

JPA Service Review
for the
Yolo Subbasin Groundwater Agency
LAFCo No. S-057



Public Review Draft October 7, 2020



Joint Powers Agency/Authority (JPA) Service Review for the Yolo Subbasin Groundwater Agency

LAFCo No. S-057

SUBJECT AGENCY:

Yolo Subbasin Groundwater Agency
34274 State Highway 16
Woodland, CA 95695
(530) 662-3211

www.yologroundwater.org

Date of Last LAFCo Review: N/A

Agency Membership/Board Members

City of Davis - Brett Lee
City of West Sacramento - Martha Guerrero
City of Winters - Jesse Loren (Vice Chair)
City of Woodland - Xochitl Rodriguez
County of Yolo - Gary Sandy
Dunnigan Water District - Eli Voelz
Esparto Community Service District - Charles Schaupp
Madison Community Service District - Leo Refsland
Reclamation District 108 - Hilary Reinhard
Reclamation District 150 - Warren Bogle

Reclamation District 307 - James Johas
Reclamation District 537 - Tom Ramos
Reclamation District 730 - Jim Heidrick
Reclamation District 765 - David Dickson
Reclamation District 787 - Roger Cornwell (Chair)
Reclamation District 999 - Tom Slater
Reclamation District 1600 - Michele Clark
Reclamation District 2035 - Kryiakos Tsakopoulos
Yocha Dehe Wintun Nation - Emily Drewek
Yolo County Flood Control & Water Conservation District - Tom Barth

Affiliated Membership

California American Water Company, Dunnigan - Evan Jacobs
Colusa Drain Mutual Water Company - Lynnel Pollock
Private Pumper Representative - Yolo County Farm Bureau appointed Stan Lester
University of California, Davis - Camille Kirk
Environmental Party Representative - Ann Brice

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Richard Deliberty, Public Member
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JPA SERVICE REVIEW BACKGROUND

ROLE AND RESPONSIBILITY OF LAFCo

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, as amended (“CKH Act”) (California Government Code §§56000 et seq.), is LAFCo’s governing law and outlines the requirements for preparing Municipal Service Reviews (MSRs). MSRs and SOIs are tools created to empower LAFCo to satisfy its legislative charge of “discouraging urban sprawl, preserving open-space and prime agricultural lands, efficiently providing government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances (§56301). CKH Act Section 56301 further establishes that “one of the objects of the commission is to make studies and to obtain and furnish information which will contribute to the logical and reasonable development of local agencies in each county and to shape the development of local agencies so as to advantageously provide for the present and future needs of each county and its communities.”

While MSRs are not legally required of Joint Powers Agencies/Authorities (JPAs), LAFCo has been requested by the cities and County (i.e. JPA member agencies) to provide MSR-like service reviews of selected types of JPAs in the county. LAFCo has the authority to furnish informational studies and analyzing independent data to make informed recommendations regarding the efficient, cost-effective, and reliable delivery of services to residents, landowners, and businesses via these JPAs. With this intention, LAFCo has modified its MSR checklist to conduct service reviews of JPAs.

PURPOSE OF A JPA SERVICE REVIEW

LAFCo has broad discretion in conducting informational studies, including geographic focus, scope of study, and the identification of alternatives for improving the efficiency, cost-effectiveness, accountability, and reliability of public services. The intent of the JPA Services Review is to provide a comprehensive inventory and analysis of the services provided by local JPAs, service areas, and evaluation of the finances, structure and operation of the local agency and discuss possible areas for improvement and coordination. From the state required MSR determinations, the following determinations remain relevant to the comprehensive inventory and analysis of local JPAs:

1. Growth and population projections for the service area;
2. Present and planned capacity of any public facilities, adequacy of services, and infrastructure needs or deficiencies;
3. Financial ability of agencies to provide services;
4. Status of, and opportunities for, shared services and facilities; and
5. Accountability for community service needs, including governmental structure and operational efficiencies.

The JPA Service Review is organized according to these determinations listed above. Information regarding each of the above issue areas is provided in this document.

AGENCY PROFILE

On September 16, 2014, Governor Jerry Brown signed into law a three-bill legislative package, comprised of AB 1739 (Dickinson), SB 1168 (Pavley), and SB 1319 (Pavley), collectively known as the [Sustainable Groundwater Management Act \(SGMA\)](#). The Governor's signing message states "a central feature of these bills is the recognition that groundwater management in California is best accomplished locally."

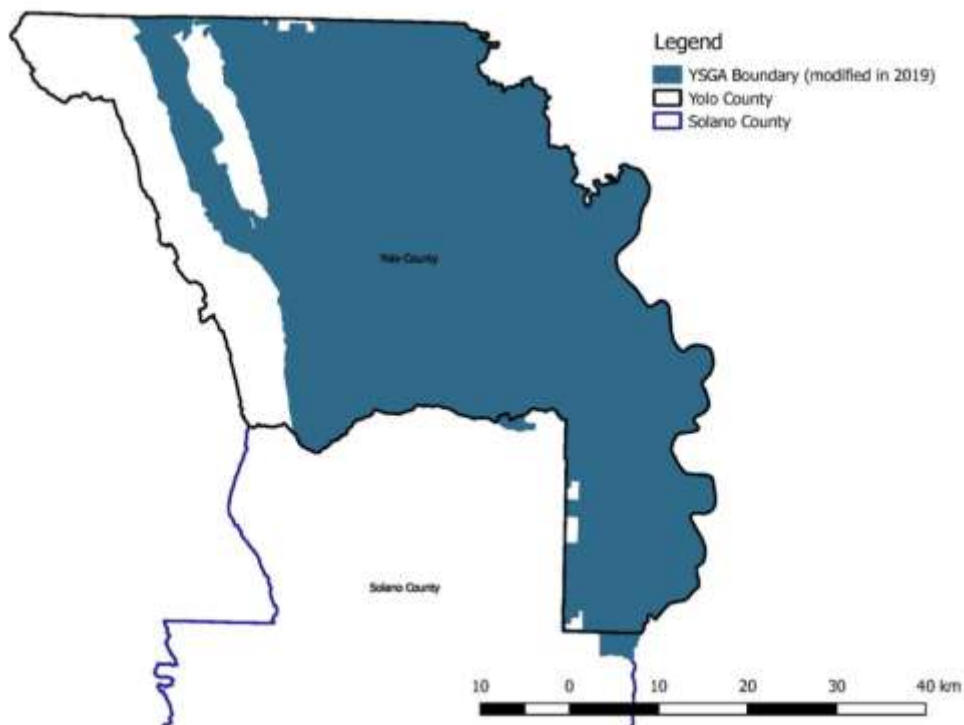
SGMA requires the formation of locally-controlled [groundwater sustainability agencies \(GSAs\)](#) in the State's priority groundwater basins and subbasins. The legislation authorizes any local agency, as defined, or combination of local agencies to elect to be a GSA. The GSA will have certain responsibilities and authorities and will be required to develop a [Groundwater Sustainability Plan \(GSP\)](#) by January 31, 2022.

The Yolo Subbasin Groundwater Agency was officially formed as a JPA on June 19, 2017 for the purpose of acting as the Groundwater Sustainability Agency (GSA) for the Yolo Subbasin. The Yolo Subbasin Groundwater Agency is considered the exclusive GSA for the Yolo Subbasin, which can be found on the California Department of Water Resources [SGMA web portal](#).

The mission of the Yolo Subbasin Groundwater Agency (YSGA) is to provide a dynamic, cost-effective, flexible collegial organization to ensure compliance with SGMA within the Yolo Subbasin. Each of the Member and Affiliated Parties will have initial responsibility for groundwater management within their respective jurisdictional boundaries and the YSGA will serve a coordinating and administrative role for developing the Groundwater Sustainability Plan. In particular, YSGA will need to coordinate closely with Yolo County Environmental Health Division Water Well Program for the permitting of new wells. The oversight authority and process will be set forth in the Yolo Subbasin Groundwater Sustainability Plan (GSP).

The GSP will be completed by January 1, 2022 to meet the State's deadline. The YSGA was awarded a \$1 million planning grant from the Department of Water Resources to assist in the GSP development process. At the March 2018 YSGA Board meeting, the Board adopted Resolution 2018-1 formalizing the initiation of developing the Yolo Subbasin Groundwater Sustainability Plan (GSP).

The YSGA is staffed part-time by an Executive Officer, via contract with the Yolo County Flood Control & Water Conservation District and a part-time Board Secretary and Administrative Coordinator via contract with the Water Resources Association (WRA). The JPA is operated at the Yolo County Flood Control & Water Conservation District offices located on State Highway 16, west of Woodland.



The YSGA JPA has 20 members and 5 affiliated members

Member Agencies:

- City of Davis
- City of West Sacramento
- City of Winters
- City of Woodland
- County of Yolo
- Dunnigan Water District
- Esparto Community Service District
- Madison Community Service District
- Reclamation District 108
- Reclamation District 150
- Reclamation District 307
- Reclamation District 537
- Reclamation District 730
- Reclamation District 765
- Reclamation District 787
- Reclamation District 999
- Reclamation District 1600
- Reclamation District 2035
- Yocha Dehe Wintun Nation
- Yolo County Flood Control & Water Conservation District

Affiliated Members are not eligible entities under the strict definition in Water Code §10724, but do have water supply, water management or land use authority, and are invited to sign MOUs with the JPA and have a voting board seat:

- California American Water Company, Dunnigan
- Colusa Drain Mutual Water Company
- Private Pumper Representative (appointed by the Yolo County Farm Bureau)
- University of California, Davis
- Environmental Party Representative

JPA SERVICE REVIEW

POTENTIALLY SIGNIFICANT DETERMINATIONS

The JPA Service Review determinations checked below are potentially significant, as indicated by “yes” or “maybe” answers to the key policy questions in the checklist and corresponding discussion on the following pages. If most or all of the determinations are not significant, as indicated by “no” answers, the Commission may find that a JPA Service Review update is not warranted.

- Growth and Population Shared Services
- Capacity, Adequacy & Infrastructure to Provide Services Accountability
- Financial Ability

LAFCO JPA SERVICE REVIEW:

- On the basis of this initial evaluation, the required determinations are not significant and staff recommends that a comprehensive JPA Service Review is NOT NECESSARY. The subject agency will be reviewed again in five years per the Commission adopted review schedule.
- The subject agency has potentially significant determinations and staff recommends that a comprehensive JPA Service Review IS NECESSARY and has been conducted via this checklist.

| 1. GROWTH AND POPULATION | YES | MAYBE | NO |
|--|--------------------------|--------------------------|-------------------------------------|
| Growth and population projections for the service area. | | | |
| a) Is the agency’s territory or surrounding area expected to experience any significant population change or development over the next 5-10 years? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b) Will development have an impact on the subject agency’s service needs and demands? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| c) Will projected growth require a change in the agency’s governance and/or service area? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Discussion:

- a) *Is the agency’s territory or surrounding area expected to experience any significant population change or development over the next 5-10 years?*

No. The California Department of Finance Demographic Research Unit released projections in January 2020¹ that Yolo County will experience a 2.68% population growth over 5 years from 223,612 persons in 2020 to 229,613 persons in 2025. This population change is not anticipated to significantly impact the work of the YSGA. In addition, approximately 83% of countywide population resides in cities that use surface water (cities of Davis, West Sacramento and Woodland)². Only the City of Winters and most unincorporated communities rely on groundwater for potable water (El Macero, Willowbank and Davis Creek Mobile Home Park are served by City of Davis surface water).

b-c) Will development have an impact on the subject agency’s service needs and demands? Will population changes require a change in the agency’s service area?

No. Following completion of the Yolo Subbasin Groundwater Sustainability Plan (GSP), the work of the YSGA will be monitoring and managing groundwater levels through its network of well monitoring sites that do not directly correlate to population. In addition, the YSGA member fee structure is allocated on an acreage basis, not population. Therefore, population growth and development is not expected to negatively impact the YSGA.

Growth and Population Determination

In 2020, the California Department of Finance Demographic Research Unit projects Yolo County will experience a 2.68% population growth over 5 years. This population change is not anticipated to significantly impact the work of the YSGA. In addition, approximately 83% of countywide population resides in cities that use surface water supplies (i.e. the cities of Davis, West Sacramento and Woodland). Only the City of Winters and most unincorporated communities rely on groundwater for potable water (El Macero, Willowbank and Davis Creek Mobile Home Park are served by City of Davis surface water). Following completion of the Yolo Subbasin Groundwater Sustainability Plan (GSP), the work of the YSGA will be monitoring and managing groundwater levels through its network of well monitoring sites that do not directly correlate to population. In addition, the YSGA member fee structure is allocated on an acreage basis, not population. Therefore, population growth and development is not expected to negatively impact the YSGA.

2. CAPACITY AND ADEQUACY OF PUBLIC FACILITIES AND SERVICES

Present and planned capacity of public facilities, adequacy of services, and infrastructure needs or deficiencies.

| | YES | MAYBE | NO |
|--|--------------------------|--------------------------|-------------------------------------|
| a) Are there any deficiencies in agency capacity to meet service needs of existing development within its existing territory (also note number of staff and/or contracts that provide services)? Are there any concerns regarding services provided by the agency being considered adequate (i.e. is there a plan for additional staff or expertise if necessary)? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b) Are there any issues regarding the agency’s capacity to meet the service demand of reasonably foreseeable future growth? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

¹ P-1: State Population Projections (2010-2060) Total Population by County

² E-1 Population Estimates for Cities, Counties, and the State — January 1, 2019 and 2020

| | | | |
|---|--------------------------|--------------------------|-------------------------------------|
| c) Are there any significant infrastructure needs or deficiencies to be addressed for which the agency has not yet appropriately planned (including deficiencies created by new state regulations)? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| d) If the agency provides water, wastewater, flood protection, or fire protection services, is the agency not yet considering climate adaptation in its assessment of infrastructure/service needs? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Discussion:

a-d) *Are there any deficiencies in agency capacity to meet service needs of existing development within its existing territory (also note number of staff and/or contracts that provide services)? Are there any concerns regarding services provided by the agency being considered adequate (i.e. is there a plan for additional staff or expertise if necessary)? Are there any issues regarding the agency’s capacity to meet the service demand of reasonably foreseeable future growth? Are there any significant infrastructure needs or deficiencies to be addressed for which the agency has not yet appropriately planned (including deficiencies created by new state regulations)? If the agency provides water, wastewater, flood protection, or fire protection services, is the agency not yet considering climate adaptation in its assessment of infrastructure/service needs?*

No. The YSGA was just formed in 2017 and is still in the planning process to prepare its Groundwater Sustainability Plan (GSP) per the Sustainable Groundwater Management Act (SGMA). Therefore, it’s premature to make a determination regarding capacity of public facilities, adequacy of services, and infrastructure needs or deficiencies because the needs are still being assessed and the sustainability plan prepared. It’s anticipated the YSGA will require additional monitoring wells, but it has not yet been decided if these will be owned by the YSGA itself or its member agencies. In particular, YSGA will need to coordinate closely with Yolo County Environmental Health Division Water Well Program for the permitting of new wells. The oversight authority and process will be set forth in the Yolo Subbasin Groundwater Sustainability Plan (GSP). The Yolo Subbasin Groundwater Sustainability Plan (GSP) will be completed by January 1, 2022 to meet the State’s deadline. The YSGA was awarded a \$1 million planning grant from the Department of Water Resources to assist in the GSP development process.

Background³

DWR’s Groundwater Sustainability Plan (GSP) Regulations require that the GSP include monitoring protocols adopted by the YSGA for data collection and management, as follows:

1. Monitoring protocols shall be developed according to best management practices.
2. The YSGA may rely on DWR’s Monitoring Best Management Practices or may adopt similar monitoring protocols that will yield comparable data.
3. Monitoring protocols shall be reviewed at least every five years as part of the periodic evaluation of the Yolo Subbasin GSP, and modified as necessary. (GSP Regs § 352.2).
4. Monitoring protocols shall include a description of technical standards, data collection methods, and other procedures for monitoring sites (GSP Regs § 354.34).

Additionally, DWR’s GSP Regulations require development of monitoring objectives and data reporting requirements for a monitoring network. The monitoring network should be capable of collecting sufficient data to demonstrate short-term, season, and long-term trends in groundwater and relates surface water conditions and yield representative information about groundwater conditions as necessary to evaluate GSP implementation (GSP Regs § 354.32 and § 354.34). The monitoring network objectives shall be implemented to accomplish the following:

³ YGSA *Groundwater Monitoring and Reporting Memo* dated June 15, 2018

1. Demonstrate progress towards achieving measurable objectives described in the GSP.
2. Monitor impacts to the beneficial uses and users of groundwater.
3. Monitor changes in groundwater conditions relative to measurable objectives and minimum thresholds.
4. Quantify annual changes in water budget components.

The YSGA shall determine the density of monitoring sites and frequency of measurements required to demonstrate short-term, seasonal, and long-term trends based on the following factors:

1. Amount of current and projected groundwater use.
2. Aquifer characteristics.
3. Impacts to beneficial uses and users of groundwater and land uses and project interests affected by groundwater production, and adjacent subbasins that could affect the ability of the subbasin to meet the sustainability goal.
4. Whether the YSGA has adequate long-term existing monitoring results to demonstrate an understanding of aquifer response. (GSP Regs § 354.34).

The Yolo Subbasin GSP shall describe the following information about the monitoring network:

1. Scientific rationale for the monitoring site selection process.
2. Consistency with data and reporting standards described in GSP Regs § 352.4 (Data and Reporting Standards).
3. For each sustainability indicator, the quantitative values for the minimum threshold, measurable objective, and interim milestone that will be measured at each monitoring site (or representative site). (GSP Regs § 354.34).

Each monitoring site will be documented in the GSP on a map, and reported in tabular format, documenting the monitoring site type, frequency of measurement, and purposes for which the monitoring site is being used. The monitoring network must be designed to effectively monitor the sustainability indicators (GSP Regs § 354.34). If desired, the YSGA may designate representative monitoring sites based on requirements discussed in GSP Regulations § 354.36.

An evaluation of the monitoring network must be included in the GSP and each five-year assessment, including determination of uncertainty and whether data gaps affect the GSP in achieving the sustainability goal for the subbasin. The YSGA shall describe measures to fill data gaps before the next five-year assessment and shall adjust the monitoring frequency and distribution to provide an adequate level of detail about site-specific surface water and groundwater conditions and to assess the effectiveness of management actions discussed in GSP Regulations § 354.38.

The YSGA shall develop and maintain a data management system that that can store and report information relevant to the development or implementation of the GSP and monitoring of the Yolo Subbasin (GSP Regs § 352.6).

1. The Monitoring Network Update task involves evaluating and comparing the Yolo Subbasin network wells to the Hydrogeologic Conceptual Model; this comparison will confirm whether the wells provide quality data for development of the sustainable management criteria and for monitoring of measurable objectives. This information will determine how best to upgrade the monitoring network and perform the monitoring required to implement the Yolo Subbasin GSP. Methods to gather missing information will consist of videoing wells, using Real Time Kinetic surveying, and gathering required data for wells missing identification numbers. To address existing data gaps, the YSGA will incorporate up to four real-time monitoring wells and up to ten bi-annual monitoring wells.
2. The Data Management System Update task involves updating the WRID to meet criteria required by SGMA and to enhance WRID functionality. The current WRID interface will be improved to facilitate public dissemination of data and to support the Public Notification and Communication task. The system will be updated to streamline data reporting to DWR for the Yolo Subbasin GSP.

Capacity and Adequacy of Public Facilities and Services Determination

The YSGA was just formed in 2017 and is still in the planning process to prepare its Groundwater Sustainability Plan (GSP) per the Sustainable Groundwater Management Act (SGMA). Therefore, it's premature to make a determination regarding capacity of public facilities, adequacy of services, and infrastructure needs or deficiencies because the needs are still being assessed and the sustainability plan prepared. It's anticipated the YSGA will require additional monitoring wells, but it has not yet been decided if these will be owned by the YSGA itself or its member agencies. The Yolo Subbasin Groundwater Sustainability Plan (GSP) will be completed by January 1, 2022 to meet the State's deadline. The YSGA was awarded a \$1 million planning grant from the Department of Water Resources to assist in the GSP development process.

3. FINANCIAL ABILITY

Financial ability of agencies to provide services.

| | YES | MAYBE | NO |
|---|--------------------------|-------------------------------------|-------------------------------------|
| a) Is the subject agency in an unstable financial position, i.e. does the 5-year trend analysis indicate any issues? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b) Does the subject agency fail to use generally accepted accounting principles, fully disclosing both positive and negative financial information to the public and financial institutions including: summaries of all fund balances and charges, summaries of revenues and expenditures, five-year financial forecast, general status of reserves, and any un-funded obligations (i.e. pension/retiree benefits)? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| c) Does the agency have a reconciliation process in place and followed to compare various sets of data to one another; discrepancies identified, investigated and corrective action is taken. For small agencies, this would include comparing budgets to actuals, comparing expenses from one year to the next, etc.? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| d) Does the agency board fail to receive periodic financial reports (quarterly or mid-year at a minimum); reports provide a clear and complete picture of the agency's assets and liabilities? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| e) Is there an issue with the organization's revenue sources being reliable? For example, is a large percentage of revenue coming from grants or one-time/short-term sources? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| f) Is the organization's rate/fee schedule insufficient to fund an adequate level of service, necessary infrastructure maintenance, replacement and/or any needed expansion and/or is the fee inconsistent with the schedules of similar service organizations? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| g) Is the organization needing additional reserve to protect against unexpected events or upcoming significant costs? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| h) Does the agency have any debt, and if so, is the organization's debt at an unmanageable level? Does the agency need a clear capital financing and debt management policy, if applicable? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

- i) Does the agency need documented accounting policies and procedures including investments (If not, LAFCo has a sample)? Does the agency need to segregate financial duties among staff and/or board to minimize risk of error or misconduct? Does the agency need a system of authorizations, approvals and verification for transactions?

Discussion:

**YOLO SUBBASIN GROUNDWATER AGENCY
STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|---------------------------------|-------------------|-------------------|-------------------|
| Revenue | | | |
| Member contributions | \$ 446,874 | \$ 482,358 | \$ 464,616 |
| Interest | 2,074 | 8,688 | 25,703 |
| Total revenue | <u>448,948</u> | <u>491,046</u> | <u>490,319</u> |
| Expenditures | | | |
| Administrative services | 120,000 | 90,000 | 108,817 |
| Project management | 86,424 | 53,947 | 40,112 |
| Groundwater monitoring program | 42,064 | 42,064 | 42,064 |
| Legal | 12,234 | 9,290 | 1,989 |
| Services and supplies | 2,896 | 11,301 | 13,236 |
| | <u>263,618</u> | <u>206,602</u> | <u>206,218</u> |
| Net change in fund balance | 185,330 | 284,444 | 284,101 |
| Fund balance, beginning of year | - | 185,330 | 469,774 |
| Fund balance, end of year | <u>\$ 185,330</u> | <u>\$ 469,774</u> | <u>\$ 753,875</u> |

- a) *Is the subject agency in an unstable financial position, i.e. does the 5-year trend analysis show any concerning financial trends?*

No. Since the agency was formed on June 19, 2017, only three years of financial data is available. The YSGA's principal source of revenue is dues contributions received from its member agencies and investment earnings earned on surplus funds. In addition, on May 2018 the JPA was awarded State Proposition: 2017 Sustainable Groundwater Planning Grant administered by the Department of Water Resources to finance the development of the Groundwater Sustainability Plan (GSP). Since its inception in 2017 the JPA has accumulated a surplus fund balance of \$753,875 due to expenditures being lower than expected due to a slower than expected start in developing the GSP and JPA operations. According to YSGA staff⁴, it is expected much of the surplus will be spent preparing the GSP this fiscal year.

- b) *Does the subject agency fail to use generally accepted accounting principles, fully disclosing both positive and negative financial information to the public and financial institutions including: summaries*

⁴ Meeting with YSGA Executive Officer on September 30, 2020

of all fund balances and charges, summaries of revenues and expenditures, five-year financial forecast, general status of reserves, and any un-funded obligations (i.e. pension/retiree benefits)?

Maybe. The JPA's accounting data is maintained on QuickBooks by experienced staff who also uses the same software for an affiliated agency. A monthly report is generated and reviewed by the Executive Officer and Executive Committee on a monthly basis. This report is then presented to the Board of Directors at their quarterly meetings. The report consists of a balance sheet, income statement and year-to-date budget to actual data. YSGA is also audited on an annual basis. However, the purchase of water monitoring sensors related to the YSGA activities, in the amount of approximately \$80,000 was paid for by the Yolo County Flood Control & Water Conservation District and not subsequently recorded on YSGA books. The expenses will be reimbursed, but the expenditures and revenues should be reported on the proper agency's books.

- c-d) *Does the agency have a reconciliation process in place and followed to compare various sets of data to one another; discrepancies identified, investigated and corrective action is taken. For small agencies, this would include comparing budgets to actuals, comparing expenses from one year to the next, etc.? Does the agency board fail to receive periodic financial reports (quarterly or mid-year at a minimum); reports provide a clear and complete picture of the agency's assets and liabilities?*

No. See b) above.

- e) *Is there an issue with the organization's revenue sources being reliable? For example, is a large percentage of revenue coming from grants or one-time/short-term sources?*

No. Although, one of the members' contribution accounted for 20% of total revenue and the largest seven members accounted for over 70% of total revenues the member contributions are a very reliable revenue source. The JPA agreement allows for member agencies to withdrawal, but this would require the withdrawing agencies to become their own Groundwater Sustainability Agency and comply with all the State requirements. Doing so would be time and cost prohibitive.

- f) *Is the organization's rate/fee schedule insufficient to fund an adequate level of service, necessary infrastructure maintenance, replacement and/or any needed expansion and/or is the fee inconsistent with the schedules of similar service organizations?*

No. The required level of service is not yet known due to the GSP not being completed. The JPA has set up an ad hoc committee to review the fee structure and expenditures 5 to 10 years out. To date the JPA has accumulated a surplus of \$735,875.

- g) *Is the organization needing additional reserve to protect against unexpected events or upcoming significant costs?*

Maybe. The agency has adopted a cash reserve policy to maintain a balance to fund 3 months of expenditures, which is currently only approximately \$24,000. In addition, the amount of the adopted reserve and subsequent changes to it should be recorded in a separate assigned fund balance account to ensure the reserve is not mistakenly included in unassigned fund balance and expended for other purposes. The JPA does not currently have a need for capital asset maintenance/replacement reserves, however, once the GSP is completed this may change based on the operational model adopted in the plan. Potential litigation is the biggest threat of potential significant costs of which the JPA has insurance to protect against a significant loss.

- h) *Does the agency have any debt, and if so, is the organization's debt at an unmanageable level? Does the agency need a clear capital financing and debt management policy, if applicable?*

No. The agency does not have any debt as of June 30, 2020.

- i) *Does the agency have documented accounting policies and procedures (If not, LAFCo has a sample)? Does the agency segregate financial duties among staff and/or board to minimize risk of error or misconduct? Is there a system of authorizations, approval and verification for transactions?*

Yes. The agency does not have documented accounting policies or procedures.

Financial Ability MSR Determination

As of June 30, 2020 the YSGA is in a good financial condition. The YSGA's principal source of revenue is dues contributions received from its member agencies and on May 2018 the JPA was awarded State Proposition: 2017 Sustainable Groundwater Planning Grant administered by the Department of Water Resources to finance the development of the Groundwater Sustainability Plan (GSP). The JPA has accumulated a surplus fund balance of \$753,875 due to a slower than expected start in developing the GSP. According to YSGA staff, it is expected much of this surplus will be spent preparing the GSP this fiscal year. The JPA's accounting data is well maintained and reviewed monthly by the Executive Officer and Executive Committee and quarterly by the YSGA Board of Directors. YSGA is also audited on an annual basis. However, an equipment purchase for YSGA was paid for by a member agency and not recorded on YSGA books. Although the expenses will be reimbursed, the expenditures and revenues should be reported in the YSGA's accounts.

The JPA member contributions are a very reliable revenue source. The agency has adopted a cash reserve policy to maintain a balance to fund 3 months of expenditures, currently approximately \$24,000. The JPA does not currently have a need for capital asset maintenance/replacement reserves. Since the GSP is not yet completed and the required level of service known, an ad hoc committee has been established to review the fee structure and expenditures 5 to 10 years out. Potential litigation is the biggest threat of financial loss, however, the JPA has insurance. YSGA does not have any debt as of June 30, 2020 but needs to develop and adopt accounting policies or procedures.

Recommendation(s)

- Financial transactions related to the YSGA activities should be recorded on its own accounts and not those of member agencies. Regardless of the extensive shared services between member agencies, the accounts need to stay separate and orderly.
- YSGA's cash reserve policy should be revised to include that a specific amount is adopted annually as part of the budget process and that a review of the amount is conducted periodically. In addition, the amount of the adopted reserve and subsequent changes to it should be recorded in a separate assigned fund balance account to ensure the reserve is not mistakenly included in unassigned fund balance and expended for other purposes.
- Continue to develop comprehensive accounting and financial policies and procedures, including procedures to ensure segregation of duties.

4. SHARED SERVICES AND FACILITIES

Status of, and opportunities for, shared services and facilities.

| | YES | MAYBE | NO |
|---|-------------------------------------|--------------------------|--------------------------|
| a) Are there any opportunities for the organization to share services or facilities with neighboring, overlapping or other organizations that are not currently being utilized? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Discussion:

- a) *Are there any opportunities for the organization to share services or facilities with other organizations that are not currently being utilized?*

Yes. The YSGA JPA memorializes the agencies' existing shared services orientation. The members of the YSGA have an extensive groundwater level monitoring network that has been utilized for over 60 years comprising over 450 monitoring, agricultural, and domestic wells. There are also 12 wells that are outfitted with continuous, real-time telemetry. The data gathered from each agency is currently shared and reported to Max Stevenson (as WRID administrator for the YSGA) and included in the Water Resources Information Database (WRID)⁵. In addition, JPA staff are shared from the Yolo County Flood Control and Water Conservation District (Executive Officer) and the Water Resources Association of Yolo County (WRA) (Board Secretary and Administration).

The YSGA is somewhat redundant and an evolution of the previously existing WRA model. As a result, the YSGA should ultimately absorb the functions of the WRA. However, it was decided by the members to postpone consolidating the two until after the Groundwater Sustainability Plan is completed. The YSGA's mission is focused on groundwater while the WRA has a broader mission also dealing with surface water, flood control, drought, water quality and riparian and aquatic ecosystem enhancement issues.

Shared Services Determination

The YSGA JPA formalizes the agencies' existing shared services orientation. The members of the YSGA have an extensive groundwater level monitoring network that has been utilized for over 60 years comprising over 450 monitoring, agricultural, and domestic wells. There are also 12 wells that are outfitted with continuous, real-time telemetry. The data gathered from each agency is currently shared and reported to the YSGA and included in the Water Resources Information Database (WRID). In addition, JPA staff are shared from the Yolo County Flood Control and Water Conservation District (Executive Officer) and the Water Resources Association (WRA) (Board Secretary and Administration). The YSGA is somewhat redundant and an evolution of the previously existing WRA model. As a result, the YSGA should ultimately absorb the functions of the WRA. However, it was decided by the members to postpone consolidating the two until after the Groundwater Sustainability Plan is completed. The YSGA's mission is focused on groundwater while the WRA has a broader mission also dealing with surface water, flood control, drought and water quality issues.

⁵ YGSA Groundwater Monitoring and Reporting Memo dated June 15, 2018

Recommendation

- Once the Groundwater Sustainability Plan is completed (estimated in 2022), pursue consolidating the Water Resources Association mission and services into the YSGA in order to avoid future confusion and redundancy.

5. ACCOUNTABILITY, STRUCTURE AND EFFICIENCIES

Accountability for community service needs, including governmental structure and operational efficiencies.

| | YES | MAYBE | NO |
|--|-------------------------------------|--------------------------|-------------------------------------|
| a) Are there any recommended changes to the organization's governmental structure that will increase accountability and efficiency (i.e. overlapping boundaries that confuse the public, service inefficiencies, and/or higher costs/rates)? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b) Are there any issues with filling board vacancies and maintaining board members? Is there a lack of board member training regarding the organization's program requirements and financial management? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| c) Are agency officials and designated staff not current in making their Statement of Economic Interests (Form 700) disclosures? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| d) Are there any issues with staff turnover or operational efficiencies? Is there a lack of staff member training regarding the organization's program requirements and financial management? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| e) Does the agency need to have a qualified external person review agency finances each year (at a minimum), comparing budgets to actuals, comparing actuals to prior years, analyzing significant differences or changes, and determining if the reports appear reasonable? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| f) Does the agency need to secure independent audits of financial reports that meet California State Controller requirements? Are the same auditors used for more than six years? Are audit results not reviewed in an open meeting? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| g) Does the organization need to improve its public transparency via a website (i.e. a website should contain at a minimum: organization mission/description/boundary, board members, staff, meeting schedule/agendas/minutes, budget, revenue sources including fees for services, if applicable, and audit reports)? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| h) Does the agency need policies (as applicable) regarding anti-nepotism/non-discrimination, travel and expense reimbursement, personal use of public resources, contract bidding and handling public records act requests? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Discussion:

- a) *Are there any recommended changes to the organization's governmental structure that will increase accountability and efficiency (i.e. overlapping boundaries that confuse the public, service inefficiencies, and/or higher costs/rates)?*

No. When the Groundwater Sustainability Act was passed, the member agencies went through a comprehensive governance process to determine the best governmental structure for the GSA. After year and a half of review, it was determined that a JPA was the optimal governance structure. The JPA is operated at the Yolo County Flood Control & Water Conservation District offices located on State Highway 16, west of Woodland. The member fees to operate the YSGA are allocated on an acreage basis.

- b) *Are there any issues with filling board vacancies and maintaining board members? Is there a lack of board member training regarding the organization’s program requirements and financial management?*

No. The 25 members of the YSGA each appoint an agency representative on the JPA Board. The YSGA provides each board member with a YSGA board member handbook and provides training.

- c) *Are agency officials and designated staff not current in making their Statement of Economic Interests (Form 700) disclosures?*

No. In total, 40 YSGA board and staff members are required to file Statement of Economic Interests (Form 700) disclosures. The forms are collected and maintained by the YSGA. In addition, on January 8, 2018 the YSFA Board adopted a conflict of interest code.

- d) *Are there any issues with staff turnover or operational efficiencies? Is there a lack of staff member training regarding the organization’s program requirements and financial management?*

No. The YSGA is staffed part-time by an Executive Officer, appointed by the Yolo County Flood Control & Water Conservation District and a part-time Board Secretary and Administrative Coordinator contracted by the Water Resources Association of Yolo County. Both staff members have extensive experience working with groundwater issues and water related collaboration countywide. Staff are also providing effective financial management and reporting to the Board.

- e-f) *Does the agency need to have a qualified external person review agency finances each year (at a minimum), comparing budgets to actuals, comparing actuals to prior years, analyzing significant differences or changes, and determining if the reports appear reasonable? Does the agency need to secure independent audits of financial reports that meet California State Controller requirements? Are the same auditors used for more than six years? Are audit results not reviewed in an open meeting?*

No. The YSGA has hired an external firm to provide annual audits. The YSGA has discussed moving to a two-year audit cycle, but regardless, external review of agency finances is occurring and will continue to occur. Agency audits are reviewed at YSGA board meetings, open to the public and are posted on the agency’s website. The same auditors have not been used for more than six years as the YSGA was formed in 2017.

- g) *Does the organization need to improve its public transparency via a website (i.e. a website should contain at a minimum: organization mission/description/boundary, board members, staff, meeting schedule/agendas/minutes, budget, revenue sources including fees for services, if applicable, and audit reports)?*

Yes. The YSGA was formed in 2017 and has an active website. It received a 32% transparency score in 2018 and 60% in 2019, so the website transparency and content is growing, but there is still room for improvement. The YSGA should continue to add content as needed per the 2019 website transparency scorecard found at:

<https://www.yololafco.org/files/aeb8ad361/2019+Web+Transparency+Scorecard+Report.pdf> .

- h) *Does the agency need policies (as applicable) regarding anti-nepotism/non-discrimination, travel and expense reimbursement, personal use of public resources, contract bidding and handling public records act requests?*

No. YSGA does not have any employees or equipment, so anti-nepotism/non-discrimination and personal use of public resources policies do not apply. It recently adopted an expense reimbursement

policy (posted on website). The YSGA currently handles contract bidding through member agencies. The agency website provides direction on submitting and handling of public records act requests.

Accountability, Structure and Efficiencies Determination

After year and a half of review, it was determined that a JPA was the optimal governance structure to implement the Groundwater Sustainability Act. The 25 members of the YSGA each appoint an agency representative on the JPA Board. The YSGA provides each board member with a YSGA board member handbook and provides training. In total, 40 board and staff members are required to file Statement of Economic Interests (Form 700) disclosures. The YSGA is staffed part-time by an Executive Officer, appointed by the Yolo County Flood Control & Water Conservation District and a part-time Board Secretary and Administrative Coordinator contracted by the Water Resources Association of Yolo County. Both staff members have extensive experience working with groundwater issues and water related collaboration countywide. Staff are also providing effective financial management and reporting to the Board. The YSGA has hired an external firm to provide annual audits. The YSGA was formed in 2017 and has an active website. It received a 32% transparency score in 2018 and 60% in 2019, so the website transparency and content is growing, but there is still room for improvement. The YSGA should continue to add content as needed per the 2019 website transparency scorecard. The YSGA is not in need of policies regarding anti-nepotism/non-discrimination, travel and expense reimbursement, personal use of public resources, contract bidding and handling public records act requests.

Recommendations

- The YSGA should continue to add website content as needed to improve its score per the latest website transparency scorecard found at <https://www.yololafco.org>.