

**MONTECITO  
GROUNDWATER  
BASIN  
GROUNDWATER  
SUSTAINABILITY  
AGENCY**

**GSA FISCAL  
YEAR 2022  
BUDGET**

Adopted June 22<sup>nd</sup>, 2021





### **MISSION STATEMENT**

*“The Montecito Groundwater Basin Groundwater Sustainability Agency’s mission is to ensure a reliable and sustainable groundwater supply for the community through effective basin management pursuant to the Sustainable Groundwater Management Act.”*



**MONTECITO GROUNDWATER BASIN**  
**GROUNDWATER SUSTAINABILITY AGENCY**

**Board of Directors**

Cori Hayman, President

Ken Coates, Vice President

Tobe Plough

Brian Goebel

Floyd Wicks

This budget was prepared under the direction of:

**General Manager/Board Secretary**

Nicholas Turner

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## OVERVIEW

The purpose of a Groundwater Sustainability Agency (GSA) is to implement and fulfill the requirements of the California Sustainable Groundwater Management Act (SGMA) as set forth in Water Code §§10720-10737.8.

The Montecito Water District (MWD) adopted Resolution 2169 on July 24, 2018 thereby giving notice to the California Department of Water Resources (DWR) of its intention to become the GSA pursuant to the SGMA for the Montecito Groundwater Basin, designated as DWR Basin Number 3049 (Basin). In November 2018, the DWR declared Montecito Water District as the exclusive GSA for the Basin.

In February 2019, DWR finalized its groundwater basin reprioritization process re-designating the Montecito Groundwater Basin from a “very low” priority to a “medium” priority thereby mandating compliance with the SGMA. The Montecito Groundwater Basin Groundwater Sustainability Agency (Agency) was formed after the passing and adoption of Resolution 1, on April 29<sup>th</sup>, 2019, by the Agencies Board of Directors.

In accordance with SGMA, the Montecito Groundwater Basin Groundwater Sustainability Agency shall reasonably and equitably manage the Basin, to protect and enhance the health of the Basin. The powers of the Agency are as set forth in the SGMA and advisory and decision-making responsibilities are vested in the Board of Directors (Board). The term “Director(s)” shall mean the elected and/or appointed representatives of Montecito Water District, who also serve as the Directors of the Agency. The Agency’s Board generally reserves unto itself the right to delegate by ordinance and resolution such powers as are appropriate and permissible by law. In general, SGMA requires all groundwater basins designated as medium and high priority, per Bulletin 118 issued by the DWR, to be sustainably managed by a GSA by 2040.

The current Agency Directors and their respective terms are as follows:

| Director                   | Term Expiration |
|----------------------------|-----------------|
| Cori Hayman, President     | December 2022   |
| Ken Coates, Vice President | December 2022   |
| Brian Goebel, Director     | December 2022   |
| Tobe Plough, Director      | December 2024   |
| Floyd Wicks, Director      | December 2024   |

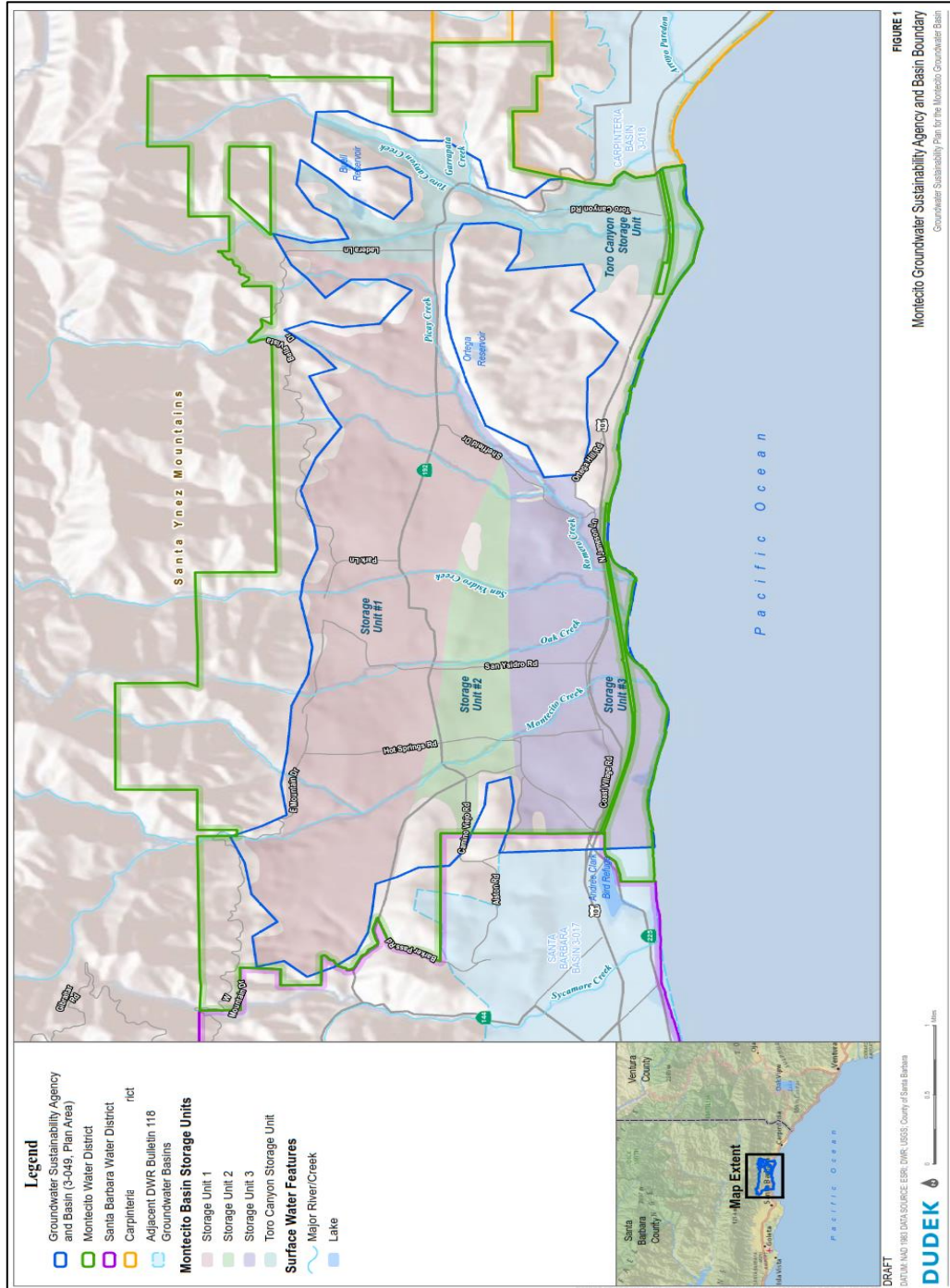
The Basin is located in the southern coastal portion of Santa Barbara County bounded by the Santa Ynez Mountains coastal range and the Pacific Ocean to the north and south and the City of Santa Barbara and the Carpinteria Valley to the west and east. The Basin includes the unincorporated communities of Montecito and Summerland, a small portion of the Carpinteria Valley on its eastern boundary and a small portion of the City of Santa Barbara on its western boundary.

The Basin encompasses an area of about 5,597 acres or 8.74 square miles and is segmented into 4 distinct hydrogeological storage units. These units are defined by regional faulting that transect the Basin.

Groundwater is heavily relied upon for residential use, along with some commercial and agricultural uses. Available data suggests that hundreds of public and private groundwater wells pump from the basin and that groundwater levels are low following the most recent and severe drought in the region's history (2012-2018).

The Basin, its storage units, and its relationship with the Montecito Water District and neighboring water districts are shown in Figure 1.

**Figure 1: Montecito Groundwater Basin Boundary**





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## **GROUNDWATER SUSTAINABILITY PLAN**

SGMA mandates that critically over drafted basins must reach sustainability by 2040, while high- and medium- priority basins have until 2042, or 20 years post-implementation for reprioritized basins. Since the Basin was reprioritized as a medium-priority basin by the DWR, it must achieve sustainability within 20 years from Groundwater Sustainability Plan (GSP) implementation. The GSP is currently scheduled for completion in Fiscal Year 2023.

The Agency is focused on considering the interests of all beneficial uses and users of groundwater as it develops and implements a GSP for the long-term sustainable management of groundwater for the Basin.

SGMA defines sustainable groundwater management as “the management and use of groundwater in a manner that can be maintained during the planning and implementation horizon without causing undesirable results.” Undesirable results are defined as any of the following:

- Chronic lowering of Groundwater levels
- Significant and unreasonable reduction in Groundwater Storage
- Significant and unreasonable degradation of water quality
- Land subsidence due to collapsing of aquifer pore space
- Surface water depletions that have significant and unreasonable impacts on beneficial uses
- Seawater Intrusion

Several of these undesirable results are of concern in the Basin including significant and unreasonable reduction in groundwater storage and seawater intrusion.

## **GSP DEVELOPMENT AND GRANT FUNDED PROJECTS**

In December 2019, the Agency submitted an application for grant funding to the DWR Sustainable Groundwater Management (SGM) Grant Program. In March 2020, the DWR issued a final grant award to the Basin. The Agency was awarded the total requested amount of \$2,171,205, of which the local match is 25%, or \$544,000. The approved grant includes the Agency’s cost to prepare the GSP document and several projects that will inform the GSP preparation process.

The grant agreement was finalized and signed by the Agency and DWR in May 2020. Agency staff have begun pursuing each of the grant projects and will adhere to the requirements of the grant. The grant funded projects and associated costs are listed in Table 1.

**Table 1: MGB GSA Prop 68 SGM Grant Funded Projects and Costs**

| <b>Grant Projects</b>                       | <b>Grant Amount</b> | <b>Local Cost Share (Non-Grant Funded)</b> | <b>Total Cost</b>  | <b>% Local Cost Share</b> |
|---|---------------------|--|--------------------|---------------------------|
| Grant Agreement Administration              | \$0                 | \$110,000                                  | \$110,000          | 100%                      |
| Groundwater Sustainability Plan Development | \$181,128           | \$354,000                                  | \$535,128          | 66%                       |
| Sea Water Intrusion Monitoring              | \$178,704           | \$20,000                                   | \$198,704          | 10%                       |
| Development of a Basin Numerical Model      | \$162,400           | \$5,000                                    | \$167,400          | 3%                        |
| Private Well Metering Pilot Program         | \$213,556           | \$25,000                                   | \$238,556          | 10%                       |
| Surface Water Flow Gage Installation        | \$184,100           | \$15,000                                   | \$199,100          | 8%                        |
| Monitoring Well Construction                | \$707,317           | \$15,000                                   | \$722,317          | 2%                        |
| <b>Total GSP Development Costs</b>          | <b>\$1,627,205</b>  | <b>\$544,000</b>                           | <b>\$2,171,205</b> | <b>25%</b>                |

### **FINANCIAL PLAN AND GSA FEE**

In June 2019 the Agency began developing a financial plan and GSA Fee Study (Study) to determine annual expenses associated with its regulatory activities in implementing SGMA, including the preparation of the GSP. The Study dated May 6, 2020 prepared by Raftelis, an independent financial consultant, sets forth the proposed methodology for charging a regulatory fee, to be known as the Montecito GSA Groundwater Sustainability Fee (Fee), to fund the activities of the Agency.

The Fee complies with the requirements of the California Constitution and other applicable California law, including the SGMA. The data upon which the Fee is based, in the form of the Study, was made available to the public 45 days prior to the public meeting on Fee adoption.

The Fee is based on the total acreage of a parcel overlying the Montecito Groundwater Basin. Individual charges are determined by multiplying the acreage overlying the Basin by the fee per acre. These fees are for fiscal year (FY) 2021 through 2025 and are shown in Table 3. Each FY begins July 1 and ends June 30 of the following calendar year. For example, FY 2021 is July 1, 2020 through

June 30, 2021. All government property and property belonging to public agencies are excluded from the parcel fee.

**Table 2: Fee per Acre per Year (FY 2021 through FY 2025)**

|              | FY 2021  | FY 2022  | FY 2023  | FY 2024  | FY 2025  |
|--------------|----------|----------|----------|----------|----------|
| Fee per acre | \$194.00 | \$194.00 | \$194.00 | \$120.00 | \$120.00 |

In accordance with the requirements of Section 6 of Article XIID of the California Constitution and Government Code 53755, a public hearing was held by the Agency’s Board of Directors on the proposed Fee on June 24, 2020.

On June 24, 2020, the Agency Board of Directors, following public comment and the tallying of legal written protests, adopted Resolution No. 4 adopting a 5-year schedule of the Fee.

The parcel fees are submitted for collection by the County of Santa Barbara with the Agency receiving revenues twice per year in December and April.

**MWD Cost Responsibility**

The total groundwater pumped from the basin in 2017 is estimated at 2,422 AF in total. Private pumpage estimates are based on a 2016 Groundwater Basin Recharge Feasibility Study and the succeeding 2017 DWR groundwater basin Reprioritization Process. The study used land cover data, source water information, and statistical methods to identify total annual groundwater extraction. From the study and reprioritization process an estimate of private pumping was determined at 2,001 AF and MWD production records for the same time period reflects 421 AF.

As the sole municipal water provider with properties directly benefiting from groundwater extraction, MWD will be responsible for its proportional share of Agency costs based on estimated groundwater extractions. Table 3 shows the cost responsibility of MWD. MWD will be responsible for 17.4 percent of all future Agency costs, net of grants. The cost responsibility is rounded to the nearest tenth of a percent.

**Table 3: MWD Cost Responsibility**

|                                | <b>Groundwater<br/>Extraction (AF)</b> | <b>% Share</b> |
|--------------------------------|--|----------------|
| MWD Production                 | 421                                    | 17.4%          |
| Private Pumpage                | 2,001                                  | 82.6%          |
| <b>Total Estimated Pumping</b> | <b>2,422</b>                           | <b>100%</b>    |

The Agency’s discussion with the MWD in determining the cost share is specific to MWD’s cost responsibility. The groundwater pumping estimates used to derive the cost responsibility do not imply a basis for determining MWD’s prescriptive right to Basin water.

**MWD Repayment**

Prior to fiscal year 2021 the Agency’s operating costs were funded by MWD. MWD has tracked expenditures related to all the Montecito Groundwater Basin SGMA activities from 2016 through GSA formation and through fiscal year 2020. The total incurred expenditures over this time period that the Agency will repay equaled \$841,915. This amount was included in the GSA Fee Study and will be reimbursed to MWD equally over a three- year period, FY 2021 through FY 2023.

**Reserve Fund**

In addition to the estimated operating expenses, the Agency has an established cash reserve. Water Code Sections 10730(a) and 10730.2(a)(1) explicitly authorize a prudent cash reserve. Reasonable and achievable reserves are a financial tool to aid in cash flow timing and unforeseen expenditures. Generally, a reserve for operations targets a specific percentage of annual operating costs or days of cash on hand. The reserve target is influenced by several factors including the timing of expenses, and infrequency in revenue disbursements to the Agency throughout the fiscal year. Given the infrequency of revenue and the monthly recurrence of many expenses, the Board has established a cash reserve target of approximately six months of operating expenses, averaged over the first three fiscal years. To smooth the impact of the reserve on Fee, the Board is funding the reserve over three years, FY 2021 through FY 2023. The annual reserve fund target is \$275,000 per year.

### **FY 2022 BUDGET SUMMARY**

The FY 2022 budget anticipates \$2.26M in revenue, \$1.19M in operational and nonoperational expenditures and \$0.59M in capital expenditures. The spending plan reflects the expenses necessary to conduct Agency operations, development of the GSP, and projects meant to inform GSP development.

There is a projected budget surplus of approximately \$206,980, which is primarily attributable to revenues from the Proposition 218 Parcel Fee and MWD Cost Share. These two revenue line items were determined in the 2020 Rate Study. The Study assumed two factors which differ from the FY2022 Budget. First, the Study included a 10% annual contingency off estimated revenue requirements (approx. \$120,000 in FY2022). This amount is not included in the FY2022 budget as a separate line item but is incorporated into the Prop 218 Fee and MWD Cost Share revenue line items. Secondly, the Study assumed that no portion of operating expenses from staffing would be reimbursable by grant funds. For the FY2022 budget approximately \$76,000 of operating expense from staffing is estimated to be refundable from grant funds. The positive variance stemming from both factors can be attributed to the majority of projected budget surplus in FY2022.

Table 4 is a budget summary which provides an overview of the Agency's anticipated revenues and expenditures for FY 2022.

**Table 4: FY2021 Budget Summary**

| <b>GSA 2022 BUDGET SUMMARY</b>                  |                       |                         |  |                       |   |
|---|-----------------------|-------------------------|--|-----------------------|---|
|   | <b>FY 2021 BUDGET</b> | <b>FY 2021 FORECAST</b> | <b>FY2021 Variance<br/>FAVORABLE<br/>(UNFAVORABLE)</b> | <b>FY 2022 BUDGET</b> | <b>Variance<br/>FAVORABLE<br/>(UNFAVORABLE)</b> |
| <b>Prop 218 Fee</b>                             | \$ 1,085,795          | \$ 986,387              | \$ (99,408)  | \$ 1,070,567          | \$ 84,181                                       |
| <b>MWD Cost Share</b>                           | \$ 230,510            | \$ 230,744              | \$ 234   | \$ 235,925            | \$ 5,181  |
| <b>Prop 68 SGM Grant Funding</b>                | \$ 482,389            | \$ 286,330              | \$ (196,059)   | \$ 954,352            | \$ 668,022                                      |
| <b>Other: Interest Revenue</b>                  | \$ -                  | \$ -                    | \$ -   | \$ 3,200              | \$ 3,200  |
| <b>Total Revenues</b>                           | <b>\$ 1,798,694</b>   | <b>\$ 1,503,461</b>     | <b>\$ (295,233)</b>                                    | <b>\$ 2,264,044</b>   | <b>\$ 760,584</b>                               |
| <b>GSA 2022 EXPENSES</b>                        |                       |                         |  |                       |   |
|   | <b>FY 2021 BUDGET</b> | <b>FY 2021 FORECAST</b> | <b>FY2021 Variance</b>                                 | <b>FY 2022 BUDGET</b> | <b>Variance</b>                                 |
| <b>OPERATING EXPENSES</b>                       |                       |                         |  |                       |   |
| <b>Staffing</b>                                 | \$ 331,800            | \$ 199,244              | \$ 132,556   | \$ 284,133            | \$ 84,889                                       |
| <b>Administrative Expenses</b>                  | \$ 122,000            | \$ 87,000               | \$ 35,000  | \$ 88,904             | \$ 1,904  |
| <b>Professional Services</b>                    | \$ 768,108            | \$ 411,182              | \$ 356,927   | \$ 523,784            | \$ 112,603                                      |
| <b>PARCEL FEE ADMIN</b>                         | \$ -                  | \$ -                    | \$ -   | \$ 8,250              | \$ 8,250  |
| <b>LEGAL</b>                                    | \$ 75,000             | \$ 27,935               | \$ 47,066  | \$ 37,500             | \$ 9,566  |
| <b>ENGINEERING: GSP Development / Projects</b>  | \$ 693,108            | \$ 383,247              | \$ 309,861   | \$ 478,034            | \$ 94,787                                       |
| SGM Grant Projects for GSP Development          |                       |                         |  |                       |   |
| 1. Grant Agreement Admin                        | \$ 36,667             | \$ 15,863               | \$ 20,804  | \$ 39,658             | \$ 23,795                                       |
| 2. GSP Development                              | \$ 119,355            | \$ 126,833              | \$ (7,478)   | \$ 130,000            | \$ 3,167  |
| 3. Sea Water Intrusion Monitoring               | \$ 168,704            | \$ 130,523              | \$ 38,181  | \$ 32,130             | \$ (98,393)                                     |
| 4. Basin Numerical Model                        | \$ 131,030            | \$ 67,550               | \$ 63,480  | \$ 49,532             | \$ (18,018)                                     |
| 5. Private Well Metering Pilot                  | \$ 106,778            | \$ 19,933               | \$ 86,845  | \$ 96,714             | \$ 76,781                                       |
| 6. Surface Water Flow Gauge Installation        | \$ 130,575            | \$ 22,545               | \$ 108,030   | \$ 130,000            | \$ 107,455                                      |
| <b>Subtotal Operating Expenses</b>              | <b>\$ 1,221,908</b>   | <b>\$ 697,426</b>       | <b>\$ 524,483</b>                                      | <b>\$ 896,821</b>     | <b>\$ 199,395</b>                               |
| <b>NON OPERATING EXPENSES</b>                   |                       |                         |  |                       |   |
| <b>Other Expenses</b>                           | \$ 14,760             | \$ 5,610                | \$ 9,150   | \$ 9,355              | \$ 3,745  |
| Board Member Compensation                       | \$ 7,260              | \$ 5,610                | \$ 1,650   | \$ 7,480              | \$ 220  |
| Staff/Board Travel                              | \$ 7,500              | \$ -                    | \$ 7,500   | \$ 1,875              | \$ (5,625)                                      |
| <b>Reimbursement of MWD's past GSA Expenses</b> | <b>\$ 280,638</b>     | <b>\$ 280,638</b>       | <b>\$ -</b>  | <b>\$ 280,638</b>     | <b>\$ -</b>                                     |
| <b>Subtotal Non Operating Expenses</b>          | <b>\$ 295,398</b>     | <b>\$ 286,248</b>       | <b>\$ 9,150</b>  | <b>\$ 289,993</b>     | <b>\$ 3,745</b>                                 |
| <b>Net Operating Surplus / (Deficit)</b>        | <b>\$ 281,387</b>     | <b>\$ 519,786</b>       | <b>\$ (828,866)</b>                                    | <b>\$ 1,077,230</b>   | <b>\$ 557,444</b>                               |
| <b>CAPITAL EXPENDITURES</b>                     |                       |                         |  |                       |   |
| SGM Grant Projects for GSP Development          |                       |                         |  |                       |   |
| 7. Monitoring Well Construction                 | \$ 36,116             | \$ 19,398               | \$ 16,718  | \$ 595,250            | \$ 575,852                                      |
| <b>Subtotal Capital Expenditure</b>             | <b>\$ 36,116</b>      | <b>\$ 19,398</b>        | <b>\$ 16,718</b>                                       | <b>\$ 595,250</b>     | <b>\$ 575,852</b>                               |
| <b>Total Expenses</b>                           | <b>\$ 1,553,423</b>   | <b>\$ 1,003,072</b>     | <b>\$ 550,350</b>                                      | <b>\$ 1,782,064</b>   | <b>\$ 778,992</b>                               |
| <b>GSA Reserve Funding</b>                      |                       |                         |  |                       |   |
| <b>Annual Reserve Funding (Year 2 of 3)</b>     | <b>\$ 275,000</b>     | <b>\$ 275,000</b>       | <b>\$ -</b>  | <b>\$ 275,000</b>     | <b>\$ -</b>                                     |
| <b>Budget Net Surplus / (Deficit)</b>           | <b>\$ (29,729)</b>    | <b>\$ 225,388</b>       | <b>\$ (845,584)</b>                                    | <b>\$ 206,980</b>     | <b>\$ (18,408)</b>                              |

**REPORTING BASIS**

The Agency budgets and financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

## REVENUE DISCUSSION

**GSA Revenues** are required to conduct Agency operations, the development of the GSP, and implementation of projects meant to inform the GSP. Tables 5 shows the Agency’s anticipated revenues for FY 2022.

**Table 5: GSA Revenues**

|                                  | FY 2021 BUDGET | FY 2021 FORECAST | FY2021 Variance<br>FAVORABLE<br>(UNFAVORABLE) | FY 2022 BUDGET | Variance<br>FAVORABLE<br>(UNFAVORABLE) |
|----------------------------------|----------------|------------------|---|----------------|--|
| <b>Prop 218 Fee</b>              | \$ 1,085,795   | \$ 986,387       | \$ (99,408)                                   | \$ 1,070,567   | \$ 84,181                              |
| <b>MWD Cost Share</b>            | \$ 230,510     | \$ 230,744       | \$ 234  | \$ 235,925     | \$ 5,181                               |
| <b>Prop 68 SGM Grant Funding</b> | \$ 482,389     | \$ 286,330       | \$ (196,059)                                  | \$ 954,352     | \$ 668,022                             |
| <b>Other: Interest Revenue</b>   | \$ -           | \$ -             | \$ -  | \$ 3,200       | \$ 3,200                               |
| <b>Total Revenues</b>            | \$ 1,798,694   | \$ 1,503,461     | \$ (295,233)                                  | \$ 2,264,044   | \$ 760,584                             |

### **Prop 218 Fee** **\$1,070,567**

Revenues from the Board adopted Prop 218 Parcel Fee are submitted in July 2021 for collection by the County of Santa Barbara with the Agency receiving revenues twice per year in December and April. The revenue from this fee is collected from owners of parcels that overlay the Basin (excluding parcels owned by government and public agencies).

### **MWD Cost Share** **\$235,925**

As the sole municipal water provider with properties directly benefiting from groundwater extraction, MWD is responsible for its proportional share of Agency’s costs based on estimated groundwater extractions. This proportion was determined by the 2020 Rate Study and established to be 17.4% (rounded to the nearest tenth percent) of all future cost, net of grants.

### **Prop 68 SGM Grant Funding** **\$954,352**

The Agency applied for and received a \$1.63 million grant to assist in funding the development of the GSP. By applying the grant as a revenue offset, the grant reduces the Agency’s total revenue requirement through 2023 by \$1.63 million. This funding was made available to GSAs throughout the State from the 2018 voter-approved Proposition 68. This Proposition authorized \$100 million for competitive grants for projects that develop and implement groundwater plans and projects in accordance with groundwater planning requirements established under Division 6, commencing

with \$10000, Water Code §79775. DWR formed the Sustainable Groundwater Management (SGM) Grant Program to provide funding for sustainable groundwater planning and implementation projects through a competitive grant solicitation process, including the development of GSPs.

The Agency is projecting for FY 2022, revenue from Prop 68 SGM Grant repayments to be \$954,352. This revenue amount includes all the grant refundable expenses from Q3 and Q4 of FY 2021, and a portion of grant refundable expenses that will be incurred for FY 2022 (Q1 and Q2). Expenses from Q3 and Q4 of FY2022 are projected to be received as revenue in FY2023.

Grant refundable expenses are submitted in report form to DWR on a quarterly basis and are due approximately 2 months after the end of each quarter. The grant repayments are then disbursed to the Agency approximately 3 months after submission of the quarterly report. This creates an approximate lag of 4-5 months for grant repayment revenues from when the expenses are incurred.

**Other: Interest Revenue** **\$3,200**

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Interest Revenue for the FY2022 is estimated to be 3,200.



**EXPENSE DISCUSSION**

Total Expenses: Operating, Non-Operating, and Capital Expenses for the Agency are displayed in the Table 6 below.

**Table 6: GSA Expenses**

| GSA 2022 EXPENSES                               | FY 2021 BUDGET | FY 2021 FORECAST | FY2021 Variance | FY 2022 BUDGET | Variance    |
|---|----------------|------------------|-----------------|----------------|-------------|
| <b>OPERATING EXPENSES</b>                       |                |                  |                 |                |             |
| <b>Staffing</b>                                 | \$ 331,800     | \$ 199,244       | \$ 132,556      | \$ 284,133     | \$ 84,889   |
| <b>Administrative Expenses</b>                  | \$ 122,000     | \$ 87,000        | \$ 35,000       | \$ 88,904      | \$ 1,904    |
| <b>Professional Services</b>                    | \$ 768,108     | \$ 411,182       | \$ 356,927      | \$ 523,784     | \$ 112,603  |
| <b>PARCEL FEE ADMIN</b>                         | \$ -           | \$ -             | \$ -            | \$ 8,250       | \$ 8,250    |
| <b>LEGAL</b>                                    | \$ 75,000      | \$ 27,935        | \$ 47,066       | \$ 37,500      | \$ 9,566    |
| <b>ENGINEERING: GSP Development / Projects</b>  | \$ 693,108     | \$ 383,247       | \$ 309,861      | \$ 478,034     | \$ 94,787   |
| SGM Grant Projects for GSP Development          |                |                  |                 |                |             |
| 1. Grant Agreement Admin                        | \$ 36,667      | \$ 15,863        | \$ 20,804       | \$ 39,658      | \$ 23,795   |
| 2. GSP Development                              | \$ 119,355     | \$ 126,833       | \$ (7,478)      | \$ 130,000     | \$ 3,167    |
| 3. Sea Water Intrusion Monitoring               | \$ 168,704     | \$ 130,523       | \$ 38,181       | \$ 32,130      | \$ (98,393) |
| 4. Basin Numerical Model                        | \$ 131,030     | \$ 67,550        | \$ 63,480       | \$ 49,532      | \$ (18,018) |
| 5. Private Well Metering Pilot                  | \$ 106,778     | \$ 19,933        | \$ 86,845       | \$ 96,714      | \$ 76,781   |
| 6. Surface Water Flow Gauge Installation        | \$ 130,575     | \$ 22,545        | \$ 108,030      | \$ 130,000     | \$ 107,455  |
| <b>Subtotal Operating Expenses</b>              | \$ 1,221,908   | \$ 697,426       | \$ 524,483      | \$ 896,821     | \$ 199,395  |
| <b>NON OPERATING EXPENSES</b>                   |                |                  |                 |                |             |
| <b>Other Expenses</b>                           | \$ 14,760      | \$ 5,610         | \$ 9,150        | \$ 9,355       | \$ 3,745    |
| Board Member Compensation                       | \$ 7,260       | \$ 5,610         | \$ 1,650        | \$ 7,480       | \$ 220      |
| Staff/Board Travel                              | \$ 7,500       | \$ -             | \$ 7,500        | \$ 1,875       | \$ (5,625)  |
| <b>Reimbursement of MWD's past GSA Expenses</b> | \$ 280,638     | \$ 280,638       | \$ -            | \$ 280,638     | \$ -        |
| <b>Subtotal Non Operating Expenses</b>          | \$ 295,398     | \$ 286,248       | \$ 9,150        | \$ 289,993     | \$ 3,745    |
| <b>Net Operating Surplus / (Deficit)</b>        | \$ 281,387     | \$ 519,786       | \$ (828,866)    | \$ 1,077,230   | \$ 557,444  |
| <b>CAPITAL EXPENDITURES</b>                     |                |                  |                 |                |             |
| SGM Grant Projects for GSP Development          |                |                  |                 |                |             |
| 7. Monitoring Well Construction                 | \$ 36,116      | \$ 19,398        | \$ 16,718       | \$ 595,250     | \$ 575,852  |
| <b>Subtotal Capital Expenditure</b>             | \$ 36,116      | \$ 19,398        | \$ 16,718       | \$ 595,250     | \$ 575,852  |
| <b>Total Expenses</b>                           | \$ 1,553,423   | \$ 1,003,072     | \$ 550,350      | \$ 1,782,064   | \$ 778,992  |

**OPERATING EXPENSES**

**Staffing **\$284,133****

Staffing expenses for FY 2022 include the estimates of salaries and benefits for Agency Staff. The majority of Agency staff are shared employees with the MWD. Table 7 shows estimates of employee time allocation for Agency work.

Table 7 also shows estimates of time that Agency staff will be working on Engineering Projects. Staff time worked on Eng. Projects is accounted for within each Engineering project line item and most of

these hours are grant refundable. Approximately \$76,000 of Agency staff expenses are estimated to be grant refundable.

**Table 7: GSA Time Allocation**

| <b>Employee Type</b>       | <b>% Time Allocation to GSA</b> | <b>% Time Allocation to Eng Projects</b> |
|----------------------------|---------------------------------|--|
| GSA Groundwater Specialist | 100%                            | 50%                                      |
| General Manager            | 20%                             | 0%                                       |
| Engineering Manager        | 20%                             | 3%                                       |
| Business Manager           | 10%                             | 0%                                       |
| Public Information Officer | 30%                             | 0%                                       |
| Administrative Assistant   | 8%                              | 0%                                       |
| GSA Paid Intern            | 100%                            | 50%                                      |

**Administrative Expenses** **\$88,904**

Administrative expenses include overhead related to office space, utilities, equipment, fuel, and liability insurance.

**Professional Services** **\$523,784**

- **Parcel Fee Administration** **\$8,250**

Estimate expenses to be incurred by use of contractors to assist with the administration of the GSA’s parcel Fee.

- **Legal** **\$37,500**

Estimate expenses to be incurred by use of general and special legal counsel.

- **Engineering** **\$478,034**

GSP Development/Projects – Expenses from the development of the GSP and implementation of numerous SGM Grant.

1. **Grant Agreement Administration** **\$39,658**

Preparation and submission of all invoices, quarterly reports, and final reports pertaining to GSP Development and Grant Projects.

2. **GSP Development** **\$130,000**

This includes the development of the GSP document.

3. **Sea Water Intrusion Monitoring** **\$32,130**

The purpose of this project is to provide monitoring of water level and water quality in several existing coastal wells. These wells will be used to assess existing and potential seawater intrusion risk and will be used as monitoring points for minimum thresholds related to groundwater levels and water quality. Expenses for FY2022 will be incurred from sampling, analysis, interpreting, and reporting of water quality data from 5 wells in the Monitoring Network.

**4. Basin Numerical Model \$49,532**

Due to the hydrogeologic complexity of the Basin, lack of recent technical analyses, and lack of data for specific components of the hydrogeologic conceptual model, an Agency consultant is constructing a Basin Numerical Model (BNM). The BNM will provide the flexibility and detail needed to assess impacts related to the estimation and acquisition of data components, specific projects, and climate change over time.

Necessary components of the BNM, such as the hydrogeologic conceptual model and water use within certain sectors of the Basin, will be compiled as part of the larger GSP preparation, thereby minimizing costs associated with the BNM. Projects 3, 5, 6, and 7 of the GSP Grant Funded Projects will also provide data for refinement of the BNM over time.

**5. Private Well Metering Pilot \$96,714**

The MGB is unique to most California basins in that there is a high density of private wells with unknown extractions. In order to develop the GSP and sustainably manage the Basin, it is imperative that groundwater extractions from the private sector be reasonably known. The purpose of this project is to engage a small number of private well owners in the Basin in the SGMA process. To do this the Agency is providing an economic incentive for private well owners to volunteer for the installation of a flow meter on their private well(s) for purposes of monitor groundwater extractions and permitting the MGB GSA's collection of information on private groundwater systems. Expenses for FY2022 will be incurred from the installation and monitoring of an estimated 30 meters on private wells.

**6. Surface Water Flow Gauge Installation \$130,000**

Groundwater recharge from creek flow is a significant component of the Basins water budget for which there is little or no existing data. Regional creek flow is intermittent and extremely variable, which presents additional challenges for estimating recharge. This project provides a direct method of estimating recharge from creeks. Up to four streamflow gages will be placed on three of the major creeks at locations as close as possible to where they enter and exit the Basin. The difference in flow at these gages will be used to estimate the recharge to the Basin aquifer. Expenses for FY2022 will be incurred from the installation, monitoring, and calibration of these flow gauges.

### NON-OPERATING EXPENSES

**Other Expenses** **\$9,355**

Other Expenses include Agency Board member compensation, and Agency Staff/ Board member travel expenses. Board member compensation was calculated assuming 4 full board meetings, and 6 committee meetings per year.

**Reimbursement of MWD's past GSA Expenses** **\$280,638**

This expense is designed to reimburse the MWD for prior GSA related costs. The reimbursement total amount (\$841,915) was calculated from expenses the MWD paid on behalf of the GSA from FY 2016 thru FY 2020. The reimbursement shall be reimbursed to the MWD in equal installments over a three-year period.

### OPERATING NET SURPLUS / DEFICIT

**Operating Net Surplus** **\$1,077,230**

After considering the total budget revenue of \$2.26M, and total budget operating and non-operating expenses of 1.19M (operating and non-operating) an operating net surplus amount of \$1,077,230 is projected for FY 2022, which excludes capital expenditures and reserve funding.

### CAPITAL EXPENDITURES

**Capital Expenditures** **\$595,250**

Capital expenditures for FY2022 included all expenses related to the SGM Grant Project 7. These expenses included the planning, design, construction, and monitoring of groundwater monitoring wells.

**7. Monitoring Well Construction \$595,250**

This project involves the construction of two clustered groundwater monitoring wells at key locations within the Basin to fill existing groundwater data gaps, such as in areas without wells or where existing wells are inadequate or inaccessible. Based on what is known of the Basin hydrogeology, it is anticipated that each well “cluster” will consist of two individual casings completed and screened to different depths. These installations are forecasted to be drilled in Q2 and Q3 of FY 2022.

**ANNUAL RESERVE FUNDING**

**Annual Reserve Funding (Year 2 of 3) \$275,000**

The Agency has established a cash reserve to aid in inconsistent cash flow timing and unforeseen expenditures pursuant to Water Code Sections 10730(a) and 10730.2(a)(1) which explicitly authorize a prudent cash reserve. The reserve target is influenced by several factors including the timing of expenses and infrequency in revenue disbursements to the Agency throughout the fiscal year. Given the infrequency of revenue and the monthly recurrence of many expenses, the Board has established a cash reserve target of approximately six months of operating expenses, averaged over the first three fiscal years. To smooth the impact of the reserve on the new parcel fee, the Board elected to fund the reserve over three years beginning in FY 2021. The annual reserve fund target is \$275,000 per year.

**BUDGET NET SURPLUS/DEFICIT**

For FY 2022 there is a forecasted budget surplus of \$206,980. This budget surplus is primarily attributable to revenues from the Proposition 218 Parcel Fee and MWD Cost Share. These two revenue line items were determined in the 2020 Rate Study. The Study assumed two factors which differ from the FY2022 Budget. First, the Study included a 10% annual contingency off estimated revenue requirements (approx. \$120,000 in FY2022). This amount is not accounted for in the FY2022 budget. Secondly, the Study assumed that no portion of operating expenses from staffing would be reimbursable by grant funds. For the FY2022 budget approximately \$76,000 of operating expense from staffing is estimated to be refundable from grant funds. The positive variance stemming from both factors can be attributed to the majority of projected budget surplus in FY2022.