



UKIAH VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

340 Lake Mendocino Dr. • Ukiah • California 95482 • (707)463-4363 • fax (707)463-5474

GSA Administration Staff Report

Item No.	3e
Date	6/23/2022
From	UVBGSA General Manager
To	Board of Directors
Subject	FY 22/23 Budget
Consent Agenda <input type="checkbox"/> Regular Agenda <input checked="" type="checkbox"/> Notice of Public Hearing <input type="checkbox"/>	

Recommended Action

Discuss proposed Fiscal Year (FY) 22/23 Budget (July 1, 2022 through June 30, 2023) and approve FY 22/23 Budget.

Background

Staff has developed a proposed operating budget for FY 22/23 that incorporates comments and feedback from the May 18, 2022 Workshop. This budget takes into account information provided by the previous GSA Administrator, County of Mendocino. The proposed budget for FY 22/23 is presented below and each line item will be described and an explanation as to why they have increased or decreased from FY 21/22.



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Budget Item	FY 21/22	FY 22/23
Income		
GSA Revenue	\$ 291,000	\$ 275,000
FY-End Reserve	\$ -	\$ 221,486
Total Income	\$ 291,000	\$ 496,486
Expenses		
GSA Administration	\$ 25,000	\$ 81,637
Legal Services	\$ 5,000	\$ 15,000
Grant Pursuits	\$ 7,500	\$ 50,000
Grant Management	\$ 2,500	\$ 5,000
GSP Implementation		
Monitoring & Data Collection	\$ 50,000	\$ 78,000
Model Updates	\$ 10,000	\$ 25,000
Reporting	\$ 20,000	\$ 20,000
PMAS - Misc	\$ -	\$ 30,000
PMAs - Rate and Fee Study	\$ 100,000	\$ 60,000
Total Expenses	\$ 220,000	\$ 364,637
Net Income	\$ 71,000	\$ 131,849
*Adj Net Yr End Balance	\$ 221,486	\$ 131,849
FY-End Reserve	\$ 221,486	\$ 131,849

* Adjusted net year end balance to account for unspent R&F study funds + actual expenses to date to estimate actual reserve from FY 21/22 that will carry over into FY 22/23



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FY 22/23 Overview

GSA Revenue

During FY21/22, the GSA revenue was \$291,000 which included FY 21/22 GSA member contributions of \$68,750 and additional contributions ranging from \$4,000 - \$8,000 for fall drought groundwater monitoring. In FY 22/23, GSA revenue is expected to decrease by \$16,000 and it's not anticipated additional member contributions will be necessary. GSA revenue for FY 22/23 is budgeted \$275,000.

FY-End Reserve

By year-end of FY 21/22 (June 30, 2022), the GSA will have an estimated account balance of \$221,486 that will be carried over in to FY 22/23.

At the end of FY 22/23 (June 30, 2023), the estimated year-end account balance after estimated expenses will be \$131,849 which will be carried over into FY 23/24. GSA staff recommends that a reserve of >\$100,000 be maintained at all times to have cash on hand to pay contractors and other vendors that are associated with grant funds where a 10% retainer may apply or to whether any unforeseen costs without having to resort to requesting additional funds from GSA members.

GSA Administration

During FY 21/22, GSA administration services were conducted by the County of Mendocino through March 9, 2022. On March 10, 2022, West Yost (WY) was brought under contract to assume GSA Administration of the UVBGSA. From March 10, 2022 to July 30, 2022, WY and the County continue to coordinate and transition the GSA administration role. It is expected that in FY 22/23 that the County staff will continue to serve in a limited role in GSA administration to help facilitate some GSA functions that are tied to procedures administered by the County. WY will provide the GSA Administration services to facilitate a variety of functions requested by the UVBGSA as listed in UVBGSA AGREEMENT NO. 23-01. The FY 22/23 budget for GSA administration increased from FY 21/22 to reflect the costs for WY to serve in the role as GSA administrator and for the County to support County related functions. The estimated budget for West Yost is \$66,637 and for County is \$5,000. An additional \$5,000 is assumed to be required for the General Manager to review of well permits to comply with Executive Order N-7-22 and \$5,000 for additional Stakeholder Outreach and Education efforts to oversee increased outreach services from FSS. Both of these would require an amendment to West Yost's current GSA Administration Services contract. GSA Administration for FY 22/23 is expected to be \$81,637.

Legal Services

Over the past year, the GSA Board and member staff have expressed the desire to retain legal counsel for the GSA to provide specialized guidance and avoid potential risks associated with GSA activities. Staff has estimated that \$15,000 is an appropriate initial budget for FY 22/23 for legal counsel services. The FY 22/23 budget for legal services increased from FY 21/22 to reflect the costs associated with retaining outside legal counsel services.



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Grant Pursuits

As discussed in Agenda Item 3b at the May 18, 2022 Workshop, DWR will soon open up a solicitation for Round 2 GSP Implementation grants for medium- to high-priority basins to compete for available funding to support GSP implementation. The estimated cost to prepare and submit a grant application for Round 2 GSP Implementation grant is \$25,000. The FY 22/23 budget for grant pursuits increased from FY 21/22 to reflect the costs for West Yost through its existing GSA Administration Services contract, or another consultant or entity, to prepare two grant applications on behalf of the GSA where one grant application is assumed to be for the Round 2 GSP Implementation grant.

Grant Management

Although it's not anticipated that grant funds will be available before the end of FY 22/23, it would be prudent to budget \$5,000 to support the negotiation and initial set-up, or management of any grant awards received during the FY. The FY 22/23 budget for grant management increased from FY 21/22 to reflect the anticipated necessary funding to support management of awarded grants, if needed.

GSP Implementation

This budget category contains all work performed to implement the GSP in FY 22/23, including monitoring and data collection, model updates, reporting, and PMAs.

Monitoring and Data Collection

In FY 21/22, groundwater monitoring, surface water monitoring, and water quality monitoring was performed for the GSA by Mendocino County Resources Conservation District (MCRCD) and California Land Stewardship Institute (CLSI). In response to the limited precipitation in the Basin and the anticipated drought, the GSA amended its existing contracts with MCRCD to support increased data collection to fill data gaps that were identified in the GSP and provide adequate data to assess parts of the basin where data was previously absent or uncertain. In light of the declared drought emergency, it is anticipated that the increased level of monitoring and data collection will need to continue throughout FY 22/23 to collect adequate data needed to continue addressing data gaps and uncertainties within the basin. The estimated cost of the monitoring program is \$78,000. The monitoring activities are expected to be the most critical element of implementing the GSP and is necessary to obtain grant funding. The FY 22/23 budget for monitoring and data collection increased from FY 21/22 to reflect funds to support increased data collection in data gap areas for the entire FY.

Model Updates

In FY 22/23, it is anticipated that data collected in the first half of the fiscal year will be used to update the model to support further understanding of the aquifer and surface water interaction in data gap areas. The estimated cost to perform the model updates is \$25,000. The FY 22/23 budget for model updates increased from FY 21/22 to reflect funds to support anticipated model updates, which were not performed in FY 21/22.



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Reporting

The estimated cost for GSP reporting in FY 22/23, it is \$20,000. The cost will cover preparation of the water year 2022 annual report, as required by SGMA.

PMA's- Misc

It's not anticipated the GSA will fund any PMA projects in FY 22/23, but \$30,000 has been budgeted if PMA's are identified to be funded by the GSA and started in FY 22/23. If any PMA's are identified by the GSA to start and fund, this may require GSA members to increase their annual contributions from \$68,750 to support self-funded GSA projects that aren't supported by grant funds in order to maintain a reserve to accommodate for grants that have a 10% (or other) retainer.

PMA's- Rate and Fee Study

In FY 21/22, the GSA budgeted \$100,000 to conduct a rate and fee study. This study was never initiated in FY 21/22. It's anticipated that the rate and fee study will start in FY 22/23 and continue through FY 23/24. An estimated \$60,000 is budgeted to initiate the rate and fee study in FY 22/23. \$40,000 is estimated to be required for the rate/fee study consultant to begin work and \$20,000 is estimated to be required for West Yost through an amendment of its existing GSA Administration Services contract that may be required for additional GSA staff time and outreach to facilitate the rate and fee study in FY 22/23.

GSA Staff has prepared the attached slide deck to facilitate the Board's discussion.

Fiscal Impact

The preliminary FY 22/23 budget allows the GSA to build a reserve while maintaining member contribution of \$68,750 annually.