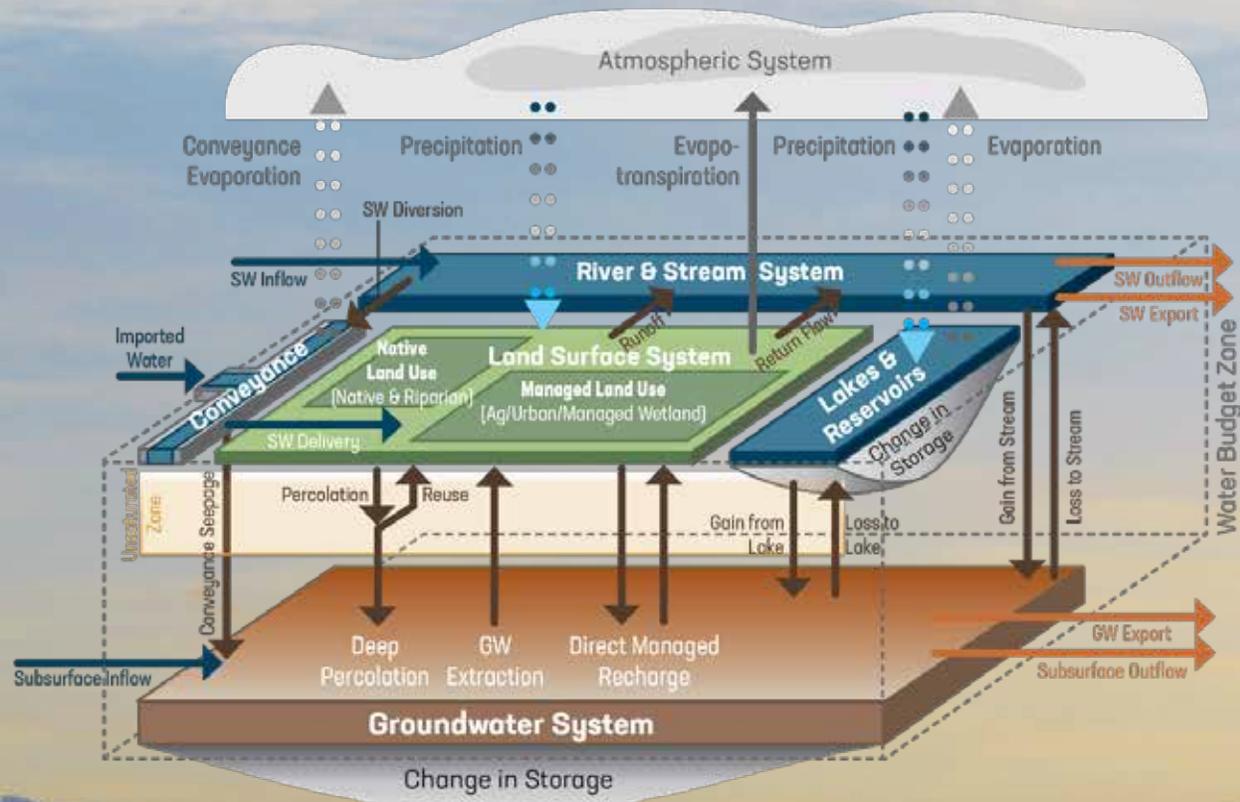
Degraded Water Quality



Depletions of Interconnected Surface Water



SGMA Requires a Complete Accounting of All Water Sources and Uses



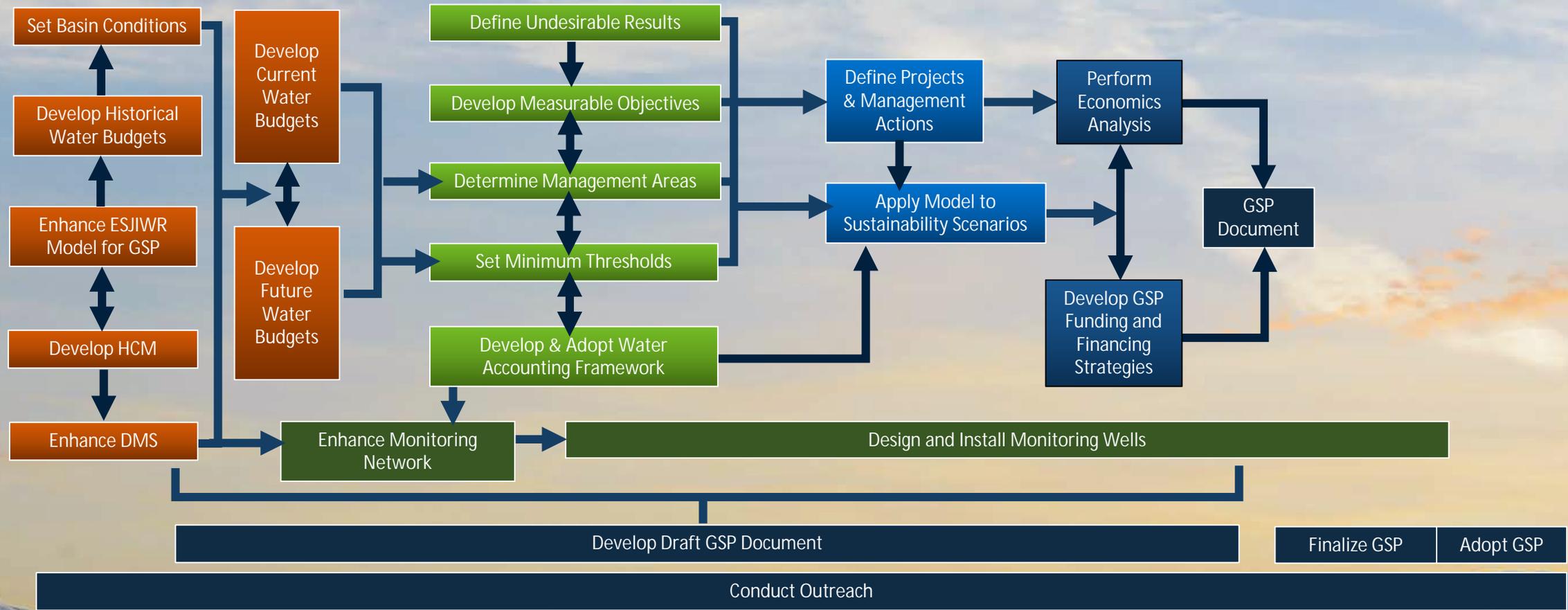
§ Modeling Analysis:

- § Publicly available documentation
- § Developed based on defensible data
- § Equivalent defensible methods are acceptable

§ Water Budget:

- § Accounting of the total groundwater and surface water entering and leaving a basin

Development of the GSP Includes Multiple Steps





Stakeholder Engagement Strategy: Building trust through transparency



Constructive Engagement at All Levels will Produce a Locally-Supported GSP ²²



- § Public workshops & information access – building awareness and understanding
- § Advisory Committee – providing input and guidance to decision makers and project team
- § GSA Leadership – making decisions and commitments for GSP development and implementation



Stakeholder Interviews



- § GSA Board Members
- § Advisory Committee Members
- § County Staff
- § Other Community Representatives



Key Issues



Key Issues We Heard: Planning Process

- § Understanding SGMA and a Groundwater Sustainability Plan
 - § Requirements and expected outcomes
 - § Roles, responsibilities, and funding (GSA, Water District, CCSD, Counties)
 - § Specific SGMA features
 - § Management areas
 - § Water allocation approaches
- § Perspectives on joint problem-solving
 - § Everyone is in this basin together
 - § Everyone is equally anxious about what that means
 - § Affects perspectives on how GW works in the basin
 - § New organizations and limited history of working together to manage groundwater

Key Issues We Heard: Planning Process

- § Concerns about fairness, balance, and decision-making
 - § Plan should balance the needs of all interests
 - § Community engagement
 - § Small farm/ranch landowners and residential communities
 - § Stakeholder Advisory Committee role
 - § Represent areas of basin and provide information conduit to community members
- § Focus on what it takes to get the plan done—address groundwater overdraft

Key Issues We Heard: Analysis and Evaluation

- § Groundwater Assessment and Monitoring
 - § Available data, basin conditions, and boundaries (hydrogeologic and jurisdictional)
 - § Historical changes in the basin
 - § Conceptual and analytic groundwater model
 - § Expand coverage, fill gaps
 - § Basin water budget
 - § Undesirable results
 - § Monitoring
- § Groundwater Management Issues
 - § Groundwater access and management approaches vary across the basin
 - § Developing sustainability goals and criteria
 - § Identifying and evaluating management options

Key Issues We Heard: Analysis and Evaluation

§ Evaluation Considerations

- § Economic impacts (jobs, property values, and tax revenues)
- § Natural resources impacts
- § Land management (e.g., dust control)
- § Cost
- § Water and cost allocation methods

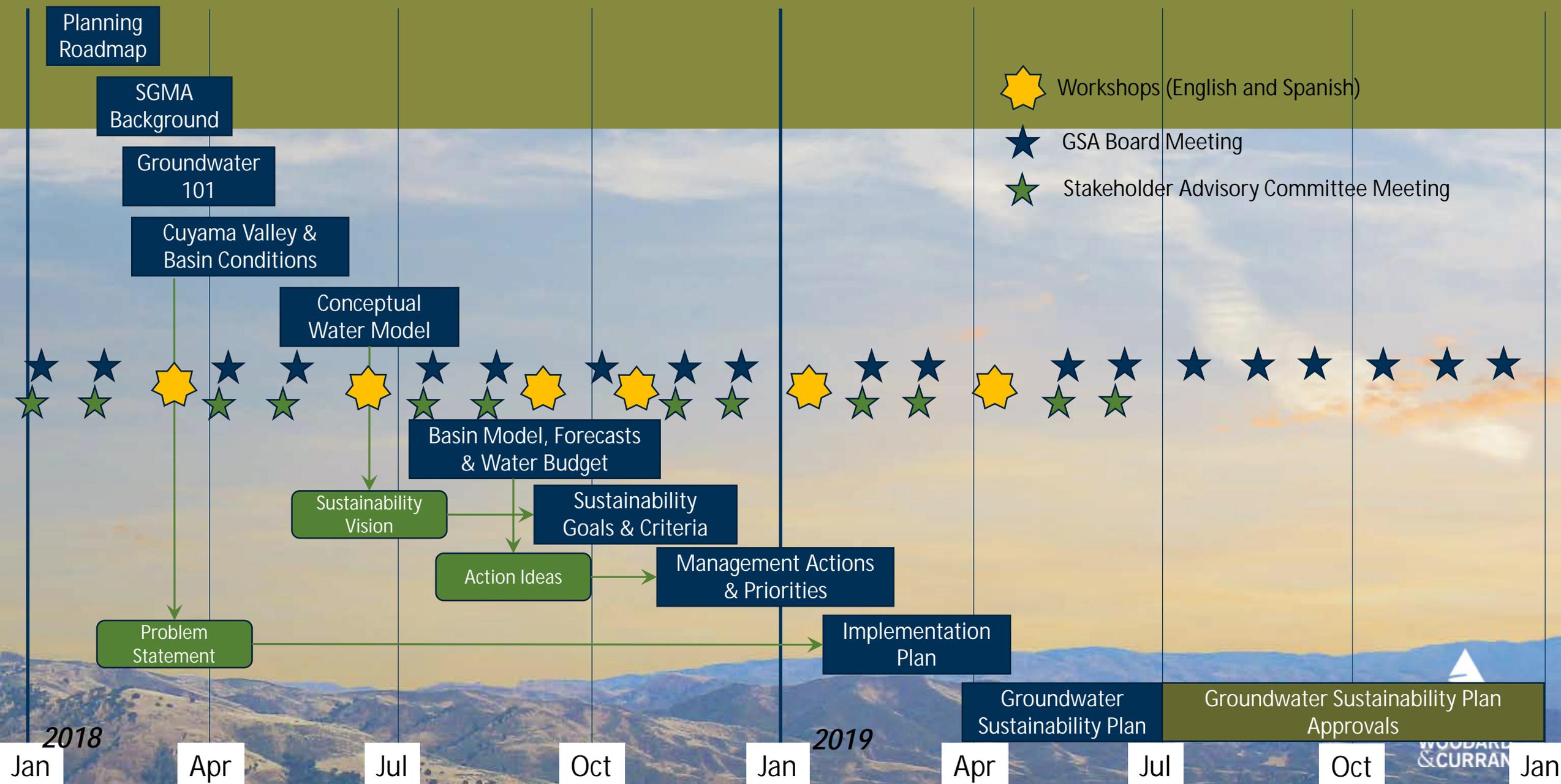
Key Issues We Heard: Outreach & Engagement

- § Keep it simple, and efficient
 - § Provide accurate, objective information
- § Stakeholder Advisory Committee
 - § Critical avenue for community review and recommendations
- § Provide access and engagement
 - § Smaller parcel farm/ranch owners
 - § Hispanic community
 - § Natural resource managers and interests
 - § Other large agricultural entities



Planning Roadmap and Engagement Strategy

Cuyama Basin Groundwater Sustainability Plan – Planning Roadmap ³¹



Outreach & Engagement Activities

- § Workshops
 - § English and Spanish
- § Briefings and informal availability sessions
 - § Existing events
 - § Restaurants and gathering spots
- § Information availability
 - § Website, social media, and email
 - § New or existing newsletters
 - § Flyers, road posting, door-to-door
 - § Spanish language
- § Other Suggestions
 - § Schools program
 - § Survey
 - § Ideas contest

Team's Mission for Cuyama Basin

Create a transparent environment to develop a Groundwater Sustainability Plan that fully meets the Cuyama Basin's stakeholders needs and objectives.

TO: Cuyama Basin Groundwater Sustainability Agency Board of Directors
FROM: Jim Beck, Executive Director
DATE: February 7, 2018
SUBJECT: Agenda Item #9a: Financial Report, Review and Approval of Budget and Cost Allocation

Issue

A budget for the 2017/2018 fiscal year and a cost allocation model has not yet been approved by the Cuyama Basin Groundwater Sustainability Agency Board of Directors. The Budget Ad Hoc Committee convened with the Executive Director to develop a Fiscal Year 2017/2018 budget and cost allocation scenarios for consideration by the Board.

Recommended Motion

Approval of the proposed Fiscal Year 2017/2018 budget and selected cost allocation model.

Discussion

At the December 2017 session, the CBGSA Board of Directors requested a Special Session to discuss the proposed budget and cost allocation options. The Budget Ad Hoc Committee has worked to develop and review the content as provided which includes the budget and cost allocation scenarios. A budget for the 2017/2018 Fiscal Year and cost allocation scenarios are presented in draft form contemplating inclusion and exclusion of grant funding scenarios.

**Cuyama Basin Groundwater Sustainability Agency
Draft Annual Budget Fiscal Year 2017/2018: All Grant Money**

ADMINISTRATION & OPERATION		Estimated FY 17/18
Staff/ Administration of GSA		
Executive Director - Executed Task Order 1		
GSA Board of Directors Meetings		\$39,150.00
Consultant Management and GSP Development		\$32,850.00
Financial Information Coordination		\$7,650.00
Cuyama Basin GSA Outreach		\$19,800.00
Subtotal		\$99,450.00
Executive Director - Proposed Task Order 2		
Budget Development & Admin		\$13,400.00
Financial Management		\$28,400.00
Outreach Facilitation		\$13,650.00
Travel and Direct Costs		\$2,820.00
Subtotal		\$58,270.00
Legal Counsel		
Legal Counsel		\$30,000.00
Subtotal		\$30,000.00
Public Process/ Meetings		
Website Updates		\$5,700.00
Subtotal		\$5,700.00
Grant Program		
Grant Proposals		\$40,000.00
Subtotal		\$40,000.00
Administrative Overhead		
Insurance		\$12,108.00
Travel/ Conferences/ Training		\$5,000.00
Other		\$2,000.00
Subtotal		\$19,108.00
Contingency		
Contingency		\$20,000.00
Subtotal		\$20,000.00
Subtotal of Administration & Operation Budget		\$272,528.00

**Cuyama Basin Groundwater Sustainability Agency
Draft Annual Budget Fiscal Year 2017/2018: All Grant Money**

TECHNICAL	
Project Management for Technical Activities	
GSP Consultant	
<i>Category 1 Tasks</i>	\$162,031.00
<i>Category 2 Tasks</i>	\$570,534.64
Subtotal	\$732,565.64

GRANTS	
DWR Grants	
<i>Category 1 Grant</i>	\$162,031.00
<i>Category 2 Grant</i>	\$570,534.64
Subtotal	\$732,565.64

Subtotal of Technical Budget	\$0.00
<i>Santa Barbara County Grant</i>	\$60,000.00

TOTAL ANNUAL BUDGET	\$212,528.00
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**Cuyama Basin Groundwater Sustainability Agency
Draft Cost Sharing**

<u>Reference to Draft Budget (from "Budget" tab):</u>	<u>Estimate</u>
Subtotal of Administration & Operation Budget	\$ 272,528.00
Subtotal of Technical Budget	\$ -
Total Annual Budget	\$ 212,528.00

ALL GRANT IN BUDGET - NET COST

January 10, 2018: CBGSA Board of Directors Preferred Cost Sharing Option

Total Budget \$ 212,528.00

Category: Base Contribution \$ 272,528.00

Cost Sharing	% Share	Share
Cuyama Basin Water District	44.167%	\$ 120,367.44
Santa Barbara County Water Agency	21.000%	\$ 57,230.88
County of Ventura	11.111%	\$ 30,280.59
County of San Luis Obispo	11.111%	\$ 30,280.59
County of Kern	11.111%	\$ 30,280.59
Cuyama Community Services District	1.500%	\$ 4,087.92
<i>Subtotal</i>	<i>100.000%</i>	<i>\$ 272,528.00</i>

Category: Remaining costs allocated by pumping \$ - Remaining Total Costs

Cost Sharing	% Share	Share
Cuyama Basin Water District	95.000%	\$ -
Santa Barbara County Water Agency	1.175%	\$ -
County of Ventura	1.175%	\$ -
County of San Luis Obispo	1.175%	\$ -
County of Kern	1.175%	\$ -
Cuyama Community Services District	0.300%	\$ -
<i>Subtotal</i>	<i>100.000%</i>	<i>\$ -</i>

Total Budget - without Santa Barbara Grant Funding

Cost Sharing	% Share	Share
Cuyama Basin Water District	44.167%	\$ 120,367.44
Santa Barbara County Water Agency	21.000%	\$ 57,230.88
County of Ventura	11.111%	\$ 30,280.59
County of San Luis Obispo	11.111%	\$ 30,280.59
County of Kern	11.111%	\$ 30,280.59
Cuyama Community Services District	1.500%	\$ 4,087.92
<i>Subtotal</i>	<i>100.000%</i>	<i>\$ 272,528.00</i>

**Cuyama Basin Groundwater Sustainability Agency
Draft Cost Sharing**

Reference to Draft Budget (from "Budget" tab):	Estimate
Subtotal of Administration & Operation Budget	\$ 272,528.00
Subtotal of Technical Budget	\$ -
Total Annual Budget	\$ 212,528.00

Distribution of Santa Barbara Grant Funding

1. To meet Santa Barbara Funding Obligation
2. Remainder to be distributed to other Participants based on allocation of Technical Costs

Amount to Be Distributed \$60,000

Cost Sharing	% Share	Share
Cuyama Basin Water District		\$ 2,661.94
Santa Barbara County Water Agency		\$ 57,230.88
County of Ventura		\$ 32.92
County of San Luis Obispo		\$ 32.92
County of Kern		\$ 32.92
Cuyama Community Services District		\$ 8.41
<i>Subtotal</i>	<i>0.000%</i>	<i>\$ 60,000.00</i>

TOTAL CONTRIBUTION

Cost Sharing	% Share	Share
Cuyama Basin Water District		\$ 117,705.50
Santa Barbara County Water Agency		\$ -
County of Ventura		\$ 30,247.66
County of San Luis Obispo		\$ 30,247.66
County of Kern		\$ 30,247.66
Cuyama Community Services District		\$ 4,079.51
<i>Subtotal</i>	<i>0.000%</i>	<i>\$ 212,528.00</i>

**Cuyama Basin Groundwater Sustainability Agency
Draft Annual Budget Fiscal Year 2017/2018: No Grant Money**

ADMINISTRATION & OPERATION		Estimated FY 17/18
Staff/ Administration of GSA		
Executive Director - Executed Task Order 1		
GSA Board of Directors Meetings		\$39,150.00
Consultant Management and GSP Development		\$32,850.00
Financial Information Coordination		\$7,650.00
Cuyama Basin GSA Outreach		\$19,800.00
Subtotal		\$99,450.00
Executive Director - Proposed Task Order 2		
Project Management - Budget Development & Admin		\$13,400.00
Project Management - Financial Management		\$28,400.00
Project Management - Outreach Facilitation		\$13,650.00
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Subtotal		\$19,108.00
Contingency		
Contingency		\$20,000.00
Subtotal		\$20,000.00
Subtotal of Administration & Operation Budget		\$272,528.00

**Cuyama Basin Groundwater Sustainability Agency
Draft Annual Budget Fiscal Year 2017/2018: No Grant Money**

TECHNICAL	
Project Management for Technical Activities	
GSP Consultant	
<i>Category 1 Tasks</i>	\$162,031.00
<i>Category 2 Tasks</i>	\$570,534.64
Subtotal	\$732,565.64

GRANTS	
DWR Grants	
<i>Category 1 Grant</i>	
<i>Category 2 Grant</i>	
Subtotal	\$0.00

Subtotal of Technical Budget	\$732,565.64
Santa Barbara County Grant	\$0.00

TOTAL ANNUAL BUDGET	\$1,005,093.64
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**Cuyama Basin Groundwater Sustainability Agency
Draft Cost Sharing**

<u>Reference to Draft Budget (from "Budget" tab):</u>	<u>Estimate</u>
Subtotal of Administration & Operation Budget	\$ 272,528.00
Subtotal of Technical Budget	\$ 732,565.64
Total Annual Budget	\$ 1,005,093.64

NO GRANT MONEY IN BUDGET - TOTAL COST

January 10, 2018: CBGSA Board of Directors Preferred Cost Sharing Option

Total Budget \$ 1,005,093.64

Category: Base Contribution \$ 272,528.00

Cost Sharing	% Share	Share
Cuyama Basin Water District	44.167%	\$ 120,367.44
Santa Barbara County Water Agency	21.000%	\$ 57,230.88
County of Ventura	11.111%	\$ 30,280.59
County of San Luis Obispo	11.111%	\$ 30,280.59
County of Kern	11.111%	\$ 30,280.59
Cuyama Community Services District	1.500%	\$ 4,087.92
<i>Subtotal</i>	<i>100.000%</i>	<i>\$ 272,528.00</i>

Category: Remaining costs allocated by pumping \$ 732,565.64 Remaining Total Costs

Cost Sharing	% Share	Share
Cuyama Basin Water District	95.000%	\$ 695,937.36
Santa Barbara County Water Agency	1.175%	\$ 8,607.65
County of Ventura	1.175%	\$ 8,607.65
County of San Luis Obispo	1.175%	\$ 8,607.65
County of Kern	1.175%	\$ 8,607.65
Cuyama Community Services District	0.300%	\$ 2,197.70
<i>Subtotal</i>	<i>100.000%</i>	<i>\$ 732,565.64</i>

Total Budget - without Santa Barbara Grant Funding

Cost Sharing	% Share	Share
Cuyama Basin Water District	81.217%	\$ 816,304.80
Santa Barbara County Water Agency	6.550%	\$ 65,838.53
County of Ventura	3.869%	\$ 38,888.23
County of San Luis Obispo	3.869%	\$ 38,888.23
County of Kern	3.869%	\$ 38,888.23
Cuyama Community Services District	0.625%	\$ 6,285.62
<i>Subtotal</i>	<i>100.000%</i>	<i>\$ 1,005,093.64</i>

**Cuyama Basin Groundwater Sustainability Agency
Draft Cost Sharing**

Reference to Draft Budget (from "Budget" tab):	Estimate
Subtotal of Administration & Operation Budget	\$ 272,528.00
Subtotal of Technical Budget	\$ 732,565.64
Total Annual Budget	\$ 1,005,093.64

Distribution of Santa Barbara Grant Funding

1. To meet Santa Barbara Funding Obligation
2. Remainder to be distributed to other Participants based on allocation of Technical Costs

Amount to Be Distributed \$0

Cost Sharing	% Share	Share
Cuyama Basin Water District		\$ -
Santa Barbara County Water Agency		\$ -
County of Ventura		\$ -
County of San Luis Obispo		\$ -
County of Kern		\$ -
Cuyama Community Services District		\$ -
<i>Subtotal</i>	<i>0.000%</i>	\$ -

TOTAL CONTRIBUTION

Cost Sharing	% Share	Share
Cuyama Basin Water District		\$ 816,304.80
Santa Barbara County Water Agency		\$ 65,838.53
County of Ventura		\$ 38,888.23
County of San Luis Obispo		\$ 38,888.23
County of Kern		\$ 38,888.23
Cuyama Community Services District		\$ 6,285.62
<i>Subtotal</i>	<i>0.000%</i>	\$ 1,005,093.64

TO: Cuyama Basin Groundwater Sustainability Agency Board of Directors
FROM: Jim Beck, Executive Director
DATE: February 7, 2018
SUBJECT: Agenda Item #9b: Financial Report, Review of Cashflow

Issue

Review of Cuyama Basin Groundwater Sustainability Agency Cashflows.

Recommended Motion

None required, for reference only.

Discussion

Attached for review are the draft cash flow projections for the Cuyama Basin Groundwater Sustainability Agency through June 2020.

CUYAMA BASIN GROUNDWATER SUSTAINABILITY AGENCY

Draft Cash Flow Projection

		Grant Development	Executive Director Task Order 1	Executive Director Task Order 2	Legal Counsel	Website Updates	Insurance	Travel Conference and Other	Contingency	Category 1 Grant Tasks	Category 2 Grant Tasks	Total	Quarterly Totals	Beginning CBGSA Fund Balance	DWR Reimbursement Received	Proposed Participant Contributions	Fund New CBGSA Balance	Obligations	CBGSA Payments	Shortfall	Ending CBGSA Fund Balance	
2017	December-17	39,151	27,252		17,577		2,451					86,432	86,432	-	-	-	-	86,432	-	86,432	(86,432)	
2018	January-18		11,050	10,320	2,500		9,040	583	20,000			64,227	117,720									
	February-18		11,050	6,350	2,500			583				20,483										
	March-18		11,050	18,550	2,500	5,700		583				256,908	295,291	433,495	(86,432)	-	519,927	433,495	433,495	433,495	-	-
	April-18		11,050	6,350	2,500			583				20,483										
	May-18		11,050	6,350	2,500			583				20,483										
	June-18		11,050	10,350	2,500			583			162,031	249,400	435,914	476,881	-	-	476,881	476,881	476,881	476,881	-	-
	July-18		11,050	3,318	2,500			583					17,452									
	August-18		11,050	3,318	2,500			583					17,452									
	September-18		11,050	7,318	2,500			583			162,031	249,400	432,882	467,786	-	732,566	-	732,566	467,786	467,786	-	264,780
	October-18		11,050	3,318	2,500			583					17,452									
	November-18		11,050	3,318	2,500			583					17,452									
	December-18		11,050	7,318	2,500			583			162,031	249,400	432,882	467,786	264,780	411,431	-	676,211	467,786	467,786	-	208,425
2019	January-19		11,050	3,318	2,500		9,040	583	20,000			46,492										
	February-19		11,050	3,318	2,500			583				17,452										
	March-19		11,050	15,518	2,500			583			162,031	249,400	441,082	505,026	208,425	411,431	-	619,856	505,026	505,026	-	114,830
	April-19		11,050	3,318	2,500			583				17,452										
	May-19		11,050	3,318	2,500			583				17,452										
	June-19		11,050	7,318	2,500			583				166,266	187,718	222,621	114,830	411,431	-	526,261	222,621	222,621	-	303,639
	July-19		11,050	3,318	2,500			583					17,452									
	August-19		11,050	3,318	2,500			583					17,452									
	September-19		11,050	7,318	2,500			583				15,000	36,452	71,355	303,639	166,266	-	469,906	71,355	71,355	-	398,551
	October-19		11,050	3,318	2,500			583					17,452									
	November-19		11,050	3,318	2,500			583					17,452									
	December-19		11,050	7,318	2,500			583					21,452	56,355	398,551	15,000	-	413,551	56,355	56,355	-	357,196
2020	January-20		11,050	3,318	2,500		9,040	583	20,000			46,492										
	February-20		11,050	3,318	2,500			583				17,452										
	March-20		11,050	15,518	2,500			583				29,652	93,595	357,196	-	-	357,196	93,595	93,595	-	263,601	
	April-20		11,050	1,968	2,500			583				16,102										
	May-20		11,050	1,968	2,500			583				16,102										
	June-20		11,050	5,968	2,500			583				20,102	52,305	263,601	-	-	263,601	52,305	52,305	-	211,296	
Total		39,151	358,752	182,260	92,577	5,700	29,571	17,500	60,000	648,124	1,500,000	2,933,636	2,933,636		2,148,124	996,808						

TO: Cuyama Basin Groundwater Sustainability Agency Board of Directors
FROM: Jim Beck, Executive Director
DATE: February 7, 2018
SUBJECT: Agenda Item #9c: Financial Report, Financial Management Overview

Issue

Overview of the financial management of the Cuyama Basin Groundwater Sustainability Agency.

Recommended Motion

None required, for reference only.

Discussion

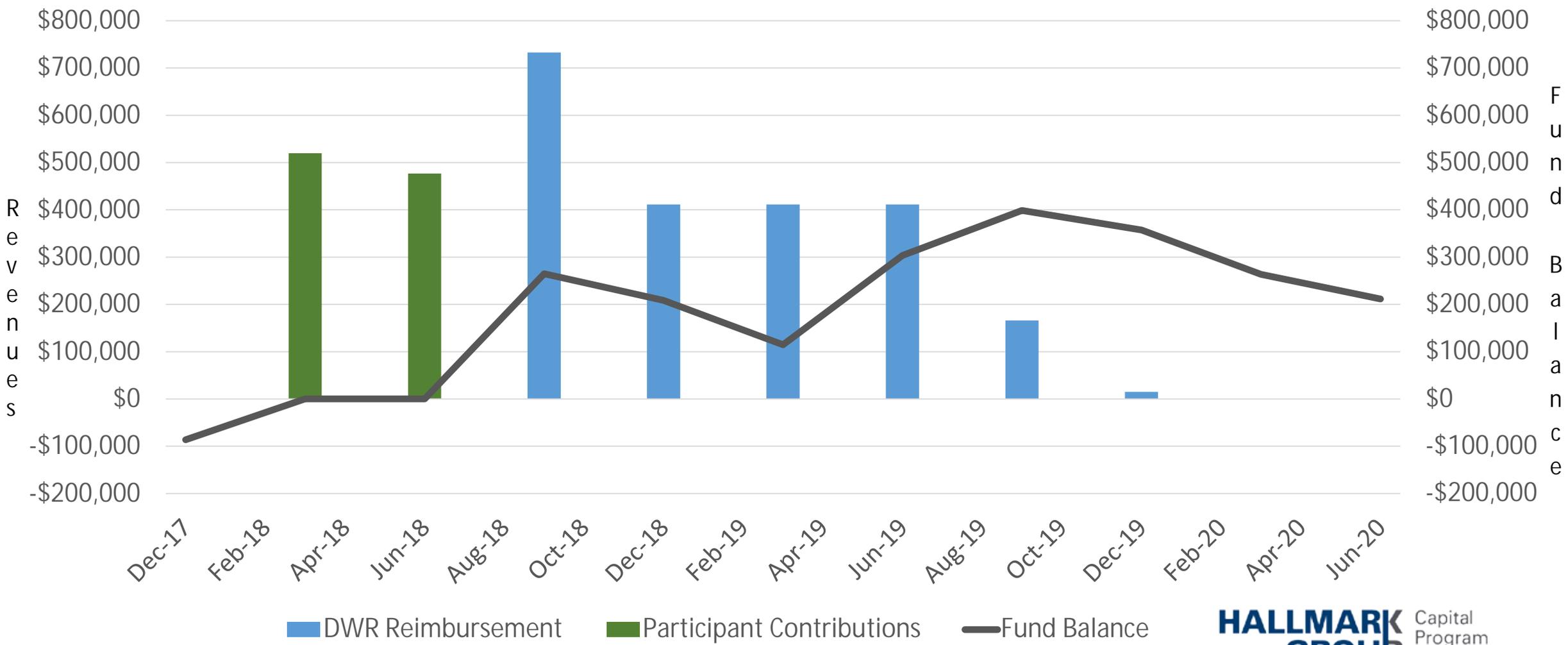
Attached is an overview of the financial management of the Cuyama Basin Groundwater Sustainability Agency as well as a document outlining fiscal policy and internal controls.

Cuyama Basin Groundwater Sustainability Agency

Financial Report

February 7, 2018

CASHFLOW PROJECTION



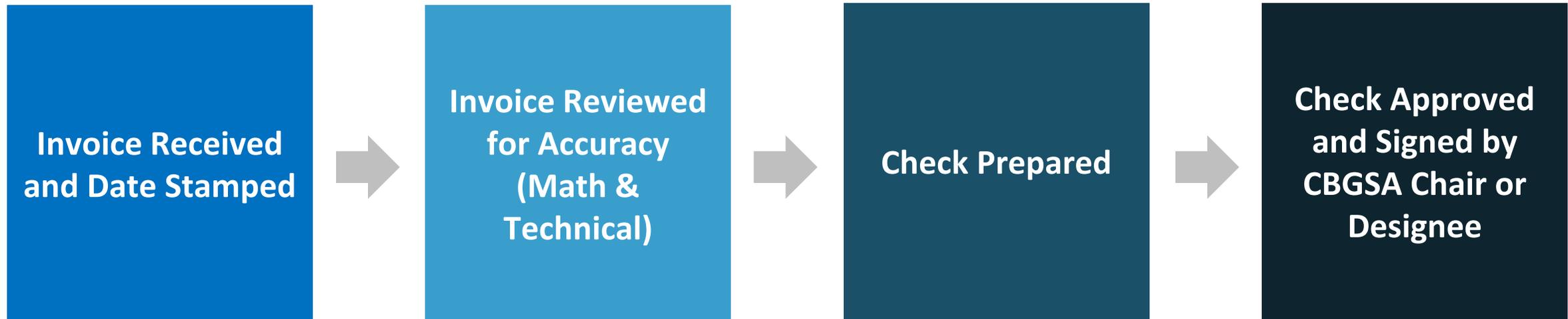
CBGSA OUTSTANDING INVOICES

Task	Invoiced Through	Cumulative Total
Grant Development	12/20/2017	\$39,151.25
Legal Counsel	12/29/2017	\$17,577.33
Executive Director	12/31/2017	\$30,249.98
Insurance *	12/28/2017	\$2,451.00
GSP Development	12/29/2017	\$43,199.00
TOTAL		\$132,628.56

**Future Reimbursement Required Payment by Hallmark Group*

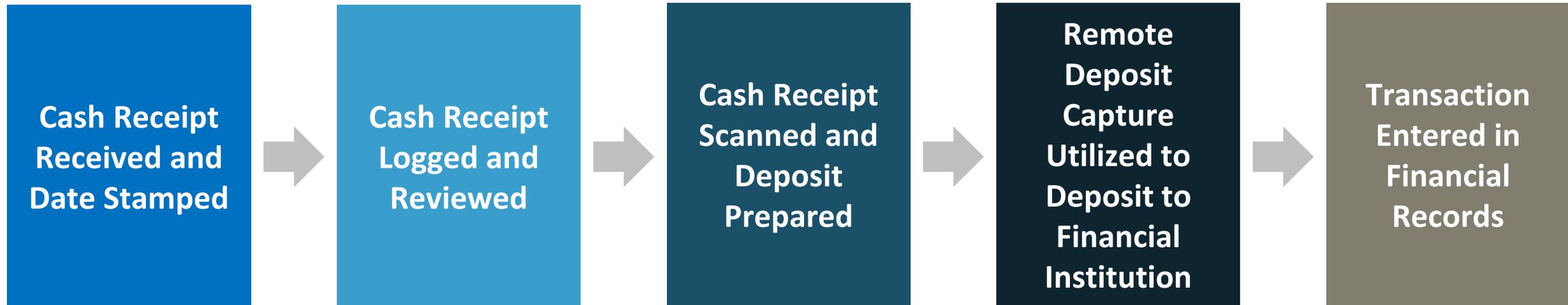
INVOICE PAYMENT PROCESS

01-25-18



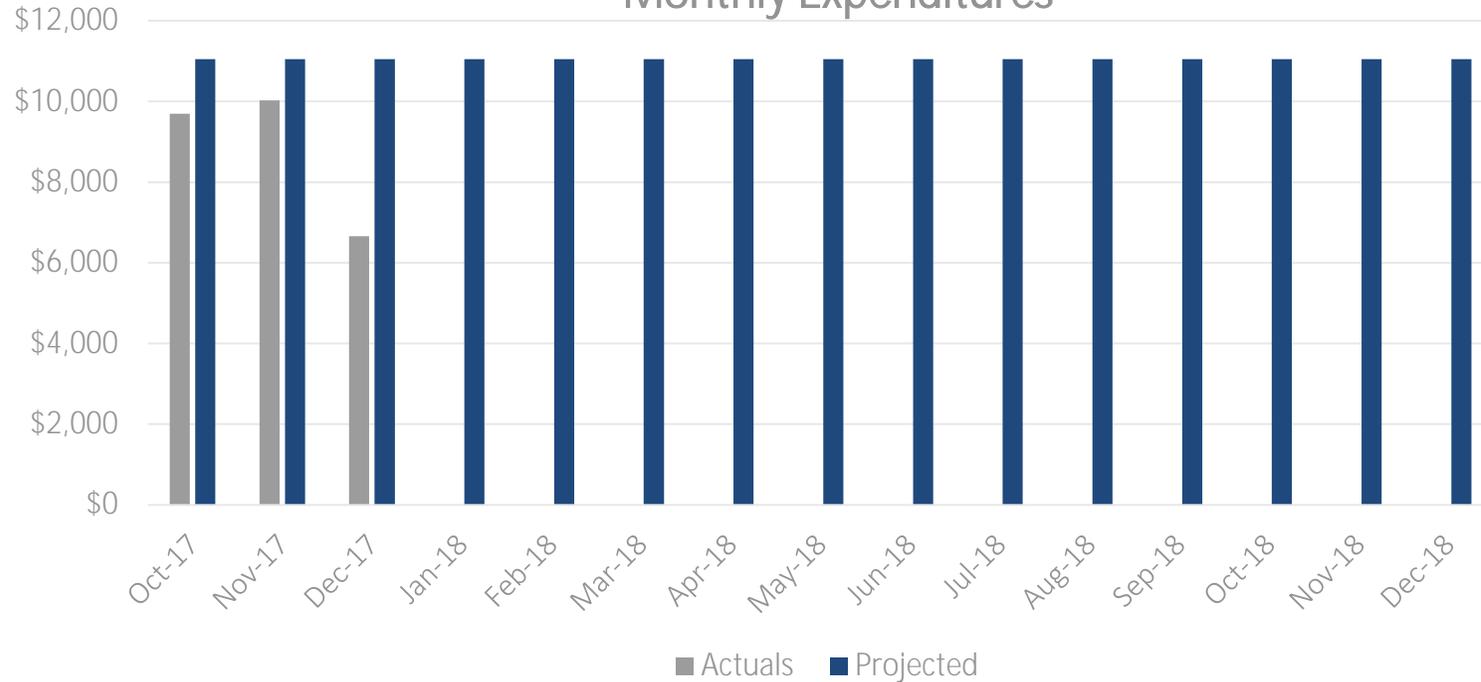
CASH RECEIPTS PROCESS

01-25-18

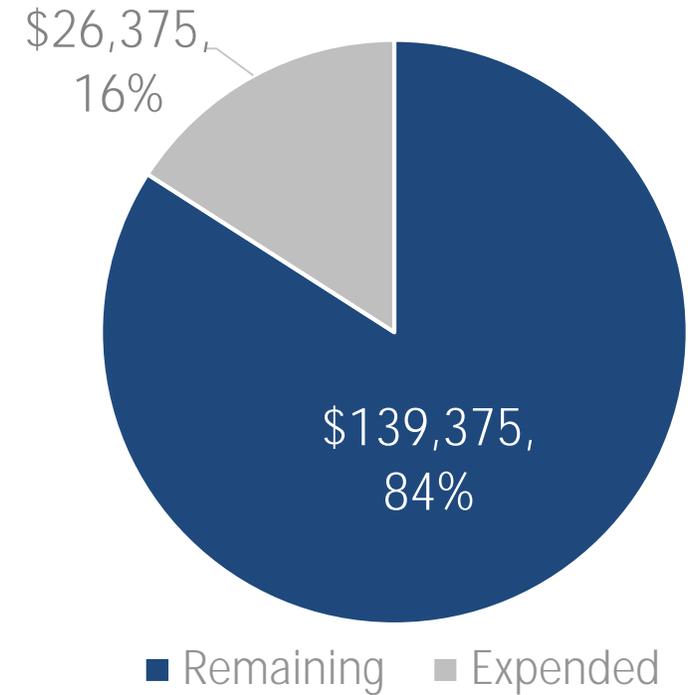


Executive Director Task Order 1

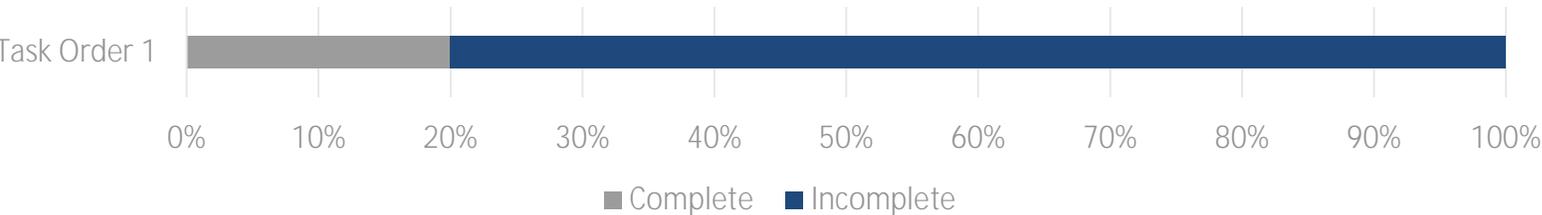
Monthly Expenditures



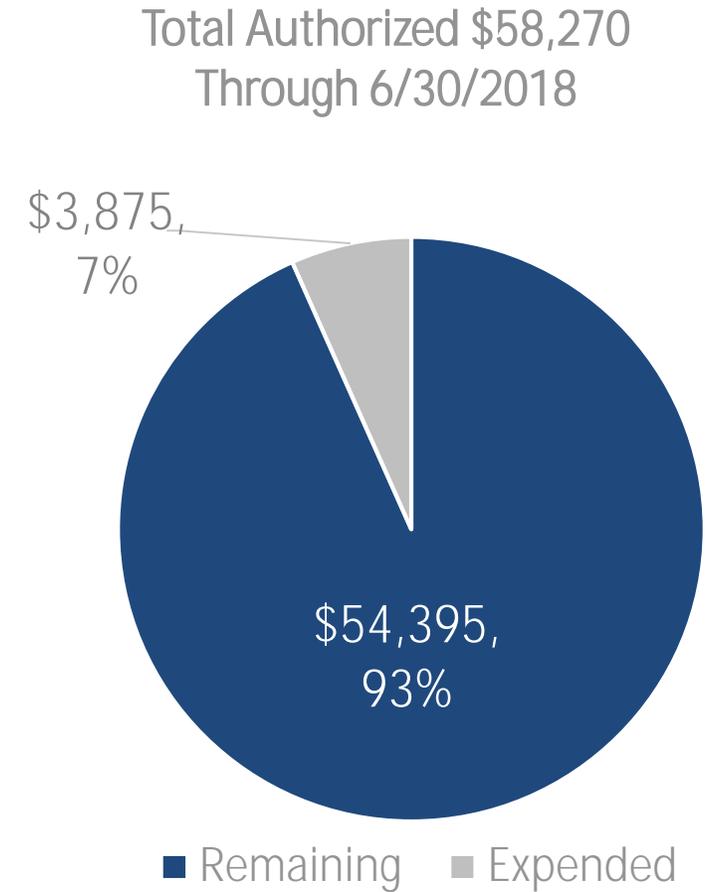
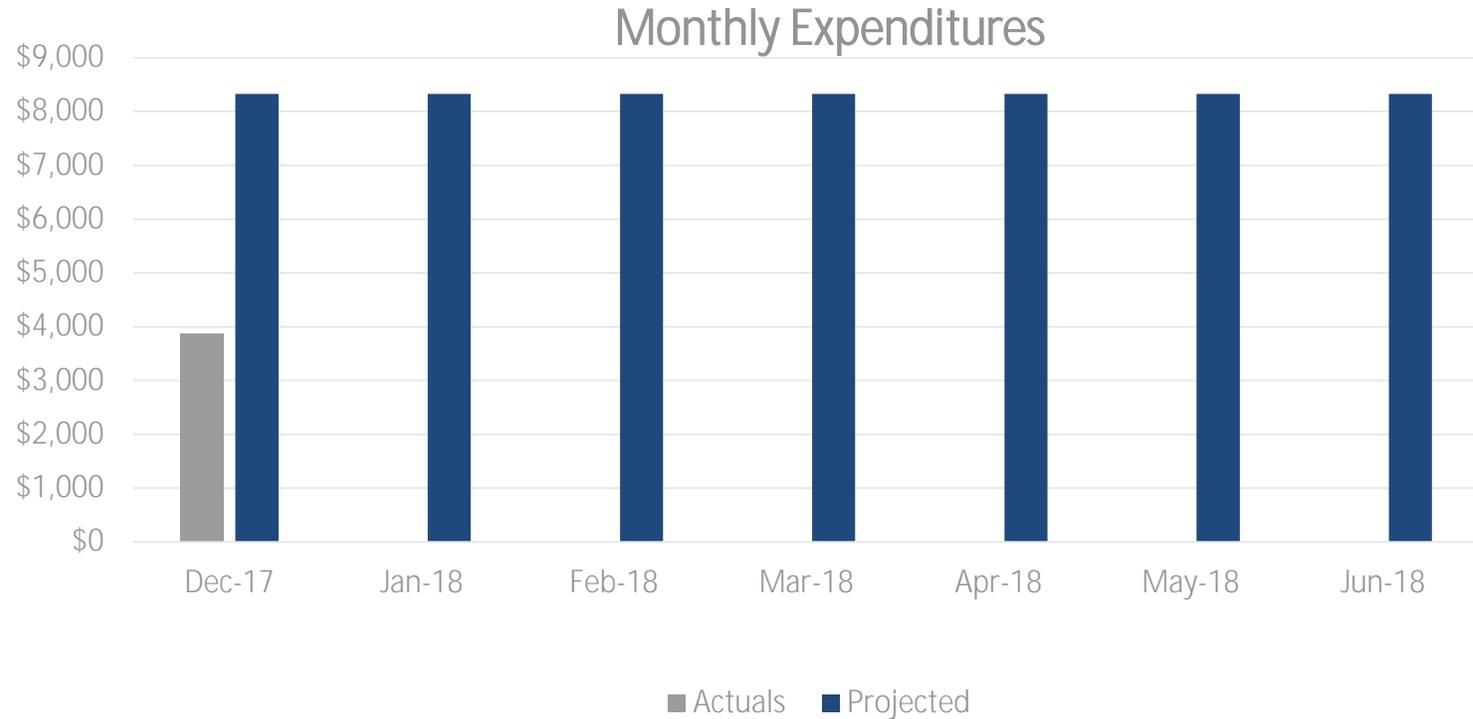
Total Authorized \$165,750 Through 12/31/2018



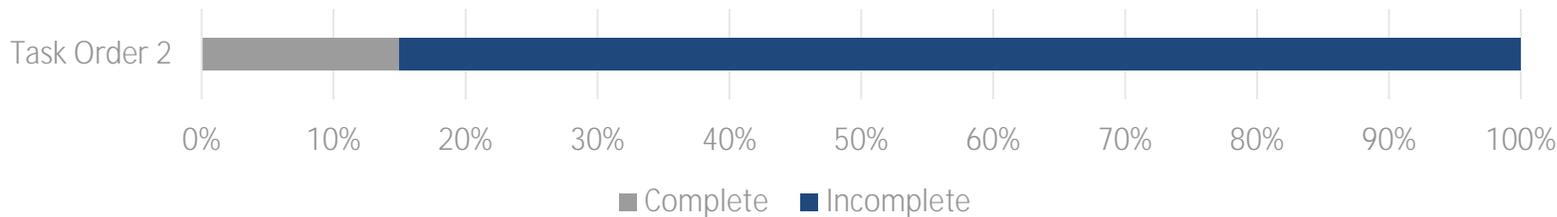
Progress Complete



Executive Director Task Order 2

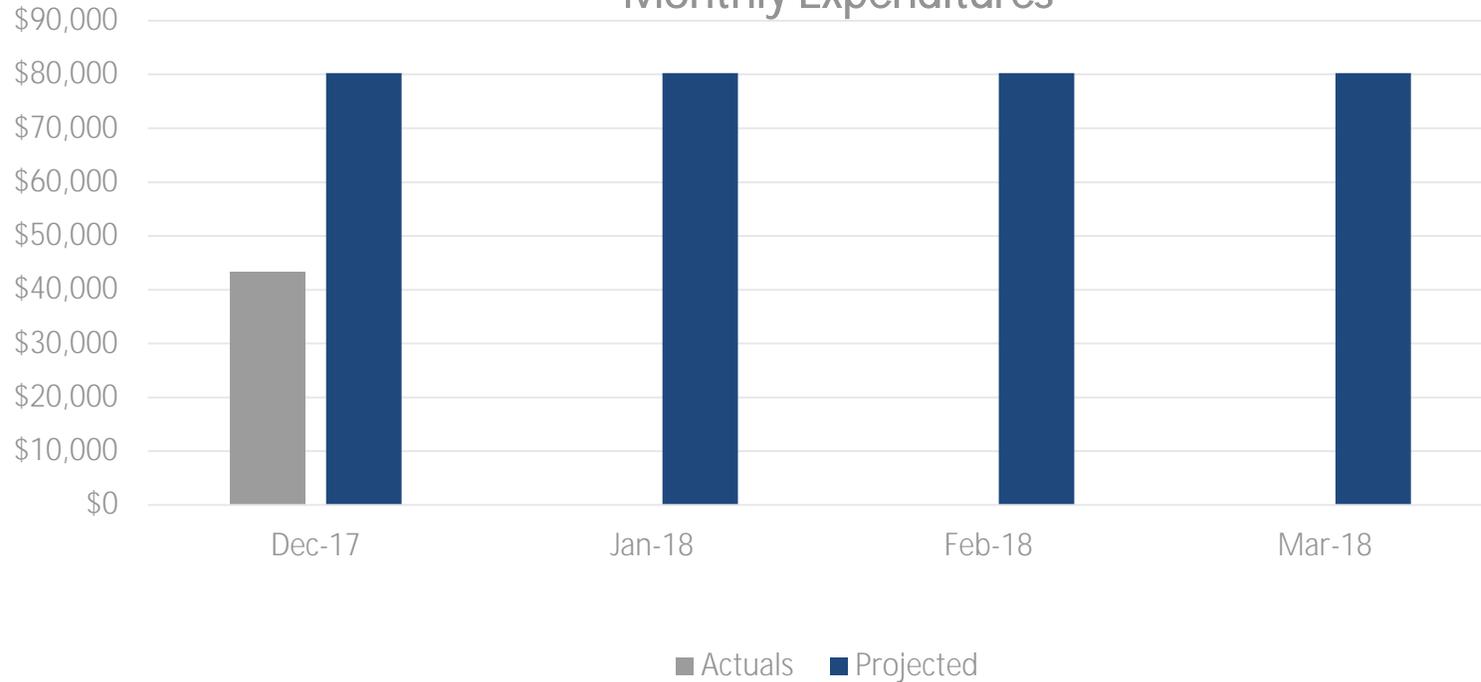


Progress Complete

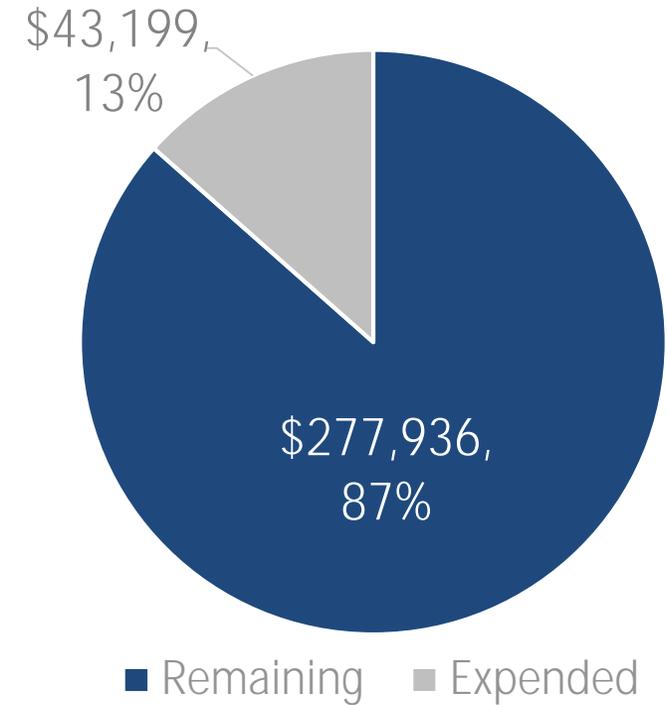


GSP Development Task Order 1

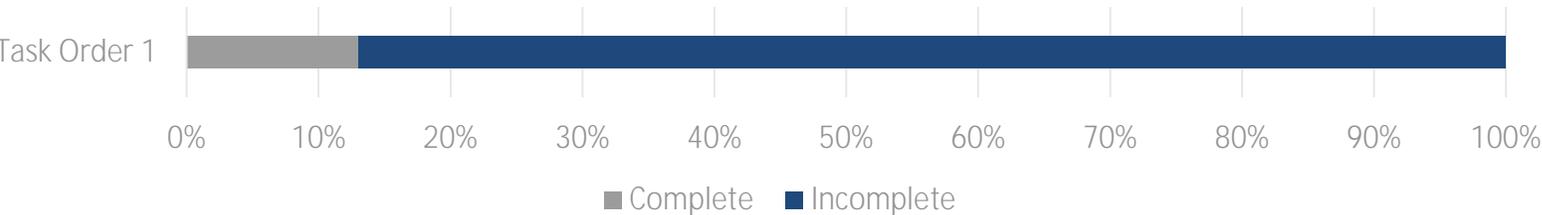
Monthly Expenditures



Total Authorized \$321,135
Through 3/31/2018



Progress Complete



CUYAMA BASIN GROUNDWATER SUSTAINABILITY AGENCY FISCAL POLICIES, PROCEDURES AND INTERNAL CONTROLS

GENERAL PURPOSE

The purpose of these policies is to establish guidelines for financial decision making, reporting the financial status of the Cuyama Basin Groundwater Sustainability Agency (CBGSA), and managing CBGSA's assets.

FINANCIAL RESPONSIBILITIES

It is the responsibility of the CBGSA Board of Directors (BOD) to formulate financial policies and review operations and activities on a periodic basis.

The CBGSA BOD, at its discretion, may delegate segments of this oversight responsibility to a consultant to act as the fiscal agent responsible for implementing and carrying out policies and procedures.

The CBGSA BOD is responsible for coordination and approval of the following fiscal activities: annual budgets, management of fund investments, selection of independent auditors, reporting to oversight agencies, approving revenues and expenditures in accordance with approved plans and budgets, and check signing. The consultant is charged with the responsibility of managing daily operations including management of the CBGSA's funds, ensuring the accuracy of the accounting records, ensuring timely settlement of financial obligations, implementing internal controls, financial statement preparation, and bank reconciliations. The Consultant is responsible for billing and invoice processing, accounts receivable management, accounts payable processing, cash receipts, journal entries, and various other financial review and reporting.

FINANCIAL STATEMENTS

CBGSA's financial statements shall be prepared on the accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP). The accrual basis is a method of accounting whereby revenues, expenses are identified with specific periods of time, such as a month or a year, and are recorded as incurred. This method of recording revenues and expenses is without regard to the date of receipt or payment of cash.

The Consultant shall prepare for the CBGSA BOD, quarterly financial statements in a format approved by the BOD. Financial statements will include a balance sheet, statements of accounts receivable and accounts payable, and a statement of revenue and expenses.

BIENNIAL AUDIT

CBGSA will engage an independent accounting firm to audit its financial statements on a biennial basis. The audited financial statements shall be prepared on an accrual basis in accordance with GAAP. A representative of the audit firm shall be requested to attend a meeting with the BOD if the audit report is other than unqualified, or if the auditor's report material weaknesses in internal controls or reportable conditions.

SIGNATURE AUTHORITY AND CONTRACTUAL AGREEMENTS

The CBGSA BOD shall have signing authority for checks, drafts, orders of payment, contracts, and commitments. The BOD shall have the authority to enter into contractual agreements with vendors, bankers, and third parties for the purpose of ensuring continuity of CBGSA's general operations and purpose. Signatories will be the Board Chairperson or, if authorized by the BOD, the Executive Director.

All notes, loans, and other indebtedness contracted in the name of CBGSA shall require the approval of the BOD and then execution as authorized by the BOD. Deeds, conveyances, and mortgages shall be approved by the BOD and then executed only by a member of the BOD.

PURCHASING

Reasonable operational expenditures necessary for daily business continuity in excess of amounts approved in the annual budget must be approved by the BOD. Reasonable diligence shall be exercised to comparatively shop for available purchasing sources.

CASH AND BANK ACCOUNTS

The Executive Director will be given electronic access to bank account(s) to maintain and oversee cash and ensure CBGSA's day-to-day financial operations.

Bank reconciliations shall be completed monthly by the Executive Director. The BOD, through electronic access, shall periodically review banking transactions and reconciliations.

INSURANCES

It is the responsibility of the BOD to maintain reasonable and adequate insurance coverage to protect CBGSA's interests and contractual obligations.

PROPERTY AND EQUIPMENT

Property and equipment shall be stated at historical cost. Depreciation is computed over the estimated useful lives of the assets using the straight-line method. Asset capitalization shall be considered appropriate for all individual assets with a cost basis in excess of \$2,500.00.

CONFIDENTIALITY, RECORDS SECURITY, AND DOCUMENT RETENTION

Financial records are restricted materials with limited access. Access to vendor files, checks, financial journals, financial reports, and billing/invoicing records, are limited to those with an appropriate need for the information. Financial records and data are secured in locked cabinets behind locked doors and/or stored electronically on a secure server. Financial documents are retained for periods of time in keeping with State and federal laws.

ACCOUNTING CONTROLS AND INTERNAL CONTROL SYSTEMS

CBGSA's controls are designed to achieve the following objectives:

- **VALIDATION** – examination of documentation by someone with an understanding of the accounting system, for evidence that a recorded transaction actually took place and that it occurred in accordance with the prescribed procedures.
- **ACCURACY** – achieved by establishing control tasks to verify calculations, extensions, additions and account classifications. The control objective is to be certain that each transaction is recorded in the correct amount and in the appropriate account and accounting period.
- **COMPLETENESS** – completeness of control tasks ensures that all transactions are initially recorded on a control document and accepted for processing once and once only. Completeness controls are necessary to ensure proper summarization of information and proper preparation of financial reports.
- **MAINTENANCE** – maintenance controls monitor accounting records after the entry of transactions to ensure that they continue to reflect accurately the operations of the CBGSA. The control system provides systematic responses to errors when/if they occur and to changed conditions. Control maintenance requires procedures, decisions, documentation, and subsequent review by a responsible authorized individual. Disciplinary control tasks, supervision and segregation of duties ensure that the internal control system is operating as planned.

- **PHYSICAL SECURITY** – all CBGSA assets must be adequately protected to safeguard against abuse or misappropriation. Physical security of assets requires that access to assets be limited to authorized personnel. Physical controls are used by the organization to limit access to assets and related accounting records.

CBGSA's internal controls over specified critical areas and General Accounting Standards are summarized below and primarily performed and implemented by the Executive Director, or his designee:

CASH RECEIPTS

1. Mail is received and opened by the Executive Director, or his designee; the Executive Director is independent of accounting functions.
2. Checks are date stamped and delivered to accounting staff.
 - a. A check log of all cash and checks received is maintained.
 - b. Checks are immediately stamped "for deposit only".
 - c. At a minimum (subject to cash flow needs), deposits are made every Friday and on the last day of each month regardless of amount.
 - d. Cash and checks are stored in a locked cabinet, in a locked office until deposited.
3. Checks are delivered to a payroll specialist; the payroll specialist does not have access to accounting records.
 - a. Checks are scanned for storage/reference and a bank deposit is prepared.
 - b. Checks are deposited utilizing Remote Deposit Capture (RDC) with equipment supplied by the financial institution.
 - c. Deposit totals are verified against the receipt ledger.
 - d. The deposit summary is returned, and the transaction is recorded in the general ledger/accounting records.

CASH DISBURSEMENTS

1. All disbursements are made by pre-numbered checks.
 - a. Regular check runs occur once per month at a minimum; more frequently if needed to ensure timely payment of obligations.
 - b. Individual payments occurring outside the regular check run are discouraged, and occur only when necessary.
 - c. Unused check stock is maintained in a locked cabinet, in a locked office.
 - d. Checks made payable to "cash" are prohibited.
 - e. Pre-signing checks is prohibited.
 - f. Voided checks are preserved and filed after appropriate mutilation.
2. The BOD's Chairman, or his designee and the Executive Director (if authorized by the BOD) are the only individuals with check signing authority.
3. Invoices are reviewed for mathematical accuracy, reasonableness, and validity prior to submission to the Executive Director for technical review and pre-approval.
4. All check disbursements are accompanied by an invoice that has been reviewed and pre-approved with indication of the appropriate expense account to be charged.
5. A "Check Request" voucher is prepared for expenditures not accompanied by an invoice and for requests for reimbursements:
 - a. Vouchers detail the description of the appropriate expense account to be charged and must contain an authorization signature and accompanying receipt(s).
 - b. Requests for reimbursements are reviewed for mathematical accuracy and reasonableness prior to approval.
6. The accounts payable specialist is responsible for ensuring that all disbursements bear appropriate authorization for payment.
7. The accounts payable specialist performs the following steps:
 - a. Enters disbursement requests and invoices in the general ledger.

- b. Maintains unpaid invoices in a file pending check disbursement.
- c. Prepares the "Unpaid Bills Detail" report and identifies recommendations for current payments due.
- d. Submits the "Unpaid Bills Detail" report for review and approval.
- e. Obtains the appropriate number of blank checks to process approved disbursements.
- f. Prints checks from the approved list and matches disbursements with appropriate documentation for submission to the BOD for signature.
- g. BOD signatories and Executive Director review supporting documentation and approval during the check signing process.
- h. Signed checks are mailed promptly upon return from the BOD or Executive Director (if authorized).
- i. A copy of the check stub is attached to the invoice prior to filing.

FIXED ASSETS

- 1. The organization maintains capitalization and depreciation policies.
- 2. Additions to fixed assets are recorded in a fixed asset ledger.
 - a. The fixed asset ledger contains descriptions of each item, date of acquisition, cost, useful life, depreciation method, accumulated depreciation.
 - b. The fixed asset ledger is reconciled with the general ledger monthly.
 - c. Purchases, transfers, and dispositions of fixed assets are promptly recorded in the ledgers.

GENERAL ACCOUNTING STANDARDS AND CONTROLS

- 1. A chart of accounts will be utilized for general accounting.
- 2. Cash balances are monitored daily.
- 3. Billing and invoicing procedures are maintained and carried out in compliance with guidelines and requirements as set forth in contractual agreements between CBGSA and its funding sources, and at a minimum must be:
 - a. Properly documented and authorized.
 - b. Accurately and completely supported.
- 4. Accounting staff are appropriately trained and knowledgeable in CBGSA's policies and procedures, and applicable regulations.
- 5. Accounting records are kept up-to-date and analyzed monthly.
- 6. Financial statements are prepared on a timely basis in accordance with CBGSA policy.
- 7. CBGSA's funds are to be allocated in accordance with the approved annual budget. Responsibilities to manage budget funds rests with the BOD. Material expenditures excluded from the budget must be approved by the BOD.
- 8. It is made clear to all within CBGSA and contracted organizations that fraud at any level and in any form, will not be tolerated. Sincere efforts made towards the prevention, detection and correction of any potential fraud, waste or abuse is a requirement for all members and agents of the CBGSA. Internal controls are designed and implemented to identify and reduce risk and to mitigate misappropriation of CBGSA assets.