



East Kaweah Groundwater Sustainability Agency

MEMORANDUM TO THE BOARD

TO: Board of Directors

FROM: Michael D. Hagman, Executive Director

DATE: November 22, 2023

SUBJECT: Staff Report

6. Administration

- a. Budget Hearing: FY2024 Executive Director's Proposed Budget: After visiting with the consultants, staff and the TAC, the Executive Director is submitting his proposed budget for the fiscal year 2024. This budget was presented to the Board at the October 23 board meeting. Today's meeting is for further consideration of the Board and to allow public comment.

Budget highlights:

- i. There are three activities in the budget which have different funding streams:
 - Governance Activity funded by member agencies.
 - Plan Development/Update Activity funded by assessments and grants.
 - Plan Implementation Activity funded by assessments, grants and fees.
- ii. Governance Budget is expected to be slightly less than the previous years' budget due primarily to the method of allocating staffing costs to the activity. Now the activity is based upon time sheet studies.
- iii. GSA Plan Development is underway, and we are hoping to get some grant money for this activity. There has been a grant award for the "5-Year Update" of the plan. However, due to the inadequate designation of the plan by DWR the grant updates have been moved out beyond the grant completion date. An amendment was recently approved that will allow us

to use those grant revenues to repair the plan inadequacies. This will be roughly \$200,000.

- iv. Plan Implementation is landing under budget primarily because the monitoring projects have been grant funded. Also, there was some assignment of costs associated with basin setting (system modeling efforts) that I don't have a feeling for yet. This is work being done by Montgomery and Associates (MKGSA) and they haven't put that billing package together for us yet. This could go up quite a bit (\$150k-200k).
- v. The big bugaboo is "Fee Revenue". After all the adjustments (landowner hitting the adjust switch, City of Lindsay deal with Brower, and olives), total revenue is a little over \$1.40M for 2023. For FY2024, I made that assumption that 100% of the surface water credit in the ground will be purchased (4500 AF at \$500 AF) plus some overuse and some use of prior credits (Tier 1 with dollars). I need to remind the Board that there is an allocation of .30 AF per irrigable acre (about 90,000 acres or 27,000 AF of Tier 1 credits) have a value of \$13,500,000. That Tier stays on the landowners account until used or at the end of five years (ie. end of AY2027)

Overall, although we have \$930,000 less in income, we had a huge jump with technical services (Intera and P&P) due to subbasin setting, modeling, GSP update, etc. and we collected \$1,000,000 less than anticipated.

NOTICE
SPECIAL MEETING OF THE
BOARD OF DIRECTORS

Friday, December 1, 2023, at 3:00 p.m.

Exeter Museum (upstairs)
125 S. B Street, Exeter, CA 93221

AGENDA

1. Roll Call by Secretary
2. Approve the Agenda
3. Pledge of Allegiance
4. Public Comment
5. **Minutes:** The Board will review and consider adopting the minutes provided by the Secretary from the October 23, 2023, Regular Board meeting.
6. **Administrative –**
 - a. **HEARING: Executive Director’s Proposed Fiscal Year 2024 Annual Budget (Board to consider adoption of budget for FY2024) –** *Public can address the Board on budget items and budget in total. Budget will affect the setting of the FY2024 Assessments.*
 - b. **2024 Meeting Schedule:** Establish the 2024 EKGSA Regular Meeting Schedule
 - c. **Grant Updates:** RCIS, Planning, Implementation Grants (2), MLRP (Hagman/Hunter)
7. **Groundwater Sustainability Plan Implementation:**
 - a. **Mitigation Framework and Program:** Status/Update (GSP Team)
 - b. **GSP Rewrite Efforts:** Report and Recommendations of GSP Effort (Intera/Hagman)
 - c. **Subbasin Report:** Annual Report, DMS, Modeling, Water Marketing (Peltzer, Hornung, Hagman)
8. **Closed Session**

CONFERENCE WITH LEGAL COUNSEL – POTENTIAL LITIGATION: [Government Code Section 54956.9 (d)(2)] - Number of Potential Cases: Two

CONFERENCE WITH LEAD NEGOTIATOR Michael Hagman – APN: 052-040-007 easement, right of way or purchase of property. [Government Code Section 54957.6]
9. **Schedule Next meeting –** Next regularly scheduled meeting is January 22, 2024, at 3:00 p.m.
10. **Adjournment**

**EAST KAWEAH GROUNDWATER SUSTAINABILITY AGENCY
BOARD OF DIRECTORS**

MINUTES FOR THE REGULAR MEETING ON OCTOBER 23, 2023

The East Kaweah Groundwater Sustainability Agency (“EKGSA”) Board of Directors duly met for a Regular meeting on Monday, October 23, 2023, in person.

OPEN SESSION: Convened at 3:07 p.m. with a quorum.

1. **DIRECTORS PRESENT:** Buldo, Ferrara, George, Hornung, Micari, Milanesio E., Milanesio, S., Peltzer, Roberts

DIRECTORS ABSENT: Cerros, Watson

OTHERS PRESENT: Michael Hagman, Executive Director; Joe Hughes, Counsel; Scott Maskell, Management Analyst; Matt Klinchuch, Consulting Engineer

2. **APPROVE THE AGENDA:** Motion to approve the agenda was made by Director Micari, seconded by Director Peltzer, and carried by the following vote:

AYES: Buldo, Ferrara, George, Hornung, Micari, Milanesio E., Milanesio S., Peltzer, Roberts
NOES: None
ABSTAIN: None
ABSENT: Cerros, Watson

3. **PLEDGE OF ALLEGIANCE**

4. **PUBLIC COMMENT:** Director Micari reported that impacts from the 2023 flooding could be considered in the Federal/State programs and could result in dollars for repairs for public agencies. He admonished public agencies to identify their systems and how they may have been impacted by the flooding and consider access to the federal/state programs.

5. **MINUTES:** Executive Director noted there was an error in the minutes that were distributed to the Board in the packets. The corrected minutes were shown to the Board members and a motion to adopt and ratify the minutes provided by the Secretary from the September 25, 2023, Special Board Meeting, as corrected, was made by Director Buldo, seconded by Director Milanesio, E., and carried by the following vote:

AYES: Buldo, George, Hornung, Micari, Milanesio E., Milanesio S., Peltzer, Roberts
NOES: None
ABSTAIN: Ferrara
ABSENT: Cerros, Watson

6. **ADMINISTRATION:**

- a. **Ratify Payments:** Executive Director provided the EKGSA check register. After some brief discussion on the payments, a motion to ratify payments made to meet the obligations of the EKGSA was made by Director George, seconded by Director Ferrara, and carried by the following vote:

AYES: Buldo, Ferrara, George, Hornung, Micari, Milanesio E., Milanesio S.,
Peltzer, Roberts
NOES: None
ABSTAIN: None
ABSENT: Cerros, Watson

- b. **Financial Reports:** Executive Director presented financial reports and answered questions from the Board. A motion was made to accept financial reports as presented by Director George, seconded by Director Milanesio, E., and carried by the following vote:

AYES: Buldo, Ferrara, George, Hornung, Micari, Milanesio E., Milanesio S.,
Peltzer, Roberts
NOES: None
ABSTAIN: None
ABSENT: Cerros, Watson

- c. **FY2024 Annual Budget:** Executive Director reviewed the updated draft FY2024 Budget with the Board and there was discussion on the need for more detail on various activities. The Board Hearing to review the budget before the public, take comments and consider adoption of the budget is on December 1, 2023.

- d. **Grant Updates:** Executive Director provided updates on activity for the grants.

- e. **Billing Issues:** Executive Director reported to the Board on the water billing status and the estimated adjustments from mitigation since the invoices went out. He then provided a report on the overstatement of ETa on the olive crops and the proposal from the TAC to decrease the ETa 33% for AY2022, AY2023 and AY2024 for olives. After the adjustment unanimously passed the TAC, staff implemented the change for AY2022. After discussion, a motion was made to approve the 33% reduction of ETa for olives for AY2022, AY2023 and AY2024 and ratify staff's actions decreasing AY2022 ETa for olives on the billing, by Director Ferrera, seconded by Director Micari, and carried by the following vote:

AYES: Buldo, Ferrara, George, Hornung, Micari, Milanesio E., Milanesio S.,
Peltzer, Roberts
NOES: None
ABSTAIN: None
ABSENT: Cerros, Watson

- f. **Shared Resources Agreement:** Executive Director gave a brief review of the Shared Resources Agreement and past actions. The current Agreement with Lindmore ID ends December 31, 2023. After discussion on the recommendation for a 4.5% increase for FY2024 and FY2025, a motion to approve Addendum 3 and a 4.5% increase for two years by Director George, seconded by Director Micari and carried by the following vote:

AYES: Buldo, Ferrara, George, Hornung, Micari, Milanesio E., Milanesio S.,
Peltzer, Roberts
NOES: None
ABSTAIN: None
ABSENT: Cerros, Watson

7. GROUNDWATER SUSTAINABILITY PLAN IMPLEMENTATION:

- a. **Mitigation Framework and Program:** Kaitlin Palys from Intera presented a review for the ongoing developments on the mitigation program.
- b. **GSP Rewrite Efforts:** Kaitlin Palys from Intera provided updates on the GSP rewrite efforts.
- c. **Subbasin Report:** Executive Director gave a quick report on the subbasin activities.

8. CLOSED SESSION:

The board went into closed session at 4:45 p.m. and after discussion, came out of closed session at 7:00 p.m. There was no reportable action.

9. SCHEDULE NEXT MEETING:

The next regularly scheduled board meeting is January 22, 2024, at 3:00 p.m.
There is a special Board meeting scheduled for Monday December 1, 2023, at 3:00 p.m.

10. ADJOURNMENT:

The meeting was adjourned at 7:00 p.m.

Michael D. Hagman
Secretary, East Kaweah GSA

East Kaweah GSA
FY2024
Executive Director's Proposed Budget
with Prior Year Comparisons

GOVERNANCE ACTIVITY	Audited Fiscal Year End Actual 2022	Estimated Fiscal Year End 2023	Fiscal Year 2023 Approved Budget	Exec Dir's Draft FY2024 Budget
Expenditures				
Executive/Admin Services	170,200	139,000	175,000	137,846
Legal	71,810	32,000	52,500	60,000
Engineering	6,297	25,000	6,000	7,500
Auditing	8,500	9,450	9,500	10,500
Insurance	7,860	9,220	8,260	8,800
Postage	15,624	25,000	20,000	27,500
Meeting Expense/Other	18,683	2,000	12,500	2,550
Total Expenditures	298,973	241,670	283,760	254,696
Revenues				
Call for Funds Reconciled	-	-	64,080	-
Call for Funds #1	64,550	71,000	71,000	63,674
Call for Funds #2	64,550	71,000	71,000	63,674
Call for Funds #3	64,550	71,000	71,000	63,674
Call for Funds #4	64,550	71,000	71,000	63,674
Total Revenue	258,200	284,000	348,080	254,696
Governance Activity - Net Gain/(Loss)	(40,773)	42,330	64,320	0

East Kaweah GSA
FY2024
Executive Director's Proposed Budget
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PLAN DEVELOPMENT ACTIVITY	Audited Fiscal Year End Actual 2022	Estimated Fiscal Year End 2023	Fiscal Year 2023 Approved Budget	Exec Dir's Draft FY2024 Budget
GSP Update	-	325,000	-	800,000
GSA Plan Development Tasks				
Other (Determination Effort - Intera)	-	375,000	-	20,000
Total GSA Plan Development Cost	-	375,000	-	20,000
Total Plan Development Activity Expenditures	-	700,000	-	820,000
REVENUE				
Grant Revenues	-	266,667	-	-
Use of Reserves	-	-	-	-
TOTAL REVENUE	-	266,667	-	-
Plan Development Activity - Net Gain/(Loss)	-	(433,333)	-	(820,000)

East Kaweah GSA
FY2024
Executive Director's Proposed Budget
with Prior Year Comparisons

PLAN IMPLEMENTATION ACTIVITY	Audited Fiscal Year End Actual 2022	Estimated Fiscal Year End 2023	Fiscal Year 2023 Approved Budget	Exec Dir's Draft FY2024 Budget
Annual Recurring Implementation				
Annual Report	18,820	74,622	25,000	75,000
Executive/Admin Agreement	344,800	390,050	354,000	415,154
Basin Setting Coordination	149,733	7,710	200,000	20,000
Demand Metering	89,175	127,415	98,500	90,000
Contract Engineering Support	109,378	82,000	60,000	75,000
Plan Policy Development	-	-	20,000	10,000
Customer Data System/Outreach	172,650	170,000	150,000	110,000
Miscellaneous	-	2,600	2,500	2,500
	884,556	854,397	910,000	797,654
One Time Implementation				
Proposition 218	-	-	-	-
Grant - Planning Grant (Dry Well Study)	-	-	-	180,000
Grant - Planning Grant (Monitoring Wells)	262,937	-	-	-
Grant - RCIS (WCB P68)	69,363	44,404	25,000	-
Monitoring System Projects	-	-	280,000	-
Water Recharge Projects	35,545	-	-	-
Partnerships	-	-	-	-
Management Actions	-	-	-	1,375,000
Well Mitigation	-	-	25,000	175,000
Water Marketing Program	-	-	-	-
Total GSA Plan Implementation Cost	367,845	44,404	330,000	1,730,000
Plan Update - Reserve Collection	-	50,000	50,000	50,000
Total Implementation	1,252,401	948,801	1,290,000	2,577,654

East Kaweah GSA
FY2024
Executive Director's Proposed Budget
with Prior Year Comparisons

REVENUE

Assessment - Land Owners (109,577 ac)	968,544	972,451	986,752	1,007,013
Assessment - City of Lindsay (1,443 ac)	12,755	13,001	13,001	13,261
Assessment - Fines/Interest	95	1,717	-	-
Ground Water Pumping Fees/Fines	-	1,410,000	2,500,000	2,694,860
Grant - Planning Work (P68)	158,918	272,649	-	180,000
Grant - RCIS (WCB P68)	70,918	44,654	25,000	-
Cost share Other Govt's (Annual Report)	-	49,478	-	50,000
Cost share Other Govt's (Dashboard)	-	-	-	60,000
TOTAL REVENUE	1,211,230	2,763,950	3,524,753	4,005,134
Plan Implementation Activity - Net Gain/(Loss)	(41,171)	1,765,149	2,234,753	1,427,480
EKGSA - Net Gain/Loss	(81,945)	1,374,146	2,299,073	607,480
Agency Loan Repayment	(427,480)	(427,480)	(427,480)	(427,480)
Net Difference	(509,425)	946,666	1,871,593	180,000

**EAST KAWEAH GROUNDWATER SUSTAINABILITY AGENCY
SCHEDULE OF MEETINGS – FISCAL YEAR 2024**

BOARD OF DIRECTORS		
Date	Time	Location
January 22, 2024	3:00 PM	To be determined
April 22, 2024	3:00 PM	To be determined
July 22, 2024	3:00 PM	To be determined
October 21, 2024	3:00 PM	To be determined

ADVISORY COMMITTEE		
Date	Time	Location
1/16/2024*	4:00 PM	Lindmore Board Room
2/20/2024*	4:00 PM	Lindmore Board Room
March 18, 2024	4:00 PM	Lindmore Board Room
April 15, 2024	4:00 PM	Lindmore Board Room
May 20, 2024	4:00 PM	Lindmore Board Room
June 17, 2024	4:00 PM	Lindmore Board Room
July 15, 2024	4:00 PM	Lindmore Board Room
August 19, 2024	4:00 PM	Lindmore Board Room
September 16, 2024	4:00 PM	Lindmore Board Room
October 21, 2024	4:00 PM	Lindmore Board Room
November 18, 2024	4:00 PM	Lindmore Board Room
December 16, 2024	4:00 PM	Lindmore Board Room

TECHNICAL ADVISORY COMMITTEE		
Date	Time	Location
January 12, 2024	8:30 AM	Lindmore Board Room
February 9, 2024	8:30 AM	Lindmore Board Room
March 8, 2024	8:30 AM	Lindmore Board Room
April 12, 2024	8:30 AM	Lindmore Board Room
May 10, 2024	8:30 AM	Lindmore Board Room
June 14, 2024	8:30 AM	Lindmore Board Room
July 12, 2024	8:30 AM	Lindmore Board Room
August 9, 2024	8:30 AM	Lindmore Board Room
September 13, 2024	8:30 AM	Lindmore Board Room
October 11, 2024	8:30 AM	Lindmore Board Room
November 8, 2024	8:30 AM	Lindmore Board Room
December 13, 2024	8:30 AM	Lindmore Board Room

*Adjusted for Monday Holidays