



Mid-Kaweah GSA

Agenda Item Report

June 19, 2017

Agenda Item 4.b, 4.c: GSA Budget and Funding Considerations

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Staff Recommendation:

In accordance with Sec. 12 of the Mid-Kaweah Joint Powers Agreement, it is recommended that the Board approve an annual operating budget in the amount of \$474,000 for the fiscal year starting July 1, 2017.

Background Discussion:

The beginning of this fiscal year marks the formation deadline for Groundwater Sustainability Agencies (GSAs) across the state, and now focus turns to Groundwater Sustainability Plan (GSP) preparation and coordination efforts. Consultant work with GEI is anticipated to accelerate to accomplish these objectives within the time frame established for critically-overdrafted basins, i.e., January 2020. In addition, the GSA is moving to retain a General Manager soon, and this too will have an impact on the expense budget.

The estimated expenditures for FY 2017-18 total \$474,000. Offsetting this will be cash on hand of about \$209,000 as unexpended funds from FY 2016-17 carrying over into this next year. Given these carryover funds, GSA Member contributions to cover this year's expense budget may be deferred for several months. The Management Committee will continue to work towards a recommended methodology to serve as the basis for a Member call for funds when the need arises.

Further offsetting the expense budget may be a proportionate share of a state grant for GSP development. The Kaweah Sub-Basin may be eligible to receive up to \$1.5 million towards coordination work and GSP development amongst its three GSAs. Depending on the magnitude of any grant award, local cost match, and sharing

arrangements as among the three sub-basin GSAs, this influx of money may reduce significantly the need for a call for Member funds.

Discussions continue with the other two sub-basin GSAs regarding Mid-Kaweah's role in serving as the contracting entity with GEI for coordination studies and in securing and administering any potential grant award on behalf of all three. Should the Board approve these roles, Mid-Kaweah's operating expenses will increase along with an influx of funds from the other GSAs and/or the grant award. If this occurs, a budget amendment will need to be approved at a later date to reflect a commensurate increase in the operating expenses. It is anticipated that GEI may embark on the coordination scope of work by September 2017 and that grant awards by the state will be made by January 2018.

Recommended Motion:

I move to approve the FY 2017-18 operating expenditure budget in the amount of \$474,000.

Attachments:

Financial outlook report

Mid-Kaweah GSA - Financial Outlook

MKGSA Budget:	<u>FY 2017-18</u>	<u>FY 2018-19</u>
General Manager ^(a)	\$ 188,000	\$ 226,000
Administration/Technical ^(b)	\$ -	\$ -
Consultants (for coordination, GSP) ^(c)	\$ 255,000	\$ 449,000
Legal Counsel	\$ 25,000	\$ 25,000
Liability/E&O Insurance	\$ 2,500	\$ 2,500
Financial Statement Audit	\$ 3,400	\$ 3,400
FY 2017-18 Operating Expense Approval:	\$ 473,900	
Less Carryover from Previous FY	\$ (209,000)	\$ (66,000)
Net Total	\$ 264,900	\$ 639,900

(a) Includes benefits; 10 mos only for FY 2017-18

(b) In-kind contributions from Members

(c) Assumes one-third share of coordination costs

Potential Offsets:

County Facilitation Grant	\$ -	\$ -
Reimb. From Other GSAs ^(a)	\$ 76,000	\$ -
Prop 1 Grant ^(b)	\$ 255,000	\$ 245,000
Potential Local Cost Match	\$ -	\$ 110,000
Potential Call for Funds ^(c)	\$ -	\$ 505,000

(a) For prior work by GEI under initial contract

(b) Est. amt. expensed in indicated FY, excludes pass through to/from other GSAs;
assumes one-third share of total grant award of \$1.5M

(c) Call for funds dependent grant reimbursement timing

Est. Cash as of June 30th:	\$ 209,000	
Est. Expenses:		
July	\$ 40,000	
Aug	\$ 40,000	
Sept	<u>\$ 54,000</u>	Assumes mgr. on board
Balance as of Oct. GSA Mtg:	\$ 75,000	