

# MID-KAWEAH GROUNDWATER SUSTAINABILITY AGENCY BOARD

## SUMMARY MINUTES

October 13, 2020 – 3:00 p.m.

Conducted via Teleconference  
Per Executive Order N-29-20

MEMBERS PRESENT: Dennis Mederos, Dave Martin, Steve Nelsen, David Bixler, Leslie Caviglia<sup>(Alt until 3:35 PM)</sup>, Trisha Whitfield<sup>(Alt until 3:20 PM)</sup>, Howard Stroman<sup>(joined at 3:20 PM)</sup>, Greg Collins<sup>(joined at 3:35 PM)</sup>

STAFF PRESENT: Aaron Fukuda, Valerie Kincaid, Kathy Artis, Rob Hunt, Randy Groom, Andrew Munn, Leslie Caviglia, Trisha Whitfield

OTHERS PRESENT: Blake Wilbur (MKGSA Advisory Comm. Chair), Derrik Williams (Montgomery & Associates), Max Storms, Stacie Ann Silva, Blanca Escobedo, Geoff Vander Heuvel, Matt Klinchuch, Richard Garcia, Mark Larsen, Tim Mendonca

### 1. CALL TO ORDER

Chair Mederos opened the meeting at 3:05 p.m.

2. **PUBLIC COMMENT** – The public may comment on any subject within the jurisdiction of the Board, including items on the agenda. Speakers will be allowed three minutes unless otherwise extended by the Board Chair. The Board cannot legally discuss or take official action on items presented under public comment.

Chair Mederos called for comments from any members of the public present at the meeting. None were forthcoming.

### 3. GENERAL BUSINESS

- a. Approval of Minutes of Regular Meeting on September 8, 2020  
It was moved by Director Nelsen, seconded by Director Bixler, and unanimously carried to approve the minutes as presented.
- b. Financial Reports\*
  - i. Financial Statements – Year-to-Date  
K. Artis provided the report for the Board's review and consideration. She pointed out highlights in the balance sheet, profit and loss statement, and list of recent transactions. Following the report, it was moved by Director Martin, seconded by Director Nelsen, and unanimously carried to accept the report as presented.
  - ii. MKGSA Representation Letter  
K. Artis presented a Representation Letter to the Board for consideration. After a discussion, it was moved by Director Bixler, seconded by Director Martin, and unanimously carried to accept the report as presented.

- c. Legal Counsel Report
  - V. Kincaid provided a report based upon litigation initiated against the Indian Wells Groundwater Sustainability Plan. Chair Mederos requested that V. Kincaid prepare a memorandum of the case filed on the Indian Wells GSP.
- d. MKGSA Advisory Committee Membership Update
  - A. Fukuda provided an update on the MKGSA Advisory Committee Membership beginning with a recap of the search for new members to fill vacant seats. He then provided a recommendation from the Management Committee to appoint Eric Correia, Geoff Vanden Heuvel, and Cam Tredennick to the MKGSA Advisory Committee. He further noted that the Management Committee recommended deferring the decision to fill the vacant Disadvantaged Community (DAC) seat and to continue to seek a representative from a DAC. It was moved by Director Nelson, seconded by Director Martin, and unanimously carried to accept the recommended appointments to the MKGSA Advisory Committee.
- e. MKGSA GSP Review Status
  - A. Fukuda noted to the Board that the Response Letter was submitted to DWR on September 28, 2020, and that he had participated in a BSMAR 17 event to share efforts on the implementation of the MKGSA GSP.
- f. MKGSA GSP Implementation Workplan
  - A. Fukuda reported that the listed task order was not ready for review and, therefore, would be taken up later.
- g. Kaweah Subbasin Coordination
  - i. Kaweah Subbasin Managers Report
    - A. Fukuda presented the Provost & Pritchard Task Order 2, which will provide further refinement of the Kaweah Subbasin Water Budget and the Water Accounting Framework. It was moved by Director Stroman, seconded by Director Nelson, and unanimously carried directing the Interim General Manager to sign Task Order 2.
  - ii. Prop 68 Grant
    - A. Fukuda noted progress was being made on well monitoring data collection and the Well Metering Pilot Program.
  - iii. RCIS Program
    - A. Fukuda provided a report on the RCIS Program and noted that there are some questions regarding the program.
  - iv. Water Marketing Strategy Grant
    - A. Fukuda reported that Tulare Irrigation District received a Bureau of Reclamation grant to pursue the preparation of a Water Marketing Strategy. He also noted the submission of a letter to the MKGSA that requested a representative from the MKGSA to the Water Marketing Strategy Committee. It was moved by Chair Mederos, seconded by Director Bixler, and unanimously carried to appoint Director Nelson to the Tulare Irrigation District Water Marketing Strategy Committee.

v. Stanford SkyTEM

A. Fukuda advised there was nothing to report.

4. STAFF UPDATE, DISCUSSION AND RECEIVE DIRECTION, IF NECESSARY, REGARDING COVID-19
5. BOARD/STAFF UPDATES, FUTURE AGENDA ITEMS OR OTHER TOPICS OF INTEREST

Under Gov't Code §54956.2.b.2 the MKGSA Board heard a request to add an agenda item related to a request from the Tulare County Resource Conservation District to provide a letter of support. A. Fukuda noted that the letter request was received after the agenda was prepared, and the letter needed to be submitted by October 14, 2020. It was moved by Director Nelson, seconded by Director Bixler, and unanimously carried to add the Letter of Support for a Grant for a Watershed Coordinator for Tulare County Resource Conservation District to the agenda.

A. Fukuda provided background into the letter of support and the grant being pursued by the Tulare County Resource Conservation District. It was moved by Director Martin, seconded by Director Bixler, and unanimously carried to direct the Interim General Manager to sign and deliver the Letter of Support for a Grant for a Watershed Coordinator for Tulare County Resource Conservation District.

6. CLOSED SESSION

Chair Mederos adjourned to closed session for the items as noted at 4:00 p.m.

- a. Gov't Code §54956.9 – Anticipated Litigation: One Case
- b. Gov't Code §54957 – discuss employment of General Manager

7. **ADJOURNMENT** Next Regular Meeting – November 10, 2020

Chair Mederos reconvened at 4:30 p.m., V. Kinkaid reported that the Interim General Manager was directed to send a letter regarding adjacent basin coordination, and Chair Mederos adjourned the meeting at 4:40 p.m.

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Groundwater Sustainability Agency  
Board Chair

Attest:

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Groundwater Sustainability Agency  
Board Secretary

**MID-KAWEAH GROUNDWATER SUSTAINABILITY AGENCY BOARD**

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Groundwater Sustainability Agency  
Board Chair

Attest:

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Groundwater Sustainability Agency  
Board Secretary

Mid-Kaweah GSA  
Agenda Item Report

**November 10, 2020**

**Agenda Item Wording:** Fiscal – Financial Statements Year To Date

**Report Author:** Kathi Artis – Tulare ID

**Background Discussion:**

The GSA's financial policies require a financial overview and Profit & Loss Statement through the end of the previous month are to be provided to the Board of Directors at each Board meeting.

**Attachments:**

Balance Sheet as of October 31, 2020

Profit & Loss Statement for period July 1, 2020 through October 31, 2020

Transaction Detail by Account for checking and money market accounts for period October 6, 2020 through October 31, 2020

## Mid-Kaweah Groundwater Sustainability Agency

## Balance Sheet

11/03/20

As of October 31, 2020

Accrual Basis

|                                       | <u>Oct 31, 20</u> |
|---------------------------------------|-------------------|
| <b>ASSETS</b>                         |                   |
| Current Assets                        |                   |
| Checking/Savings                      |                   |
| Checking                              | 890.14            |
| Money Market                          | 104,630.68        |
| Total Checking/Savings                | 105,520.82        |
| Accounts Receivable                   |                   |
| Accounts Receivable                   | 150,000.00        |
| Total Accounts Receivable             | 150,000.00        |
| Other Current Assets                  | 0.00              |
| Total Current Assets                  | 255,520.82        |
| <b>TOTAL ASSETS</b>                   | <b>255,520.82</b> |
| <b>LIABILITIES &amp; EQUITY</b>       |                   |
| Liabilities                           |                   |
| Current Liabilities                   |                   |
| Accounts Payable                      |                   |
| Accounts Payable                      | 192,229.36        |
| Total Accounts Payable                | 192,229.36        |
| Total Current Liabilities             | 192,229.36        |
| Total Liabilities                     | 192,229.36        |
| Equity                                |                   |
| Prior Period Adjustment               | 561,910.52        |
| Retained Earnings                     | -449,680.38       |
| Net Income                            | -48,938.68        |
| Total Equity                          | 63,291.46         |
| <b>TOTAL LIABILITIES &amp; EQUITY</b> | <b>255,520.82</b> |

# Mid-Kaweah Groundwater Sustainability Agency

## Profit & Loss

July 1, 2020 through October 31, 2020

|  | July 1, 2020 - October<br>31, 2020 | 2020-2021 Budget | Variance     |
|--|------------------------------------|------------------|--------------|
| <b>Ordinary Income/Expense</b>             |                                    |                  |              |
| <b>Income</b>                              |                                    |                  |              |
| Call For Funds                             | -                                  | 338,594.00       | (338,594.00) |
| Prop 1 GSP Grant                           | -                                  | 150,000.00       | (150,000.00) |
| <b>Reimbursed Expenses</b>                 |                                    |                  |              |
| Kaweah Sub Basin Expenses                  | 9,434.82                           |                  | 9,434.82     |
| <b>Total Reimbursed Expenses</b>           | 9,434.82                           | 150,000.00       | (140,565.18) |
| <b>Total Income</b>                        | -                                  | 488,594.00       | (488,594.00) |
| <b>Expense</b>                             |                                    |                  |              |
| Net Reimbursements To/From Other GSAs      | -                                  | 279,000.00       | (279,000.00) |
| Audit Expense                              | 5,800.00                           | 4,100.00         | 1,700.00     |
| <b>Consulting Fees</b>                     |                                    |                  |              |
| Montgomery & Associates                    | 13,130.00                          | 200,000.00       | (186,870.00) |
| Consulting Fees-GEI-Sub-Basin Coordination | 14,152.22                          | -                | 14,152.22    |
| <b>Total Consulting Fees</b>               | 27,282.22                          | 200,000.00       | (172,717.78) |
| Insurance                                  | 1,429.63                           | 5,000.00         | (3,570.37)   |
| Legal                                      | 4,130.00                           | 50,000.00        | (45,870.00)  |
| Membership Dues                            | 5,585.00                           | -                | 5,585.00     |
| Office Expense                             | 118.27                             | 2,700.00         | (2,581.73)   |
| Payroll, Benefits and Travel Expenses      | 14,100.24                          | 165,000.00       | (150,899.76) |
| <b>Total Expense</b>                       | 58,445.36                          | 705,800.00       | (647,354.64) |
| <b>Net Ordinary Income/(Loss)</b>          | (49,010.54)                        | (217,206.00)     | 158,760.64   |
| <b>Other Income/Expense</b>                |                                    |                  |              |
| <b>Other Income</b>                        |                                    |                  |              |
| Interest Income                            | 71.86                              | 300.00           | (228.14)     |
| <b>Total Other Income</b>                  | 71.86                              | 300.00           | (228.14)     |
| <b>Net Other Income</b>                    | 71.86                              | 300.00           | (228.14)     |
| <b>Net Income/(Loss)</b>                   | (48,938.68)                        | (216,906.00)     | 158,532.50   |

## Mid-Kaweah Groundwater Sustainability Agency Transactions by Account

As of October 31, 2020

| Type                | Date       | Num  | Name                       | Memo           | Split               | Amount           | Balance            |
|---------------------|------------|------|----------------------------|----------------|---------------------|------------------|--------------------|
| <b>Checking</b>     |            |      |                            |                |                     |                  |                    |
| Check               | 10/12/2020 | 1203 | Tulare Irrigation District |                | Payroll Expenses    |                  | (5,100.04)         |
| Check               | 10/12/2020 | 1204 | O'Laughlin & Paris LLP     |                | Legal               |                  | (2,450.00)         |
| Check               | 10/12/2020 | 1205 | Cuttone & Mastro           |                | Audit Expense       |                  | (5,800.00)         |
| Transfer            | 10/14/2020 |      |                            | Funds Transfer | Money Market        | 14,000.00        |                    |
| Check               | 10/23/2020 |      |                            | Service Charge | Office Expense      |                  | (14.82)            |
| Total Checking      |            |      |                            |                |                     | 14,000.00        | (13,364.86)        |
| <b>Money Market</b> |            |      |                            |                |                     |                  |                    |
| Transfer            | 10/14/2020 |      |                            | Funds Transfer | Checking            |                  | (14,000.00)        |
| Deposit             | 10/23/2020 |      | East Kaweah GSA            | Deposit        | Reimbursed Expenses | 1,036.31         |                    |
| Deposit             | 10/30/2020 |      |                            | Interest       | Interest Income     | 13.69            |                    |
| Deposit             | 10/30/2020 |      | Greater Kaweah GSA         | Deposit        | Reimbursed Expenses | 1,036.31         |                    |
| Total Money Market  |            |      |                            |                |                     | 2,086.31         | (14,000.00)        |
|                     |            |      |                            |                |                     | <b>16,086.31</b> | <b>(27,364.86)</b> |
| Net cash            |            |      |                            |                |                     |                  | (11,278.55)        |

Mid-Kaweah GSA  
Agenda Item Report

**November 3, 2020**

**Agenda Item 3.b.ii.:** MKGSA Independent Auditor's Report

**Staff Recommendation:**

MKGSA recommends that the MKGSA Board accept the Independent Auditor's Report as presented.

**Background:**

The MKGSA has hired Cuttone and Masrto to perform an audit of the MKGSA Financials per the engagement letter signed on August 3, 2020. Attached are the finalized Mid-Kaweah Groundwater Subbasin Joint Powers Authority Financial Statements ending June 30, 2020, and the Independent Auditor's Report.

**Recommended Motion:**

I move to approve accepting the MKGSA Independent Auditor's Report as presented.

**Attachment:**

- Letter from Cuttone & Mastro Certified Public Accountants dated September 29, 2020
- Mid-Kaweah Groundwater Subbasin Joint Powers Authority Financial Statements ending June 30, 2020, and the Independent Auditor's Report.



September 29, 2020

Mid-Kaweah Groundwater Subbasin Joint Powers Authority  
6826 Avenue 240  
Tulare, CA 93274

We have audited the financial statements of the governmental activities of Mid-Kaweah Groundwater Subbasin Joint Powers Authority for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 6, 2020. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies adopted and used by Mid-Kaweah Groundwater Subbasin Joint Powers Authority are described in Note 1 to the financial statements. We noted no transactions entered into by Mid-Kaweah Groundwater Subbasin Joint Powers Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

#### Difficulties Encountered in Performing the Audit

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

#### Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatement detected as a result of audit procedures was corrected by management:

Grant revenue in the amount of \$561,911 was overstated and need to be reported as a prior period adjustment.

#### Disagreements with Management

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

#### Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 29, 2020.

## Management Consultations with Other Independent Accountants

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

## Other Matters

We applied certain limited procedures to Schedule of Revenues and Expenditures – Budget and Actual, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

## Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of Mid-Kaweah Groundwater Subbasin Joint Powers Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Cuttone & Mastro CPA's

**MID-KAWEAH GROUNDWATER SUBBASIN  
JOINT POWERS AUTHORITY**

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**FINANCIAL STATEMENTS**

**June 30, 2020**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Mid-Kaweah Groundwater Subbasin Joint Power Authority  
Tulare, California

We have audited the accompanying statement of net position and governmental fund balance sheet of Mid-Kaweah Groundwater Subbasin Joint Power Authority (the Authority) as of June 30, 2020, and the related statement of activities and governmental fund statement of revenue, expenditures and changes in fund balances and changes in net position for the year then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's office and State regulations governing special districts.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on page 8 be presented to supplement the 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. We have applied certain limited procedures to the required supplementary information, budgetary comparison information on page 7, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. Management has omitted management's discussion and analysis. Our opinion on the basic financial statements is not affected by this missing information.

*Cuttone & Mastro*

Fresno, California  
September 29, 2020

**MID-KAWEAH GROUNDWATER SUBBASIN JOINT POWERS AUTHORITY**  
**Statement of Net Position and**  
**Governmental Fund Balance Sheet**  
**June 30, 2020**

|  | <u>General Fund</u> | <u>Adjustments</u> | <u>Statement of<br/>Net Position</u> |
|--|---------------------|--------------------|--------------------------------------|
| <b><u>ASSETS</u></b>                     |                     |                    |                                      |
| Cash and cash equivalents                | \$ 183,898          |                    | \$ 183,898                           |
| Grant receivable                         | <u>150,000</u>      |                    | <u>150,000</u>                       |
| Total assets                             | \$ <u>333,898</u>   |                    | \$ <u>333,898</u>                    |
| <b><u>LIABILITIES</u></b>                |                     |                    |                                      |
| Accounts payables                        | \$ 36,313           |                    | \$ 36,313                            |
| GSP Participants Payable                 | <u>185,355</u>      |                    | <u>185,355</u>                       |
| Total liabilities                        | <u>221,668</u>      |                    | <u>221,668</u>                       |
| <b><u>FUND BALANCES/NET POSITION</u></b> |                     |                    |                                      |
| Fund balance:                            |                     |                    |                                      |
| Unreserved fund balance                  | <u>112,230</u>      |                    |                                      |
| Total fund balance                       | \$ <u>112,230</u>   |                    |                                      |
| Net position:                            |                     |                    |                                      |
| Unrestricted                             |                     |                    | <u>112,230</u>                       |
| Total net position                       |                     |                    | \$ <u>112,230</u>                    |

The accompanying notes are an integral part of the financial statements.

**MID-KAWEAH GROUNDWATER SUBBASIN JOINT POWERS AUTHORITY**  
**Statement of Activities and Governmental Fund Statement of**  
**Revenues, Expenditures and Changes in Fund Balances and Changes in Net Position**  
**for the year June 30, 2020**

|  | <u>General Fund</u> | <u>Adjustments</u> | <u>Statement of<br/>Activities</u> |
|--|---------------------|--------------------|------------------------------------|
| <b>Revenues:</b>                                       |                     |                    |                                    |
| Contributions  | \$ 249,999          |                    | \$ 249,999                         |
| Prop 1 Grant   | 98,857              |                    | 98,857                             |
| Reimbursed expenses                                    | 8,670               |                    | 8,670                              |
| Interest   | <u>429</u>          |                    | <u>429</u>                         |
| Total Revenue  | <u>357,955</u>      |                    | <u>357,955</u>                     |
| <b>Expenditures:</b>                                   |                     |                    |                                    |
| Annual Monitoring Report                               | 29,204              |                    | 29,204                             |
| Audit fees   | 4,100               |                    | 4,100                              |
| Consulting fees  | 390,333             |                    | 390,333                            |
| Insurance  | 877                 |                    | 877                                |
| Legal fees   | 67,200              |                    | 67,200                             |
| Membership Dues  | 4,140               |                    | 4,140                              |
| Office expense   | 3,736               |                    | 3,736                              |
| Payroll expense  | 207,040             |                    | 207,040                            |
| Refund of prior years' reimbursed<br>expenses received | 194,025             |                    | 194,025                            |
| Rent   | 2,250               |                    | 2,250                              |
| Travel expense   | <u>463</u>          |                    | <u>463</u>                         |
| Total Expenditures                                     | <u>903,368</u>      |                    | <u>903,368</u>                     |
| <b>Excess expenditures over revenue</b>                | <u>(545,413)</u>    |                    |                                    |
| <b>Change in net position</b>                          |                     |                    | <u>(545,413)</u>                   |
| <b>Fund balance /net position:</b>                     |                     |                    |                                    |
| <b>Beginning of year, as previously stated</b>         | 95,732              |                    | 95,732                             |
| <b>Prior period adjustment</b>                         | <u>561,911</u>      |                    | <u>561,911</u>                     |
| <b>Beginning of year, as restated</b>                  | <u>657,643</u>      |                    | <u>657,643</u>                     |
| <b>End of year</b>                                     | \$ <u>112,230</u>   |                    | \$ <u>112,230</u>                  |

The accompanying notes are an integral part of the financial statements.

**MID-KAWEAH GROUNDWATER SUBBASIN JOINT POWERS AUTHORITY**  
**Notes to Financial Statements**  
**June 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The Mid-Kaweah Groundwater Subbasin Joint Powers Authority (the Authority) is a joint powers authority formed in 2015. The Authority is formed with the purpose and intent of jointly forming a separate entity to fulfill the role of a Groundwater Sustainability Agency (GSA) consisting of the Members, so that the Members may collectively develop, adopt, and implement a Groundwater Sustainability Plan (GSP) for the sustainable management of groundwater for that portion of the Subbasin underlying the jurisdictional boundaries of the Members, as those boundaries may be amended from time to time. The Authority is to provide for the conjunctive use of groundwater and surface water within its represented groundwater basin to ensure the reliability of a long-term water supply to meet current and future beneficial uses.

Member Agencies

The Joint Powers Agreement was entered into as of September 14, 2015, and between the City of Visalia, the City of Tulare and the Tulare Irrigation District.

The more significant accounting policies of the Authority are summarized as follows:

**A. Government-wide and fund financial statements:**

The Authority is a special-purpose government agency engaged in a single governmental program; the fund financial statements and the government-wide statements are combined. The government-wide financial statements include the statement of net position and the statement of activities and report information on all of the nonfiduciary activities of the government.

**B. Measurement focus, basis of accounting, and financial statement presentation:**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**MID-KAWEAH GROUNDWATER SUBBASIN JOINT POWERS AUTHORITY**  
**Notes to Financial Statements**  
**June 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:**

**C. Description of Funds:**

The accounts of the Authority are organized by using a General Fund, which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. It is the general operating fund of the Authority and is used to account for all financial resources.

**D. Use of Estimates:**

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

**E. Cash and cash equivalents:**

The Authority considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**F. Income Taxes**

The Authority is a governmental agency and is not subject to federal or state income taxes.

**G. Subsequent Events**

Management has evaluated subsequent events through September 29, 2020, the date the financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

**2. CASH**

As of June 30, 2020, the carrying amount of the Authority's bank deposits were \$183,898. At June 30, 2020, the bank balance was \$233,191. The Federal Depository Insurance Company (FDIC) insures deposits up to \$250,000. The Authority had no amounts uninsured through the FDIC at June 30, 2020. The Authority has not formally adopted deposit and investment policies that limit the government's allowable deposits or investments and address the specific types of risk to which the government is exposed

**MID-KAWEAH GROUNDWATER SUBBASIN JOINT POWERS AUTHORITY**  
**Notes to Financial Statements**  
**June 30, 2020**

**3. GRANT AGREEMENT**

The Authority entered into a grant agreement with the California Department of Water Resources. The Authority was to receive a maximum of \$1,500,000 in grant funding to assist in the planning and/or selected project activities that will improve sustainable groundwater management. The Authority shall apply the grant funds only to eligible project cost incurred after July 1, 2017, but before April 30, 2020. The grant funds are being shared with East Kaweah GSA and Greater Kaweah GSA as all three Agencies are developing a GSP together. Grant revenue in the amount of \$98,857 was earned in the year ended June 30, 2020.

**4. RELATED PARTY TRANSACTIONS**

The members perform certain administrative services for the Authority including accounting services, at no charge to the Authority. However for the year Tulare Irrigation District was reimbursed \$12,100 for services performed by Tulare Irrigation District's manager.

**5. PRIOR PERIOD ADJUSTMENT**

It was discovered that the financial statements for the years ended June 30, 2019 and 2018 have been misstated. Grant revenue and receivable had been understated in the prior two years because the grant revenue and receivable were not being recognized as the expenditures when incurred. This resulted in a \$561,911 increase in fund balance and net position as of June 30, 2019. It was also determined that the excess of revenue over expenses and the changes in net position for the years ended June 30, 2019 and 2018 was understated by \$233,831 and \$328,080 respectively.

REQUIRED SUPPLEMENTARY INFORMATION

**MID-KAWEAH GROUNDWATER SUBBASIN JOINT POWERS AUTHORITY**  
**Schedule of Revenue and Expenditures**  
**– Budget and Actual**  
**for the year ended June 30, 2020**

|  | <u>Budgeted Amounts</u> |                         | <u>Actual Amounts</u>   | <u>Variance with</u>       |
|--|-------------------------|-------------------------|-------------------------|----------------------------|
|  | <u>Original</u>         | <u>Final</u>            |                         | <u>Final Budget-</u>       |
|  |                         |                         |                         | <u>Positive (Negative)</u> |
| <b>Revenues</b>  |                         |                         |                         |                            |
| Contributions  | \$ 49,894               | \$ 49,894               | \$ 249,999              | \$ 200,105                 |
| Proposition 1 Grant                                    | 607,600                 | 607,600                 | 98,857                  | (508,743)                  |
| Reimbursed Expenses                                    | -                       | -                       | 8,670                   | 8,670                      |
| Interest   | <u>-</u>                | <u>-</u>                | <u>429</u>              | <u>429</u>                 |
| <br>Total Revenue                                      | <br><u>657,494</u>      | <br><u>657,494</u>      | <br><u>357,955</u>      | <br><u>(299,539)</u>       |
| <b>Expenditures</b>                                    |                         |                         |                         |                            |
| Annual Monitoring Report                               | -                       | -                       | 29,204                  | (29,204)                   |
| Audit fees   | 3,900                   | 3,900                   | 4,100                   | (200)                      |
| Consulting fees  | 763,200                 | 763,200                 | 390,333                 | 372,867                    |
| Insurance  | 2,250                   | 2,250                   | 877                     | 1,373                      |
| Legal fees   | 50,000                  | 50,000                  | 67,200                  | (17,200)                   |
| Membership Dues  | -                       | -                       | 4,140                   | (4,140)                    |
| Office expense   | -                       | -                       | 3,736                   | (3,736)                    |
| Payroll expense  | 246,000                 | 246,000                 | 207,040                 | 38,960                     |
| Refund of prior years' reimbursed<br>expenses received | -                       | -                       | 194,025                 | (194,025)                  |
| Rent   | 5,600                   | 5,600                   | 2,250                   | 3,350                      |
| Travel expense   | <u>-</u>                | <u>-</u>                | <u>463</u>              | <u>(463)</u>               |
| Total Expenditures                                     | <u>1,070,950</u>        | <u>1,070,950</u>        | <u>903,368</u>          | <u>167,582</u>             |
| <br>Revenue over/(under) expenditures                  | <br>\$ <u>(413,456)</u> | <br>\$ <u>(413,456)</u> | <br>\$ <u>(545,413)</u> | <br>\$ <u>(131,957)</u>    |

**Note A - Budgets and Budgetary Accounting**

An annual budget is adopted for the General Fund on a modified accrual basis consistent with Generally Accepted Accounting Principles (GAAP). The Budgetary Comparison Schedule for the General Fund is included in the required supplementary information above.

Mid-Kaweah GSA

Agenda Item Report

**November 3, 2020**

**Agenda Item 3.b.ii.:** Water Blueprint for the San Joaquin Valley – Conveyance Facility Evaluation Participation

**Staff Recommendation:**

It is recommended that the MKGSA support the evaluation of conveyance facilities to increase access to surface water and participate in the technical process of developing those facilities by contributing the requested contribution of \$2,520.

**Background:**

The Water Blueprint for the San Joaquin Valley (Blueprint) is a grassroots effort consisting of various interested parties in the Central Valley that are trying to identify the overdraft conditions in the San Joaquin Valley, the economic impacts associated with reductions in surface water and groundwater supplies, and the potential projects and management actions that could help alleviate many of the water and economic impacts that could be encountered under the Sustainable Groundwater Management Act (SMGA). Over the last few months, the Blueprint group has been working to identify conveyance options to open up avenues to move water in wet years. Unfortunately, the effort to analyze those conveyance alternatives is underfunded, and the Blueprint group is looking for financial support to keep the process moving.

Attached is a request from the Blueprint group to provide financial support from the various Groundwater Sustainability Agencies (GSAs) based upon their potential water needs to address overdraft. The request being made to the MKGSA is in the amount of \$2,520. It is anticipated that this contribution will further the analysis of alternatives and allow the MKGSA to participate in the development of the options.

**Recommended Motion:**

I move to approve providing a contribution of \$2,520 to the Water Blueprint for the San Joaquin Valley for the development of conveyance alternatives to increase access to surface water in the MKGSA.

**Attachment:**

- Contribution Letter Request from Water Blueprint for the San Joaquin Valley, October 21, 2020

# Water Blueprint



## for the San Joaquin Valley

October 21, 2020

Dear GSA Representatives,

Over the past several months we have been working with MBK to better identify excess water supplies that might be available from the Delta to help achieve groundwater sustainability in the San Joaquin Valley. To complement this effort, we engaged Stantec to develop some example costs estimates of conveyance facilities. These preliminary studies suggest that achieving groundwater sustainability can be affordable for much of the Valley. This is a significant milestone and our thanks to everyone that has helped us get this far.

The next **goal is to identify a set of feasible conveyance options** from which we could ultimately identify a preferred alternative. Likely, the ultimate solution will be a portfolio of projects, rather than a single canal. These options will likely include expansion of existing facilities (e.g. around Tulare Lake and the Friant-Kern Canal) and inter-connections between the new canal system and existing canal systems. It will also require more modeling of water supplies to understand the frequency of overlap between eastside rivers and excess water supplies from the Delta. We are very interested in your ideas for possible conveyance options. This interaction will require a series of meetings over the next six months.

Identifying the best size and location of conveyance alternatives will require much work. Stantec has estimated this phase of work will require \$150,000. That is beyond the budget of the existing Blueprint framework, which is generated solely from voluntary contributions. We are submitting applications for grants to help offset costs, but we cannot count on the success of those applications at this time. Consequently, through the GSAs we are asking landowners that need the water to help finance this next phase of work. Based on what the GSAs have told us, we think the additional water that will be needed in the mid-Valley region (Kings, Kaweah, Tule and Tulare Lake Subbasins, as well as northern Kern) is an average of 600,000 to 800,000 af/yr. A table is attached that shows this breakdown by GSA. To fund this next phase of work we are asking for **\$0.20/af of your annual shortage**. We realize that this is voluntary and that it requires a great sense of trust and goodwill. We also realize that there might be an incentive for some entities to “play games” but we plan to implement measures to reduce that risk. We would encourage you to look at the attached table and if your best assessment of how much more water you will need by 2040 is different from that listed in the table, please let me know.

**We are looking for a commitment by November 30, 2020;** if you are willing to participate, the payments would be divided in half, with the first payment due December 31, 2020 and the second payment due March 31, 2021. Thus, each payment would be \$0.10/af, based on your assessment of your future annual water need. Finances would be managed by the Water Blueprint for the San Joaquin Valley through Don Willard at the Friant Water Authority. If you have questions or would like me to make a presentation to your Board on the Blueprint process and how it will benefit you, I would be more than happy to help. Because we must keep moving forward, If we have not heard from you by November 30, we will assume that you do not need additional water and/or are not interested in participating in inter-regional solutions to address the Valley’s water shortages.

Yours sincerely

A handwritten signature in black ink that reads "Scott Hamilton". The signature is written in a cursive style with a long, sweeping horizontal line extending from the end of the name.

Scott Hamilton

[Scott@ResourceEconomics.net](mailto:Scott@ResourceEconomics.net)

Chairman, Technical Committee

Water Blueprint for the San Joaquin Valley

| <b>MID-VALLEY GSA's</b>     |  |                            |                          |                   |
|-----------------------------|--|----------------------------|--------------------------|-------------------|
|                             |  |                            |                          |                   |
|                             |  | Additional<br>Water Needed | Proposed<br>Contribution | Contact           |
|                             |  | (af/yr)                    | Phase 2 (\$0.20/af)      |                   |
| <b>Kings Subbasin</b>       |  |                            |                          |                   |
| McMullin GSA                |  | 91,100                     | \$18,220                 | Matt Hurley       |
| North Fork Kings GSA        |  | 50,300                     | \$10,060                 | Scott Sitts       |
| Kings River East            |  | 11,000                     | \$2,200                  | Chad Wegley       |
| Kings Central & South GSA   |  | 7,100                      | \$1,420                  | Phil Desatoff     |
|                             |  | 159,500                    |                          |                   |
| <b>Tulare Lake Subbasin</b> |  |                            |                          |                   |
| Mid-Kings River GSA         |  | 16,355                     | \$3,271                  | Dennis Mills      |
| El-Rico GSA                 |  | 26,848                     | \$5,370                  | Jeof Wyrick       |
| South Fork Kings GSA        |  | 14,271                     | \$2,854                  | Charlotte Gallock |
| Southwest Kings GSA         |  | 15,767                     | \$3,153                  | Deanna Jackson    |
| Tri-County GSA              |  | 12,459                     | \$2,492                  | Deanna Jackson    |
|                             |  | 85,700                     |                          |                   |
| <b>Kaweah Subbasin</b>      |  |                            |                          |                   |
| Greater Kaweah GSA          |  | 34,600                     | \$6,920                  | Eric Osterling    |
| Mid-Kaweah GSA              |  | 12,600                     | \$2,520                  | Aaron Fukuda      |
| East Kaweah GSA             |  | 27,500                     | \$5,500                  | Mike Hagman       |
|                             |  | 74,700                     |                          |                   |
| <b>Tule Subbasin</b>        |  |                            |                          |                   |
| Alpaugh                     |  | 5,000                      | \$1,000                  | Bruce Howarth     |
| DEID (MA 2)                 |  | 18,750                     | \$3,750                  | Eric Quinley      |
| Eastern Tule GSA            |  | 110,000                    | \$22,000                 | Rogelio Caudillo  |
| Lower Tule River ID GSA     |  | 40,000                     | \$8,000                  | Eric Limas        |
| Pixley ID GSA               |  | 70,000                     | \$14,000                 | Eric Limas        |
| TriCounty GSA               |  | 15,000                     | \$3,000                  | Deanna Jackson    |
|                             |  | 258,750                    |                          |                   |
| <b>Kern County</b>          |  |                            |                          |                   |
| Kern Groundwater Auhtori    |  | 293,000                    | \$58,600                 | Patty Poire       |
|                             |  |                            |                          |                   |
| <b>Total</b>                |  | 871,650                    | \$174,330                |                   |

Mid-Kaweah GSA  
Agenda Item Report

**November 4, 2020**

**Agenda Item 3.g.i.:** Montgomery and Associates Task Order No. 4

**Staff Recommendation:**

It is recommended that the MKGSA approve the Montgomery and Associates Task Order No. 4

**Background:**

Over the last month, Montgomery and Associates (M&A) have been working with the MKGSA Staff to develop a task order to begin work on the Kaweah Subbasin Modflow Model (Model). While creating the task order, numerous questions arose regarding the status of the Model and at what level the work should be completed. Therefore, it was decided that we would need to postpone the consideration of a Model task order.

However, there are numerous meetings and activities taking place that having M&A staff attend or monitor would be in the best interest of future work with the MKGSA. For example, there are bi-weekly meetings with Stanford University to discuss the updates being made to the Model. Having M&A attend these 30-minute meetings would keep them up to speed on what is being updated in the Model in the event they will need to work with the updated Model in the future. Another example is the meetings to discuss the Kaweah Subbasin Water Budget and the Data Management System. M&A has experience in these aspects, and it would be advisable to have them attend to monitor and contribute to the discussion on behalf of the MGKSA.

The attached Task Order No. 4 – General Technical Services is a task order which allows M&A to participate in activities as approved by the MKGSA and the Interim General Manager. The task order will last for 6-months and has a not to exceed budget of \$15,000.

**Recommended Motion:**

I move to approve Task Order No. 4 – General Technical Services with Montgomery and Associates.

**Attachment:**

- Task Order No. 4 – General Technical Services



## TASK ORDER

**CONTRACT: GROUNDWATER SUSTAINABILITY PLAN IMPLEMENTATION SUPPORT**

**CONSULTANT: MONTGOMERY & ASSOCIATES**

**TASK ORDER NUMBER: 04**

**TASK ORDER DESCRIPTION: GENERAL TECHNICAL SERVICES**

**DATE: OCTOBER 29, 2020**

---

### Scope of Work

Task Order No. 4 provides funding for general technical services not covered under other task orders and as requested by the Mid-Kaweah Groundwater Sustainability Agency (Agency). Work under Task Order 4 will only be conducted if requested and authorized by the Agency and/or via direction by the Interim General Manager.

### Deliverables

Deliverables for Task Order 4 are to be determined on an as needed basis.

### Schedule

This Task Order will begin on November 1, 2020 and end on April 1, 2021.

### Budget

The estimated not-to-exceed budget for Task Order No. 4 is \$15,000.

M&A shall not exceed the estimated budget without prior approval from MKGSA. This Task Order will be billed in accordance with the fee and rate schedule are included in the Master Services Agreement for the MKGSA Groundwater Sustainability Plan Implementation Support. M&A will only invoice MKGSA for actual work completed on a time and materials basis. Invoices will be sent monthly to MKGSA and will reference the appropriate Task Order Number.

**Authorization**

This Task Order has been executed under the referenced Master Services Agreement between the Mid-Kaweah GSA and Montgomery & Associates. By signing below, the parties agree to all terms and conditions of this Task Order and the Master Services Agreement.

CONSULTANT:  
Errol L. Montgomery & Associates, Inc.

CLIENT:  
Mid-Kaweah Groundwater Sustainability  
Agency

Signature:  
\_\_\_\_\_

Signature:  
\_\_\_\_\_

Printed Name: Derrick Williams  
\_\_\_\_\_

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

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

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

Address: 1023 Nipomo Street, Suite 200  
San Luis Obispo, CA 93401

Address: 6826 Avenue 240  
Tulare, CA 93274

Telephone: 805-259-4095

Telephone: 559-686-3425

**2020 SCHEDULE OF FEES AND EXPENSES  
FOR SERVICES CONDUCTED IN CALIFORNIA**

| <b>PROFESSIONAL FEES</b>   | Hourly Rate       |
|--|-------------------|
| Scientist 9*   | \$280             |
| <i>Scientist 8 (DERRIK WILLIAMS, TIM LEO)</i>                    | 260               |
| <i>Scientist 7</i>   | 235               |
| <i>Scientist 6</i>   | 215               |
| <i>Scientist 5</i>   | 195               |
| <i>Scientist 4</i>   | 170               |
| <i>Scientist 3</i>   | 150               |
| <i>Scientist 2</i>   | 130               |
| <i>Scientist 1</i>   | 110               |
|  |                   |
| Senior Water Policy/Economics Specialist                         | 255               |
| Senior Programming Specialist                                    | 215               |
| Water Policy Specialist  | 205               |
| Water Resource Economist   | 190               |
|  |                   |
| Hydrologic Technician 2  | 120               |
| Hydrologic Technician 1  | 100               |
| Hydrologic Assistant   | 85                |
|  |                   |
| GIS / Data Specialist 2  | 145               |
| GIS / Data Specialist 1  | 135               |
| Scientific Illustrator 2   | 105               |
| Scientific Illustrator 1   | 90                |
| Contract Administrator   | 80                |
| Technical Editor   | 80                |
| Clerical   | 80                |
|  |                   |
| <b>EXPENSES</b>  |                   |
| Airline travel, ZipCar, and auto rental                          | Cost, plus 10%    |
| Lodging and subsistence  | Cost, plus 10%    |
| Copying, printing, long distance calls, shipping, field supplies | Cost, plus 10%    |
| Subcontractor services   | Cost, plus 10%    |
| Laboratory services  | Cost, plus 10%    |
| Use of private vehicles  | Standard IRS Rate |

Notes:

Expert testimony charged at 1.5 times hourly rate.

\*Scientist includes hydrogeologist, hydrologist, geologist, engineer, soil scientist, and chemist.

**Professional Fees Increase at a Rate of 3% per Year**

**Invoices are issued on a monthly basis and are due upon receipt for payment within 30 days.**

**If payment has not been received within 30 days,  
interest will accrue at 1% per month for unpaid balance.**