



Bear Valley Basin
Groundwater Sustainability Agency (BVBGSA)
C/O City of Big Bear Lake, Department of Water and Power
Attention: Reginald A. Lamson
41972 Garstin Drive Big Bear Lake, CA 92315

Meeting Agenda
January 18, 2022, at 5:00 pm

BOARD MEMBERS

Bob Ludecke, Chair
John Green, Vice Chair
Craig Hjorth, Treasurer
James Miller, Secretary

Pursuant to the Governor Newsom's Executive Orders N-25-20 and N-29-20, this meeting will be held via video conference and the public may call into the meeting in order to reduce the risk of spreading COVID-19. All votes taken during this video conference meeting will be by roll call vote, and the vote will be publicly reported.

MEETING ACCESS INFORMATION

No physical location from which members of the public may observe the meeting and offer public comment will be provided. Please view the meeting, which will be live streamed at <https://us02web.zoom.us/j/83615637566>

Note: a password is required. **Password: bigbear**

Meeting ID for reference: **836 1563 7566**

You may call into the meeting by dialing one of the phone numbers below, entering the meeting ID, and entering the password. **Meeting ID: 836 1563 7566 Password: 1262513**

- +1 669 900 9128 US (San Jose)
- +1 253 215 8782 US (Tacoma)
- +1 346 248 7799 US (Houston)
- +1 301 715 8592 US (Germantown)
- +1 312 626 6799 US (Chicago)
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HOW TO PARTICIPATE IN THE PUBLIC FORUM PORTION OF THE MEETING

If you would like to participate in the public forum portion of the meeting, send an email to leagleson@bbldwp.com before the meeting begins and your name will be added to a list for public comments. You must be present at the Zoom meeting to be recognized by the Chair.

OPEN SESSION

CALL MEETING TO ORDER

PLEDGE OF ALLEGIANCE

PUBLIC FORUM

All remarks shall be addressed to the Board as a body only. There is a three-minute maximum time limit when addressing the Board. Please note that California law prohibits the Board from taking action on any item not appearing on the agenda.

1. PUBLIC HEARING

1.1 Resolution No. 2022-XX Adoption of the Bear Valley Basin Groundwater Sustainability Plan

Board to review and consider adopting Resolution No. 2022-XX adopting the Bear Valley Basin Groundwater Sustainability Plan.

2. CONSENT CALENDAR

2.1 Approve Minutes of the Board Meeting Dated June 22, 2021

3. ITEMS REMOVED FROM CONSENT CALENDAR

4. DISCUSSION/ACTION ITEMS

4.1 Authenticate Claims Payments

Board to review and consider authenticating the claims payments from June 10, 2021, to December 31, 2021.

4.2 Resolution No. 2022-XX Carryforward Encumbrances and Appropriations

Board to review and consider approving Resolution No. 2022-XX to carryforward encumbrances and appropriations.

4.3 Basic Financial Statements and Independent Auditors' Report for the Fiscal Year Ended June 30, 2021

Board to discuss and considering accepting the basic financial statements and independent auditors' report for the FY 2020/21.

4.4 Membership and Insurance through Association of California Water Agencies Joint Powers Insurance Authority

Board to discuss Agency's membership and Insurance with the Association of California Water Agencies Joint Powers Insurance Authority.

4.5 Board Meeting Calendar

Board to discuss and approve a regular Board meeting calendar.

4.6 Additional Check Signers for the BVBGSA Bank Account

Board to review and consider approving additional check signers for the BVBGSA bank account.

4.7 Replenish Big Bear Update

Board to review and discuss the Replenish Big Bear Update.

4.8 Management and Board Member Discussion

Board members and/or staff to identify matters for future BVBGSA Agenda Items.

ADJOURNMENT



Bear Valley Basin Groundwater Sustainability Agency Agenda Report

DATE: January 18, 2022

TO: Board of Directors

FROM: Reginald A. Lamson, Administrator

RE: **Resolution No. 2022-XX Adoption of the Bear Valley Basin Groundwater Sustainability Plan**

Background & Discussion:

In September 2014, the Sustainable Groundwater Management Act (SGMA) was signed into law to provide for sustainable management of groundwater basins as defined by the California Department of Water Resources (DWR). In May 2017, the Bear Valley Basin Groundwater Sustainability Agency (BVBGSA) was formed as the local Groundwater Sustainability Agency (GSA) for the Bear Valley Basin. In October 2017, the BVBGSA applied for grant funding with the DWR to fund the preparation of a Groundwater Sustainability Plan (GSP) for the Bear Valley Basin.

On October 4, 2019, the Board of Directors approved an agreement with Thomas Harder & Co. for the preparation of the GSP for the Bear Valley Basin. On September 23, 2020, Stakeholder Workshop #1: Groundwater Management Vision was delivered to interested stakeholders. Workshop #1 goals were to share what was learned about the Bear Valley Basin and document stakeholder's vision of what a "Sustainable Bear Valley Basin" means. On December 2, 2020, Stakeholder Workshop #2: Sustainable Goal Setting was delivered to interested stakeholders. Workshop #2 goals were to share guiding principles developed with stakeholders in Workshop #1, educate on the role of the Sustainable Groundwater Management Act, share the draft sustainability goals, and document any concerns or questions.

On October 21, 2021, Stakeholder Workshop #3: Sustainable Goal and Plan Implementation was delivered to interested stakeholders. The Workshop #3 goals were to provide an overview of the project and progress to date, to share a draft Sustainable Management Goal and receive feedback, present anticipated projects and management actions to achieve the sustainable management goal, review plan implementation steps, and identify remaining steps to completion. The final GSP incorporates stakeholder's feedback. The SGMA requires the adoption of GSPs by January 31, 2022.

Financial Impact:

The cost of the Bear Valley Basin GSP was fully funded by grant funds from the California Department of Water Resources.

Resolution Adoption of BVBGSP
January 18, 2022
Page 2 of 2

Recommendation:

Approve Resolution No. 2022-XX for the adoption of the Bear Valley Basin GSP.

Attachment:

- 1) Bear Valley Basin GSP

RESOLUTION NO. 2022-XX

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY,
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA,
ADOPTING THE BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY PLAN**

WHEREAS, in September 2014, the Sustainable Groundwater Management Act (SGMA) was signed into law to provide for sustainable management of groundwater basins as defined by the California Department of Water Resources (DWR); and

WHEREAS, on May 25, 2017, the Bear Valley Basin Groundwater Sustainability Agency (BVBGSA) was formed as the local Groundwater Sustainable Agency for the Bear Valley Basin; and

WHEREAS, in October 2017, the BVBGSA applied for grant funding with the DWR to fund the preparation of a Groundwater Sustainability Plan (GSP) for the Bear Valley Basin; and

WHEREAS, in September 2018, the DWR and the BVBGSA entered into a grant agreement for the funding of the GSP; and

WHEREAS, on October 4, 2019, the Board of Directors approved an agreement with Thomas Harder & Co. for the preparation of the GSP for the Bear Valley Basin; and

NOW, THEREFORE BE IT RESOLVED that the Board does hereby adopt the Bear Valley Basin GSP as shown in Exhibit A, attached hereto.

PASSED, APPROVED, and ADOPTED this 18th day of January, 2022

- AYES:
- NOES:
- ABSTAIN:
- ABSENT:

Robert C. Ludecke, President,
Board of Directors

ATTEST:

James Miller, Secretary
Board of Directors

**BOARD OF BEAR VALLEY BASIN
GROUNDWATER SUSTAINABILITY AGENCY
MEETING MINUTES
June 22, 2021**

OPEN SESSION

A meeting of the Bear Valley Basin Groundwater Sustainability Agency Board of Directors was called to order at 5:00 p.m. on June 22, 2021 by Chair Ludecke at 41972 Garstin Drive, Big Bear Lake, CA 92315.

BOARD MEMBERS PRESENT:

Bob Ludecke, Chair
John Green, Vice Chair
Craig Hjorth, Treasurer
Jim Miller, Secretary

PLEDGE OF ALLEGIANCE

Bob Ludecke, Chair

PUBLIC FORUM:

No comments from the public.

1. PUBLIC HEARING**1.1 Resolution No. 2021-01 – Budget for Fiscal Year 2021/22**

The Board discussed that Big Bear Area Regional Wastewater Agency (BBARWA) billing of the agencies is easier and the billing is primarily legal fees. Additionally, the Groundwater Sustainability Plan (GSP) is essentially complete; we are waiting for the Replenish Big Bear Project scope to be finalized. The GSP should be completed in the next few months.

Motion made by Secretary Miller, seconded by Vice-Chair Green, and carried 4-0 to adopt Resolution No. 2021-01, adopting the Fiscal Year 2021/22 budget.

AYES: Green, Hjorth, Ludecke, Miller

NOES: -

ABSTAIN: -

2. CONSENT CALENDAR**2.1 Approve Minutes of Board Meeting Dated June 29, 2020**

Motion made by Treasurer Hjorth, seconded by Secretary Miller, and carried 4-0 to approve the Consent Calendar.

AYES: Green, Hjorth, Ludecke, Miller

NOES: -

ABSTAIN: -

3. ITEMS REMOVED FROM CONSENT CALENDAR

None

4. DISCUSSION/ACTION ITEMS**4.1 Approval of Claims Payments**

Motion made by Vice-Chair Green, seconded by Secretary Miller, and carried 4-0 to approve the claims payments from July 1, 2020 to June 9, 2021.

AYES: Green, Hjorth, Ludecke, Miller

NOES: -

ABSTAIN: -

4.2 Resolution No. 2021-02 Carryforward Encumbrances and Appropriations

Motion made by Treasurer Hjorth, seconded by Secretary Miller, and carried 4-0 to adopt Resolution No. 2021-02, authorizing the proposed budget adjustment for the carryforward of encumbrances and appropriations.

AYES: Green, Hjorth, Ludecke, Miller

NOES: -

ABSTAIN: -

4.3 Consider Extension of Audit Services Contract

Motion made by Secretary Miller, seconded by Vice-Chair Green, and carried 4-0 to adopt Resolution No. 2021-03, authorizing the Administrator to extend the contracted services and accept the attached quote.

AYES: Green, Hjorth, Ludecke, Miller

NOES: -

ABSTAIN: -

4.4 Financial Update FY 2020/21

Informational only.

4.5 Resolutions No. 2021-04 & No. 2021-05 - Insurance for Agency through the Association of California Water Agencies Joint Powers Insurance Authority

The Board discussed that enrollment in the Association of California Water Agencies (ACWA) Joint Powers Insurance Authority (JPIA) is less than \$3,000 annually including ACWA membership fees. Vice-Chair Green inquired into whether the BVBGSA Board is covered by the individual agencies' insurance. David Lawrence, the Big Bear Area Regional Wastewater Agency (BBARWA) General Manager, responded that each individual agencies' insurance does not cover the BVBGSA Board for their actions on this Board.

Motion made by Vice-Chair Green, seconded by Secretary Miller, and carried 4-0 to adopt Resolution No. 2021-04, approving a 3-year membership with ACWA.

AYES: Green, Hjorth, Ludecke, Miller

NOES: -

ABSTAIN: -

The Board discussed the approximate cost of the ACWA JPIA insurance is \$2,000 annually which is \$500 per agency.

Motion made by Treasurer Hjorth, seconded by Secretary Miller, and carried 4-0 to adopt Resolution No. 2021-05, approving obtaining insurance through ACWA JPIA. The Board appointed Secretary Miller as a JPIA Board of Director Member and Vice-Chair Green as an Alternate.

AYES: Green, Hjorth, Ludecke, Miller

NOES: -

ABSTAIN: -

Motion made by Vice-Chair Green, seconded by Treasurer Hjorth, and carried 4-0 to amend the above approved FY 2021/22 Budget by \$2,800 to cover the cost of insurance.

AYES: Green, Hjorth, Ludecke, Miller

NOES: -

ABSTAIN: -

4.6 Replenish Big Bear Update

Reggie Lamson, Administrator, referred to the charts included in the agenda package which reflect the safe perennial yield versus historical demand. Vice-Chair Green stated that he believes the intersection line where perennial yield meets demand will be sooner than

projected. Reggie added that the total precipitation decline matches that published by the Department of Water Resources (DWR) model for perennial yield. Secretary Miller stated that he thinks demand will increase more than historically. Chair Ludecke inquired into whether we expect push-back from the Mojave Water Agency (MWA). David responded that BBARWA has shown the MWA the paperwork and judgment that proves the water belongs to BBARWA.

Additionally, BBARWA must maintain “control of water” to retain water rights. Vice-Chair Green added that the system will be designed to handle up to 2-million gallons a day and can store 10-million gallons on-site with additional storage at a second site. Also, we cannot sell water to the growers in Lucerne Valley, or we open ourselves up to legal action with the MWA. It was suggested that we perform a pilot and cost study. There is concern that financing the project will place a burden on future generations. The USDA has very competitive 2-3% loans. BBARWA will be the lead agency and responsible party. It was requested the agency evaluate the rate payers ability to pay for the project.

Secretary Miller suggested the BVBGSA sign on to the Memorandum of Understanding to show project support. Vice-Chair Green agrees with that suggestion.

4.7 Management and Board Members Discussion

Future agenda items include:

- Update on the perennial yield
- Update on the completed GSP
- Follow-up items from the Replenish Big Bear Workshop with member agencies scheduled for June 23, 2021
- Consider pilot study in January 2022

ADJOURN

No additional business came before the Board. At 6:01 p.m., Chair Ludecke adjourned the meeting.

Jim Miller, Secretary to the Board



Bear Valley Basin Groundwater Sustainability Agency Agenda Report

DATE: January 18, 2022
TO: Board of Directors
FROM: Reginald A. Lamson, Administrator
RE: **Approval of Claims Payments**

Background & Discussion:

Pursuant to paragraph 7.2 of the Bylaws of Bear Valley Basin Groundwater Sustainability Agency, the Board shall authenticate all claims payments. All checks of \$5,000 or more require two signatures. All checks issued for payment of claims have been signed by the Treasurer and the Administrator, except check number 2011 for \$320, which was signed only by the Administrator to expedite processing during the holidays.

Recommendation:

Authenticate the claims payments as presented in the attached check register.

Attachments:

Check Register June 10, 2021-January 4, 2022

Bear Valley Basin Groundwater Sustainability Agency Payments Register
June 10, 2021 through January 4, 2022

Vendor	Date	Check Number	Description	Expenditure Account	Amount
Thomas Harder & Co	08/13/2021	2005	GSP Progress Payments Jul 21	0986400 - Professional Services	\$ 813.49
					813.49
BBLDWP	09/23/2021	2006	2020 1099 E-filing	0986335 - Bank Fees, Misc charges	8.10
					8.10
BBLDWP	11/04/2021	2007	2021 BVBGSA Audit Field Work - BBLDWP Advance	0986480 - Prf Svc - Audit	2,800.00
	11/04/2021	2007	ACWA Membership - BBLDWP Advance	0986927 - Memberships, Due, Subscriptions	476.25
					3,276.25
ACWA JPIA	11/18/2021	2009	B028 - Liability Program 10/1/-21-10/1/22	0002010 - Accounts Payables	1,688.00
					1,688.00
LANCE SOL & LUNGHARD, LLP	12/29/2021	2011	2021 BVBGSA Audit Completion/report issuance	0986480 - Prf Svc - Audit	320.00
					320.00
Thomas Harder & Co	01/04/2022	2012	GSP Progress Payments Aug 21- Dec 21	0986400 - Professional Services	4,025.00
	01/04/2022	2012	GSP Progress Payments Aug 21- Dec 21	0986400 - Professional Services	24,900.68
	01/04/2022	2012	GSP Progress Payments Aug 21- Dec 21	0986400 - Professional Services	8,631.25
					37,556.93
Total Checks					\$ 43,662.77
MUFG Union Bank	07/25/2021		Bank Fees - June 2021	0986335 - Bank Fees, Misc charges	\$ 310.83
MUFG Union Bank	08/25/2021		Bank Fees - July 2021	0986335 - Bank Fees, Misc charges	270.19
MUFG Union Bank	09/27/2021		Bank Fees - August 2021	0986335 - Bank Fees, Misc charges	291.21
MUFG Union Bank	10/25/2021		Bank Fees - September 2021	0986335 - Bank Fees, Misc charges	261.62
MUFG Union Bank	11/26/2021		Bank Fees - October 2021	0986335 - Bank Fees, Misc charges	278.84
MUFG Union Bank	12/27/2021		Bank Fees - November 2021	0986335 - Bank Fees, Misc charges	260.85
Total ACH Debits					1,673.54
Total Payments					\$ 45,336.31



Bear Valley Basin Groundwater Sustainability Agency Agenda Report

DATE: January 18, 2022
TO: Board of Directors
FROM: Reginald A. Lamson, Administrator
RE: **Resolution No. 2022-XX Carryforward Encumbrances and Appropriations**

Background & Discussion:

On June 22, 2021, the Board of Directors of BVBGSA adopted Resolution No. 2021-01 adopting the Budget for Fiscal Year 2021/22. The FY 2021/22 Budget included on-going recurring spending and projects expected to be initiated in FY 2021/22. Previously approved spending for purchases not yet delivered, and contracts authorized in FY 2020/21, or before, but not yet completed by year-end, require an amendment to the FY 2021/22 Budget to authorize on-going payments for those encumbrances.

Additionally, grant revenues and expected proceeds that were budgeted for FY 20/21 but not received or accrued as of June 30, 2021, will require a budget carry over to FY 21/22.

The Administrator is proposing a budget adjustment to reflect the costs and expected inflows to be carried over based upon current estimates.

Financial Impact:

The purpose of the carry over process is to authorize payment of agreed upon expenditures from the preceding fiscal year in the new fiscal year. No unplanned spending results from the proposed carryover of encumbrances and prior appropriations. Grant funding being carried over to FY 21/22 offsets the spending authorization.

Recommendation:

1. Adopt Resolution No. 2022-XX authorizing the proposed budget adjustment attached as Exhibit A.

RESOLUTION NO. 2022-XX

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY,
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA,
APPROVING THE CARRYOVER OF APPROPRIATED FUNDING AND ENCUMBERED
PURCHASE ORDERS FROM FY 2020/21 TO FY 2021/22**

WHEREAS, on May 25, 2017, the Bear Valley Basin Groundwater Sustainability Agency (BVBGSA) was formed; and

WHEREAS, on October 18, 2017, the Board of Directors (Board) acknowledged the updated Joint Powers Agreement (JPA) by and among the City of Big Bear Lake Department of Water and Power, the Big Bear City Community Services District, the Big Bear Municipal Water District, and the Big Bear Regional Wastewater Agency for the BVBGSA; and

WHEREAS, on June 22, 2021, the Board adopted the Budget for Fiscal Year 2021/22; and

WHEREAS, there is a need to transfer appropriations and encumbrances from FY 2020/21 to FY 2021/22;

NOW, THEREFORE BE IT RESOLVED that the Board does hereby modify and adopt the adjustments in appropriations and encumbrances for the FY 2021/22 Budget as shown in Exhibit A, attached hereto.

PASSED, APPROVED, and ADOPTED this 18th day of January, 2022

- AYES:
- NOES:
- ABSTAIN:
- ABSENT:

Robert C. Ludecke, President,
Board of Directors

ATTEST:

James Miller, Secretary
Board of Directors

BJV # _____

BUDGET ADJUSTMENT - FY 2021-22

Contact Person: Reginald Lamson
 Date Submitted: 1/18/2022

NET REVENUE CHANGED:
 YES: X NO: _____

Board Amendment: X
 Admin. Amendment: _____

Amount +/-: _____

General Manager Signature: _____

Source:
Prop 1 Grant

Description of Amendment:

Carry forward un-utilized grant funding and encumbrances from FY 2020/21 to FY 2021/22 Budget

<i>NAME</i>	<i>DESCRIPTION</i>	<i>ACCOUNT #</i>	<i>PRIOR BUDGET</i>	<i>CHANGE +/-</i>	<i>AMENDED BUDGET</i>
Non-Federal Grants	Prop 1 Grant for Sustainability Plan	40-00-7505	\$ -	\$ (56,285)	\$ (56,285)
Professional Services	Balance of Groundwater Sustainability Plan Costs	40-98-6400	\$ -	\$ 56,285	\$ 56,285
					\$ -
Total			\$ -	\$ -	\$ -

Comments:

Carry Forward Encumbrances from FY 20/21 to FY 2021/22

Exhibit "B"

Purchase Order Number	Vendor	Date Issued	GL Account	Description	Original Balance	Carry Forward Amount
19-00001	Thomas Harder & Co. Groundwater Consulting	10/14/2019	40-98-6400	Preparation of Groundwater Sustainability Plan	\$ 177,000.00	\$ 56,284.56



Bear Valley Basin Groundwater Sustainability Agency Agenda Report

DATE: January 18, 2022

TO: Board of Directors

FROM: Reginald A. Lamson, Administrator

RE: **Basic Financial Statements and Independent Auditors' Report for the Fiscal Year Ended June 30, 2021**

Background:

On June 16, 2020, the Board adopted Resolution No. 2020-02 appointing Lance, Sol and Lunghard LLP (LSL) to perform audit services for the fiscal years ending June 30, 2019-June 30, 2021. On December 7, 2021, LSL completed the audit of the financial statements in accordance with auditing standards generally accepted in the United States of America (GAAS) and standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Recommendation

Consider a motion to accept the Basic Financial Statements and Independent Auditors' Report for the Fiscal Year Ended June 30, 2021.

Attachments

Basic Financial Statements and Independent Auditors' Report for the Fiscal Year Ended June 30, 2021



**BEAR VALLEY BASIN GROUNDWATER
SUSTAINABILITY AGENCY**
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

BASIC FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

Focused
on YOU



BEAR VALLEY BASIN
GROUNDWATER SUSTAINABILITY AGENCY

BASIC FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

BEAR VALLEY BASIN
GROUNDWATER SUSTAINABILITY AGENCY

BASIC FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
 Bear Valley Basin Groundwater Sustainability Agency
 City of Big Bear Lake, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the general fund of Bear Valley Basin Groundwater Sustainability Agency (the Agency) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Agency as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the date of the financial statements.



To the Board of Directors
 Bear Valley Basin Groundwater Sustainability Agency
 City of Big Bear Lake, California

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Responsibilities

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison schedule for the general fund be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 do 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.



To the Board of Directors
 Bear Valley Basin Groundwater Sustainability Agency
 City of Big Bear Lake, California

Report on Summarized Comparative Information

We have previously audited the Agency's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 16, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2021 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Lance, Solt & Lughard, LLP

Brea, California
 November 22, 2021

Bear Valley Basin Groundwater Sustainability Agency
Management Discussion and Analysis
Fiscal Year Ending June 30, 2021

Overview

In 2017, the Bear Valley Basin Groundwater Sustainability Agency (the Agency, or BVBGSA) was formed through the adoption of a Joint Powers Agreement (JPA) between Big Bear Municipal Water District (BBMWD), Big Bear Regional Wastewater Agency (BBARWA), Big Bear City Community Services District (BCCSD), and the City of Big Bear Lake Department of Water and Power (DWP), (collectively, the Member Agencies). The Agency was formed primarily to satisfy the requirements of California's Sustainable Groundwater Management Act of 2014 (SGMA) that applies to the Bear Valley Basin, which is the unadjudicated water basin for the Member Agencies.

In 2014, the Bear Valley Basin was ranked as a medium priority basin and therefore in accordance with SGMA, a Groundwater Sustainability Agency (GSA) was required to be formed for the purpose of implementing sustainable groundwater management practices. Based upon its ranking the Agency was required to develop and adopt a Groundwater Sustainability Plan (GSP).

In September 2018, the Agency was awarded a grant in the amount of \$177,000 from the State of California, under Proposition 1 (2017) for the preparation of a GSP. In October 2019, the Agency entered into a contract with Thomas Harder & Co. Groundwater Consulting, to develop the Agency's GSP. Since its inception in 2017, BVBGSA has focused its attention on one critical deficiency in groundwater management within the Bear Valley Basin – the discharge of wastewater to a watershed outside the Bear Valley Basin. Currently, BBARWA discharges approximately 2,000 acre-feet of treated wastewater effluent to an alfalfa field in the Lucerne Valley. Addressing this deficiency is expected to be a critical element of the GSP.

In 2018, the Member Agencies entered into a Memorandum of Understanding to provide for support of a recycled water project in an effort to ensure adequate groundwater supplies for the future. Each Member Agency made an initial pledge of \$250,000 in support of the recycled water project, and also agreed that BVBGSA would be the pass-through entity for payments from the Member Agencies to BBARWA, as lead agency. BBARWA began a feasibility study for retaining, treating, and recycling the wastewater effluent for the benefit of stakeholders throughout most of the Bear Valley Basin. The project, known as Replenish Big Bear, if approved by regulators, would provide enhanced treatment capabilities and alternatives for treated wastewater discharge within the Bear Valley Basin. Replenish Big Bear is currently in the permitting phase. The Member Agencies each pledged an additional \$250,000 to continue moving the Replenish Big Bear project forward. Contingent upon regulatory approval and funding opportunities, the Member Agencies are expected to continue to support Replenish Big Bear as a means of ensuring adequate supplies of water for the Bear Valley Basin.

On June 16, 2020, the Board of Directors of BVBGSA adopted Resolution No. 2020-01 Adopting Addendum No. 1 (the “Addendum”) to the Amended and Restated MOU between the member agencies and BVBGSA. The Addendum modified the process by which BBARWA bills costs for Replenish Big Bear to the member agencies. Prior to the Addendum, BBARWA billed BVBGSA for 75% of Replenish Big Bear costs. BVBGSA would then bill the three other member agencies, collect payments, and then pay BBARWA. The Addendum allowed BBARWA to directly bill the member agencies for 25% of the eligible spending. This reduced administrative efforts on behalf of BVBGSA and reduced expenses and contributions.

Fiscal Year Ending June 30, 2021 Budgetary Analysis – See Schedule A

For the year-ending June 30, 2021, total revenues were \$40,887, under budget by \$62,754 (61%). Member Contributions totaled \$7,560, under budget by \$6,470 (46%). Member Contributions were budgeted to include projected spending for legal fees and other expenses that were not incurred. Member Contributions are based upon actual spending of the Agency, which was less than the outstanding pledges. Grant Revenues from the Proposition 1 (2017) grant for development of the Groundwater Sustainability Plan totaled \$33,327, under budget by \$56,284 (63%). Substantial progress has been made on the GSP. Its completion will be determined when decisions related to Replenish Big Bear are finalized. This is expected to be completed by June 30, 2022. Unused appropriations for the year ending June 30, 2021, will be carried forward to the budget for the year ending June 30, 2022.

For the year-ending June 30, 2021, total expenditures were \$40,887, under budget by \$53,906 (57%). Professional services totaled \$37,315, under budget by \$47,578 (56%). The budget for professional services included \$80,763 for the remaining costs associated with the development of the GSP, which is currently approximately 70% complete, along with audit fees which were slightly under budget. No legal fees were incurred for the year ending June 30, 2021, resulting a favorable variance of \$5,000. As a result of Addendum 1, there were no Contributions to Other Agencies in the year ended June 30, 2021. Other expenses totaled \$3,572, under budget by \$828 (19%). These costs were slightly less than projected. Appropriations for office supplies of \$500 were not utilized for the year ended June 30, 2021.

Fiscal Year Ending June 30, 2021 Prior Year Comparison – See Schedule A

Compared with the year ending June 30, 2020, total revenues decreased \$567,259 (93%). This substantial decrease is primarily related to the Addendum which decreased the need for Member Contributions by \$513,197. Grant proceeds decreased \$54,062 (62%) because finalizing the GSP is contingent upon upcoming decisions related to Replenish Big Bear.

Compared with the year ending June 30, 2020, total expenditures decreased \$567,259 (93%). Contributions to other agencies decreased \$499,418 (100%) for professional services related to Replenish Big Bear. Professional services decreased \$53,985 (59%) primarily related to spending for development of the GSP, which is nearing completion. Legal fees decreased \$11,695 (100%) because Replenish Big Bear legal fees are no longer channeled through BVBGSA, as a result of the Addendum.

Schedule A							
	June 30, 2021	Final Budget	Variance	%	June 30, 2020	Change	%
Revenues:							
Member Contributions	\$ 7,560	\$ 14,030	\$ 6,470	46%	\$ 520,757	\$ (513,197)	(99%)
Grants	33,327	89,611	56,284	63%	87,389	(54,062)	(62%)
Total Revenues	\$ 40,887	\$ 103,641	\$ 62,754	61%	\$ 608,146	\$ (567,259)	(93%)
Expenditures:							
Office Supplies	\$ -	\$ 500	\$ 500	100%	\$ --	\$ --	--%
Professional Services	37,315	84,893	47,578	56%	91,300	(53,985)	(59%)
Legal Fees	--	5,000	5,000	100%	11,695	(11,695)	(100%)
Other Expenses	3,572	4,400	828	19%	4,053	(481)	(12%)
Administrative Expenses	--	--	--	0%	1,680	(1,680)	(100%)
Contributions to Other Agencies	--	--	--	0%	499,418	(499,418)	(100%)
Total Expenditures	\$ 40,887	\$ 94,793	\$ 53,906	57%	\$ 608,146	\$ (567,259)	(93%)

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

STATEMENT OF NET POSITION

JUNE 30, 2021

(With comparative totals for June 30, 2020)

	Governmental Activities	
	2021	2020
Assets:		
Cash	\$ 50,381	\$ 18,766
Grants receivable	13,575	47,652
Due from member agencies	444	29,911
Total Assets	64,400	96,329
Liabilities:		
Due to member agencies	63,701	49,225
Accounts payable	699	47,104
Total Liabilities	64,400	96,329
Net Position:		
Unrestricted	-	-
Total Net Position	\$ -	\$ -

The notes to financial statements are an integral part of this statement.

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(With comparative totals for June 30, 2020)**

	Governmental Activities	
	2021	2020
Expenses:		
Professional services	\$ 37,315	\$ 91,300
Legal fees	-	1,670
Other expenses	3,572	4,053
Administrative expenses	-	1,680
Contributions to other agencies	-	509,443
Total Program Expenses	40,887	608,146
Program Revenues:		
Operating Contributions and Grants	40,887	608,146
Total Program Revenues	40,887	608,146
Change in Net Position	-	-
Net Position at the Beginning of the Year	-	-
Net Position at the End of the Year	\$ -	\$ -

The notes to financial statements are an integral part of this statement.

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2021

(With comparative totals for June 30, 2020)

	General Fund	
	2021	2020
Assets:		
Cash	\$ 50,381	\$ 18,766
Grants receivable	13,575	47,652
Due from member agencies	444	29,911
Total Assets	\$ 64,400	\$ 96,329
Liabilities and Fund Balance:		
Liabilities:		
Due to member agencies	\$ 63,701	\$ 49,225
Accounts payable	699	47,104
Total Liabilities	64,400	96,329
Fund Balance		
Unrestricted	-	-
Total Fund Balance	-	-
Total Liabilities and Fund Balance	\$ 64,400	\$ 96,329

The notes to financial statements are an integral part of this statement.

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2021
(With comparative totals for June 30, 2020)**

	General Fund	
	2021	2020
Revenues:		
Member contributions	\$ 7,560	\$ 520,757
Grants	33,327	87,389
Total Revenues	40,887	608,146
Expenditures:		
Current:		
Professional services	37,315	91,300
Legal fees	-	1,670
Other expenses	3,572	4,053
Administrative expenses	-	1,680
Contributions to other agencies	-	509,443
Total Expenditures	40,887	608,146
Net Change in Fund Balance	-	-
Fund Balance at the Beginning of the Year	-	-
Fund Balance at the End of the Year	\$ -	\$ -

The notes to financial statements are an integral part of this statement.

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 1: Summary of Significant Accounting Policies

a. Organization

In September 2017, the Big Bear City Community Services District (BCCSD), Big Bear Municipal Water District (BBMWD), the Big Bear Regional Wastewater Agency (BBARWA) and the City of Big Bear Lake – Department of Water and Power (DWP) entered into a joint powers agreement to form the Bear Valley Basin Groundwater Sustainability Agency (the Agency). The Agency was created primarily to satisfy the requirements of the Sustainable Groundwater Management Act. The Agency is governed by one representative from BCCSD, one representative from BBARWA, one elected representative from BBMWD and one appointed commissioner from DWP.

b. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as they are needed.

c. Cash and Cash Equivalents

The Agency considers cash on hand, demand deposits at financial institutions to be cash and cash equivalents. At June 30, 2021, the Agency had \$50,381 in cash or cash equivalents.

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

d. Capital Assets

Assets with an initial cost of more than \$5,000 are capitalized at cost. In the case of acquisition value at the time of acquisition. Land and construction in progress are not depreciated. Other tangible property, plant equipment of the Agency are depreciated using the straight line method over the following estimated useful lives:

<u>Capital Asset Classes</u>	<u>Lives</u>
Buildings	30-40
Improvements	15-40
Furniture, Fixtures, and Equipment	5-50
Vehicles	5-10

e. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

f. Due from Member Agencies

The Agency extends credit to its members in the normal course of operations. The Agency considers accounts receivable from its members to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Note 2: Related Party Transactions

The member agencies, BBCCSD, BBMWD, BBARWA, and DWP are required by a memorandum of understanding to contribute certain amounts to the Agency to support operating expenses and in support of the Replenish Big Bear Project. The amounts contributed to the Agency during fiscal year 2020-21 were:

<u>Member</u>	<u>Amount Contributed</u>
BBCCSD	\$ 1,810
BBMWD	1,890
BBARWA	1,970
DWP	1,890
Total	<u>\$ 7,560</u>

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

**BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2021
(With comparative totals for June 30, 2020)**

	2021			Variance with Final Budget Positive (Negative)	2020
	Original	Final	Actual Amounts		Actual Amounts
Revenues:					
Member contributions	\$ 14,030	\$ 14,030	\$ 7,560	\$ (6,470)	\$ 520,757
Grants	-	89,611	33,327	(56,284)	87,389
Total Revenues	14,030	103,641	40,887	(62,754)	608,146
Expenditures:					
Current:					
Office supplies	500	500	-	500	-
Professional services	4,130	84,893	37,315	47,578	91,300
Legal fees	5,000	5,000	-	5,000	1,670
Other expenses	4,400	4,400	3,572	828	4,053
Administrative expenses	-	-	-	-	1,680
Contributions to other agencies	-	-	-	-	509,443
Total Expenditures	14,030	94,793	40,887	53,906	608,146
Net Change in Fund Balance	-	8,848	-	(8,848)	-
Fund Balance at the Beginning of the Year	-	-	-	-	-
Fund Balance at the End of the Year	\$ -	\$ 8,848	\$ -	\$ (8,848)	\$ -



Bear Valley Basin Groundwater Sustainability Agency Agenda Report

DATE: January 18, 2022

TO: Board of Directors

FROM: Reginald A. Lamson, Administrator

RE: **Membership and Insurance through Association of California Water Agencies Joint Powers Insurance Authority**

Informational Report

Background:

At the June 16, 2020 Board Meeting, the Board of Directors adopted Resolution No. 2020-03 approving Amendment No. 1 to the BVBGSA Joint Powers Agreement to modify the language in Section 20 which enables the Board discretion on whether or not to obtain insurance for the Agency. One of the member agencies of the Board was uncomfortable with this decision and requested additional research into insurance options for the Agency.

In October 2020, the Association of California Water Agencies (ACWA) Joint Powers Insurance Authority (JPIA) provided the Agency with an estimated annual Liability Coverage Quotation of \$1,700 for the following coverage limits:

Terrorism	\$ 5,000,000
Communicable Disease	\$10,000,000
Subsidence, Lead, and Mold	\$35,000,000

The liability coverage includes the following: bodily injury, property damage, errors & omissions, employment practices liability, public official’s errors & omissions liability, inverse condemnation, accidental pollution liability, and automobile liability. The ACWA JPIA insurance coverage requires membership in ACWA and a minimum three-year commitment. The 2021 ACWA membership dues are based on 2% of the BVBGSA’s FY operation and maintenance (Net O&M) expenses or a minimum of \$750.

At the June 22, 2021 Board meeting, the Board of Directors adopted Resolution No. 2021-04 approving an ACWA 3-year membership. Additionally, the Board of Directors adopted Resolution No. 2021-05 approving obtaining insurance for the BVBGSA Board through ACWA JPIA.

At the September 2021 ACWE meeting, the ACWA Board approved BVBGSA’s membership and the total cost for ACWA membership through December 31, 2022 is \$476.75. Note: the first-year

ACWA JPIA Insurance
January 18, 2022
Page 2 of 2

membership is discounted by 50%. At the September 2021 ACWE JPIA meeting, the ACWE JPIA Board approved BVBGSA's application for insurance and the cost of insurance through October 1, 2022 is \$1,688.00.

Recommendation:

Review the ACWE membership and ACWE JPIA insurance update.



Bear Valley Basin Groundwater Sustainability Agency Agenda Report

DATE: January 18, 2022

TO: Board of Directors

FROM: Reginald A. Lamson, Administrator

PREPARED BY: Danielle D. McGee, Volunteer

RE: **Board Meeting Calendar**

Background:

Since the BVBGSA was formed in May 2017, the BVBGSA Board has met on average twice a year. Because of the requirement for the BVBGSA to adopt an annual budget and approve carryforward encumbrances from prior fiscal years, we are proposing the BVBGSA Board of Directors consider approving two regular BVBGSA meetings; one Board meeting on the third Tuesday in June and one Board meeting on the third Tuesday in August. All other scheduled Board meetings will be considered special meetings.

Financial Impact:

There is no financial impact.

Recommendation:

Review and consider approving a regular Board meeting calendar.



Bear Valley Basin Groundwater Sustainability Agency Agenda Report

DATE: January 18, 2022

TO: Board of Directors

FROM: Reginald A. Lamson, Administrator

PREPARED BY: Danielle D. McGee, Volunteer

RE: **Additional Check Signers for the BVBGSA Bank Account**

Background:

At the October 18, 2017, Board meeting, the Board of Directors authorized Treasurer, Craig Hjorth, and Administrator, Reggie Lamson to open and maintain an account with Union Bank and to transact all necessary business including the signing and negotiating of all checks, money orders, and related financial documents.

On May 30, 2018, the Board adopted Resolution No. 2018-01 establishing the Cash Management and Disbursement Policy (the Policy). The Policy requires two signatures on any check of \$5,000 or more. Recently, a BVBGSA check was delayed for payment because one of the check signers was unavailable. As such, we recommend including other Board Directors (Bob Ludecke, Jim Miller, and John Green) as check signers to ensure prompt payment of BVBGSA obligations.

Currently only the Administrator and the Treasurer are authorized to sign checks for BVBGSA. The Policy allows for three alternate signers from the Board of Directors.

Financial Impact:

There is no financial impact.

Recommendation:

Review and consider approving additional check signers for the BVBGSA bank account and amending the associated bank account signature card to include the three other Directors.



Bear Valley Basin Groundwater Sustainability Agency Agenda Report

DATE: January 18, 2022
TO: Board of Directors
FROM: Reginald A. Lamson, Administrator
RE: **Replenish Big Bear Update**

- Regional Board
- Division of Drinking Water
- Project
- Stakeholders



Bear Valley Basin Groundwater Sustainability Agency Agenda Report

DATE: January 18, 2022
TO: Board of Directors
RE: **Management and Board Member Discussion**

Board Members:

Bob Ludecke, Chair
John Green, Vice Chair
Craig Hjorth, Treasurer
James Miller, Secretary

Management:

David Lawrence, General Manager BBARWA
Mary Reeves, General Manager CSD
Mike Stephenson, General Manager MWD
Reginald Lamson, BVBGSA Administrator/General Manager DWP