



SLOUGHHOUSE

Resource Conservation District

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Regular Meeting of the Board Sloughhouse Resource Conservation District Agenda

When: Wednesday, July 14, 2021
Where: Rancho Murieta CSD Office
15160 Jackson Hwy., Rancho Murieta, CA

<https://us02web.zoom.us/j/88033604308>
Meeting ID: 880 3360 4308
Call in Number: +1-669-900-9128

Time: 1:00 pm – 4:00 pm

PUBLIC COMMENT – Any member of the public may address the Board concerning any matter on the agenda before or during its consideration of the matter. Public comment is limited to three (3) minutes per person and no more than fifteen (15) minutes per topic. For good cause, the Board Chairman may waive these limitations.

AGENDA ITEM TIME FRAME – All agenda items are suggested by staff and are an estimate only and subject to change.

OPENING:

1. Call to Order*

PUBLIC COMMENT FROM THE FLOOR (Non-Agenda Items) (15 minutes)

CONSENT CALENDAR:*

Any Board member may request and remove any item from the consent agenda and place that item on the regular portion of the agenda as specified. (5 minutes)

- a. Agenda – July 14, 2021
- b. Minutes – June 9, 2021
- c. Minutes – June 23, 2021
- d. Financial Report – July 2021

REPORTS:

- a. Staff Report (5 minutes)
- b. NRCS Report (5 minutes)
- c. Board Report (5 minutes)

BUSINESS ACTION ITEMS:*

1. Consideration of Groundwater Sustainability Fee and Hearing (60 minutes)
 - a. Staff Presentation on Proposed Fee
 - b. Open Public Hearing on the Proposed Fee
 - c. Consider: Resolution 2021.07.14.01 – Resolution Adopting a Groundwater Management Sustainability Fee
 - d. Consider: Methodology for Verification of Irrigated Acres



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2. Approval of Services from Blomberg & Griffin Accountancy Corporation (10 minutes)
3. Cosumnes Subbasin GSP Development (30 minutes)
 - a. Review of Cosumnes Subbasin Administrative Draft GSP
 - Comments due to consultants by July 21, 2021
 - b. Outreach and Engagement –Public Workshop, August 2021
4. South American Subbasin GSP Development (20 minutes)
 - a. Review of South American Subbasin Draft GSP
 - Comments due to consultants by August 18, 2021
 - b. Outreach and Engagement – Public Workshop, July 15, 2021

IDENTIFICATION OF ITEMS FOR FUTURE MEETINGS

- a. Board Members may request items to be placed on future agendas.

Correspondence Received

- a. None

ADJOURNMENT



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8698 Elk Grove Blvd. Ste. 1-207, Elk Grove, CA 95624
541.981.3459 - info@SloughhouseRCD.org

Meeting of the Board - MINUTES Sloughhouse Resource Conservation District

When: Wednesday, June 9th, 2021
Where: via Zoom
Time: 1:00pm – 3:00pm

Board Members: Jay Schneider, Herb Garms, Gary Silva Jr., Barbara Washburn, Lindsey Liebig
Staff: Austin Miller

OPENING

Garms called the meeting to order 1:01 pm.

PUBLIC COMMENT

Any member of the public may address the Board concerning any matter not on the Agenda within the Board's jurisdiction. Public comment is limited to three minutes per person and no more than fifteen minutes per topic. For good cause, the Board President may waive these limitations.

None

CONSENT CALENDAR

- a) Agenda – June 9, 2021
- b) Minutes – May 12, 2021
- c) Minutes – May 26, 2021
- d) Financial Report – June 2021

Director Schneider requested items b and d be held for discussion.

Director Liebig moved to approve consent calendar items a and c.

Director Washburn seconded the motion.

The motion passed with all in favor.

Director Schneider moved to approve consent calendar items b and d.

Director Liebig seconded the motion

The motion passed with all in favor.

REPORTS

- a) Staff Report
Staff provided a report on administrative work being done.
- b) NRCS Report
Toney Tillman provided an update on the Elk Grove NRCS Office. Their office is now open, with limited capacity, to the public.
- c) Board Report



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None.

BUSINESS ACTION ITEMS

1. Fiscal Year 2021-2022 Preliminary Budget
*Director Silva moved to approve the Fiscal Year 2021-2022 Preliminary Budget.
Director Washburn seconded the motion.
The motion passed with 4 (Garms, Washburn, Schneider, Silva) in favor and 1 absent (Liebig).*
2. Code of Conduct
The Board reviewed the Draft Code of Conduct that was drafted by Counsel. Questions and revisions were provided to Staff who will work with Counsel to provide an updated version at the next meeting.
3. Cosumnes Subbasin GSP Development
 - a) Technical Memo #13 – Plan Implementation
Staff provided an update on Technical Memo #13 – Plan Implementation. Comments to the consulting team are due by June 16, 2021.
 - b) GSP Implementation Administrative Entity
Staff and Directors provided an update on the development of a JPA for the implementation of the Cosumnes Subbasin GSP.
4. South American Subbasin GSP Development
Staff provide an update on the development of the South American Subbasin GSP.
5. Groundwater Sustainability Fee
The Board provided direction to Staff and Counsel on the Groundwater Sustainability Fee notice, impacted landowner letter, and resolution. The Board also directed Staff to work collaboratively with other GSAs and to provide support as appropriate for their fee consideration process.
6. Status of Future Meetings
This agenda item was not discussed.

IDENTIFICATION OF ITEMS FOR FUTURE MEETINGS

The Board approved the follow future agenda items by consensus:

- Review Department of Water Resources comments on GSPs from critically over drafted subbasins.

CORRESPONDENCE RECEIVED

- a) None

ADJOURNMENT

Garms adjourned the meeting at 3:45 pm.



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Meeting of the Board - MINUTES Sloughhouse Resource Conservation District

When: Wednesday, June 23rd, 2021
Where: via Zoom
Time: 1:00pm – 3:00pm

Board Members: Jay Schneider, Herb Garms, Gary Silva Jr., Barbara Washburn, Lindsey Liebig
Staff: Austin Miller, Scott Morris (Counsel)

OPENING

Garms called the meeting to order 1:04 pm.

PUBLIC COMMENT

Any member of the public may address the Board concerning any matter not on the Agenda within the Board's jurisdiction. Public comment is limited to three minutes per person and no more than fifteen minutes per topic. For good cause, the Board President may waive these limitations.

None

BUSINESS ACTION ITEMS

1. District Manager Job Description
Director Schneider moved to approved the District Manager Job Description with edits that were provided by the Board during the meeting.
Director Silva seconded the motion.
The motion passed with all in favor.
2. Cosumnes Subbasin GSP Development
 - a) Discussion: 7 Month Look Ahead
Staff provided a look ahead of the next 7 months of GSP Development and Adoption leading up to submission of the Cosumnes Subbasin GSP in January 2022.
 - b) Discussion: Monitoring Network Update
Stephen Julian, Cosumnes Subbasin Watershed Coordinator, provided an update on the Cosumnes Subbasin Monitoring Network efforts.
 - c) Discussion: GSP Implementation Administrative Entity
The Board discussed next steps for the formation of a Joint Powers Agreement for GSP Implementation. It was stressed that the entire Board should be involved in conversations when it is still efficient and effective to provide input.
3. Groundwater Sustainability Fee
 - a) Consider Direction to Staff:



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Director Washburn moved to direct the SRCD Chairperson and District Staff to set a hearing on July 14, 2021 at 1:00pm for the Board to consider a groundwater sustainability fee, consistent with the parameters discussed here. The Chairperson and Staff are specifically directed to:

1. Make available for public review the final fee study, a list of impact parcels, and the formal notice no later than 20 days before the hearing date and in full compliance with hearing notice requirements.
2. Send a letter to effected landowners informing them of the process and the proposed fee.
3. Take any other action, including coordination with legal staff, consultants, and County staff to prepare for the consideration and adoption of a fee.
4. Prepare a resolution to formally adopt a groundwater sustainability fee on July 14, 2021

Director Liebig seconded the motion.

The motion passed with 4 in favor (Garms, Washburn, Liebig, Silva) and 1 opposed (Schneider).

b) Discussion: Draft Groundwater Sustainability Fee Resolution

4. South American Subbasin GSP Development

a) Discussion: 7 Month Look Ahead

Staff provided a look ahead of the next 7 months of GSP Development and Adoption leading up to submission of the South American Subbasin GSP in January 2022.

b) Discussion: GSP Implementation, Key Discussion Items

Staff provided an update on Key Discussion Items.

c) Discussion: GSP Executive Summary Overview

Staff provided an update on Draft GSP Executive Summary for the South American Subbasin GSP.

IDENTIFICATION OF ITEMS FOR FUTURE MEETINGS

The Board approved the follow future agenda items by consensus:

- None

CORRESPONDENCE RECEIVED

- None

ADJOURNMENT

Garms adjourned the meeting at 3:28 pm.

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**BEFORE THE BOARD OF DIRECTORS OF THE SLOUGHHOUSE RESOURCE
CONSERVATION DISTRICT**

DRAFT RESOLUTION No. 2021.07.14.01

**Resolution Adopting a Groundwater Management Sustainability Fee in the Cosumnes
Subbasin Ending December 31, 2022**

WHEREAS, the State of California enacted the Sustainable Groundwater Management Act (“SGMA”) in 2014, inter alia, to provide for the sustainable management of groundwater basins, to enhance local management of groundwater consistent with rights to use or store groundwater, to provide local groundwater agencies with the authority and the technical and financial assistance necessary to sustainably manage groundwater, and to manage groundwater basins through the actions of local governmental agencies to the greatest extent feasible. (Water Code, § 10720.1 et seq.); and

WHEREAS, The Sloughhouse Resource Conservation District is a Groundwater Sustainability Agency over part of its jurisdiction in the Cosumnes River Subbasin under the provisions of SGMA and the Board of Directors (“Board”) of the Sloughhouse Resource Conservation District also concurrently functions as the Sloughhouse Resource Conservation District Groundwater Sustainability Agency (“Agency”); and

WHEREAS, SGMA authorizes a GSA to impose a fee on the extraction of groundwater or other regulated activity to fund the costs of a groundwater sustainability program. (Water Code, § 10730.) The levy of a fee on groundwater extraction for the purpose of managing the sustainability of a groundwater subbasin constitutes (1) a charge imposed for a specific benefit conferred directly to the payor that is not provided to those not charged, and (2) a charge imposed for a specific government service provided directly to the payor that is not provided to those not charged; and

WHEREAS, The collective GSAs of the Cosumnes Subbasin have arranged for the preparation by HDR, a professional engineering consulting firm, the Cosumnes Subbasin Fee Study (“Fee Study”), which is incorporated by reference into this Resolution, to justify the adoption of the fees herein. The Fee Study shows that the fee adopted herein is not a tax, 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; and

WHEREAS, the Agency seeks to establish a groundwater sustainability fee (“Fee”) within its jurisdictional boundaries in the Cosumnes Subbasin as authorized by Water Code section 10730 based on the Fee Study; and

WHEREAS, pursuant to Water Code section 10730(d), prior to imposing the Fee, the Agency has held a public meeting, at which written or oral presentations have been made; and

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WHEREAS, pursuant to Water Code section 10730(d), the Agency posted notice of the time and place of the public meeting at which the Fee will be considered, the notice was published in the newspaper in compliance with Government Code section 6066, the notice was posted on the Agency's website and was mailed to interested parties, and the data to support the Fee was available to the public at least 20 days before the Agency's public meeting to impose the Fee; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Sloughhouse Resource Conservation District as follows:

1. The Agency finds that all prerequisites required before adopting the Fee have been met, including the proper public noticing of the hearing and the conduct of the public hearing.
2. The Agency approves the Fee Study and finds that it is the proper basis on which to establish the Fee, and that the Fee adopted herein is not a tax, 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.
3. The Agency hereby adopts the Fee as set forth in Attachment A hereto.
4. The Agency Administrator is hereby authorized and directed to work with the County of Sacramento Department of Finance Auditor-Controller Division to add the Fee as more fully set forth in Attachment A to the County's annual secured tax roll; and
5. the Agency Administrator and Agency Counsel are hereby authorized and directed to take such other and further steps as may be necessary or appropriate to implement the intent and purpose of this resolution.

PASSED AND ADOPTED on this 14th day of July, 2021, by the following vote, to- wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

I, the undersigned, hereby certify that I am the duly appointed and acting Secretary of the Sloughhouse Resources Conservation District, and that at a meeting of the Board of Directors of the District held on July 14, 2021 that Resolution 2021.07.14.01 was adopted and has not been rescinded or amended since the date of its adaptation and that it is now in full force and effect.

Austin Miller, SRCD Secretary

Date

**SLOUGHHOUSE RESOURCE CONSERVATION DISTRICT
GROUNDWATER SUSTAINABILITY AGENCY**

**GROUNDWATER SUSTAINABILITY FEE
ATTACHMENT A**

SECTION 1. DEFINITIONS

1.1 “Acre Foot” or "AF" is a unit of measurement defined by the volume of water necessary to cover one acre of surface area to a depth of one foot. It is equal to 325,851 gallons.

1.2 “Administrator” means the Administrator of the Agency.

1.3 “Agency” means the Sloughhouse Resource Conservation District or the Sloughhouse Resource Conservation District Groundwater Sustainability Agency.

1.3 "Board" means the Board of Directors of the Sloughhouse Resource Conservation District.

1.4 “Fee” means the Groundwater Sustainability Fee charged as set forth herein.

1.5 “Jurisdictional Area” means those parcels of real property within the Subbasin and those parcels of real property adjacent to the Subbasin that use groundwater derived, extracted, or otherwise obtained from within the Subbasin excluding therefrom any area for which the Agency has entered into an agreement that provides that the Fee shall not be charged within such area, or any portion thereof.

1.6 “Person” means the owner of property charged the Fee, or the owner of real property with a means of extracting groundwater.

1.8 “Subbasin” means the Cosumnes Groundwater Subbasin as set forth in Bulletin 118 of the California Department of Water Resources, as may be amended from time-to-time.

SECTION 2. ESTABLISHMENT OF FEE

2.1 There is hereby charged within the Jurisdictional Area a Fee pursuant to Section 10730 of the California Water Code, and as more fully set forth herein.

2.2 Persons using groundwater to irrigate shall pay up to \$10.00, per irrigated acre beginning August 1, 2021 and continuing until December 31, 2022.

2.3 The actual annual charges for Persons irrigating with groundwater will be determined based on irrigated acreage as determined from the 2018 published Statewide Crop Mapping data provided by the California Department of Water Resources.

2.4 The Fee shall be payable to the Agency as follows:

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2.4.1 The Agency shall determine those real properties that are subject to the Fee and shall submit the Fee data to the County of Sacramento Department of Finance Auditor-Controller Division to be included in the annual secured tax roll.

2.4.2 If any Person fails to pay the Fee as charged, the Person shall pay interest and/or penalties to the Agency as allowed by law.

2.4.3 In addition to the interest and penalty set forth in Section 2.4.2, above, the Board may elect to utilize any of the remedies available to it for failure to pay the Fee as set forth in Water Code section 10730.6.

2.4.4 Fee revenues may be used for support of the Agency's groundwater sustainability program, including but not limited to, administration costs, implementation of the Groundwater Sustainability Plan, planning projects and management actions.

SECTION 3. APPEAL

3.1 Should a Person wish to contest the projected amount of groundwater extraction on which the Fee is assessed, the Person shall first be required to pay the Fee as charged. Within thirty (30) days following payment of the Fee, the Person may file an appeal with the Agency, on a form approved by the Administrator, setting forth the basis upon which the appeal is made. The appeal will be considered timely filed if, within the time allowed, 1) the form is postmarked, United States first class mail, 2) delivered to the Administrator or Clerk of the Board by electronic mail, or 3) personally delivered to the Administrator.

3.2 Within thirty (30) days of filing the appeal, the Administrator shall meet with the Person to discuss the basis of the appeal. The Administrator is authorized to grant the appeal, in whole or in part, or deny the appeal. The determination shall be made no later than fifteen (15) days following the meeting and shall be in writing and delivered to the Person in the same manner as the filing of the appeal.

3.3 If the Person who filed the appeal is dissatisfied with the determination of the Administrator, the Person may file an appeal to the Board within thirty (30) days of delivery of the determination, following the procedures for filing an appeal as set forth in Section 3.1, above.

3.4 The appeal will be placed on the agenda for the next available Board meeting occurring within sixty (60) days of the filing of the appeal. The Board shall receive evidence, and hear from the appellant and staff regarding the merits of the appeal. The Board is authorized to grant the appeal, in whole or in part, or deny the appeal. The determination of the Board shall be memorialized in a minute order and shall be the final decision of the Agency.

Groundwater Fee Study

San Joaquin Valley Cosumnes Subbasin

DRAFT REPORT

June 2021

Prepared by:

HDR Engineering, Inc.
2379 Gateway Oaks Drive, Suite 200
Sacramento, CA 95833

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Acronyms

- CSD Community Services District
- CWD..... Clay Water District
- DoC California Department of Conservation
- DWR California Department of Water Resources
- GID Galt Irrigation District
- GSA..... Groundwater Sustainability Agency
- GSP..... Groundwater Sustainability Plan
- MAR Managed Aquifer Recharge
- OHWD Omochumne-Hartnell Water District
- PMA Projects and Management Actions
- SAFCA Sacramento Area Flood Control District
- SGMA..... Sustainable Groundwater Management Act
- SGMO Sustainable Groundwater Management Office
- SRCD Sloughouse Resource Conservation District
- SWRCB State Water Resource Control Board

Introduction

Sacramento County (County) retained HDR Engineering Inc, to develop the San Joaquin Valley Cosumnes Subbasin (Cosumnes Subbasin) Groundwater Fee Study (Study). The Study develops a fee program that will support the implementation of the Groundwater Sustainability Plan (GSP) in the Cosumnes Subbasin, fund associated groundwater management activities, and meet the requirements of the Sustainable Groundwater Management Act (SGMA). As a point of reference, the costs of GSP development and preparation have been funded separately. This study provides cost-based, equitable, and proportional groundwater fees for groundwater users in the Cosumnes Subbasin service area. This report documents the process and technical analyses used to develop these fees.

Overview of the Cosumnes Subbasin Working Group

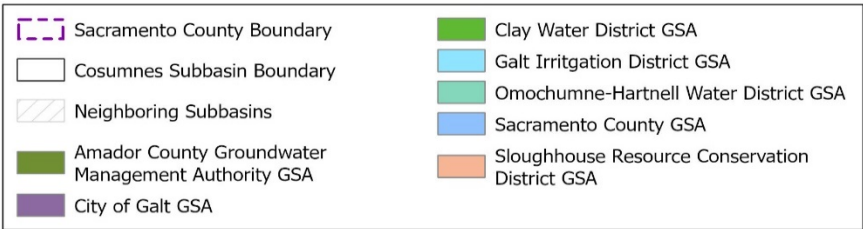
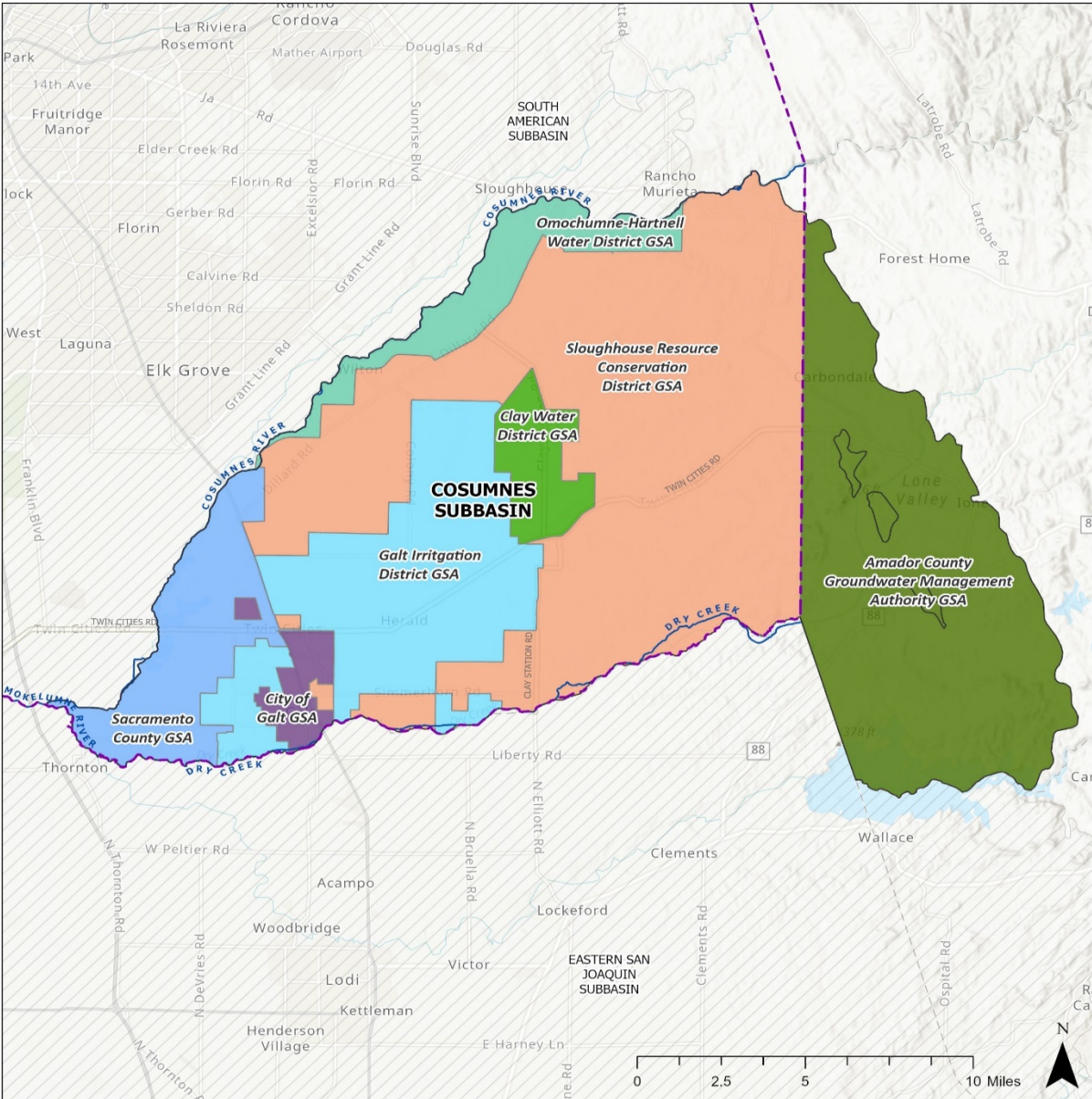
Under California law, SGMA requires the Cosumnes Subbasin Groundwater Sustainability Agencies (GSAs) to have one or more GSPs in place by January 31, 2022.

The following agencies are the GSAs responsible for groundwater management within the Cosumnes Subbasin in accordance with the requirements of SGMA:

- Omochumne-Hartnell Water District (OHWD) GSA;
- Sloughouse Resource Conservation District (SRCD) GSA;
- Galt Irrigation District (GID) GSA;
- Clay Water District (CWD) GSA;
- City of Galt GSA;
- Amador County Groundwater Management Authority (Amador County GSA); and
- Sacramento County GSA.

The GSAs have established the Cosumnes Subbasin SGMA Working Group (Working Group) with the goal of developing a single, integrated, SGMA-compliant GSP to foster plan effectiveness, coordination, and efficiencies. A map of the subbasin and each GSA area is shown in Figure 1.

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Note: The Cosumnes Subbasin extends beyond Sacramento County.

Figure 1. Cosumnes Subbasin Groundwater Sustainability Agencies

Overview of the Need for the Groundwater Fee Study

In September 2014, a three-bill legislative package, collectively known as SGMA, was signed into law. SGMA provides a framework for sustainable groundwater management and provides for the “management and use of groundwater in a manner that can be maintained during the planning and implementation horizon without causing undesirable results.”¹ SGMA requires governments and water agencies in high and medium priority basins to halt overdraft and bring groundwater basins into balanced levels of groundwater use and recharge. The passage of this law requires the planning, implementation, and development of a GSP that includes projects and other management actions to accomplish these objectives. This Study is intended to address issues regarding the approach for a groundwater fee program following the adoption of the GSP by each of the GSAs.

Overview of the Approach and Methodology

The goal of this Study is to establish cost-based, equitable, and proportional fees for groundwater users in the Cosumnes Subbasin. The groundwater fee study process includes the development of a projection of operating expenses, identifying the various customer types and classes of service, determining a method of allocating expenses, and developing the groundwater fee structure.

Based on the approach approved by the Working Group, the proposed groundwater fee for the Cosumnes Subbasin would be made up of two parts; a fee for irrigated acreage and a fee levied on each parcel within the subbasin. Both fees are related to various combinations of groundwater use, land use and area, and number of parcels. This Study addresses the fee for irrigated acreage for the initial implementation. For subsequent years, this Study will be updated and modified to add the fee component which covers all parcels.

The following is a summary of the assumptions and methodology developed and approved by the Working Group’s Long-term Governance Committee. The Long-term Governance Committee is made up of representatives from each of the GSAs and are responsible for making recommendations to the Working Group on issues such as funding.

Groundwater Use and Parcel Data

As stated previously, the Cosumnes Subbasin contains seven GSAs. However, to further analyze the groundwater fee by groundwater use and parcel data, the basin has been divided into four subareas. These subareas include Amador County (Amador County GSA), Sacramento County (Sacramento County GSA, OHWD GSA, SRCD GSA [excluding Rancho Murieta Community Services District (CSD)], GID GSA, and CWD GSA), City of Galt (City of Galt GSA), and Ranch Murieta CSD (portion of SRCD GSA). Recent groundwater use estimates as outlined in the GSP show the average annual groundwater use is around 128,670

¹ California Department of Water Resources; <https://water.ca.gov/Programs/Groundwater-Management/SGMA-Groundwater-Management>

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ac-ft/year with 53,729 acres of irrigated land in the subbasin. There are approximately 19,109 total parcels in the proposed fee area.

Subarea	Groundwater Use (AF) ²	Area (Acres)	Number of Parcels	Irrigated Acres ¹
Amador Co.	1,270	52,500	4,240	4,975
Sacramento Co.	123,400	152,888	6,063	48,754
City of Galt	4,000	4,612	8,000	-
Rancho Murieta CSD	0	-	806	-
Totals	128,670	210,000	19,109	53,729

1. Irrigated acres from the California Department of Water Resources Land Use Data, 2018.

Irrigated acreage was determined from 2018 published Statewide Crop Mapping data provided by the California Department of Water Resources (DWR)³. The 2018 data set includes classifications of land by crop type requiring irrigation. Any urban classifications in the 2018 data set are not included in this fee study. Historically, DWR has collected land use data throughout the state and uses this information to develop water use estimates for statewide and regional planning efforts, including water use projections, water use efficiency evaluation, groundwater model development, and water transfers. Increased availability of digital satellite imagery, aerial photography, and new analytical tools make remote sensing land use surveys possible at a field scale. Current technologies allow accurate, large-scale crop and land use identification to be performed at time increments as desired, and make possible more frequent, comprehensive statewide land use information, which can be analyzed at a local level.

A spatial mapping base layer is essential for effective decision-making. Therefore, understanding the impacts of land use, crop location, acreage, and management practices on environmental attributes and resource management will be an integral step in the ability of GSAs to produce GSPs and implement projects to attain sustainability. In response to this need for information, Land IQ was contracted by DWR to develop a comprehensive and accurate spatial land use database for Water Year 2018, covering over 9.4 million acres of irrigable agriculture on a field scale and additional areas of urban extent. The primary objective of this effort was to produce a comprehensive and accurate spatial land use database with overall accuracies exceeding 95% using remote sensing, statistical, and temporal analysis methods. DWR reviewed and revised the data in some cases. Detailed reviews and revisions of individual fields were determined by State DWR Land Use staff and the Regional Office contacts are available for understanding local details. This data and information were utilized in the development of the groundwater fee study to identify irrigated acreage.

The data from DWR was analyzed by the County to determine its applicability to parcels utilizing groundwater within the Sacramento County portion of the subbasin. The County then provided a

² May 3, 2021, Draft Technical Memorandum #8 – Water Budget Information Cosumnes Subbasin, Sacramento County, CA, Table WB-8. Estimated Sustainable Yield for Selected Time Periods, Pg. 27, http://cosumnes.waterforum.org/wp-content/uploads/2021/05/GSP-Draft_TM8-Water-Budget-w-Figures_05-03-2021.pdf

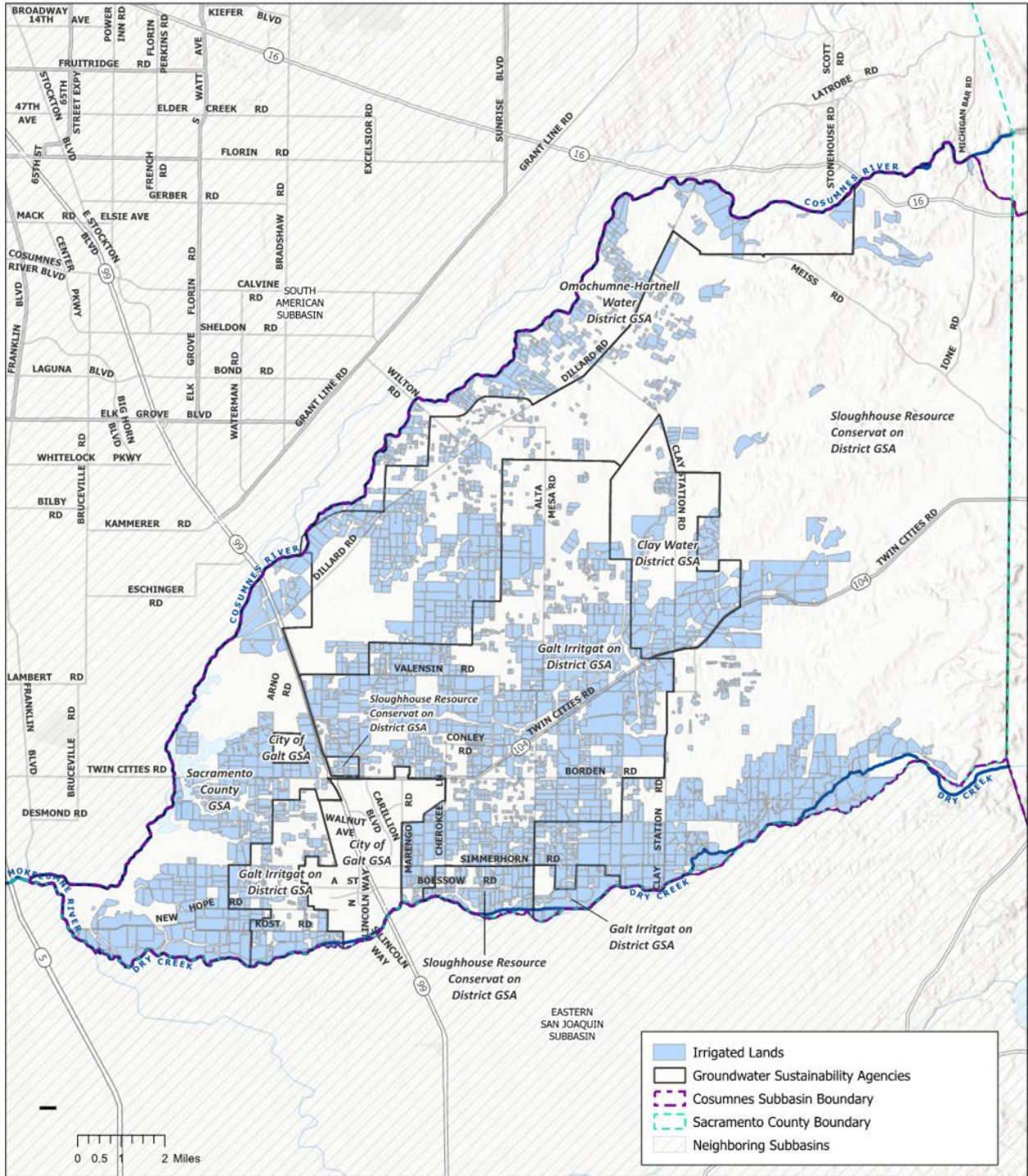
³ 2018 California Department of Water Resources Statewide Crop Mapping, <https://data.cnra.ca.gov/dataset/statewide-crop-mapping>

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summary of the parcel data and irrigated acreage to support development of this Study. For the initial fee program (i.e., Year 1), a review of the data was undertaken to include only those parcels with a crop type class code for agriculture (e.g. grain and hay crops, rice, pasture, truck, nursery, and berry crops, deciduous fruits and nuts, etc.). Based on the land use code, and the DWR irrigated acreage, the GIS data was reviewed, and the irrigable acreage determined. Aligning DWR irrigated acres with Sacramento County parcel data sometimes resulted in irrigated acreage being associated with parcels as greater than the acreage identified in the Sacramento County Assessor Parcel Viewer database⁴. When this occurred, County staff and HDR reviewed the data to determine the applicable irrigated acreage to apply to the parcel. This resulted in the total irrigated acreage in the Cosumnes Subbasin and within Sacramento County. This irrigable acreage, as noted in the table above, provides the basis for the initial fee program for Year 1. Provided in Figure 2 is a summary of the agriculture irrigated acreage lands used within this study.

⁴ Sacramento County Assessor Office, <https://assessorparcelviewer.saccounty.net/jsviewer/assessor.html>

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Irrigated Lands in the Cosumnes Subbasin
 More than 48,000 acres of irrigated land covering over 1,600 parcels

SACRAMENTO COUNTY
 Jun 2021 GR-14645

Figure 2. Sacramento County GSA Irrigated Lands

Development of Operating Expenses

While the purpose of this Study is to develop the fee program for Year 1 (FY 21/22) of the fee program, it also describes how costs and revenues will be projected beyond Year 1. While an overview of these costs and revenues have been provided in this Study they will be more completely developed and discussed in a future update to develop and refine the fee program in subsequent years.

There are two expense categories that are identified to fund the implementation of the GSP by the GSAs. These are administrative expenses and expenses associated with Projects and Management Actions (PMAs). Administrative expenses include items such as the annual report, data management, public outreach, GSA coordination, legal resources, annual financial audit, general administration, addressing data gaps and state comments. Total administrative expenses for FY 21/22 are estimated to be \$407,500 for the initial implementation of the GSP. These expenses are projected to increase to \$465,000 in FY 22/23 (Table 1) and increase after this time period at an annual inflationary rate of approximately 2.0%. Total administrative expenses are projected to increase to approximately \$495,000 by FY 25/26.

PMA related costs in FY 21/22 include the Post-GSP Fee Process, Following Program Development/Outreach, Ag-Managed Aquifer Recharge (MAR)/Dry Well Feasibility Studies, funds to pursue Groundwater Banking, and unidentified future projects. These projects are estimated to be approximately \$330,000 in FY 21/22. Estimated PMA costs through FY 25/26 were provided by the Working Group and are shown in Table 1.

Total expenses, administrative and PMAs, for FY 21/22 are estimated to be \$737,500, increasing through FY 25/26 to approximately \$1.17 million based on inflationary impacts and projected PMA costs (Table 1). The total expenses for FY 21/22 will only be incurred for half a fiscal year, after the GSP is adopted in January 2022, but represent a full year of expenses.

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Table 1
Summary of the Projected Operating Expenses

	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26
Administrative Expenses					
Establish Governance					
Structure	\$25,000	\$0	\$0	\$0	\$0
Prepare DWR Grant	40,000	0	0	40,000	0
Monitoring	30,000	30,000	30,645	31,290	31,935
Data Management System	15,000	25,000	25,538	26,075	26,613
Public Outreach	10,000	20,000	20,430	20,860	21,290
GSA Coordination	20,000	30,000	30,645	31,290	31,935
Legal	30,000	20,000	20,430	20,860	21,290
Financial Audit	20,000	20,000	20,430	20,860	21,290
Personnel incl Recruit	90,000	150,000	153,226	156,452	159,677
Address Data Gaps	25,000	45,000	45,968	46,935	47,903
Address State Comments	25,000	0	0	0	0
Annual Report	45,000	45,000	45,968	46,935	47,903
Contingency	32,500	40,000	40,860	41,720	42,581
5-year GSP Update	0	40,000	40,860	41,720	42,581
Total Administrative Expenses	\$407,500	\$465,000	\$475,000	\$525,000	\$495,000
PMA Expenses					
Post-GSP Fee Process	\$100,000	\$20,000	\$0	\$0	\$0
Following Program					
Dev./Outreach	40,000	80,000	155,000	30,000	30,000
Ag-MAR/Dry Well Feasibility Studies	160,000	280,000	280,000	140,000	140,000
Pursue GW Banking	30,000	110,000	110,000	0	0
Implement Voluntary Following	0	0	0	505,000	505,000
Implement GW Banking	0	0	0	0	0
SAFCA Program	0	0	0	0	0
Future GSP Identified Projects	0	195,000	120,000	0	0
Total PMA Expenses	\$330,000	\$685,000	\$665,000	\$675,000	\$675,000
Total Expenses	\$737,500	\$1,150,000	\$1,140,000	\$1,200,000	\$1,170,000

For many of the PMA expenses shown in Table 1, the GSA's will target grant funding opportunities to fund these projects through programs such as the Sacramento Area Flood Control Agency (SAFCA), California Department of Conservation (DoC) grants, and Sustainable Groundwater Management Office (SGMO) services grant. Provided in Table 2 is a summary of these funding source for PMA expenses as well as the contribution from the City of Galt GSA, Amador County GSA, and Rancho Murieta CSD.

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Table 2
Summary of the Estimated Contributions and Funding Assistance

	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26
Outside Funding Assistance					
SAFCA Contribution	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
DoC Grant	60,000	60,000	60,000	0	0
SGMO Services Grant	<u>70,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Outside Funding Assistance	\$230,000	\$160,000	\$160,000	\$100,000	\$100,000
Contributions					
City of Galt GSA	\$15,000	\$100,000	\$102,000	\$104,040	\$106,121
Amador County GSA	5,000	40,000	40,800	41,616	42,448
Rancho Murieta CSD	<u>0</u>	<u>10,000</u>	<u>10,200</u>	<u>10,404</u>	<u>10,612</u>
Total Contributions	\$20,000	\$150,000	\$153,000	\$156,060	\$159,181
Total Funding and Contributions	\$250,000	\$310,000	\$313,000	\$256,060	\$259,181

The estimated operating expenses contained in Table 1 (less the estimated outside funding sources in Table 2) provides the cost-basis for the development of the fee program discussed below. As the Cosumnes Subbasin begins to implement the GSP and develop additional specific needs, the budget will change and potentially increase to reflect future identified projects and actions necessary to meet the requirements of SGMA and implementation of the GSP.

Method of Allocating Expenses and Projected Fees

The Working Group outlined an approach to recover the identified costs necessary to fund implementation of the GSP and meet SGMA requirements. The approach the Working Group developed include a fee for irrigated acreage and a fee for each parcel in the subbasin over the identified five-year period (FY 21/22 – FY 25/26). At the April 21, 2021 Working Group meeting, GSA representatives agreed to pursue a phased fee approach beginning in FY 21/22 with a fee based on irrigated acreage only for Year 1 of the fee program. Starting in Year 2 (FY 22/23), it is anticipated that a parcel-based fee will be added to the irrigated acreage fee. The development of the fee program for subsequent years will be developed in the future in collaboration with the Working Group. This will allow all participating GSAs to implement the program consistently across the various GSAs and parcels within the County area of the Cosumnes Subbasin.

Amador County GSA and the City of Galt GSA plan to include groundwater management costs in their broader fee program and provide an annual contribution to the Subbasin. As a result, their final fee structure will be different than other areas in the subbasin.

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Fiscal Year 2021/2022 (Year 1) Program

The first year of the program reflects costs associated with implementation of the GSP and includes only those parcels that are irrigating with groundwater. For Year 1 implementation, the Working Group recommended the use of irrigated agriculture acreage data as the basis of the fee. The use of this data provides a nexus between the reason the costs were incurred (i.e., GSP implementation) and the benefit provided to parcels irrigated with groundwater. In this way, the costs of managing the groundwater resource in the subbasin are entirely funded by those utilizing groundwater for agriculture irrigation purposes. The annual fee is based on total Year 1 costs (\$737,500) less revenues from other sources of \$250,000 (i.e., SAFCA Contribution, DoC Grant and SGMO Services Grant, and Contributions) divided by the total number of irrigated acres. According to the DWR data referenced above, there are 48,754 irrigated acres in the Cosumnes Subbasin within Sacramento County for those parcels with a cropping code designating a type of irrigated agriculture, excluding parcels that are urban or not irrigated. As a note, this would exclude ag-res, and residential parcels in the County within the Cosumnes Subbasin along with irrigated agriculture parcels in Amador County, parcels within the City of Galt, and parcels within Rancho Murieta CSD. In Year 1, the total cost of service is \$487,500 (\$737,500 minus \$250,000). As noted, in Year 1, Amador County GSA and City of Galt GSA will make a contribution of \$5,000 and \$15,000 respectively.

The Year 1 fee for the irrigated acres is calculated as follows:

$$(\$737,500 - (\$230,000 + \$20,000))/48,754 \text{ irrigated acres} = \$10.00/\text{irrigated acre}$$

The revenue generated through this program will fund the costs through the first year of GSP implementation by agriculture parcels only and based on the DWR irrigated acreage data.

The use of irrigated acreage provides the relationship between the Year 1 costs of implementing the GSP and managing the groundwater resource for those customers using groundwater in Year 1 as parcels reliant on groundwater are recognized as receiving the direct benefits of GSP related actions to maintain groundwater sustainability and SGMA compliance. As a result, each acre of irrigated land, or fraction thereof, receives a proportional cost of providing management of the groundwater resource.⁵ This provides the equity between customers in Year 1 of the fee program given that the costs will be proportioned based on the use of groundwater, on an irrigated acre basis, between customers of different irrigated areas to reflect the use of groundwater. In this way, parcels with less irrigable acreage will have a lower groundwater charge than larger irrigable parcels which on average reflects the differences in groundwater use. As a point of reference, the use of groundwater is not metered or reported to the County or other agencies that would allow the development of a fee program based on actual groundwater use. It should also be noted that the irrigated acres are rounded to the nearest tenth (0.0) of an acre for purposes of this analysis.

⁵ It is anticipated that implementing ordinances will calculate the fee down to tenths of an acre, where the data shows partially irrigated acres.

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Fiscal Year 2022/2023 (Year 2) Program Overview

While this Study focuses on the development of the fee program for the initial program and Year 1 expenses, it is also important to consider how costs and revenues will be developed beyond the initial year. As noted, the Year 2 fee program, as currently being developed, is anticipated to include both the previously developed Irrigated Acreage Fee and a Parcel Based fee. To assist in funding PMAs, the analysis has also included assumptions on supplemental support (funding) through grants and other sources of contributions. If this supplemental support is not received, the fee program will need to be modified to meet overall administrative and PMA costs.

The Year 2 parcel-based fee is anticipated to include all parcels, both parcels that use groundwater and those that do not currently use groundwater. For the calculation, Amador GSA, City of Galt GSA, and Rancho Murieta CSD parcels are not included as these GSA's will make contributions to the program in lieu of a charge based on the fee program approach. The parcel-based fee will be calculated on the remaining parcels within Sacramento County excluding those in Amador GSA, Galt GSA, and Rancho Murieta CSD. While an overview of these costs and revenues have been provided in this Study, they will be more completely developed and a recommended fee program developed based on both irrigated acres and a parcel based fee in a future update of this initial study.

Fee Summary

At this time, the Working Group determined that the Year 1 fee will be implemented. After the implementation of the Year 1 fee, the Working Group will focus on the development of the fee program for the subsequent 5 years. As calculated previously, the Year 1 fee will be \$10.00/irrigated acre. This will result in revenue of approximately \$487,500. When supplemented with the contributions from the City of Galt and Amador County, and grant funding, revenues will total approximately \$737,500, the projected level of expenses in Year 1.

The above revenues provide a stable revenue stream to fund the projected expenses in Year 1 of the program. Future analysis and projected fees will be developed to fund the projected administrative and PMA expenses outlined by the Working Group.

Fee Program Implementation

As this study is a joint effort between the GSAs, each governing body (e.g., District/Agency Board, County Board of Supervisors) will be adopting the ground water fee for their respective customers (i.e., parcels). Each GSA/Agency will establish a process, which at this time, the Working Group has agreed to as a Proposition 26 "non-tax fee" process. Under this process, each governing body will accept the fee study report, and hold the necessary public meetings to implement the fee for Year 1. Each GSA will then provide a listing of the parcels, and the fee for each parcel, to Sacramento County for inclusion on the property tax rolls. These funds will be collected and dispersed to the GSAs to fund the implementation of the GSP in Year 1.

State Intervention

Absent the development and implementation of the GSP and groundwater fee study, the State Water Resource Control Board (SWRCB) could step in to manage the subbasin. This will result in a set of fees that the State has outlined and is provided in Table 3.

Table 3. State Intervention Fees

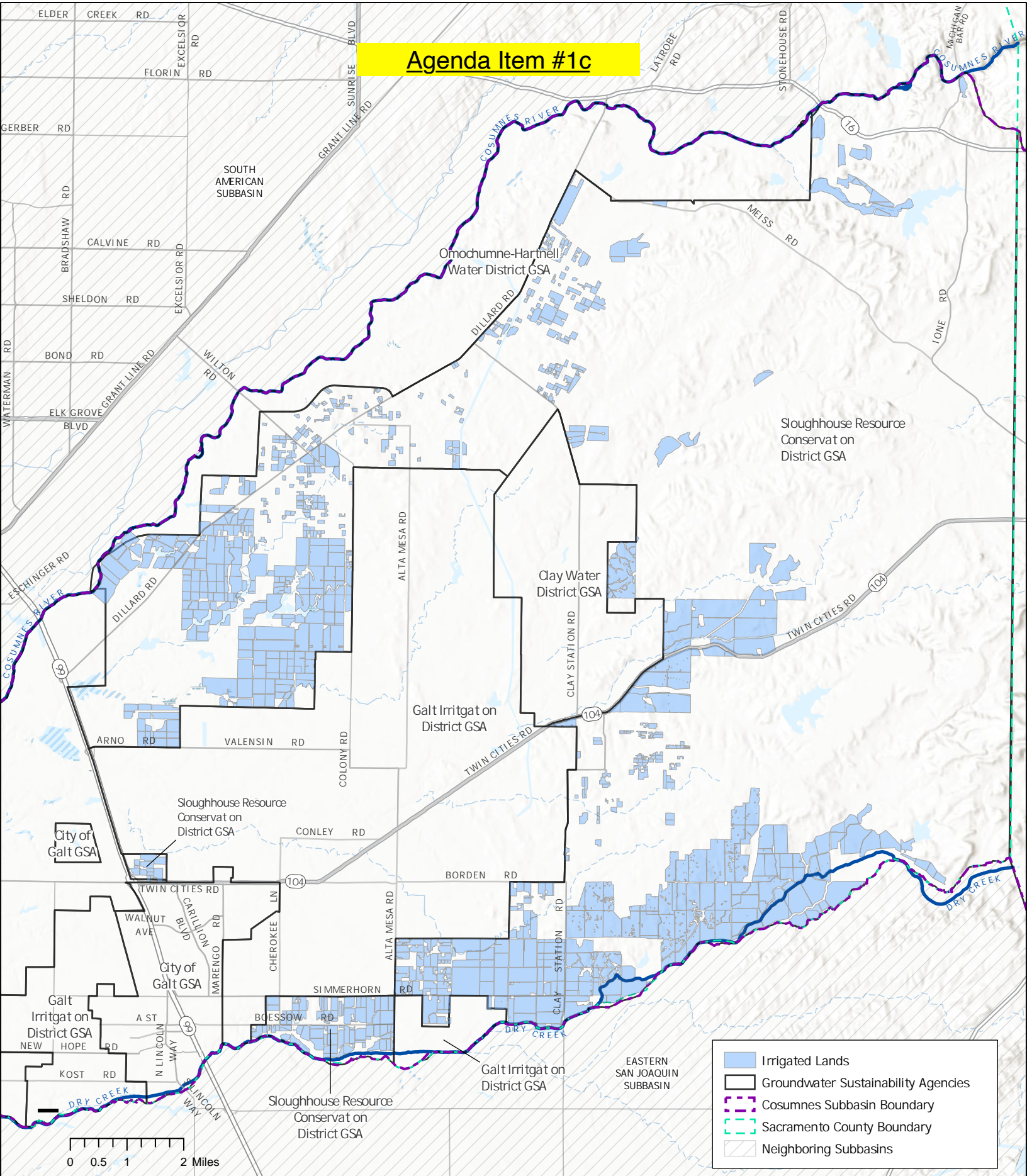
Fee Category	Annual Fee Amount	Applicable Parties
Base Filing Fee	\$300 per well	All extractors required to report
Unmanaged Area Rate	\$10 per acre-foot, if metered	Extractors in unmanaged areas
	\$25 per acre-foot, if unmetered	
Probationary Basin Rate	\$40 per acre-foot	Extractors in probationary basins
Interim Plan Rate	\$55 per acre-foot	Extractors in probationary basins where the Board determines an interim plan is required.
De minimis Fee	\$100 per well	Parties that extract, for domestic purposes, two acre-feet or less per year from a probationary basin, If the Board decides the extractions will likely be significant.
Late Fee	25% of total fee amount per month late	Extractors that do not file reports by the due date.

As can be seen in Table 3, the State fees are substantially greater than those being proposed by the Cosumnes Subbasin GSAs in Year 1. As a comparison for an agriculture customer that utilizes groundwater, assuming 25 acres of irrigated area at 2.0 AF/acre, the subbasin charge would be \$250/year. This is compared to State intervention of \$2,300/year including the \$300 base filing fee, and probationary basin rate of \$40/acre-foot.

Summary of the Study

This report has been developed to summarize the approach used by the Cosumnes Subbasin GSAs to establish a groundwater fee program for Year 1. The report provides the current budget estimates, rationale for incurring costs, number of parcels, and irrigated acreage to develop the charges as presented. A cost allocation approach was developed based on consultation with, and decisions by, the Working Group. The allocation approach and resulting fees that reflect the specific characteristics of the Cosumnes Subbasin and the allocation method is designed to reflect cost causation and provide equitable and proportional groundwater charges for the GSA's various customers based on irrigated acreage for Year 1 of the fee program.

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Irrigated Lands in the Sloughhouse Resource Conservation District GSA of the Cosumnes Subbasin

More than 17,400 acres of irrigated land covering over 540 parcels



Agenda Item #1d

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Sloughhouse Resource Conservation District Groundwater Sustainability Fee Methodology for Verification of Irrigated Acres

Irrigated acres subject to the user fee was determined using a data product developed by the Dept. of Water Resources using aerial imagery collected in 2018. Currently, this is the best data available to identify irrigated acres/groundwater usage. However, this imagery may not accurately reflect current conditions. To address any errors in this data, a process has been established by SRCD to allow landowners to correct the record. Forms were sent to all landowners affected by the fee to provide them with an opportunity to make such corrections. However, requests for corrections must be supported by verifiable information, including, if necessary, a sworn statement by the landowner that the information supporting the requested correction is accurate. The following protocol will be used for such verification.

1. If the correction is related to an incorrect number of irrigated acres:
 - a. SRCD will use aerial imagery collected during the summer months to verify that land identified by DWR as irrigated is not green, suggesting that no irrigation is occurring. The most recent publicly available aerial imagery can be obtained through Google Earth and the National Agriculture Imagery Program (NAIP). Both sources provide imagery collected during the summer of 2020.
 - b. If aerial imagery is inconclusive for any reason, a sworn affidavit from the property owners will be requested. This affidavit should state the parcel number and contain a statement declaring that groundwater is not used for irrigation, outside of incidental irrigation of plants, trees, and/or a lawn of less than 1 acre. The affidavit must be properly signed and notarized.
 - c. In addition to the above information, SRCD may investigate, obtain, and rely on other relevant information and at its discretion request a site visit.
2. If the correction is related to land that is irrigated with surface water, not groundwater:
 - a. SRCD must verify that the landowner has water rights to surface water. Accordingly, the landowner must provide SRCD with documentation of reports submitted to the State Water Resources Control Board associated with riparian rights; pre-1914 water rights; permits or licenses if the landowner has appropriative rights; or a copy of the contract if the landowner obtains surface water from an irrigation district. In a drought/curtailment year, the landowner may need to certify that under drought conditions they can still utilize their surface water permit.



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- b. If none of the above can be provided, then the landowner must provide a properly signed and notarized affidavit stating that they use surface water for irrigation and do not pump groundwater outside of that used for domestic purposes.
- c. In addition to the above information, SRCD may investigate, obtain, and rely on other relevant information and at its discretion request a site visit.

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Agenda Item #2



Blomberg & Griffin Accountancy Corporation
Certified Public Accountant

June 1, 2021,
To Board of Directors and Management
Sloughhouse Resource Conservation District
Elk Grove, CA

We are pleased to confirm our understanding of the services we are to provide Sloughhouse Resource Conservation District for the year ended June 30, 2017 and 2018. We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of Sloughhouse Resource Conservation District as of and for the year ended June 30, 2017 and 2018. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Sloughhouse Resource Conservation District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Sloughhouse Resource Conservation Services District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.
- 2) RSI

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for the State Controller's Minimum Audit Requirements for California Special Districts and will include tests of the accounting records of Sloughhouse Resource Conservation District and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of Sloughhouse Resource Conservation District's financial statements. Our report will be addressed to management and the governing board of Sloughhouse Resource Conservation Services District. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

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Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

Other Services

We will also assist in preparing the financial statements and related notes of Sloughhouse Resource Conservation District in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations,

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contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to [include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon]. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information. Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to County and State Auditor Controller; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

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The audit documentation for this engagement is the property of Blomberg & Griffin A.C. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to County or State Auditor Controller or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Blomberg & Griffin A.C. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

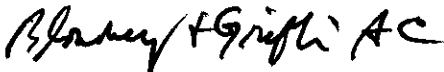
The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the County or State Auditor/Controller. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on approximately June 2, 2021 and to issue our reports no later than 07/31/2021. John E. Blomberg is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be as stated in our audit proposal.

We appreciate the opportunity to be of service to Sloughhouse Resource Conservation District and believe this letter accurately summarizes the significant terms of our engagement.

Very truly yours,



Blomberg & Griffin A.C.

Approved by Management:

Approved by Board of Director: