

UPPER VENTURA RIVER GROUNDWATER AGENCY

NOTICE OF REGULAR MEETING

NOTICE IS HEREBY GIVEN that the Upper Ventura River Groundwater Agency (“Agency”) Board of Directors (“Board”) will hold a **Regular Board Meeting at 1 P.M. on Thursday, October 10, 2019 at the Casitas Municipal Water District Meeting Room, 1055 Ventura Ave., Oak View California 93022.**

UPPER VENTURA RIVER GROUNDWATER AGENCY BOARD OF DIRECTORS
REGULAR MEETING AGENDA

October 10, 2019

1. MEETING CALL TO ORDER AND ROLL CALL

2. PLEDGE OF ALLEGIANCE

3. PUBLIC COMMENT FOR ITEMS NOT APPEARING ON THE AGENDA

The Board will receive public comments on items not appearing on the agenda and within the subject matter jurisdiction of the Agency. The Board will not enter into a detailed discussion or take any action on any items presented during public comments. Such items may only be referred to the Executive Director or other staff for administrative action or scheduled on a subsequent agenda for discussion. Persons wishing to speak on specific agenda items should do so at the time specified for those items. In accordance with Government Code § 54954.3(b)(1), public comment will be limited to three (3) minutes per speaker per issue.

4. APPROVAL OF AGENDA

5. REGULATORY FEE PROTEST HEARING

**Ernest and Caroline Ford’s Protest of Estimated July – December 2019
Groundwater Extraction Volume Associated with APN 010-0-050-010**

Directors shall disclose and *ex parte* communications.

Agency staff and the Ad Hoc Funding Committee will present information regarding the protested groundwater extraction volume estimate.

Chair will open the hearing and the Board of Directors will accept testimony from Mr. and Mrs. Ford as well as public comments at this time.

Chair will close the hearing.

The Board will consider adjusting the extraction volume estimate associated with APN 010-0-050-010; directing staff to provide written notification to Mr. and Mrs. Ford concerning the adjusted extraction volume estimate and a refund for overpayment of

July-December 2019 fees; and directing staff to reduce the total extraction volume estimate and fee revenue assumptions as part of the next budget update.

6. CONSENT CALENDAR

All matters listed under the Consent Calendar are considered routine by the Board and will be enacted by one motion. There will be no separate discussion of these items unless a Board member pulls an item from the Calendar. Pulled items will be discussed and acted on separately by the Board. Members of the public who want to comment on a Consent Calendar item should do so under Public Comments.

- a. Approve Minutes from July 11, 2019**
- b. Approve Financial Report for July 2019**
- c. Approve Financial Report for August 2019**
- d. Approve Financial Report for September 2019**

7. DIRECTOR ANNOUNCEMENTS

- a. Directors may provide oral reports on items not appearing on the agenda.**
- b. Directors shall report time spent on cost-share eligible activities for the 2017 Proposition 1 Sustainable Groundwater Management Planning (SGWP) Grant.**

8. EXECUTIVE DIRECTOR'S REPORT

9. ADMINISTRATIVE ITEMS

- a. Approval of Waiver of Late Fees and Penalties Relating to Groundwater Extraction Regulatory Fee**

The Board will consider approving a one-time waiver of Late Fees and Penalties relating to the Regulatory Fee.

- b. Fiscal Year 2018/2019 Budget**

The Board will receive a year-end budget report from the Ad Hoc Budget Committee and will consider approving budget adjustments.

- c. Financial Auditor Selection and Contract Approval**

The Board will review proposals from various auditing agencies to perform audits for fiscal years 2018/2019, 2019/2020, and 2021/2022, consider a staff recommendation regarding the selection of an auditing firm, and consider authorizing the Executive Director to execute a professional services agreement with the selected firm, subject to negotiation of agreement terms to the satisfaction of the Agency Counsel and Executive Director.

- d. Jurisdictional Overlap between SGMA, Ventura River Flow Study, and the Ventura River Watershed Adjudication and Agency Options for Participation in or Influencing the Adjudication**

The Board will receive an update from Agency Counsel concerning the jurisdictional overlap between SGMA, Ventura River Flow Study, and the Ventura River Watershed

Adjudication and the Agency's options for participating in or influencing the adjudication and provide feedback to staff.

10. GSP GRANT ELIGIBLE ITEMS

a. Stakeholder Engagement Plan Annual Review and Update (Grant Category (c): Task 10: Stakeholder Outreach and Engagement)

The Board will receive the Ad Hoc Stakeholder Engagement Committee's annual Stakeholder Outreach and Engagement Plan review and consider approving the recommended plan updates.

b. Data Gap Tasks Update (Grant Category (b))

The Board will receive and update from the Executive Director concerning the data gap tasks.

11. COMMITTEE REPORTS

None

12. ADJOURNMENT

The next scheduled Board meeting is November 14, 2019 at 1pm at the **Public Works Yard Assembly Room, 336 Sanjon Road, Ventura, CA 93001.**

UPPER VENTURA RIVER GROUNDWATER AGENCY Item No. 5

DATE: October 10, 2019

TO: Board of Directors

FROM: Agency Staff

SUBJECT: Regulatory Fee Protest Hearing - Ernest and Caroline Ford's Protest of Estimated July – December 2019 Groundwater Extraction Volume Associated with APN 010-0-050-010

SUMMARY

On August 6, 2019, the Executive Director received a letter from Mr. and Mrs. Ford explaining that they disagree with the Agency's extraction volume estimate (Attachment A). The August 6 letter cites a March 6, 2019 letter that was sent to the attention of Director Kuebler that provided evidence supporting a 75 acre-feet per year groundwater use estimate versus the 90 acre-feet per year used for the adopted regulatory fee (Attachment B).

The Executive Director referred this matter to the Ad Hoc Funding Committee for review. The committee determined that the March 6 letter had been misplaced or overlooked during the committee efforts to estimate extractions earlier this year. The committee is recommending the Board approve a downward adjustment of the estimated extractions to 75 acre-feet per year.

Staff notified Mr. and Mrs. Ford of this hearing in accordance with the Water Code §10731 requirements (Attachment C).

The Fords have already paid the fee for July-December 2019 estimated extractions for APN 010-0-050-01 based on the 90 acre-feet per year estimate. If the Board reduces the estimated extractions a partial refund will be due to the Fords.

RECOMMENDED ACTIONS

1. Disclose any *ex parte* communications.
2. Receive information from Agency staff and the Ad Hoc Funding Committee regarding the protested groundwater extraction volume estimate.
3. Open a hearing, accept testimony from Mr. and Mrs. Ford, and close the hearing.
4. Approve an extraction volume estimate adjustment for APN 010-0-050-010.
5. Direct staff to provide written notification to Mr. and Mrs. Ford concerning the adjusted extraction volume estimate and a refund for overpayment of July-December 2019 fees.

6. Direct staff to reduce the total extraction volume estimate and fee revenue assumptions as part of the next budget update.

BACKGROUND

Groundwater extraction fees were established by the Board via Resolution 2019-4 on June 13, 2019.

FISCAL SUMMARY

Reducing the extraction volume estimate for APN 010-0-050-01 will reduce Fiscal Year 2019/2020 revenue by \$1,187.40.

ATTACHEMENTS

- A. Ford Protest Letter dated August 6, 2019
- B. Ford Extraction Volume Letter dated March 6, 2019
- C. Protest Hearing Notification Letter dated September 17, 2019

Action: _____

Motion: _____ Second: _____

B. Kuebler ___ D. Engle ___ A. Spandrio ___ S. Rungren ___ G. Shephard ___ E. Ayala ___ L. Rose ___

Ernest & Caroline Ford

14845 Maricopa Highway, Ojai, CA 93023
(805) 340-7116

August 6, 2019

Upper Ventura River Groundwater Agency
202 W. El Roblar Drive
Ojai, CA 93023

Attn: Brian Bondy
sward@uvgroundwater.org

Subject: Regulatory Fee Invoice for Estimated July-December 2019 Groundwater Extractions Associated with APN 010-0-050-010

Dear Brian:

We are in receipt of your invoice No. 125 Dated 7/17/19. As in our letter of 3/06/19 we still disagree with the agency's extraction estimate.

As of this date our #1 well is inoperable and our extraction is reduced to even less than our estimate of 75 AF per our letter of 3/06/19. We are currently in the process of getting prices to repair/replace on well No. 1. As soon as well No. 1 is operable, we will be installing a meter and will be able to provide accurate extraction for both wells from which to base your extraction charges. We expect our extraction to be far less than the 90 AF of your estimate.

We would like to meet with you to discuss a more accurate estimate.

If you have any questions, please call.

Thank you,

The block contains two handwritten signatures in black ink. The top signature is 'Ernest Ford' and the bottom signature is 'Caroline Ford'. Both are written in a cursive, flowing style.

Ernest & Caroline Ford

14845 Maricopa Highway, Ojai, CA 93023
(805) 340-7116

March 6, 2019

Upper Ventura River Groundwater Agency
P.O. Box 1779
Ojai, CA 93024

Attn: Bruce Kuebler
cvandermeer@uvgroundwater.org

Subject: APN 010-0-050-010, Determination of Amount of Groundwater
Extracted from Upper Ventura River Groundwater Basin

Dear Bruce:

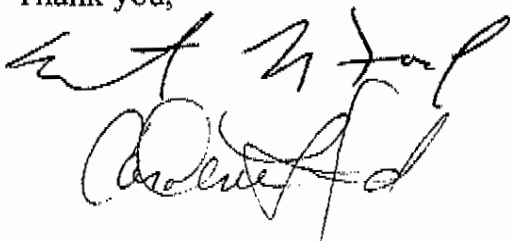
We are in receipt of your letter dated February 8, 2019 and think that your extraction volumes are incorrect for the following reasons.

Our planted acreage in 2017 & 2018 was +/- 60 acres of citrus and avocados. We assume that 2.5 acre feet per acre is required or +/- 150 acre feet. In 2016-2017 we used 73.56 acre feet from CMWD and in 2017-2018 78.81 acre feet was used for a 2 year average of 76.19. For those two years we supplemented approximately 75 acre feet from our wells. As we infill fallow acreage and repair one of our wells and as young trees mature, we expect our extraction volume will increase. As of today we estimate approximately 75 acre feet per year from our wells. We have included CMWD water invoices for the above years.

Please adjust your estimate accordingly.

If you have any questions, please call.

Thank you,

A handwritten signature in black ink, appearing to read "Ernest & Caroline Ford", is written over a horizontal line.



202 W. El Roblar Dr.
Ojai, CA 93023
(805) 640-1247
<https://uvrgroundwater.org/>

September 17, 2019

Ernest and Caroline Ford
14845 Maricopa Highway
Ojai, CA 93023

Subject: Protest Hearing Notice – October 10, 2019, 1PM
Regulatory Fee Invoice for Estimated July – December 2019 Groundwater Extractions
Associated with APN 010-0-050-010

Dear Mr. and Mrs. Ford:

Pursuant to Water Code §10731, the letter is to notify you that the Board of Directors of the Upper Ventura River Groundwater Agency (UVRGA) will hold a hearing on October 10, 2019 to consider your regulatory fee protest dated August 6, 2019. Specifically, you are protesting the 90 acre-feet per year extraction volume estimate used to establish the regulatory fee. The hearing will take place shortly after 1 PM in the Board Room of Casitas Municipal Water District, which is located at 1055 Ventura Ave. Oak View, CA 93022.

In addition to your protest letter dated August 6, 2019, we are also in receipt of your letter dated March 6, 2019, which provides additional information the Board of Directors may evaluate when considering a potential adjustment to your estimated extraction volume. You are more than welcome to attend the hearing and provide any additional relevant information in support of your protest.

Should you have any questions, please contact me at (805) 212-0484.

Sincerely,

Bryan Bondy
Executive Director

cc: UVRGA Ad Hoc Funding Committee

**UPPER VENTURA RIVER GROUNDWATER AGENCY
MINUTES OF REGULAR MEETING JULY 11, 2019**

The Board meeting was held at the Casitas Municipal Water District meeting room at 1055 Ventura Avenue, Oak View, CA, 93022. Directors present were: Bruce Kuebler, Emily Ayala, Diana Engle, Larry Rose, Susan Rungren and Angelo Spandrio. Director Glenn Shephard was absent. Also present were: Executive Director and GSP Project Manager Bryan Bondy and Agency Administrator Summer Ward. The following members of the public were present: Bert Rapp (Alternate Director), Jordan Kear and Jennifer Tribo.

- 1) **CALL TO ORDER AND ROLL CALL** – Chairperson Bruce Kuebler called the meeting order at 1:05 P.M.
- 2) **PLEDGE OF ALLEGIANCE** – Led by Chairperson Bruce Kuebler.
- 3) **PUBLIC COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA** - None
- 4) **APPROVAL OF AGENDA** – No changes were proposed.
- 5) **CONSENT CALENDAR**
 - a. **Approve Minutes from June 13, 2019**
 - b. **Approve Financial Report for June 2019**
 - c. **Approve Intera Master Services Agreement Amendment**

Director Engle noted that she was absent at the June 13, 2019, Board meeting. Director Engle motioned to approve the consent calendar with the correction to the minutes. Seconded by Director Rose.

Concerning the financial report, the Executive Director explained that staff would add footnotes for any voided checks in the future to help avoid any confusion.

No public comments.

Ayes: Bruce Kuebler, Emily Ayala, Diana Engle, Larry Rose, Susan Rungren and Angelo Spandrio.

Noes: None.

Absent: Glenn Shephard.

- 6) **DIRECTOR ANNOUNCEMENTS**
 - a. **Directors may provide oral reports on items not appearing on the agenda.**
 - b. **Directors shall report time spent on cost-share eligible activities for the 2017 Proposition 1 Sustainable Groundwater Management Planning (SGWP) Grant.**

Director Spandrio: No announcements and no time to report.

Director Rungren: The State Water Project Interconnection EIR is set for the City Council approval on July 15. No time to report.

Director Rose: No announcements. The Ad Hoc Stakeholder Engagement Committee met for one hour on July 9 for Grant Task 10.

Director Engle: No announcements and no time to report.

Director Ayala: Same as Director Rose.

Director Kuebler: Same as Director Rose.

Director Shepard: Absent.

7) EXECUTIVE DIRECTOR'S REPORT

The Executive Director provided the following updates:

- Summer Ward joined UVRGA a few weeks ago and has been busy addressing administrative tasks. She has been trained on UVRGA website maintenance, is diagnosing the email system issues, and is working with OBGMA to have the office phone number ported to a new UVRGA cell phone.
- Extraction Fee invoices will be mailed out next week.
- Executive Director Bondy stated that the first grant invoice and progress report is due on August 15. Guidance thus far from DWR has been vague.
- Kevin Delano, State Water Resources Control Board (SWRCB) reached out to the Executive Director to setup a monthly conference call to coordinate the flow study and GSP. The first monthly staff conference call occurred on June 17. The call focused on introductions and discussion of overlapping authority and how to optimize solutions for all regulatory programs, with a brief discussion about data sharing. Director Engle expressed a concern regarding the SWRCB's model scale of a 100m x 100m grid. Executive Director Bondy explained that an analytical model, which calculates based on a particular circumstance, or one a numerical model with modified grid size could be constructed for the GSP. Bryan Bondy, Jordan Kear, and Intera will develop an analysis approach for the GSP.
- Executive Director Bondy referred to correspondence from Andrea Neil of Primary Water Resources (PWR). He explained that PWR has provided information about geological analysis they have done in the region, primarily in the Ojai Basin. PWR has requested an agenda item to present to the Board. He explained that he told PWR that their information would be considered along with all other information during GSP preparation. After research in PWR, it was determined that there are no licensed Hydrogeologists or Engineers on its staff. Several Directors stated they too had been contacted by the group and were not in favor of a presentation. Several Board members stated that a review of their presentation in a pdf format would suffice or extend an invitation to the group to speak during public comments at a future meeting.

8) ADMINISTRATIVE ITEMS

a. Master Services Agreement and Work Orders for Kear Groundwater

Executive Director Bondy reviewed the proposed Master Services Agreement (MSA), draft Work Order No. 1, and rate history of UVRGA professional services providers. . He explained that the plan is to issue work orders for specific GSP tasks under MSA. The Kear MSA contains the same language as the previously approved Intera MSA, except for the Indemnity section. Executive Director Bondy recommended approval of the MSA and Work Order No. 1 in the amount of \$30,000, as needed technical support services to be requested at the discretion of Executive Director Bondy. He also recommended that the Board authorize him to negotiate and issue work orders to Kear under the new MSA for previously approved work scopes that were issued under a prior, now expired, contract.

No public comments.

There was some discussion regarding the budget information reported to the Board and the frequency of budget reports. Executive Director Bondy stated the staff would continue to report quarterly. Additionally, it was clarified that the majority of funds for Work Order #1 were budgeted within the GSP, expenses will be applied to each appropriate Grant task.

Director Engle asked about the status of work products. Executive Director Bondy provided a brief status update on the data gap tasks. . Director Ayala requests a quarterly update on previously authorized work items.

Director Rose made the motion to approve the MSA with Kear Groundwater, Work Order #1 for as-needed technical support, and authorize the Executive Director to negotiate and issue work orders for previously approved work scopes. Director Rungren seconded the motion.

No public comments.

Ayes: Bruce Kuebler, Emily Ayala, Diana Engle, Larry Rose, Susan Rungren and Angelo Spandrio.

Noes: None.

Absent: Glenn Shephard.

b. Member Agency Cash Advances

The Executive Director presented the draft Member Agency Cash Advances Agreements with the City of San Buenaventura, Meiners Oaks Water District, and Ventura River Water District. The no-interest loans total \$90,000, with \$30,000 from each member agency and repayment by the year 2023.

No public comments.

Director Spandrio made the motion to approve the Cash Advance Agreements with the City of San Buenaventura, Meiners Oaks Water District, and Ventura River Water District. Director Rose seconded the motion.

No public comments.

Director Kuebler asked for clarification regarding the language that was added to Meiners Oaks Water District and Ventura River Water District to include administrative costs in addition to GSP costs, but not the City of San Buenaventura. Director Rungren stated that funds provided by the City are not intended to be restricted.

Ayes: Bruce Kuebler, Emily Ayala, Diana Engle, Larry Rose, Susan Rungren and Angelo Spandrio.

Noes: None.

Absent: Glenn Shephard.

c. Discussion of Agency Representation by Board Members

Executive Director Bondy stated that this item was requested during the May 9 board meeting and he provided background information, emphasizing the importance of building trust and collaboration envisioned in the Joint Powers Agreement and transparent stakeholder outreach and engagement required by the Sustainable Groundwater Management Act. Executive Director Bondy reviewed background information and suggested practices contained in the staff report for consideration. .

Public Comment:

Alternate Director Rapp stated that it is good professional practice to notify the Board if one is invited to speak or present on behalf of the Agency. Appointed persons need to be able to speak to constituents, but the Board members should have the notice to review or attend the event.

Director Engle stated she would like to have an opportunity to discuss such presentations at the Board meeting before the event occurs, not after.

The Board discussed various concerns about Member Agency directors representing or appearing to represent the Agency outside of Board meetings. Several directors stated a preference for directors to not represent the Agency without Board approval.

Director Kuebler stated he is not in favor of a policy, rather a discussion and bringing awareness to the topic should be adequate. Director Kuebler reviewed the circumstances in which he was presenting at the Localizing California Waters conference as an elected official for Ventura River Water District and did not intend to represent the UVRGA.

Director Angelo recommended not discussing any items that have not been published in the meeting minutes and inquired about whether the Executive Director should be authorized to speak on behalf of the Agency. The Executive Director stated that his job is to seek out information on issues and report back to the Board and that he understands he is not authorized to take official positions on policy issues.

Director Kuebler suggested that the Board develop a list of sensitive issues.

No action was taken.

d. Agency Officer Appointments

Director Kuebler made the proposal and motion to appoint Director Engle for Chair, himself, Director Kuebler as Vice Chair and Director Spandiro for Secretary. After brief discussion, Director Ayala seconded the motion.

No public comments.

Ayes: Bruce Kuebler, Emily Ayala, Diana Engle, Larry Rose, Susan Rungren and Angelo Spandrio.

Noes: None.

Absent: Glenn Shephard.

e. Ad Hoc Committees

Executive Director Bondy presented the current Committee memberships and duties for review in light of the Agency Officer Appointments. Staff made two recommendations to existing Committees. The first, Budget Committee should reflect the staff development of the budget and Directors review and approve the budgets. Second, regarding the Water Action Plan, after discussion with Attorney Acos, Staff presented three options: keep the committee as is, discontinue the committee, or change the duties to reflect the work of staff with other agencies.

Public Comment:

Alternate Director Rapp stated that in regards to the Ad Hoc CA Water Action Plan Committee he foresees the next year being focused on both technical and policy decisions. There should be a conversation with staff at the State Water Resources Control Board for guidance on how much time and effort should we be putting into our individual sustainability plan. He recommended retaining the Ad Hoc CA Water Action Plan Committee for six months until we have a better idea of what the state will be expecting. Additionally, Alternate Director Rapp recommended Executive Director be de-facto member of each Committee.

Executive Director Bondy clarified that the State Water Resources Control Board will not provide information on what we should include in the GSP because it is not their role. However, the Agency will instead need to meet with DWR to discuss such details and how best to navigate through developing a GSP while developing a separate flow study and the adjudication. Executive Director Bondy reiterated the need for staff involvement; the concern with the current committee structure has caused staff to be out-of-the-loop with the State Water Resources Control Board.

Director Engle supported Executive Director Bondy's comments regarding the process and noted that DWR will be providing tools to address various measures and objectives. She recommended inviting DWR representatives to come speak to the full board, as an agendaized discussion. Additionally, a fourth Committee option is to keep the ad-hoc committee and add Executive Director Bondy.

Director Kuebler expressed support for keeping the Ad Hoc CA Water Action Plan Committee and adding Executive Director Bondy. He recommended drafting a white paper with Attorney Acos, Executive Director Bondy and Directors Keubler, Engle and Rungren, intended to address the various issues in an efficient manner. Director Engle expressed concern regarding including litigation issues as part of a committee meeting.

Director Ayala stated she fully trusts Executive Director Bondy and Jordan Kear discussing issues with the State Water Resources Control Board. She feels the Board should be involved and the Committee is useful, perhaps include a Committee Director in the discussions and report back monthly. Executive Director Bondy expressed goal of being efficient with Committee time and communications.

Director Rungren stated that the Ad Hoc CA Water Action Plan Committee should be dissolved and instead have updates provided by the Board by the Executive Director.

Director Spandrio made the motion to approve both staff recommendations, revision of the Budget Committee duties and dissolution of the ad-hoc Water Action Plan Committee. Director Spandrio also requested a future agenda item to discuss options for the Agency to influence litigation, possibly a closed session item. Seconded by Director Engle.

Ayes: Bruce Kuebler, Emily Ayala, Diana Engle, Larry Rose, Susan Rungren and Angelo Spandrio.

Noes: None.

Absent: Glenn Shephard.

9) COMMITTEE REPORTS

Director Rose stated that it is time for the annual review of the Stakeholder Engagement Plan, add to next meeting agenda.

- 10) ADJOURNMENT** – The plan is to be dark in August, will hold the September 12th meeting date. Staff will schedule an upcoming meeting at Ventura City Hall. The meeting was adjourned at 3:10pm. The next scheduled Board meeting is September 12, 2019, at 1 pm at the Casitas Municipal Water District Meeting Room, 1055 Ventura Ave, Oak View, CA, 93022.

Action: _____

Motion: _____ Second: _____

B.Kuebler____ D.Engle____ A.Spandrio____ S.Rungren____ G.Shephard____ E.Ayala____ L.Rose____

UPPER VENTURA RIVER GROUNDWATER AGENCY Item No. 6(b)

DATE: August 8, 2019
TO: Board of Directors
FROM: Karen Palm, Bookkeeper-Treasurer
SUBJECT: Approve Financial Report for July 2019

June UVRGA Balance \$ 56,598.95

July 2019 Activity:

Revenues:* \$ -

July Expenditures Paid:

Auto	EDD	FY2019 1st Qtr State P/R Tax	\$ 350.17
Auto	IRS	FY2019 1st Qtr Federal P/R Tax	\$ 1,278.40
Auto	IRS	2019 2nd Qtr Federal Unemployment Tax	\$ 41.31
2051	Karen Palm	Payroll 7/15/19	\$ 977.97
2052	Karen Palm	April - June fuel reimbursements	<u>\$ 67.86</u>

Checks Pending Signature:

2053	Karen Palm	Payroll 7/31	\$ 697.68
2054	Bondy Groundwater	7/30 Services	\$ 12,757.74
2055	Brownstein Hyatt	6/30 Services	<u>\$ 2,124.86</u>

Total Expenditures Paid & To Be Paid - July \$ 18,295.99

July UVRGA Ending Balance: \$ 38,302.96

*Extraction Fee deposits were made in August, 2019.

Action: _____

Motion: _____ Second: _____

B. Kuebler___ G. Shephard___ D. Engle___ A. Spandrio___ S. Rungren___ L. Rose___ E. Ayala

UPPER VENTURA RIVER GROUNDWATER AGENCY Item No. 6(c)

DATE: September 12, 2019
TO: Board of Directors
FROM: Karen Palm, Bookkeeper-Treasurer
SUBJECT: Approve Financial Report for August 2019

July UVRGA Balance **\$ 38,302.96**

August 2019 Activity:

Revenues: Extraction Fee Deposits **\$ 132,896.71**

Credits: Cancelled Checks

2045	Ojai Valley News	paid by MOWD; reimb'd ck #2062	\$ 126.00
2047	Ventura Cty Star	lost check - reissued ck #2061	\$ 615.20

August Expenditures Paid

2056	Karen Palm	Payroll end date 8/15/19	\$ 1,245.43
------	------------	--------------------------	-------------

Checks Pending Signature:

2057	No vendor	voided check-misprint	\$ -
2058	Bondy Groundwater	August services	\$ 3,087.50
2059	Brownstein, Hyatt	July services	\$ 4,406.45
2060	Ventura Cty Star	Publication notices	\$ 615.20
2061	MOWD	June, July & Aug-Payroll & Offc Supps	\$ 3,536.64
2062	MOWD	Ojai Valley News notices-reimbmt	\$ 126.00
2063	Karen Palm	Payroll end date 8/30/19	\$ 1,002.21

Total Expenditures Paid & To Be Paid - August **\$ 14,019.43**

August UVRGA Ending Balance: **\$ 157,921.44**

Action: _____

Motion: _____ Second: _____

B. Kuebler___ G. Shephard___ D. Engle___ A. Spandrio___ S. Rungren___ L. Rose___ E. Ayala___

UPPER VENTURA RIVER GROUNDWATER AGENCY Item No. 6(d)

DATE: October 10, 2019
TO: Board of Directors
FROM: Karen Palm, Bookkeeper-Treasurer
SUBJECT: Approve Financial Report for September 2019

August UVRGA Balance \$ 157,921.44

September 2019 Activity:

Revenues: Extraction Fee Deposits \$ 856.79

September Expenditures Paid:

Debit Card Acrobat Pro office software \$ 179.88

Checks Pending Signature:

2064	Bondy Groundwater	September services	\$ 3,558.75
2065	Brownstein, Hyatt	August services	\$ 1,722.00
2066	Karen Palm	September services	<u>\$ 1,747.34</u>

Total Expenditures To Be Paid - September \$ 7,207.97

September UVRGA Ending Balance: \$ 151,570.26

Action: _____

Motion: _____ Second: _____

B. Kuebler___ G. Shephard___ D. Engle___ A. Spandrio___ S. Rungren___ L. Rose___ E. Ayala

UPPER VENTURA RIVER GROUNDWATER AGENCY Item No. 9(a)

DATE: October 10, 2019

TO: Board of Directors

FROM: Agency Staff

SUBJECT: Approval of Waiver of Late Fees and Penalties Relating to Groundwater Extraction Regulatory Fee

SUMMARY

The first semiannual billing, covering the period of July-December 2019, was mailed on July 16, 2019. Payments were due August 16, 2019. All but three payments were received prior to the due date. The total outstanding fees were \$35,883.15 as of September 20, 2019.

The bulk of the outstanding total is associated with one Member Agency. Payment was attempted by the Member Agency, but the check was inadvertently mailed to the old UVRGA address and has not been received. A new check was scheduled to be issued on September 30, 2019 by the Member Agency.

The two other entities are private well owners. These entities have outstanding balances of \$1,557.80 and \$895.74. The Ad Hoc Funding Committee reached out to these entities and can provide an update at the Board meeting.

Pursuant to Resolution 2019-4, these accounts are subject to penalties totaling \$3,588.32 and 1% interest per month until payment is made. However, Resolution 2019-4 also allows the Board to waive any interest payments, penalties or overdue fees upon a finding of good cause by the Board of Directors. Because this is the first time the groundwater users have received these invoices, staff believes it would be reasonable to provide a grace period for payment. Staff recommends waiving penalties and interest for accounts that are paid with 30 days after staff sends statements to the past due accounts. The statements would be mailed out sometime next week. Staff also recommends additional outreach be performed by the Ad Hoc Funding committee to the two private entities.

RECOMMENDED ACTIONS

Approve a one-time waiver of Late Fees and Penalties relating to the Regulatory Fee for the July-December 2019 period.

BACKGROUND

Groundwater extraction fees were established by the Board via Resolution 2019-4 on June 13, 2019.

FISCAL SUMMARY

By waiving penalties and interest, the Agency will be forgoing \$3,588.32 in penalty revenue and approximately in \$791.27 in interest revenue, neither of which was included in the budget.

Action: _____

Motion: _____ Second: _____

B. Kuebler____ D. Engle____ A. Spandrio____ S. Rungren____ G. Shephard____ E. Ayala____ L. Rose____

UPPER VENTURA RIVER GROUNDWATER AGENCY Item No. 9(b)

DATE: October 10, 2019

TO: Board of Directors

FROM: Staff and Ad Hoc Budget Committee

SUBJECT: Fiscal Year 2018/2019 Budget Report

SUMMARY:

Staff and the Ad Hoc Budget Committee reviewed the profit and loss (P&L) statement through June 30, 2019.

The following budget adjustments were recommended by staff and approved by the Ad Hoc Budget Committee for Board consideration:

1. Personnel Expenses exceeded the line-item budget by \$260. This was within the error of the budget estimate. It is recommended that \$260 of budget be moved from Professional Fees to Personnel Expenses to balance the Personnel Expenses budget.
2. Planning Activities exceeded the line-item budget by \$15,132. This was due to extra effort required by legal and the Executive Director during the fee development process. This budget line item exceedance is offset by under budget expenses for legal and Executive Director in the Professional Fees category. It is recommended that \$15,132 of budget be moved from Professional Fees to Planning Activities to balance the Planning Activities budget.

RECOMMENDED ACTION

It is recommended that the Board receive a year-end budget report from the Ad Hoc Budget Committee and consider approving budget adjustments.

BACKGROUND

The Fiscal Year 18/19 budget was last updated on March 14, 2019.

FISCAL SUMMARY

Please see Attachment A.

ATTACHMENTS

A. Year End P&L Report

Action: _____

Motion: _____ Second: _____

B. Kuebler____ D. Engle____ A. Spandrio____ S. Rungren____ G. Shephard____ E. Ayala____ L. Rose____

UVRGA: FY 2018-2019
Profit & Loss Approved Budget vs. Actual
 July 2018 through June 2019

	Jul '18 - Jun 19	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
40000 · Member Contributions	250,000.00	250,000.00	0.00	100.0%
41000 · Grant Income				
41100 · DWR GSP Grant Income	0.00	0.00	0.00	0.0%
41000 · Grant Income - Other	0.00	0.00	0.00	0.0%
Total 41000 · Grant Income	0.00	0.00	0.00	0.0%
42000 · Share of Cost Reimb	0.00	0.00	0.00	0.0%
Total Income	250,000.00	250,000.00	0.00	100.0%
Expense				
50001 · Personnel Expenses				
50100 · Salaries Expense	18,433.70	17,500.00	933.70	105.3%
50200 · Payroll Taxes	1,881.52	1,200.00	681.52	156.8%
50300 · Medical Reimbursement	1,500.00	1,800.00	-300.00	83.3%
50400 · Worker's Comp Insurance	1,045.00	2,100.00	-1,055.00	49.8%
50001 · Personnel Expenses - Other	0.00	0.00	0.00	0.0%
Total 50001 · Personnel Expenses	22,860.22	22,600.00	260.22	101.2%
55000 · Administrative Exp				
55005 · Rent Expense	4,400.00	5,000.00	-600.00	88.0%
55010 · Telephone Expense	535.26	600.00	-64.74	89.2%
55011 · Computer Maintenance	117.50	235.00	-117.50	50.0%
55015 · Postage & Shipping	199.55	300.00	-100.45	66.5%
55020 · Office Supplies	1,372.08	1,700.00	-327.92	80.7%
55030 · Bank Service Charges	426.12	500.00	-73.88	85.2%
55045 · Travel Expense	183.86			
55055 · Insurance Expense-SDRMA	1,748.66	1,748.66	0.00	100.0%
55060 · Membership s-CSDA	1,612.75	1,612.75	0.00	100.0%
Total 55000 · Administrative Exp	10,595.78	11,696.41	-1,100.63	90.6%
58000 · Professional Fees				
58005 · GSP Manager	37,063.04	44,000.00	-6,936.96	84.2%
58010 · Legal Fees	38,894.12	96,000.00	-57,105.88	40.5%
58015 · Website	372.89	1,000.00	-627.11	37.3%
58020 · Accounting	10,212.50	15,000.00	-4,787.50	68.1%
58050 · Other Professional Services	8,787.50			
Total 58000 · Professional Fees	95,330.05	156,000.00	-60,669.95	61.1%
60000 · Grant/Program Expenses				
60001 · Grant Administration (A)				
62000 · Grant Admin -0	10,645.22	15,000.00	-4,354.78	71.0%
Total 60001 · Grant Administration (A)	10,645.22	15,000.00	-4,354.78	71.0%
60002 · Data Gap Analysis (B)				
61025 · Well Monitoring Network - 1	10,331.00	20,000.00	-9,669.00	51.7%
61100 · Groundwater Interface Monitor-3	12,090.50	20,000.00	-7,909.50	60.5%
61400 · Subsurface Inflow Data- 6	935.00	4,000.00	-3,065.00	23.4%
61500 · Surface Water Flow Data - 7	9,330.00	10,000.00	-670.00	93.3%
61600 · Habitat Evapotranspiration - 8	267.50	600.00	-332.50	44.6%
Total 60002 · Data Gap Analysis (B)	32,954.00	54,600.00	-21,646.00	60.4%
60003 · Planning Activities (C)				
61700 · Organization Activities - 9	57,132.73	42,000.00	15,132.73	136.0%
60003 · Planning Activities (C) - Other	0.00	0.00	0.00	0.0%
Total 60003 · Planning Activities (C)	57,132.73	42,000.00	15,132.73	136.0%
60004 · GSP Development (D)				
61800 · GSP Develop & Prep- 11	3,410.00	7,000.00	-3,590.00	48.7%
Total 60004 · GSP Development (D)	3,410.00	7,000.00	-3,590.00	48.7%
60000 · Grant/Program Expenses - Other	0.00			
Total 60000 · Grant/Program Expenses	104,141.95	118,600.00	-14,458.05	87.8%

UVRGA: FY 2018-2019
Profit & Loss Approved Budget vs. Actual
 July 2018 through June 2019

	Jul '18 - Jun 19	Budget	\$ Over Budget	% of Budget
65000 · Other Income & Expense	-50.00			
Total Expense	232,878.00	308,896.41	-76,018.41	75.4%
Net Ordinary Income	17,122.00	-58,896.41	76,018.41	-29.1%
Other Income/Expense				
Other Expense				
80001 · Voided Checks	0.00			
Total Other Expense	0.00			
Net Other Income	0.00	0.00	0.00	0.0%
Net Income	17,122.00	-58,896.41	76,018.41	-29.1%

UPPER VENTURA RIVER GROUNDWATER AGENCY Item No. 9(c)

DATE: October 10, 2019

TO: Board of Directors

FROM: Agency Staff

SUBJECT: Financial Auditor Selection and Contract Approval

SUMMARY

In August 2019, staff issued a request for proposals (RFP) for auditing services to seven qualified firms (Attachment A). In an effort to minimize staff labor costs for procurement and obtain the best possible pricing, the RFP was structured to cover the next three audits (Fiscal Years 2018/2019, 2019/2020, and 2020/2021).

Two firms Bartlett, Pringle, & Wolf, LLP (BPW) and Vasquez & Company, LLP (Vasquez) submitted proposals with similar pricing (\$30,000 vs. \$30,909, respectively for the next three audits) (Attachments B and C). Both firms are qualified; however, it is noted that BPW performed the Agency's Fiscal Year 2017/2018 audit and is, therefore, familiar with the Agency and its books. Staff had a positive experience working with BPW. For these reasons, staff recommends contracting with BPW.

RECOMMENDED ACTIONS

Review proposals from various auditing agencies to perform audits for fiscal years 2018/2019, 2019/2020, and 2021/2022, consider a staff recommendation regarding the selection of an auditing firm, and consider authorizing the Executive Director to execute a professional services agreement with the selected firm, subject to negotiation of agreement terms to the satisfaction of the Agency Counsel and Executive Director.

BACKGROUND

Resolution 2018-3 established an annual audit frequency.

FISCAL SUMMARY

Audit fees associated with the recommended action would be \$30,000 for three years, compared to the \$31,836 estimate included in the approved long-range budget.

ATTACHEMENTS

- A. Audit RFP
- B. Bartlett, Pringle, & Wolf, LLP Proposal
- C. Vasquez & Company, LLP Proposal

Action: _____

Motion: _____ Second: _____

B. Kuebler___ D. Engle___ A. Spandrio___ S. Rungren___ G. Shephard___ E. Ayala___ L. Rose___



**Upper Ventura River Groundwater Agency
UVRGA**

REQUEST FOR PROPOSALS
For
PROFESSIONAL AUDITING SERVICES

Karen Palm, Treasurer
Upper Ventura River Groundwater Agency
c/o MOWD
202 W. El Roblar Drive
Ojai, CA 93023

I. Introduction

Upper Ventura River Groundwater Agency is a small, recently formed California Special District that is requesting proposals from qualified certified public accountant firms to audit the Agency's financial statements. The Agency's annual budgeted revenue is approximately \$225,050.

The Agency is requesting proposals for an audit of the fiscal year ending June 30, 2019, with the option of auditing its financial statements for each of the two (2) subsequent fiscal years, in addition to performing other financial audits and reviews as specified below. These audits are to be performed in accordance with the auditing standards generally accepted in the United States of America, the standards set forth for financial audits contained in the current *Government Auditing Standards* issued by the Comptroller General of the United States, and the U.S. Office Management and Budget (OMB) Circular A-133 *Audits of State and Local Governments and Non-Profit Organizations*.

To be considered, one (1) copy of a proposal must be received by Karen Palm, Treasurer, at UVRGA, 202 W. El Roblar Drive, Ojai, California 93023, by **5:00 P.M. on September 6, 2019**. The Agencies reserve the right to reject any or all proposals submitted.

II. Scope of Work

The Agency desires an audit report and audited financial statements to be prepared, as well as any other reports required by law and/or auditing standards.

The selected independent auditor will be required to perform the following tasks for the Agency:

- The audit firm will perform an audit of all funds of the Agency. The Agency currently consists of one Enterprise Fund. The audit firm will perform an audit of one Enterprise Fund. The audit firm will also apply limited audit procedures to Management's Discussion and Analysis (MD&A) and required supplementary information, if required by auditing standards.
- If required, the audit firm will perform a single audit on the expenditures of the federal grants in accordance with OMB-Circular A-133 and render the appropriate audit reports, if applicable. The Agency currently has not received any federal grants.
- The audit firm shall issue a separate "management letter" that includes recommendations for improvements in internal control, accounting procedures and other significant observations that are considered to be non-reportable conditions. Management letters shall be addressed to the Agency's Executive Director.

- The audit firm shall, at the Agency's request, prepare the Annual State Controller's Report for the Agency.

III. Auditing Standards

- To meet the requirements of this Request for Proposal, the audit shall be performed in accordance with:
- Generally Accepted Auditing Standards as set forth by the American Institute of Certified Public Accountants;
- The most recent standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States;
- The provisions of the Single Audit Act as most recently amended; and
- The provisions of U.S. Office of Management and Budget (OMB) Circular A-133. *Audits of State and Local Governments and Noni-Profit Organizations*.

IV. Proposal Requirements

Please include the following in your proposal:

- Firm Qualifications and Experience, including a list of all current government clients;
- Partner, Supervisory and Staff Qualifications and Experience;
- List of similar engagements with other government entities;
- Total all-inclusive maximum price for the Agency using the Audit Work Cost Proposal form in Attachments A and B;
- Identification of any anticipated potential audit problems and the firm's approach to resolving these problems;
- License to practice in California;
- Affirmative Statement of Independence;
- Copy of a report of its most recent external quality control review (peer review), with a statement whether that quality control review included a review of specific government engagements;
- Circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with State regulatory bodies or professional organizations;
- Working paper retention policy.

Attachment A

AUDIT WORK COST PROPOSAL FORM

Service	2019/20	2020/21	2021/22
UVRGA Audit and Related Reports	\$	\$	\$
Single Audit and Related Reports	\$	\$	\$
GSA State Controller's Report	\$	\$	\$
Total for Fiscal Year (not to exceed)	\$	\$	\$

ATTACHMENT B
ESTIMATE OF COST

Name of Firm:

Address:

Contact Name:

Contact Phone Number:

Fax #:

Contact Email:

1. Auditor's Standard Billing Rates

Position	2019/20	2020/21	2021/22	2022/23
Partner	\$	\$	\$	\$
Manager	\$	\$	\$	\$
Senior Accountant	\$	\$	\$	\$
Staff Accountant	\$	\$	\$	\$
Clerical	\$	\$	\$	\$

Firm	Phone #	Contact FName	Contact LName	Email	City
Moss Levy & Hartz	805-925-2579	Travis	Hole	THole@mlhcpas.com	Culver City
Vasquez & Co. LLP	213-873-1700	Donald	Nino	DNino@vasquezcpa.com	Los Angeles
Rogers Anderson Malody & Scott	909-889-0871	Brad	Welebir	BWelebir@ramscpa.com	San Bernadino
Soares Sandall Bernacchi	805-485-7968	Sharon	Robert	Sharon@ssbp.com	Oxnard
Bartlett, Pringle & Wolf, LLP	805-963-7811	Joe	Holladay	JHolladay@bpw.com	Santa Barbara
Nasif Hicks Harrison & Co.	805-966-1521	Sarah	Turner	KSword@nhhco.com Receptionist email for Sarah	Santa Barbara
Farber Hass Hurley LLP	805-504-8410	Paula	Woodward	PWoodward@fhhcpa.com	Oxnard

UPPER VENTURA RIVER GROUNDWATER AGENCY

PROPOSAL FOR AUDIT SERVICES

SUBMITTED BY
DANNA D. MCGREW, PARTNER



BARTLETT, PRINGLE & WOLF, LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

1123 Chapala Street, P.O. Box 90860
Santa Barbara, CA 93190-0860
Telephone: 805-963-7811
Facsimile: 805-564-2103
Email: dmcgrew@bpw.com

BPW FEIN: 95-2089835
BPW State Board License: PAR1382

UPPER VENTURA RIVER GROUNDWATER AGENCY

TABLE OF CONTENTS

	<u>Page</u>
I. Firm Qualifications	1-2
II. Partner, Supervisor and Staff Qualifications and Experience.....	2-4
III. Audit Methodology	4-7
IV. Independence	7
V. License to Practice	7
VI. Reviews.....	7
VII. Peer Review	7
VIII. Audit Fees	8
IX. Standard Billing Rates	9
X. Client References	10
XI. Peer Review Report	11



BARTLETT, PRINGLE & WOLF, LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

August 27, 2019

Upper Ventura River Groundwater Agency
Karen Palm, Treasurer
c/o MOWD
202 W. El Roblar Drive
Ojai, CA 93023

Dear Karen:

Thank you for the opportunity to present our qualifications to provide professional financial audit services to the Upper Ventura River Groundwater Agency (the Agency). In accordance with the request for proposals, we welcome the opportunity to serve you for the fiscal years ending June 30, 2019, 2020 and 2021.

Included in our audit proposal is a commitment to provide the Agency with the following:

1. Provide the Agency with audited financial statements performed in accordance with Governmental Auditing Standards issued by the Comptroller General of the United States and the State Controller's Minimum Audit Requirements for California Special Districts.
2. Evaluate the adequacy of the internal control system and, where weaknesses are noted, make appropriate recommendations for improvements. Submit a written management letter which communicates suggested improvements in the Agency's financial operations, and any deficiencies in internal controls that need to be addressed by Agency.
3. Inform the Agency of new guidance and developments that may affect water and/or wastewater district accounting and finance.
4. Provide financial advice and counsel on significant matters occurring throughout the year that would affect the annual reports and sound accounting practices.
5. Review the Agency's status with regards to guidelines and requirements of the Single Audit Act. If necessary, be available to perform a single audit.
6. Prepare the Special District Financial Transaction Report to the State Controller's Office as required under California Government Code section 53891.

7. Provide five copies of the auditor's report, financial statements, supporting schedules, and management letters by January 31, 2020. The partner in charge and/or manager will be available to attend an Administrative/Finance Committee meeting as well as the Board of Directors' meeting.
8. Retain all working papers, at the firm's expense, for a minimum of seven years, or longer, if required to do so.

Thank you for the opportunity to present our qualifications to provide professional independent auditing services to the Upper Ventura River Groundwater Agency. The enclosed statement of qualification includes sections outlining our experience/qualifications, the experience and availability of proposed staff, and our audit approach.

Our commitment to quality and timely service, our locally available range of services, and our depth of industry experience are unique and make our firm the best choice for the Upper Ventura River Groundwater Agency.

Very truly yours,

BARTLETT, PRINGLE & WOLF, LLP
Certified Public Accountants and Consultants



Danna D. McGrew, CPA
Partner

DDM/jf
Enclosures

Contact Information:

Danna D. McGrew
Bartlett, Pringle & Wolf, LLP
1123 Chapala Street
Santa Barbara, CA 93101
Phone: 805-963-7811
Fax: 805-564-2103
dmcgrew@bpw.com

UPPER VENTURA RIVER GROUNDWATER AGENCY

I. FIRM QUALIFICATIONS

BPW is a 70-person, full service local accounting and consulting firm, including six partners, located in Santa Barbara. The firm has been in business for over 60 years, our experienced professionals provide a range of sophisticated accounting, audit, tax and other business advisory services to publicly traded and private companies. BPW currently serves as auditors and consultants for various organizations that provide a wide range of services. Approximately 55% of the firm's audit practice is nonprofit and government. We bring a great deal of technical expertise to each of our engagements, using a team of experienced professionals able to work efficiently and effectively with our clients.

BPW is a member of the Private Companies Practice Section of the American Institute of CPAs Division of Firms. As part of the membership requirements of the Division of Firms, the firm undergoes a peer review of our accounting and auditing practice quality control system every three years. Enclosed please find a copy of our last review report. The peer review included audits performed in accordance with Governmental Auditing Standards and Circular A-133, "Audits of State, Local Governments and Nonprofit Organizations". We are proud to report that we have not received any findings or a letter of comments as a result of our peer reviews over a twelve year period, less than 10% of CPA firms receive such an accolade.

BPW subscribes to the accounting and audit literature that is provided by the American Institute of Certified Public Accountants, Financial Accounting Standards Board and Governmental Accounting Standards Board, including new pronouncements, statements of position, exposure drafts, other authoritative literature, and the audit and accounting guides. Members of our professional staff attend various annual AICPA national conferences.

BPW is a member of the RSM Network, a nationwide affiliation of independent accounting and consulting firms. The RSM Network's mission is to provide services and resources to its member firms that will help them further meet the needs of their clients. As a member of the RSM Network, we have the ability to access a wide variety of comprehensive resources to satisfy any type of public sector entity.

The core team we propose to conduct the audit will serve the District on a full-time basis until completion of the engagement, and will be comprised of professionals, including an engagement partner, concurring review audit partner, and audit manager. In addition, we will utilize audit staff with CPA candidates as needed to supplement the core team.

Our clients have found that our experienced staff has the ability to recognize and deliver tailored services for every entity.

UPPER VENTURA RIVER GROUNDWATER AGENCY

As you are well aware, BPW does much more than just audits. BPW has experienced professionals who provide consulting services for many of our governmental clients including assistance in budgeting, operational and performance auditing, debt coverage ratio calculations, and other services.

BPW is prepared to help answer any questions you and your staff may have about your daily operations. Many times throughout the year questions arise concerning debt issuance, revenue bond compliance, accounting procedures, budgeting, local government operations, and other matters. We believe that you will find it reassuring to have experienced professionals at BPW to seek advice whenever needed.

II. PARTNER, SUPERVISOR AND STAFF QUALIFICATIONS AND EXPERIENCE

We bring a great deal of technical expertise to our Special District Clients. Our firm is an active member of the American Institute of Certified Public Accountants (AICPA), California Society of CPAs, and the California Special District Association (CSDA).

The following is a brief resume of the engagement partner, concurring partner and manager directly responsible for your engagement. Our Special District team includes nine staff members who have met the governmental educational requirement for providing governmental audits. In addition to the partners and manager listed below, we anticipate assigning staff accountants with varying levels of experience to your engagement. It is anticipated that the team would remain consistent over the term of the contract. We would obtain the Agency's approval prior to making any changes to supervisory level personnel assigned to your engagement.

Danna McGrew, CPA

Engagement Partner

Danna McGrew is a CPA with over 25 years of experience in coordinating, managing and executing audits. She has been involved in all aspects of financial statement reporting, specializing in governmental and regulatory audits. She annually attends National AICPA Governmental and Nonprofit Training Conferences, the RSM McGladrey National Alliance Forum, California Special District Annual Conferences, as well as other relevant governmental accounting seminars. She was awarded the *Meritorious Award of Accountant of the Year* by the CSDA. She consults frequently with national experts in both governmental and nonprofit accounting through BPW's affiliation with the RSM Alliance. Danna McGrew would have responsibility for the conduct of the engagement, and directly supervise accountants working on the job.

UPPER VENTURA RIVER GROUNDWATER AGENCY

John Britton, CPA

Partner in Charge of Audit and Accounting

John Britton has over 25 years of audit and accounting experience and would also have responsibility for the engagement. John would perform the overall review of the reports. He has extensive experience in both Financial and Governmental/Non Profit accounting and reporting. John is the partner in charge of BPW's audit and accounting practice. He strongly believes in the benefits of ongoing financial training and coaching for both clients and staff in order to foster continuing improvements in processes and operations.

Jason Atyabi, CPA

Engagement Manager

Jason received his Bachelors of Science in Accountancy from California State University at Northridge and graduated summa cum laude. He started his career with KPMG where he spent over 6 years planning, executing, and managing audits across several industries. He then spent many years in the private sector helping lead accounting departments for both technology startups and publicly traded companies across the Central Coast and applies this varied experience into public accounting.

Training

Our professional personnel are provided with current and relevant training, which is designed to keep them abreast of the ever-changing environment in which we practice. We conduct formal training programs covering current technical developments in the governmental accounting and auditing fields. While professional standards require at least 40 hours of continuing professional education per year, your team members usually receive significantly more through a combination of local in-house training and outside programs offered by organizations, such as the California Society of Certified Public Accountants. In addition, all of the Public Sector team receives at least 24 hours every 2 years in continuing professional education (CPE) meeting the "Yellow Book" requirements. Due to our expertise and large clientele, our audit team has received extensive training and work experience in governmental accounting and grant compliance audits. On our audits, team members assigned are all auditing specialists, that is, performing audits is all they do, and should any questions regarding tax law arise, they will be addressed by qualified members of our tax team who also spend full time in their specialization.

Management Information Systems (MIS)

Our MIS department comprises an important part of our practice. The MIS department staff includes computer consultants who spend most of their time assisting clients in evaluating hardware and software needs and in solving computer related problems. We presently support Microsoft Business Solutions and Great Plains accounting software as licensed representatives.

UPPER VENTURA RIVER GROUNDWATER AGENCY

BPW utilizes Microsoft Office Products such as Word and Excel as well as a sophisticated paperless audit software program ProSystem FX.

III. AUDIT METHODOLOGY

We have expertise in conducting audits in accordance with Auditing Standards Generally Accepted in the United States of America as adopted by the American Institute of Certified Public Accountants (AICPA), the provisions of the AICPA *Audits of State and Local Governmental Units and the AICPA Audits of States, Local Government, and Not-For-Profit Organizations Receiving Federal Awards*, the financial, compliance, and internal control requirements prescribed by *Government Auditing Standards*, the Single Audit Act, the OMB's Compliance Supplement and other applicable Circulars issued by OMB. Our audit will include examination of compliance with policies and procedures established by the Agency applicable state and federal laws and regulations.

Audit Requirements

The audit will be performed in accordance with auditing standards generally accepted in the United States of America. These are the standards set forth in the professional standards promulgated by the American Institute of Certified Public Accountants. The audit of the financial statements will also be performed in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and the U.S. General Accounting Office. This publication, also known as the "Yellow Book", provides additional standards for financial and compliance audits and for performance audits of governmental entities.

The Governmental Accounting Standards Board (GASB) sets the accounting and financial reporting standards for the state and local government sector. GASB standards are incorporated into the Government Finance Officers Association's *Governmental Accounting, Auditing and Financial Reporting* manual.

When conducting an audit engagement, an independent auditor is responsible for compliance with auditing standards generally accepted in the United States of America as approved and adopted by the membership of the American Institute of Certified Public Accountants. These standards relate to the measures of the quality and objectives of the procedures performed in the audit process.

Audits performed by BPW will comply with all of the above requirements.

UPPER VENTURA RIVER GROUNDWATER AGENCY

Audit Process

Audit planning and interim audit procedures begin one or two months before closing. Then once the closing of the books is complete, we will begin the fieldwork portion of the audit, using our audit team. During this phase of the audit, we will place our emphasis on the testing of account balances and the propriety of the report and supporting schedules, as well as completing any remaining interim projects.

Prior to the conclusion of our audit, we will conduct a conference with staff and/or audit committee to go over the draft of the report and the draft of the management letter. We believe this conference allows proper input from the staff and board members regarding the report, prior to the report being issued in final form.

Planning

During this phase, we will develop our audit program which includes report disclosure checklists, critical audit areas, confirmation requirements, preliminary analytical review, materiality levels, and our preliminary assessment of control risk and fraud risk. We will present to the Agency a listing of preparatory data we will need for the audit and an internal control questionnaire to be completed.

Audit programs are developed in all areas included in the audit and are tailored to meet the specific needs and requirements of the Agency.

During the planning phase we will review new laws and regulations issued to determine the impact on the audit work to be performed.

Fieldwork

The Agency is expected to prepare all schedules requested by BPW showing details of account balances, prepare audit confirmations, pull all requested invoices and supporting information, answer an internal control questionnaire and be available during the audit to answer questions. All requested items should be ready on the first day of interim and audit fieldwork or otherwise as agreed to in the planning meeting.

Our procedures during this phase of the audit will include tests of documentary evidence supporting the transactions recorded in the accounts, as well as direct confirmation of receivables and certain other assets and liabilities by correspondence with selected creditors and banks. We will also perform analytical procedures to balance sheet, revenue and expense accounts.

UPPER VENTURA RIVER GROUNDWATER AGENCY

The sample size will be determined based on the sampling approach used and the nature of the population. The engagement team will determine if statistical monetary sampling or nonstatistical audit sampling is more efficient and effective. The engagement team will consider items such as assessed risk of material misstatement, characteristics of the population, the established materiality limit and tolerable misstatements of the engagement and required degree of assurance from the sample being tested. A statistical monetary sample will be used in all cases where set-up time and sample selection time will be more efficient than selecting and testing a nonstatistical sample.

BPW will evaluate the Agency's system of internal control to assess the extent it can be relied upon to ensure accurate information, to ensure compliance with laws and regulations, and to provide for efficient and effective operations. Our evaluation will include:

1. Review of the system, which is primarily the process of obtaining information about the organization and the procedures prescribed and is intended to serve as the basis for tests of compliance and for evaluation of the system.
2. Conduct tests of compliance, which are made to provide reasonable assurance that the accounting control procedures are being applied as prescribed.

Data Processing Review

A review is to be made to compare the calculating operations of the computer with the desired results by tests of transactions. A review of controls used in the computer center to assure protection of files and prevention of processing errors and a review of the data processing operation shall also be made.

Audit Completion

During the course of the audit, we will develop recommendations and suggestions on various items which we believe could enhance internal controls, processes and/or procedures. These items will be presented to the Agency in a management letter.

We will discuss these items and the audit adjustments with appropriate personnel and officials during audit fieldwork and prior to the issuance of the final audited financial statements. Management can, at their discretion, add their responses to the comments in the body of the management letter as well.

UPPER VENTURA RIVER GROUNDWATER AGENCY

We will issue a draft report and management letter, as well as meet with appropriate personnel to review the report in detail. Upon the approval of the draft report, we will issue the final reports to the Agency. We will be available for the presentation of the audit report to the Audit Committee and Board of Directors of the Agency.

Throughout the engagement, we will keep the Agency personnel updated on the status of the audit on a weekly basis or more frequently, if necessary. An exit conference with management will be held at the conclusion of the audit fieldwork.

Identification of Anticipated Potential Audit Problems

Any problems encountered will be discussed immediately with the Agency's management to allow them time to resolve the issues. We will provide assistance to the Agency in order to resolve the audit problem. Assistance may include consultations with the management team or Board as well as possible recommendations for additional work/services to be performed by the Agency or audit team, as agreed to by both parties.

IV. INDEPENDENCE

BPW is independent of the Agency defined by the American Institute of Certified Public Accountants (AICPA) auditing standards generally accepted in the United States of America, and Government Auditing Standards issued by the Comptroller General of the United States. We have had no professional relationships involving the Agency for the past five years.

V. LICENSE TO PRACTICE

BPW is properly licensed in the State of California for public practice. Our professionals are licensed to practice as a certified public accountant in the State of California.

VI. REVIEWS

There has been no regulatory action taken by any oversight body against the Firm.

VII. PEER REVIEW

Our peer review was conducted by HKG, LLP, a national CPA firm. After thorough study of our policies and procedures, the reviewers concluded that our firm complies with the stringent quality control standards established by the AICPA. Our firm is committed to periodic peer reviews to foster quality performance.

UPPER VENTURA RIVER GROUNDWATER AGENCY

VIII. AUDIT FEES

Our audit fees for the audit are based upon the value of services performed and time required by individuals assigned to the engagement. We propose that our fees for the 2019, 2020 and 2021 audits are as follows:

Service	2019	2020	2021
UVRGA Audit and Related Reports	\$9,500	\$9,500	\$9,500
Single Audit and Related Reports, if required	\$3,500	\$3,500	\$3,500
GSA State Controller's Report	\$500	\$500	\$500
Total for Fiscal Year (not to exceed) without Single Audit fees	\$10,000	\$10,000	\$10,000
Total for Fiscal Year (not to exceed) with Single Audit fees	\$13,500	\$13,500	\$13,500

Bartlett, Pringle & Wolf, LLP Rate Schedule as of
July 1, 2019

	Hourly Rate Ranges
Administration	\$ 60 - \$ 100
Staff	\$ 60 - \$ 190
Supervisors and Manager	\$ 160 - \$ 285
Partners	\$ 325 - \$ 415

Rates subject to change.

UPPER VENTURA RIVER GROUNDWATER AGENCY

IX. References (Similar Engagements with Other Government Entities)

The following are references from clients to which we are currently providing audit and consulting services. Additional references for both Governmental and For Profit clients are available upon request. Danna McGrew has served as engagement partner for each of the engagements, with John Britton as concurring partner.

Montecito Sanitary District

1042 Monte Cristo Lane
Santa Barbara, CA 93108
Office Manager – Toni McDonald
General Manager – Diane Gabriel
805-963-9532

Santa Ynez Water District

3622 Sagunto Street
Santa Ynez, CA 93460
General Manager – Chris Dahlstrom
Office Manager – Mary Martone
805-688-6015

Goleta West Sanitary District

PO Box 4
Goleta, CA 93116
General Manager – Mark Nation
Office Manager – Diane Powers
805-968-2617

Cachuma Operation and Maintenance Board

3301 Laurel Canyon Road
Santa Barbara, CA 93105
Administration Manager - Janet Gingras
805-687-4011

Cachuma Conservation Release Board

PO Box 3767
Santa Barbara, CA 93105
Executive Director – Peter Cantle
Bookkeeper - Antoinette Crawford
805-844-5334

Ventura River Water District

409 Old Baldwin Road
Ojai, CA 93023
General Manager – Bert Rapp
Accounting Manager – Amy Joy Bakken
805-646-3403

Report on the Firm's System of Quality Control

March 27, 2017

To the Owner of
Bartlett Pringle & Wolf LLP
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Bartlett Pringle & Wolf LLP (the firm) in effect for the year ended September 30, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included an engagement performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act, and an audits of employee benefit plans.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Bartlett Pringle & Wolf LLP in effect for the year ended September 30, 2016, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. Bartlett Pringle & Wolf LLP has received a peer review rating of pass.



HKG, LLP
Arcadia, CA

Proposal for Professional Audit Services

UPPER VENTURA RIVER GROUNDWATER AGENCY

Submitted by:
Roger A. Martinez
Partner, Audit Practice Leader
655 N. Central Avenue, Suite 1550
Glendale, CA 91203
Tel: (213) 873-1703
Fax: (213) 873-1777
Email: ram@vasquezcpa.com

September 6, 2019



Table of Contents

Transmittal Letter	1
Firm Qualifications and Experience	4
Partner, Supervisory and Staff Qualifications and Experience	8
Similar Engagements with Other Special District Water Agencies	14
Cost Proposal.....	15
Identification of Potential Audit Problems	17
License to Practice in California.....	18
Independence Statement.....	18
Peer Review Report.....	19
Status of Disciplinary Actions.....	20
Working Paper Retention Policy	20

Transmittal Letter

September 6, 2019

Ms. Karen Palm
Treasurer
Upper Ventura River Groundwater Agency
c/o Meiners Oaks Water Agency
202 W. El Roblar Drive
Ojai, CA 93023

RE: Request for Proposal for Professional Auditing Services

Vasquez & Company LLP ("Vasquez") is pleased to submit our proposal to provide professional auditing services to the Upper Ventura River Groundwater Agency (the "Agency"), for the year ending June 30, 2019, with the option auditing its financial statements for each of the two (2) subsequent fiscal years. Our experience in serving governmental entities, particularly water agencies and joint powers authorities, and our hands-on commitment to superior service, integrity, and knowledge make us particularly qualified to provide the professional services requested by the Agency.

Below are the reasons why we believe Vasquez is the best choice to serve the Agency:

Experienced Leaders:

- Roger Martinez, Vasquez Audit Practice Leader and former KPMG department of professional practice partner dealing with audit, accounting, and risk management issues at a national level will lead our delivery of service to the Agency.
- Cristy Canieda, Vasquez Government Practice Leader and former PwC audit manager, will act as the quality control partner. She will be the professional standards reviewer of reports issued and will work closely with the Lead Partner in reviewing and evaluating the fieldwork.
- Michelle De Guzman, Vasquez IT Risk and Advisory Services Practice Leader, former PwC Information Risk Management Practice Manager, will oversee our evaluation and testing of Agency IT systems.
- Our water team has served water agencies such as the Metropolitan Water District of Southern California, Needles Public Utility Authority, San Gabriel Basin Water Quality Authority among others.

National Resources:

- As part of the RSM US Alliance, we have access to the resources, tools, and expertise of RSM US LLP (the fifth largest accounting firm in the United States).

Anticipating Your Needs:

- Our professionals, with extensive experience in performing financial and compliance audits of local municipalities and other public agencies in California, will bring an unbiased, fresh perspective to Agency's systems, operations, and practices.
- Our experience will allow us to assess your risk and compare your existing policies and practices to those used by other efficient, reputable agencies. We will focus on the critical areas of your operations.

- Our services include a review of your Information Technology (IT) general controls and, depending on your use of IT, testing of one or more application controls. This review provides management and the governing body assurance concerning IT matters such as access to your IT systems, controls over unauthorized changes to your programs and data, adequacy of data back-up procedures and systems, disaster recovery procedures, and physical security, to name a few. Our IT services are overseen by a partner with more than 20 years of experience with IT auditing and the highly sensitive and regulatory bank IT controls environment.

Communication with Agency:

- We will hold regularly scheduled status meetings to keep you abreast of our progress.
- We will provide you meaningful status reports.
- We will take a proactive approach to develop effective solutions to identified challenges.
- Team members, including the engagement partner and quality control partner, will be available to you on a year-around basis.

Addressing Critical Accounting Matters:

Recognizing that your interests are best served by highly qualified, knowledgeable, and trained accountants and auditors, we offer our staff and our clients:

- Frequent training in current technical matters and subjects of importance to the finance, accounting, and auditing aspects of local governments such as new GASB and SAS requirements.
- Specifics of Federal and State of California regulations as they pertain to local government accounting, reporting, and compliance.

Timeliness:

- We understand and appreciate the importance of adhering to agreed-upon timelines and meeting deadlines.
- We structure our audit approach to recognize issues early, plan for the orderly completion of our work, and avoid end-of-the-audit surprises. As such, we commit to perform the work within the required time frame.

New GASB Pronouncement Experience:

- Our team has assisted our clients in the adoption of the applicable Governmental Accounting Standards Board (GASB) statements.
- Our firm assists clients in assessing their readiness to implement the new standards as well as guiding them through the actual implementation.

Providing an Effective and Efficient Audit:

- We utilize computer-assisted audit techniques, and specifically IDEA data analytics software, to analyze the entire population of Agency disbursements, selecting for further investigation those transactions that appear to be unusual, unexpected or otherwise aberrations from the norm. This

approach provides additional assurance as to the propriety of transactions throughout the disbursements universe, which is superior to relying on sampling methodologies and overall financial statement analysis.

- Our risk-based approach, our high caliber management team, and our experienced staff ensures that critical issues are not overlooked, but instead are promptly identified, communicated to you and resolved to the Agency's satisfaction.

Vasquez is committed to providing the Agency with the highest level of customer service. We trust that you will find Vasquez well qualified to provide the Agency with professional auditing services.

VASQUEZ & COMPANY LLP



Roger A. Martinez
Partner
Audit Practice Leader
801 S. Grand Avenue, Suite 400
Los Angeles, CA 90017-4646
Tel: 213-873-1703
Fax: 213-873-1777
Email: ram@vasquezcpa.com

Firm Qualifications and Experience

Vasquez is a full-service Certified Public Accounting firm comprised of over 70 professionals and administrators. Founded in 1969, the firm has over 45 years of experience in performing financial and compliance audits for all types of governmental entities, nonprofit organizations, privately held and publicly traded companies through our three offices located in Sacramento, San Diego, and Los Angeles. As a regional firm with former 'Big Four' partners and manager, we can offer superior service characterized by timely, personalized attention. Our professionals deliver innovative yet practical solutions that help clients gain competitive advantage. The following represents a partial list of benefits that would be available to the Agency as a client of the firm:

- Specialty and expertise in the water industry
- Knowledge of Government "best practices."
- Extensive partner involvement
- Practical information about current trends
- Routine consultation throughout the year
- Cutting-edge technology utilized to minimize audits costs to you
- Quality assurance built into all aspects of the engagement, from staffing to planning, execution, and reporting

Independence

Vasquez meets the independence requirements of the auditing standards generally accepted in the United States of America and the *Government Auditing Standards*, 2011 revision, published by the United States General Accounting Office ("Yellow Book") as it relates to the Agency.

Government Practice Group

Vasquez is comprised primarily of personnel who left the prestigious "Big Four" international accounting firms to focus on their chosen industry – primarily government and nonprofit – and work with greater autonomy in a progressive, nimble and client-centric environment. The Vasquez leadership consists of nine (9) partner/directors, each of who previously worked with one or more of the Big Four – KPMG, PwC, EY, and Deloitte. This experience ensures a firm emphasis on quality, innovation, performance standards, opportunity, discipline, and professional growth.

Since its inception, Vasquez has been primarily focused on serving governmental entities. Government easily comprises the largest portion of all industries we serve today.

National Resources



Vasquez is an integral part of the RSM US Alliance, a premier affiliation of independent accounting and consulting firms in the United States, with more than 75 members in over 38 states, the Cayman Islands and Puerto Rico. This affiliation gives us access to a full range of national and international capabilities. As a member of the RSM US Alliance, Vasquez has access to the resources and services RSM provides its clients. We accepted an invitation to become a member of the RSM US Alliance because it is a natural fit with our commitment to our clients and our determination to stay at the forefront of developments affecting accounting and consulting firms today.

RSM US Alliance provides its members with access to resources of RSM US LLP (formerly known as RSM US LLP), the leading provider of audit, tax and consulting services focused on the middle market, with more than 8,000 people in 80 offices nationwide. RSM US LLP (RSM) is a licensed CPA firm and the U.S. member of RSM International, a global network of independent audit, tax and consulting firms with more than 37,500 people over 110 countries. RSM US Alliance member firms are separate and independent businesses and

legal entities that are responsible for their acts and omissions, and each is separate and independent from RSM.

Government Accounting Standards Board (GASB)

The Agency needs to stay informed of industry developments, and upcoming pronouncements are often challenged by the need to run your operations. Vasquez government leaders regularly communicate with local practice offices on important trends and developments affecting the public sector to ensure our client service personnel are well versed on issued affecting you.

As a member of the RSM US Alliance, Vasquez personnel are routinely updated through RSM US's formal and informal relationships with the officials of most key federal departments. They have participated as an advisor to the President's Council on Integrity and Efficiency through the Quality of Audit Roundtable. They also maintain relationships with officials in the Office of Inspector General of many federal departments and agencies, as well as close working relationships with key officials within GAO and OMB.

Also, our team is well versed in GASB pronouncements, Auditing Standards Generally Accepted in the United States (GAAS), as well as Generally Accepted Government Auditing Standards (GAGAS), including standards that have been issued but not yet implemented, and those being proposed by the standard-setting bodies.

Pronouncements Issued But Not Yet Adopted

The GASB has issued pronouncements that have effective dates on or after June 30, 2018, which may impact future financial presentations. We will be pleased to help the Agency implement the Statements that have been issued, but not yet implemented and to discuss what, if any, impact implementation of the statements may have on the financial statements of the Agency.

Recognizing that your interests are best served by highly qualified, knowledgeable and trained accountants and auditors, we offer our staff and our client's frequent training in current technical matters and subjects of importance to the finance, accounting and auditing aspects of local governments. We will provide the Agency a minimum of eight (8) hours of continuing professional education annually, and will also invite you to our annual Governmental Update Conference. As your accounting and business advisor, we embrace a forward-thinking approach on upcoming accounting pronouncements and will work with the Agency to facilitate timely implementation. We provide guidance and training to your personnel on the implementation of new GASB and SAS requirements and specifics of Federal and State of California regulations as they pertain to local government accounting early so that the Agency personnel will be able to provide the necessary information that will allow for an efficient and cost-effective audit.

Quality Control

Vasquez has an extensive quality control program designed to monitor compliance with the audit and accounting professional standards and firm policies. Our client service approach requires the active involvement of experienced partners and managers in the audit process to make sure that critical issues are identified and resolved on a timely basis. Every audit engagement requires the following supervisory reviews:

- In-charge auditor review.
- Comprehensive review by the audit manager.
- Engagement partner review.
- Report review by a designated Yellow Book specialist partner (if applicable).

Performance Monitoring and Assessment

The objective of the engagement performance element of our quality control is to provide reasonable assurance that:

- Engagements are consistently performed in accordance with applicable professional standards and regulatory and legal requirements.
- Issued reports are appropriate in the circumstances.

Policies and procedures for engagement performance address all phases of the design and execution of the engagement, including engagement performance, supervision responsibilities, and review responsibilities. Policies and procedures require that consultation takes place when appropriate. Also, our firm has established criteria against which all engagements are to be evaluated to determine whether an engagement quality control review should be performed.

We satisfy the above objectives by establishing and maintaining the following policies and procedures:

- Planning for engagements meets professional, regulatory, and firm requirements.
- Qualified engagement team members review work performed by other team members on a timely basis.
- The firm has criteria for determining whether an engagement quality control review should be performed; evaluates all engagements against the criteria; performs an engagement quality control review for all engagements that meet the criteria; and completes the review before the report is released.
- The firm establishes procedures addressing the nature, timing, extent, and documentation of the engagement quality control review.
- The firm establishes criteria for the eligibility of engagement quality control reviewers.
- The firm requires that consultation take place when appropriate; that sufficient and appropriate resources are available to enable appropriate consultation to take place; that all the relevant facts known to the engagement team are provided to those consulted; that the nature, scope, and conclusions of such consultations are documented; and that conclusions resulting from such consultations are implemented.
- Management follow-up procedure internally called "Voice of the Client" to set the tone of "how we did" and "where can we improve."

Management Letter Comments

Vasquez makes value-added management letter comments a high priority. Our clients have realized many benefits, including improved operational efficiencies, security and proactive prevention of potential future audit issues. Value-added recommendations to strengthen the administration and internal controls through meaningful management letter comments that meet AICPA standards are provided to all our audit clients at no additional cost.

Our management letter comments are issued in the form of a report and presented as part of the exit conference. During the exit conference, we will list the current year's comment(s) and management's response(s). We will also review the prior year's management comments and advise on the status of the implementation of recommendations.

List of Municipal Clients

The Vasquez team has performed over 20,000 financial and compliance audits. Our audits are performed in accordance with auditing standards generally accepted in the United States, Government Auditing Standards, OMB Super Circular, and the Office of the State Controller's Minimum Audit Requirements and Reporting Guidelines for California Special Agencies (when applicable). These audits include risk assessments performed pursuant to a structured approach based on the standards set forth in the COSO Principles. Following is a representative list of clients served by the Vasquez team:

Clients
Encina Wastewater Authority
Municipal Water Agency of Orange County
Metropolitan Water Agency of Southern California
San Gabriel Basin Water Quality Authority
Hidden Valley Municipal Water District
Upper San Gabriel Valley Municipal Water Agency
Water Replenishment Agency of Southern California
Needles Public Utility Authority
Anaheim Public Utilities
Mesa Consolidated Water Agency
Valley County Water Agency
Walnut Valley Water Agency
Los Angeles Department of Water and Power
City of Agoura Hills
City of Azusa
City of Baldwin Park
City of Bell
City of Bell Gardens
City of Beverly Hills
City of Calabasas
City of Carson
City of Commerce
City of Compton
City of Cudahy
City of Culver City
City of El Monte
City of Gardena
City of Hawthorne
City of Hidden Hills
City of Huntington Park
City of Industry
City of Inglewood
City of Irwindale
City of La Puente
City of Lawndale
City of Lynwood

Clients
City of Long Beach
City of Malibu
City of Maywood
City of Montebello
City of Monterey Park
City of Moreno Valley
City of Malibu
City of Norwalk
City of Pico Rivera
City of Pomona
City of Rosemead
City of San Fernando
City of Santa Fe Springs
City of Santa Monica
City of South El Monte
City of South Gate
City of Vernon
City of Walnut
City of West Hollywood
City of Westlake Village
Los Angeles County Metropolitan Transportation Authority
San Gabriel Valley Council of Governments
Southern California Association of Governments
Alameda Corridor East Construction Authority
Alameda Corridor Transportation Authority
Antelope Valley Transit Authority
SunLine Transit Agency
San Joaquin Regional Transit Agency
Plumas County Transportation Commission
Southern California Regional Rail Authority

Partner, Supervisory and Staff Qualifications and Experience

Our team structure, staffing, service approach, communication, and coordination are refined to fit the unique needs of the Agency. We staff our engagements with individuals focused on a dedicated industry because of their desire to make a positive impact with their careers, resulting in continuity of the team members you work with year after year.

Our expertise in the government-industry allows our team to understand the nuances of your specific business and translate that knowledge into better solutions, faster responses to your questions and a more comfortable (and valuable) working relationship overall.

We devote significant time to training and research activities to understand the economics, operations, and trends affecting local government. Our perspective is that of a knowledgeable independent auditor who can relate to the unique aspects of the Agency. This perspective enables us to provide efficient and cost-effective audit services for our clients.

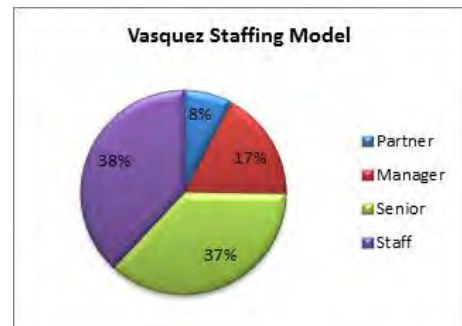
You should note that the audit team we are proposing for the Agency assignment has experience with other entities similar to yours. The advantage to the Agency is the confidence you will have in knowing you will be served by partners, managers, and staff with direct experience with your operations, systems, and personnel.

Partner Involvement

Our structure ensures that senior engagement team members are able to spend time on-site, checking the quality of our work, not just verifying we are on target to meet deadlines. Our senior engagement team members are responsible for ensuring the delivery of quality work. Our senior members will engage in regularly scheduled meetings with you to answer questions, provide guidance, and help ensure issues are identified and resolved promptly. With our partners on-site, informal meetings can more readily occur, and issues get resolved in front of your desk rather than behind ours.

Vasquez has built its reputation on close partner involvement and maintaining strong client relationships. The ultimate success of our client relationships is largely attributable to one key component – our people. We have structured our engagement team with extensive partner involvement. You will find our average partner-to-staff leverage ratio is higher than most other firms. Our budgeted hours include higher partner involvement than what you may have experienced in years past.

Beyond partner leadership and support, an audit is only as good as the people doing the bulk of the work on a day-to-day basis. We are committed to providing a staff resource pool that embodies the attributes that you expect of your auditor, including technical expertise in GASB, knowledge of the government and private industries, and softer skills such as respect, empathy, and timely response to questions. Each team member that we have allocated to serve the Agency brings relevant experience and receives industry training through our Continuing Professional Education program.



Continuing Professional Education Program

To ensure that our professional staff remains up to date on the latest audit and accounting developments, and to meet the requirements for maintaining active licensure in good standing, we see to it that our professional staff receives the required number of CPE hours within the established period. Vasquez also conducts in-house seminars for the professional staff. Our team is held to a high standard of quality; we offer the following CPE Programs for our staff:

- Continuing Education courses provided by the American Institute of Certified Public Accountants (AICPA), which the firm sponsors live and in-house for its staff and clients conducted by highly qualified professionals from the AICPA and the California CPA Education Foundation.
- Attendance at conferences and seminars related to government accounting sponsored by:
 - Government Finance Officers Association
 - Association of Local Government Auditors
 - California Society of Municipal Finance Officers
 - RSM US Alliance

Engagement Team

Team Member	Role
Roger A. Martinez Lead Partner	Roger Martinez, Vasquez Audit Practice Leader and former KPMG national office of professional practice partner dealing with complex audit, accounting and risk management issues at a national level will be responsible for planning and directing our services to the Agency. He will develop our audit strategy, provide on-site direction to our team, work closely with Agency management, and will be available throughout the year to ensure proactive issue identification and service delivery.
Cristy Canieda Quality Control Partner	Cristy Canieda, Vasquez Government Practice Leader and former PwC manager, with over twenty (20) years of public accounting experience will have the responsibility of technical reviewer for the Agency engagement.
Michelle De Guzman IT Principal	Michelle De Guzman, Vasquez Information Technology Practice Leader and former PwC Information Risk Management Practice Manager with over twenty (20) years of public accounting consulting and corporate management in the areas of information systems audit/assurance will oversee our audit procedures as they pertain to the Agency's financial systems and the Information Technology.
Jay Toledo Manager	Jay Toledo, Vasquez Manager with over ten (10) years of public accounting and auditing experience, will work closely with Vasquez management in planning and coordinating for the Agency engagement. He will perform audit fieldwork procedures and report preparation as well as guide audit staff in the field.



ROGER A. MARTINEZ, CPA

Lead Partner

Vasquez & Company LLP
655 N. Central Avenue, Suite 1550
Glendale, CA 91203
Tel: 213-873-1703
Email: ram@vasquezcpa.com

Areas of Expertise

Roger's areas of expertise include overseeing all aspects of financial and compliance audits including internal control reviews and Single Audits performed in accordance with Office of Management and Budget Federal regulations entitled "*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200*" (the Uniform Guidance), program specific audits, financial statement reviews and forecasts and projections to government agencies.

Representation of Experience

- Arizona Water Company
- City of Needles Public Utility Authority
- City of Vernon Light and Power
- Encina Wastewater Authority
- Los Angeles Department of Water and Power
- Metropolitan Water District of Southern California
- Pacific Gas & Electric
- San Diego Gas & Electric Company
- San Gabriel Valley Water Company
- Southern California Edison Company
- Upper San Gabriel Valley Municipal Water District
- Water Replenishment District of Southern California

Professional Background and Affiliations

Roger has provided professional audit and consulting services to some of the largest and most complex governmental or regulated entities in California, including Los Angeles Department of Water and Power, Metropolitan Water District, Imperial Irrigation District, Pacific Gas and Electric, City of Long Beach, Los Angeles Unified School District, and the California State University System. He has also served as a quality technical reviewer of utilities at a national level.

Educational Background

Roger received his Bachelor of Arts, Major in Economics and Minor in Accounting from UCLA. He remains current on accounting matters by attending conferences and continuing education courses which are heavily focused on subjects applicable to governmental accounting and financial reporting, as well as federal and state regulatory matters and auditing requirements. He maintains compliance with the continuing education requirements of the AICPA and the California Board of Accountancy.



CRISTY A. CANIEDA, CPA, CGMA

Partner

Vasquez & Company LLP
655 N. Central Avenue, Suite 1550
Glendale, CA 91203
Tel: 213-873-1720
Email: ccanieda@vasquezcpa.com

Areas of Expertise

Cristy's areas of expertise include overseeing all aspects of financial and compliance audits including internal control reviews and Single Audits performed in accordance with Office of Management and Budget Federal regulations entitled "*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200*" (the Uniform Guidance), program specific audits, financial statement reviews, forecasts and projections to government agencies; preparation of comprehensive annual financial reports, State Controller's reports.

Prior Experience

- Water Replenishment District of Southern California
- WaterReuse Finance Authority
- Central Basin Municipal Water District
- City of Vernon Light & Power
- La Habra Heights Water District
- Rancho California Water District
- La Puente Valley County Water District
- Orange County Water District
- Jurupa Community Special District
- Coachella Valley Association of Governments

Professional Background and Affiliations

Cristy's professional background includes Diehl, Evans & Company and Audit Manager and Manager, Tech. Standards and Continuing Education with PricewaterhouseCoopers. She is a Certified Public Accountant licensed to practice in the State of California.

Educational Background

Cristy received her Bachelor of Science in Accountancy and Associate in Government Auditing from Enverga University and her Master's in Business Administration from Ateneo Graduate School of Business. She remains current on accounting matters by attending conferences and continuing education courses which are heavily focused on subjects applicable to governmental accounting and financial reporting, as well as federal and state regulatory matters and auditing requirements. She maintains compliance with the continuing education requirements of the AICPA and the California Board of Accountancy.



MICHELLE DE GUZMAN, CISA, CISM

IT Principal

Vasquez & Company LLP
655 N Central Avenue, Suite 1550
Glendale, CA 91203
Tel: 213-873-1700 x 319
Email: mdeguzman@vasquezcpa.com

Area of Expertise

Michelle's practice is focused on planning, design and performance of IT Enabled Business Transformation; Global & Regional Project/Program Management; Business Process and Systems Management/Optimization; Shared Services, Business Process Outsourcing; Strategic Financial Planning, Analysis and Reporting; Activity-Based Management; Information Security; IT Governance, Risk and Compliance; Sarbanes – Oxley (SOX) 404; IT Audit and Controls; Operational Excellence; ERP Security and Controls; ERP Materials Management; Enterprise Information Architecture; Master Data Management; Business Intelligence; Resolution and Incident Management; Performance Metrics; Global & Regional Team Development & Management

Representation of Experience

- City of Baldwin Park
- City of El Monte
- City of Montebello
- City of Moreno Valley
- City of Simi Valley
- City of Vernon
- Encina Wastewater Authority
- San Gabriel Valley Water Company
- San Joaquin Regional Transit District
- Southern California Edison
- Sunline Transit Agency

Professional Background and Affiliations

Michelle's experience includes fifteen years with The Coca-Cola Company (TCCC). During her tenure with TCCC, she led the company's Global Bottler Business Services group as their Chief Information Officer/Director. She also served as the Regional Information Security Officer for the Asia Pacific, Middle East, and Africa, who provided direction and assurance over the confidentiality, integrity, and availability for Mondelez International's information.

Michelle's professional background includes PwC and Deloitte. She is a certified SAP R/3 Materials Management Consultant, ITIL Foundation V3 Certified, Certified Information Systems Auditor (CISA) and a Certified Information Security Manager (CISM).

Educational Background

Michelle received her Bachelor of Science in Accountancy from the University of the City of Manila, Philippines. She remains current on accounting matters by attending conferences and continuing education courses which are heavily focused on subjects applicable to a Finance/IT professional.



DOMINADOR (JAY) TOLEDO, JR.

Manager

Vasquez & Company LLP
655 N. Central Avenue, Suite 1550
Glendale, CA 91203
Tel: 213-873-1760
Email: jtoledo@vasquezcpa.com

Area of Expertise

Jay's areas of expertise includes participation in financial and compliance audits, including internal control reviews and single audits performed in accordance with Office of Management and Budget new Federal regulations entitled "*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200*" (the Uniform Guidance), program specific audits, financial statement reviews, forecasts and projections to government agencies; preparation of comprehensive annual financial reports and State Controller's reports.

Representation of Experience

- City of Vernon Water Utility
- Encina Wastewater Authority
- Hidden Valley Water District
- Municipal Water District of Orange County
- San Gabriel Basin Water Quality Authority
- San Gabriel Valley Water Company
- Water Replenishment District of Southern California

Professional Background

Jay's professional background includes auditor and manager positions with PwC.

Educational Background

Jay received his Bachelor of Science degree in Accountancy from Far East University. He remains current on accounting matters by attending conferences and continuing education courses which are heavily focused on subjects applicable to governmental accounting and financial reporting, as well as federal and state regulatory matters and auditing requirements. He has maintained compliance with the continuing education requirements of the AICPA and the California Board of Accountancy.

Similar Engagements with Other Special District Water Agencies

Client/Contact/Address	Nature of Engagement	Partners
Upper San Gabriel Valley Municipal Water Agency Ms. Evelyn Rodriguez, CPA Chief Financial Officer 602 E. Huntington Drive, Suite B Monrovia, CA 91016 (626) 443-2297	Annual Financial and Compliance Audit, Single Audit (Uniform Guidance), State Controller's Report, and Management Letter. GFOA Award. Client from: 2005 to 2018	R. Martinez Lead Partner M. McBride QC Partner
Encina Wastewater Authority LeeAnn Warchol Administrative Services Manager, Treasurer, and Auditor 6200 Avenida Encinas Carlsbad, CA 92011 (760) 438-3941	Annual Financial and Compliance Audit and Management Letter. GFOA Award. Client from: 2017 to present	P. McBride Lead Partner R. Martinez QC Partner
San Gabriel Basin Water Quality Authority Ms. Mary H. Saenz Director of Finance 1720 W. Cameron Avenue, Suite 100 West Covina, CA 91790 (626) 338-5555 x 105	Annual Financial and Compliance Audit, Single Audit (Uniform Guidance), and Management Letter. Client from: 2016 to present	R. Martinez Lead Partner P. McBride QC Partner
Needles Public Utility Authority Ms. Sylvia Miledi Finance Director 817 Third Street Needles, CA 92363 (760) 326-5700	Annual Financial and Compliance Audit, State Controller's Report, and Management Letter. Client from 1998 to present	R. Martinez Lead Partner L. Narciso QC Partner

Cost Proposal

Our fees for the services outlined in this proposal are based on our estimates of the time needed to complete the project at our standard hourly rates. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our fees assume that unexpected circumstances will not be encountered during the audit, along with the following:

Engagement Assumptions: The proposed fees assume the following:

1. Staff available to answer questions within the agreed timeframe.
2. Audit fieldwork procedures conducted at a centralized location.
3. No instances of fraud that will require additional procedures.
4. Staff to prepare all financial statements/schedules.
5. All information requested provided within the agreed timeframe.
6. No (0) major programs subject to the Single Audit Act
7. Information provided is complete and correct for the year being audited.
8. Other unforeseen events such as:
 - a. Accounting problems.
 - b. Litigation.
 - c. Changes in your business or business environment.
 - d. Contractual difficulties with suppliers, third-party service providers, or clients.

The cost proposal contains all pricing information relative to performing audit and tax for the three fiscal years beginning with the fiscal year ending June 30, 2019. Out of pocket expenses will be billed at actual cost.

Attachment A

AUDIT WORK COST PROPOSAL FORM

Service	2019/20	2020/21	2021/22
UVRGA Audit and Related Reports	\$ 7,500	\$ 9,270	\$ 9,548
Single Audit and Related Reports *	\$ 0	\$ 0	\$ 0
GSA State Controller's Report	\$ 2,500	\$ 2,575	\$ 2,652
Total for Fiscal Year (not to exceed)	\$ 10,000	\$ 10,300	\$ 10,609

ATTACHMENT B

ESTIMATE OF COST

Name of Firm: Vasquez & Company LLP
Address: 655 N. Central Avenue, Suite 1550
Glendale, CA 91203
Contact Name: Roger A. Martinez
Contact Phone Number: 213-873-1703
Fax #: 213-873-1777
Contact Email: ram@vasquezcpa.com

1. Auditor's Standard Billing Rates

Position	2019/20	2020/21	2021/22	2022/23
Partner	\$ 285.00	\$ 285.00	\$ 299.00	\$ 299.00
Manager	\$ 200.00	\$ 200.00	\$ 210.00	\$ 210.00
Senior Accountant	\$ 140.00	\$ 140.00	\$ 147.00	\$ 147.00
Staff Accountant	\$ 120.00	\$ 120.00	\$ 126.00	\$ 126.00
Clerical	\$ 80.00	\$ 80.00	\$ 84.00	\$ 84.00

Identification of Potential Audit Problems

Issues are commonly encountered as well in the implementation of new accounting standards. Vasquez provides training and communicates the requirements to the client in advance to facilitate implementation.

GASB Statement No. 83, *Certain Asset Retirement Obligations* – establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (ARO). This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. Effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 84, *Fiduciary Activities* – establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. Effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 87, *Leases* – The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lease is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Debt Borrowing and Direct Placements* – This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements, and to provide financial statement users additional essential information about debt.

This Statement amends Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments*, paragraph 119; Statement No. 38, *Certain Financial Statement Note Disclosures*, paragraphs 10 and 12; Interpretation No. 1, *Demand Bonds Issued by State and Local Governmental Entities*, paragraphs 4 and 5; and *Implementation Guide No. 2015-1*, Question 7.85.7.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* – This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement supersedes Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments: Omnibus*, paragraph 6; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in November 30, 1989 FASB and AICPA Pronouncements*, paragraphs 5-22 and footnotes 1-7 and 226; and *Implementation Guide No. 2015-1*, Questions ;7, 10.3-7, 10.7 and Z.51.11. This Statement amends Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, paragraph 18, and Statement 62, paragraphs 3 and 485. The requirements of this Statement are effective for periods beginning after December 15, 2019. Earlier application is encouraged.

GASB Statement No. 90, *Majority Equity Interests* – The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information related to a presentation of majority equity interests in legally separate organizations that previously were reported inconsistently. In addition, requiring reporting of information about component units if the government acquires a 100 percent equity interest provides information about the cost of services to be provided by the component unit in relation to the consideration provided to acquire the component unit.

License to Practice in California

Vasquez is properly licensed to conduct public accounting in California. Furthermore, We further assure that management-level engagement team members are properly licensed Certified Public Accountants in California. Vasquez certifies that upon notification, it will inform the Agency of any suspension, termination, lapse, non-renewals, or restrictions of its licenses, certificates, or other required documents.



CERTIFIED PUBLIC ACCOUNTANT PARTNERSHIP

REGISTRATION PAR 6286
RECEIPT NO. 72080205



CALIFORNIA BOARD OF ACCOUNTANCY
2450 VENTURE OAKS WAY, SUITE 300
SACRAMENTO, CA 95833
TELEPHONE: (916) 263-3680
FACSIMILE: (916) 263-3672

VALID UNTIL JULY 31, 2019

VASQUEZ & CO LLP
801 S GRAND AVE #400
LOS ANGELES CA 90017-4646

In accordance with the provisions of
Chapter 1, Division 3 of the Business and
Professions Code, the firm named hereon
is duly registered and entitled to practice
as a Partnership.

08/16/17
08/16/17



----- POST IN PUBLIC VIEW -----

WABPAR 04/12/17

Independence Statement

Vasquez meets the independence requirements of the auditing standards generally accepted in the United States of America and the *Government Auditing Standards*, (2011 revision), published by the United States General Accounting Office ("Yellow Book") as it relates to the Agency.

Independence Policies and Monitoring Programs

One of the objectives of our system of quality control is to provide reasonable assurance that our firm and personnel comply with relevant ethical requirements when discharging professional responsibilities. Relevant ethical requirements include independence, integrity, and objectivity.

Our firm satisfies this objective by establishing and maintaining policies and enforcing specific procedures relative to the following:

- Personnel adherence to relevant ethical requirements such as those in regulations, interpretations, and rules of the AICPA, Securities and Exchange Commission, Department of Labor, Public Company Accounting Oversight Board, U.S. Government Accountability Office, state CPA societies, state boards of accountancy, state statutes and any other applicable regulators.
- Communicating independence requirements to firm personnel and, where applicable, others subject to them.
- Identifying and evaluating possible threats to independence and objectivity, including the familiarity threat that may be created by using the same senior personnel on an audit or attest engagement over a long period, and to take appropriate action to eliminate those threats or reduce them to an acceptable level by applying safeguards.

- Withdrawing from engagements if effective safeguards to reduce threats to independence to an acceptable level cannot be applied.
- Written confirmation, at least annually, of compliance with policies and procedures on independence from all firm personnel required to be independent by relevant requirements.
- Confirming the independence of another firm or firm personnel in associated member firms who perform part of an engagement.
- Rotating personnel for audit or attest engagements where regulatory or other authorities require such rotation after a specified period.
- Advising acquired practice units of our policies related to independence, integrity, and objectivity.

Peer Review Report

Vasquez is a member of the American Institute of Certified Public Accountants (AICPA) Division of Firms and received a Peer Review Rating of 'Pass' without comment - the highest rating from the AICPA on its peer review report dated February 22, 2017. This peer review covered several governments and special district engagements similar in size and complexity as the Agency. A copy of the peer review opinion follows:

<p>AICPA Peer Review Program Administered by the National Peer Review Committee</p> <p>American Institute of CPAs 220 Leigh Farm Road Durham, NC 27707-8110</p> <p>February 22, 2017</p> <p>Gilbert R. Vasquez Vasquez & Company, LLP 801 S Grand Ave Ste 400 Los Angeles, CA 90017</p> <p>Dear Mr. Vasquez:</p> <p>It is my pleasure to notify you that on the National Peer Review Committee accepted the report on the most recent system peer review of your firm. The due date for your next review is September 30, 2019. This is the date by which all review documents should be completed and submitted to the administering entity.</p> <p>As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.</p> <p>Sincerely,</p> <p><i>Michael Fawley</i></p> <p>Michael Fawley Chair—National PRC mfc@aicpa.org 919 4024502</p> <p>cc: Lucretia D. Terrell, Roger A. Martinez</p> <p>Firm Number: 10138115 Review Number 424560</p> <p>Letter ID: 1148269A</p> <p>T: 919.402.4502 F: 1.818.462.9876 help@aicpa.org</p>	<p>DK Davis Kinard & Co., PC SUSTAINABLE FINANCIAL INSTITUTIONS Quality. Integrity. Excellence</p> <p>First Financial Bank Building 400 Pine Street, Ste. 600, Abilene, TX 79601 325.672.4000 / 800.538.3225 / E: info@dkcpa.com</p> <p>System Review Report</p> <p>September 15, 2016</p> <p>To the Partners: Vasquez & Company LLP and the National Peer Review Committee</p> <p>We have reviewed the system of quality control for the accounting and auditing practice of Vasquez & Company LLP (the firm) applicable to non-SEC issuers in effect for the year ended December 31, 2015. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.</p> <p>As required by the standards, engagements selected for review included engagements performed under <i>Government Auditing Standards</i> and audits of employee benefit plans.</p> <p>In our opinion, the system of quality control for the accounting and auditing practice of Vasquez & Company LLP applicable to non-SEC issuers in effect for the year ended December 31, 2015, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of <i>pass</i>, <i>pass with deficiency(ies)</i> or <i>fail</i>. Vasquez & Company LLP has received a peer review rating of <i>pass</i>.</p> <p><i>Davis Kinard & Co., PC</i> Certified Public Accountants</p>
---	---

Status of Disciplinary Actions

Vasquez has not had any complaints filed against it with the California State Board of Accountancy or any other oversight agency for substandard work or any other reason.

Vasquez has not had any Federal or State desk reviews or field reviews in the past three (3) years.

Working Paper Retention Policy

The audit documentation will be retained for a minimum of seven (7) years after the report release date or for any additional period requested by a regulatory body.

UPPER VENTURA RIVER GROUNDWATER AGENCY Item No. 9(d)

DATE: October 10, 2019

TO: Board of Directors

FROM: Agency Counsel

SUBJECT: Jurisdictional Overlap between SGMA, Ventura River Flow Study, and the Ventura River Watershed Adjudication and Agency Options for Participating in or Influencing the Adjudication

DISCUSSION

There has been discussion during recent Board of Director meetings concerning the level of effort that should be expended on the Groundwater Sustainability Plan ("GSP") given the ongoing Ventura River Flow Study ("Flow Study") and Ventura River Watershed Adjudication ("Adjudication"). Additionally, a request was made for information concerning options for how the Agency could participate in or influence the Ventura River Watershed adjudication during the July 11, 2019 Board of Directors meeting. The purpose of this item is to provide information to better understand these issues so the Board and staff can better navigate the uncharted waters that lie ahead.

Essentially, two questions have been raised:

1. How will the Flow Study and the ongoing Adjudication impact the UVRGA's development of the GSP?
2. What options does UVRGA have to participate in the Adjudication?

The short responses are as follows. Further discussion can be had during the Board meeting.

1. UVRGA's development of a GSP must continue to proceed on a parallel track to the ongoing Flow Study and Adjudication. These activities are not a substitute for the adoption of a GSP and do not relieve UVRGA of obligations to comply with SGMA. Failure to adopt a GSP by January 31, 2022 will cause the State Water Resources Control Board (SWRCB) to designate the Upper Ventura River Groundwater Basin as probationary and intervene in groundwater management. SWRCB intervention is temporary and costly and the GSA would remain responsible for implementing a GSP that meets the objectives of SGMA.

Moreover, the Flow Study and Adjudication will not fully address SGMA requirements. The Flow Study may provide guidance for establishing sustainability criteria for depletion of interconnected surface water, but it will not address SGMA's other sustainability criteria. Additionally, SWRCB is looking to the local agencies to design and implement the

appropriate projects and management actions necessary to achieve the flow criteria established via the Flow Study. SWRCB staff has stated that they believe a sound GSP will be a critical for addressing the flow criteria.

The Adjudication will not serve as a substitute for a GSP either. Because the Adjudication is focused on water rights, it will establish a physical solution that is not required to address the same undesirable results that must be addressed in a GSP. (Wat. Code, § 10721(x).) As a result, the Adjudication is unlikely to address all the undesirable results within the basin in order to achieve sustainable groundwater management. Additionally, the Adjudication will likely not be complete before the January 31, 2022 GSP deadline. Accordingly, UVRGA cannot rely on the Adjudication to replace its adoption of a GSP.

2. The Adjudication will continue concurrently with the GSP development process and will establish users surface water and groundwater rights throughout the Ventura River watershed. To participate in the Adjudication, UVRGA can (1) intervene to participate as a party, (2) file an amicus curiae brief to argue questions of law; or (3) be required to participate by the court if a lawsuit is filed against UVRGA related to its GSP or its implementation of SGMA. Lastly, a final alternative would be for the UVRGA member agencies to communicate UVRGA's position in the Adjudication. Since UVRGA member agencies are already participating in the litigation, each agency can elect to include information regarding the development of the GSP in their litigation documents. If this option is pursued, member agencies should coordinate their efforts to convey consistent information about UVRGA's activities.

In summary, the GSP, Flow Study, and Adjudication will proceed on separate, but parallel tracks. None of these processes can or will completely overtake other; rather, the overlapping jurisdictions will need to be reconciled over time. The GSP will focus on achieving sustainable groundwater management, the Flow Study will focus on protecting Steelhead and riparian habitat, and the Adjudication will focus on determining water rights. The GSP could ultimately be the vehicle through which certain flow criteria are managed and through which a physical solution determined by the court is implemented. In short, UVRGA has the unique opportunity to be a clearinghouse for solutions for all three processes that could be implemented via a GSP. Such an approach may prove to be the most cost effective path forward for water users in the Upper Ventura River Basin.

RECOMMENDED ACTIONS

Receive an update from Agency Counsel concerning overlap between SGMA, Ventura River Flow Study, and the Ventura River Watershed Adjudication and the Agency's options for participating in or influencing the adjudication and provide feedback to staff.

FISCAL SUMMARY

None.

Action: _____

Motion: _____ Second: _____

B. Kuebler___ D. Engle___ A. Spandrio___ S. Rungren___ G. Shephard___ E. Ayala___ L. Rose___

UPPER VENTURA RIVER GROUNDWATER AGENCY Item No. 10(a)

DATE: October 10, 2019

TO: Board of Directors

FROM: Agency Staff

SUBJECT: Stakeholder Engagement Plan Annual Review and Update (Grant Category (c): Task 10: Stakeholder Outreach and Engagement)

SUMMARY

The Agency's Ad Hoc Stakeholder Engagement Committee has completed its annual review of the Stakeholder Engagement Plan and is recommending adoption of the proposed plan updates detailed in Attachment A.

RECOMMENDED ACTIONS

It is recommended that the Board approve updates to the Agency's Stakeholder Engagement Plan recommended by the Ad Hoc Stakeholder Engagement Committee pursuant to its annual plan review.

BACKGROUND

The Stakeholder Engagement Plan was adopted by the Board on May 10, 2018. Section 5.3 of the plan states that the plan will be updated at least annually. The Agency's Ad Hoc Stakeholder Engagement Committee is charged with performing ongoing review of the plan and recommending plan updates each May.

FISCAL SUMMARY

None.

ATTACHEMENTS

A. Proposed Stakeholder Engagement Plan Updates

Action: _____

Motion: _____ Second: _____

B. Kuebler____ D. Engle____ A. Spandrio____ S. Rungren____ G. Shephard____ E. Ayala____ L. Rose____

Item 10(a)

Attachment A

Not Available at Time of Print

UPPER VENTURA RIVER GROUNDWATER AGENCY Item No. 10b

DATE: October 10, 2019

TO: Board of Directors

FROM: Agency Staff

SUBJECT: GSP Data Gap Tasks Update (Grant Category (b): Data Gap Analysis)

SUMMARY:

This item was prepared to respond to inquiries during the prior Board meeting concerning progress on the data gap tasks. The attached table provides the status of each data gap task. The GSP PM will be available to answer questions during the Board meeting.

RECOMMENDED ACTION

It is recommended that the Board receive an update from the GSP PM concerning the status of data gap tasks and consider providing direction to staff.

BACKGROUND

As a reminder, the data gap tasks are part of the GSP Grant.

FISCAL SUMMARY

None.

ATTACHMENTS

A. Data Gap Tasks Summary Table

Action: _____

Motion: _____ Second: _____

B. Kuebler___ D. Engle___ A. Spandrio___ S. Rungren___ G. Shephard___ E. Ayala___ L. Rose___

Item 10b - Attachment A

Data Gap Tasks Summary Table

Task	Title	Status
1	Establish Well Monitoring Network	<ul style="list-style-type: none">• Routine monitoring of original six wells is ongoing• Data Gap Area No. 4 (northern boundary) to be addressed using data collected by MOWD Well Nos. 1 and 2.• Data Gap Area No. 3 (southern boundary) – request to Ventura for monitoring well access at Foster Park is pending City review• Data Gap Area No. 2 (San Antonio Creek Confluence) – to be addressed as part of Task 6 with new monitoring well(s))• Data Gap Area No. 1 (Between San Antonio Creek Confluence & Santa Ana Blvd) – two candidate wells identified – access will be pursued• Data Gap Area No. 5 (Bedrock) – recommend revisiting during GSP conceptual model development• Monitoring reports due (prior schedule modified to move to water year reporting):<ul style="list-style-type: none">○ November 2019○ November 2020
2	Project Monitoring Plan	<ul style="list-style-type: none">• PMP is required for new monitoring wells drilled by the Agency. New wells are part of Task 6. This task is pending access agreement for new monitoring well(s) (see Task 6 for further information).
3	Surface Water – Groundwater Interface Monitoring	<ul style="list-style-type: none">• Monitoring is ongoing by Kear• Technical Memo due by January 1, 2020

Task	Title	Status
4	Groundwater Extraction Estimates	<ul style="list-style-type: none"> • Aerial survey study - complete • Ground truthing of the IR survey – complete • Inventory of wells and meters – in progress by Ad Hoc Funding Cmte. • Technical Memo for grant submittal – draft received from Ad Hoc Funding Committee staff to review
5	Water Year Hydrologic Data Analysis	<ul style="list-style-type: none"> • Pending work authorization - budgeted for FY 19/20
6	Subsurface Inflow Data	<ul style="list-style-type: none"> • Northern boundary underflow – pending work authorization - budgeted for FY 19/20 • San Antonio Creek underflow <ul style="list-style-type: none"> ○ On hold pending OVLC access agreement – is delayed until OVLC takes title of property in mid-to late-2020 (budgeted for FY 19/20)
7	Surface Water Flow Data	<ul style="list-style-type: none"> • Monitoring is ongoing by Kear (authorized through December 2019) • Monitoring report due: January 1, 2020
8	Natural Habitat Evapotranspiration Analysis	<ul style="list-style-type: none"> • Pending work authorization - budgeted for FY 19/20 and FY 20/21