# NOTICE

**REGULAR MEETING OF THE BOARD OF DIRECTORS**
**SANTA YNEZ RIVER WATER CONSERVATION DISTRICT**
will be held on June 19, 2024, at 6:30 pm
at Buellton City Council Chambers, 140 West Highway 246, Buellton, California

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Director Mark Altshuler will be attending the meeting via teleconference from the following location:
Sheraton McKinney Hotel, 1900 Gateway Blvd., McKinney, TX.
Members of the public may join Director Altshuler at that location.

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# AGENDA OF REGULAR MEETING

1. Call to Order and Roll Call
2. Pledge of Allegiance
3. Closed Session (6:30 p.m. – 7:30 p.m.) The Board will hold a closed session to discuss the following items:
    a. Conference with Legal Counsel - Pending Litigation (Gov. Code, § 54956.9, subd. (d)(1)): Wolff vs SYRWCD, Superior Court of California, County of Santa Barbara, Case No. 20CV01552 and Case No. 22CV02062
    b. Conference with Labor Negotiator (President) re Salary/Compensation; Public Employee Performance Evaluation (Gov. Code §§ 54957(b)(1), 54957.6.) Title: General Manager
4. Reconvene into Open Session / Closed Session Report
5. Oral recommendation regarding proposed changes to salary/compensation of General Manager
6. Discuss and possibly approve changes to salary/compensation of General Manager and employment agreement with General Manager
7. Additions, if any, to the Agenda
8. Public Comment (Any member of the public may address the Board relating to any non-agenda matter within the Board's jurisdiction. The total time for all public participation shall not exceed fifteen minutes and the time allotted for each individual shall not exceed five minutes. No action will be taken by the Board at this meeting on any public item.)

    *Staff recommends any potential new agenda items based on issues raised be held for discussion under the Agenda Item "Requests from the Board of Directors for items to be included on the next Agenda".*
9. Consideration of the Minutes of the Special Meeting and Public Hearing of April 24, 2024, and Special Meeting of June 06, 2024
10. Financial Reports
    a. Quarterly Investment Report
    b. Quarterly Comparison Balance Sheet
    c. Balance Sheet & Profit/Loss Statement, FY 2023-24 Period 11, May 2024
    d. Approval of Warrant Lists for February, March, April, and May 2024
11. Consider Adoption of Annual Budget for Fiscal Year 2024-2025
12. Review Rate Study Report by Raftelis and Consider Adoption of Resolution No. 730 Making Findings and Determinations, Establishing Zones, Setting Rates and Levying a Groundwater Charge for Water Year 2024-2025

13. Discuss and Consider Approving and Authorizing Execution of a Joint Exercise of Powers Agreement for the Santa Ynez River Valley Groundwater Basin Eastern Management Area Groundwater Sustainability Agency
14. Consider Resolution 731 Appointing Board Representatives to the EMA JPA Board (primary and alternate)
15. Sustainable Groundwater Management Program Update and possible Board action on the following:
    a. Update and discuss the SGM GSP Implementation Grant and Grant Projects
    b. Discuss and consider SYRWCD's continuation of role as Plan Manager and provision of Administrative Services to CMA GSA and/or WMA GSA
16. Authorize Preparation of Workplace Violence Prevention Plan
17. Attorney Report
18. Reports, acts by Board members, questions of staff, status reports, announcements, observations, and other matters, and/or communications not requiring action.
19. Requests from the Board of Directors for items to be included on the next Agenda.
20. The next Regular Meeting is scheduled for September 18, 2024, at 6:30 pm at the Buellton City Council Chambers, 140 West Highway 246, Buellton, California.

    *In compliance with the California Water Code, regular meetings are scheduled for the third Wednesday in March, June, September, and December at various locations within the District. Special meetings may be held at any location within the District.*
21. Closed Session

    The Board will hold a closed session to discuss the following items:

    a. Conference with Legal Counsel – Pending Litigation (Gov. Code, § 54956.9, subd. (d)(1)) relating to proceedings pending before the State Water Resources Control Board (SWRCB) regarding Permits 11308 and 11310 issued on Applications 11331 and 11332 of the United States Bureau of Reclamation for the Cachuma Project, and complaints filed by the California Sport Fishing Protection Alliance regarding the operation of the Cachuma Project and SWRCB Order WR 89-18; proposed changes to the place and purpose of use of waters obtained through aforementioned permits for the Cachuma Project; Order WR 2019-0148; and Reclamation's Petition for Reconsideration or Rehearing re Order WR 2019-0148.
    b. Conference with Legal Counsel – Pending Litigation (Gov. Code, § 54956.9, subd. (d)(1)): In the matter of Petition for Change of City of Solvang for Water Right Permit No. 15878 (Application A022423), which authorizes diversion of water from the Santa Ynez River (underflow) in Santa Barbara County, pending before the State Water Resources Control Board Office of Administrative Hearings.
    c. Conference with Legal Counsel – Anticipated Litigation (Gov. Code, § 54956.9, subd. (d)(2)): Significant exposure to litigation (Two Matters).
    d. Conference with Legal Counsel – Anticipated Litigation (Gov. Code, § 54956.9, subd. (d)(4)): Possible initiation of litigation (Two Matters).
22. Adjournment

[This agenda was posted on the District website (SYRWCD.com), at 3669 Sagunto Street, Suite 101, Santa Ynez, California and at 3745 Constellation Rd., Lompoc, California. Notice was delivered in accordance with Government Code Sections 54950-54963. In compliance with the Americans with Disabilities Act, if you need special assistance to review agenda materials or participate in this meeting, please contact the District at (805) 693-1156. Notification 24 hours prior to the meeting will enable the District to make reasonable arrangements to ensure accessibility to this meeting.]

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# SPECIAL MEETING MINUTES

## SANTA YNEZ RIVER WATER CONSERVATION DISTRICT
## APRIL 24, 2024

A special meeting of the Board of Directors of the Santa Ynez River Water Conservation District was held on Wednesday, April 24, 2024, at 6:30 p.m. at the Buellton City Council Chambers, 140 West Highway 246, Buellton, California.

Directors Present (in person): Mark Altshuler, Robert Dunlap, Larry Lahr, and Brett Marymee
Directors Present (teleconference): Steve Jordan

Others Present (in-person): Bill Buelow, Paeter Garcia, Alex Pappas, and Tyler Voyd
Others Present (teleconference): Amber Thompson, and Steve Torigiani (Young Wooldridge)

### 1. CALL TO ORDER AND ROLL CALL

President Lahr called the meeting to order at 6:34 pm. Ms. Thompson called roll. All Directors were present providing a quorum.

Director Jordan attended the meeting via teleconference from 46250 East El Dorado, Indian Wells, CA 92210. The teleconference location was properly noticed. No members of the public joined Director Jordan at that location.

### 2. PLEDGE OF ALLEGIANCE

President Lahr led the Pledge of Allegiance.

### 3. PUBLIC COMMENT

There was no public comment.

### 4. CONSIDERATION OF THE MINUTES OF THE REGULAR MEETING HELD MARCH 20, 2024

President Lahr submitted the minutes of the Regular Meeting held March 20, 2024, for Board approval. There was no discussion or public comment.

Director Marymee made a **MOTION** to approve the minutes of the Regular Meeting held March 20, 2024, as presented. Director Dunlap seconded the motion, and the motion passed 5-0-0 by the following roll call vote:

AYES, Directors: Altshuler, Dunlap, Jordan, Lahr, Marymee
NOES, Directors: None
ABSENT, Directors: None
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**5. PUBLIC HEARING ON THE 46TH ANNUAL ENGINEERING AND SURVEY REPORT ON WATER SUPPLY CONDITIONS OF THE SANTA YNEZ RIVER WATER CONSERVATION DISTRICT, A SUMMARY OF FINDINGS FOR THE PREVIOUS WATER YEAR (2022-2023), CURRENT WATER YEAR (2023-2024), AND ENSUING WATER YEAR (2024-2025)**

a. Public Hearing

President Lahr opened the Public Hearing.

Mr. Paeter Garcia, Santa Ynez River Water Conservation District, Improvement District No. 1, noted that Improvement District No. 1 previously submitted a written comment on the Annual Report. Ms. Thompson announced that said comment was received by email on April 23, 2024, and would be made a part of the record. No other public comments were made.

Mr. Buelow provided a review of the Annual Report. Discussion followed. Mr. Curtis Lawler, Stetson Engineers, advised that the Report meets statutory requirements regarding hydrogeologic conditions and future groundwater production.

Ms. Thompson announced that she received the 46th Annual Engineering and Survey Report on Water Supply Conditions of the Santa Ynez River Water Conservation District, A Summary of Findings for the Previous Water Year (2022-2023), Current Water Year (2023-2024), and Ensuing Water Year (2024-2025), dated March 11, 2024 (Report) in writing on March 11, 2024, and that she posted it on the District's website for public access. The public hearing was properly noticed on April 3, 2024 in the Lompoc Record and April 4, 2024 in the Santa Ynez Valley News. Proofs of publication were included in the board packet. The Report has been available for more than the required 30-day review period including the availability to the public on the District's website and at the District office.

President Lahr closed the Public Hearing.

b. Receive Board Comments

Comments were received from various members of the Board of Directors.

c. Consider Approval and Acceptance of Annual Report Including the Findings and Determinations Therein and Any Appropriate Revisions

Director Marymee made a **MOTION** to approve and accept the 46th Annual Engineering and Survey Report on Water Supply Conditions of the Santa Ynez River Water Conservation District, A Summary of Findings for the Previous Water Year (2022-2023), Current Water Year (2023-2024), and Ensuing Water Year (2024-2025) including the Findings and Determinations therein. Director Altshuler seconded the motion, and the motion passed 5-0-0 by the following roll call vote:

AYES, Directors: Altshuler, Dunlap, Jordan, Lahr, Marymee
NOES, Directors: None
ABSENT, Directors: None

## 6. PRELIMINARY DRAFT FISCAL YEAR 2024-2025 ANNUAL BUDGET

Director Marymee requested Mr. Buelow present a full review of his memo accompanying the Preliminary Draft Fiscal Year 2024-2025 Annual Budget. Mr. Buelow presented his staff memo and the Preliminary Draft Fiscal Year 2024-2025 Annual Budget. Discussion followed.

The Board discussed the GSA Loan Shares in the budget. President Lahr asked if the GSA Loan Shares will be paid back with interest. The board requested the GSA Loan Share Agreement, once completed, be brought back for review and consideration.

The Board requested a graph of forecast of the reserves accounts.

## 7. SUSTAINABLE GROUNDWATER MANAGEMENT PROGRAM UPDATE, AND DISCUSS AND POSSIBLY TAKE BOARD ACTION ON THE FOLLOWING:

a. Discuss and Possibly Make Appointments of Board Representatives to:

Directors discussed SYRWCD representation to the three GSA governing bodies. There was no public comment.

i. Central Management Area GSA JPA Board

Director Marymee made a **MOTION** to appoint Director Lahr as Representative to the Central Management Area GSA JPA Board and Director Dunlap as the Alternate. Director Jordan seconded the motion, and the motion passed 5-0-0 by the following roll call vote:

AYES, Directors: Altshuler, Dunlap, Jordan, Lahr, Marymee
NOES, Directors: None
ABSENT, Directors: None

ii. Western Management Area GSA JPA Board

Director Lahr made a **MOTION** to appoint Director Joradan as Representative to the Western Management Area GSA JPA Board and Director Dunlap as the Alternate. Director Marymee seconded the motion, and the motion passed 5-0-0 by the following roll call vote:

AYES, Directors: Altshuler, Dunlap, Jordan, Lahr, Marymee
NOES, Directors: None
ABSENT, Directors: None

iii. Eastern Management Area GSA Committee

No changes were made to representation to the Eastern Management Area GSA Committee.

## 8. ATTORNEY REPORT

There was no attorney report.

## 9. REPORTS, ACTS BY BOARD MEMBERS, QUESTIONS OF STAFF, STATUS REPORTS, ANNOUNCEMENTS, OBSERVATIONS, AND OTHER MATTERS, AND/OR COMMUNICATIONS NOT REQUIRING ACTION

Director Marymee reported that he attended the recent Santa Barbara County CSDA meeting. He recommended that the District participate in future recognition awards.

Director Jordan announced that although he has continued to promote the integration of administration for the three GSAs to reduce overall costs to each GSA, that has not happened, and he anticipates that costs will increase to the farmers as a result.

## 10. REQUESTS FROM THE BOARD OF DIRECTORS FOR ITEMS TO BE INCLUDED ON THE NEXT AGENDA

There were no requests.

## 11. NEXT REGULAR MEETING IS SCHEDULED FOR WEDNESDAY, JUNE 19, 2024, AT BUELLTON CITY COUNCIL CHAMBERS, 140 WEST HIGHWAY 246, BUELLTON, CALIFORNIA

President Lahr announced that the next scheduled regular meeting of the Board meeting will be June 19, 2024, at 6:30 p.m., at the Buellton City Council Chambers, 140 West Highway 246, Buellton, California.

## 12. CLOSED SESSION

The Board took a break from 7:35 to 7:40 p.m. The Board convened into Closed Session from 7:40 p.m. to 8:43 p.m. to discuss the following items:

a. Public Appointment/Employment/Performance Evaluation (Excluding Salary/Compensation) (Gov't Code § 54957(b)(1).) Title: General Manager

b. Public Employment (Gov't Code § 54957(b)(1).) Title: SGM Program Manager; SGM Clerk; Water Resources Analyst/Biologist

c. Conference with Legal Counsel - Pending Litigation (Gov. Code, § 54956.9, subd. (d)(1)): Wolff vs SYRWCD, Superior Court of California, County of Santa Barbara, Case No. 20CV01552 and Case No. 22CV02062

d. Conference with Legal Counsel – Pending Litigation (Gov. Code, § 54956.9, subd. (d)(1)) relating to proceedings pending before the State Water Resources Control Board (SWRCB) regarding Permits 11308 and 11310 issued on Applications 11331 and 11332 of the United States Bureau of Reclamation for the Cachuma Project, and complaints filed by the California Sport Fishing Protection Alliance regarding the operation of the Cachuma Project and SWRCB Order WR 89-18; proposed changes to the place and purpose of use of waters obtained through aforementioned permits for the Cachuma

Project; and Reclamation's Petition for Reconsideration or Rehearing re Order WR 2019-0148; and proceedings related to SWRCB Permit No. 15878 (Application A022423) held by the City of Solvang including the City of Solvang's Petitions for Change and Extension of Time.

e. Conference with Legal Counsel – Anticipated Litigation (Gov. Code, § 54956.9, subd. (d)(2)): Significant exposure to litigation (Two Matters).

f. Conference with Legal Counsel – Anticipated Litigation (Gov. Code, § 54956.9, subd. (d)(4)): Possible initiation of litigation (Two Matters).

## 13. RECONVENE INTO OPEN SESSION / CLOSED SESSION REPORT

President Lahr advised there is nothing to report from Closed Session.

## 14. ADJOURNMENT

There being no further business, President Lahr adjourned the meeting at 8:43 p.m.

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Larry Lahr, President Amber M. Thompson, Secretary

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# SPECIAL MEETING MINUTES

## SANTA YNEZ RIVER WATER CONSERVATION DISTRICT
## JUNE 06, 2024

A special meeting of the Board of Directors of the Santa Ynez River Water Conservation District was held on Thursday, June 06, 2024, at 6:30 p.m. at the Santa Ynez River Water Conservation District, Conference Room, 3669 Sagunto Street, Suite 101, Santa Ynez, California.

Directors Present: Mark Altshuler, Steve Jordan, Larry Lahr, and Brett Marymee
Directors Absent: Robert Dunlap
Others Present (in-person): Bill Buelow, and Amber Thompson
Others Present (teleconference): Brett Stroud (Legal Counsel) and Steve Torigiani (Legal Counsel)

### 1. CALL TO ORDER AND ROLL CALL

President Lahr called the meeting to order at 6:35 pm. Ms. Thompson called roll. Four Directors were present providing a quorum.

### 2. PLEDGE OF ALLEGIANCE

President Lahr led the Pledge of Allegiance.

### 3. PUBLIC COMMENT

There was no public comment.

### 4. NEXT REGULAR MEETING IS SCHEDULED FOR WEDNESDAY, JUNE 19, 2024, AT BUELLTON CITY COUNCIL CHAMBERS, 140 WEST HIGHWAY 246, BUELLTON, CALIFORNIA

Mr. Buelow announced that the next scheduled regular meeting of the Board meeting will be June 19, 2024, at 6:30 p.m., at the Buellton City Council Chambers, 140 West Highway 246, Buellton, California.

### 5. CLOSED SESSION

The Board convened into Closed Session from 6:40 p.m. to 8:08 p.m. to discuss the following items:

a. Conference with Legal Counsel - Pending Litigation (Gov. Code, § 54956.9, subd. (d)(1)): Wolff vs SYRWCD, Superior Court of California, County of Santa Barbara, Case No. 20CV01552 and Case No. 22CV02062.

b. Conference with Legal Counsel – Pending Litigation (Gov. Code, § 54956.9, subd. (d)(1)) relating to proceedings pending before the State Water Resources Control Board (SWRCB) regarding Permits 11308 and 11310 issued on Applications 11331 and 11332 of the United States Bureau of Reclamation for the Cachuma Project, and complaints

filed by the California Sport Fishing Protection Alliance regarding the operation of the Cachuma Project and SWRCB Order WR 89-18; proposed changes to the place and purpose of use of waters obtained through aforementioned permits for the Cachuma Project; Order WR 2019-0148; and Reclamation's Petition for Reconsideration or Rehearing re Order WR 2019-0148.

c. Conference with Legal Counsel – Pending Litigation (Gov. Code, § 54956.9, subd. (d)(1)): In the matter of Petition for Change of City of Solvang for Water Right Permit No. 15878 (Application A022423), which authorizes diversion of water from the Santa Ynez River (underflow) in Santa Barbara County, pending before the State Water Resources Control Board Office of Administrative Hearings.

d. Conference with Legal Counsel – Anticipated Litigation (Gov. Code, § 54956.9, subd. (d)(2)): Significant exposure to litigation (Two Matters).

e. Conference with Legal Counsel – Anticipated Litigation (Gov. Code, § 54956.9, subd. (d)(4)): Possible initiation of litigation (Two Matters).

**6. RECONVENE INTO OPEN SESSION / CLOSED SESSION REPORT**

President Lahr advised there is nothing to report from Closed Session.

**7. ADJOURNMENT**

There being no further business, President Lahr adjourned the meeting at 8:08 p.m.

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Larry Lahr, President Amber M. Thompson, Secretary

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QUARTERLY INVESTMENT REPORT

(REF. CGC 53646 (B) (1) AND 53646 (E))

SANTA YNEZ RIVER WATER CONSERVATION DISTRICT

**3RD QUARTER, FY 2023-24**

**JANUARY, FEBRUARY, MARCH 2024**

Certification is hereby provided that:

A. All investment actions executed during the last quarter have been made in full compliance with the Investment Policy; and,

B. Sufficient funds exist so that the District will meet its expenditure obligations for the next six months as required by CGC 53646 (b) (2) and (3), respectively.

CERTIFICATION:

William Buelow

William J. Buelow, General Manager / Treasurer

4/29/24

Date

# Santa Ynez River Water Conservation District

## BALANCE SHEET - QUARTERLY COMPARISON

| | December 31, 2023 | | March 31, 2024 | |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **ASSETS** | | | | |
| Mechanics Checking #7071-01 | 601.30 | | 601.30 | |
| Five Star Checking #5935 | 5,993.70 | | 13,799.23 | |
| Mechanics Money Market #7311 | 3,287.40 | | 3,287.71 | |
| Five Star Money Market #5986 | 219,611.23 | | 312,191.20 | |
| LAIF | 896,234.50 | | 918,512.70 | |
| California CLASS | 1,030,048.98 | | 1,044,077.57 | |
| LAIF/SBIF FMV Adjustment | - | | - | |
| Interest Receivable | 12,570.00 | | - | |
| Prepaid Expenses | 395.00 | | 395.00 | |
| Accounts Receivable | 282,054.65 | | 282,054.65 | |
| Other Current Assests: | | | | |
| Accounts Receivable - CMA GSA Loan | - | | 25,000.00 | |
| Accounts Receivable - WMA GSA Loan | - | | 25,000.00 | |
| TOTAL ASSETS | | 2,450,796.76 | | 2,624,919.36 |
| **TOTAL ASSETS** | | **$ 2,450,796.76** | | **$ 2,624,919.36** |
| **LIABILITIES AND EQUITY** | | | | |
| **LIABILITIES** | | | | |
| Accounts Payable | 62,288.56 | | 43,288.52 | |
| Accrued Payroll Taxes | 3,198.89 | | 3,846.67 | |
| Deferred Comp - Lincoln National | 1,735.00 | | 1,735.00 | |
| TOTAL LIABILITIES | | 67,222.45 | | 48,870.19 |
| **RESERVES (aka EQUITY)** | | | | |
| Unappropriated Reserves | 2,376,336.95 | | 2,376,336.95 | |
| RETAINED EARNINGS - CURRENT YEAR | 13,835.41 | | 13,835.41 | |
| Net Income | (6,598.05) | | 185,876.81 | |
| TOTAL RESERVES (EQUITY) | | 2,383,574.31 | | 2,576,049.17 |
| **TOTAL LIABILITIES AND EQUITY** | | **2,450,796.76** | | **2,624,919.36** |

# Santa Ynez River Water Conservation District
## Balance Sheet
### As of May 31, 2024

| | May 31, 24 |
|---|---|
| **ASSETS** | |
| **Current Assets** | |
| **Checking/Savings** | |
| **1325-00 · Mechanics Checking #7071-01** | 601.30 |
| **1330-00 · Five Star Checking #5935** | 46,705.31 |
| **1340-05 · Mechanics #7311 (GW Revenue)** | 3,287.83 |
| **1345-00 · Five Star MM #5986** | 268,359.29 |
| **1345-11 · Five Star #5994 (FBO GSAs)** | 336,607.03 |
| **1350-01 · LAIF** | 918,512.70 |
| **1350-03 · California Class** | 1,053,492.79 |
| **1374-00 · Prepaid Expenses** | 395.00 |
| **Total Checking/Savings** | 2,627,961.25 |
| **Accounts Receivable** | |
| **1500-00 · Accounts Receivable** | 282,054.65 |
| **Total Accounts Receivable** | 282,054.65 |
| **Other Current Assets** | |
| **1501-00 · Accounts Receivable - CMA Loan** | 25,000.00 |
| **1502-00 · Accounts Receivable - EMA Loan** | 12,438.75 |
| **1503-00 · Accounts Receivable - WMA Loan** | 25,000.00 |
| **Total Other Current Assets** | 62,438.75 |
| **Total Current Assets** | 2,972,454.65 |
| **TOTAL ASSETS** | **2,972,454.65** |
| **LIABILITIES & EQUITY** | |
| **Liabilities** | |
| **Current Liabilities** | |
| **Accounts Payable** | |
| **2220-00 · Accounts Payable** | 47,706.15 |
| **Total Accounts Payable** | 47,706.15 |
| **Other Current Liabilities** | |
| **2225-00 · Accrued Payroll Taxes** | 3,856.98 |
| **2225-06 · Deferred Comp - Lincoln Nat'l** | 1,735.00 |
| **2250-02 · SGMA Funds Due to other Govts** | 204,665.42 |
| **Total Other Current Liabilities** | 210,257.40 |
| **Total Current Liabilities** | 257,963.55 |
| **Total Liabilities** | 257,963.55 |
| **Equity** | |
| **3200-00 · Unappropriated Reserves** | 2,376,336.95 |
| **32000 · Retained Earnings** | 13,835.41 |
| **Net Income** | 324,318.74 |
| **Total Equity** | 2,714,491.10 |
| **TOTAL LIABILITIES & EQUITY** | **2,972,454.65** |

# Santa Ynez River Water Conservation District
## Profit & Loss Budget vs. Actual
### July 2023 through May 2024

| | Period 11 | | TOTAL (FY 23-24, 11 periods) | | | |
|---|---|---|---|---|---|---|
| | May 24 | Budget | Jul '23 - May 24 | Budget | $ Over Budget | % of Budget |
| **Income** | | | | | | |
| 4500-00 · DWR Grant Reimbursement | 131,941.61 | 0.00 | 131,941.61 | 0.00 | 131,941.61 | 100.0% |
| 4910-00 · Ground Water Charges | 869.70 | 2,000.00 | 672,800.62 | 741,000.00 | -68,199.38 | 90.8% |
| 4920-00 · Unrealized Gains/Losses | 0.00 | | 24,289.00 | | | |
| 4930-00 · SB County Property Taxes | 460.45 | 2,000.00 | 385,361.97 | 340,000.00 | 45,361.97 | 113.34% |
| 4934-00 · Interest Income, all sources | 6,037.08 | 2,000.00 | 84,929.59 | 49,000.00 | 35,929.59 | 173.33% |
| 4937-00 · Miscellaneous Income | 0.00 | | 403.50 | | | |
| **Total Income** | 139,308.84 | 6,000.00 | 1,299,726.29 | 1,130,000.00 | 169,726.29 | 115.02% |
| **Gross Profit** | 139,308.84 | 6,000.00 | 1,299,726.29 | 1,130,000.00 | 169,726.29 | 115.02% |
| **Expense** | | | | | | |
| 5500-00 · Employee Compensation | 32,980.38 | 41,916.66 | 401,740.05 | 461,083.34 | -59,343.29 | 87.13% |
| 5505-00 · Payroll (SS and Medicare) | 2,557.47 | 2,820.00 | 29,515.87 | 29,180.00 | 335.87 | 101.15% |
| 5506-00 · Employee Benefits | 536.48 | 816.66 | 7,926.14 | 8,983.34 | -1,057.20 | 88.23% |
| 5507-00 · Retirement Costs | 1,943.72 | 3,000.00 | 26,496.16 | 33,000.00 | -6,503.84 | 80.29% |
| 5512-00 · Outside Staff Support | 380.00 | 666.66 | 4,330.00 | 7,333.34 | -3,003.34 | 59.05% |
| 5513-00 · Director Fees | 0.00 | 0.00 | 2,325.00 | 2,250.00 | 75.00 | 103.33% |
| 5513-50 · Director Fees SGMA | 450.00 | 300.00 | 2,850.00 | 2,700.00 | 150.00 | 105.56% |
| 5514-00 · Ground Water Charges Admin | 132.37 | 6,300.00 | 8,392.69 | 69,300.00 | -60,907.31 | 12.11% |
| 5521-00 · Office Supplies - Incl Computer | 739.09 | 500.00 | 10,844.20 | 29,350.00 | -18,505.80 | 36.95% |
| 5522-00 · IT Services | 0.00 | 170.00 | 3,499.05 | 1,870.00 | 1,629.05 | 187.12% |
| 5523-00 · Communications | 216.38 | 560.00 | 4,372.02 | 7,720.00 | -3,347.98 | 56.63% |
| 5524-00 · Travel & Training | 3,067.35 | 1,800.00 | 11,303.60 | 7,825.00 | 3,478.60 | 144.46% |
| 5527-00 · Audit/Accounting | 0.00 | 0.00 | 17,381.77 | 20,000.00 | -2,618.23 | 86.91% |
| 5529-00 · Insurance, Bonds, Worker's Comp | 0.00 | 0.00 | 19,772.39 | 21,000.00 | -1,227.61 | 94.15% |
| 5530-00 · Miscellaneous Expense | 0.00 | 333.33 | 856.88 | 3,666.67 | -2,809.79 | 23.37% |
| 5531-00 · Dues | 0.00 | 0.00 | 3,766.00 | 5,000.00 | -1,234.00 | 75.32% |
| 5540-00 · LAFCO Cost | 0.00 | 0.00 | 842.00 | 2,000.00 | -1,158.00 | 42.1% |
| 5560-00 · Office Occupancy | 1,890.83 | 2,000.00 | 21,756.81 | 23,100.00 | -1,343.19 | 94.19% |
| 5570-00 · Records Services | 163.64 | 165.00 | 1,777.56 | 1,815.00 | -37.44 | 97.94% |
| 5590-00 · Credit Card Processing Fees | 1.00 | 5.00 | 761.99 | 395.00 | 366.99 | 192.91% |
| 5600-00 · SGMA General | 0.00 | | 73,716.61 | | | |
| 5600-20 · SGMA WMA | 77.97 | 2,666.67 | 1,032.15 | 29,333.33 | -28,301.18 | 3.52% |
| 5600-30 · SGMA CMA | 35.08 | 1,666.67 | 2,257.28 | 18,333.33 | -16,076.05 | 12.31% |
| 5600-40 · SGMA EMA | 50.58 | 1,750.00 | 2,245.35 | 19,250.00 | -17,004.65 | 11.66% |
| 5600-90 · SGMA Legal | 11,667.50 | 1,000.00 | 93,609.16 | 39,000.00 | 54,609.16 | 240.02% |
| 5626-00 · Legal - General Counsel | 1,180.55 | 1,250.00 | 17,570.18 | 13,750.00 | 3,820.18 | 127.78% |
| 5626-02 · WR89-18 (WRR) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.0% |
| 5626-08 · Legal - Upper SYR Ops | 0.00 | 1,000.00 | 0.00 | 1,500.00 | -1,500.00 | 0.0% |
| 5626-12 · Legal - WR 2019-0148 Decision | 418.89 | 2,083.33 | 18,179.89 | 22,916.67 | -4,736.78 | 79.33% |
| 5626-14 · Legal - Fisheries | 211.25 | 2,500.00 | 2,047.50 | 27,500.00 | -25,452.50 | 7.45% |
| 5626-20 · Legal - HR | 1,300.00 | 208.33 | 6,988.75 | 2,291.67 | 4,697.08 | 304.96% |
| 5626-50 · Legal - GW Program | 0.00 | 416.66 | 0.00 | 4,583.34 | -4,583.34 | 0.0% |
| 5626-60 · Legal - Assessments/Charges | 2,665.00 | 4,000.00 | 7,403.50 | 11,800.00 | -4,396.50 | 62.74% |
| 5633-00 · Engineer - General & Misc | 230.31 | 750.00 | 6,631.78 | 8,250.00 | -1,618.22 | 80.39% |
| 5633-01 · Annual G.W. Report | 1,313.50 | 0.00 | 9,974.31 | 22,000.00 | -12,025.69 | 45.34% |
| 5633-02 · WR 89-18 Operations (WRR) | 1,241.50 | 3,000.00 | 28,843.58 | 63,000.00 | -34,156.42 | 45.78% |
| 5633-08 · Upper SYR Operations | 0.00 | 416.66 | 1,671.25 | 4,583.34 | -2,912.09 | 36.46% |

# Santa Ynez River Water Conservation District
## Profit & Loss Budget vs. Actual
### July 2023 through May 2024

| | Period 11 | | TOTAL (FY 23-24, 11 periods) | | | |
|---|---|---|---|---|---|---|
| | May 24 | Budget | Jul '23 - May 24 | Budget | $ Over Budget | % of Budget |
| 5633-12 · WR 2019-0148 Decision, | 191.00 | 1,666.66 | 283.00 | 18,333.34 | -18,050.34 | 1.54% |
| 5633-14 · Fisheries Hydrology | 0.00 | 2,500.00 | 5,680.75 | 27,500.00 | -21,819.25 | 20.66% |
| 5633-16 · Special Studies | 7,111.25 | 2,000.00 | 23,560.00 | 19,200.00 | 4,360.00 | 122.71% |
| 5700-00 · Contengencies All Zones General | 2,823.75 | 4,166.66 | 93,202.33 | 45,833.34 | 47,368.99 | 203.35% |
| Total Expense | 75,576.84 | 94,394.95 | 975,407.55 | 1,136,530.05 | -161,122.50 | 85.82% |
| **Net Income** | **63,732.00** | **-88,394.95** | **324,318.74** | **-6,530.05** | **330,848.79** | **-4,966.56%** |

**SANTA YNEZ RIVER WATER CONSERVATION DISTRICT**

**FEBRUARY 2024 WARRANT LIST FOR BOARD APPROVAL**

**(Account held at Five Star Bank)**

| NUMBER | DATE | PAYEE | DESCRIPTION | | AMOUNT |
|---|---|---|---|---|---|
| ACH | 2/2/2024 | Payroll | January 16-30, 2024 Salary | $ | 10,839.52 |
| ACH | 2/2/2024 | Mark Altshuler | Meetings: 1/25/24 SYRWCD | $ | 69.26 |
| ACH | 2/2/2024 | Steve Jordan | Meetings: 1/25/24 SYRWCD | $ | 69.26 |
| ACH | 2/2/2024 | Larry Lahr | Meetings: 1/25/24 SYRWCD | $ | 69.26 |
| ACH | 2/2/2024 | Brett Marymee | Meetings: 1/25/24 SYRWCD | $ | 69.26 |
| ACH | 2/5/2024 | Five Star Bank (Payroll Acct) | Payroll Tax Deposit (January 16-31, 2024) | $ | 4,368.50 |
| ACH | 2/5/2024 | Employment Development Dept. | EDD Tax Deposit (January 16-31, 2024) | $ | 622.96 |
| ACH | 2/5/2024 | Lincoln Financial Group | 401a Plan Employer Match (partial 01/15/24) | $ | 525.32 |
| ACH | 2/5/2024 | Lincoln Financial Group | 457 Plan Employee Deferred Comp. (01/15/24) & Employer Match (partial 01/15/24) | $ | 2,133.69 |
| ACH | 2/5/2024 | Lincoln Financial Group | 401a Plan Employer Match (partial 1/31/24) | $ | 525.32 |
| ACH | 2/5/2024 | Lincoln Financial Group | 457 Plan Employee Deferred Comp. (1/31/24) & Employer Match (partial 1/31/24) | $ | 2,133.69 |
| 1242 | 2/13/2024 | Barlett, Pringle & Wolf, LLP | FY 2022-23 Audit | $ | 9,196.00 |
| 1243 | 2/13/2024 | Pacific Gas & Electric | January 2024 Electric Service | $ | 190.37 |
| 1244 | 2/13/2024 | Stetson Engineers | December 2023 Engineering Service | $ | 9,516.23 |
| 1245 | 2/13/2024 | US Bank Corp | January 2024 CalCard (included $1,150 CR for cancelled ACWA Conference) | $ | 21.28 |
| 1246 | 2/13/2024 | Valley Bookkeeping Services | January 2024 Bookkeeping | $ | 380.00 |
| 1247 | 2/13/2024 | Brett Marymee | Expense Reimbursement: SBCo CSDA meeting, dinner & mileage | $ | 50.05 |
| 1248 | 2/13/2024 | Jim Heyerly | February 2024 Rent | $ | 1,600.00 |
| 1249 | 2/13/2024 | Onsite Computers & Design | IT support | $ | 750.00 |
| 1250 | 2/13/2024 | VOID | printing error | $ | - |
| 1251 | 2/13/2024 | Young Wooldridge | January 2024 Legal Service | $ | 20,040.72 |
| 1252 | 2/13/2024 | Shirley Scales | Groundwater Program support | $ | 712.50 |
| ACH | 2/15/2024 | SDRMA | March 2024 Insurance - Employee Benefits | $ | 764.82 |
| ACH | 2/16/2024 | Payroll | February 1-15, 2024 Salary | $ | 10,497.75 |
| ACH | 2/16/2024 | Five Star Bank (Payroll Acct) | Payroll Tax Deposit (February 1-15, 2024) | $ | 4,199.72 |
| ACH | 2/16/2024 | Employment Development Dept. | EDD Tax Deposit (February 1-15, 2024) | $ | 603.16 |
| ACH | 2/16/2024 | Lincoln Financial Group | 401a Plan Employer Match (partial 2/15/24) | $ | 525.32 |
| ACH | 2/16/2024 | Lincoln Financial Group | 457 Plan Employee Deferred Comp. (2/15/24) & Employer Match (partial 2/15/24) | $ | 2,133.69 |
| | | | **TOTAL** | **$** | **82,607.65** |

**SANTA YNEZ RIVER WATER CONSERVATION DISTRICT**

**MARCH 2024 WARRANT LIST FOR BOARD APPROVAL**

**(Account held at Five Star Bank)**

| NUMBER | DATE | PAYEE | DESCRIPTION | | AMOUNT |
|---|---|---|---|---|---|
| ACH | 3/1/2024 | Payroll | February 16-29, 2024 Salary | $ | 10,440.78 |
| ACH | 3/1/2024 | Robert Dunlap | Meetings: 1/25/24 SYRWCD | $ | 69.26 |
| ACH | 3/1/2024 | Steve Jordan | Meetings: 2/22 EMA; 2/28 WMA | $ | 138.52 |
| ACH | 3/1/2024 | Larry Lahr | Meetings: 2/26 CMA | $ | 69.26 |
| ACH | 3/1/2024 | Brett Marymee | Meetings: 2/22 EMA | $ | 69.26 |
| ACH | 3/5/2024 | Five Star Bank (Payroll Acct) | Payroll Tax Deposit (February 16-29, 2024) | $ | 4,236.66 |
| ACH | 3/5/2024 | Employment Development Dept. | EDD Tax Deposit (February 16-29, 2024) | $ | 599.86 |
| ACH | 3/8/2024 | Lincoln Financial Group | 401a Plan Employer Match (partial 2/29/24) | $ | 525.32 |
| ACH | 3/8/2024 | Lincoln Financial Group | 457 Plan Employee Deferred Comp. (2/29/24) & Employer Match (partial 2/29/24) | $ | 2,133.69 |
| 1253 | 3/11/2024 | Access | Archived Records - Storage Retrieval | $ | 102.47 |
| 1254 | 3/11/2024 | Alex Pappas | December 2023, January & February 2024 Mileage Reimbursement - Surface Water Monitoring | $ | 111.35 |
| 1255 | 3/11/2024 | Amber Thompson | December 2023, January & February 2024 Mileage Reimbursement | $ | 269.21 |
| 1256 | 3/11/2024 | Santa Barbara County Water Agency | IRWM Participation Cost (7/1/23-12/31/23) | $ | 91.74 |
| 1257 | 3/11/2024 | Inklings Printing Co. | Business Cards - William Buelow | $ | 46.93 |
| 1258 | 3/11/2024 | Jim Heyerly | March 2024 Rent | $ | 1,600.00 |
| 1259 | 3/11/2024 | Onsite Computers & Design | IT support | $ | 406.25 |
| 1260 | 3/11/2024 | Pacific Gas & Electric | February 2024 Electric Service | $ | 206.79 |
| 1261 | 3/11/2024 | VOID | VOID - printing error | $ | - |
| 1262 | 3/11/2024 | Stetson Engineers | January 2024 Engineering Service | $ | 8,894.64 |
| 1263 | 3/11/2024 | US Bank Corp | February 2024 CalCard | $ | 1,846.01 |
| 1264 | 3/11/2024 | Valley Bookkeeping Services | February 2024 Bookkeeping | $ | 380.00 |
| 1265 | 3/11/2024 | Young Wooldridge | February 2024 Legal Service | $ | 29,474.91 |
| ACH | 3/11/2024 | SDRMA | April 2024 Insurance - Employee Benefits (includes CR for cancelled employee benefits Feb. & March) | $ | 79.80 |
| ACH | 3/19/2024 | Payroll | March 1-15, 2024 Salary | $ | 10,630.66 |
| ACH | 3/19/2024 | Employment Development Dept. | EDD Tax Deposit (March 1-15, 2024) | $ | 610.86 |
| ACH | 3/19/2024 | Five Star Bank (Payroll Acct) | Payroll Tax Deposit (March 1-15, 2024) | $ | 4,247.50 |
| ACH | 3/19/2024 | Lincoln Financial Group | 401a Plan Employer Match (partial 3/15/24) | $ | 525.32 |
| ACH | 3/19/2024 | Lincoln Financial Group | 457 Plan Employee Deferred Comp. (3/15/24) & Employer Match (partial 3/15/24) | $ | 2,133.69 |
| ACH | 3/27/2024 | CMA GSA | Loan to CMA GSA | $ | 25,000.00 |
| ACH | 3/27/2024 | WMA GSA | Loan to WMA GSA | $ | 25,000.00 |
| | | | | **TOTAL** | **$ 129,940.74** |

**SANTA YNEZ RIVER WATER CONSERVATION DISTRICT**

**APRIL 2024 WARRANT LIST FOR BOARD APPROVAL**

**(Account held at Five Star Bank)**

| NUMBER | DATE | PAYEE | DESCRIPTION | | AMOUNT |
|---|---|---|---|---|---|
| ACH | 4/2/2024 | Payroll | March 16-31, 2024 Salary | $ | 10,805.68 |
| ACH | 4/2/2024 | Robert Dunlap | Meetings: 3/20//24 SYRWCD | $ | 69.26 |
| ACH | 4/2/2024 | Steve Jordan | Meetings: 3/28 EMA; 3/20 SYRWCD | $ | 138.52 |
| ACH | 4/2/2024 | Larry Lahr | Meetings: 3/25 CMA; 3/20 SYRWCD | $ | 138.52 |
| ACH | 4/2/2024 | Brett Marymee | Meetings: 3/28 EMA; 3/20 SYRWCD | $ | 138.52 |
| ACH | 4/2/2024 | Lincoln Financial Group | 401a Plan Employer Match (partial 3/31/24) | $ | 560.12 |
| ACH | 4/2/2024 | Lincoln Financial Group | 457 Plan Employee Deferred Comp. (3/31/24) & Employer Match (partial 3/31/24) | $ | 2,133.69 |
| ACH | 4/3/2024 | Employment Development Dept. | EDD Tax Deposit (March 16-31, 2024) | $ | 655.12 |
| ACH | 4/3/2024 | Five Star Bank (Payroll Acct) | Payroll Tax Deposit (March 16-31, 2024) | $ | 4,482.30 |
| 1266 | 4/8/2024 | Inklings Printing Co. | Groundwater Production Statements, forms, envelopes | $ | 1,346.37 |
| 1267 | 4/8/2024 | Jim Heyerly | April 2024 Rent | $ | 1,600.00 |
| 1268 | 4/8/2024 | Onsite Computers & Design | IT support and Office 365 annual subscriptions | $ | 4,379.00 |
| 1269 | 4/8/2024 | Pacific Gas & Electric | March 2024 Electric Service | $ | 188.33 |
| 1270 | 4/8/2024 | US Bank Corp | March 2024 CalCard | $ | 2,286.94 |
| 1271 | 4/8/2024 | Valley Bookkeeping Services | March 2024 Bookkeeping | $ | 380.00 |
| 1272 | 4/8/2024 | Young Wooldridge | March 2024 Legal Service | $ | 22,399.48 |
| 1273 | 4/8/2024 | VOID | Printing error | $ | - |
| ACH | 4/15/2024 | SDRMA | May 2024 Insurance - Employee Benefits | $ | 536.48 |
| ACH | 4/17/2024 | Payroll | April 1-15, 2024 Salary | $ | 10,858.93 |
| ACH | 4/17/2024 | Employment Development Dept. | EDD Tax Deposit (April 1-15, 2024) | $ | 666.73 |
| ACH | 4/17/2024 | Five Star Bank (Payroll Acct) | Payroll Tax Deposit (April 1-15, 2024) | $ | 4,443.94 |
| ACH | 4/18/2024 | Lincoln Financial Group | 401a Plan Employer Match (partial 4/15/24) | $ | 568.82 |
| ACH | 4/18/2024 | Lincoln Financial Group | 457 Plan Employee Deferred Comp. (4/15/24) & Employer Match (partial 4/15/24) | $ | 2,133.69 |
| | | | **TOTAL** | **$** | **70,910.44** |

**SANTA YNEZ RIVER WATER CONSERVATION DISTRICT**

**MAY 2024 WARRANT LIST FOR BOARD APPROVAL**

**(Account held at Five Star Bank)**

| NUMBER | DATE | PAYEE | DESCRIPTION | | AMOUNT |
|---|---|---|---|---|---|
| ACH | 5/1/2024 | Payroll | April 16-30, 2024 Salary | $ | 10,934.88 |
| ACH | 5/1/2024 | Mark Altshuler | Meetings: 4/24 SYRWCD | $ | 69.26 |
| ACH | 5/1/2024 | Robert Dunlap | Meetings: 4/24 SYRWCD | $ | 69.26 |
| ACH | 5/1/2024 | Steve Jordan | Meetings: 4/24 WMA; 4/24 SYRWCD | $ | 138.52 |
| ACH | 5/1/2024 | Larry Lahr | Meetings: 4/24 SYRWCD | $ | 69.26 |
| ACH | 5/1/2024 | Brett Marymee | Meetings: 4/24 SYRWCD | $ | 69.26 |
| ACH | 5/2/2024 | Employment Development Dept. | EDD Tax Deposit (April 16-30, 2024) | $ | 671.13 |
| ACH | 5/2/2024 | Five Star Bank (Payroll Acct) | Payroll Tax Deposit (April 16-30, 2024) | $ | 4,540.12 |
| 1274 | 5/14/2024 | VOID | Printing error | $ | - |
| 1275 | 5/14/2024 | Jim Heyerly | May 2024 Rent | $ | 1,600.00 |
| 1276 | 5/14/2024 | Onsite Computers & Design | IT support | $ | 250.00 |
| 1277 | 5/14/2024 | Pacific Gas & Electric | April 2024 Electric Service | $ | 145.32 |
| 1278 | 5/14/2024 | Raftelis | Labor Rate Study | $ | 4,586.25 |
| 1279 | 5/14/2024 | Stetson Engineers | February & March 2024 Engineering Service | $ | 20,601.84 |
| 1280 | 5/14/2024 | US Bank Corp | April 2024 CalCard | $ | 1,546.09 |
| 1281 | 5/14/2024 | Valley Bookkeeping Services | April 2024 Bookkeeping | $ | 380.00 |
| 1282 | 5/14/2024 | Young Wooldridge | April 2024 Legal Service | $ | 20,439.35 |
| 1283 | 5/14/2024 | Santa Barbara County Water Agency | **Loan to EMA GSA**. Per EMA GSA Interim Cost Sharing Agreement, reimbursement paid to SBCo Water Agency for SYRWCD's share of EMA GSA 3rd Annual Report. | $ | 12,438.75 |
| ACH | 5/15/2024 | SDRMA | June 2024 Insurance - Employee Benefits | $ | 536.48 |
| ACH | 5/15/2024 | Lincoln Financial Group | 401a Plan Employer Match (partial 4/30/24) | $ | 568.82 |
| ACH | 5/15/2024 | Lincoln Financial Group | 457 Plan Employee Deferred Comp. (4/30/24) & Employer Match (partial 4/30/24) | $ | 2,133.69 |
| ACH | 5/17/2024 | Payroll | May 1-15, 2024 Salary | $ | 11,020.32 |
| ACH | 5/17/2024 | Employment Development Dept. | EDD Tax Deposit (May 1-15, 2024) | $ | 676.08 |
| ACH | 5/17/2024 | Five Star Bank (Payroll Acct) | Payroll Tax Deposit (May 1-15, 2024) | $ | 4,501.96 |
| ACH | 5/17/2024 | Lincoln Financial Group | 401a Plan Employer Match (partial 5/15/24) | $ | 568.82 |
| ACH | 5/17/2024 | Lincoln Financial Group | 457 Plan Employee Deferred Comp. (5/15/24) & Employer Match (partial 5/15/24) | $ | 2,133.69 |
| | | | **TOTAL** | **$** | **100,689.15** |

SANTA YNEZ RIVER WATER CONSERVATION SYRWCD

MEMORANDUM

DATE: June 19, 2024

TO: Mark Altshuler, Robert Dunlap, Steve Jordan, Larry Lahr, Brett Marymee, Steve Torigiani, Brett Stroud

FROM: Bill Buelow

SUBJECT: Proposed Final Budget and Rate Study for Fiscal Year 2025

**RECOMMENDATION:**

1. Approve Budget, for Fiscal Year 2025.

    - Roll Call vote

2. Adopt Resolution No. 730 Making Findings and Determinations, Establishing Zones, Setting Rates and Levying a Groundwater Charge within the District for the Water Year 2024-2025. The recommended action in Resolution 730 is only for fiscal year 2024-25. Any future fiscal year rate increases, if needed, would be based on conditions known during the budget cycle at that particular time.

    - Roll Call vote.

# DISCUSSION AND PROPOSED BUDGET:

**INCOME:**

The proposed FY 2025 budget assumes changes in the groundwater production charge rates to result in a budget generating an income on an accrual basis of $700,668.

Property Tax Revenue. The County of Santa Barbara projects a 3% increase from last year, which is used for the Budget estimate of $376,000.

Investment Income. Investment Income is earned on Reserves and Cash accounts. The 2025 estimate of $48,000 is lower than last year due to a reduction in reserves due to SGMA contributions. The rate is based on projected Effective Yields of about 2% for LAIF and Five Star Bank, and 4% for California CLASS.

SGMA Grant Reimbursements. For FY 2025 the anticipated reimbursement for District's Grant Administration efforts is expected to be $75,000.

**EXPENSES:**

Internal Operations / Expenses are estimated to be about 3% more than the FY 2024 budgeted amounts. The increase is primarily due to anticipated technical activities relating to the downstream release operations under water-rights board orders 89-18 and 2019-0148, new issues

related to fisheries and endangered species with the State listing of steelhead, cost-of-living and merit salary adjustments, and inflation.

Legal and Engineering Expenses are budgeted 19% more than FY 2024 due to anticipated action on the State Water Board Water Rights Order (WRO) 2019-0148 at an elevated intensity than in the prior fiscal years. This is due our involvement with the mandated reports and studies regarding downstream water releases in the new WRO, plus an expected new Biological Assessment anticipated to be issued by the Bureau of Reclamation, and the anticipated Biological Opinion by the National Marine Fisheries which may significantly affect Cachuma Project Operations. District concerns include issues regarding mandated Cachuma water releases to the Santa Ynez River for the endangered steelhead trout, maintenance of downstream water rights releases, State Water releases used for improving downstream water quality, and Cachuma Project modified winter storm operations. Recent and anticipated regulatory decisions and other issues could have potential impacts on the District's water rights release rates, amounts, and timing.

Sustainable Groundwater Management Act (SGMA). All three Groundwater Sustainability Agencies (GSAs) have had their Groundwater Sustainability Plans approved by DWR. The District's ongoing support of these efforts is expected to lessen during FY 2025 as all three GSAs are now Joint Powers Authorities with a plan to have their own counsel and staff.

It is unclear whether the District will continue to administer or manage the WMA GSA and CMA GSA, as service contracts for these are still pending. The budget assumes the District will use existing staffing to provide any continued administration of the GSAs. It is anticipated that the EMA will hire their own staff and counsel. None of the GSAs have yet adopted any budgets, nor established long-term funding mechanisms. It is not expected that any independent cash revenue will be generated by the three GSAs for the 2025 fiscal year requiring financial loans from the JPA member agencies including the District. It is estimated that these loans would be paid back in FY 2027.

It is projected that the District will be providing temporary loan shares to the three GSAs on the order of $750M over the next two years. The budgeted figure of $325,000 for FY 2025 represents an estimate of the direct cash contributions for the District's participation in the three JPAs. This reduced budgeted amount for each year is expected to minimize impacts to the District's reserves.

FY 2025 SGMA direct expenses are about 50% lower than was budgeted for FY 2024 (a $45,000 reduction). This is due to the three GSAs forming JPAs and the expectation that the District will not have to support GSA administration and legal needs at the same level as previous.

Contingencies are set at the same amount as FY 2024: $50,000.

# RATE STUDY:

The District engaged rate consultant Raftelis to prepare a rate study report and a future four-year financial plan which estimates revenues, expenses, and reserves. The Rate Study Report was previously transmitted to the Board of Directors and posted on the District's website.

The groundwater production charge rates needed to generate this revenue for FY 2025 are:

- Zone A (all water types) $22.60 per acre-foot
- Zone B (all water types) $15.70 per acre-foot
- Zone C (all water types) $13.70 per acre-foot
- Zone D (all water types) $13.70 per acre-foot
- Zone E (all water types) $13.70 per acre-foot
- Zone F (all water types) $13.70 per acre-foot

These rates are further described in the Rate Study Report dated June 14, 2024 prepared by Raftelis.

## RESERVES:

It is projected that the SYRWCD will be providing temporary loan shares to the three GSAs on the order of $750M over the next two years. In the proposed projected financial plan, Raftelis has recommended that the District maintain a reserve of 50 percent of the annual operating expenses in addition to the $2 million reserves. The SYRWCD Board established a reserve policy with a goal of $2.0 million as a minimum. The minimum reserve is to cover emergencies and unexpected events including potential litigation. The remainder of the reserve is recommended by Raftelis to provide working capital for the District's expenses, given the required semiannual billing. This recommendation is also reflected in the SYRWCD Reserve Policy.

The proposed budget shows a withdrawal from reserves to cover SGMA-related contributions for the next two fiscal years that are not covered by property tax revenue. The effect will be a temporary reduction in SYRWCD reserves that are just above the $2M minimum, but below the target reserve established by the policy for FY 2025. A further reduction in reserves below the$2M minimum is estimated for FY 2026 due to continued SGMA contributions. However, during FY 2027, it is estimated the contributions will be paid back by the GSAs and the reserves will be at or above the minimum and the target reserve level.

Attachments

# SANTA YNEZ RIVER WATER CONSERVATION DISTRICT

## BUDGET

## JULY 1, 2024 - JUNE 30, 2025

| | |
|---|---|
| **REVENUES:** | |
| Groundwater Charge Rates | $700,668 |
| SB County Property Taxes | $375,950 |
| Interest Income | $48,000 |
| Misc. Income | $200 |
| SGM Grant Reimbusement | $2,900,000 |
| **TOTAL INCOME** | **$ 4,024,818** |
| **EXPENSES** | |
| Internal Operations / Expenses | |
| Employee Salaries | $447,000 |
| Payroll (SS and Medicare) | $34,000 |
| Employee Benefits | $9,000 |
| Retirement Plan Contributions | $47,000 |
| Outside Services | $7,000 |
| Office Expense | $55,000 |
| Director Fees | $8,400 |
| Travel & Training | $12,000 |
| Annual Audit | $20,000 |
| Insurance & Worker's Comp | $26,000 |
| Dues and LAFCO Fees | $6,000 |
| Groundwater Charges Program | $106,000 |
| Miscellaneous | $1,000 |
| **SUB-TOTAL INTERNAL OPERATIONS** | **$778,400** |
| Legal | |
| General and Misc. | $26,500 |
| Downstream Release/Upper SYR Ops/89-18 | $2,500 |
| WR Decision (2019-0148) | $36,500 |
| Fisheries Issues | $20,000 |
| Employment/HR | $2,500 |
| Groundwater Program | $7,000 |
| **SUB-TOTAL LEGAL** | **$95,000** |
| Engineering / Environmental | |
| General & Misc. | $7,000 |
| Annual GW Report | $25,000 |
| Downstream Releases Operations / 89-18 | $70,000 |
| Upper SYR Operations | $5,000 |
| WR Decision (2019-0148) | $25,000 |
| Fisheries Hydrology | $30,000 |
| Special Studies | $47,000 |
| **SUB-TOTAL ENGINEERING / ENVIRONMENTAL** | **$209,000** |
| **SYRWCD SGMA Expenses** | **$50,000** |
| **Contingencies** | **$50,000** |
| **SUB-TOTAL O&M EXPENSES** | **$1,182,400** |
| **Grant Pass Through** | **$2,823,000** |
| **SYRWCD GSA Loan Contributions** | **$325,000** |
| **TOTAL EXPENSES** | **$ 4,330,400** |
| **INCOME LESS EXPENSES** | **$ (305,582)** |
| **RESULTING INVESTMENT RESERVES** | **$2,182,479** |

## SANTA YNEZ RIVER WATER CONSERVATION DISTRICT

# Rate Study Report

**June 14, 2024**

RAFTELIS

RAFTELIS

June 14, 2024

Mr. William J. Buelow
General Manager
P.O. Box 719
Santa Ynez, CA 93460

**Subject: Groundwater Rate Study Report**

Dear Mr. Buelow:

Raftelis is pleased to provide this Groundwater Rate Study report for the Santa Ynez River Water Conservation District (District). This report includes a financial plan for fiscal year 2024-2025 (FY 2025) through FY 2029. From those plans and a cost-of-service analysis, groundwater rates for FY 2025 have been developed.

The major objectives of the study include the following:

- Develop a financial plan to support financial sufficiency to meet operation and maintenance (O&M) costs, and provide adequate reserves consistent with industry practice;
- Conduct a water cost-of-service study that is based on the District's costs;
- Calculate proposed, updated water rates for FY 2025;
- Conduct an analysis of the effects of the proposed rates on District groundwater producers; and
- Demonstrate that the amount raised by the proposed groundwater rates are necessary to cover the reasonable costs of the District's activities, and that proposed rates are allocated to District producers in a manner that bears a fair or reasonable relationship to the benefits received from the District's activities, consistent with Proposition 26 (Cal. Const., Art. 13C, § 1).

The report summarizes the key findings and recommendations related to the development of the financial plan and the development of the associated water rates.

It has been a pleasure working with you, and we appreciate your, Ms. Amber Thompson's, and Mr. Steve Torigiani's assistance during the course of the study.

Sincerely,

***Sudhir Pardiwala, PE***
*Executive Vice President*

***Theresa Jurotich, PE***
*Manager*

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# Abbreviations & Acronyms

| Terms | Descriptions |
|---|---|
| **AF** | Acre foot /Acre feet, 1 AF = 325,851 gallons |
| **DWR** | California Department of Water Resources |
| **FY** | Fiscal Year (July 1st to June 30th) |
| **GSA** | Groundwater Sustainability Agency |
| **GSP** | Groundwater Sustainability Plan |
| **O&M** | Operations and Maintenance |
| **Raftelis** | Raftelis Financial Consultants, Inc. |
| **SGMA** | Sustainable Groundwater Management Act |
| **SWRCB** | State Water Resources Control Board |

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# 1. Executive Summary

The Santa Ynez River Water Conservation District ("District") was formed in 1939 for the primary purpose of protecting water rights on the lower Santa Ynez River and augmenting water supplies in the District, which are necessary for the public health, welfare, and safety of all residents. The District is a California Water Conservation District formed and existing pursuant to the Water Conservation District Law of 1931 (Wat. Code, §§ 74000 *et seq.*). Pursuant to Water Code sections 74508 and 75500, *et seq.*, the District is expressly authorized to impose groundwater charges within its boundaries, which the Legislature has declared to be in furtherance of District activities in the protection and augmentation of the water supplies for users within the District or a zone or zones thereof. (Wat. Code, § 75521.) The District has, at least since 1979, levied groundwater charges on all public and private operators of groundwater-producing facilities registered within the District to help recover the costs of managing, protecting, conserving, and enhancing water resources within the District. The District's activities performed by its staff, consultants, and legal counsel include activities relating to the following:

- Planning, scheduling, and managing the release of water from and downstream of the Cachuma Project's Bradbury Dam for the satisfaction and benefit of downstream water rights, including the timing, volume, and rate of flows to promote recharge in the river alluvium and the Lompoc Plain, as provided in State Water Resources Control Board Order No. WRO 2019-0148, which protects and augments water supplies.
- Reporting on Santa Ynez River system conditions, basin surface water use, and water purchased by contract, including as required by Water Code section 75560 *et seq.*
- Supporting compliance with agreements and procedures to mitigate downstream flooding as a result of Cachuma Project storm operations.
- Contributing to the review of, preparation of, and compliance with applicable biological assessments and opinions, including associated consultations, revisions, and replacements, for the protection of endangered species in the Santa Ynez River, while assuring that downstream water rights and water quality in the basin and downstream of Bradbury Dam are maintained and protected.
- Recording and maintaining records of groundwater production within the District.
- Monitoring and reporting on groundwater conditions within the District.
- Levying and collecting charges on groundwater production within the District.
- Making annual groundwater use estimates and forecasting groundwater storage and overdraft amounts within the District.
- Determining water volume for replenishment of the dewatered aquifer storage below Bradbury Dam.
- Participation in the three Groundwater Sustainability Agencies (GSA) covering the Santa Ynez River Valley groundwater basin and District. Such participation has included, but is not limited to, coordination, preparation, and implementation activities and provision of administrative and managerial support (including arranging GSA committee and citizen advisory group meetings, recordkeeping, and bookkeeping) associated with the GSAs' Groundwater Sustainability Plans (GSP), annual reports, and associated implementation and other activities. This includes coordinating and contributing to responses to comments made on the GSPs and related technical studies. It has also included participation in discussions of long-term governance and funding for the GSAs.
- The District's administrative and managerial support of the GSAs, which requires expenditure of significant District staff time, has been necessary, in part, because the GSAs have not yet hired their own staff or their own legal, engineering, or other consultants, and have yet to levy any groundwater

fees or charges on landowners or pumpers within the GSAs or otherwise create an independent funding source (aside from grant funding and certain contributions from parties to the Memoranda of Agreement). While it is expected that the District will continue to incur costs to participate in the three GSAs and as the single point of contact with the California Department of Water Resources (DWR), the level of District administrative support could diminish or otherwise change in the future depending on the GSAs' future governance structure, funding sources, and staffing and contracting decisions, and the timing thereof. This rate study assumes that the District will not need to hire additional staff to continue providing support to the GSAs.

- The District's activities as party to all three GSAs benefits all pumpers within the District, which depend upon the District to provide local agency Sustainable Groundwater Management Act (SGMA) coverage within its approximately 180,000 acres within the basin. SGMA expressly did not supplant or limit the District's authorities under the Water Conservation District Law of 1931 (Water Code § 74000, et seq.), including, but not limited to, its authority to levy a groundwater charge. (*E.g.*, Water Code § 10726.8(a).) In the absence of such SGMA coverage by the District, the entire basin may not be covered and in such event would be subject to State Water Resources Control Board intervention and management of the basin as a probationary basin (Wat. Code, § 10735.2(a)(4)(B)). The District's SGMA activities benefit, among other pumpers in the District, the pumpers in Zone A, who pump from the river alluvium and benefit from the District's investigation and efforts supporting characterization of those zones as not "groundwater" subject to SGMA management[1] in the GSPs, and the District's ongoing efforts to defend that characterization against those who disagree with it and contend such pumping must be managed under SGMA. DWR approved all three GSPs. The GSAs currently lack their own independent funding sources (e.g., fees under Water Code sections 10730 and 10730.2), and, as provided in the financial plan for the District discussed herein, it anticipated that this will continue at least through the next fiscal year (FY 2025) and that the District, along with other members agencies of the GSAs, will need to provide financial support to the three GSAs subject to reimbursement when the GSAs secure their own independent funding.
- Acting as the single point of contact between the GSAs and the DWR for SGMA compliance, for the benefit of all three GSAs.
- Administering SGMA grant funding for the benefit of all three GSAs.
- Participating in the Integrated Regional Water Management Plan process to promote regional water management strategies to ensure sustainable and reliable water supplies, including the protection of agriculture.

The District comprises two non-contiguous areas and encompasses approximately 180,000 acres that includes the cities of Lompoc, Solvang, and Buellton; the communities of Vandenberg Village, Mission Hills, Santa Ynez and Los Olivos; two federal installations; and rural areas with agriculture and suburban development. Groundwater mostly occurs in the unconsolidated alluvial deposits of the Santa Ynez River and Lompoc Plain and in the older poorly consolidated deposits of the Santa Ynez Upland, Lompoc Upland, Buellton Upland, Santa Rita Upland, and Lompoc Terrace subareas. These subareas are defined as zones as follows:

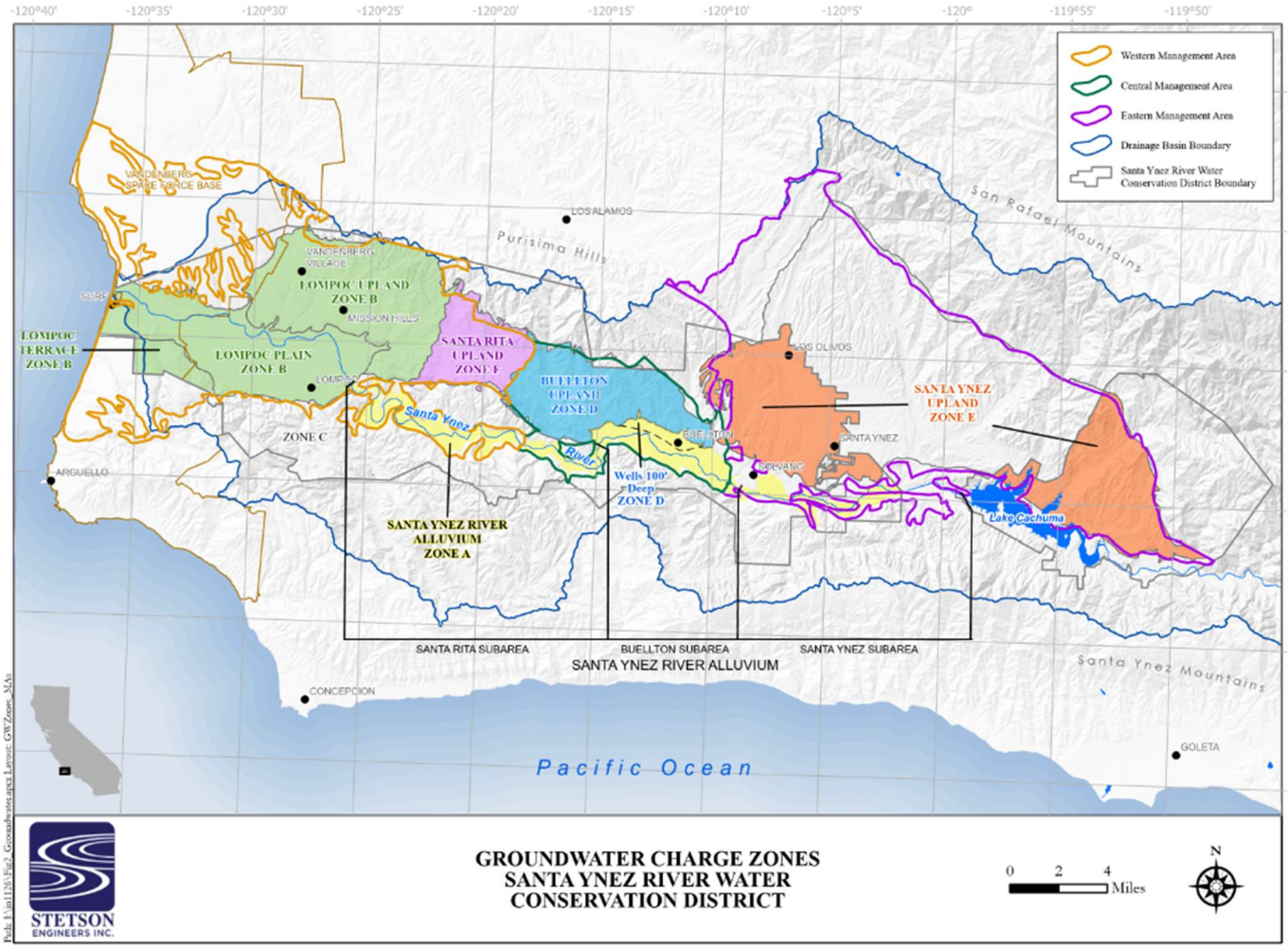
- Zone A – District portion of the Santa Ynez River alluvial channel from San Lucas Bridge downstream to Lompoc Narrows
- Zone B – District portion of the Lompoc Plain, Lompoc Upland, and Lompoc Terrace groundwater subareas

[1] SGMA defines the term "groundwater" differently than the Water Conservation District Act. (Compare Water Code, § 10721(g) [SGMA] with § 75502 [Water Conservation District Act].)

- Zone C – All other portions of the District not included in Zones A, B, D, E, and F
- Zone D – District portion of the Buellton Upland subarea
- Zone E – District portion of the Santa Ynez Upland subarea
- Zone F – District portion of the Santa Rita Upland subarea

The zones are shown in Figure 1-1, on the following page.

**Figure 1-1: Groundwater Zones**




The major objectives of this study include the following:

- Develop a financial plan to support financial sufficiency, meet operation and maintenance (O&M) costs, and provide adequate reserves;
- Conduct a water cost-of-service study that is based on the District's costs;
- Calculate proposed, updated water rates for FY 2025;
- Conduct an analysis of the effects of the proposed rates on District groundwater producers; and
- Demonstrate that the amount raised by the proposed groundwater rates are necessary to cover the reasonable costs of the District's activities, and that proposed rates are allocated to District producers in a manner that bears a fair or reasonable relationship to the payor's burdens on, or benefits received, from the District's activities, consistent with Proposition 26 (Cal. Const., Art. 13C, § 1).

This report summarizes the rate study's 5-year financial plan and FY 2025 rate development. The District intends to update this 5-year plan every year with a new 5-year projection so that the Board can maintain a 5-year outlook. However, the District's rates are set on an annual basis under Water Code sections 75500-75642.

## 1.1. Methodology

Raftelis and the District developed the proposed groundwater rates using cost-of-service principles set forth by the American Water Works Association M1 Manual titled *Principles of Water Rates, Fees and Charges*, with modifications to align with the requirements of California's Proposition 26 and related California law.

Raftelis worked with District staff to develop a financial plan by preparing detailed projections of the main revenue sources and expenditure items. The operating revenues and O&M costs estimates are based on projected groundwater pumping from the findings of Stetson Engineers' *Forty-Sixth Annual Engineering and Survey Report on Water Supply Conditions of the Santa Ynez River Water Conservation District* dated March 11, 2024, current rates, and District staff estimates of non-operating revenues and costs. The financial plan projection has revealed the need for revenue adjustments in FY 2025 – FY 2029 to meet annual obligations and maintain reserves at the recommended levels.

Raftelis calculated the District's revenue requirements for FY 2025 and the resulting water rate and structure.

## 1.2. Proposed Financial Plan and Revenue Adjustments

The financial planning model enables the District to set rates to generate sufficient revenue to meet its short-term obligations. Table 1-1 shows the proposed groundwater revenue adjustments for FY 2025. The projected adjustments for FY 2026 - FY 2029 are shown for planning purposes only.

**Table 1-1: Proposed Revenue Adjustments**

| Date | Proposed/Projected Revenue Adjustment |
|---|---|
| July 1, 2024 | 10.0% |
| *July 1, 2025* | *10.0%* |
| *July 1, 2026* | *3.0%* |
| *July 1, 2027* | *3.0%* |
| *July 1, 2028* | *3.0%* |

Table 1-2 shows the projected financial plan based on the District's budgeted expenses, incorporating the proposed revenue adjustments (Lines 2 - 6). Note that while rates go into effect at the beginning of the fiscal year, due to semi-annual billing and timing of payments, revenues under the adjustments are only realized for half of the fiscal year in the first year. Therefore, the Number of Months Effective, 'No. Mon. "Effective"' column shows 6 months instead of 12. Line 1 shows revenue from the current rates, assuming no increase in rates. Line 7 shows the revenue adjustments each year. Other Revenues are shown in Lines 8 - 13. Line 8 shows projected property tax revenue. Line 9 shows a small amount of miscellaneous revenue. Line 10 shows unrealized gains/losses in FY 2024. Line 11 shows SGM grant administration reimbursement. Interest

revenues (Line 12) are based on budgeted numbers in FY 2024 and FY 2025 and then presumed to be 2.5 percent for the remaining fiscal years. Line 13 shows total projected revenues.

### Table 1-2: Projected Financial Plan Cashflow

| No. | Cashflow | | | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
|---|---|---|---|---|---|---|---|---|---|
| 1 | Groundwater Rate Revenue Under Existing Rates | | | $635,719 | $667,303 | $667,303 | $667,303 | $667,303 | $667,303 |
| | Revenue Adjustments | % Adj. | No. Mon. "Effective" | | | | | | |
| 2 | FY 2025 | 10.0% | 6 | | $33,365 | $66,730 | $66,730 | $66,730 | $66,730 |
| 3 | FY 2026 | 10.0% | 6 | | | $36,702 | $73,403 | $73,403 | $73,403 |
| 4 | FY 2027 | 3.0% | 6 | | | | $12,112 | $24,223 | $24,223 |
| 5 | FY 2028 | 3.0% | 6 | | | | | $12,475 | $24,950 |
| 6 | FY 2029 | 3.0% | 6 | | | | | | $12,849 |
| 7 | Total Revenue Adjustments | | | $0 | $33,365 | $103,432 | $152,245 | $176,832 | $202,156 |
| | Other Revenue | | | | | | | | |
| 8 | SB County Property Taxes | | | $365,000 | $375,950 | $383,469 | $391,138 | $398,961 | $406,940 |
| 9 | Misc. Income | | | $180 | $200 | $200 | $200 | $200 | $200 |
| 10 | Unrealized Gains/Losses | | | $24,289 | $0 | $0 | $0 | $0 | $0 |
| 11 | SGM Grant Administration/Reimbursement | | | $131,000 | $77,000 | $75,000 | $0 | $0 | $0 |
| 12 | Interest Income | | | $90,000 | $48,000 | $50,305 | $54,509 | $67,784 | $76,516 |
| 13 | Total Other Revenue | | | $610,469 | $501,150 | $508,974 | $445,848 | $466,945 | $483,656 |
| 14 | Total Revenue | | | $1,246,188 | $1,201,818 | $1,279,710 | $1,265,396 | $1,311,080 | $1,353,115 |
| | Operation & Maintenance | | | | | | | | |
| 15 | Routine Operation | | | $662,300 | $778,400 | $807,122 | $731,021 | $758,760 | $787,564 |
| 16 | Special Studies | | | $39,000 | $47,000 | $48,410 | $49,862 | $51,358 | $52,899 |
| 17 | SGM | | | $75,000 | $50,000 | $50,000 | $10,000 | $10,000 | $10,000 |
| 18 | Legal & Engineering | | | | | | | | |
| 19 | General and Misc. | | | $34,500 | $43,000 | $44,290 | $45,619 | $46,987 | $48,397 |
| 20 | Annual G.W. Report | | | $22,000 | $25,000 | $25,750 | $26,523 | $27,318 | $28,138 |
| 21 | WR Decision (2019-0148) | | | $40,000 | $61,500 | $63,345 | $65,245 | $67,203 | $69,219 |
| 22 | Downstream Releases / Upper SYR Operations | | | $39,000 | $77,500 | $79,825 | $82,220 | $84,686 | $87,227 |
| 23 | Fisheries Issues/Hydrology | | | $41,500 | $50,000 | $51,500 | $53,045 | $54,636 | $56,275 |
| 24 | Contingency | | | $95,000 | $50,000 | $50,000 | $50,000 | $50,000 | $50,000 |
| 25 | Total Operation & Maintenance | | | $1,048,300 | $1,182,400 | $1,220,242 | $1,113,535 | $1,150,949 | $1,189,718 |
| 26 | GSA Loan & Repayment | | | ($100,000) | ($325,000) | ($325,000) | $375,000 | $375,000 | $0 |
| 27 | Capital | | | $0 | $0 | $0 | $0 | $0 | $0 |
| 28 | Net Income (Annual Surplus/(Deficit)) | | | $97,888 | ($305,582) | ($265,532) | $526,861 | $535,131 | $163,397 |
| 29 | Beginning Balance | | | $2,390,173 | $2,488,061 | $2,182,479 | $1,916,946 | $2,443,808 | $2,978,939 |
| 30 | Ending Balance | | | $2,488,061 | $2,182,479 | $1,916,946 | $2,443,808 | $2,978,939 | $3,142,336 |
| 31 | Target Reserve (1) | | | $2,398,650 | $2,483,774 | $2,499,847 | $2,463,547 | $2,479,202 | $2,495,428 |
| 32 | Minimum Reserve | | | $2,000,000 | $2,000,000 | $2,000,000 | $2,000,000 | $2,000,000 | $2,000,000 |

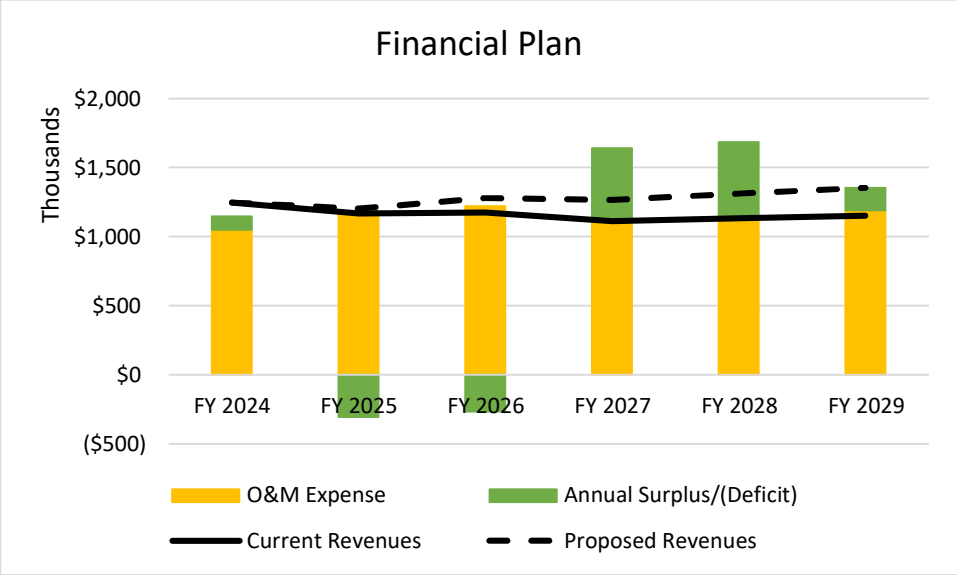
(1) Target Reserve = Min + 50% Operating Expenses excluding SGA-related costs.

Lines 15 – 25 summarize the O&M expense projections. Line 26 shows the projected GSA loan to help with startup of the GSAs and then repayment of the loan. Lines 29 and 30 show the projected beginning and ending Investment Reserves fund balance, respectively. Line 31 shows the target reserve, which is the minimum reserve of $2 million plus 50 percent of annual operating expenses excluding SGM-related costs (Table 3-6). The minimum reserve is established by Board policy to cover emergencies and unexpected events including potential litigation. The remainder of the reserve is recommended by Raftelis to provide working capital for the District's expenses, given the required semiannual billing. Revenue adjustments proposed in

this financial plan are calculated to meet this reserve target by the end of FY 2028. Comparing Line 30 to Line 31 and Line 32 shows that the financial plan is expected to be slightly below the minimum reserve requirement in FY 2026 due to the GSA loan. The proposed financial plan supports financial sufficiency and solvency for the District to meet projected expenditures.

Figure 1-2 graphically illustrates the proposed operating Financial Plan – it compares the existing (current) and proposed revenues with projected expenses. The stacked bars show O&M expenses. The green bars above the X-axis show the net cash used to build up the reserves and the bars below the X-axis show the withdrawals from reserves to fund costs. The annual deficit shown in FY 2025 and FY 2026 is due mostly to the GSA loan, and the annual surplus in FY 2027 and FY 2028 are mostly due to repayment of the GSA loan. Total revenues at existing and proposed rates are shown by horizontal black solid and dashed lines, respectively. Current revenue from existing rates does not meet future total expenses, which is the reason for the proposed revenue adjustment.

**Figure 1-2: Projected Financial Plan**




# 1.3. Proposed FY 2025 Rates

## 1.3.1. Proposed Usage Rates

Table 1-3 presents the current water rate and the proposed FY 2025 water rate. The proposed rate is rounded up to the nearest ten cents to ensure adequate cost recovery.

**Table 1-3: Current and Proposed Usage Rates, $/AF**

| Rate | Zone A | Zone B | Zone C | Zone D | Zone E | Zone F |
|---|---|---|---|---|---|---|
| Current | $20.42 | $14.24 | $12.41 | $12.41 | $12.41 | $12.41 |
| Proposed, FY 2025 | $22.60 | $15.70 | $13.70 | $13.70 | $13.70 | $13.70 |

## 1.3.2. Average Producer Bill Impact

The average usage varies by zone, and therefore Table 1-4 through Table 1-6 illustrates the customer bill impact for an average agricultural producer, an average special irrigation producer, and an average Other (non-agricultural) producer within each zone on the January 2025 bill. Average use per bill is based on FY 2023 data from Stetson Engineers' *Forty-Sixth Annual Engineering and Survey Report on Water Supply Conditions of the Santa Ynez River Water Conservation District* dated March 11, 2024.

**Table 1-4: Average Agricultural Producer by Zone, FY 2025 Bill Impact**

| Agricultural | Zone A | Zone B | Zone C | Zone D | Zone E | Zone F |
|---|---|---|---|---|---|---|
| Average AF/bill | 29.3 | 37.2 | 0.2 | 15.5 | 6.0 | 16.5 |
| Current Bill | $599.14 | $529.37 | $2.18 | $192.47 | $74.82 | $204.71 |
| Proposed Bill | $663.10 | $583.64 | $2.41 | $212.47 | $82.59 | $225.99 |
| Bill Change, $ | $63.96 | $54.28 | $0.23 | $20.01 | $7.78 | $21.28 |

**Table 1-5: Average Special Irrigation Producer by Zone, FY 2025 Bill Impact**

| Special Irrigation | Zone A | Zone B | Zone C | Zone D | Zone E | Zone F |
|---|---|---|---|---|---|---|
| Average AF/bill | 2.1 | 2.2 | 0.1 | 0.2 | 0.1 | 0.0 |
| Current Bill | $43.33 | $31.58 | $1.13 | $2.60 | $0.70 | $0.00 |
| Proposed Bill | $47.95 | $34.82 | $1.25 | $2.87 | $0.77 | $0.00 |
| Bill Change, $ | $4.63 | $3.24 | $0.12 | $0.27 | $0.07 | $0.00 |

**Table 1-6: Average Other (Non-Agricultural) Producer by Zone, FY 2025 Bill Impact**

| Non-Agricultural | Zone A | Zone B | Zone C | Zone D | Zone E | Zone F |
|---|---|---|---|---|---|---|
| Average AF/bill | 6.8 | 14.7 | 15.6 | 4.1 | 4.6 | 1.3 |
| Current Bill | $139.27 | $209.05 | $194.07 | $51.40 | $57.26 | $16.26 |
| Proposed Bill | $154.14 | $230.48 | $214.24 | $56.74 | $63.22 | $17.95 |
| Bill Change, $ | $14.87 | $21.43 | $20.17 | $5.34 | $5.95 | $1.69 |

# 2. Legal Framework

Proposition 26, codified in the California Constitution as Article XIII C, was approved by voters in 2010 to require a supermajority vote to pass new taxes. Furthermore, Proposition 26 expanded the definition of "tax." Under the new definition, a tax is any levy, charge, or exaction of any kind imposed by a local government. Any fees or charges that are not exempted by the language of Proposition 26 are considered taxes and subject to voter approval.

Under Proposition 26, local water agencies must demonstrate their fees and charges are not taxes by showing that they fall within one of the exceptions in Proposition 26, which include, among others, the following:

"(e) As used in this article, "tax" means any levy, charge, or exaction of any kind imposed by a local government, except the following:

(1) A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the government of conferring the benefit or granting the privilege.

(2) A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product."

In order not to be considered a tax, Prop 26 requires that local water purveyors must demonstrate "that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity."

The calculation of the rates and charges, proportional to the service received, in this study are not considered taxes under Proposition 26.

# 3. Financial Plan

Determining a district's revenue requirement is a key first step in the rate study process. Raftelis analyzed annual operating revenue under the status quo, operation and maintenance (O&M) expenses, and prudent reserve funding practices. This section of the report provides a discussion of the projected revenues, O&M expenses, reserve funding requirements, and the revenue adjustments needed to support fiscal sustainability and solvency.

## 3.1. Key Information Used in this Report

This report utilized the following key information provided by the District:

- FY 2024 estimated end of year operating costs and FY 2025 operating budget
- Historical and forecast water pumping amounts
- Historical water rates
- Beginning reserve fund balances as of FY 2024
- Forecast SGM costs and grant reimbursements FY 2024 – FY 2029. These cost projections assume that the GSA's will start reimbursing in FY 2027. These projections are not an expression of policy or opinions, but they reflect the status quo, which is that none of the three GSAs have implemented any revenue sources of their own.

## 3.2. Revenue from Current Water Rates

### 3.2.1. Current Water Rates

The current water rates are on a volumetric basis per acre-foot (AF) and are shown in Table 3-1.

**Table 3-1: Current rates ($/AF)**

| Rate | Zone A | Zone B | Zone C | Zone D | Zone E | Zone F |
|---|---|---|---|---|---|---|
| Current | $20.42 | $14.24 | $12.41 | $12.41 | $12.41 | $12.41 |

### 3.2.2. Water Use and Growth Assumptions

Table 3-2 shows the financial plan assumptions for water use for FY 2024 – FY 2029, which is forecast to stay the same over the study period. The projected water use comes from Stetson Engineers' *Forty-Sixth Annual Engineering and Survey Report on Water Supply Conditions of the Santa Ynez River Water Conservation District* dated March 11, 2024.

**Table 3-2: Projected Water Use Per Year, FY 2024 – FY 2029**

| Producer Class | Water Use, AF |
|---|---|
| Agriculture | 29,985 |
| Special Irrigation | 11,835 |
| Other | 1,515 |
| Total | 43,335 |

### 3.2.3. Revenue Projections

The projected rate-based revenue for FY 2024 is $635,719 using a blended rate reflecting that the first bill of FY 2024 is for pumping in the second half of FY 2023 and is based on those rates and the second bill is for pumping during the first half of FY 2024 and is based on the unit rates in effect in FY 2024. For FY 2025 – FY 2029, the projected annual rate-based revenue is $667,303 using the current FY 2024 rates by zone and the projected annual usage by zone (Table 3-2).

Table 3-3 shows the projection of other revenues, which includes property taxes, reimbursement for SGM Grant administration, and estimated interest income. Property taxes are estimated to increase at 2 percent per year from the FY 2025 budget. Interest income is estimated at 2.5 percent.

**Table 3-3: Budgeted and Projected Other Revenue**

| Line Item | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
|---|---|---|---|---|---|---|
| SB County Property Taxes | $365,000 | $375,950 | $383,469 | $391,138 | $398,961 | $406,940 |
| Unrealized Gains/Losses | $24,289 | $0 | $0 | $0 | $0 | $0 |
| Misc. Income | $180 | $200 | $200 | $200 | $200 | $200 |
| SGM Grant Administration/Reimbursement | $131,000 | $77,000 | $75,000 | $0 | $0 | $0 |
| Interest Income | $90,000 | $48,000 | $50,305 | $54,509 | $67,784 | $76,516 |
| Total | $610,469 | $501,150 | $508,974 | $445,848 | $466,945 | $483,656 |

## 3.3. Operating and Maintenance Expenses

### 3.3.1. Water Operating Expense

Table 3-4 shows the estimated end of year *FY 2024), budgeted (FY 2025), and projected operating and maintenance expenses, which includes routine operations, legal, engineering, and contingency. Salaries and benefits are each escalated at 4 percent per year from budget. General costs are escalated at 3 percent per year from budget. The detailed O&M is included in Appendix A.

**Table 3-4: Budgeted and Projected O&M Expenses**

| Line Item | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
|---|---|---|---|---|---|---|
| Routine Operation | $662,300 | $778,400 | $807,122 | $731,021 | $758,760 | $787,564 |
| Special Studies | $39,000 | $47,000 | $48,410 | $49,862 | $51,358 | $52,899 |
| SGM | $75,000 | $50,000 | $50,000 | $10,000 | $10,000 | $10,000 |
| Legal & Engineering | | | | | | |
| General and Misc. | $34,500 | $43,000 | $44,290 | $45,619 | $46,987 | $48,397 |
| Annual G.W. Report | $22,000 | $25,000 | $25,750 | $26,523 | $27,318 | $28,138 |
| WR Decision (2019-0148) | $40,000 | $61,500 | $63,345 | $65,245 | $67,203 | $69,219 |
| Downstream Releases / Upper SYR Operations | $39,000 | $77,500 | $79,825 | $82,220 | $84,686 | $87,227 |
| Fisheries Issues/Hydrology | $41,500 | $50,000 | $51,500 | $53,045 | $54,636 | $56,275 |
| Contingency | $95,000 | $50,000 | $50,000 | $50,000 | $50,000 | $50,000 |
| Total Operation & Maintenance | $1,048,300 | $1,182,400 | $1,220,242 | $1,113,535 | $1,150,949 | $1,189,718 |

### 3.3.2. Net Operating Expense

The District plans to first use property tax revenues and SGM grant administration cost reimbursement to cover SGM-related costs and a portion of other general costs, as shown in Table 3-5. The remaining property tax revenue is then used to help offset the GSA loan. Any remaining property tax revenue after that will be used to offset the District's remaining operating costs.

**Table 3-5: Property Tax Revenue Use**

| Line Item | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
|---|---|---|---|---|---|---|
| Property Tax Revenue | $365,000 | $375,950 | $383,469 | $391,138 | $398,961 | $406,940 |
| SGM Grant Administration/Reimbursement | $131,000 | $77,000 | $75,000 | $0 | $0 | $0 |
| Salary & Benefits for SGM-time | ($102,500) | ($74,853) | ($77,847) | ($80,961) | ($84,199) | ($87,567) |
| SGM Expenses | ($75,000) | ($50,000) | ($50,000) | ($10,000) | ($10,000) | ($10,000) |
| General & Misc. | ($34,500) | ($43,000) | ($44,290) | ($45,619) | ($46,987) | ($48,397) |
| Special Studies | ($39,000) | ($47,000) | ($48,410) | ($49,862) | ($51,358) | ($52,899) |
| Remaining Property Tax Revenue | $245,000 | $238,097 | $237,922 | $204,696 | $206,416 | $208,077 |

Table 3-6 shows the net O&M expense projection after offsetting the costs shown in Table 3-5.

**Table 3-6: Net O&M Expense Projection**

| Line Item | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
|---|---|---|---|---|---|---|
| Routine Operation (Net Property Tax Offset) | $559,800 | $703,547 | $729,275 | $650,060 | $674,561 | $699,996 |
| Special Studies (Net Property Tax Offset) | $0 | $0 | $0 | $0 | $0 | $0 |
| SGM (Net Property Tax Offset) | $0 | $0 | $0 | $0 | $0 | $0 |
| Legal & Engineering | | | | | | |
| General and Misc. (Net Property Tax Offset) | $0 | $0 | $0 | $0 | $0 | $0 |
| Annual G.W. Report | $22,000 | $25,000 | $25,750 | $26,523 | $27,318 | $28,138 |
| WR Decision (2019-0148) | $40,000 | $61,500 | $63,345 | $65,245 | $67,203 | $69,219 |
| Downstream Releases / Upper SYR Operations | $39,000 | $77,500 | $79,825 | $82,220 | $84,686 | $87,227 |
| Fisheries Issues/Hydrology | $41,500 | $50,000 | $51,500 | $53,045 | $54,636 | $56,275 |
| Contingency | $95,000 | $50,000 | $50,000 | $50,000 | $50,000 | $50,000 |
| Net Operation & Maintenance | $797,300 | $967,547 | $999,695 | $927,093 | $958,404 | $990,855 |

### 3.3.3. GSA Loan Funding

The District is projecting loaning the GSA's $750,000 over three years to help get them operational. Table 3-7 shows the projected sources of funds for the GSA loan. All of the remaining property tax revenue in FY 2024 – FY 2026 plus draws on reserves are used to fund the loan. The District anticipates the GSA repaying the loan in FY 2027 and FY 2028.

**Table 3-7: GSA Funding**

| Line Item | FY 2024 | FY 2025 | FY 2026 |
|---|---|---|---|
| Sources: | | | |
| Remaining Property Tax Revenue | $100,000 | $238,097 | $237,922 |
| Reserves | $0 | $86,903 | $87,078 |
| Total Sources | $100,000 | $325,000 | $325,000 |
| Uses: | | | |
| GSA Loan | $100,000 | $325,000 | $325,000 |

## 3.4. Proposed Financial Plan and Revenue Adjustments

The proposed financial plan enables the District to set groundwater rates to generate sufficient revenues to meet its annual obligations. The plan shows the revenues that will be used to maintain appropriate reserves (absent the GSA loan) while maintaining a sensitivity to rate increases.

Table 3-8, on the following page, shows the proposed financial plan, based on the District's budgeted expenses, incorporating the proposed revenue adjustments (Lines 2 - 6). Note that while rates go into effect at the beginning of the fiscal year, due to semi-annual billing and timing of payments, revenues under the adjustments are only realized for half of the fiscal year in the first year. Therefore, the Number of Months Effective, 'No. Mon. "Effective"' column shows 6 months instead of 12. Line 1 shows revenue from the current rates, assuming no increase in rates. Line 7 shows the total revenue adjustments each year. Other Revenues are shown in Lines 8 - 13. Line 8 shows projected property tax revenue. Line 9 shows a small amount of miscellaneous revenue. Line 10 shows unrealized gains/losses in FY 2024. Line 11 shows SGM grant administration reimbursement. Interest revenues (Line 12) are based on budgeted numbers in FY 2024 and FY 2025 and then presumed to be 2.5 percent for the remaining fiscal years. Line 13 shows total projected revenues.

Lines 15 – 25 summarize the O&M expense projections. Line 26 shows the projected GSA loan to help with startup of the GSAs and then repayment of the loan. Line 27 shows that no capital expenditures are anticipated. Line 28 shows the net income, which is revenues less O&M expenses less capital plus GSA loan and repayment. Lines 29 and 30 show the projected beginning and ending Investment Reserves fund balance, respectively. Line 31 shows the target reserve, which is the minimum reserve of $2 million plus 50 percent of annual operating expenses excluding SGM-related costs (Table 3-6). The minimum reserve is established by Board policy to cover emergencies and unexpected events, including potential litigation. The remainder of the reserve is recommended by Raftelis to provide working capital for the District's expenses, given the required semiannual billing. Revenue adjustments proposed in this financial plan are calculated to meet this reserve target by the end of FY 2028. Comparing Line 30 to Line 31 and Line 32 shows that the financial plan is expected to be below the minimum reserve requirement in FY 2026 due to the GSA loan but will meet the minimum reserve in FY 2027 and the target reserve in FY 2028 when the GSA loans are repaid. The proposed financial plan supports financial sufficiency and solvency for the District to meet projected expenditures.

## Table 3-8: Proposed Financial Plan Cashflow

| No. | Cashflow | | | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
|---|---|---|---|---|---|---|---|---|---|
| 1 | Groundwater Rate Revenue Under Existing Rates | | | $635,719 | $667,303 | $667,303 | $667,303 | $667,303 | $667,303 |
| | Revenue Adjustments | % Adj. | No. Mon. "Effective" | | | | | | |
| 2 | FY 2025 | 10.0% | 6 | | $33,365 | $66,730 | $66,730 | $66,730 | $66,730 |
| 3 | FY 2026 | 10.0% | 6 | | | $36,702 | $73,403 | $73,403 | $73,403 |
| 4 | FY 2027 | 3.0% | 6 | | | | $12,112 | $24,223 | $24,223 |
| 5 | FY 2028 | 3.0% | 6 | | | | | $12,475 | $24,950 |
| 6 | FY 2029 | 3.0% | 6 | | | | | | $12,849 |
| 7 | Total Revenue Adjustments | | | $0 | $33,365 | $103,432 | $152,245 | $176,832 | $202,156 |
| | Other Revenue | | | | | | | | |
| 8 | SB County Property Taxes | | | $365,000 | $375,950 | $383,469 | $391,138 | $398,961 | $406,940 |
| 9 | Misc. Income | | | $180 | $200 | $200 | $200 | $200 | $200 |
| 10 | Unrealized Gains/Losses | | | $24,289 | $0 | $0 | $0 | $0 | $0 |
| 11 | SGM Grant Administration/Reimbursement | | | $131,000 | $77,000 | $75,000 | $0 | $0 | $0 |
| 12 | Interest Income | | | $90,000 | $48,000 | $50,305 | $54,509 | $67,784 | $76,516 |
| 13 | Total Other Revenue | | | $610,469 | $501,150 | $508,974 | $445,848 | $466,945 | $483,656 |
| 14 | Total Revenue | | | $1,246,188 | $1,201,818 | $1,279,710 | $1,265,396 | $1,311,080 | $1,353,115 |
| | Operation & Maintenance | | | | | | | | |
| 15 | Routine Operation | | | $662,300 | $778,400 | $807,122 | $731,021 | $758,760 | $787,564 |
| 16 | Special Studies | | | $39,000 | $47,000 | $48,410 | $49,862 | $51,358 | $52,899 |
| 17 | SGM | | | $75,000 | $50,000 | $50,000 | $10,000 | $10,000 | $10,000 |
| 18 | Legal & Engineering | | | | | | | | |
| 19 | General and Misc. | | | $34,500 | $43,000 | $44,290 | $45,619 | $46,987 | $48,397 |
| 20 | Annual G.W. Report | | | $22,000 | $25,000 | $25,750 | $26,523 | $27,318 | $28,138 |
| 21 | WR Decision (2019-0148) | | | $40,000 | $61,500 | $63,345 | $65,245 | $67,203 | $69,219 |
| 22 | Downstream Releases / Upper SYR Operations | | | $39,000 | $77,500 | $79,825 | $82,220 | $84,686 | $87,227 |
| 23 | Fisheries Issues/Hydrology | | | $41,500 | $50,000 | $51,500 | $53,045 | $54,636 | $56,275 |
| 24 | Contingency | | | $95,000 | $50,000 | $50,000 | $50,000 | $50,000 | $50,000 |
| 25 | Total Operation & Maintenance | | | $1,048,300 | $1,182,400 | $1,220,242 | $1,113,535 | $1,150,949 | $1,189,718 |
| 26 | GSA Loan & Repayment | | | ($100,000) | ($325,000) | ($325,000) | $375,000 | $375,000 | $0 |
| 27 | Capital | | | $0 | $0 | $0 | $0 | $0 | $0 |
| 28 | Net Income (Annual Surplus/(Deficit)) | | | $97,888 | ($305,582) | ($265,532) | $526,861 | $535,131 | $163,397 |
| 29 | Beginning Balance | | | $2,390,173 | $2,488,061 | $2,182,479 | $1,916,946 | $2,443,808 | $2,978,939 |
| 30 | Ending Balance | | | $2,488,061 | $2,182,479 | $1,916,946 | $2,443,808 | $2,978,939 | $3,142,336 |
| 31 | Target Reserve (1) | | | $2,398,650 | $2,483,774 | $2,499,847 | $2,463,547 | $2,479,202 | $2,495,428 |
| 32 | Minimum Reserve | | | $2,000,000 | $2,000,000 | $2,000,000 | $2,000,000 | $2,000,000 | $2,000,000 |

(1) Target Reserve = Min + 50% Operating Expenses excluding SGA-related costs.

Figure 3-1 graphically illustrates the proposed Financial Plan – it compares the existing (current) and proposed revenues with projected expenses. The stacked bars show O&M expenses. The green bars above the X-axis ($0 line) show the net cash used to build up the reserves and the bars below the X-axis show the withdrawals from reserves to fund costs. The annual deficit shown in FY 2025 and FY 2026 is due mostly to the GSA loan, and the annual surplus in FY 2027 and FY 2028 are mostly due to repayment of the GSA loan. Total revenues at existing and proposed rates are shown by horizontal black solid and dashed lines, respectively. Current revenue from existing rates does not meet future total expenses, which is the reason for the proposed revenue adjustment.

**Figure 3-1: Proposed Financial Plan**

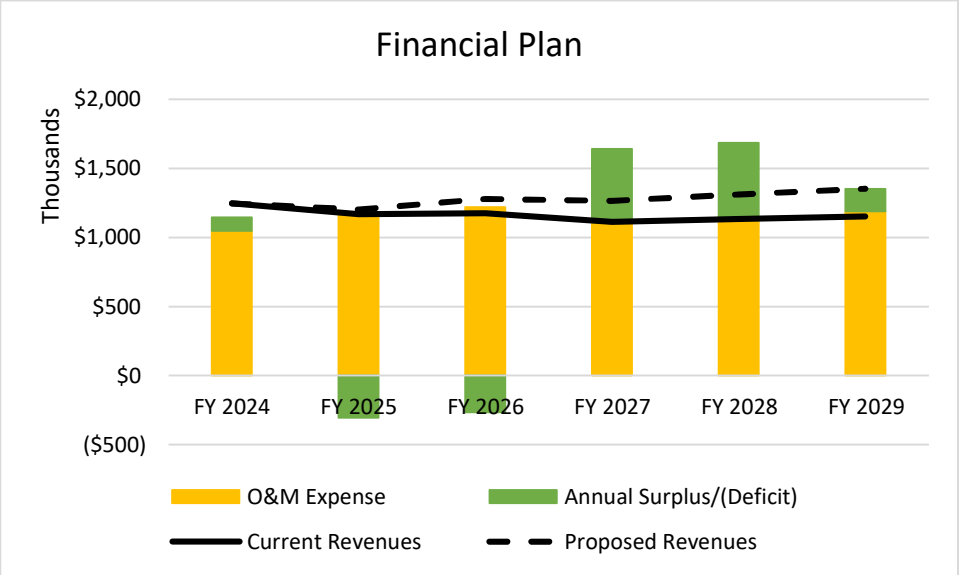
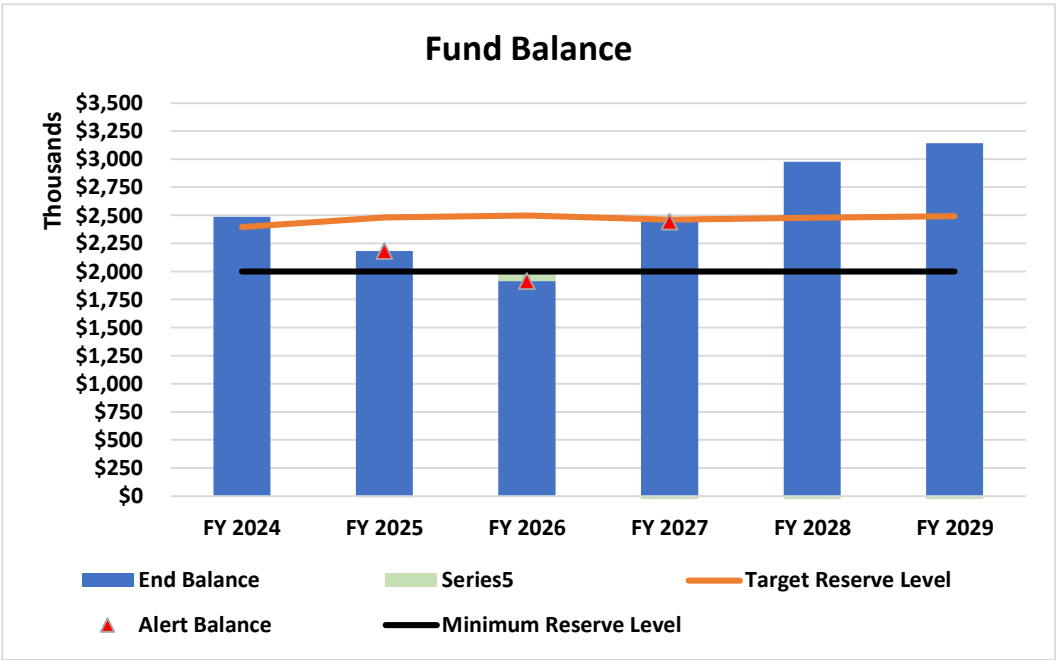



Figure 3-2 shows the projected investments fund balance. The black line shows the minimum reserve and the orange line shows the target reserve. The blue bars show the projected ending cash balance. The green bars show the ending balance if the District did not make the GSA loan. Excepting the GSA loan, the fund balances in the first three years are projected to be at or above the minimum reserve. The ending balance is projected to be at or above the target reserve in FY 2028.

**Figure 3-2: Projected Investments Fund Balance**



# 4. Proposed Water Rates

## 4.1. Net Revenue Requirements

The costs to be allocated to the producers consist of the total revenue requirement less income received from other sources (net revenue requirements). Table 4-1 shows the development of the costs that must be recovered through the rate for FY 2025. Raftelis calculated the revenue requirement using the FY 2025 projections of O&M and capital expenses (which are $0), shown in Lines 1 and 2. Note that Line 1 is net SGM-related costs and matches the total in Table 3-6. Lines 4 – 6 show the other operating revenues available to offset some of the revenue requirement. The adjustments in Line 9 ensure the cost-of-service accounts for the annual cash balances. Note that these adjustments exclude the draw on reserves for the GSA loan as the GSAs will be repaying that loan. Line 10 shows the total revenue required from rates, calculated by adding Lines 3, 6, and 9.

**Table 4-1: Net Revenue Requirements, FY 2025**

| No. | Net Revenue Requirement, Test Year<br>Line Item | Operating | Capital | Total |
|---|---|---|---|---|
| | Revenue Requirement | | | |
| 1 | Operations (Net SGM-related Costs) | $967,547 | | $967,547 |
| 2 | Capital | | $0 | $0 |
| 3 | Total Revenue Requirement | $967,547 | $0 | $967,547 |
| | Revenue Offsets | | | $0 |
| 4 | Miscellaneous | ($200) | | ($200) |
| 5 | Interest Income | ($48,000) | | ($48,000) |
| 6 | Subtotal Revenue Offsets | ($48,200) | | ($48,200) |
| | Other Adjustments | | | |
| 7 | Change in Fund Balance | ($218,679) | | ($218,679) |
| 8 | Annualized Rate Adjustment | $33,365 | | $33,365 |
| 9 | Total Adjustments | ($185,313) | $0 | ($185,313) |
| 10 | Net Revenue Requirement | $734,034 | $0 | $734,034 |

## 4.2. Rate Structure Analysis

From FY 2018 to FY 2023, the District utilized a uniform groundwater charge rate among the management zones in the District (Zones A through F). Comments received on a previous draft rate study suggested, among other things, that only Zones A and B should be charged for the costs of certain District activities including those relating to water rights releases. The District disagrees with, among other things, the comments' suggestion that water rights releases solely benefit Zones A and B. There are at least incidental benefits to other zones, and the District believes it has considerable discretion consistent with Proposition 26 to reasonably allocate those costs amongst the different zones. However, for FY 2024 and FY 2025, without setting any precedent, the District decided to charge only Zones A and B for all work related to water rights releases, including the work on fisheries issues and work involved with all upstream reservoirs on the Santa Ynez River: Cachuma, Gibraltar, and Jameson Reservoirs. All other work by the District will be shared proportionally among all the zones because all such work benefits all the zones.

The proportion of the charge for the work related to water rights releases between Zones A and B is based on the average annual delivery of water rights releases since the SWRCB Water Rights Order 89-18. From 1990-2022 (33 years), the average yearly water rights releases delivered to Zones A and B were 4,438 and 1,761 acre-feet per year, respectively. So, Zones A and B will be charged 72% and 28%, respectively, for all work by the District related to water rights releases. Stetson, the District's long-standing consulting engineer, has recommended this methodology as a reasonable way to allocate the costs of such work among Zones A and B, and Raftelis believes such allocation bears a fair or reasonable relationship to the benefits received from the District's activities relative to those zones, consistent with Proposition 26.

The purpose of the District is to manage groundwater and protect and augment the water supplies of the District, which are necessary for the public health, welfare, and safety of all users. Rate differentials for producer classes typically are based on the different peaking characteristics of producer classes. In this case, all producers have their own wells from which they draw water; and therefore, the District does not incur costs to provide facilities to meet peaking demands. The District's operations benefit all users in proportion to the amount of water they draw from their wells. Therefore, we have created zonal rates but have not set separate rates based on class of producer.

## 4.3. Calculating Rates

Once the revenue requirement is known, the costs need to be allocated to the zones. Table 4-2 shows how each of the O&M cost categories are allocated. For all activities except those related to water rights releases, the cost allocation is based on the projected usage in FY 2025 (Table 3-2) based on the findings and determinations in Stetson Engineers' *Forty-Sixth Annual Engineering and Survey Report on Water Supply Conditions of the Santa Ynez River Water Conservation District* dated March 11, 2024. For activities related to water rights releases, the cost allocation is based on the average water rights deliveries from 1990-2022 (33 years) based on Table 6 in the Stetson report.

**Table 4-2: Net O&M Cost Allocation**

| Line Item | Allocation Method | A | B | C | D | E |
|---|---|---|---|---|---|---|
| Routine Operation | % of Total Use | 27% | 47% | 4% | 8% | 11% |
| Legal & Engineering | | | | | | |
| Annual G.W. Report | % of Total Use | 27% | 47% | 4% | 8% | 11% |
| Downstream Releases / Upper SYR Operations | % of Water Rights Releases | 72% | 28% | 0% | 0% | 0% |
| WR Decision (2019-0148) | % of Water Rights Releases | 72% | 28% | 0% | 0% | 0% |
| Fisheries Issues/Hydrology | % of Water Rights Releases | 72% | 28% | 0% | 0% | 0% |
| Contingency | % of Total Use | 27% | 47% | 4% | 8% | 11% |

Table 4-3 applies the allocations shown in Table 4-2 to the FY 2025 net O&M costs shown in Table 3-6.

### Table 4-3: Net O&M Costs Allocated to Zones

| Line Item | Total | Zone A | Zone B | Zone C | Zone D | Zone E | Zone F |
|---|---|---|---|---|---|---|---|
| Routine Operation | $703,547 | $187,677 | $327,543 | $26,220 | $56,255 | $74,600 | $31,253 |
| Legal & Engineering | | | | | | | |
| Annual G.W. Report | $25,000 | $6,669 | $11,639 | $932 | $1,999 | $2,651 | $1,111 |
| Downstream Releases / Upper SYR Operations | $77,500 | $55,800 | $21,700 | $0 | $0 | $0 | $0 |
| WR Decision (2019-0148) | $61,500 | $44,280 | $17,220 | $0 | $0 | $0 | $0 |
| Fisheries Issues/Hydrology | $50,000 | $36,000 | $14,000 | $0 | $0 | $0 | $0 |
| Contingency | $50,000 | $13,338 | $23,278 | $1,863 | $3,998 | $5,302 | $2,221 |
| Net O&M | $967,547 | $343,764 | $415,380 | $29,015 | $62,251 | $82,553 | $34,584 |

Table 4-4 shows the net revenue requirement allocated to the zones. The revenue offsets are allocated proportionally to the total costs allocated to each zone.

### Table 4-4: Allocation of Net Revenue Requirement

| Unit Cost of Service, Test Year | Total | Zone A | Zone B | Zone C | Zone D | Zone E | Zone F |
|---|---|---|---|---|---|---|---|
| Operations | $967,547 | $343,764 | $415,380 | $29,015 | $62,251 | $82,553 | $34,584 |
| Capital | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Total | $967,547 | $343,764 | $415,380 | $29,015 | $62,251 | $82,553 | $34,584 |
| Revenue Offsets | | | | | | | |
| Miscellaneous | ($200) | ($71) | ($86) | ($6) | ($13) | ($17) | ($7) |
| Interest Income | ($48,000) | ($17,054) | ($20,607) | ($1,439) | ($3,088) | ($4,095) | ($1,716) |
| Other Adjustments | ($185,313) | ($65,841) | ($79,557) | ($5,557) | ($11,923) | ($15,811) | ($6,624) |
| Net Revenue Requirement | $734,034 | $260,798 | $315,129 | $22,012 | $47,227 | $62,629 | $26,237 |

Table 4-5 shows the unit cost-of-service based on dividing the net revenue requirement allocated to each zone (Table 4-4) by the projected usage in FY 2025 (Table 3-2) based on the findings and determinations in Stetson Engineers' *Forty-Sixth Annual Engineering and Survey Report on Water Supply Conditions of the Santa Ynez River Water Conservation District* dated March 11, 2024. The unit cost is rounded up to the nearest ten cents for revenue sufficiency.

### Table 4-5: Unit Cost-of-Service, FY 2025

| Unit Cost of Service, Test Year | Total | Zone A | Zone B | Zone C | Zone D | Zone E | Zone F |
|---|---|---|---|---|---|---|---|
| Net Revenue Requirement | $734,034 | $260,798 | $315,129 | $22,012 | $47,227 | $62,629 | $26,237 |
| Test Year AF | 43,335 | 11,560 | 20,175 | 1,615 | 3,465 | 4,595 | 1,925 |
| Unit Cost, $/AF | | $22.60 | $15.70 | $13.70 | $13.70 | $13.70 | $13.70 |

## 4.4. Proposed Usage Rates ($/AF)

Table 4-6 presents the current rate and the proposed rate for FY 2025. The proposed rates are rounded up to the nearest 10 cents for ease of administration.

**Table 4-6: Current and Proposed Usage Rates, $/AF**

| Rate | Zone A | Zone B | Zone C | Zone D | Zone E | Zone F |
|---|---|---|---|---|---|---|
| Current | $20.42 | $14.24 | $12.41 | $12.41 | $12.41 | $12.41 |
| Proposed, FY 2025 | $22.60 | $15.70 | $13.70 | $13.70 | $13.70 | $13.70 |

## 4.5. Projected Revenues Under Cost-of-Service Rates

Table 4-7 shows the revenues under the current rates based on the FY 2025 projected usage and the revenues using the proposed rates. The percent increase in total revenues is slightly more than the proposed revenue adjustment shown in the financial plan (Table 3-8) due to rounding the rates.

**Table 4-7: Projected Revenues Under Cost-of-Service Rates, FY 2025**

| Zone | Estimated Usage AF | Current Rate $/AF | Revenue Under Current Rates | Proposed Rate $/AF | Revenue Under Proposed Rates | Percent Increase/ Decrease |
|---|---|---|---|---|---|---|
| Zone A | 11,560 | $20.42 | $236,055 | $22.60 | $261,256 | 10.7% |
| Zone B | 20,175 | $14.24 | $287,292 | $15.70 | $316,748 | 10.3% |
| Zone C | 1,615 | $12.41 | $20,042 | $13.70 | $22,126 | 10.4% |
| Zone D | 3,465 | $12.41 | $43,001 | $13.70 | $47,471 | 10.4% |
| Zone E | 4,595 | $12.41 | $57,024 | $13.70 | $62,952 | 10.4% |
| Zone F | 1,925 | $12.41 | $23,889 | $13.70 | $26,373 | 10.4% |
| Total | 43,335 | | $667,303 | | $736,924 | 10.4% |

## 4.6. Producer Impact Analysis

Table 4-8 through Table 4-10 illustrate the producer bill impact for an average agricultural producer, an average special irrigation producer, and an average non-agricultural producer within each zone on the January 2025 bill. Average use per bill is based on FY 2023 billing data from Stetson Engineers' *Forty-Sixth Annual Engineering and Survey Report on Water Supply Conditions of the Santa Ynez River Water Conservation District* dated March 11, 2024.

**Table 4-8: Average Agricultural Producer by Zone, FY 2025 Bill Impact**

| Agricultural | Zone A | Zone B | Zone C | Zone D | Zone E | Zone F |
|---|---|---|---|---|---|---|
| Average AF/bill | 29.3 | 37.2 | 0.2 | 15.5 | 6.0 | 16.5 |
| Current Bill | $599.14 | $529.37 | $2.18 | $192.47 | $74.82 | $204.71 |
| Proposed Bill | $663.10 | $583.64 | $2.41 | $212.47 | $82.59 | $225.99 |
| Bill Change, $ | $63.96 | $54.28 | $0.23 | $20.01 | $7.78 | $21.28 |

### Table 4-9: Average Special Irrigation Producer by Zone, FY 2025 Bill Impact

| Special Irrigation | Zone A | Zone B | Zone C | Zone D | Zone E | Zone F |
|---|---|---|---|---|---|---|
| Average AF/bill | 2.1 | 2.2 | 0.1 | 0.2 | 0.1 | 0.0 |
| Current Bill | $43.33 | $31.58 | $1.13 | $2.60 | $0.70 | $0.00 |
| Proposed Bill | $47.95 | $34.82 | $1.25 | $2.87 | $0.77 | $0.00 |
| Bill Change, $ | $4.63 | $3.24 | $0.12 | $0.27 | $0.07 | $0.00 |

### Table 4-10: Average Other (Non-Agricultural) Producer by Zone, FY 2025 Bill Impact

| Non-Agricultural | Zone A | Zone B | Zone C | Zone D | Zone E | Zone F |
|---|---|---|---|---|---|---|
| Average AF/bill | 6.8 | 14.7 | 15.6 | 4.1 | 4.6 | 1.3 |
| Current Bill | $139.27 | $209.05 | $194.07 | $51.40 | $57.26 | $16.26 |
| Proposed Bill | $154.14 | $230.48 | $214.24 | $56.74 | $63.22 | $17.95 |
| Bill Change, $ | $14.87 | $21.43 | $20.17 | $5.34 | $5.95 | $1.69 |

## APPENDIX A:

# O&M Detail

| O&M Budget and Projection Detail | | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
|---|---|---|---|---|---|---|---|
| Internal Operations / Expenses | | | | | | | |
| Employee Salaries | Salaries | $450,000 | $447,000 | $464,880 | $483,475 | $502,814 | $522,927 |
| Payroll (SS and Medicare) | Benefits | $34,000 | $34,000 | $35,360 | $36,774 | $38,245 | $39,775 |
| Employee Benefits | Benefits | $9,500 | $9,000 | $9,360 | $9,734 | $10,124 | $10,529 |
| Retirement Plan Contributions | Benefits | $29,000 | $47,000 | $48,880 | $50,835 | $52,869 | $54,983 |
| Outside Services | General | $6,000 | $7,000 | $7,210 | $7,426 | $7,649 | $7,879 |
| Office Expense | General | $67,000 | $55,000 | $56,650 | $58,350 | $60,100 | $61,903 |
| Director Fees | General | $6,200 | $8,400 | $8,652 | $8,912 | $9,179 | $9,454 |
| Travel & Training | General | $9,000 | $12,000 | $12,360 | $12,731 | $13,113 | $13,506 |
| Annual Audit | General | $20,000 | $20,000 | $20,600 | $21,218 | $21,855 | $22,510 |
| Insurance & Worker's Comp | General | $20,000 | $26,000 | $26,780 | $27,583 | $28,411 | $29,263 |
| Dues and LAFCO Fees | General | $4,600 | $6,000 | $6,180 | $6,365 | $6,556 | $6,753 |
| Groundwater Charges Program | General | $6,000 | $106,000 | $109,180 | $6,556 | $6,753 | $6,956 |
| Miscellaneous | General | $1,000 | $1,000 | $1,030 | $1,061 | $1,093 | $1,126 |
| Legal | | | | | | | |
| General & Misc. | General | $16,500 | $26,500 | $27,295 | $28,114 | $28,957 | $29,826 |
| Downstream Releases / Upper SYR Operations | General | $0 | $2,500 | $2,575 | $2,652 | $2,732 | $2,814 |
| WR Decision (2019-0148) | General | $25,000 | $36,500 | $37,595 | $38,723 | $39,885 | $41,081 |
| Fisheries Issues | General | $16,500 | $20,000 | $20,600 | $21,218 | $21,855 | $22,510 |
| Employment/HR | General | $5,000 | $2,500 | $2,575 | $2,652 | $2,732 | $2,814 |
| Groundwater Program | General | $7,000 | $7,000 | $7,210 | $7,426 | $7,649 | $7,879 |
| Engineering/Environmental | | | | | | | |
| General & Misc. | General | $6,000 | $7,000 | $7,210 | $7,426 | $7,649 | $7,879 |
| Annual GW Report | General | $22,000 | $25,000 | $25,750 | $26,523 | $27,318 | $28,138 |
| Downstream Releases Operations | General | $35,500 | $70,000 | $72,100 | $74,263 | $76,491 | $78,786 |
| Upper SYR Operations | General | $3,500 | $5,000 | $5,150 | $5,305 | $5,464 | $5,628 |
| WR Decision (2019-0148) | General | $15,000 | $25,000 | $25,750 | $26,523 | $27,318 | $28,138 |
| Fisheries Hydrology | General | $25,000 | $30,000 | $30,900 | $31,827 | $32,782 | $33,765 |
| Special Studies | General | $39,000 | $47,000 | $48,410 | $49,862 | $51,358 | $52,899 |
| SGM Expenses | No Inflation | $75,000 | $50,000 | $50,000 | $10,000 | $10,000 | $10,000 |
| Contingency | No Inflation | $95,000 | $50,000 | $50,000 | $50,000 | $50,000 | $50,000 |
| Total O&M | | $1,048,300 | $1,182,400 | $1,220,242 | $1,113,535 | $1,150,949 | $1,189,718 |

**RESOLUTION NO. 730**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA YNEZ RIVER WATER CONSERVATION DISTRICT MAKING FINDINGS AND DETERMINATIONS, ESTABLISHING ZONES, SETTING RATES, AND LEVYING A GROUNDWATER CHARGE WITHIN THE DISTRICT FOR THE WATER YEAR 2024-2025**

**WHEREAS,** in accordance with Water Code section 75560, et seq., an engineering investigation and report (entitled Forty-Sixth Annual Engineering and Survey Report on Water Supply Conditions of the Santa Ynez River Water Conservation District, A Summary of Findings for the Previous Water Year (2022-2023), Current Water Year (2023-2024), and Ensuing Water Year (2024-2025), dated March 11, 2024) was duly prepared by the District's consulting engineer, Stetson Engineers, Inc. (hereinafter "Annual Report"), which Annual Report as detailed herein below was made available for public examination as required by law, submitted to and approved following a public hearing by the Santa Ynez River Water Conservation District's ("District") Board of Directors at its April 24, 2024 meeting pursuant to Water Code section 75570 et seq., and provides specific factual data and other evidence to permit the District to make findings and determinations as required by law including Water Code section 75574; and

**WHEREAS,** the District duly noticed a public hearing pursuant to Water Code section 75570 et seq. and in accordance with Government Code section 6061, for the April 24, 2024 meeting of the District's Board of Directors ("Board"), which notice, among other information, provided notice of receipt of the Annual Report and hearing thereon and invited all operators of water-producing facilities within the District to examine such report and appear and submit evidence concerning the groundwater conditions and the surface water supplies of the District; and

**WHEREAS,** the Annual Report among other evidence presented at the April 24, 2024 hearing and meeting of the District's Board of Directors was in accord with and in support of the continuation of such a groundwater charge on all water-producing facilities within the District to finance the District activities and purposes as set forth in Water Code section 74000 et seq., for the water year2024-25; and

**WHEREAS,** evidence was also presented at said hearing and meeting regarding benefits of the District's activities which different zones of the District enjoy; and

**WHEREAS,** evidence was also presented a said hearing and meeting supporting a finding that continuation of such a charge is exempt from the provisions of the California Environmental Quality Act by Public Resources Code Section 21080(b)(8); and

**WHEREAS**, the only comments submitted prior to or at said hearing and meeting regarding said Annual Report were submitted by Santa Ynez River Water Conservation District, Improvement District No. 1 ("Improvement District No. 1"); and

**WHEREAS,** the Annual Report was approved and accepted by the Board of Directors at said April 24, 2024 board meeting, with the approved version of the Annual Report being subsequently marked as FINAL May 7, 2024 and filed with the District, and made the findings and determinations set forth on pages 10 and 11 of the Report; and

**WHEREAS,** this District performs essential regulatory activities in managing, protecting, conserving, augmenting, replenishing, and enhancing the water supplies for users within the District, including groundwater resources within the District. The groundwater charge rates herein establish a reasonable relationship to each user's burdens on or benefits of the District's activities including those activities described on pages 1 through 5 of the Annual Report; and

**WHEREAS,** groundwater charges herein established are levied upon those electing to pump groundwater (as defined in Water Code section 75502) and to the extent of groundwater pumping, and such charges enable the District to perform its essential regulatory activities to manage, protect, conserve, replenish, augment, and enhance the water supplies for users within the District, including groundwater resources within the District; and

**WHEREAS,** it is necessary for the District to continue to provide these activities, which require concentrated, coordinated action on behalf of all District water users, including groundwater users within the District, who by their extraction of groundwater burden the underlying groundwater basin and benefit from the District's services in a manner that non-payors do not, rather than to leave such activities to individuals who could neither afford nor effectively act to protect or augment their water resources as individuals; and

**WHEREAS,** the groundwater charges fund the continuation of groundwater management services performed by the District to mitigate the burdens imposed on the groundwater basin within the District by groundwater extractors for the benefits of the groundwater basin; and

**WHEREAS**, the District has commissioned preparation of a Rate Study Report by Raftelis to, among things, develop a financial plan and conduct a costs of service study for the District and demonstrate its groundwater charge rates are necessary to cover the reasonable costs of the District's activities and are allocated to persons extracting groundwater within the District in a manner that bears a fair or reasonable relationship to the benefits received from the District's activities consistent with Proposition 26 (California Constitution, Article 13C, § 1); and

**WHEREAS** Raftelis prepared a Rate Study Report dated June 14, 2024, which report was made available for public inspection and review, distributed to the members of the Board, posted on the District's website, and presented to, discussed with and considered by the District's Board of Directors at its meeting of July 19, 2024; and

**WHEREAS,** such groundwater charges do not exceed the reasonable costs of the District carrying out its activities, and the manner in which the costs are allocated bear a fair or reasonable relationship to the payor's burden on or benefits received from the District's activities consistent with applicable law, including Proposition 26; and

**WHEREAS,** while property taxes can be used to finance a portion of the costs of the District's activities, existing limitations on property tax revenues which historically were used to finance District purposes preclude continuation of District activities without additional financing; and

**WHEREAS,** the District first implemented a groundwater charge prior to January 1, 1982, to implement the transition from the property taxation system in effect prior to June 1, 1978; and

**WHEREAS,** the groundwater charges are reasonably related to the District's activities, including regulatory and groundwater management services, and the need to maintain appropriate financial reserves for such purposes, and do not generate a surplus for general revenue purposes; and

**WHEREAS,** this Board determines that it is in the best interest of the residents, landowners, and water users within the District, including persons operating ground water-producing facilities, that a groundwater charge and several zones be established within the District, and that a groundwater charge be levied at the rates provided for herein within those zones upon those persons who elect to produce groundwater from a water-producing facility within the District.

**NOW, THEREFORE, BE IT RESOLVED,** by this Board of Directors as follows:

1. The foregoing recitals of fact are true and correct;

2. The Board hereby approves the "Rate Study Report" prepared by Raftelis dated June 14, 2024;

3. The Board hereby makes the following findings and determinations pursuant to Water Code section 75574:

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(a) The average annual overdraft for the immediate past ten (10) water years (July 2013-June 2023): 2,800 ± acre-feet;

(b) The estimated annual overdraft for the current (2023-24) water year (July 2023-June 2024): 3,300 ± acre-feet;

(c) The estimated annual overdraft for the ensuing (2024-25) water year (July 2024-June 2025): 2,200 ± acre-feet;

(d) The accumulated overdraft as of the last day of the preceding (2022-23) water year (June 30, 2023): 141,100 ± acre-feet in terms of accumulated dewatered storage. Accumulated overdraft as defined in Water Code Section 75505 is nominal, at this time;

(e) The estimated accumulated overdraft as of the last day of the current (2023-24) water year (June 30, 2024): 142,600 ± acre-feet in terms of accumulated dewatered storage. Accumulated overdraft as defined in Water Code 75505 is nominal, at this time;

(f) The estimated amount of agricultural and special irrigation water to be withdrawn from the groundwater supplies of the District for the ensuing (2024-25) water year (July 2024-June 2025): 29,985 acre-feet of agricultural water and 1,515 acre-feet of special irrigation water;

(g) The estimated amount of water other than agricultural water or special irrigation water to be withdrawn from the groundwater supplies of the District for the ensuing (2024-25) water year (July 2024-June 2025): approximately 11,835 acre-feet;

(h) The estimated amount of water necessary for surface distribution for the ensuing (2024-25) water year (July 2024-June 2025): approximately 2,700 acre-feet scheduled to be delivered by the Central Coast Water Agency to contractors within the District;

(i) The amount of water, which is necessary for the replenishment of the groundwater supplies of the District: 141,100 ± acre-feet to completely replenish accumulated dewatered storage;

(j) The amount of water the District is obligated by contract to purchase: The District is not obligated by contract to purchase water.

4. The Board hereby establishes the following zones within the District:

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Zone A: District portion of the Santa Ynez River alluvial channel from San Lucas Bridge downstream to the Lompoc Narrows, as depicted on Figure 2, Page 15, of the "Forty-Sixth Annual Engineering and Survey Report on Water Supply Conditions of the Santa Ynez River Water Conservation District, A Summary of Findings for the Previous Water Year (2022-2023), Current Water Year (2023-2024), and Ensuing Water Year (2024-2025)" FINAL dated May 7, 2024, which is incorporated herein by reference.

Zone B: District portion of the Lompoc Plain, Lompoc Upland, and Lompoc Terrace groundwater subareas, as depicted on said Figure 2;

Zone C: All other portions of the District not included in Zones A, B, D, E, and F, as depicted on said Figure 2;

Zone D: District portion of the Buellton Upland subarea, as depicted on said Figure 2;

Zone E: District portion of the Santa Ynez Upland subarea, as depicted on said Figure 2;

Zone F: District portion of the Santa Rita Upland subarea, as depicted on said Figure 2;

5. A groundwater charge is hereby levied against all persons operating ground water-producing facilities, and the following rates are hereby established and applied to all water produced from such facilities within each zone as shown below for the fiscal year 2024-25:

| | |
|---|---|
| Zone A (all water types) | $22.60 per acre-foot |
| Zone B (all water types) | $15.70 per acre-foot |
| Zone C (all water types) | $13.70 per acre-foot |
| Zone D (all water types) | $13.70 per acre-foot |
| Zone E (all water types) | $13.70 per acre-foot |
| Zone F (all water types) | $13.70 per acre-foot |

6. The Board hereby finds and determines, based on substantial evidence including information provided in the above-referenced Annual Report and Rate Study Report, that the rates set forth above bear a fair or reasonable relationship to the groundwater producers' benefits on, or burdens received from, the District's activities that are funded by these fees.

7. The Board hereby establishes the following methods to compute the amounts of water produced from a ground water-producing facility within the District:

   (a) If the well production is metered by a flow meter, then the meter reading will be utilized.

   (b) If the well is not metered, but has a separate electric meter, then production may be determined from electrical consumption and pump test results, if available. Annual pump tests shall be run whenever possible with the results of the most recent test used to verify and/or adjust meter readings.

   (c) Production may be estimated based upon type of water use, estimated applied unit use, area irrigated, and types of crops grown on land, or number of connections or persons served, or type and quantity of units produced.

   (d) Other criteria may be recommended by the District's engineer from time to time which will allow the Board to determine with reasonable accuracy the amount of water produced from a ground water-producing facility.

8. In accordance with Public Resources Code Section 21080(b)(8), the Board hereby finds said groundwater charges are for the purposes set forth therein including meeting the District's operating expenses, purchasing or leasing supplies, materials or equipment, and meeting financial reserve needs and requirements, as demonstrated in the Rate Study Report.

The foregoing resolution being on motion of Director _____, seconded by Director _____, was authorized by the following vote:

**AYES,** and in favor thereof, Directors:

**NOES,** Directors:

**ABSENT/ABSTAINING,** Directors:

I HEREBY CERTIFY that the foregoing resolution is the resolution of said district as duly passed and adopted by said Board of Directors on the 19th of June 2024.

_____ _____

Larry Lahr, President Amber M. Thompson, Secretary



DRAFT

# STAFF MEMORANDUM

DATE: June 19, 2024

TO: SYRWCD Board of Directors

FROM: Bill Buelow, General Manager

SUBJECT: Joint Powers Agreement for EMA

The purpose of this memorandum is to provide a Staff recommendation to enter into a Joint Powers Agreement (JPA) with the City of Solvang (City), the Santa Ynez River Water Conservation District (District), Improvement District No. 1 (ID1), the Santa Barbara County Water Agency (Agency) and the Santa Ynez River Water Conservation District (District) to form the Santa Ynez River Valley Basin Eastern Management Area Groundwater Sustainability Agency (EMA) Joint Powers Authority (JPA), (referred to as the EMA GSA or EMA JPA).

## Background

The EMA GSA was formed by the April 27, 2017 Memorandum of Agreement (MOA) between the City, ID1, the Agency and the District (Parties).

For the past two years, District Staff have engaged in discussions and negotiations with the Parties to convert the MOA into a joint powers agreement to govern the EMA GSA.
The Parties to the MOA decided to renegotiate certain terms of the previous MOA in drafting the JPA, including voting and the addition of an agricultural stakeholder representative on the GSA's governing body.

On April 23, 2023 the District appointed an Ad-Hoc committee to work with Staff and Counsel on the JPA negotiations. Additionally, the Ad-hoc periodically reported to the District Board and provided Staff direction on negotiation points the District wanted in the JPA.

At a meeting of the EMA GSA on May 23, 2024, the EMA GSA Committee endorsed the Draft JPA and recommended approval of the Draft JPA by the Parties. On June 10, 2024, the City approved the Draft JPA. ID1 will consider approval of the JPA at its Board meeting on June 18, 2024, and the Agency will consider approval at its July 16, 2024, meeting. The WMA and CMA entered into their respective JPAs in November 2023.

## Discussion of Joint Powers Agreements

A "Joint Powers Agreement" (JPA) is an agreement between two or more government agencies to combine their powers and resources for some common project. A JPA may also create a separate legal entity, commonly called a Joint Powers Authority (JPA), to work on common problem(s), in this case SGMA compliance and GSP implementation. Public agencies voluntarily create a JPA, and the JPA can exercise only those powers that are common to their member agencies. Their meetings are open to the public and subject to the Ralph M. Brown Act.

Further, JPAs must follow the Public Records Act, the Political Reform Act, and other public interest laws that ensure political transparency. The JPA must also arrange for an annual audit.

The EMA JPA creates a separate entity. As a separate entity, a JPA must have its own board of directors (Board) which will appoint officers as provided for in its JPA, in this case a chair, vice chair, treasurer, and secretary. The board will consist of representatives of each member. Certain functions may be delegated by the Board to the staff of a member agency, or an outside consultant. For example, the Treasurer's duties may be delegated to a certified public accountant.

There are financial resources needed to implement projects and management actions identified in the GSP to maintain SGMA compliance. Without outside funding sources, such as grants, these activities will be supported in part by each GSA's member agencies loaning money to the GSA and require the imposition of some form of fee or charge structure to fund the GSA and reimburse the member agencies for their reimbursable loan contributions.

A JPA, formed as a legal entity separate from its members, would shield the general funds of its members from having to pay liabilities if the JPA is unable to generate sufficient revenue to pay its liabilities. In contrast, counsel for the EMA GSA members are concerned that the existing MOA structures may not provide the same protection for its members. Finally, a JPA can combine services and share the resources of the member agencies to save time, reduce (or eliminate) overlapping services, increase efficiencies, and cut costs for their taxpayers.

**EMA JPA Specifics**

From a practical perspective, the EMA JPA is a complete renegotiation of the April 2017 MOA. The biggest change from the EMA MOA is the inclusion of a fifth Agricultural Stakeholder Director (Ag Director) to the JPA Board (Article 7.2). While not a JPA member agency, the Ag Director will be a voting member of the EMA JPA. The weighted voting arrangements from the EMA's MOA was replaced by a one director one vote system described in Article 11.2. Except as specified, all JPA Board decisions will require no less than three (3) votes. A super majority vote (at least four) shall be required as described in Article 11.3 (b).

The EMA JPA also provided, in Article 14.2 (c), for a voluntary cost-sharing arrangement with a requirement of each JPA member make an initial contribution of $50,000 within 30 days of receiving an invoice from the EMA JPA (Article 14.2 (d)). It is anticipated that additional voluntary contributions from member agencies will be necessary to cover initial expenditures, subject to reimbursement after adoption of a fee structure to fund the GSA. There is no requirement for the Ag Director to contribute funds. Repayment of contributions made by JPA members will be made at the direction of the JPA Board in accordance with Article 14.3.

Article 9 provides three ways for the EMA JPA to be staffed including: 1) hiring an individual or entity to be hired as an employee of the EMA JPA; 2) individual or entity to be hired by contract with the EMA JPA; 3) member agency staff to be hired by contract with the EMA JPA. Number three would require a unanimous vote of the Parties. Methods one or two would only require three (3) votes if no Ag Director is seated at the time of the vote, with a term of one year or, unanimous vote if an Ag Director is seated.

## Fiscal Impact

There are several vehicles for the GSA to capture costs for implementing SGMA pursuant to Water Code sections 10730, *et seq*. The JPA's Board of Directors may pursue funding through any means allowable by law, including but not limited to fees and/or charges, which reduces the financial obligations of the member agencies. To the extent other funds are not available to pay GSA expenses, the JPA members may make voluntary contributions in accordance with the EMA Interim Cost Share Agreement of November 15, 2023. Moreover, if the JPA is unable to pay its liabilities, as a separate legal entity the JPA can shield the general funds of its members from having to pay those liabilities. The adoption of fees and charges must be compliant with all applicable laws including Propositions 218 and 26.

The initial required contribution of $50,000 anticipated to be requested in Q1 of FY 2025 is included in the proposed FY 2025 Budget under consideration for approval by the SYRWCD Board. Any member of the JPA may unilaterally withdraw from the JPA in accordance with Article 16 of the JPA.

## Recommendation:

Staff and Counsel's recommendation is for the SYRWCD Board of Directors to approve and authorize Execution of the Joint Exercise of Powers Agreement for the Santa Ynez River Valley Groundwater Basin Eastern Management Area Groundwater Sustainability Agency and to authorize the SYRWCD Board President or General Manager to sign the Joint Powers Agreement on behalf of the Board.

**Recommended Motion:** *The SYRWCD Board of Directors hereby approves the Draft Final JPA for the* Santa Ynez River Valley Groundwater Basin Eastern Management Area Groundwater Sustainability Agency *and hereby authorizes the Board President or General Manager to sign the Joint Powers Agreement on behalf of the Board.*

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# JOINT EXERCISE OF POWERS AGREEMENT
# SANTA YNEZ RIVER VALLEY BASIN EASTERN MANAGEMENT AREA
# GROUNDWATER SUSTAINABILITY AGENCY

This Joint Exercise of Powers Agreement ("Agreement") is made and entered into by and between the City of Solvang ("Solvang"); the Santa Barbara County Water Agency ("Santa Barbara"); the Santa Ynez River Water Conservation District ("SYRWCD"); and the Santa Ynez River Water Conservation District, Improvement District No.1 ("ID No.1"), also each referred to individually as "Member" and collectively as "Members," for the purposes of forming a joint powers agency to serve as the Groundwater Sustainability Agency for the Eastern Management Area of the Santa Ynez River Valley Groundwater Basin. This joint powers agency shall hereinafter be known as the Santa Ynez River Valley Groundwater Basin Eastern Management Area Groundwater Sustainability Agency ("EMA GSA" or "GSA").

## RECITALS

A. WHEREAS, the Sustainable Groundwater Management Act of 2014 ("SGMA"), including but not limited to Water Code section 10720 et seq., requires the formation of groundwater sustainability agencies by June 30, 2017 to manage medium and high priority groundwater basins throughout the state through the adoption and implementation of groundwater sustainability plans ("GSPs"), where GSPs for high and medium priority basins that are not subject to conditions of critical overdraft must be adopted by January 31, 2022; and

B. WHEREAS, the Santa Ynez River Valley Groundwater Basin (also referred to as the "Santa Ynez Groundwater Basin" or "Basin"), as identified and defined by the California Department of Water Resources ("DWR") in Bulletin 118 (as Basin 3-15), has been designated by DWR as a medium priority basin; and

C. WHEREAS, Bulletin 118 describes the Basin as being in three portions, that being the eastern, central, and western. The western portion consists of the Lompoc Plain, Lompoc Terrace, and Lompoc Uplands; the central portion consists of the Buellton Uplands, and the eastern portion consists of the Santa Ynez Uplands. For the purpose of implementing SGMA, each portion of the Basin as described by DWR has been designated as a separate "Management Area" as authorized by SGMA, where the three Management Areas cover the entire Basin defined by Bulletin 118; and

D. WHEREAS, the map attached hereto as Exhibit A depicts the boundaries of the three Management Areas of the Basin; and

E. WHEREAS, in 2016, local public agencies eligible to form a GSA or GSAs in the Basin determined that a separate GSA would be formed for each Management Area of the Basin (see Memorandum of Understanding for Implementation of the Sustainable Groundwater Management Act in the Santa Ynez River Valley Groundwater

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Basin, dated May 23, 2016); and

F. WHEREAS, effective April 27, 2017 the Members entered into a "Memorandum of Agreement for Formation of a Groundwater Sustainability Agency for the Eastern Management Area in the Santa Ynez Valley Groundwater Basin under the Sustainable Groundwater Management Act" ("2017 MOA"), which established the Members as the participating agencies of the EMA GSA created by the 2017 MOA; and

G. WHEREAS, pursuant to separate Memoranda of Agreement, the local public agencies in the Western Management Area ("WMA") and the Central Management Area ("CMA") of the Basin, respectively, formed a WMA GSA and a CMA GSA in the Basin; and

H. WHEREAS, effective February 26, 2020, the local public agencies participating in the EMA GSA, the WMA GSA, and the CMA GSA entered into the Intra-Basin Administrative Agreement for Implementation of the Sustainable Groundwater Management Act in the Santa Ynez River Valley Groundwater Basin; and

I. WHEREAS, in accordance with Water Code section 10727.6 and California Code of Regulations, title 23, section 357.4, the EMA GSA, the WMA GSA, and the CMA GSA entered into the Santa Ynez River Valley Groundwater Basin Coordination Agreement, effective January 1, 2022; and

J. WHEREAS, the EMA GSA formed under the 2017 MOA has already developed, adopted, and submitted a Groundwater Sustainability Plan ("GSP") for the EMA to DWR as required by SGMA, and DWR approved the EMA GSP in January 2024; and

K. WHEREAS, each of the Members is duly organized and existing under the laws of the State of California and is a local agency qualified to become or form a GSA under SGMA for the Eastern Management Area of the Basin; and

L. WHEREAS, pursuant to SGMA, specifically Water Code section 10723.6, and the Joint Exercise of Powers Act, Government Code section 6500 et seq., the Members are authorized to create a joint powers agency to jointly exercise any power common to the Members together with such powers as are expressly set forth in the Joint Exercise of Powers Act and in SGMA upon successfully becoming a GSA for the Eastern Management Area of the Santa Ynez River Valley Groundwater Basin; and

M. WHEREAS, consistent with Paragraph 4 of the 2017 MOA, the Members are interested in reforming the existing EMA GSA established under the 2017 MOA as a separate entity under the Joint Exercise of Powers Act in order to implement the EMA GSP under SGMA; and

N. WHEREAS, pursuant to this Agreement the Members desire to create a joint powers authority to sustainably manage the Eastern Management Area of the Santa

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Ynez River Valley Groundwater Basin as required by SGMA.

O. WHEREAS, each of the signatories to this Agreement is a public agency operating independently of the joint powers authority formed by this Agreement and, notwithstanding its approval of this Agreement, each signatory reserves and does not waive any rights regarding the scope and extent of its individual authorities and powers under its enabling act or other applicable law.

**NOW, THEREFORE,** in consideration of the terms, conditions, and covenants contained herein, the Members hereby agree as follows:

## ARTICLE 1
## INCORPORATION OF RECITALS

1.1 The foregoing recitals are true and correct and are incorporated herein by reference.

## ARTICLE 2
## DEFINITIONS

The following terms shall have the following meanings for purposes of this Agreement:

2.1 “Agreement” means this Joint Exercise of Powers Agreement forming the Santa Ynez River Valley Groundwater Basin Eastern Management Area Groundwater Sustainability Agency.

2.2 “Basin” means the Santa Ynez River Valley Groundwater Basin, as identified and defined by DWR in Bulletin 118 (as Basin 3-15) as of the Effective Date of this Agreement or as modified pursuant to Water Code section 10722.2.

2.3 “Bulletin 118” means DWR’s report entitled “California Groundwater: Bulletin 118” updated in 2016 and 2020, and as it may be subsequently updated or revised in accordance with Water Code section 12924.

2.4 “Board of Directors” or “Board” means the governing body of the EMA GSA as established by Article 7 of this Agreement.

2.5 “EMA” means the Eastern Management Area of the Basin, as defined and depicted in the GSP for the EMA, as may be amended from time to time pursuant to SGMA.

2.6 “EMA GSA” or “GSA” means the Santa Ynez River Valley Groundwater Basin Eastern Management Area Groundwater Sustainability Agency, formed as a

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separate joint powers authority through this Agreement.

2.7 “Director(s)” and “Alternate Director(s)” means a Director or Alternate Director appointed by a Member or appointed by the Directors representing the Members pursuant to Article 7 of this Agreement.

2.8 “DWR” means the California Department of Water Resources.

2.9 “Executive Director” means an individual or entity hired by the EMA GSA as an employee or by contract, who under the title of Executive Director, General Manager, Manager, Administrator, or similar designation carries out discretionary functions and duties for, on behalf of, and/or subject to the direction of the EMA GSA Board of Directors, which functions and duties are managerial in nature, including but not limited to day-to-day executive, operational, and administrative activities of the GSA.

2.10 “GSP” means a Groundwater Sustainability Plan, as defined by SGMA in Water Code section 10727 et seq.

2.11 “Joint Exercise of Powers Act” means Government Code section 6500 et seq., as may be amended from time to time.

2.12 “Member” or “Members” means an entity or the entities authorized by SGMA and other applicable law to participate in the EMA GSA as formed by this Agreement and included in Article 6.1 of this Agreement, or any entity that becomes a new Member of the EMA GSA pursuant to Article 6.2 of this Agreement.

2.13 “Officer(s)” means the Chair, Vice Chair, Secretary, or Treasurer of the EMA GSA to be appointed by the Board of Directors pursuant to Article 8.2 of this Agreement.

2.14 "Santa Ynez Water Group” means the non-profit mutual benefit corporation currently registered with the State of California.

2.15 “SGMA” means the Sustainable Groundwater Management Act, including but not limited to Water Code section 10720 et seq., as SGMA may be amended from time to time.

2.16 “State” means the State of California.

## ARTICLE 3
## CREATION OF THE GSA

3.1 Creation of a Joint Powers Agency. There is hereby created pursuant to the Joint Exercise of Powers Act and SGMA a joint powers agency, which will be a public entity separate from the Members to this Agreement, and shall be known as the Santa Ynez River Valley Groundwater Basin Eastern Management Area Groundwater Sustainability Agency (“EMA GSA” or “GSA”). The boundaries of the EMA GSA shall be

coterminous with the boundaries of the EMA portion of the Basin as established by the EMA GSP and depicted in Exhibit A, which may be amended from time to time pursuant to SGMA.

3.2 Notices. Within 30 days after the Effective Date of this Agreement, and after any amendment hereto, Santa Barbara, on behalf of the EMA GSA, or the GSA, shall cause a notice of this Agreement or amendment to be prepared and filed with the office of the California Secretary of State containing the information required by Government Code section 6503.5. Within 30 days after the Effective Date of this Agreement, Santa Barbara, on behalf of the EMA GSA, shall cause a statement of the information concerning the GSA, required by Government Code section 53051, to be filed with the office of the California Secretary of State and with the County Clerk for the County of Santa Barbara, setting forth the facts required to be stated pursuant to Government Code section 53051(a). Within 30 days after the Effective Date of this Agreement, Santa Barbara, on behalf of the EMA GSA, shall inform DWR of the Members' decision and intent to undertake sustainable groundwater management within the EMA in accordance with Water Code section 10723.8.

3.3 Purpose of the GSA. The purpose of the EMA GSA is to implement and comply with SGMA in the EMA portion of the Santa Ynez River Valley Groundwater Basin by serving as the EMA's groundwater sustainability agency, implementing the GSP for the EMA, and coordinating with the WMA GSA and CMA GSA in sustainably managing the Basin pursuant to SGMA.

## ARTICLE 4
## TERM

4.1 This Agreement shall become effective on the last date on which all of the Members listed in Article 6.1 sign this Agreement ("Effective Date"), after which notices shall be filed in accordance with Article 3.2. This Agreement shall remain in effect until terminated pursuant to the provisions of Article 16 of this Agreement.

## ARTICLE 5
## POWERS

5.1 The EMA GSA shall possess the power in its own name to exercise any and all powers as are expressly set forth in this Agreement, the Joint Exercise of Powers Act, and in SGMA subject to the limitations set forth therein.

5.2 For purposes of Government Code section 6509 and Water Code section 10730.6(d), the powers of the EMA GSA shall be exercised subject to the restrictions upon the manner of exercising such powers as are imposed on Santa Barbara, and in the event of the withdrawal of Santa Barbara as a Member under this Agreement, then the manner of exercising the GSA's powers shall be exercised subject to those restrictions

imposed on Solvang.

## ARTICLE 6
## MEMBERSHIP

6.1 Members. The Members of the EMA GSA, as long as they have not withdrawn from this Agreement pursuant to Article 16, shall be:

(a) City of Solvang;

(b) Santa Barbara County Water Agency;

(c) Santa Ynez River Water Conservation District; and

(d) Santa Ynez River Water Conservation District, Improvement District No.1.

6.2 New Members. Any entity authorized by SGMA and other applicable law to participate in the EMA GSA, that is not a Member on the Effective Date of this Agreement, may become a Member upon all of the following:

(a) The approval of the Board of Directors as specified in Article 11.3;

(b) Amendment of the Agreement in accordance with Article 17.2; and

(c) Payment by the new Member of a pro rata share of all previously incurred costs that the Board of Directors determines have resulted in benefit to the new Member, and are appropriate for assessment on the new Member.

## ARTICLE 7
## BOARD OF DIRECTORS

7.1 Formation of the Board of Directors. The EMA GSA shall be governed by a Board of Directors ("Board"). Directors of the Board shall consist of one representative from each of the Members of the GSA pursuant to Article 6, and one representative

appointed by the Member Directors, initially as follows:

(a) One Director representing Solvang;

(b) One Director representing Santa Barbara;

(c) One Director representing SYRWCD;

(d) One Director representing ID No.1; and

(e) One Director, appointed in accordance with Article 7.2 by the Member Directors listed in (a)-(d) above, specifically representing the agricultural interests of the EMA (the "Agricultural Director").

7.2 Appointment of Directors. Directors of the Board shall be appointed as follows:

(a) The Director representing Solvang shall be appointed by resolution of Solvang's City Council.

(b) The Director representing Santa Barbara shall be appointed by resolution of Santa Barbara's Board of Directors.

(c) The Director representing SYRWCD shall be appointed by resolution of SYRWCD's Board of Directors.

(d) The Director representing ID No.1 shall be appointed by resolution of ID No.1's Board of Trustees.

(e) The Director of any new Member of the EMA GSA pursuant to Article 6.2 shall be appointed by resolution of the governing body of the new Member.

(f) The Agricultural Director listed in Article 7.1(e) shall be appointed as follows:

(1) Upon request of the Board, the Santa Ynez Water Group, working in conjunction with other agricultural associations or entities having members or doing business within the GSA's boundaries, specifically including but not limited to the Santa Barbara County Farm Bureau, shall solicit applications for the Agricultural Director position through an open public process where such solicitation shall be publicly noticed in a newspaper of general circulation within the EMA and announced at no less than one public meeting of the EMA GSA. The Santa Ynez Water Group shall review all received applications and submit (i.e., nominate) one or more Qualified Nominees for the Agricultural Director position to the

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Board, where a discussion of the review and nomination process must be provided by the nominating entity as part of an open public meeting of the EMA GSA.

(a) A "Qualified Nominee" need not be a member of the Santa Ynez Water Group, or any other agricultural association or entity having members or doing business within the GSA's boundaries, but shall satisfy the following qualifications:

(i) Be an owner or representative of an owner of property located within the boundaries of the GSA and involved in Commercial Agriculture which produces at least 2 acre-feet per year of groundwater (as defined by SGMA and the EMA GSP) from within the boundaries of the GSA to support Commercial Agriculture on said property;

- For purposes of these criteria, "Commercial Agriculture" means a commercial or family farming enterprise whose business is to cultivate the land for growing plants, vines, or other crops for consumption, fiber, biofuel, or raw materials, or the breeding, feeding, or raising of animals, livestock, or poultry for human consumption or other products, all resulting in the marketing and commercial sale of such products. The GSA may require submittal of documentation satisfactory to the GSA, including but not limited to applicable IRS forms, certifying that the property is used for Commercial Agriculture.

(ii) Be a resident and registered voter within the boundaries of the GSA; and

(iii) The Agricultural Director, or the owner he/she represents, may not be a party to any pending litigation against the GSA, other than as a party to a groundwater rights adjudication affecting the EMA.

(iv) Amendments to these criteria may be adopted through resolution by a unanimous vote of the Member Directors.

(2) After the Santa Ynez Water Group has submitted one or more Qualified Nominees for the Agricultural Director position, the

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Member Directors will consider said Qualified Nominees for appointment to the Board. Notwithstanding Article 11.3 of this Agreement, said appointment decision shall require a unanimous vote of all the Member Directors (or Alternates as applicable) during a publicly noticed meeting of the EMA GSA where the Directors from each of the Members (or Alternates as applicable) are present and each casts a vote. In the absence of a unanimous vote of approval and appointment by the Member Directors, the Member Directors may request the Santa Ynez Water Group to submit alternative Qualified Nominees in accordance with the process set forth above.

(3) The Agricultural Director shall be appointed for a term of two years but may be reappointed for multiple terms so long as that Agricultural Director is nominated by the Santa Ynez Water Group in accordance with the processes and requirements set forth above and unanimously approved and appointed by the Member Directors.

(4) If the Santa Ynez Water Group is unwilling or unable to select and submit one or more Qualified Nominees for the Agricultural Director position to the Board pursuant to the process set forth herein, the Board may request another agricultural association or entity having members or doing business within the GSA's boundaries to perform such process.

(g) Each Director representing a Member shall be an elected official of the appointing Member.

7.3 Alternate Directors. Each Director shall have one Alternate to act as a substitute Director for that Director. All Alternates shall be appointed in the same manner as set forth in Article 7.2. Alternate Directors shall not vote or participate in any deliberations of the Board unless appearing as a substitute for a Director due to absence or conflict of interest. If a Director is not present, or if a Director has a conflict of interest which precludes participation by the Director in any decision-making process of the Board, the Alternate Director appointed to act in his/her place shall assume all roles of the Director, and shall have the authority to act on behalf of the absent Director, including but not limited to participating in open session and closed session deliberations and casting votes on matters before the Board. An Alternate Director representing a Member shall be an elected official or staff of the appointing Member.

7.4 Requirements. Each Member Director and Alternate Member Director shall be appointed by resolution as set forth in Article 7.2. Member Directors and Alternate Member Directors shall serve at the pleasure of the governing body of the appointing Member. No individual Director or Alternate representing a Member may be removed

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except by the vote of the governing body of the Member that appointed him/her. The term of a non-Member Director or non-Member Alternate appointed in accordance with Article 7.2 above shall be two (2) years, and such Director or Alternate may serve any number of consecutive terms upon re-appointment in accordance with Article 7.2 above; provided, however, that any non-Member Director or non-Member Alternate may be removed from his/her position at any time prior to the expiration of his/her then-current term based on a decision by the Member Directors, where notwithstanding Article 11.3 of this Agreement said removal decision shall be subject to the unanimous voting requirements of Article 7.2(f)(2) above.

7.5 Vacancies. Upon the vacancy of a Director, the Alternate Director shall serve as Director until a new Director is appointed as set forth in Article 7.2 above. Upon the vacancy of an Alternate, a new Alternate shall be appointed as set forth in Articles 7.2 and 7.3. A Member shall submit any changes in its Director or Alternate Director positions to the Board by providing a copy of its executed resolution.

7.6 Duties of the Board of Directors. The business and affairs of the EMA GSA, and all of its powers, including without limitation all powers set forth in Article 5, are reserved to and shall be exercised by and through the Board of Directors, or Member Directors where specifically set forth in this Agreement, except as may be expressly delegated to the Executive Director or other(s) pursuant to this Agreement, Bylaws of the GSA, or by specific action of the Board of Directors.

7.7 Director and Alternate Compensation. No Director or Alternate shall be compensated by the EMA GSA in connection with any meetings or other activities undertaken as a representative of the GSA. Nothing in this Article is intended to prohibit a Member from compensating its Director or Alternate for compensable activities undertaken as a Director or Alternate of the GSA Board.

## ARTICLE 8
## OFFICERS

8.1 Officers. Officers of the EMA GSA shall be a Chair, Vice Chair, Secretary, and Treasurer. Additional officers may be appointed by the Board as it deems necessary.

(a) Chair. The Chair shall preside at all meetings of the Board of Directors and shall be a member of the Board.

(b) Vice Chair. The Vice Chair shall exercise all powers of the Chair in the Chair's absence or inability to act, and shall be a member of the Board.

(c) Secretary. The Secretary shall certify minutes of meetings of the Board of Directors and shall perform other duties and responsibilities as properly delegated by the Board. The Secretary may, but need not, be a member of the Board.

(d) Treasurer. The Treasurer shall perform such duties and responsibilities specified in Government Code sections 6505.5 and

6505.6. The Treasurer may, but need not, be a member of the Board.

8.2 Appointment of Officers. Officers shall be appointed annually by, and serve at the pleasure of, the Board of Directors. Officers shall be appointed by resolution of the Board at the first Board meeting, and thereafter at the first Board meeting following January 1st of each year. An Officer may serve for multiple consecutive terms, with no term limit. Any Officer may resign at any time upon written notice to the Board, and may be removed and replaced by a decision of the Board in accordance with Article 11.3. Notwithstanding the foregoing, the Treasurer shall be appointed in the manner specified in Government Code sections 6505.5 and 6505.6.

8.3 Principal Office. The principal office of the EMA GSA shall be established by the Board of Directors, and may thereafter be changed by the Board.

## ARTICLE 9
## EXECUTIVE DIRECTOR, STAFF, AND MEMBER AGENCY ACTIVITIES

9.1 Hiring. The GSA may hire an Executive Director, as well as any other needed staff, consultant(s), and legal counsel, who may be hired as an individual or entity, and who may be hired as employee of the GSA or by contract with the GSA. The Board may also contract with a Member of the GSA to undertake an activity on behalf of the GSA.

a) Any decision by the GSA to hire an Executive Director, staff, consultant(s), or legal counsel by contract, where such individual or entity is not also the Executive Director, staff, consultant, or legal counsel of a Member or entity that a Director represents, shall be subject to the supermajority voting requirements of Article 11.3(b). Notwithstanding those requirements, if there is no Agricultural Director seated at the time of the vote of the JPA board, at least three votes shall be required to approve a contract for such services with a term not to exceed one year.

b) Notwithstanding Article 11.3, any decision by the GSA to hire an Executive Director, staff, or legal counsel as an employee of the GSA, where such individual or entity is not also the Executive Director, staff, or legal counsel of a Member or entity that a Director represents, shall require a unanimous vote of all Directors.

c) Notwithstanding Article 11.3, any decision by the GSA to hire an Executive Director, staff, or legal counsel, whether by contract or as an employee of the GSA, where such individual or entity is also the Executive Director, staff or legal counsel of a Member or entity that a Director represents, shall require a unanimous vote of all Directors.

d) Notwithstanding Article 11.3, any decision by the GSA to contract with a Member to undertake any activity on behalf of the GSA, regardless of the

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nature of said activity and regardless of whether such activity involves payment to the Member, shall require a unanimous vote of all Directors, where the Director representing the Member proposed to undertake an activity on behalf of the GSA shall not be entitled to cast a vote.

9.2 Compensation. Compensation for the Executive Director, staff, consultants, legal counsel, or a Member agency undertaking an activity on behalf of the GSA shall be determined by the Board.

9.3 Duties. Any individual, entity, or agency hired by the GSA shall serve at the pleasure of the Board. The Executive Director shall be responsible to the Board for the property and efficient administration of the GSA. The Executive Director shall have the powers designated by the Board, and otherwise as set forth in the GSA Bylaws.

9.4 Termination. Any individual, entity, or agency hired by the GSA shall serve until his/her/its resignation or until the Board terminates the employment or contract.

## ARTICLE 10
## GSA DIRECTOR MEETINGS

10.1 Initial Meeting. The initial meeting of the EMA GSA Board of Directors shall be called by the Chair pro tem and held within the boundaries of the EMA, within sixty (60) days of the Effective Date of this Agreement.

10.2 Time and Place. The Board of Directors shall meet at least quarterly, at a date, time, and place set by the Board, and at such other dates, times, and places as may be determined by the Board.

10.3 Special Meetings. Special meetings of the Board of Directors may be called by the Chair or by a simple majority of Directors, in accordance with the Ralph M. Brown Act (Government Code section 54950 et seq.).

10.4 Conduct. All meetings of the Board of Directors, including special meetings, and any meetings involving teleconferencing to the extent allowed by law, shall be noticed, held, and conducted in accordance with the Ralph M. Brown Act (Government Code section 54950 et seq.).

10.5 Local Conflict of Interest Code. The Board of Directors shall adopt a local conflict of interest code pursuant to the provisions of the Political Reform Act of 1974 (Government Code section 81000 et seq.).

## ARTICLE 11
## VOTING

11.1 Quorum. A quorum of any meeting of the Board of Directors shall consist of a majority of the Directors. In the absence of a quorum, any meeting of the Directors may be adjourned by a vote of the simple majority of Directors present, but no other business may be transacted.

11.2 Director Votes. Voting by the Board of Directors shall be made on the basis of one vote for each Director as follows:

(a) The Director representing Solvang shall have one (1) vote;

(b) The Director representing Santa Barbara shall have one (1) vote;

(c) The Director representing SYRWCD shall have one (1) vote;

(d) The Director representing ID No.1 shall have one (1) vote;

(e) The non-Member Director appointed in accordance with Article 7.2 shall have one (1) vote;

A Director, or an Alternate Director when acting in the absence of a Director, may vote on all matters of GSA business unless disqualified.

11.3 Decisions of the Board.

(a) Majority Approval. Except as otherwise specified in this Agreement, all decisions of the Board of Directors shall require the affirmative vote of not less than three (3) Directors.

(b) Supermajority Approval. Notwithstanding the foregoing, a supermajority vote requiring at least four (4) out of five (5) votes (regardless of the number of Directors present or the number of Directors appointed) in accordance with Article 11.2 shall be required to approve any of the following:

- the initial budget and any subsequent annual budget;
- any new GSP or any update or amendment to the EMA GSP;
- any proposed modification or alteration of the EMA boundaries or boundaries of the EMA GSA;
- the initiation, settlement, or other resolution of any litigation,

legal proceeding, or claim that involves the EMA GSA;

- the initiation or settlement of any enforcement proceeding by the EMA GSA;
- adoption of any restriction, curtailment, allocation, or other limitation on groundwater production;
- addition of a new Member pursuant to Article 6.2;
- establishment of any fee, charge, assessment, or tax, or any amendments or modifications thereto;
- adoption or amendment of EMA GSA bylaws, rules, regulations, policies, or procedures;
- adoption or amendment of EMA GSA ordinances;
- issuance of bonds or other indebtedness by the EMA GSA;
- expenditure of funds beyond expenses approved in an annual budget of the EMA GSA;
- selection of a consultant to conduct work for or on behalf of the EMA GSA, subject to the specific requirements of Article 9 above;
- appointment, employment, hiring by contract, or dismissal of the EMA GSA Executive Director, treasurer, staff, or legal counsel, subject to the specific requirements of Article 9 above;
- for any value exceeding that established by resolution, contract, or the bylaws of the Board of Directors, any acquisition or divestment by grant, purchase, lease, license, permit, gift, devise, contract, or otherwise of the right to hold, use, enjoy, sell, let, encumber, or dispose of real and/or personal property, including but not limited to lands, water rights, structures, infrastructure, buildings, rights-of-way, easements, and other improvements, within or outside the EMA GSA, necessary or proper to carry out the purposes of the EMA GSA;
- allocation of funding received by or on behalf of the EMA GSA from grants, loans, or other funding sources; and
- actions to apply for, accept, or receive grants, loans, gifts,

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contributions, donations, or other aid from any agency of the United States, agency of the State of California, or public or private party, for or on behalf of the EMA GSA.

## ARTICLE 12
## BYLAWS

12.1 The Board of Directors may approve and amend, as needed, Bylaws for the EMA GSA.

## ARTICLE 13
## ACCOUNTING PRACTICES

13.1 General. The Board of Directors shall establish and maintain such funds and accounts as may be required by generally accepted public agency accounting practices. The EMA GSA shall maintain strict accountability of all funds and a report of all receipts and disbursements of the GSA. The GSA shall hire an independent auditor to audit its funds and accounts as required by law.

13.2 Fiscal Year. Unless the Board of Directors decides otherwise, the fiscal year for the EMA GSA shall run from July 1st to June 30th.

## ARTICLE 14
## BUDGET AND EXPENSES

14.1 Budget. The Board of Directors shall adopt an annual budget for the EMA GSA.

14.2 GSA Funding and Contributions.

(a) For the purpose of funding the expenses and ongoing operations of the EMA GSA, the Board of Directors shall maintain a funding account in connection with the annual budget process.

(b) The EMA GSA may apply for grants and/or loans to fund a portion of the cost of implementing SGMA and the EMA GSP as the Board may direct.

(c) The Board of Directors may undertake activities to fund the EMA GSA and implement SGMA and the EMA GSP; may accept voluntary contributions from Members or other persons or entities that are not subject to reimbursement by the GSA; may accept voluntary contributions from Members or other persons or entities that are subject to reimbursement by the GSA; and/or may pursue funding

through any other means allowable by law, including but not limited to fees and/or charges.

(d) Within 30 days of receipt of an invoice from the GSA, each Member shall contribute $50,000, which shall be reimbursed by the EMA GSA no later than December 2026 unless such date is extended by written agreement of the contributing Members. Other financial contributions may be made by the Members under the provisions of the November 15, 2023 Interim Cost Share Agreement for the EMA ("Interim Cost Share Agreement") while it is in effect and as the Interim Cost Share Agreement may be amended from time to time. Each Member hereby acknowledges and agrees that it is lawful for the Members to contribute these funds.

(e) The GSA will apply funds available in the funding account to EMA

GSA expenses approved by the Board in accordance with this Agreement in the following order (to the extent such funds may by law be used to pay each expense):

(i) Voluntary contributions not subject to reimbursement by the GSA;

(ii) Grant funds;

(iii) Revenue generated from fees/charges;

(iv) Bond proceeds from any bonds issued pursuant to this Agreement;

(v) Voluntary contributions subject to reimbursement by the GSA;

(vi) Direct payments from Members made pursuant to Article 14.2(d).

14.3 Return of Contributions. In accordance with the Joint Exercise of Powers Act, repayment or return to the Members of all or any part of any contributions made by Members shall be directed by the Board of Directors at such time and upon such terms required by this Agreement and the Interim Cost Share Agreement; provided that (1) any repayment or return of contributions shall be made in proportion to the contributions paid by each Member to the GSA, and (2) all contribution amounts made by the Members under this Agreement and the Interim Cost Share Agreement shall be returned to the contributing Member, together with accrued interest after December 2026 at the annual rate published as the yield of the Local Agency Investment Fund administered by the California State Treasurer (provided that any contributing Member may elect to waive interest or extend the date upon which interest accrues), before any other return of contributions to other persons or entities is made by the GSA. The GSA shall hold title to all funds and property acquired by the GSA until such title is released by the GSA.

14.4 Issuance of Indebtedness. The GSA may issue bonds, notes, or other forms of indebtedness, provided such issuance is approved at a meeting of the Board of

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Directors by supermajority vote in accordance with Article 11.2.

## ARTICLE 15
## LIABILITIES

15.1 Liability. In accordance with Government Code section 6507 and 6508.1, the debts, liabilities, and obligations of the EMA GSA shall be the debts, liabilities, and obligations of the GSA alone, and not of any of the Members individually or jointly, except as otherwise specified by law.

15.2 Indemnity. The EMA GSA, and those persons, agencies, consultants, entities, and instrumentalities used by it to perform the functions authorized by this Agreement, SGMA, and other applicable law, whether by contract, employment, or otherwise shall be exclusively liable for any and all injuries, costs, expenses, claims, suits, actions, proceedings, losses, liabilities, damages, judgments, or other obligations of whatever kind arising from or related to activities of the GSA. The GSA agrees to indemnify, defend, and hold harmless each Member, each non-Member Director and Alternate, and their respective governing boards, officers, officials, representatives, agents, and employees from and against any and all claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, liabilities, damages, judgments, expenses, costs, including but not limited to attorney fees, consultant fees, and expert fees, and/or other obligations of whatever kind arising from or related or attributable to the GSA or this Agreement ("Claims").

In addition to the foregoing, funds of the EMA GSA may be used to defend, indemnify, and hold harmless the GSA, each Member, each Director and Alternate Director, and any officers, officials, agents, or employees of the GSA for their actions taken within the course and scope of their duties while acting on behalf of the GSA against any such Claims.

The Members do not intend hereby to be obligated either jointly or severally for any Claims or any other debts, liabilities, or obligations of the GSA, except as may be specifically provided for in applicable law.

15.3 Insurance. The EMA GSA shall procure appropriate policies of insurance providing coverage to the GSA and its Directors, Alternate Directors, officers, officials, agents, and employees for general liability, errors and omissions, property, workers compensation, and any other coverage the Board deems appropriate. Such policies shall, to the extent practicable, name the Members as additional insureds.

## ARTICLE 16
## WITHDRAWAL OF MEMBERS

16.1 Unilateral Withdrawal. Any Member may unilaterally withdraw from this Agreement without causing or requiring termination of this Agreement, effective upon

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thirty (30) days written notice to the Board of Directors and all other Members.

16.2 Termination of Agreement and GSA. This Agreement and the EMA GSA established under this Agreement may by terminated by unanimous written consent of all Members, except during the outstanding term of any EMA GSA indebtedness.

16.3 Effect of Withdrawal or Termination. Upon termination of this Agreement or unilateral withdrawal, a Member shall remain obligated to pay its share of all liabilities and obligations of the EMA GSA required of the Member pursuant to terms of this Agreement, but only to the extent that the liabilities and obligations were incurred or accrued prior to the Member's written notice of withdrawal, and only to the extent that the liabilities and obligations are the individual Member's liabilities and obligations as opposed to the liabilities and obligation of the GSA in accordance with Article 15. After providing notice of withdraw in accordance with Article 16.1, a withdrawing Member shall have no right to participate in the business and affairs of the GSA, except through public participation. Provided, however, that nothing contained in this Article 16.3 shall be construed as affecting a withdrawing Member's right to reimbursement or return of capital from the GSA in accordance with Article 14 or any agreement between the GSA and the withdrawing Member. Provided further, that notwithstanding the foregoing, nothing contained in this Article 16.3 shall be construed as prohibiting a Member that has withdrawn from the GSA to become a separate groundwater sustainability agency within its jurisdiction in accordance with SGMA. Nothing in this section shall be construed as obligating the EMA GSA to consent to formation or designation of another GSA for any portion of the Basin.

16.4 Return of Contribution. Upon termination of this Agreement, and to the extent a successor public entity is established which will carry on the functions of the EMA GSA and assume its assets, the assets of the GSA shall be transferred to the successor public entity. If there is no successor public entity which will carry on the functions of the GSA, then, subject to the requirements of Article 14, any surplus capital on-hand shall be returned to the Members in proportion to their contributions made and the Board of Directors shall first offer any property, works, rights, and interests of the GSA for sale to the Members on terms and conditions determined by the Board of Directors. If any property, works, rights, and interests of the GSA remain after first being offered for sale to the Members, the Board of Directors shall then offer the property, works, rights, and interests of the GSA for sale to any non-Member for good and adequate consideration. Subject to the requirements of Article 14, the net proceeds from any such sales shall be distributed among the Members in proportion to their contributions made.

## ARTICLE 17
## MISCELLANEOUS PROVISIONS

17.1 Notices. Notices to a Member shall be sufficient if delivered to the clerk or secretary of the respective Member's governing board and addressed to the Member at the address noted on the signature page or at such other address or to such other person that the Member may designate in accordance with this Article. Delivery may be accomplished by personal delivery or with postage prepaid by first class mail, registered

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or certified mail, or express courier.

17.2 Amendments to Agreement. This Agreement may be amended or modified at any time only by subsequent written agreement approved and executed by all of the Members.

17.3 Agreement Complete. This Agreement constitutes the full and complete agreement of the Members with respect to the matters set forth by this Agreement. In regards to the April 27, 2017 "Memorandum of Agreement for Formation of a Groundwater Sustainability Agency for the Eastern Management Area in the Santa Ynez Valley Groundwater Basin under the Sustainable Groundwater Management Act" ("2017 MOA"), as soon as DWR accepts this Agreement and the EMA GSA formed hereunder as the governing GSA for the Eastern Management Area of the Basin, then this Agreement will supersede the 2017 MOA in its entirety and this Agreement and the EMA GSA formed hereunder will assume all activities as the governing GSA for the Eastern Management Area of the Basin, except as otherwise provided in Article 16.3.

17.4 Severability. Should any part, term, or provision of this Agreement be decided by a court of competent jurisdiction to be illegal or in conflict with any applicable federal law or any law of the State of California, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining parts, terms, or provisions hereof shall not be affected thereby, provided however, that if the remaining parts, terms, or provisions do not comply with the Joint Exercise of Powers Act, this Agreement shall terminate.

17.5 Withdrawal by Operation of Law. Should the participation of any Member to this Agreement be decided by a court of competent jurisdiction to be illegal or in excess of that Member's authority or in conflict with any law, resulting in the withdrawal of such Member from this Agreement, the validity of this Agreement as to the remaining Members shall not be affected thereby.

17.6 Assignment. The rights and duties of the Members may not be assigned or delegated without the written consent of all other Members. Any attempt to assign or delegate such rights or duties in contravention of this Agreement shall be null and void.

17.7 Binding on Successors. Subject to Article 17.6, this Agreement shall inure to the benefit of, and be binding upon, the successor of any Member.

17.8 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and together shall constitute one and the same instrument.

17.9 Member Authorization. The governing bodies of the Members have each authorized execution of this Agreement and all signatories to this Agreement warrant and represent that they have the power and authority to enter into this Agreement in the

names, titles, and capacities stated herein and on behalf of the respective Members.

17.10 No Third Party Beneficiary. Except as expressly set forth herein, this Agreement is not intended to benefit any person or entity not a party hereto.

**IN WITNESS WHEREOF,** the Members have executed this Agreement to be effective on the date executed by the last Member as set forth in Article 4.1.

**ATTEST:**
City Clerk

By: DocuSigned by: Annamarie Porter Annamarie Porter
2EFC6CE62C12406...
City Clerk

Address:

**CITY OF SOLVANG:**

By: DocuSigned by: Mark Infanti Mark Infanti
306835E2802E4BF...
Mayor, City Council

Date: 6/12/2024

**ATTEST:**
Clerk of the Board

By: _____
Deputy Clerk

Address:

**SANTA YNEZ RIVER WATER CONSERVATION DISTRICT:**

By: _____
Chair, Board of Directors

Date: _____

**ATTEST:**
Secretary of the Board

By: _____
Secretary

**SANTA YNEZ RIVER WATER CONSERVATION DISTRICT, IMPROVEMENT DISTRICT NO.1:**

By: _____
President, Board of Trustees

Date: _____

**ATTEST:**
Mona Miyasato
County Executive Officer
Clerk of the Board, Ex Officio Clerk of the Santa Barbara County Water Agency

By: _____
Deputy Clerk

Address:

**SANTA BARBARA COUNTY WATER AGENCY:**

By: _____
Chair, Board of Directors

Date: _____

**RECOMMENDED FOR APPROVAL:**
Santa Barbara County Water Agency

By: _____
Department Head

**APPROVED AS TO FORM:**
Risk Management

By: _____
Risk Management

**APPROVED AS TO FORM:**

Rachel Van Mullem
County Counsel

By: _____
Deputy County Counsel

**APPROVED AS TO ACCOUNTING FORM:**
Betsy Schafer
Auditor-Controller

By: _____
Deputy

DocuSign Envelope ID: CFE485E3-DAE1-4E4F-9F99-8F1EC54DEA60

EXHIBIT A

**FIGURE 1-1**
**Santa Ynez River Valley Groundwater Basin**
Santa Ynez River Valley Groundwater Basin – Eastern Management Area Groundwater Sustainability Plan

# RESOLUTION NO. 731

## RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA YNEZ RIVER WATER CONSERVATION DISTRICT APPOINTING BOARD REPRESENTATIVES TO THE SANTA YNEZ RIVER VALLEY GROUNDWATER BASIN EASTERN MANAGEMENT AREA GROUNDWATER SUSTAINABILTY JOINT POWERS AGENCY BOARD OF DIRECTORS

**WHEREAS,** a Joint Exercise of Powers Agreement ("Agreement") has been made by and between the City of Solvang ("City"); the Santa Barbara County Water Agency ("County"); the Santa Ynez River Water Conservation District ("District"); and the Santa Ynez River Water Conservation District, Improvement District No. 1 ("Improvement District") for the purpose of forming a separate entity pursuant to the Joint Exercise of Powers Act (Gov. Code § 6500, et seq.) to serve as the Groundwater Sustainability Agency for the Eastern Management Area of the Santa Ynez River Valley Groundwater Basin; and

**WHEREAS,** the Agreement provides that this entity shall be known as the Santa Ynez River Valley Groundwater Basin Eastern Management Area Groundwater Sustainability Agency ("EMA GSA"); and

**WHEREAS,** the Agreement provides that the EMA GSA shall be governed by a Board of Directors ("Board") consisting of one representative Director appointed from each of the Members of the EMA GSA (City; County; District; Improvement District); and

**WHEREAS,** the Agreement further provides that each of the Members shall have the right to appoint an Alternate to act as a substitute Director; and

**WHEREAS**, the Agreement requires said representatives be appointed by adoption of a Resolution by each of the Members.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the District as follows:

Section 1. Findings. The District finds that the Recitals set forth above are true and correct and they are incorporated herein and made an operative part of this Resolution.

Section 2. Appointment of Director. _____ is hereby appointed as a Director to the Santa Ynez River Valley Groundwater Basin Eastern Management Area Groundwater Sustainability Agency Board of Directors, subject to the Agreement being executed by all Members and becoming effective.

Section 3. Appointment of Alternate Director. _____ is hereby appointed as an Alternate Director to the Santa Ynez River Valley Groundwater Basin Eastern Management Area Groundwater Sustainability Agency Board of Directors to act

as a substitute Director, subject to the Agreement being executed by all Members and becoming effective.

The foregoing resolution being on motion of Director _____, seconded by Director _____, was authorized by the following roll call vote:

**AYES,** and in favor thereof, Directors:

**NOES,** Directors:

**ABSENT/ABSTAINING,** Directors:

**CERTIFICATION**

I HEREBY CERTIFY that the foregoing resolution is a full, true, and correct copy of a resolution of said district as duly passed and adopted by the Board of Directors of the Santa Ynez River Water Conservation District at a regular meeting held on the 19th of June 2024.

_____ _____

Larry Lahr, President Amber M. Thompson, Secretary

DRAFT

[05-23-2024 DRAFT]

# ADMINISTRATIVE SERVICES AGREEMENT BETWEEN THE SANTA YNEZ RIVER WATER CONSERVATION DISTRICT AND THE SANTA YNEZ RIVER VALLEY GROUNDWATER BASIN _____ MANAGEMENT AREA GROUNDWATER SUSTAINABILITY AGENCY

This Agreement is effective on the ____ day of _____, 2024, by and between the **SANTA YNEZ RIVER WATER CONSERVATION DISTRICT**, formed and existing pursuant to the Water Conservation District Law of 1931, Water Code § 74000, et seq., hereinafter referred to as "SYRWCD," and the **Santa Ynez River Valley Groundwater Basin _____ Management Area Groundwater Sustainability Agency**, a California groundwater sustainability agency formed and existing pursuant to SGMA, Water Code § 10720, et seq., and the Joint Exercise of Powers Act, Government Code § 6500, et seq., hereinafter referred to as "the GSA."

## RECITALS

WHEREAS, SYRWCD and the GSA, as separate legal entities, carry on various activities throughout the year in accordance with the laws, policies, procedures, and organizational documents governing each.

WHEREAS, in lieu of hiring its own employees, the GSA desires to retain the services of SYRWCD for the purpose of having SYRWCD's staff manage and administer the day-to-day operations of the GSA as provided in this Agreement.

WHEREAS, SYRWCD is willing to provide the requested services as an accommodation to the GSA, subject to the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the mutual covenants set forth herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. Agreement for Services. The GSA hereby contracts with SYRWCD for the purpose of providing management and administrative services for the GSA, and SYRWCD hereby agrees to provide such services pursuant to the terms and conditions contained herein ("Services"). Subject to the direction of the GSA's Board of Directors and discretion of SYRWCD including availability and capacity of its staff to perform services for the GSA, the Services may include, but are not necessarily limited to: acting as plan manager; arranging for and coordination of board and other meetings; preparation of meeting agendas, minutes, and other materials; filing of documents; assisting with public notices and information; coordinating stakeholder outreach including maintaining GSA website, monitoring GSA email; opening accounts and taking other administrative actions on behalf of the GSA; receiving and reviewing invoices, and coordinating with the GSA's bookkeeper hired to pay invoices, prepare and keep the GSA's financial statements, accounts and records; coordination with the GSA's accounting firm hired to prepare financial audits; administering grants on behalf of the GSA; and coordination with the GSA's contractors hired to comply with SGMA, including in connection preparation of plans, reports, and implementation of management actions required to comply with SGMA. For avoidance of any doubt, such Services shall not include the hiring of or impose any obligation upon SYRWCD to hire or retain any particular employees, consultants or contractors, and the GSA shall be solely responsible for hiring any consultants or contractors, including but not limited to SGMA consultants, bookkeepers and auditors, that may be necessary or desirable to carry out the GSA's activities or operations.

2. Fees and Expenses. In consideration for the Services provided by SYRWCD pursuant to this Agreement, the GSA shall pay SYRWCD an hourly fee on a time and materials basis at the applicable labor rate

as specified in Exhibit A attached hereto and incorporated herein by this reference and reimburse SYRWCD for any expenses SYRWCD incurs in connection with providing such services to the GSA. SYRWCD will prepare and maintain records of actual time spent providing Services to the GSA, as well as actual expenses incurred on its behalf of the GSA, and the GSA shall pay SYRWCD such amounts within forty (45) days of receipt of an invoice from SYRWCD. Amounts not paid within ninety (90) days of the receipt of an invoice shall bear interest at a rate of 10 percent per annum. The parties may negotiate and agree to a different rate at any time if both parties agree, and any such change shall be in writing and attached to this Agreement as an amendment.

3. Term. The term of this Agreement shall commence on _____, 2024, and shall continue indefinitely until termination by either party pursuant to paragraph 4 below.

4. Termination. This Agreement may be terminated by either party at any time, with or without cause, by providing the other party with one-hundred and eighty (180) days prior written notice of termination. This Agreement may be terminated by either party for cause if the other party is in material breach of this Agreement, upon giving notice of termination and the breach not being cured within a period of 30 days after giving notice of termination. The parties shall continue to perform their obligations under this Agreement during the 180-day or 30-day notice period, as applicable, unless mutually agreed otherwise.

5. Indemnification. To the fullest extent permitted by law, the GSA shall indemnify, defend and hold harmless SYRWCD and each officer, director, employee, member, representative, consultant, contractor, and agent of SYRWCD (each a "Covered Person") from and against all claims, causes of action, suits, proceedings, obligations, liabilities, damages, losses, penalties, and costs and expenses of any nature whatsoever, including legal fees and other expenses reasonably incurred, collectively "Claims," arising out of the provision of Services by SYRWCD for the GSA in accordance with this Agreement or any action taken or omitted by any such Covered Person by or on behalf of SYRWCD in connection with the provision of services for the GSA in accordance with this Agreement, or arising out of any action taken or omitted by the GSA or any of its officers, directors, employees, representatives, consultants, contractors, or agents, excepting Claims arising out of the gross negligence or willful misconduct of SYRWCD or of any of SYRWCD's officers, directors, employees, representatives, consultants, contractors, or agents. Likewise, SYRWCD shall indemnify, defend and hold harmless the GSA and each officer, director, employee, member, representative, consultant, contractor, and agent of GSA from and against all Claims arising out of any action taken or omitted by the SYRWCD or its authorized representatives or agents that does not arise out of SYRWCD's provision of Services in accordance with this Agreement, excepting Claims arising out of the gross negligence or willful misconduct of the GSA or of any of the GSA's officers, directors, employees, representatives, consultants, contractors, or agents. This paragraph shall survive termination of this Agreement.

6. Insurance Coverage. Prior to SYRWCD providing any Services to the GSA under this Agreement, the GSA, and the GSA's contractors and consultants (before performing work for the GSA), shall obtain and thereafter maintain in full force and effect at all times while this Agreement is in effect, at the GSA's sole expense, all insurance required by law including the following insurances coverages: general liability insurance of $1,000,000 per occurrence and $2,000,000 in the aggregate; and vehicle liability coverage, including non-owned automobile coverage, with limits of not less than $1,000,000. SYRWCD and all other Covered Persons, including SYRWCD's officers, directors, employees, representatives, consultants, contractors, and agents, shall be named as additional insureds under such policies of insurance, and the GSA shall provide SYRWCD with proof that the GSA has obtained such coverages and endorsements before SYRWCD provides any Services to the GSA under this Agreement. Said insurance policies shall also provide coverage for the GSA's contractual liability for indemnification obligations set forth in paragraph 5 above. In addition, SYRWCD shall obtain and maintain in full force and effect at all times while this Agreement is in effect, at SYRWCD's sole expense, all insurance required by law including the following insurance coverages (whether or not required by law): worker's compensation insurance at such amounts required by law; general liability insurance of $1,000,000 per occurrence and $2,000,000 in the aggregate; and vehicle liability coverage, including non-owned automobile coverage, with limits of not less than $1,000,000.

7. Intellectual Property. All intellectual property owned by each party prior to the effective date of this Agreement shall remain the property of that party. Intellectual property developed by SYRWCD or others for the GSA during the term of this Agreement, and paid for by the GSA, shall be and remain the exclusive property of the GSA.

8. No Partnership/Liability. The parties hereto acknowledge and agree that the relationship between SYRWCD and the GSA is as described herein and no other. Nothing contained in this Agreement shall create or be construed as creating a partnership, joint venture, employment relationship or any other relationship except as set forth between the parties. The parties specifically acknowledge and agree that SYRWCD is not a partner with the GSA, whether general or limited, and no activities of the GSA or SYRWCD or statements made by the GSA or SYRWCD shall be interpreted by anyone as establishing any type of relationship other than that of principal and independent contractor.

9. Notices. All notices and other communications hereunder shall be deemed to have been given when delivered personally, at the time confirmed for delivery if by email, or if mailed, at the time deposited in the United States mail or with an express mail service (Federal Express, UPS, or the like), postage prepaid and addressed as follows:

| THE GSA | SYRWCD |
|---|---|
| Address: _____ | P.O. Box 719<br>Santa Ynez, CA 93460 |
| Email: _____ | Email: bbuelow@syrwcd.com |

The parties hereto may change their address as set forth in this paragraph by providing the other party with written notice thereof.

10. Amendments. No change, amendment or modification of this Agreement shall be valid unless in writing and signed by the parties hereto.

11. Assignment. This Agreement may not be assigned or transferred by either party to any third party without the prior written consent of the other party.

12. Attorneys' Fees and Venue. If an action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees and costs in addition to any other reasonable relief to which it may be entitled. With respect to any suit, action or proceeding arising out of or related to this Agreement, or the documentation related hereto, the parties hereby submit to the jurisdiction and venue of the appropriate court in the County of Santa Barbara, State of California, for any proceeding arising hereunder.

13. Sole and Only Agreement. This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to their rights and obligations hereunder. Each party to this Agreement acknowledges that no representations, inducements, promises or agreements, orally or in writing, have been made by any party or anyone acting on behalf of any party, which are not embodied in this Agreement and no other agreement, statement or promise shall be valid or binding.

14. Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall nevertheless continue in full force and effect without being impaired or invalidated in any way.

15. Binding on Successors. This Agreement shall be binding on and inure to the benefit of the respective heirs, personal representatives, successors and assigns of the parties hereto.

16. Governing Law. This Agreement shall be construed and governed pursuant to the laws of the

State of California.

17. Consultation with an Attorney. Each party acknowledges that it has had an adequate opportunity to review each and every provision in this Agreement and to submit the same to its own counsel for review and comment and that the parties jointly drafted this Agreement. No provision of this Agreement or any Assignment shall be construed more strictly against one party than the other party by reason that one or the other party proposed, drafted or modified such provision or any other existing or proposed provision.

18. Authority to Execute Agreement. Each Party declares that he/she has read this Agreement and understands and knows the contents thereof, and represents and warrants that each of the Parties executing this Agreement is empowered to do so and hereby binds the respective Party, and all of its successors, assigns, principles, agents, employees, consultants, representatives, attorneys, bonding companies and insurers to the terms hereunder.

19. Counterparts. This Agreement may be executed in counterparts, and all so executed counterparts shall constitute an agreement binding on the Parties hereto. The Parties further agree that a facsimile and/or scanned copy of the executed counterparts shall have the same force and effect as an original.

20. No Other Promise or Warranty. No promise or warranty shall be binding on any Party except as expressly contained in this Agreement.

21. Not Binding on Any Third Party. This Agreement is not for the benefit of any person or party who is not a signatory hereto or specifically named or referred to herein.

IN WITNESS WHEREOF, the parties have executed this Agreement effective on the day and in the year set forth above.

SANTA YNEZ RIVER WATER CONSERVATION DISTRICT

DATE: _____ By: _____

William J. Buelow, General Manager

DATE: _____ THE GSA

By: _____

Signature of authorized representative

(Chair of _____ GSA)

*Type or print name of authorized signatory*

DRAFT

EXHIBIT A

[Rates]

## FY 24 and FY 25 SYRWCD Rate Schedule

| Position | FY2024 | FY2025 |
|---|---|---|
| General Manager | $123.00 | $136.00 |
| District Administrator | $79.00 | $108.00 |
| Groundwater Administrator | $52.00 | $55.00 |
| Water Resource Analyst | $74.00 | $77.00 |
| SGM Administrator | | $87.00 |

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