

# OWENS VALLEY GROUNDWATER AUTHORITY

Big Pine CSD – City of Bishop – County of Inyo – County of Mono – Eastern Sierra CSD – Indian Creek-Westridge CSD

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## Staff Report

Date: May 14, 2020

Subject: Agenda item # 7: Presentation of draft 2020-21 OVGA Budget

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On October 23, 2017, the Board of Directors adopted an initial budget in effect during the preparation of the Groundwater Sustainability Plan (GSP). That three-year Development Budget (GSPDB) outlined expected expenditures necessary for the OVGA to fulfill its SGMA obligations and guided members' decisions regarding funding contributions. It was expected that the GSPDB would be reviewed and adjusted annually. The Joint Powers Agreement (JPA) requires the Executive Manager present a draft annual budget to the OVGA Board of Directors and each of the Members by April 1 each year (Article III, Section 3.1.7). The Board reviewed the draft budget at its March 12 meeting. This agenda item is for the Board to consider for adoption the proposed 2020-2021 final annual budget. The 2020-2021 budget amends the GSPDB ( Article II, Section 4.1).

The draft budget for the period of July 1, 2020 through June 30, 2021 is presented in Table 1. The 2020-21 budget is substantially the same as last year's annual budget with adjusted assumptions regarding revenues and expenditures contained in the GSPDB. The OVGA relies on locally derived funding from member contributions as well as state-derived funding provided by the Proposition 1 grant for GSP preparation. Revenues and expenditures for both are included in Table 1. Expected expenditures for 2020-21 include fiscal and staff services, GSP and independent contractors, the reserve fund contribution, and miscellaneous expenses. In accordance with the OVGA Bylaws (Article VII, Section 1), the projected expenses do not exceed projected revenues.

As mentioned above, the primary funding sources include the member contributions and the Proposition 1 grant (Grant Agreement #4600012668). Member contributions are deposited with the Inyo County Treasurer each year and can be expended at the discretion of the OVGA Board. An Advance Payment of \$316,530 on the Proposition 1 grant was received June 7, 2019 and deposited in a separate fund by Inyo County. The Advance Payment was applied to grant administration (category A), stakeholder engagement (category B) and GSP development (category C). Because of the uncertainty in basin status and delays obtaining approval to finalize the fiscal reports to DWR, member contributions were used to reimburse GSP consultant expenses in 2019 and early 2020. Approval from DWR to transfer the Advance Payment to cover 2019-20 GSP expenses through March 2020 was obtained in April. In the future, expenditures for grant administration, stakeholder engagement, and GSP preparation will be incurred and then reimbursed from DWR. Because of the distinct funding sources, the

remainder of this budget discussion will focus on the two revenue sources and their related expenditures presented in Tables 2 and 3.

In accordance with the Development Budget and the OVGA Bylaws (Article VII, Section 4), member annual contributions provided at the beginning of the fiscal year total \$249,194.98 (Table 2). In 2019-20, \$18,878.32 was reimbursed to funding members whose memberships were terminated; however, a potential revenue reduction in 2020-21 will be avoided by increased contributions from Inyo and Mono Counties that was agreed to in March 2020. Other anticipated revenues include interest and grant reimbursement from DWR for GSP expenses. The anticipated carry over from 2019-20 fiscal year into next year should reflect the unexpended member contributions (approximately \$60,000) and the transfer from the Grant Advance.

A summary table detailing how Member's funds will be expended in 2020-21 is presented in Table 2. Proposed expenditures are similar to last year's budget. Anticipated fiscal expenditures include general liability insurance and a contribution to the reserve fund. The OVGA entered into not-to-exceed contracts for staff services with Inyo County, City of Bishop, and Mono County in 2019 including acting as fiscal agent for the OVGA . The contract limits included in the draft 2020-21 budget are unchanged from the existing contracts (including the amendment to the Executive Manager contract in January) as they are adequate to fulfill staffing requirements. While the staffing model exceeds the assumptions and costs in the original GSPDB, no additional contributions are needed from Member Agencies to fund this staffing model. The primary advantages of the collaborative staffing model have been the ability to rely on geographic and technical expertise beyond that provided by the Water Department and the ability to delegate tasks among a larger staff. Miscellaneous expenses in the budget are the same as last year.

Professional Services in the 2019-2020 Draft Budget that will be paid by member contributions include costs for website development and the audit by Fechter and Company (Table 2). The Board approved a three year contract with the auditing firm last year. Website development was included in the GSPDB, but the OVGA has relied on a page linked to the Inyo County Water Department website. Given the uncertainty in the OVGA status for much of last year, the Water Department webpage was adequate and this task was shelved. The Communications and Engagement Plan, however, will require a more substantial website to comply with SGMA, and website development was again included in the 2020-21 budget.

The term of the Proposition 1 grant and the GSP consultant contract extend into 2022. A summary budget for the three-year period of the GSP development is presented in Table 3. Values in Table 3 represent the three-year totals for each budget category within the Proposition 1 grant agreement. This information was presented last year and is included again for your information.

The Proposition 1 grant will provide \$713,155 towards the GSP development distributed according to the budget categories of the Grant Agreement. The member contributions listed

under revenues represents the portion of the GSP development that the OVGA will have to fund because the grant award for GSP development (\$651,500) is less than the Daniel B. Stephens & Associates contract for that particular task (\$696,550). The difference should appear in the OVGA annual budget in 2022 when the \$651,500 from the grant has been fully invoiced and reimbursed. The amount contributed towards GSP development funded by the OVGA members (\$45,050), however, is essentially offset by the Proposition 1 grant reimbursing for staff time to administer the grant agreement (\$46,655). Grant Administration includes staff time to prepare management plans and schedules, review and prepare invoices, prepare progress and final reports, and prepare Proposition 1 grant information to update the OVGA board. The \$622 balance is the difference between the grant and the Daniel B. Stephens & Associates contract for stakeholder engagement.

Invoices submitted by the consultant to date and broken out by task are shown in Table 4. As of May 14, DBSA has invoiced \$365,133. Staff and the consultant revised the original budget in January 2020 largely to accommodate changes to the number of attended meetings and to recognize the lower priority or over-estimation in the original budget for some tasks. Overall expected expenditures remained the same, but funds were shifted between GSP tasks (category C). The revised consultant budget is presented in blue text in Table 4.

**Table 1. Draft OVGA 2020-2021 Budget.**

<b>Revenues</b>	
Interest from treasury	\$4,000.00
Other Agencies (member contributions)	\$249,194.98
Grant Funding	
(a) Grant Administration	\$13,000.00
(b) Stakeholder Engagement Plan	\$0.00
(c) GSP Development	\$298,284.00
<b>Total Revenue</b>	<b>\$564,478.98</b>
<b>Expenditures</b>	
<b>Fiscal Services</b>	
Insurance	\$2,500
Reserve Fund	\$13,290
<b>Subtotal</b>	<b>\$15,790</b>
<b>Staff Services</b>	
Agency: Inyo, Executive Manager	
(a) Staff services	\$33,970
(b) Grant Administration	\$13,000
Agency: Inyo, Legal	\$18,000
Agency: Inyo, Fiscal Agent/Financial Services	\$4,000
Agency: Mono, Administrative & Legal	\$33,000
Agency: Bishop, Administrative	\$5,500
<b>Subtotal</b>	<b>\$107,470</b>
<b>Professional Services</b>	
Website Development	\$11,700
Outside Audit	\$4,850
DBS&A	\$298,284
<b>Subtotal</b>	<b>\$314,834</b>
<b>Miscellaneous Expenses</b>	
Internal Copy Charges	\$1,500
Advertising	\$2,000
Office, Space & Site Rental	\$1,500
General Operating	\$500
<b>Subtotal</b>	<b>\$5,500</b>
<b>Total Expenditures</b>	<b>\$443,594</b>
<b>Anticipated carry over balance</b>	<b>\$120,884.58</b>

**Table 2. Summary budget detailing how OVGA member contributions will be expended in 2020-2021.**

<b>Revenues</b>	
Interest from treasury	\$4,000.00
Other Agencies (member contributions)	\$249,194.98
<b>Total Revenue</b>	<b>\$253,194.98</b>
<b>Expenditures</b>	
<b>Fiscal Services</b>	
Insurance	\$2,500
Reserve Fund	\$13,290
<b>Subtotal</b>	<b>\$15,790.40</b>
<b>Staff Services</b>	
Agency: Inyo, Executive Manager	\$33,970.00
Agency: Inyo, Legal	\$18,000.00
Agency: Inyo, Fiscal Agent/Financial Services	\$4,000.00
Agency: Mono, Administrative & Legal	\$33,000.00
Agency: Bishop, Administrative	\$5,500.00
<b>Subtotal</b>	<b>\$94,470.00</b>
<b>Professional Services</b>	
Website Development	\$11,700.00
Outside Audit	\$4,850.00
<b>Subtotal</b>	<b>\$16,550.00</b>
<b>Miscellaneous Expenses</b>	
Internal Copy Charges	\$1,500.00
Advertising	\$2,000.00
Office, Space & Site Rental	\$1,500.00
General Operating	\$500.00
<b>Subtotal</b>	<b>\$5,500.00</b>
<b>Total Expenditures</b>	<b>\$132,310.40</b>
<b>Anticipated carry over balance</b>	<b>\$120,884.58</b>

**Table 3: Three year summary budget of Proposition 1 Grant and GSP development 2020-2021.**

<b>Revenues</b>	
Interest from treasury	\$0.00
Proposition 1 Grant	
Grant Administration	\$46,655.00
Stakeholder Engagement	\$15,000.00
GSP Development	\$651,500.00
<b>Subtotal</b>	<b>\$713,155.00</b>
Other Agencies (member contributions)	\$45,050.00
<b>Total Revenue</b>	<b>\$758,205.00</b>
<b>Expenditures</b>	
<b>Staff Services</b>	
Grant Administration, OVGA staff	\$46,655
<b>Subtotal</b>	<b>\$46,655</b>
<b>Professional Services</b>	
Daniel B Stephens & Assoc., Stakeholder Engagement	\$14,378
Daniel B Stephens & Assoc., GSP Development	\$696,550
<b>Subtotal</b>	<b>\$710,928</b>
<b>Total Expenditures</b>	<b>\$757,583.00</b>
<b>Balance</b>	<b>\$622.00</b>

Table 4. DBSA invoices for GSP development and public engagement submitted as of April 2020.

Proposition 1 Grant Agreement #4600012668 Budget			Payable transaction by vendor																	
		Inv. Date through	2/10/2019	3/11/2019	4/7/2019	5/5/2019	6/2/2019	6/30/2019	8/28/2019	9/8/2019	10/28/2019	12/18/2019	1/21/2020	2/12/2020	3/17/2020	4/14/2020				
Task #	Task Description	Budget for task	Revised budget 2/23/2020	DBS&A invoice #0233732	DBS&A invoice #0234000	DBS&A invoice #0234663	DBS&A invoice #0235079	DBS&A invoice #0235695	DBS&A invoice #0236020	DBS&A invoice #0236956	DBS&A invoice #0237187	DBS&A invoice #0238057	DBS&A invoice #0239100	DBS&A invoice #0239619	DBS&A invoice #0239953	DBS&A invoice #0240640	DBS&A invoice #00241173	invoice sum to date	Task Balance remaining	2/23/2020 budget Balance
	Grant Administration, OVGA staff	\$46,655	\$46,655						4013.00			2580.73		2114.08		6588.02		\$15,295.83	\$ 31,359.17	\$ 31,359.17
Tasks listed below performed by contractor																				
1	Initial site visit	\$19,565	\$1,140		108.00	43.79		72.00	76.50	72.00	40.50	144.00	583.00	63.00				\$1,202.79	\$ 18,362.21	\$ (62.79)
2	Public engagement plan	\$14,378	\$14,378						250.00	8627.77				625.00	1000.00		375.00	\$10,877.77	\$ 3,500.23	\$ 3,500.23
3	Data & document compilation & review	\$68,613	\$112,038	21213.36	4845.90	14826.32	3813.94	14844.10	2500.30	2016.25		2651.00	21718.35	22835.81	14025.00	13719.75	51099.50	\$190,109.58	\$ (121,496.58)	\$ (78,071.58)
4	Develop interagency agreements	\$25,920	\$25,920															\$0.00	\$ 25,920.00	\$ 25,920.00
5	GSP area and GSA information	\$25,904	\$25,904									250.00	1000.00	875.00		187.50	1375.00	\$3,687.50	\$ 22,216.50	\$ 22,216.50
6	Basin setting	\$154,353	\$129,353			1500.00	2838.00	8534.50	7048.75	2804.75	804.00	19652.25	6580.80	2562.75	2936.00	921.50	1769.75	\$57,953.05	\$ 96,399.95	\$ 71,399.95
7	Sustainable management criteria	\$26,660	\$26,660						750.00					1250.00		250.00		\$2,250.00	\$ 24,410.00	\$ 24,410.00
8	Progress report public meeting	\$14,613	\$39,613	1157.41				373.59	11163.65					14741.46	10124.30	3202.93	6014.88	\$48,028.22	\$ (33,415.22)	\$ (8,415.22)
9	Develop/refine monitoring program	\$25,322	\$25,322															\$0.00	\$ 25,322.00	\$ 25,322.00
10	Identify and describe projects to be sustainable																	\$0.00	\$ -	\$ -
10a	Cost and rate study	\$22,000	\$22,000															\$0.00	\$ 22,000.00	\$ 22,000.00
10b	Assess & reconcile GW models	\$28,480	\$28,480					4755.00	924.00									\$7,429.00	\$ 21,051.00	\$ 21,051.00
10c	Coordinate w/ Inyo-LA Water Agreement	\$21,032	\$21,032															\$0.00	\$ 21,032.00	\$ 21,032.00
10d	Coordination w/ stakeholders	\$7,280	\$7,280															\$0.00	\$ 7,280.00	\$ 7,280.00
10e	Monitoring network improvement	\$26,365	\$16,365															\$0.00	\$ 26,365.00	\$ 16,365.00
10f	Studies & plans for Owens Lake	\$5,168	\$5,168															\$0.00	\$ 5,168.00	\$ 5,168.00
10g	GW flowpath out of Tri-Valley	\$17,340	\$17,340											750.00	1625.00	1500.00	3751.25	\$7,626.25	\$ 9,713.75	\$ 9,713.75
10h	Examine west Bishop GW	\$25,960	\$15,960													5380.40		\$5,380.40	\$ 20,579.60	\$ 10,579.60
10i	Recommend other studies	\$4,504	\$4,504															\$0.00	\$ 4,504.00	\$ 4,504.00
11	Develop GSP schedule/budget	\$7,520	\$7,520															\$0.00	\$ 7,520.00	\$ 7,520.00
12	Develop annual reporting	\$11,280	\$11,280															\$0.00	\$ 11,280.00	\$ 11,280.00
13	GSP compilation-submittal	\$111,550	\$111,550									1480.00			1497.00			\$2,977.00	\$ 108,573.00	\$ 108,573.00
14	Address DWR comments-resubmit	\$16,578	\$16,578															\$0.00	\$ 16,578.00	\$ 16,578.00
15	Coordination/meetings/calls	\$30,450	\$25,450				183.75	303.50	754.25	194.00		5003.20	4036.00		375.00	7962.15	8799.77	\$27,611.62	\$ 2,838.38	\$ (2,161.62)
		\$710,835	\$710,835	22370.77	4953.90	16370.11	6835.69	28882.69	23467.45	13714.77	844.50	29180.45	48659.61	39085.86	24660.93	30305.78	75800.67	\$365,133.18	\$ 377,060.99	\$ 377,060.99