Kings River East Groundwater Sustainability Agency
Regular Board Meeting
Agenda

City of Dinuba – Council Chambers
405 East El Monte Way, Dinuba, CA 93618
September 18, 2025
2:00 P.M.

1. Call to Order

2. Potential Conflicts of Interest

2.1. Any Director who has potential conflict of interest may now identify the Agenda item and recuse himself or herself from discussing and voting on the matter (FPPC § 87105).

3. Public Comment

3.1. The public will be given up to three minutes (3 min) to address the Board of Directors on any item not on the agenda but within the subject matter of the Board's jurisdiction. Board of Directors is prohibited from taking action on public comments and as appropriate, matters raised during this period may be referred to appropriate parties or added to the agenda of an upcoming Board meeting (Gov. Code § 54954.3(a)).

4. Communications – Review and Consider for Action

5. Board of Director Reports – Discuss and Consider for Action

5.1. Report(s) by Director(s) on event(s) attended during the prior month

6. Consent Calendar Items – All Consent Calendar items are considered routine and will be enacted in one motion. There will be no separate discussion of these matters, unless a request is made, in which event the item will be removed from the Consent Calendar to be discussed and voted upon by a separate action.

6.1. Payables – Review and approve payment of July and August 2025, invoices (see Insert 6.1)

6.2. Board Meeting Minutes – Review and approve minutes of Special Board Meeting July 17, 2025. (see Insert 6.2)

7. Other Board Items – Take Action

7.1. Treasurer's Statement – Review and consider accepting July and August 2025 Treasurer's statement (see Insert 7.1)

7.2. Request for Proposal for Audit Services – Review and consider accepting the proposal from Hudson & Company, Inc. in response to the RFP for audit services for fiscal years ending September 30, 2025, 2026, and 2027. (see Insert 7.2)

7.3. Hudson & Company, Inc. Audit Engagement Letter – Review and consider approving the audit engagement letter with Hudson & Company, Inc., for the fiscal year ending September 30, 2025. (see Insert 7.3)

7.4. Fiscal Year 2025-2026 Budget. Review and consider adopting the fiscal year 2025-2026 budget. (see Insert 7.4)

8. Groundwater Sustainability Activities – Review for Possible Action

8.1. Domestic Well Mitigation Program. Review and approve various documents associated with the implementation of a domestic well mitigation program. (see Insert 8.1)

8.2. Groundwater Sustainability Plan Review. Review and discuss the status of DWR's review of Groundwater Sustainability Plans from the Kings Subbasin. (see Insert 8.2)

8.3. Proposition 218 Election. Review and discuss the status of Kings River East – GSA Proposition 218 fee study.

9. Legal Issues – Review for Possible Action

9.1. Attorney Legal Update on Matters Affecting the GSA and Legislation

10. Future Agenda Item(s) – No Action

11. Adjournment

Notes:

1. In compliance with the Americans with Disabilities Act of 1990, requests for special assistance to attend or participate in this meeting should be made to the City of Dinuba (559-591-5900) at least 48 hours in advance of the public meeting to enable the City to make reasonable accommodations.
2. Public records relating to an agenda item are available for public review, after posting of the agenda, at 289 North L Street, Dinuba, CA 93618 during regular business hours.

AFFIDAVIT OF POSITING

I, Marc Limas, on behalf of the Kings River East Groundwater Sustainability Agency, hereby certify that I posted a copy of the foregoing agenda in the lobby of the City of Dinuba at 405 East El Monte Way, Dinuba, CA 93618, at least seventy-two (72) hours prior to the meeting, in accordance with Govt. Code § 54954.2(a).

September 15, 2025

Marc Limas

RemitName	InvoiceDate	InvoiceNumbe	Reference		OriginalAmount
ACWAJPIA	7/1/2025	245	Cyber Insurance	$	100.00
AID	7/31/2025	5276	Administration	$	522.89
AID	8/31/2025	5289	Administration	$	189.62
Baker Manock & Jensen	7/31/2025	498294		$	1601.20
Baker Manock & Jensen	8/31/2025	499044		$	1386.00
Provost & Pritchard	7/21/2025	121809	Website Management	$	70.60
Provost & Pritchard	7/22/2025	121821	Prop 218 Election	$	1870.00
Provost & Pritchard	7/1/2025	120170	Confined Aquifer	$	47.92
Provost & Pritchard	8/25/2025	122596	Prop 218 Election	$	5822.40
Provost & Pritchard	8/15/2025	122282	Confined Aquifer	$	67.31
Provost & Pritchard	8/15/2025	122275	Well Mitigation	$	57.35
Provost & Pritchard	8/15/2025	122283	Basin Coordination	$	3349.76
Total Warrants				$	15085.05

Insert 6.2

Kings River East Groundwater Sustainability Agency
Special Board Meeting
MINUTES

City of Dinuba – Council Chambers
405 East El Monte Way, Dinuba, CA 93618
July 17, 2025

1. **Call to Order** - The Special Board Meeting of the Kings River East Groundwater Sustainability Agency was called to order by Chairman Ernest "Buddy" Mendes at 2:00 p.m. and the following directors were present: Alta Irrigation District, Jack Brandt; Cities, Matthew Tuttle; Drinking Water Districts, Fernie Rubalcaba; Irrigation/Water Districts, Jack Paxton; Tulare County, Eddie Valero; Ag Production Elliott Rossotti. Also in attendance were Alta Irrigation District, General Manager, Chad Wegley; Operations Manager, Marc Limas; Administrative Analyst, Penny Durham; and Attorney, Lauren D. Layne.

2. **Potential Conflicts of Interest** – None.

3. **Public Comment** – Landowner Bert de Jong commented about the possibility of moving a portion of his land into the Kings River East GSA and the Kings Subbasin, and out of the Greater Kaweah GSA and the Kaweah Subbasin.

4. **Communications** – None.

5. **Board of Director Reports** – None.

6. **Consent Calendar Items** – It was M/S/C unanimously on motion by Director Brandt, seconded by Director Paxton, to approve consent calendar agenda items.

   6.1. Payables – Review and approve payment of March, April, May, and June 2025, invoices (see Insert 6.1)

   6.2. Board Meeting Minutes – Review and approve minutes of March 20, 2025, Regular Board meeting.

7. **Other Board Items – Take Action**

   7.1. Treasurer's Statement - The Board of Directors reviewed the Treasurer's Statement for the periods ending March, April, May, and June 2025. It was M/S/C unanimously, on motion by Vice Chair Tuttle, seconded by Director Valero to accept the Treasurer's Statement as presented. (see Insert 7.1)

8. **Groundwater Sustainability Activities – Review for Possible Action**

   8.1. Groundwater Sustainability Plan Review – Chad Wegley explained that the Department of Water Resources has not yet completed its review of the seven Groundwater Sustainability Plans submitted for the Kings Subbasin.

   8.2. DWR Funding for a New Monitoring Well – Chad Wegley reported that two potential sites in the southwest corner of Alta Irrigation District are under consideration for a new monitor well and provided an overview of groundwater levels for Spring 2024 and 2025.

   8.3. Domestic Well Mitigation Program. Review and approve the various documents associated with implementation of a domestic well mitigation program. – Tabled until next meeting.

9. **Legal Issues – Review for Possible Action**

DRAFT

9.1. Attorney Legal Update on Matters Affecting the GSA and Legislation – Attorney Layne gave an update on various bills from the current legislative session and updates on the status of neighboring subbasins.

10. Future Agenda Item(s) – Domestic Well Mitigation Program, Budget, and RFP for Auditor.

Adjournment - There being no further items to discuss, it was M/S/C unanimously on motion by Director Paxton, seconded by Director Valero to adjourn the meeting at 2:43 p.m. until the next regular meeting scheduled on September 18, 2025.

Kings River East Groundwater Sustainability Agency

_____

Jack Brandt, Secretary

JB:pd

DRAFT

Insert 7.1

Kings River East - GSA
Balance Sheet

July 2025

	ASSETS		
Current Assets			
Cash and Investments			
LAIF	2,418.13		
Valley Strong Money Market	3,577.52		
Valley Strong - Savings Account	5.00		
Valley Strong - General Fund	2,369.97		
TOTAL Cash and Investments		8,370.62	
TOTAL Current Assets			8,370.62
TOTAL ASSETS			8,370.62
	LIABILITIES		
Current Liabilities			
Accounts Payables		4,164.69	
TOTAL Current Liabilities			4,164.69
TOTAL LIABILITIES			4,164.69
	CAPITAL		
Retained Earnings		149,033.71	
Year-to-Date Earnings		(144,827.78)	
TOTAL CAPITAL			4,205.93
TOTAL LIABILITIES & CAPITAL			8,370.62

Kings River East - GSA

Income Statement

Year-to-Date Performance, July 2025 - current month

	10 Months Ended July 31, 2025	*Annual Budget*	*Unused*	*% Used*
NET INCOME	0.00	0.00	0.00	
GROSS PROFIT	0.00	0.00	0.00	
Expenses				
Administrative Services	3,231.42	10,000.00	6,768.58	32.3 %
Mileage	435.50	500.00	64.50	87.1 %
Office Supplies/Material	153.89	300.00	146.11	51.3 %
Postage	11.39	50.00	38.61	22.8 %
Training & Seminars	0.00	500.00	500.00	
Dues & Subscriptions	1,556.28	3,300.00	1,743.72	47.2 %
Audit Fee	5,630.00	5,200.00	(430.00)	108.3 %
Insurance	1,788.00	1,800.00	12.00	99.3 %
Legal	25,335.40	20,000.00	(5,335.40)	126.7 %
Bank Fee	0.00	50.00	50.00	
Engineering	93,646.00	250,000.00	156,354.00	37.5 %
Proffessional Services	15,729.04	250,000.00	234,270.96	6.3 %
Misc Expenses	0.00	5,000.00	5,000.00	
Outreach	1,223.60	5,000.00	3,776.40	24.5 %
TOTAL Expenses	148,740.52	551,700.00	402,959.48	27.0 %
OPERATING PROFIT	(148,740.52)	(551,700.00)	(402,959.48)	27.0 %
Other Income & Expenses				
Interest Income	3,912.74	7,500.00	3,587.26	52.2 %
TOTAL Other Income & Expenses	3,912.74	7,500.00	3,587.26	52.2 %
PROFIT BEFORE TAXES	(144,827.78)	(544,200.00)	(399,372.22)	26.6 %
NET PROFIT	(144,827.78)	(544,200.00)	(399,372.22)	26.6 %

Kings River East - GSA
Journal Report
July 2025 - current month

Post/Sys Date	Journal	Reference	Description / Accounts	Debits	Credits
07/01/2025	A/P	ACWAJPIA	Invoice: 0000000245		
		8190.000	Insurance	100.00	
		2010.000	Accounts Payables		100.00
07/18/2025	A/P	AID	Check: CK010283		
		1120.000	Valley Strong - General Fund		1,593.67
		2010.000	Accounts Payables	1,593.67	
07/18/2025	A/P	BMJ	Check: CK010284		
		1120.000	Valley Strong - General Fund		4,712.20
		2010.000	Accounts Payables	4,712.20	
07/18/2025	A/P	KRCD	Check: CK010285		
		1120.000	Valley Strong - General Fund		6,088.54
		2010.000	Accounts Payables	6,088.54	
07/18/2025	A/P	P&P	Check: CK010287		
		1120.000	Valley Strong - General Fund		38,462.99
		2010.000	Accounts Payables	38,462.99	
07/21/2025	A/P	P&P	Invoice: 121809		
		8300.000	Outreach	70.60	
		2010.000	Accounts Payables		70.60
07/22/2025	A/P	P&P	Invoice: 121821		
		8270.000	Engineering	1,870.00	
		2010.000	Accounts Payables		1,870.00
07/31/2025	A/P	AID	Invoice: 5276		
		8110.000	Administrative Services	456.38	
		8120.000	Office Supplies/Material	17.78	
		8115.000	Mileage	43.55	
		8130.000	Postage	5.18	
		2010.000	Accounts Payables		522.89
07/31/2025	A/P	BMJ	Invoice: 498294		
		8210.000	Legal	1,601.20	
		2010.000	Accounts Payables		1,601.20
07/24/2025	C/D	Tfr 15	Funds Transfer		
		1120.000	Valley Strong - General Fund	50,000.00	
		1030.000	Valley Strong Money Market		50,000.00

Post/Sys Date	Journal	Reference	Description / Accounts		Debits	Credits
07/15/2025	C/R	Dep 13	Interest Income			
		8630.000	Interest Income			26.21
		1010.000	LAIF		26.21	
07/31/2025	C/R	Dep 35	Interest Income			
		8630.000	Interest Income			171.64
		1030.000	Valley Strong Money Market		171.64	
				Report Totals	105,219.94	105,219.94

Kings River East - GSA

Reconciliation Report

Cash Account #1 [Valley Stong - GF], Sorted by Check Date
Statement date: 07/31/25 Reconciliation date: 07/31/25

Statement beginning balance	3,227.37
Cleared deposits	50,000.00
Cleared charges	0.00
Cleared credits	0.00
Cleared withdrawals	0.00
Cleared checks	-50,857.40
Cleared EFTs	0.00
Calculated statement balance	2,369.97
Statement ending balance	2,369.97
Difference	0.00

If your bank statement is in balance, then the Calculated statement balance will equal the Statement ending balance.

Statement ending balance	2,369.97
Outstanding deposits	0.00
Outstanding charges	0.00
Outstanding credits	0.00
Outstanding withdrawals	0.00
Outstanding checks	0.00
Outstanding EFTs	0.00
Adjusted statement balance	2,369.97
General Ledger account balance as of 07/31/25	2,369.97
Difference	0.00

If your bank statement is in balance with your General Ledger, then the Adjusted statement balance will equal the General Ledger account balance.

Kings River East - GSA

Reconciliation Report

Cash Account #2 [Valley Strong - MM], Sorted by Check Date
Statement date: 07/31/25 Reconciliation date: 07/31/25

Statement beginning balance	53,405.88
Cleared deposits	171.64
Cleared charges	-50,000.00
Cleared credits	0.00
Cleared withdrawals	0.00
Cleared checks	0.00
Cleared EFTs	0.00
Calculated statement balance	3,577.52
Statement ending balance	3,577.52
Difference	0.00

If your bank statement is in balance, then the Calculated statement balance will equal the Statement ending balance.

Statement ending balance	3,577.52
Outstanding deposits	0.00
Outstanding charges	0.00
Outstanding credits	0.00
Outstanding withdrawals	0.00
Outstanding checks	0.00
Outstanding EFTs	0.00
Adjusted statement balance	3,577.52
General Ledger account balance as of 07/31/25	3,577.52
Difference	0.00

If your bank statement is in balance with your General Ledger, then the Adjusted statement balance will equal the General Ledger account balance.

Kings River East - GSA

Reconciliation Report

Cash Account #3 [Valley Strong - Savings], Sorted by Check Date
Statement date: 07/31/25 Reconciliation date: 07/31/25

Statement beginning balance	5.00
Cleared deposits	0.00
Cleared charges	0.00
Cleared credits	0.00
Cleared withdrawals	0.00
Cleared checks	0.00
Cleared EFTs	0.00
Calculated statement balance	5.00
Statement ending balance	5.00
Difference	0.00

If your bank statement is in balance, then the Calculated statement balance will equal the Statement ending balance.

Statement ending balance	5.00
Outstanding deposits	0.00
Outstanding charges	0.00
Outstanding credits	0.00
Outstanding withdrawals	0.00
Outstanding checks	0.00
Outstanding EFTs	0.00
Adjusted statement balance	5.00
General Ledger account balance as of 07/31/25	5.00
Difference	0.00

If your bank statement is in balance with your General Ledger, then the Adjusted statement balance will equal the General Ledger account balance.

VALLEY STRONG CREDIT UNION

P.O. BOX 9506 BAKERSFIELD, CA 93389-9506

CHANGE SERVICE REQUESTED

931956 2172 1/3 UNQ 08-01-25 CLT
000002171 1

KINGS RIVER EAST GSA
289 N L ST
DINUBA CA 93618-2107

RECEIVED
AUG 05 2025
Alta Irrigation District

Account Statement

(661) 833-7900 | (800) 221-3311
www.valleystrong.com

MEMBER NUMBER)
STATEMENT FOR **07/01/2025 - 07/31/2025**

REFER A MEMBER
Sharing your referral code with others has never been easier.
See how much you can earn at valleystrong.com/refer

YOUR ACCOUNT BALANCES AS OF 07/31/2025

BUSINESS SHARE SAVINGS ID 0001	$5.00
BASIC BUS CHECKING ID 0002	$2,369.97
PUBLIC BUS MONEY MARKET ID 0003	$3,577.52
ACCOUNT BALANCE TOTAL	$5,952.49
TOTAL DIVIDENDS PAID YEAR-TO-DATE	$1,825.89

Need a Loan?
Call (800) 221-3311

BUSINESS SHARE SAVINGS

BEGINNING BALANCE	$5.00
0 TOTAL CREDITS	$0.00
0 TOTAL DEBITS	$0.00
ENDING BALANCE	$5.00

BASIC BUS CHECKING

BEGINNING BALANCE	$3,227.37
1 TOTAL CREDITS	$50,000.00
4 TOTAL DEBITS	$50,857.40-
ENDING BALANCE	$2,369.97

DATE	DEBIT TRANSACTION DESCRIPTION	AMOUNT
07/23	DRAFT 10283 TRACER 933600000070338 ON US DRAFT	$1,593.67-
07/29	DRAFT 10284 TRACER 934200000005856	$4,712.20-
07/29	DRAFT 10287 TRACER 934200000004554	$38,462.99-
07/30	DRAFT 10285 TRACER 934300000000776	$6,088.54-

DATE	CREDIT TRANSACTION DESCRIPTION	AMOUNT
07/28	DEPOSIT TRANSFER FROM SHARE 0003 0002	$50,000.00

SUMMARY BY CHECK NUMBER

* Asterisk next to number indicates skip in sequence

4 CHECKS CLEARED FOR $50,857.40

NUMBER	CLEARED	AMOUNT	NUMBER	CLEARED	AMOUNT	NUMBER	CLEARED	AMOUNT
10283	07/23/25	$1,593.67	10284	07/29/25	$4,712.20	10285	07/30/25	$6,088.54
10287 *	07/29/25	$38,462.99						

PUBLIC BUS MONEY MARKET

BEGINNING BALANCE	$53,405.88
1 TOTAL CREDITS	$171.64
1 TOTAL DEBITS	$50,000.00-
ENDING BALANCE	$3,577.52

ANNUAL PERCENTAGE YIELD EARNED 4.390% FROM 07/01/2025 THROUGH 07/31/2025

DATE	DEBIT TRANSACTION DESCRIPTION	AMOUNT
07/28	WITHDRAWAL TRANSFER TO SHARE 0002 0002	$50,000.00-

DATE	CREDIT TRANSACTION DESCRIPTION	AMOUNT
07/31	DEPOSIT DIVIDEND	$171.64

NCUA
Federally Insured by NCUA

Continued on next page.

EQUAL HOUSING LENDER

Kings River East - GSA

Reconciliation Report

Cash Account #4 [LAIF], Sorted by Check Date
Statement date: 07/31/25 Reconciliation date: 07/31/25

Statement beginning balance	2,391.92
Cleared deposits	26.21
Cleared charges	0.00
Cleared credits	0.00
Cleared withdrawals	0.00
Cleared checks	0.00
Cleared EFTs	0.00
Calculated statement balance	2,418.13
Statement ending balance	2,418.13
Difference	0.00

If your bank statement is in balance, then the Calculated statement balance will equal the Statement ending balance.

Statement ending balance	2,418.13
Outstanding deposits	0.00
Outstanding charges	0.00
Outstanding credits	0.00
Outstanding withdrawals	0.00
Outstanding checks	0.00
Outstanding EFTs	0.00
Adjusted statement balance	2,418.13
General Ledger account balance as of 07/31/25	2,418.13
Difference	0.00

If your bank statement is in balance with your General Ledger, then the Adjusted statement balance will equal the General Ledger account balance.

California State Treasurer
Fiona Ma, CPA

Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

August 05, 2025

LAIF Home
PMIA Average Monthly Yields

KINGS RIVER EAST GROUNDWATER
SUSTAINABILITY AGENCY
TREASURER
289 NORTH L STREET
DINUBA, CA 93618

Tran Type Definitions

Account Number:

July 2025 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Web Confirm Number	Authorized Caller	Amount
7/15/2025	7/14/2025	QRD	1779671	N/A	SYSTEM	26.21

Account Summary

Total Deposit:	26.21	Beginning Balance:	2,391.92
Total Withdrawal:	0.00	Ending Balance:	2,418.13

RECEIVED
AUG 05 2025
Alta Irrigation District

Kings River East - GSA
Balance Sheet

August 2025

	ASSETS		
Current Assets			
Cash and Investments			
LAIF	2,418.13		
Valley Strong Money Market	3,590.60		
Valley Strong - Savings Account	5.00		
Valley Strong - General Fund	2,369.97		
TOTAL Cash and Investments		8,383.70	
TOTAL Current Assets			8,383.70
TOTAL ASSETS			8,383.70
	LIABILITIES		
Current Liabilities			
Accounts Payables		15,085.05	
TOTAL Current Liabilities			15,085.05
TOTAL LIABILITIES			15,085.05
	CAPITAL		
Retained Earnings		149,033.71	
Year-to-Date Earnings		(155,735.06)	
TOTAL CAPITAL			(6,701.35)
TOTAL LIABILITIES & CAPITAL			8,383.70

Kings River East - GSA
Income Statement
Year-to-Date Performance, August 2025 - current month

	11 Months Ended August 31, 2025	*Annual Budget*	*Unused*	*% Used*
NET INCOME	0.00	0.00	0.00	
GROSS PROFIT	0.00	0.00	0.00	
Expenses				
Administrative Services	3,372.01	10,000.00	6,627.99	33.7 %
Mileage	479.05	500.00	20.95	95.8 %
Office Supplies/Material	159.37	300.00	140.63	53.1 %
Postage	11.39	50.00	38.61	22.8 %
Training & Seminars	0.00	500.00	500.00	
Dues & Subscriptions	1,556.28	3,300.00	1,743.72	47.2 %
Audit Fee	5,630.00	5,200.00	(430.00)	108.3 %
Insurance	1,788.00	1,800.00	12.00	99.3 %
Legal	26,721.40	20,000.00	(6,721.40)	133.6 %
Bank Fee	0.00	50.00	50.00	
Engineering	102,990.74	250,000.00	147,009.26	41.2 %
Proffessional Services	15,729.04	250,000.00	234,270.96	6.3 %
Misc Expenses	0.00	5,000.00	5,000.00	
Outreach	1,223.60	5,000.00	3,776.40	24.5 %
TOTAL Expenses	159,660.88	551,700.00	392,039.12	28.9 %
OPERATING PROFIT	(159,660.88)	(551,700.00)	(392,039.12)	28.9 %
Other Income & Expenses				
Interest Income	3,925.82	7,500.00	3,574.18	52.3 %
TOTAL Other Income & Expenses	3,925.82	7,500.00	3,574.18	52.3 %
PROFIT BEFORE TAXES	(155,735.06)	(544,200.00)	(388,464.94)	28.6 %
NET PROFIT	(155,735.06)	(544,200.00)	(388,464.94)	28.6 %

Kings River East - GSA
Journal Report
August 2025 - current month

Post/Sys Date	Journal	Reference		Description / Accounts	Debits	Credits
08/15/2025	A/P	P&P		Invoice: 122282		
			8270.000	Engineering	67.31	
			2010.000	Accounts Payables		67.31
08/15/2025	A/P	P&P		Invoice: 122275		
			8270.000	Engineering	57.35	
			2010.000	Accounts Payables		57.35
08/15/2025	A/P	P&P		Invoice: 122283		
			8270.000	Engineering	3,349.76	
			2010.000	Accounts Payables		3,349.76
08/25/2025	A/P	P&P		Invoice: 122596		
			8270.000	Engineering	5,822.40	
			2010.000	Accounts Payables		5,822.40
08/31/2025	A/P	AID		Invoice: 5289		
			8110.000	Administrative Services	140.59	
			8120.000	Office Supplies/Material	5.48	
			8115.000	Mileage	43.55	
			2010.000	Accounts Payables		189.62
08/31/2025	A/P	BMJ		Invoice: 499044		
			8210.000	Legal	1,386.00	
			2010.000	Accounts Payables		1,386.00
08/31/2025	C/R	Dep 36		Interest Income		
			8630.000	Interest Income		13.08
			1030.000	Valley Strong Money Market	13.08	
				Report Totals	10,885.52	10,885.52

Kings River East - GSA

Reconciliation Report

Cash Account #1 [Valley Stong - GF], Sorted by Check Date
Statement date: 08/31/25 Reconciliation date: 08/31/25

Statement beginning balance	2,369.97
Cleared deposits	0.00
Cleared charges	0.00
Cleared credits	0.00
Cleared withdrawals	0.00
Cleared checks	0.00
Cleared EFTs	0.00
Calculated statement balance	2,369.97
Statement ending balance	2,369.97
Difference	0.00

If your bank statement is in balance, then the Calculated statement balance will equal the Statement ending balance.

Statement ending balance	2,369.97
Outstanding deposits	0.00
Outstanding charges	0.00
Outstanding credits	0.00
Outstanding withdrawals	0.00
Outstanding checks	0.00
Outstanding EFTs	0.00
Adjusted statement balance	2,369.97
General Ledger account balance as of 08/31/25	2,369.97
Difference	0.00

If your bank statement is in balance with your General Ledger, then the Adjusted statement balance will equal the General Ledger account balance.

Kings River East - GSA

Reconciliation Report

Cash Account #2 [Valley Strong - MM], Sorted by Check Date
Statement date: 08/31/25 Reconciliation date: 08/31/25

Statement beginning balance	3,577.52
Cleared deposits	13.08
Cleared charges	0.00
Cleared credits	0.00
Cleared withdrawals	0.00
Cleared checks	0.00
Cleared EFTs	0.00
Calculated statement balance	3,590.60
Statement ending balance	3,590.60
Difference	0.00

If your bank statement is in balance, then the Calculated statement balance will equal the Statement ending balance.

Statement ending balance	3,590.60
Outstanding deposits	0.00
Outstanding charges	0.00
Outstanding credits	0.00
Outstanding withdrawals	0.00
Outstanding checks	0.00
Outstanding EFTs	0.00
Adjusted statement balance	3,590.60
General Ledger account balance as of 08/31/25	3,590.60
Difference	0.00

If your bank statement is in balance with your General Ledger, then the Adjusted statement balance will equal the General Ledger account balance.

Kings River East - GSA

Reconciliation Report

Cash Account #3 [Valley Strong - Savings], Sorted by Check Date
Statement date: 08/31/25 Reconciliation date: 08/31/25

Statement beginning balance	5.00
Cleared deposits	0.00
Cleared charges	0.00
Cleared credits	0.00
Cleared withdrawals	0.00
Cleared checks	0.00
Cleared EFTs	0.00
Calculated statement balance	5.00
Statement ending balance	5.00
Difference	0.00

If your bank statement is in balance, then the Calculated statement balance will equal the Statement ending balance.

Statement ending balance	5.00
Outstanding deposits	0.00
Outstanding charges	0.00
Outstanding credits	0.00
Outstanding withdrawals	0.00
Outstanding checks	0.00
Outstanding EFTs	0.00
Adjusted statement balance	5.00
General Ledger account balance as of 08/31/25	5.00
Difference	0.00

If your bank statement is in balance with your General Ledger, then the Adjusted statement balance will equal the General Ledger account balance.

VALLEY STRONG CREDIT UNION

P.O. BOX 9506 BAKERSFIELD, CA 93389-9506

CHANGE SERVICE REQUESTED
944935 2145 1/3 UNQ 09-01-25 CLT
000002144 1

KINGS RIVER EAST GSA
289 N L ST
DINUBA CA 93618-2107

Account Statement

(661) 833-7900 | (800) 221-3311
www.valleystrong.com

MEMBER NUMBER)
STATEMENT FOR **08/01/2025 - 08/31/2025**

REFER A MEMBER
Sharing your referral code with others has never been easier.
See how much you can earn at valleystrong.com/refer

YOUR ACCOUNT BALANCES AS OF 08/31/2025

BUSINESS SHARE SAVINGS ID 0001	$5.00
BASIC BUS CHECKING ID 0002	$2,369.97
PUBLIC BUS MONEY MARKET ID 0003	$3,590.60
ACCOUNT BALANCE TOTAL	$5,965.57
TOTAL DIVIDENDS PAID YEAR-TO-DATE	$1,838.97

Need a Loan?
Call (800) 221-3311

BUSINESS SHARE SAVINGS

BEGINNING BALANCE	$5.00
0 TOTAL CREDITS	$0.00
0 TOTAL DEBITS	$0.00
ENDING BALANCE	$5.00

BASIC BUS CHECKING

BEGINNING BALANCE	$2,369.97
0 TOTAL CREDITS	$0.00
0 TOTAL DEBITS	$0.00
ENDING BALANCE	$2,369.97

PUBLIC BUS MONEY MARKET

BEGINNING BALANCE	$3,577.52
1 TOTAL CREDITS	$13.08
0 TOTAL DEBITS	$0.00
ENDING BALANCE	$3,590.60

ANNUAL PERCENTAGE YIELD EARNED 4.390% FROM 08/01/2025 THROUGH 08/31/2025

DATE	CREDIT TRANSACTION DESCRIPTION	AMOUNT
08/31	DEPOSIT DIVIDEND	$13.08

RECEIVED
SEP 02 2025
Alta Irrigation District

NCUA
Federally Insured by NCUA

Continued on next page.

EQUAL HOUSING LENDER

Kings River East - GSA

Reconciliation Report

Cash Account #4 [LAIF], Sorted by Check Date
Statement date: 08/31/25 Reconciliation date: 08/31/25

Statement beginning balance	2,418.13
Cleared deposits	0.00
Cleared charges	0.00
Cleared credits	0.00
Cleared withdrawals	0.00
Cleared checks	0.00
Cleared EFTs	0.00
Calculated statement balance	2,418.13
Statement ending balance	2,418.13
Difference	0.00

If your bank statement is in balance, then the Calculated statement balance will equal the Statement ending balance.

Statement ending balance	2,418.13
Outstanding deposits	0.00
Outstanding charges	0.00
Outstanding credits	0.00
Outstanding withdrawals	0.00
Outstanding checks	0.00
Outstanding EFTs	0.00
Adjusted statement balance	2,418.13
General Ledger account balance as of 08/31/25	2,418.13
Difference	0.00

If your bank statement is in balance with your General Ledger, then the Adjusted statement balance will equal the General Ledger account balance.

California State Treasurer
Fiona Ma, CPA

Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

September 02, 2025

LAIF Home
PMIA Average Monthly Yields

KINGS RIVER EAST GROUNDWATER
SUSTAINABILITY AGENCY
TREASURER
289 NORTH L STREET
DINUBA, CA 93618

Tran Type Definitions

Account Number:

August 2025 Statement

Account Summary

Total Deposit:	0.00	Beginning Balance:	2,418.13
Total Withdrawal:	0.00	Ending Balance:	2,418.13

RECEIVED
SEP 02 2025
Alta Irrigation District

Kings River East
Groundwater Sustainability Agency

Kings River East Groundwater Sustainability Agency

Proposal to Perform
Professional Auditing Services

August 20, 2025

Submitted by:

HUDSON & COMPANY, INC.
7473 N. Ingram, Suite 102
Fresno, CA 93711
www.hhccpas.com

Contact:

Kip Hudson, CPA, Principal
Phone: (559) 475-8910
Fax: (559) 475-8901
khudson@hhccpas.com

HUDSON & COMPANY INC
CERTIFIED PUBLIC ACCOUNTANTS

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HUDSON& COMPANYINC
CERTIFIED PUBLIC ACCOUNTANTS

Transmittal Letter

August 20, 2025

Board of Directors
Kings River East Groundwater Sustainability Agency
289 North L Street
Dinuba, CA 93618

Dear Board of Directors:

Hudson & Company, Inc. (HCI) is pleased to have the opportunity to respond to your request for a proposal to provide professional auditing services and to submit its qualifications to the Kings River East Groundwater Sustainability Agency (KREGSA) for the fiscal years ending September 30, 2025, 2026, and 2027. The objective of our audits is to issue opinions regarding the fairness of presentation of the financial position of KREGSA in accordance with generally accepted accounting principles. These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the General Accounting Office's (GAO) *Government Auditing Standards*, *Governmental Accounting Standard Board (GASB) Pronouncements,* all other applicable federal, state, local or programmatic audit requirements, and if applicable, the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

We will also prepare the State Controller's Reports for the Agency annually, as required per State guidelines and regulations. In addition, we will prepare the management letter containing comments and recommendations regarding our review and evaluation of the systems of internal control and accounting procedures. This proposal will highlight the background of the partner and staff assigned to the engagement, summarize our experience in the governmental special Agency area, and describe our approach to auditing the KREGSA.

This proposal demonstrates our ability to render the quality examination and to perform the necessary accounting and auditing services requested by KREGSA on a timely basis. We are committed to performing the required work, completing the audits, and issuing the necessary auditors' reports prior to the KREGSA requested time frames. We will also be responsive to the needs of the KREGSA year-round, not just at audit time.

We believe we are best qualified to perform the audit because our audit staff includes individuals well versed in governmental auditing. As an accounting firm that specializes in special Districts, especially in water and irrigation Districts, we understand the KREGSA operational environment, and pledge to you our complete commitment to providing a quality product that meets KREGSA requirements. As a firm that specializes in performing local governmental and special District auditing, we would be proud to serve and contribute to KREGSA's continued success and impact on your local community.

7473 N. INGRAM AVE., SUITE 102 • FRESNO, CA 93711

P (559) 475-8910 • F (559) 475-8901 • WWW.HHCCPAS.COM

I will be the engagement partner assigned to your audit. I am an authorized representative of the firm and can be contacted at 7473 N Ingram, Suite 102, Fresno, CA 93711, or by telephone at (559) 475-8910, and by email at khudson@hhccpas.com.

This proposal is a firm and irrevocable offer for 90 days.

We are confident that you will find our firm offers the required expertise, technical knowledge, and business understanding to perform an audit of KREGSA and its components. Our past experience provides us with a thorough understanding of the needs and requirements of KREGSA, as well as the technical knowledge to perform such services in accordance with the accounting and auditing guidelines as published by the various authoritative entities.

We welcome your inquiries and look forward to further discussions with you.

Sincerely,

HUDSON & COMPANY, INC.

By: Kip Hudson, CPA
Principal

FIRM QUALIFICATION AND EXPERIENCE

Hudson & Company, Inc. (HCI), established in 2014, is a leading public accounting firm built on a strong extensive foundation of industry experience. The firm draws upon the extensive knowledge of its founding members, who previously worked at large regional accounting firms. HCI was founded with a vision to provide clients with the best of both worlds; the high-quality expertise typically associated with larger accounting firms, combined with the personalized service and attention that smaller, local firms are known for. Our primary focus is to cultivate strong client relationships while delivering exceptional service.

HCI operates as a full-service public accounting firm, offering a comprehensive range of services that encompass assurance, tax, bookkeeping, and consulting. The firm excels in governmental and non-profit auditing, with a particular specialization in providing assurance services to large local non-profit organizations, as well as to special Districts, local governmental agencies, and local for profit agencies. HCI has a vast level of experience, knowledge, and history of performing audits in accordance with auditing standards generally accepted in the United States of America, governmental auditing standards, as well as performing audits in accordance with the Uniform Guidance. HCI is also proud to be active members of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants, underlining their commitment to maintaining the highest standards of professional excellence and ethical practice in the field of public accounting.

Located in Fresno, CA, HCI was formed to service a variety of local governments, non-profits, and for-profit entities in the Central Valley, as well as throughout California. Names and phone numbers of current clients are provided for your inquiries. We encourage you to contact these individuals to obtain information on the quality of the audit and accounting services provided.

We currently stand with two CPAs, including one CPA owner one and one CPA consultant, nine professional staff members and one administrative staff member. All services are performed out of our one Fresno location. HCI qualifies as a small business firm as established by the Small Business Administration (13 CFR 121.201).

In addition to the extensive background and history in providing auditing and accounting services to local governmental, non-profit, and for-profit entities, the firm has also audited numerous pension plans, 403(b) plans, child development and nutrition programs, redevelopment agencies, public authorities, transportation authorities, special districts, water districts, joint power authorities and has also performed many compliance audits in accordance with the Uniform Guidance.

PEER REVIEW

Here at Hudson & Company, Inc., we strongly believe in the Peer Review Program, and the strength and accountability the program brings to the public accounting field, especially in the realm of performing quality audits in accordance with standards governing our field and the industries we serve. Our 2022 peer review has been completed and published, with a rating of *pass*. See Appendix II for a copy of the report. No federal or state desk reviews or field reviews have been undertaken of any audits performed by the Firm or any of its partners or professionals.

LICENSE TO PRACTICE IN CALIFORNIA

The firm and all key professional staff are licensed by the State of California to practice as Certified Public Accountants and meet the Continuing Professional Education requirements under U.S. GAO's *Government Auditing Standards* to perform the proposed audits.

INDEPENDENCE

The firm and all key professional staff are independent of the KREGSA as defined by *GAAS, Government Auditing Standards,* the American Institute of Certified Public Accountants (AICPA) Standards, Minimum Audit Requirements and Reporting Guidelines for Special Districts as required by the State Controller's Office, and those issued by the Comptroller General of the United States.

CONTINUING PROFESSIONAL EDUCATION

HCI is committed to quality training and technical proficiency. With such a large segment of the practice dedicated to attestation services, including financial and compliance audits, professional training and education in standards and regulations applicable to auditing and financial reporting are of the utmost importance. Firm standards meet or exceed professional and governmental standards of training and involve professional staff receiving at least forty hours of professional continuing education each year. This emphasis on continuing education is served in several ways. During the year and prior three years, the professional staff attend various educational sessions sponsored by the AICPA and California State Society of CPAs, as considered appropriate for the level and need of the individual. These classes include, among others:

- Governmental Financial Reporting Standards and Practices.
- Yellow Book: Government Auditing Standards.
- Financial Accounting Standards: Comprehensive Review.
- Single Audit.
- Governmental Auditing & Accounting Update.
- Comprehensive Review of Generally Accepted Auditing Standards.

RELEVANT EXPERIENCE

We are committed to providing appropriate and related experience, personal involvement, and a broad business perspective to produce a quality end product within the time frames required.

The Firm provides financial and compliance auditing services to governmental agencies throughout the Central Valley and throughout California. We are a governmental agency auditing firm that specializes in special Agency audits, with a particular interest and specialization in irrigation and water districts, and we have been performing these services for many years. As a result, the firm performed financial and compliance audits on most, if not all, types of governmental agencies and operations including:

- Cities
- Counties
- Financing Authorities
- Electrical Utilities
- Special Districts
- Water Districts
- Pension Plans
- Child Care Operations
- Joint Power Authorities
- Investment Activities
- Landfills
- Enterprise Funds
- Transportation Operations
- Federal and State Grants

In addition, a large majority of our experience in municipal auditing included clients that required a Single Audit also be conducted. We perform our audits in a detailed manner utilizing approaches developed internally that comply with the authoritative literature currently issued by the AICPA, GASB, FASB, GAO, Single Audit Act, OMB, and the California State Controller's Office and we do this with minimal disruption to our clients and within the time frame required.

STAFF QUALIFICATIONS

HCI has policies and procedures to ensure it hires only qualified people, that it properly supervises them and provides professional training, that it advances them to responsibilities they are capable of handling, and that it provides them with necessary technical resources.

Engagement Partner: The Engagement Partner will be Mr. Kip Hudson, CPA. Mr. Hudson has over seventeen years of audit and tax experience and he is one of the founders of Hudson & Company, Inc. Prior to founding Hudson & Company, Inc., Kip gained his background working at Baker Peterson & Franklin (now Moss Adams/Baker Tilly), the largest accounting firm in Fresno, CA. He will be responsible for the conduct of fieldwork and the examination and review of the workpapers. He will be charged with the responsibility of keeping the client informed as to the status of the examination. Mr. Hudson is licensed as a CPA in the State of California and his CPA license number is 112668.

Engagement In-Charge/Senior II: The Engagement Senior II will be Gilberto Vazquez. Mr. Vazquez has six years of audit and accounting experience and will be one of the key members of the audit. He will be responsible for the day-to-day oversight and supervision of the staff accountants and conduct of fieldwork. He will also be completing much of the detailed audit work performed throughout the engagements.

Both members of the audit team listed above have extensive knowledge in auditing organizations similar to KREGSA, and all other professional staff members who will be assigned to the team will have similar experience to various extents.

The quality of the staff over the term of the agreement will be assured because of our participation in excellent audit and accounting continuing education classes, and our unexcelled on-the-job training. All members of HCI are very familiar with the stringent quality control standards established by the AICPA.

Appendix I of this proposal contains resumes for these audit team leaders detailing their government and nonprofit auditing experience, continuing education, and membership in professional organizations relevant to the performance of your audit. Our firm policy is to maintain staffing continuity for all audits. In the unlikely event that key team members must be replaced, we will only do so with your permission. Any staffing replacements during the term of the agreement will have the same or better qualifications and experience of the staff which they replace.

SPECIFIC AUDIT APPROACH

Our overall approach is simple and follows the core values of our firm. We want to be efficient in our procedures and time, to eliminate redundancy and to ease the process and completion of the audit for both our people, but mostly for our clients. We put great effort and time into planning and preparing for the audit. We look for ways to efficiently perform tests and we follow our risk-based planning approach to properly perform the audit, without performing excess or non-useful testing.

When a single audit is required, we have found efficiencies by correlating our testing selections of expenditures for the Agency audit with our testing of the single audit allowable cost principles to reduce the number of invoices and items selected for testing.

Much of our audits are performed by senior level staff throughout the engagement process, from planning to completion. Using their experience and knowledge gained over the years, there is no on-the-job training of new staff by the client while performing your audit or major turnover in the audit team from year-to-year.

We pride ourselves on the fact that the partner will be onsite each day for fieldwork. This not only improves our audit product and gains efficiency with time but eases the pain of the audit for our clients who get direct access to the partner to easily take care of any situation and/or questions that arise during the audit.

Our evaluation of internal controls consists of concise interviews, so that we can quickly determine the areas for control and substantive testing, but also and most importantly to gain a solid understanding of our clients and how they operate. We look for ways to improve processes and procedures, so that we can consult with our clients and help them become more efficient and effective in their methods as well.

One of our core values is accountability. We take this very seriously, and when deadlines are set, we make sure they are met. Without the satisfaction of our clients, we would not be in business today. This is one of the major keys to our success, and that is meeting the expectations and deadlines of our clients.

We are also aware of the SCO and if applicable, the Single Audit standards and deadlines that must be met for each of those reports and will ensure those are met without exception. If applicable, we aim to complete the single audit along with the KREGSA audit, to avoid lingering testing and results where the information is no longer timely and useful for the organization.

The engagement will be conducted within the framework of the Firm's quality control program which includes the use of audit programs, careful planning, use of computerized audit software and internal control evaluation & documentation software, and objective review procedures.

We will conduct the necessary audit steps to perform:

- Planning of the engagement, including evaluation of the existing internal control environment to determine the degree of risk of material misstatement.
- Determination of the degree of compliance with laws, regulations, grants, provisions, and the Authorities approved policies.
- Assessment of potential fraudulent issues.
- Substantiation of account balances.
- Verification of reasonableness of management estimates.

The audit approach will consist of three phases, with estimated hours as follows:

- Initial Planning & Intro Meeting *(Sep/Oct)*
- Year End Fieldwork & Internal Control Evaluation *(November)*
- Reporting
    - *Financial Report Drafts – December 15*
    - *Final Financial Reports – December 20*

The estimated hours by proposed segments of the audit are as follows:

Audit Hours by Proposed Segments					
Segment	Partner	Senior II	Professional Staff	Clerical	**Total Hours**
Planning	2	3	6	-	**11**
Fieldwork	1.5	8	10	-	**19.5**
Final Reports	3	0	6	1	**10**
Total Hours	**7**	**11**	**22**	**1**	**40.5**

Planning, Understanding and Communication

We will begin the planning of the examination towards the end of the current year. Based on our previous audit experience, using the budget, organizational charts, manuals and other financial information systems and our knowledge of how governments and special districts work, we will obtain an updated current insight to the specific concerns and sensitivities of the KREGSA. Our understanding is updated continuously through our year-round contact and communication efforts.

We will agree on common audit objectives and expectations with management before audit work begins and, throughout the audit, will meet regularly with management to discuss audit issues and to gather feedback. Tasks to be accomplished during this phase include:

- Conference with management to discuss the scope of the examination, availability of your staff, scheduling, and coordination of our audit efforts with your efforts to produce the required financial reports. *(Initial kick-off meeting, Sep/Oct)*
- Conferences with all personnel involved in the engagement to discuss the scope and timing of the engagement, and anticipated areas of audit emphasis. *(Initial kick-off meeting, Sep/Oct)*
- Analytical review of year to date financial information. *(Nov)*
- Inquiry of your predecessor auditor. *(Sep/Oct)*

Study and Evaluation of Internal Controls and Systems

This is the cornerstone of the examination. Evaluating internal accounting controls is primarily focused on the procedures and records that are concerned with the safeguarding of assets and reliability of financial records. We have developed diagnostic reviews which enable us to evaluate your systems and controls, and to provide management with constructive feedback. Combined with our knowledge, understanding and experience with accounting software, our control review will form the basis of our audit risk assessment. We will utilize the COSO approach in our evaluation of the KREGSA internal processes to identify potential control deficiencies. In future years, we will update our understanding through similar procedures.

We will begin by preparing documentation matrices to fully describe all significant financial systems. We will then review the documents to isolate the significant strengths and weaknesses that would affect the extent of substantive audit procedures to be employed. Each strength is then tested and the results subjected to evaluation. These evaluations assist us in determining the amount of reliance we can place on those significant strengths we have identified. At this point we make adjustments to our auditing plan to compensate for the significant strengths and weaknesses thus identified and substantiated.

Sample Size and Sampling Techniques (*Samples will be provided prior to start of fieldwork to allow ample time for staff to pull supporting documentation)*

Our audit approach will include sampling activities. Population size and the level of assurance to be derived from a particular test will dictate the sample size.

We use sampling in our audit approach to compliment skilled judgment and knowledge of the particular situation. We look for efficiencies in testing a sample across multiple attributes to eliminate the need for multiple samples pulled by your staff.

Risk-Based Audit Approach

Our audit approach is tailored to governmental applications. We will use audit programs specifically designed to address the operational environment of governmental entities. Our approach will identify potential control risks and the opportunities for risk of material misstatements and fraud. We will evaluate the various risk assessments and identify the potential risks relating to the basic financial statements of the KREGSA. Our audit procedures will then be developed to address these risk areas.

Analytical Procedures

We use analytical procedures in several aspects of our audit. Extensive knowledge and industry background are required for effective analytics, and our firm possesses the appropriate experience and knowledge for the KREGSA to benefit from these procedures. We use detailed analytics including predictive tests, ratio analysis, annual trends, etc. to assist and often reduce the amount of vouching and substantive testing of balances.

Vouching of Balances & Substantive Fieldwork

Once our audit procedures are developed, the vouching of balances include tracing to supporting documentation, confirmation of balances with outside third parties, and performing substantive procedures over ending balances which ultimately support the conclusion that the financial statements are free of material misstatement will be performed.

We believe in performing quality analytical procedures, including comparison to prior years, predictive tests, ratio analysis, and inter-entity account analysis to determine the reasonableness of ending balances. Additional procedures include subsequent transaction testing of disbursements and receipts to assist in testing completeness and existence of balances and managements assertions. Expanded audit procedures are performed on high risk areas, while analytics and limited procedures are performed on lower risk areas.

Transition

We understand that changing audit firms can be a difficult and time-consuming task for the entity. Our audit approach and focused testing on audit risks along with our experienced partner and senior staff allow for a smoother transition for the entity and less impact on your staff.

Information Technology

We will evaluate controls over the IT functions to assess control risk. We intend to test controls for the purpose of reliance. Our review procedures will evaluate controls over:

- Security Management
- Logical and Physical Access
- Configuration Management
- Segregation of Duties
- Contingency Planning

In addition, we will review controls over:

- Input, processing, output, master data
- Application interface
- Data management system interface

Laws & Regulations Subject to Audit Procedures

We continuously refer to specific regulations, compliance supplements, state guidelines and contracts currently in force. We perform the procedures required related to laws and regulations, using inquiries, observations and sampling techniques. Some of the laws and regulations that we believe may be applicable to KREGSA are the Single Audit Act and other applicable laws and regulations, including the California Government Code, provisions of applicable Grant guidelines, governmental special district reporting requirements, requirements of local measures, and state water requirements.

Adjusting Journal Entries

We will discuss and explain proposed audit adjusting entries with the KREGSA designated finance personnel prior to recording to ensure all facts are obtained and agreed upon prior to moving forward with the adjustment. Audit adjusting entries will be provided in a format showing the lowest level of posting detail needed for data entry on the Authorities general ledger system.

Computer Software

The firm maintains a variety of software packages to be used during the audit and in the financial statement compilation process, which include MS Office (Word, Excel, etc.), Prosystem Fx Engagement, PPC Checkpoint and Checkpoint Tools, and SMART e-practice aids tool. We also have the ability to run reports using data analysis software, when needed.

Our audit software enables us to link our audit trial balance to the financial statements, which allows for efficient financial statement compilation. It also allows us to easily create analytical reports (e.g. year to year comparisons, budget to actual comparisons, trend analysis, ratio analysis, etc.) to identify any potential issues to be resolved during fieldwork.

Our research tools are always kept up to date to ensure compliance with accounting and auditing standards, and are also a resource for us to provide guidance to our clients or research any complex accounting transactions. We are a paperless firm, which we believe greatly assists us in performing audits efficiently and effectively.

REFERENCES

Located in Fresno, CA, HCI was formed to service a variety of local governments and non-profit entities in the Central Valley, as well as throughout California. Names and phone numbers of current clients are provided for your inquiries. We encourage you to contact these individuals to obtain information on the quality of the audit and services provided by HCI. Listed below is a partial listing of that prior experience, including the services provided:

1) Matt Hurley, General Manager
   McMullin Area Groundwaters Sustainability Agency [Audit]
   275 S. Madera Ave, Suite 301
   Kerman, CA 93630
   (559) 515-3339
   mhurley@mcmullinarea.org

2) Karen Whipp, Treasurer
   East Turlock Subbasin Groundwater Sustainability Agency [Audit, SCO Report]
   1067 East Olive Avenue
   Merced, CA 95340
   (209) 626-5523
   kareneastsidewater@att.net

3) Matt Beaman, Water Resources Regulatory Engineer
   Merced Irrigation-Urban Groundwater Sustainability Agency [Audit]
   744 W 20th St
   Merced, CA 95340
   (209) 354-2859
   mbeaman@mercedid.org

4) Jennifer Furstenburg, Controller
   Madera Irrigation District [Audit, Retirement Plan Audit, SCO Reports]
   Madera-Chowchilla Water & Power Authority [Audit, SCO Report]
   12152 Road 28 1/4
   Madera, CA 93637
   (559) 673-3514
   Jfurstenburg@madera-id.org

5) Marc Limas, Controller
   Alta Irrigation District [Audit, SCO Report]
   289 North L Street
   Dinuba, CA 93618
   (559) 591-0800
   ml@altaid.org

STAFF ESTIMATE AND COST

Based on our experience in performing similar engagements, the following table lists a summary of all projects and the total not-to-exceed cost for the years ending September 30, 2025, 2026 and 2027.

Service	2025	2026	2027	Total
KREGSA Audit	$ 5,480	$ 5,480	$ 5,480	$ 16,440
State Controller's Report	520	520	520	1,560
Total	$ 6,000	$ 6,000	$ 6,000	$ 18,000

The following table will list all project tasks, with proposed staff, to detail out the hours and hourly rate for each, plus project-related expenses.

KINGS RIVER EAST GSA AUDIT

Level of Personnel	Standard Rate	KREGSA Quoted Rate	Billing Hours	Amount
1 Partners	$225	$200	6	$1,200
2 Senior II	$180	$160	10	$1,600
3 Professional Staff	$140	$130	20	$2,600
4 Clerical	$60	$50	1	$50
Estimated Out of Pocket Expense				$30
		Total Hours	37	
Kings River East GSA Audit Proposal Price				$5,480

STATE CONTROLLER'S REPORTS

Level of Personnel	Standard Rate	KREGSA Quoted Rate	Billing Hours	Amount
1 Partners	$225	$200	0.5	$100
2 Senior II	$180	$160	1	$160
3 Professional Staff	$140	$130	2	$260
Estimated Out of Pocket Expense				$0
		Total Hours	4	
State Controller's Reports Preparation Proposal Price				$520
		Total Hours	40.5	
			TOTAL PRICE	$6,000

CONFLICT OF INTEREST

The firm and all key professional staff are free of any apparent, direct or indirect, or potential conflicts of interest that may exist with respect to the firm, management, or employees of the firm or other persons relative to the services to be provided under the agreement for auditing services to be awarded pursuant to the RFP.

INSURANCE

Our firm currently carries professional liability insurance with limits per claim and in the aggregate of $2,000,000/$4,000,000, respectively. We also currently carry general liability insurance with limits per claim and in the aggregate of $1,000,000/$3,000,000, respectively, automobile liability insurance with a limit of $1,000,000 and umbrella excess liability of $1,000,000 per occurrence and in the aggregate.

CONCLUSION

A professional external auditing relationship with the KREGSA will be of great value to our Firm, and we are excited and welcome the opportunity to develop a long-term relationship with KREGSA. We are committed to providing excellent service, advisory value-added benefits to KREGSA, and producing a timely quality end-product. We would like to express our appreciation to KREGSA for allowing us the opportunity to submit a proposal for our services. We are available at any time to discuss our proposal with you. Thank you for allowing us to present our Firm to you.

APPENDIX I: RESUMES OF KEY PERSONNEL

RESUMES OF KEY PERSONNEL

Kip Hudson, CPA – Engagement Partner

Gilberto Vazquez – Engagement Senior

Professional Resume

Kip Hudson, CPA
Engagement Partner

Hudson & Company, Inc.
Certified Public Accountants

Academic Background:

California State University Fresno
Bachelor of Science in Business Administration, Option in Accountancy

Professional Experience: (partial listing)

Special Districts and Governments:		Non-Profits:
Madera Irrigation District	Fresno Metropolitan Flood Control District	Fresno EOC
Alta Irrigation District	Yosemite Area Regional Transportion System	The Arc Fresno/Madera Counties
Kings County	Merced County Association of Governments	Vocation Plus Connections, Inc.
Kings County TDAs	Madera County TDA	Kings Community Action Organization
Madera-Chowchilla Water	Madera County Measure T	Neighborhood Industries
and Power Authority	Madera County Special Districts	California Teaching Fellows Foundation
Merced County Regional Waste	San Joaquin River Parkway & Conservation	The Arc East Bay
Management Authority	First 5 Fresno County	Focus Forward
Transit Joint Powers Authority	First 5 Stanislaus County	Nancy Fuller Children's University
for Merced County	Merced Irrigation District	Shoot the Puck Foundation
Sierra Kings Health Care District	Merced-Irrigation Urban GSA	Valley Center for the Blind
Eastside Water District	East Turlock Subbasin GSA	Central Valley Opportunity Center
First 5 Madera County	San Joaquin Valley Library Systems	Merced Rescue Mission

Retirement Plans:

Mid Valley Disposal, Inc. 401k Plan	Fresno EOC 403b/Pension	Promesa Behavioral Health 403b
The Arc Fresno/Madera Counties 403b Plan	Madera Irrigation District 401a	Central Valley Meat 401k
Kings Community Action Organization 401k	Ready Roast Nut Company 401k	Charles McMurray Company 401k
Fresno Irrigation District Retirement Plan	Mercedez Benz 401k Plan	Trinity Fruit 401k Retirement Plan
Fresno Metropolitan Flood Control District	Educare Services 403b Plan	Community Youth Ministries 403b

Professional Associations:

American Institute of Certified Public Accountants
California Society of Certified Public Accountants

Recent Continuing Education: Current on Governmental CPE Credits

Governmental and Nonprofit Annual Update
Auditing & Assurance Update
Spidell Tax Update
Yellow Book
FASB Review & Update
Advanced Audit Standards Workshop: Understanding Risk Assessment

Professional Resume

Gilberto Vazquez
Engagement Senior II Accountant

Hudson & Company, Inc.
Certified Public Accountants

Academic Background:

California State University Fresno
Bachelor of Science in Business Administration, Option in Accountancy

Professional Experience: (partial listing)

Governments and Non-Profits:

Alta Irrigation District
Eastside Water District
East Turlock Subbasin GSA
First 5 Sonoma County
First 5 Madera County
Fresno Metropolitan Flood Control District
Madera Irrigation District
Madera-Chowchilla Water & Power Authority
Merced Council of Governments
Yosemite Area Regional Transportation System
Kings Community Action Organization
Nancy Fuller Children's University
Opportunity Through Education, Inc.
Resources for Independence Central Valley
Valley Small Business Development Corporation
Comprehensive Addiction Programs
Fresno EOC
Transit Joint Powers Authority
Measure V - Merced County
Merced County Regional Waste
Abrazo Foster Family Agency
Building Better Communities Foundation
California Teaching Fellows Foundation
Central Valley Opportunity Center, Inc
Economic Development Corp
Early Childhood Development Centers
Sierra Kings Health Care District
Friant Water Authority

Professional Associations:

California Society of Certified Public Accountants

APPENDIX II: PEER REVIEW REPORT

Grant Bennett Associates

A PROFESSIONAL CORPORATION

Proud Member of AlliottGlobalAlliance

Report on the Firm's System of Quality Control

September 23, 2022

To Hudson Henderson & Company, Inc. 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 Hudson Henderson & Company, Inc. (the firm) in effect for the year ended October 31, 2021. 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 www.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 and complying with a system of quality control 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 and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

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

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 Hudson Henderson & Company, Inc. in effect for the year ended October 31, 2021, 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*. Hudson Henderson & Company, Inc. has received a peer review rating of *pass*.

Grant Bennett Associates

GRANT BENNETT ASSOCIATES
A PROFESSIONAL CORPORATION
Certified Public Accountants

GBA CPA
www.gbacpa.com

10850 Gold Center Drive, Suite 260
Rancho Cordova, CA 95670
916/922-5109 FAX 916/641-5200

1970 Broadway, Suite 260
Oakland, CA 94612
510/817-4886

Princeville, HI
888/763-7323

Together as One. Grant Bennett Associates is a Member of the Alliott Global Alliance of independent professional firms.

HUDSON& COMPANYINC
CERTIFIED PUBLIC ACCOUNTANTS

September 8, 2025

Board of Directors
Kings River East Groundwater Sustainability Agency
289 North L Street
Dinuba, CA 93618

We are pleased to confirm our understanding of the services we are to provide Kings River East Groundwater Sustainability Agency (Agency) for the year ended September 30, 2025.

Audit Scope and Objectives

We will audit the financial statements of the business-type activities, and the disclosures, which collectively comprise the basic financial statements of the Agency as of and for the year ended September 30, 2025. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Distrct's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Agency's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

1) Management's Discussion and Analysis

2) Schedule of Governmental Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

The objectives also include reporting on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of your accounting records of the Agency and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance

with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

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

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

We have identified the following significant risks of material misstatement as part of our audit planning:

- Improper revenue recognition due to error or fraud
- Unaccrued revenues and expenses

Our audit of financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Agency's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us; for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers); and for the evaluation of whether there are any conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for the 12 months after the financial statements date or shortly thereafter (for example, within an additional three months if currently known). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Government Auditing Standards*.

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

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

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United States of America (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to [include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon]. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you

have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information. With regard to publishing the financial statements on your website, you understand that websites are a means of distributing information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information on the website with the original document.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Other Services

We will also assist in preparing the financial statements and related notes of the Agency in conformity with accounting principles generally accepted in the United States of America based on information provided by you. We will also assist in preparing the Annual California State Special Districts Report (SCO report). These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement and the SCO report services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

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

Engagement Administration, Fees, and Other

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

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

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

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

Kip Hudson is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, confirmation service provider fees, etc.) except that we agree that our gross fee, including expenses, will not exceed $5,480 for the financial statement audit and preparation of the financial statements and $520 for the Annual California State Special Districts Report. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination.

The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If the requested items are not available on the dates required or are not accurate, we will advise management. Additional time and costs may be necessary because of such unanticipated delays. Examples of situations that may cause our estimated fee to increase include:

- Significant delays in responding to our requests for information such as reconciling variances or providing requested supporting documentation (e.g., invoices, contracts, and other documents)
- Rescheduling our fieldwork
- Schedule disruption cause by litigation, financial challenges (going concern), loan covenants (waivers), etc.
- Identifying a significant number of proposed audit adjustments
- Schedules prepared by your personnel that do not reconcile to the general ledger
- Numerous revisions to information and schedules provided by your personnel
- Restating financial statements for accounting errors in the prior year
- Lack of availability of entity personnel during audit fieldwork

You also agree to compensate us for any time and expenses, including time and expenses of legal counsel, we may incur in responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings that we are asked to respond to on your behalf.

If any dispute arises among the parties, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under Rules for Professional Accounting and Related Services Disputes, before resorting to litigation. Costs of any mediation proceeding shall be shared equally by all parties.

Client and accountant both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the Rules of Professional Accounting and Related Services Disputes of the American Arbitration Association. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that in the event of a dispute over fees charged by the accountant, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and instead we are accepting the use of arbitration for resolution.

Reporting

We will issue a written report upon completion of our audit of the Agency's financial statements. Our report will be addressed to the Board of Directors of the Agency. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will state (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with

Government Auditing Standards in considering the entity's internal control and compliance. The report will also state that the report is not suitable for any other purpose. If during our audit we become aware that the Agency is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

We appreciate the opportunity to be of service to the Agency and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Very truly yours,

HUDSON & COMPANY, INC.

Hudson + Company, Inc.

By: Kip Hudson, CPA

RESPONSE:

This letter correctly sets forth the understanding of Kings River East Groundwater Sustainability Agency.

Management signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: _____

Date: _____

Kings River East - GSA	Budget	2024-2025	Actual 2024-2025 Through 08/31/2025	Projected 2024-2025	Projected Budget Variance	Proposed 2024-2025 Budget	Variance 2023-2024 Budget
Revenue:							
Grant Income	$	-			$ -	$ -	$ -
GSA Prop 26 Fee	$	-	$ -		$ -	$ -	$ -
Interest Income	$	7,500.00	$ 3,925.82	$ 3,930.00	$ (3,570.00)	$ 50.00	$ (7,450)
Late Fee	$	-	$ -		$ -	$ -	$ -
Total Income:	$	7,500.00	$ 3,925.82	$ 3,930.00	$ (3,570.00)	$ 50.00	$ (7,450.00)
Expenses:							
Administrative Services	$	10,000.00	$ 3,372.01	$ 4,000.00	$ (6,000.00)	$ 5,000.00	$ (5,000.00)
Office Supplies	$	300.00	$ 159.37	$ 200.00	$ (100.00)	$ 300.00	$ -
Mileage	$	500.00	$ 479.05	$ 500.00	$ -	$ 500.00	$ -
Postage	$	50.00	$ 11.39	$ 15.00	$ (35.00)	$ 25.00	$ (25.00)
Audit Fees	$	5,200.00	$ 5,630.00	$ 5,630.00	$ 430.00	$ 6,500.00	$ 1,300.00
Bank Charges	$	50.00	$ -	$ 10.00	$ (40.00)	$ 20.00	$ (30.00)
Engineering Services	$	250,000.00	$ 102,990.74	$ 135,000.00	$ (115,000.00)	$ 150,000.00	$ (100,000.00)
Domestic Well Mitigation Program	$	200,000.00	$ -	$ -	$ (200,000.00)	$ 200,000.00	$ -
Insurance	$	1,800.00	$ 1,788.00	$ 1,788.00	$ (12.00)	$ 1,800.00	$ -
Legal	$	20,000.00	$ 26,721.40	$ 30,000.00	$ 10,000.00	$ 30,000.00	$ 10,000.00
Bad Debt Allowance	$	-	$ -	$ -	$ -	$ -	$ -
Dues	$	3,000.00	$ 1,556.28	$ 1,556.28	$ (1,443.72)	$ 1,600.00	$ (1,400.00)
Dues & Subscriptions	$	300.00	$ -	$ -	$ (300.00)	$ -	$ (300.00)
Outreach	$	5,000.00	$ 1,223.60	$ 1,500.00	$ (3,500.00)	$ 2,500.00	$ (2,500.00)
Grants	$	-	$ -	$ -	$ -	$ -	$ -
Meetings	$	500.00	$ -	$ -	$ (500.00)	$ 500.00	$ -
Miscellaneous	$	5,000.00	$ -	$ -	$ (5,000.00)	$ 5,000.00	$ -
Professional Services	$	50,000.00	$ 15,729.04	$ -	$ (50,000.00)	$ 50,000.00	$ -
Total Expenses:	**$**	**551,700.00**	**$ 159,660.88**	**$ 180,199.28**	**$ 371,500.72**	**$ 453,745.00**	**$ (97,955.00)**
Net Income	**$**	**(544,200.00)**	**$ (155,735.06)**	**$ (176,269.28)**	**$ 367,930.72**	**$ (453,695.00)**	**$ 90,505.00**

Insert 8.1

RECORDING REQUESTED BY:

Kings River East GSA

AND WHEN RECORDED MAIL TO:

Kings River East GSA
289 North L Street
Dinuba, CA 93618

With copy to:
Lauren D. Layne, Esq.
BAKER MANOCK & JENSEN, PC
5260 North Palm Avenue, Suite 201
Fresno, California 93704

Exempt from Building and Jobs Act Fee per Gov't Code § 27388.1(a)(2)(D) Public Agency
No fee pursuant to Gov't Code §§ 6103, 27383

SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY

Affects APN(s): _____

WELL MITIGATION AGREEMENT

THIS WELL MITIGATION AGREEMENT ("Agreement") is entered into as of this ____ day of _____, 20____ ("Effective Date") by and between Kings River East Groundwater Sustainability Agency, a California public agency ("Agency") and _____ ("Owner"). The Agency and the Owner are referred to herein individually as a "Party" and collectively as the "Parties".

RECITALS:

A. WHEREAS, Agency is a groundwater sustainability agency ("GSA") formed to implement the Sustainable Groundwater Management Act ("SGMA") in a portion of the Kings groundwater subbasin (DWR Bulletin 118, Subbasin 5-022.08) (the "Subbasin"); and

B. WHEREAS, Agency has prepared a groundwater sustainability plan ("GSP") for its portion of the Subbasin, which GSP was approved by the Department of Water Resources ("DWR") on August 4, 2023; and

C. WHEREAS, Agency has implemented a Domestic Well Mitigation Program Policy (the "Agency Policy") based on and incorporating the Kings Subbasin Domestic Well Mitigation Program adopted in April 2024 by all seven GSAs in the Subbasin, as it may be amended from time to time (together with any and all amendments or revisions, the "Subbasin Program") as part of its GSP implementation; and

D. WHEREAS, the Subbasin Program intends to mitigate the impacts on domestic and State Small Water System wells that go dry due to groundwater level declines during SGMA implementation in the Subbasin; and

E. WHEREAS, Owner is the fee simple owner of that certain real property more commonly known as [Fresno or Tulare] County Assessor's Parcel Number(s) ("APN") _____ and located at [address], which is more particularly described in **Exhibit "A"** attached hereto (the "Property"), which Property is improved with a domestic well ("Well"); and

F. WHEREAS, Owner has reviewed the Subbasin Program and the Agency Policy and submitted an application for well mitigation assistance (the "Application"); and

G. WHEREAS, Agency has reviewed the Application and determined that the Owner is eligible for well mitigation assistance for the Well pursuant to the Subbasin Program and the Agency Policy; and

H. WHEREAS, Owner and Agency wish to memorialize the terms and conditions associated with Agency's provision of well mitigation assistance.

NOW THEREFORE, in consideration of the mutual covenants, obligations, and promises contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

AGREEMENT:

1. Incorporation of Recitals. The above recitals are true and correct and made a part hereof.

2. Definitions. Unless a particular word or phrase is otherwise defined or the context requires otherwise, capitalized terms used in this Agreement shall have the meanings set forth below.

2.1 Mitigation Measure. The term "Mitigation Measure" shall mean any of the Well Mitigation Options described in the Subbasin Program, in the following order of priority: (i) lowering the existing Well pump; (ii) deepening the Well; (iii) drilling a Replacement Well (including costs of abandonment of the existing Well, in Agency's sole discretion); (iv) replacing the existing Well pump after mitigation with a larger pump if needed to meet reasonable water demand and pressure requirements; and (v) other options, to the extent feasible and practical for Agency.

2.2 Replacement Well. The term "Replacement Well" means a groundwater well which is constructed to provide water for the same purpose as the original Well, which shall be limited to domestic use only as defined in the Agency Policy.

3. Well Mitigation Assistance. Agency shall provide financial assistance to the Owner for costs to mitigate the effects on the Well caused by lowered groundwater levels as a

result of SGMA implementation in Agency's sole and reasonable discretion, subject to the terms and conditions of this Agreement.

3.1 Specifications. The Mitigation Measure selected as the most feasible and reasonable for the Well shall be completed pursuant to the specifications more particularly described in **Exhibit "B"** attached hereto and incorporated herein (the "Specifications"). Wells must conform to the design standards stipulated by the Program, any Agency Policy, rules or regulations, and this Agreement. If Owner drills a well deeper than authorized by the Specifications, Owner shall be required to pay for the additional costs associated with the deeper well above the Payment amount (as defined below).

3.2 Well Driller. Owner shall engage a drilling contractor on Agency's pre-approved contractor list or a driller with a C-57 license in good standing with the Agency (the "Well Driller") within thirty (30) days of the Effective Date. The Well Driller shall complete the Mitigation Measure according to the Specifications. The Well Driller is required to maintain commercial general liability insurance with adequate coverage for liability arising from their work pursuant to the Mitigation Measure selected and this Agreement.

3.3 Well Standards. All new, modified, and abandoned wells shall comply with California State Well Standards, DWR Bulletin 74-81 and Bulletin 74-90, and applicable County Water Well Standards.

3.4 Well Abandonment. If a Replacement Well is drilled as part of the Mitigation Assistance, Agency may, in its sole discretion, either (i) have the replaced Well destroyed at the Agency's sole cost based on the pro-rated cost share as described in Section 4.1 below, or (ii) utilize the replaced Well as a monitoring point for tracking groundwater levels and water quality. If Agency elects to utilize the replaced Well as a monitoring point, Owner agrees to allow the Agency or its designees continued access to the replaced Well for monitoring purposes.

4. Payment. Agency will pay for all allowable costs of the Mitigation Assistance in an amount of _____ Dollars ($_____) (the "Payment").

4.1 [ALTERNATE PROVISION] Cost Share. Owner and Agency agree to share the costs of the selected Mitigation Measure pursuant to the Specifications ("Cost Share"). Agency's portion of the cost of construction of a Replacement Well decreases proportionally with the age of the Well at two percent (2%) per year, beginning the first year after the Original Well was constructed, to account for depreciation of the well asset. Agency's portion of Well destruction costs will also decrease with the age of the Well in the same manner. The schedule of each Party's responsibilities under the Cost Share is described in **Exhibit "___"** attached to this Agreement. Agency may reimburse fully for the cost of the well assessment, well deepening, lowering a pump, and installing a larger pump.

4.2 Allowable Costs. Costs eligible for reimbursement under this Agreement shall include those costs identified in **Exhibit "___-1"** attached hereto and incorporated herein by this reference ("Allowable Costs"). Costs ineligible for reimbursement shall include those costs identified in **Exhibit "___-2"** attached hereto and incorporated herein ("Ineligible

Costs").

4.3 Utilities. The Agency may pay for electrical and plumbing services to the extent necessary to restore water service to the residential dwelling associated with a replaced or deepened Well. If necessary to provide service to the new well, other appurtenance upgrades may be provided such as power poles, electrical panels, groundwater rods, pressure tanks, etc. Agency will not pay for costs to replace infrastructure that is adequately sized but in disrepair or poor condition.

4.4 Reimbursement. Upon completion of the Mitigation Measure according to the Specifications, Owner shall provide Agency with all original invoices for all Allowable Costs to complete the Mitigation Measure according to the Specifications (each, an "Invoice" and collectively, "Invoices"). Agency shall provide Owner reimbursement for all undisputed, Allowable Costs within forty-five (45) days of receipt of the Invoices up to the total Payment amount.

4.4.1 Disputes. If Agency disputes any portion of an Invoice, it shall provide notice of such disputed Invoice or portion of an Invoice within fourteen (14) days of receipt of the Invoice, with an opportunity for Owner to clarify such disputed Invoice. If Owner fails to clarify the disputed Invoice to Agency's representative identified in Section 12.6 below within seven (7) days, Agency's representative shall deny reimbursement for that disputed Invoice or portion of Invoice. Owner may appeal Agency's representative's denial to the Agency's Board of Directors. Owner's appeal will be heard at a regular meeting of the Agency's Board of Directors and Owner will receive notice of such meeting as required pursuant to the Ralph M. Brown Act. Agency's Board of Directors' decision will be final.

5. Term. The term of this Agreement shall commence on the Effective Date and shall continue for (i) fifty (50) years (the "Term").

6. Grant of Right of Entry. As consideration for the Mitigation Assistance, Owner grants to Agency, its agents, employees, consultants, and contractors (collectively, "Agency Agents") the right to enter the Property in order to access the Well and conduct the Mitigation Assistance activities, including inspecting the Well, removing and replacing the Well pump and related infrastructure, performing all activities necessary to complete the Mitigation Measure, and for the purpose of installing and reading flowmeters and monitoring groundwater levels in any Replacement Well, modified Well, or abandoned Well for the Term of this Agreement.

7. Owner Responsibilities.

7.1 Environmental Compliance. The Agency is not a lead agency for purposes of the California Environmental Quality Act ("CEQA") and is solely providing financial assistance to mitigate the effect of lowering groundwater levels on Owner's Well. Owner, its authorized Well Driller, or the lead agency pursuant to CEQA are responsible for ensuring CEQA compliance for any alteration, modification, replacement, or destruction of the Well or installation of the Replacement Well.

7.2 Safe Access. Owner shall allow Agency and Agency Agents safe and clear access to the Well(s) and Owner shall promptly respond to information requests from the

Agency and Agency Agents in a timely manner. Owner's failure to provide safe and clear access, free from harassment, by Agency's Agents to the Well(s) and any Replacement Well(s) shall be cause for immediate termination of this Agreement.

7.3 Ongoing Operation and Maintenance. After the Mitigation Measure has been completed, Owner shall be solely responsible for the operation and maintenance of the mitigated Well and any Replacement Well and shall ensure that it is used only for domestic purposes, including but not limited to indoor uses for drinking, washing, cooking and sanitation purposes, and limited outdoor use for washing, landscape irrigation and limited water features. Mitigated Wells or Replacement Wells shall not be used for agricultural irrigation purposes for the Term of this Agreement.

7.4 Water Quality. The quality and safety of private water wells is not regulated by the Safe Drinking Water Act ("SDWA") or any State or County laws. Owner is solely responsible for maintaining and monitoring the water quality of their private Well. Agency makes no guarantees or assurances that the mitigated Well or any Replacement Well installed under this Agreement meets drinking water quality standards.

7.5 Filtration. Owner is solely responsible for installing any necessary filtration or purification devices needed to ensure the Well or any Replacement Well is fit for domestic purposes.

7.6 Warranty. Owner is solely responsible for obtaining a warranty or guarantee on the modified Well or any Replacement Well from the Well Driller. Agency provides no such warranty or guarantee on any Mitigation Measure wholly or partially paid for by the Agency under this Agreement.

8. Termination.

8.1 Without Cause. Owner and Agency may each elect, in its sole discretion, to terminate this Agreement for any reason or no reason upon not less than thirty (30) days prior written notice to the other Party.

8.2 With Cause. Agency may terminate this Agreement upon five (5) business days' prior written notice to Owner for "cause". Agency shall notify Owner of the nature of the default and specify the period of time the breaching party has to cure the breach. If Owner fails to cure the breach within the specified time period, this Agreement shall terminate as of the date the cure period expires. For purposes of this Agreement, "cause" shall mean the occurrence of any of the following: (i) any default by Owner in the performance of its obligations under this Agreement; (ii) either Party is dissolved; (iii) negligence or willful misconduct by Owner in the performance of its obligations under this Agreement; (iv) fraud, material misrepresentation, misappropriation of funds or breach of trust by Owner; (vi) if Owner shall assign its rights or obligations under this Agreement contrary to the terms hereof without the assignment being first approved by Agency; (vi) if at any time Owner, or any resident inhabiting the Property, threatens, intimidates, or harasses Agency or Agency's Agents when they are exercising their Right of Entry pursuant to the terms of this Agreement; or (vii) if Owner fails to provide clear and safe access to the Well pursuant to Section 7.2 above.

8.3 Obligations After Termination. Upon any termination or expiration of this Agreement, the obligations of the Parties hereto (except those specified as surviving) shall cease as of the date of expiration or the date specified in the notice of termination, except (a) each Party shall continue to be liable for its respective obligations which have accrued up to and including the termination date and shall promptly pay to the other all amounts due the other Party under the terms of this Agreement, and (b) Owner shall be responsible for any full or partial Mitigation Measure work performed up to the termination date, including any costs incurred by Agency related to this Agreement.

9. Insurance. Owner shall obtain a policy of homeowner's insurance related to the Property and the Well providing for replacement value coverage and worker liability for the Term of this Agreement. Owner shall provide Agency with written proof of such coverage upon request.

10. Indemnification and Hold Harmless. Agency and Owner will exercise reasonable precautions to avoid damage to people and property. Each Party agrees that it is responsible for its own actions under this Agreement and hereby agrees, to the extent permitted by law, to indemnify and hold the other Party and their respective officers, agents, employees, consultants and contractors harmless against any asserted liability arising out of its actions, either willful, negligent, or intentional, in the performance of this Agreement. Such indemnity will include any losses relating to any claim made, whether or not a court action is filed. Notwithstanding the foregoing, Agency assumes no liability or responsibility pertaining to testing or remediating the Well(s) or any Replacement Wells for water quality issues other than lowering of groundwater levels. This Section 10 shall survive the termination or expiration of this Agreement.

11. Public Records and Disclosure. Owner acknowledges that this Agreement and other materials related to Mitigation Assistance may be public records subject to disclosure under the California Public Records Act ("CPRA"). Within five (5) days of disclosing records containing information related to Owner that are not subject to any legal and valid exemption to the CPRA, Agency shall provide notice to Owner of such disclosure. Owner waives any claims against the Agency for disclosure of records that the Agency has reasonably concluded are disclosable under the CPRA. Further, monitoring results from replaced Wells may be disclosed, without identifying the Owner, from time to time to state agencies and the public as part of the Agency's implementation of SGMA. This Section 11 shall survive the termination or expiration of this Agreement.

12. General Provisions.

12.1 Modifications. This Agreement may be amended, changed, or modified only as may be agreed in writing by the Parties from time-to-time.

12.2 Binding Effect. This Agreement shall run with the land and be binding on the Parties and their successors and assigns. The rights and benefits of any party under this Agreement may not be assigned without the prior written consent of the other Party, which consent may be granted or withheld in such other Party's sole and absolute discretion.

12.3 Governing Law. The validity, meaning, enforceability, and effect of the

Agreement and the rights and liabilities of the parties shall be determined in accordance with the laws of the State of California.

12.4 Incorporation by Reference. All documents, instruments, attachments, exhibits, and other writings executed with, referred to in, or attached to this Agreement are incorporated by reference into this Agreement and are made a part of this Agreement as if fully set out herein. This Agreement, before such incorporation, controls in the event of any conflict with the terms of the Agreement.

12.5 Jurisdiction and Venue. Owner consents to the venue and jurisdiction of any court, state or federal, located in the County of Fresno. Owner agrees that any action, proceeding, or other matter arising directly or indirectly under this Agreement may be brought by Agency in its sole discretion in any such court. Owner agrees to that venue for any action, proceeding, or other matter properly placed in any such court located in the County of Fresno.

12.6 Notices. Any notice under this Agreement shall be in writing, without implying the obligation to provide such notice. Any notice to be given or document to be delivered under this Agreement shall be deemed to have been duly received on (a) delivery, if delivered in person or by any expedited delivery service that provides proof of delivery; (b) delivery by electronic mail; or (c) the fifth (5th) business day after mailing, if mailed by certified mail, return receipt requested, postage prepaid, addressed to Agency or Owner at the appropriate addresses. The addresses for notices are those set forth below or such other addresses as may be hereafter specified by written notice by the parties:

To Owner: _____
_____
_____
Telephone: _____
E-mail: _____

To Agency: Kings River East GSA
c/o _____
289 North L Street
Dinuba, CA 93618
Telephone: (559) 591-0800
E-mail: _____

12.7 Relationship of the Parties. Neither Agency nor Owner shall be deemed a partner, joint venturer, agent, or related entity of the other by reason of this Agreement.

12.8 Assignment. Neither Party may assign or delegate, without the written consent of the other, any of the rights or obligations under this Agreement.

12.9 Severability. If a court of competent jurisdiction finds any term or provision of this Agreement, or the application thereof to any person or circumstance, to be invalid, void, or unenforceable to any extent, (a) such court may amend and/or interpret such term or provision so that it will be valid to the fullest extent possible under law; and (b) the

remaining provisions of this Agreement and any application thereof shall continue in full force and effect without being impaired or invalidated in any way.

12.10 Time. Time is of the essence under this Agreement.

12.11 Waivers. Agency may at any time or from time-to-time waive all or any rights under any of this Agreement, but any waiver or indulgence at any time or from time- to-time shall not constitute, unless specifically so expressed by Agency in writing, a future waiver by Agency of performance by Owner.

12.12 Counterparts and Electronic Signatures. This Agreement may be executed in multiple counterparts, all of which together shall constitute one instrument. Execution and delivery of a counterpart of this Agreement (i) by portable document format ("PDF") copy bearing the PDF signature of any party hereto, whether delivered by facsimile, e-mail or physical delivery service ("PDF Signature"), or (ii) by electronic signature of any Party hereto pursuant to electronic signature procedures the Agency may establish from time to time ("Electronic Signature"), shall be equally as effective as delivery of a manually executed counterpart of this Agreement and shall constitute a valid and binding execution and delivery of this Agreement by such Party. The Parties agree that: (x) each PDF Signature and/or Electronic Signature of such Party will be enforceable to the same extent as a manual signature, whether in court or otherwise; and (y) such Party will not raise any defenses or regulatory or statutory claims attempting to invalidate the enforceability of its PDF Signature or Electronic Signature.

12.13 Representations: The undersigned specifically represent that they are authorized to execute this Agreement and that the parties have the rights and capacities to perform the acts contemplated by this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement to be effective as of the Effective Date entered above.

AGENCY	OWNER
Kings River East GSA	Landowner
_____	_____
Signature	Signature
_____	_____
Printed Name	Printed Name
Date signed: _____	Date signed: _____

EXHIBIT "A"

Legal Description of the Property

EXHIBIT "B"

The Specifications

EXHIBIT "C"

[ALTERNATE PROVISION] Cost Share Schedule

EXHIBIT "C-1"

Allowable Costs

EXHIBIT "C-2"

Ineligible Costs

RIGHT OF ENTRY
AND HOLD HARMLESS AGREEMENT
FOR WELL MITIGATION PROGRAM

THIS RIGHT OF ENTRY AND HOLD HARMLESS AGREEMENT FOR WELL MITIGATION PROGRAM (this "Agreement") is entered into as of this ____ day of _____, 20____ ("Effective Date") by and between Kings River East Groundwater Sustainability Agency, a California public agency ("Agency"), and _____ ("Grantor") to allow entry upon Grantor's property commonly identified by _____ County Assessor's Parcel Number(s) ("APN(s)") _____ and by street address as _____, _____, California _____ (the "Property"), upon the following terms and conditions:

1. **Grant of Right of Entry**. Grantor does hereby grant to Agency, its agents, employees, consultants, and contractors ("Grantees") the right of entry onto the Property for the following purposes: (i) to assess and inspect the structure of the domestic well(s) on the Property (each, a "Well") to determine the Well's eligibility for mitigation assistance from the Agency pursuant to the Kings Subbasin Domestic Well Mitigation Program (the "Subbasin Program") and any and all Agency policies implementing the Subbasin Program (collectively, "Agency Policy"); and (ii) if deemed eligible for mitigation assistance in the Agency's sole discretion, to install and remove temporary water supplies on the Property, as needed, to provide interim domestic water supply until more permanent mitigation measures are finalized ("Interim Water Supply"). "Interim Water Supply" as used in this Agreement may include exterior water tanks for provision of household water, bottled drinking water delivery, or other measures as outlined in the Subbasin Program or Agency Policy, in the Agency's sole discretion; and (iii) if deemed eligible for mitigation assistance, to inspect the Well and Well equipment, verify the status of the Well and need for mitigation, access the Well including measuring groundwater levels, assist in planning for the Well mitigation, abandoning the existing Well and inspecting the final well construction or well modification, and any other actions needed to complete the well mitigation process.

2. **Grantor's Obligations**.
    a. Grantor shall allow Grantees safe and clear access to the Well(s) for the entire term of this Agreement. Grantor's failure to provide safe and clear access to the Well(s) shall be cause for the Grantor's application for mitigation assistance to be rejected.
    b. Grantor shall respond to information requests from the Grantees in a timely manner.
    c. Grantor shall maintain the Interim Water Supply equipment in good working order including the water tank, water pump, and equipment for drinking water supplies. Grantor shall reimburse the Agency for any lost, stolen, or damaged equipment.
    d. If Interim Water Supply is provided, Grantor shall pay to the Agency Ten Dollars ($10) per any 5-gallon bottle of water that is not returned within 30-

days of delivery. Bottled water supply shall be used only for cooking and human consumption.

e. Grantor shall not sell or provide any of the Interim Water Supply to any other person or entity, other than members of Grantor's household.

f. Grantor shall be responsible for engaging a well services contractor ("Well Contractor") in good standing and paying for the initial investigation of the Well. If the Well is determined to be eligible for mitigation assistance by the Agency, and the fees for the well investigation appear reasonable, these Well Contractor costs may be reimbursed in full by the Agency, as described in a Well Mitigation Agreement between Grantor and the Agency.

g. While receiving Interim Water Supply, Grantor shall make all reasonable efforts to avoid delaying the Agency's well mitigation determination and activities. If selected for mitigation assistance, Grantor shall secure a signed contract with a well driller within 30 days of approval for well mitigation. The Agency's provision of Interim Water Supply will be reevaluated every 60 days by the Agency. If it appears, in the Agency's reasonable discretion, that its provision of well mitigation assistance is being delayed soley due to the actions or inactions of the Grantor, then this Agreement may be terminated pursuant to Section 5.b.ii of this Agreement. Delays due to backlogged well drillers will be taken into consideration by the Agency but may also necessitate that the landowner solicits additional bids to help expedite well mitigation.

3. **Use of Interim Water Supply**. If the Grantor is eligible for Interim Water Supply, Grantor shall use such Interim Water Supply for indoor domestic purposes only and shall limit daily water usage to less than 50 gallons per person per day.

4. **Term**. The term of this Agreement shall commence on the Effective Date and shall continue until the first to occur of any of the following events: (i) the Agency's final determination denying Grantor's application for mitigation assistance under the Subbasin Program and/or the Agency Policy, including any applicable appeals period; (ii) if deemed eligible for mitigation assistance, the termination date of Grantor's Mitigation Agreement with the Agency for permanent mitigation assistance; or (iii) the date of termination pursuant to Section 5 below.

5. **Termination**

   a. **By Grantor**. Grantor may terminate this Agreement after providing the Agency with thirty (30) days' advance written notice to the Agency. In the event that Grantor decides to terminate the Agreement after Interim Water Supply has been provided, Grantor shall, in good faith, grant Grantees access to the Property to remove any Interim Water Supply and Grantor shall be

responsible for all costs incurred by the Agency for provision of the Interim Water Supply up to the effective date of termination.

b. **By Agency**.

i. **For Harassment**. The Agency will not tolerate conduct that threatens, intimidates, or harasses any Grantee. This includes all acts of harassment, including harassment based on an individual's race, color, religion, gender/sex, national origin, ethnicity, citizenship status, genetic information, military status, age and disability. The Agency maintains the right to immediately terminate this Agreement if at any time Grantor, or any resident inhabiting the Property, threatens, intimidates, or harasses any Grantee when they are exercising their Right of Entry pursuant to the terms of this Agreement. If the Agency terminates this Agreement pursuant to this provision, Grantor shall, in good faith, grant Grantees access to the Property to remove any Interim Water Supply, and Grantor shall be responsible for all costs incurred by the Agency for provision of the Interim Water Supply up to the date of termination.

ii. **For Unreasonable Delay**. Pursuant to Section 2.g. of this Agreement, the Agency may terminate this Agreement and any Interim Water Supply if it appears, in the Agency's reasonable discretion, that its provision of well mitigation assistance is being delayed soley due to the actions or inactions of the Grantor; provided that the Agency shall provide 15 days' notice to Grantor to allow Grantor an opportunity to cure the delay. If the Agency terminates this Agreement pursuant to this provision, Grantor shall, in good faith, grant Grantees access to the Property to remove any Interim Water Supply, and Grantor shall be responsible for all costs incurred by the Agency for provision of the Interim Water Supply up to the date of termination.

6. **Indemnification and Hold Harmless.** The Agency and Grantor will exercise reasonable precautions to avoid damage to people and property. Each agrees that it is responsible for its own actions under this Agreement and hereby agrees, to the extent permitted by law, to indemnify and hold the other party and their respective officers, agents, employees, consultants and contractors harmless against any asserted liability arising out of its actions, either willful, negligent, or intentional, in the performance of this Agreement. Such indemnity will include any losses relating to any claim made, whether or not a court action is filed. Notwithstanding the foregoing, the Agency assumes no liability or responsibility pertaining to testing or remediating the Well(s) for water quality issues, but only for lowering of groundwater levels. This Section 6 shall survive the termination or expiration of this Agreement.

7. **Public Records**. Grantor acknowledges that this Agreement and other materials related to mitigation assistance may be public records subject to disclosure under the California Public Records Act and Grantor waives any claims against the Agency for

disclosure of records that the Agency has reasonably concluded are disclosable under the California Public Records Act. This Section 7 shall survive the termination or expiration of this Agreement.

8. **Limitation**. Grantor's execution of this Agreement does not obligate the Agency to provide well mitigation assistance to the Grantor. Grantor's eligibility for Well mitigation assistance shall be evaluated pursuant to the Subbasin Program and Agency Policy, in the Agency's sole discretion.

9. **Representations**. The undersigned specifically represent that they are authorized to execute this Agreement and that the parties have the rights and capacities to perform the acts contemplated by this Agreement.

10. **Time.** Time is of the essence under this Agreement.

11. **Counterparts and Electronic Signature.** This Agreement may be executed in one or more counterparts and such counterparts taken together shall constitute one and the same document. Execution and delivery of a counterpart of this Agreement (i) by portable document format ("PDF") copy bearing the PDF signature of any party hereto, whether delivered by facsimile, e-mail or physical delivery service ("PDF Signature"), or (ii) by electronic signature of any Party hereto, including, without limitation, "click through" acceptance, pursuant to electronic signature procedures the Agency may establish from time to time ("Electronic Signature"), shall be equally as effective as delivery of a manually executed counterpart of this Agreement and shall constitute a valid and binding execution and delivery of this Agreement by such Party. By clicking the box below, Grantor agrees that: (x) each PDF Signature and/or Electronic Signature of such Party will be enforceable to the same extent as a manual signature, whether in court or otherwise; and (y) such Party will not raise any defenses or regulatory or statutory claims attempting to invalidate the enforceability of its PDF Signature or Electronic Signature.

[signatures begin on following page]

AGENCY
Kings River East GSA
289 North L Street
Dinuba, CA 93618

_____
Signature

_____
Printed Name

GRANTOR
Landowner
Address
City State Zip

_____
Signature

_____
Printed Name

_____
Phone Number

_____
E-mail

Additional Site Contact:

_____
Printed Name

_____
Phone Number

_____
E-mail

DOMESTIC WELL MITIGATION PROGRAM - RULES & REGULATIONS

KINGS SUBBASIN

APRIL 2024

PREPARED BY:
Kings Subbasin Groundwater Sustainability Agencies

Report Prepared by:

North Kings GSA: c/o Fresno Irrigation District, 2907 South Maple Avenue, Fresno, CA 93725
McMullin Area GSA: 275 South Madera Avenue, Suite 301, Kerman, CA 93630
Kings River East GSA: 289 North L Street, Dinuba, CA 93618
Central Kings GSA: 2255 Chandler Street, Selma, CA 93662
James GSA: 8749 9th Street/P.O. Box 757, San Joaquin, CA 93660
North Fork Kings GSA: PO Box 158, Riverdale, CA 93656
South Kings GSA: 862 Pollasky Ave, Clovis, CA 93612

North Fork Kings
Groundwater Sustainability Agency

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ACRONYMS AND ABBREVIATIONS

American Society for Testing and Materials	ASTM
American Water Works Association	AWWA
California Department of Water Resources	DWR
Groundwater Sustainability Agency	GSA
Groundwater Sustainability Program	GSP
Irrigated Lands Regulatory Program	ILRP
Kings Groundwater Subbasin	Kings Subbasin
Polyvinyl chloride	PVC
Safe Drinking Water Act	SDWA
Sustainable Groundwater Management Act	SGMA
Technical Advisory Committee	TAC
Well Mitigation Program	Program

1 INTRODUCTION

This document outlines the rules and regulations for the Kings Subbasin Domestic Well Mitigation Program (**Program**). The Program is intended to mitigate the impacts on domestic and State Small Water System wells that go dry due to groundwater level declines during the implementation of the Sustainable Groundwater Management Act (SGMA) in the Kings Subbasin. For purposes of this Program, the term "well" refers to domestic and State Small Water System wells, unless stated otherwise. This document outlines the entire process for mitigating groundwater level declines on wells including: assessing eligibility of applicants, registering wells, the steps for filing a claim and investigating the existing well, interim measures to provide temporary water supply, options for mitigating a well, required well design standards, payment options for the well owner, and well owner responsibilities. Major Program topics listed by report section are illustrated in **Figure 1**.

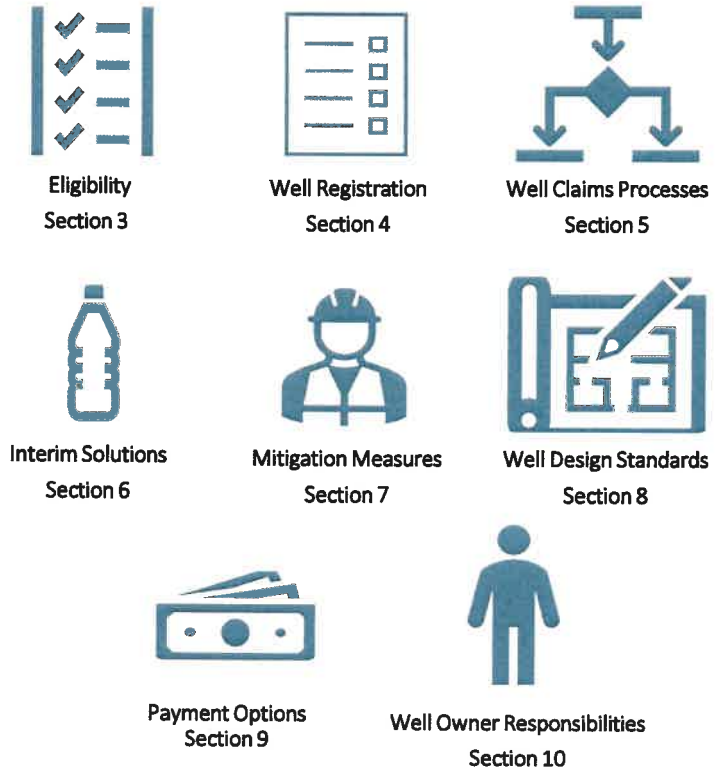

Figure 1: Program Topics by Report Sections

2 BACKGROUND INFORMATION

This Guidance Document was developed by the seven Groundwater Sustainability Agencies (**GSA**s) in the Kings Subbasin as part of their implementation of the Sustainable Groundwater Management Act (**SGMA**), and in an effort to reduce the effects of undesirable results on domestic well owners. Collectively, the program is known as the Kings Subbasin Domestic Well Mitigation Program (Program).

The Kings Subbasin is in the San Joaquin Valley Groundwater Basin in Central California. Under SGMA, the Kings Subbasin is divided into seven GSAs, which include:

- North Kings Groundwater Sustainability Agency
- McMullin Area Groundwater Sustainability Agency
- Kings River East Groundwater Sustainability Agency
- Central Kings Groundwater Sustainability Agency
- James Groundwater Sustainability Agency
- North Fork Kings Groundwater Sustainability Agency
- South Kings Groundwater Sustainability Agency.

The Kings Subbasin is located primarily in Fresno County, but parts extend into Kings and Tulare Counties. A map showing the extent of the Kings Subbasin and each GSA is presented in **Figure 2**. The Kings Subbasin boundary is defined in the California Department of Water Resources (DWR) Bulletin 118 as DWR Subbasin No. 5-22.08 (DWR, 2006).

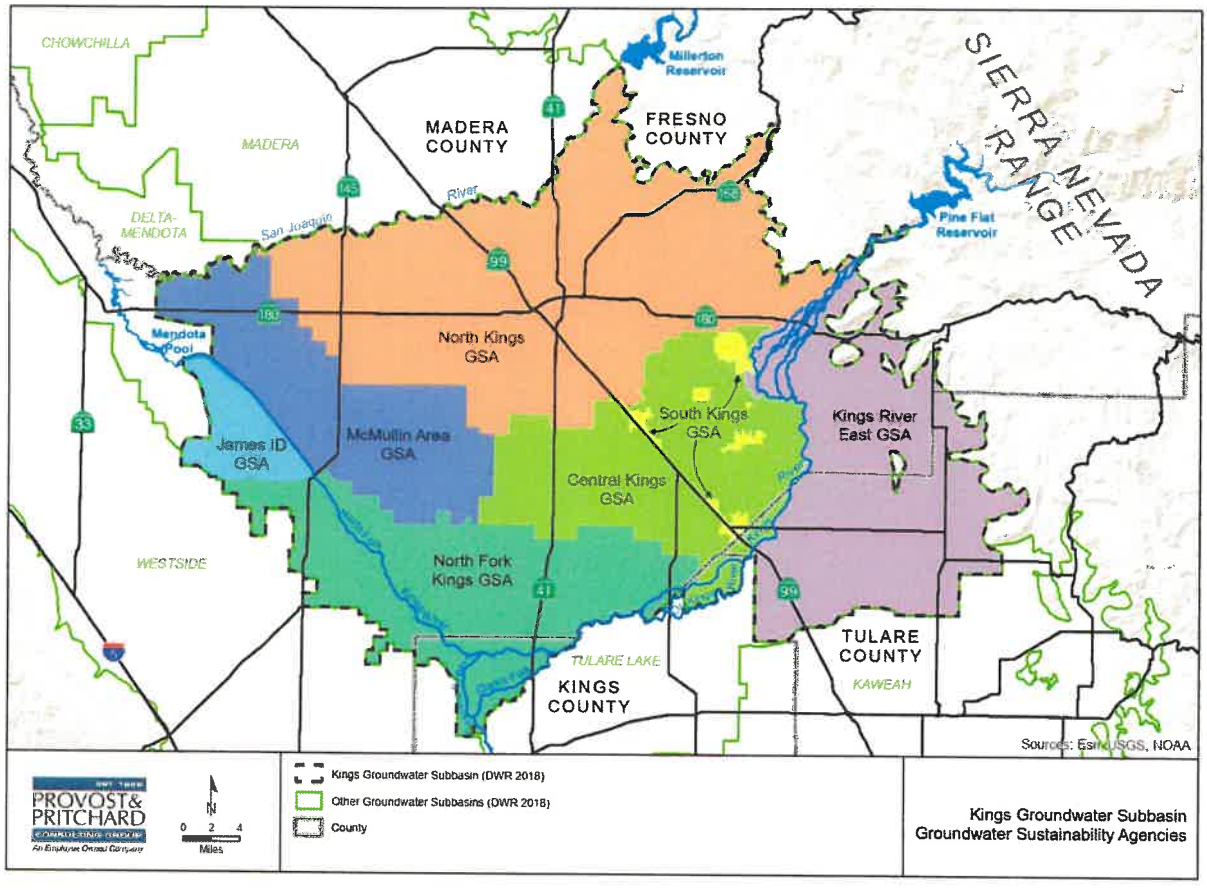

Figure 2: Groundwater Sustainability Agencies in the Kings Subbasin

The Kings Subbasin is an alluvial basin bounded north and south by the San Joaquin and Kings Rivers respectively, the Sierra Nevada mountains on the northeast, and the Westside and Delta-Mendota Subbasins to the west-southwest. The aquifer system is comprised of unconfined and confined groundwater, with the confined aquifer located in the western parts of the Subbasin where lacustrine clay beds exist.

The Kings Subbasin includes the large Fresno-Clovis metropolitan area (population about 670,000) as well as several other smaller cities. However, the majority of the Subbasin is rural and dominated by agriculture with some rangeland areas. Without established municipal water systems, residents in these rural areas rely primarily on individual domestic wells. Domestic wells are found in rural residential areas, farmsteads, and many rural housing clusters. The number of domestic wells in each GSA varies substantially, with some GSAs having thousands of domestic wells while others have very few. Hence, the impacts on domestic wells will also vary significantly by GSA.

The Kings Subbasin has been in overdraft for many years resulting in a significant lowering of regional and local groundwater elevations, and a significant reduction in the amount of useable groundwater in storage.

Although water levels are planned to be stabilized by 2040 at the Measurable Objective level, they could reach lower levels during dry years. The maximum anticipated lower water level is called the Minimum Threshold. As a result of the continued decline of water levels until they are stabilized, some wells are likely to go dry during the SGMA implementation period (2020-2040). This is generally limited to shallow domestic wells and some State Small Water System wells. Irrigation wells and agency-owned wells are typically deeper and have often been designed to account for declining water levels.

As groundwater levels decline, pumps may need to be lowered, wells deepened or wells replaced. While a pump can be lowered in some situations, for this Program, a well is considered dry when there is less than 10 feet of water above the bottom of the well perforations, or the bottom of the well when perforation levels are not known The Program will assist eligible well owners in lowering well pumps and replacing or deepening wells that have become dry. The Well Mitigation Program discussed herein was prepared through a Kings Subbasin-wide effort to ensure each GSA was implementing the Program consistently while recognizing each GSA will be charged with performing public outreach, developing funding, and implementing the Program for their respective GSAs.

3 ELIGIBILITY

This section outlines the eligibility criteria for qualifying to receive well mitigation services from the Kings Subbasin Well Mitigation Program. Only domestic wells and State Small Water System Wells are eligible for the Program. Several other specific criteria apply and are described below.

Other publicly funded programs are currently offering services to mitigate well impacts and providing interim measures to well owners in the Kings Subbasin. Some of these have eligibility criteria that differ from the criteria established herein for the Kings Subbasin Well Mitigation Program. Well owners with non-eligible wells under this Program may be referred to other currently existing funding programs.

3.1 SUMMARY OF ELIGIBILITY REQUIREMENTS

General eligibility requirements are summarized in Table 1 below and discussed in additional detail in the following subsections.

Table 1: General Eligibility Requirements

Description	Eligible	Not Eligible
Type of Wells	Domestic State Small Water System	Agricultural Combination agricultural-domestic Commercial Industrial Livestock Municipal (except State Small Water System) Monitoring Wells
Aquifer Materials	Alluvial	Hard Rock
Cause of Well Failure	Declining regional groundwater levels due to groundwater pumping	Plugged well screen Collapsed well casing Pump or electrical failures Tree roots/ foreign objects in well Biofouling / biofilm Sedimentation in well Water quality problems Well construction defects Water level decline caused by other on-site wells Any other reason not related to groundwater level declines
Well Age	Equal to or less than 50 years old at time of application	Greater than 50 years old at time of application
Income	Annual household income equal to or less than 80% of State median household income	Income greater than 80% of State median household income
Well Permit	Legally permitted wells	Unpermitted wells constructed in the previous ten years (i.e. clear evidence of no well permit)
Status with GSA	Good standing with GSA	Delinquent with GSA on fees, taxes or other required payments
Landownership	Landowner	Renter or lessee Bank-owned homes
Other	Wells that are part of a trust or living trust	Private wells used for business or commercial purposes New home construction New water system construction New wells not constructed to Well Mitigation Program standards Properties verified to be causing groundwater overdraft

3.2 ELIGIBLE WELL TYPES

Eligibility for the Program will generally be limited to wells used solely for domestic purposes that have failed or are in danger of imminent failure as a result of declining groundwater levels due to pumping occurring in the area. This includes private domestic wells and State Small Water System wells. Wells for new home construction or new small water system constructions are not eligible.

Domestic Wells

Domestic wells are those constructed for private use at households and generally located outside urban areas. The State Water Resources Control Board defines domestic wells as '*water wells used to supply water for the domestic needs of an individual residence or systems of four or less service connections*'. It has been estimated that as many as 2 million rural California residents rely on private domestic well water to drink, cook, bathe and flush toilets. Within the Kings Subbasin there are an estimated 9,700 households that rely on private domestic wells.

Domestic wells and State Small Water System Wells will generally be similar in design, and it is expected that administration of the program for the two well types will be similar. As a result, the rules and regulations discussed throughout this document will apply to both types of wells.

State Small Water System Wells

As defined in Health & Safety Code Section 116275(n), State Small Water Systems are those '*for the provision of piped water to the public for human consumption that serves at least five, but not more than 14, service connections and does not regularly serve drinking water to more than an average of 25 individuals daily for more than 60 days out of the year*'.

Aquifer Materials

Wells drilled into hard rock are not eligible for mitigation, since they would be located outside of a DWR-designated alluvial groundwater basin, and therefore not subject to SGMA. Composite wells that obtain water from both an alluvial and hard rock aquifer will be evaluated on a case-by-case basis. Wells drilled on the Valley floor are expected to be eligible for mitigation through the Program.

Other Well Types

The following types of well are not eligible for mitigation:

- Agricultural
- Combination agricultural-domestic
- Commercial
- Industrial
- Livestock
- Municipal (except for State Small Water System)
- Monitoring

In addition, any well using a vertical turbine pump would not be eligible, since vertical turbine pumps would provide much higher capacity than would ever be needed for domestic or small water system demands.

3.3 CAUSE OF WELL FAILURE

To be eligible for the Program, well failure must be a direct result of groundwater level declines caused by groundwater pumping in the general area. For example, when water levels fall below the depth of the installed pump or below a level in the well casing such that the well is rendered incapable of reliable production. If feasible, pumps may be lowered in such failed wells. In addition, wells will be considered dry if there is less than 10 feet of water above the bottom of the perforations, or less than 10 feet of water from the bottom of the well if the perforations depths are not known or it is an open-bottomed well. Wells deemed to be dry may be replaced or deepened. Following the application and well evaluation process a Technical Advisory Committee (TAC), or the GSA's authorized approval body, will select the most appropriate mitigation alternative for the impacted well. For purposes of this Program, "TAC" will refer to the GSAs designated approval body, which may be under a different name for the various GSAs in the Kings Subbasin.

Examples of well failures that would not be eligible for the Program include but are not limited to:

- Plugged wells screens
- Collapsed well casings
- Pump or electrical failures
- Tree roots or other foreign objects in wells
- Biofouling / biofilm
- Sedimentation in the well
- Water quality problems
- Well construction defects
- Any other reason not related to groundwater level declines

The Program will not provide retroactive funding assistance for already-failed wells. Wells that went dry and were replaced prior to the Program will not be eligible for reimbursement. Wells that are already in the queue for replacement under other programs and/or are receiving interim water supplies through other programs will not be considered for the Kings Subbasin Program.

3.4 WELL AGE

Under the Program, dry domestic wells up to 50 years old at the time of application submission may be eligible for well mitigation assistance (i.e., replacement or deepening) with a cost-sharing agreement between the well owner and the GSA. In addition, wells that turn 50 years old after a claim is filed will still remain eligible. The GSA's portion of the cost of well replacement decreases proportionally with the age of the well at 2% per year, to account for depreciation of the well asset. For example, the GSA's portion of the shared cost for a 25-year-old well would be 50%. The basis for 50 years was several references that state domestic wells have typical life expectancies of 30 to 50 years.[1]

The GSA may offer zero or low interest loans to fill gaps in funding for wells less than 50 years old.

[1] Minnesota Department of Environmental Health (MDH, 2022). *Finding Lost Wells, Searching for Wells on a Property.*
Jasechko, S., Perrone, D. (2020, February 27). *California's Central Valley Groundwater Wells Run Dry During Recent Drought.* Earth's Future Volume 8, Issue 4
Harding et al. (1947), *Useful Life of Water Wells*. Journal of the American Water Works Association, 39. 32-40.

The age of wells will be determined by well completion reports, well permits or other well construction information. Wells with an undetermined age will be handled on a case-by-case basis, using the best available information including aerial photographs and building construction information.

3.5 INCOME REQUIREMENTS

To be eligible for the Program, the applicant must have an income that qualifies equal to or less than 80% of the statewide median household income in the State of California. This falls within the definition of an income for a Disadvantaged Community[2] according to the California Department of Water Resources. However, only the applicant needs to meet this criterion, and not their community at large.

3.6 ADDITIONAL ELIGIBILITY CRITERIA

Additional eligibility criteria are listed below.

- **Land Ownership.** The Program applicant must be the owner of the well and surrounding land. Lands placed in a living trust are also eligible. Renters and lessees will not be eligible to apply but may contact their landowner and coordinate to receive assistance. Bank-owned properties will not be eligible. Domestic wells used for commercial purposes will also not be eligible.

- **Good Standing with GSA.** The landowner/well owner must be in good standing with the GSA (i.e., no late taxes, fees, assessments, or other charges due to the GSA).

- **Future Eligibility.** New wells, constructed either through private funding or GSA funding or a combination of both, will not be eligible for future mitigation under the Program if not in compliance with individual GSA policies (e.g. minimum depth requirements).

- **Impacts from other Onsite Wells.** A well may not be eligible if it is determined that it was dewatered primarily due to other well(s) located on the property. For example, if the landowner has a large nearby irrigation well, and the GSA determines that the irrigation well is causing the domestic well to go dry, then the landowner will not be eligible for the Program.

- **Illegal Wells.** Wells must be legally constructed (i.e., permitted by the County or other applicable government agency) to be eligible for the Program. Exceptions may be granted for wells aged approximately 10 years or more from the time of Program implementation to account for historic lapses in agency records.

- **Denial of Funding for Causing Overdraft.** The GSAs reserve the right to deny funding for wells that are causing overdraft. This will be evaluated and enforced on a case-by-case basis. For example, if the landowner has large areas of turf, landscaping or pasture on their residential property, and their groundwater use far exceeds the groundwater sustainable yield, then they may not be eligible for the Program.

[2] California Department of Water Resources, *Disadvantaged Communities Nomenclature within the State of California: Findings and Conclusions*, July 2022.

4 WELL REGISTRATION

Well registration will be required prior to submitting an application, or at the time the application is submitted for mitigation assistance. Well information to be collected for registration may include, but not be limited to, the following:

- Well location
- Construction information
- Well maintenance history
- Type of Well (domestic, small water system, etc.)
- Age of Well (if known)
- Well Completion Report (if available)

The individual GSAs in the Kings Subbasin will develop databases or other tools to track well registration and well mitigation claims.

The GSAs will adhere to appropriate confidentiality practices, since confidentiality issues may discourage some well owners from participating. Well data will generally not be shared with the general public or public agencies unless there is a compelling reason. Data on wells will generally be aggregated and reported in clusters rather than by individual well.

5 WELL CLAIMS PROCESS

The Well Claims Process will consist of a claimant submitting a single page claims application, a pre-screening for basic eligibility, a review of the well contractor's assessment submitted by the claimants, then followed by a more detailed eligibility assessment and mitigation determination by the GSA's TAC. Well mitigation will not occur until approved by the TAC. A simplified flow chart illustrating the well claims and evaluation process is included below as **Figure 3**.

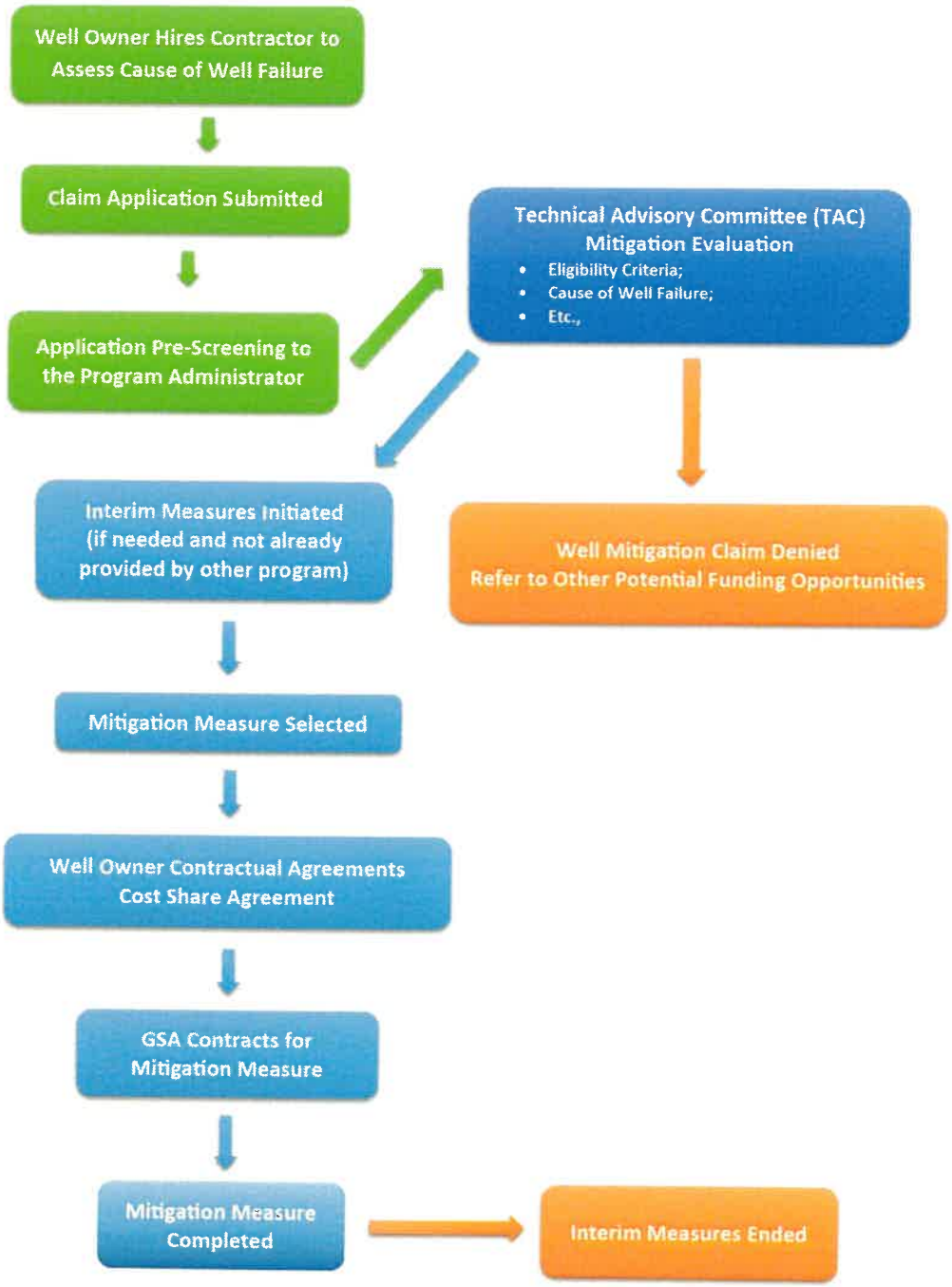

Figure 3: Flow Chart of Claims and Well Evaluation Process

5.1 CLAIM APPLICATION

Prior to application submission, the well owner should contact a well services contract to investigate the cause of their well failure, and verify it is due to groundwater level decline. The well claims application will be a relatively simple form to collect basic property and well information and will be available for free

on the GSA's website in digital form and in the GSA's offices in paper form. The claims process will be initiated promptly after a completed well claims application is received by the GSA.

5.2 APPLICATION PRE-SCREENING

Applications will be pre-screened before a more detailed evaluation is performed. This will include determining whether they live within the GSA boundaries, own a domestic well or State Water System Well, the well age (if readily available), and if any other information on the application form would preclude them from receiving funding.

5.3 EVALUATION OF APPLICATION

The report from the well service contractor will be reviewed to determine if the well failed due to falling groundwater levels. If needed, the well service contractor will be contacted for more information and may be asked to fill out a GSA form documenting their investigation. More investigations may be needed by GSA staff, which are discussed in the following section.

At this stage the well would also be prioritized into one of the following categories:

- *Priority 1: Well is non-operational due to groundwater level decline*
- *Priority 2: Well is operational at reduced capacity. Only partial household demands can be met.*
- *Priority 3: Well is non-operational but household has alternate water supply (e.g. connected to neighbor's well)*
- *Priority 4: Well operating at full capacity but has low groundwater levels and may fail in the near future*

This prioritization system above identifies which wells should be addressed first, especially if funding is limited, or applications become backlogged due to drought, staffing limitations, etc. The Technical Advisory Committee (TAC) can prioritize wells differently if needed, especially wells that present special or unique circumstances.

Well mitigation will not occur until approved by the TAC or the GSA's identified evaluation and approval process. The TAC or its equivalent may perform additional evaluation if the well service contractor's report does not provide sufficient information for a decision. GSA staff may evaluate the well's age based on available documentation (well completion report, well permit, etc.) or through additional measures such as aerial photographs if well age cannot be determined from the available documents. The GSA may also evaluate if impacts to the well are a result of the allowable groundwater level declines under SGMA and may look beyond the well in question to review current groundwater conditions in the area as well as anticipated future conditions. Additional components to the evaluation may include the following information based on availability:

- Is the claimant in good standings with the GSA, its Groundwater Sustainability Plan (GSP), and any required GSA fees, assessments or other charges?
- Was the well permitted by the County?
- Is the well in question for private domestic use?
- Well age and construction information
- Available well maintenance records
- Soil/lithology that the well was installed in

- Depth of alluvial aquifer in area
- Current water levels in the area
- GSA's established Sustainable Management Criteria for groundwater levels in the area
- Property land use and County required setbacks
- Neighboring well information and land use
- Information from the Claims Application
- Periods of well inactivity during the previous 12 months
- Previous Program mitigation measures conducted for the well, if any
- Ability to consolidate well into with adjacent community system
- Other eligibility criteria from Section 2 not listed above

5.4 TECHNICAL ADVISORY COMMITTEE EVALUATION

The GSA's TAC, or equivalent, will review all of the data collected and determine if mitigation is warranted, and which mitigation measure will be performed. It is anticipated that most of the applications will be determined using the established eligibility criteria and evaluation methodology established herein. The TAC will also address unique circumstances and respond to claimant appeals, which are discussed below.

TAC evaluations will be completed as soon as practicable but generally not longer than about 10 business days following submittal of the application, which will need to include the well service contractor's asssessment. Once the evaluation is completed, the TAC will decide if well mitigation is approved. If approved, the TAC will determine the appropriate well mitigation measure and if full or partial well mitigation will be granted. Well mitigation measures are discussed in **Section 7** of this plan.

One option may include connecting to an existing water system if the property is adjacent to or within an existing water system boundary. The GSA will decide if this is the best option and may require the landowner to connect to the water system to be eligible for funding. This would provide a more reliable, longer-term solution than a domestic well. The GSA would pay up to the same amount they would provide for the installation of a new well, or prorated portion of the well replacement cost.

5.5 APPEALS

Claimants can appeal any decisions or claims denied by the TAC directly to the TAC, and if declined at the TAC level, file a subsequent appeal to the GSA Board of Directors. Appeals should be filed with a formal letter of appeal or Appeal Form (if available and provided by the GSA), and, if requested by the GSA, at an in-person meeting. Claimants will be provided with advance written notice if their appeal will be discussed by the TAC or GSA Board of Directors at an open and public meeting pursuant to the Ralph M. Brown Act.

5.6 MITIGATION AGREEMENT

Claimants with wells approved for mitigation will be required to sign the GSA's mitigation agreement prior to implementation of any mitigation measure.

5.7 CLAIMS PROCESS TIMELINE

A timeline for processing applications is provided below. This represents a preferred timeline, but staffing, funding and demand for new wells may impact the schedule, especially during droughts when new wells could be in high demand.

Figure 4: Well Claims Process Timeline

5.8 MITIGATION IMPLEMENTATION

The selected well mitigation measure will be arranged by the GSA in coordination with the well owner and selected contractor once the mitigation agreement has been executed. The GSAs may develop a list of pre-qualified well drillers and well assessment companies. Well mitigation measures are discussed in **Section 7** of this plan. The time to complete mitigation measures can vary significantly based on the unique circumstances of each case and contractor availability. All reasonable efforts will be made to complete mitigation measures in a time frame of approximately one to three months after the mitigation agreement has been signed. However, funding limitations, contractor availability (especially during droughts), and applicant backlogs may push the time frame to a year or more in certain circumstances. Interim domestic water supply measures may be provided until the mitigation measures are completed.

6 INTERIM MEASURES

Interim measures include provision of bottled water, as well as a water storage tank and hauled water deliveries for other indoor usage, while permanent measures are being implemented. For households whose well has gone dry due to declining water levels, interim measures may be implemented until a permanent solution has been put in place. If the well assessment finds that the well is not functioning due to reasons other than declining water levels, then interim measures will not be provided. Any water provided to applicants in the interim is for individual household and drinking purposes. Water for outdoor use, or any water-use external to the house, will be the responsibility of the landowner.

Timing for installing water tanks and water bottle delivery can take up to a week or more following the confirmation of eligibility, although the GSAs will delivery bottled water as soon as possible, which may occur within 24 hours. Landowners are encouraged to pursue other measures that ensure they obtain clean drinking water while application review is in process. The cost of interim measures would be paid fully by the GSA until a permanent water supply solution is provided.

The interim measures are described in **Table 2** below.

Table 2: Interim Measures

Interim Measure	Description
Bottled Water	Bottled water can be provided to households that do not have access to drinking water due to well failure from falling water levels. Bottled water can be scheduled for deliveries bi-weekly or monthly. The volume of water delivered will vary depending on household size. On average it can be assumed that approximately one gallon/person/day of potable water will be needed for drinking and cooking. Water kiosk stations operated and maintained by Irrigated Lands Regulatory Program (ILRP) agencies such as Kings Water Alliance may be used as alternate sources of temporary drinking water where convenient. Under such circumstances, the GSA may provide 5-gallon jugs for claimants to use at fill stations. Kiosks operate 24 hours a day, 7 days per week and are free to use.
Bulk Water Storage Tanks	Bulk 1,000 to 2,600-gallon tanks and water deliveries may be made to claimants for interim sanitation and other household purposes, excluding outdoor usage. Tank maintenance and refills would need to be conducted routinely, on the order of once every 1 to 2 weeks depending on the number of people in the household. Indoor usage goals would be 50 gallons/person/day based on State indoor water conservation goals. A suitable water delivery provider would need to be contracted by the GSA to install and connect water tanks to the claimants' houses. In addition, a certified water hauler (per the California Department of Public Health) will make the required deliveries.

7 WELL MITIGATION MEASURES

In general, well mitigation alternatives under the Program will be evaluated and applied in order of the following priorities: lowering the pump in the well, deepening the existing well, or drilling and installing a new deeper replacement well. It is also recognized that on a case-by-case basis special circumstances may exist where other alternatives may be pursued. The four main well mitigation options are show in **Figure 5** and described below, in order of the GSA's prioritization analysis.

Figure 5: Well Mitigation Options

Wells with groundwater quality issues but which otherwise have adequate groundwater flow are not covered under the Program. This includes wells with water quality concerns related to natural contamination, contamination caused by owner septic systems, animal enclosures, legacy contamination caused by other responsible parties, or instances where water treatment, including point of use systems, is required.

Failed or failing domestic wells may be eligible for one of the mitigation alternatives only if declining groundwater levels are the cause of the problem. Well casings with less than 20 feet of groundwater may be placed on a "watch list" maintained by the TAC. Well casings with less than 10 feet of groundwater may be considered dry. Following the well evaluation process the TAC will select the most appropriate mitigation alternative for the impacted well based on the priorities outlined above. Instances where a pump may be lowered or a well may be replaced as the determined mitigation measure are graphically illustrated in **Figure 6**.

7.1 LOWER PUMP

If the well is sufficiently deep, mitigation may consist of lowering the pump to a level such that the intake of the pump is 20 feet below the Sustainable Management Criteria Minimum Threshold in the well area, or to the maximum possible depth, whichever is deeper. After the pump has been lowered, the well may be added to a watch list maintained by the TAC as a proactive measure to expedite well deepening or well replacement when and if needed at a future time. If the existing pump is too small to pump from the greater depths, then the GSA may purchase and install a new pump for the landowner.

7.2 DEEPEN WELL

It must be understood that the majority of dry wells cannot be deepened due to the various risks from unknown well conditions and the limitations created by the existing well construction. In fact, many well drilling contractors will not deepen wells due to a variety of risks involved. In addition, a domestic well would typically need to have an 8-inch diameter casing or larger to be deepened. However, when deemed feasible, the GSA may select deepening an existing well as a mitigation option. The depth of the modified well will follow the same criteria as the depth for new wells (see next section). To the extent feasible, deepened wells will be constructed to the standards outlined in **Section 6** of this document. If

the existing pump is too small to pump from the greater depths then the GSA may purchase and install a new pump for the landowner.

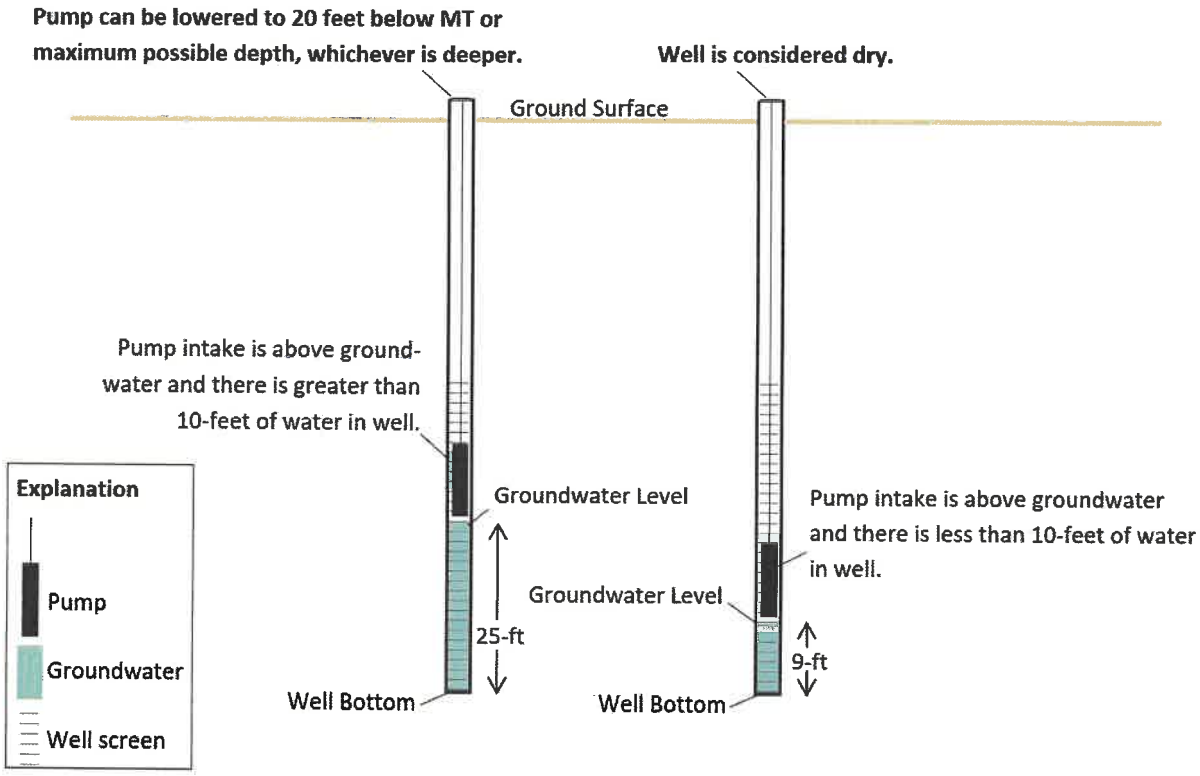

Figure 6: Criteria for Lowering Pump or Installing Replacement Well

7.3 NEW WELL

If a well is not sufficiently deep to lower the pump, and it is not feasible to deepen the well, then a replacement well may be installed. New wells will generally be completed to a depth of a minimum of 20 feet below the Sustainable Management Criteria Minimum Threshold in the well area or 50 feet deeper than the failed wells constructed depth, whichever is deeper. However, each well may be evaluated on a case-by-case basis to determine if these criteria are acceptable, or if other depths are more appropriate. Replacement wells will be constructed to the standards outlined in **Section 8** of this document.

7.4 OTHER OPTIONS

Other options could include referral to other existing programs if the well owner does not meet eligibility criteria. Another option could include connection to an existing water system. When the GSA determines it is feasible and practical, they may require connection to an existing water system over construction of a new well.

8 WELL DESIGN STANDARDS

DWR Bulletin 74 (DWR, December 1981) and Bulletin 74-90 (DWR, January 1990) set the minimum standards for water wells. Local jurisdictions have the authority to adopt standards which meet or exceed these standards. Well standards are administered and enforced at the local level. As such, mitigation wells shall comply with DWR Bulletin 74-81 and Bulletin 74-90, and any applicable County Water Well Standards. For standards that are periodically updated, the most current version of said standard shall be used. In addition, each GSA may have specific well construction standards (e.g. minimum depth) that must also be followed.

Links to applicable well standards, current as of the date of writing, are summarized in Table 3, below.

Table 3: Applicable Well Construction Standards

California Well Standards	Fresno County Well Standards	Tulare County Well Standards	Kings County Well Standards
Bulletins 74-81 & 74-90	Ordinance 14.04 Ordinance 14.08	County Code Chapter 13-Construction of Wells	Ordinance No. 587 Chapter 14A-Water Wells
Bulletin 74-6	Water Surveillance Program	Environmental Health Division Water Wells Guidance Library	Division of Water and Natural Resources

8.1 WELL CONSTRUCTION

In addition to the State and local well standards identified directly above, domestic wells installed under the Well Mitigation Program must meet, at a minimum, the following specifications, in addition to any specifications formally authorized by the applicable GSA Board:

Drilling Method: Replacement and deepened wells installed under the Well Mitigation Program shall be drilled by cost-efficient drilling methods that are appropriate for the desired outcome. Mud rotary drilling will typically be the most appropriate method for the size of wells to be installed. Replacement and deepened wells will generally not be drilled into hard rock (i.e., bedrock).

Installation Depth: New wells and wells suitable for deepening will generally be completed to a depth of a minimum of 20 feet below the Sustainable Management Criteria Minimum Threshold in the well area, or 50 feet deeper than the failed wells constructed depth, whichever is deeper, or to a different depth if site specific conditions merit other criteria. Wells can be drilled deeper at the expense of the landowner.

Well Casing: Replacement and deepened wells installed by the Mitigation Program will generally be constructed with 5-inch or 6-inch nominal PVC casings and couplings conforming to the current ASTM F480 and AWWA A100 standards.

Well Borehole: Replacement well boreholes will be drilled to a minimum diameter of 10-inches. Boring diameters for domestic wells to be deepened will be determined on a case-by-case basis.

Sanitary Seals: Replacement well sanitary seals will be installed to the minimum depths required by local well standards. As of January 2024, in the absence of site-specific information necessitating a higher standard, the minimum sanitary seal depth for domestic wells in Fresno and Kings County is 20-feet and for Tulare County it is 50-feet.

Sounding Tubes: Sounding tubes are beneficial for reliable collection of groundwater level data. As such, 1-inch diameter PVC (or similar) sounding tubes may be installed in replacement and deepened domestic wells during construction, and in wells where the pump will be lowered.

Well Development: Following construction, replacement wells and deepened wells will be developed to industry standards for private domestic wells. Well development will be completed to the mutual approval of the GSA and the drilling contractor.

Electrical and Plumbing: Electrical and plumbing service may be provided to the extent necessary to restore water service to the residential dwelling associated with a replaced or deepened well. If necessary to provide service to the new well, other appurtenance upgrades may be provided such as powerpoles, electrical panels, groundwater rods, pressure tanks, etc. The GSA will not replace infrastructure that is adequately sized but in disrepair or poor condition.

Miscellaneous: Miscellaneous activities, such as clearing and grubbing, associated with domestic well replacement may be provided on a limited basis and at the discretion of the GSA.

8.2 WELL DESTRUCTION

The destruction of replaced wells will be conducted in conformance with state and local well standards. Domestic wells replaced under the Well Mitigation Program could be good potential monitoring points to collect groundwater level data, if groundwater levels have not fallen below the depth of the bottom of the well screen. On a case-by-case basis and at its discretion, the GSA may either have the replaced well destroyed or maintain the well as a monitoring point for tracking groundwater levels. Standard contractual terms will allow the GSA to access and monitor any wells maintained for monitoring. The GSA may pay necessary costs to destroy wells or convert them to monitoring wells.

9 PAYMENT OPTIONS

GSA and well owner payment responsibilities for interim measures and well mitigation are discussed below.

9.1 INITIAL WELL ASSESSMENT

The well owner will be responsible for contacting a well services contractor and initially paying for their investigation of the well. If the landowner shows that the well failed due to declining groundwater levels then that may be reimbursed by the GSA.

9.2 INTERIM MEASURES

The GSA may provide a temporary domestic water supply, as described in **Section 6**, until the completion of the mitigation measure if the well failure is determined to be a result of declining groundwater levels.

The extent of the interim measures will be determined based on household size. The costs for interim measures would be paid fully by the GSA until a permanent water supply is provided.

9.3 PUMP LOWERING

The GSA may incur the costs to lower an existing pump within a well when this mitigation measure is found appropriate following the TAC claim evaluation (**Section 7)**. Such measures will be performed by a GSA preferred well service contractor.

9.4 REPLACEMENT WELLS AND WELL DEEPENING

Wells eligible for replacement will be subject to a cost-sharing agreement between the well owner and the GSA. As stated above, the 50-year life span is based on several references that state domestic well life expectancies range from 30 to 50 years. The GSA's portion of the cost of well replacement decreases proportionally with the age of the well at 2% per year, to account for depreciation of the well asset. For example, the GSA's portion of the replacement cost for 25-year old well would be 50%.

The GSA would pay the full cost for deepening a well, if that option is selected.

Costs for replacement wells, well deepening and well abandonment could be paid directly by the GSA, or by the landowner and then reimbursed by the GSA after submittal of invoices and field inspection of the well. Each GSA will be able to choose which payment option is used.

Following the TAC evaluation, a cost sharing agreement will be prepared if the GSA agrees to partially fund the mitigation. When this situation arises, the GSA may provide other funding options to cover the landowners share of the mitigation costs, including loans (discussed below) or referral to other programs.

New wells and deepened existing wells will adhere to the specifications presented in **Section 8** of this document or to the TAC recommendations. Newly installed wells may be installed by a GSA preferred well drilling contractor under pre-established rates and under contract with the GSA. Well owner responsibilities are explained in **Section 1**.

9.5 ZERO OR LOW INTEREST LOANS FOR WELL OWNERS

Zero or low interest loans may be offered to well owners to fill funding gaps when the mitigation grant does not meet the entire well cost. Any well owner may apply if a loan is needed once eligibility has been confirmed through the well claims process described in **Section 2**. The terms and conditions of any GSA provided loans would need to be established. Items to consider include credit worthiness of applicants, interest rates, maximum loan amounts, repayment periods, loan origination fees, collateralization, subsidization, and selection of a loan-issuing financial institution.

10 WELL OWNER RESPONSIBILITIES

Well owner responsibilities for the various facets of the Program are summarized below.

10.1 WELL CLAIMS PROCESS

- After submitting a claim application, the well owner will provide a copy of the well service contractor's assessment report and provide GSA staff access to the well, if needed, to collect additional information and confirm Program eligibility. The well owner will need to sign an agreement allowing the GSA to access and inspect their well.

- The claimant will be responsible for responding to any additional information requests by the GSA or TAC in a reasonable and timely manner.

- The claimant is responsible for providing safe and clear access to the well during the Well Claims Process and well mitigation activities.

10.2 INTERIM SOLUTIONS

- The claimant is responsible for providing safe and clear access for water deliveries.

- The claimant shall use interim water supplies for indoor domestic purposes only and should plan on limiting daily water usage to less than 50 gallons/person/day.

10.3 CONTRACTUAL AGREEMENT

- Wells installed or deepened under the Well Mitigation Program will be owned by the property owner, who will be responsible for all aspects of operation, maintenance, and repairs including but not limited to well appurtenances, electrical services, plumbing both above ground and below ground and within buildings.

- The quality and safety of water from private wells are not regulated by the Safe Drinking Water Act (SDWA) or any State or County laws. Individual well owners are responsible for maintaining and monitoring the water quality of their private systems. As such, the Program is not intended to assess the cause of or mitigate water quality issues. At their own discretion, the well owner can purchase or install water treatment equipment to a new well installed under the Program. If a treatment system is already installed, the GSA will connect it to the new well.

- Wells installed or deepened by the Well Mitigation Program will be used to supply water for domestic purposes only.

- If the GSA opts to keep the old well as a monitoring point instead of destroying it, the property owner shall take all reasonable measures not to damage or contaminate the abandoned well.

- The GSA will offer no warranty or guarantee on a well installed or deepened by the Well Mitigation Program. However, the GSA may require that drillers offer a minimum warranty to the

homeowners. It is recommended for the well owner to speak with their home insurance provider or a home warranty company to explore coverage options for private wells.

10.4 PAYMENT

- Well mitigation measures not completely funded by the GSA will require the claimant to pay the remaining portion of the mitigation measure cost. In these circumstances the GSA may assist claimants in securing low-cost loans as discussed in **Section 9**.

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Insert 8.2

CALIFORNIA DEPARTMENT OF WATER RESOURCES
SUSTAINABLE GROUNDWATER MANAGEMENT OFFICE
715 P Street, 8th Floor | Sacramento, CA 95814 | P.O. Box 942836 | Sacramento, CA 94236-0001

September 5, 2025

Ronnie Samuelian
Kings Subbasin – Plan Manager
286 W. Cromwell
Fresno, CA 93711
rsamuelian@ppeng.com

RE: Review of Annual Report for the Kings Subbasin, Water Year 2024

Dear Ronnie Samuelian,

As the basin point of contact for the groundwater sustainability plans (GSPs) in the Kings Subbasin, this letter is to inform you that the Department of Water Resources (Department) has reviewed the annual report submitted for the Subbasin for Water Year 2024. The Sustainable Groundwater Management Act (SGMA) requires that on April 1, following the adoption of a GSP and annually thereafter, an annual report be submitted to the Department. Once an annual report has been submitted, the Department is required: to notify the submitting agency of receipt within 20 days, review the information to determine whether the basin's GSP is being implemented in a manner likely to achieve its established sustainability goal, and notify the submitting agency in writing if additional information is required (23 CCR § 355.8).

In reviewing the monitoring network and data, the Department has noted some wells in the Subbasin are missing groundwater level data. Specifically, Department staff noted that four SGMA representative wells for groundwater levels had missing seasonal high or low measurements that were unexplained:

- McMullin Groundwater Sustainability Agency (GSA) for SGMA representative well 365525N1198633W001 did not provide the fall measurement for water year 2024 as well as the spring measurement for the current water year.
- North Fork Kings GSA for SGMA representative well 365143N1198529W001 did not provide the spring and fall measurements for water year 2024. Additionally, it was noted that there has only been one measurement submitted for this well since 2020.
- North Kings GSA for SGMA representative well 368106N1196143W001 did not provide the required fall measurement for water year 2024. It was also noted that the required fall measurement was not supplied for water year 2022 and the spring measurement of the current water year.

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- North Kings GSA for SGMA representative well 368572N1195413W001 did not provide the required spring measurement for water year 2024 and it was also noted that the required measurements for water years 2022 and 2023 were also not provided.

These four SGMA representative wells have sporadic or chronic missing measurements. While it is important for SGMA representative wells (and SGMA wells) to be measured consistently to be able to characterize the Subbasin's groundwater conditions, these SGMA representative wells are also used in determining when an undesirable result may be occurring, i.e., 15% of the SGMA representative wells exceeding minimum thresholds. All SGMA representative wells must be measured consistently and in a timely manner to make an accurate assessment of the conditions and whether an undesirable condition exists.

The GSA should review these sites and ensure measurements will be collected and reported on the Monitoring Network Module found on DWR's SGMA Portal. Future annual reports should also include an explanation of any missed monitoring.

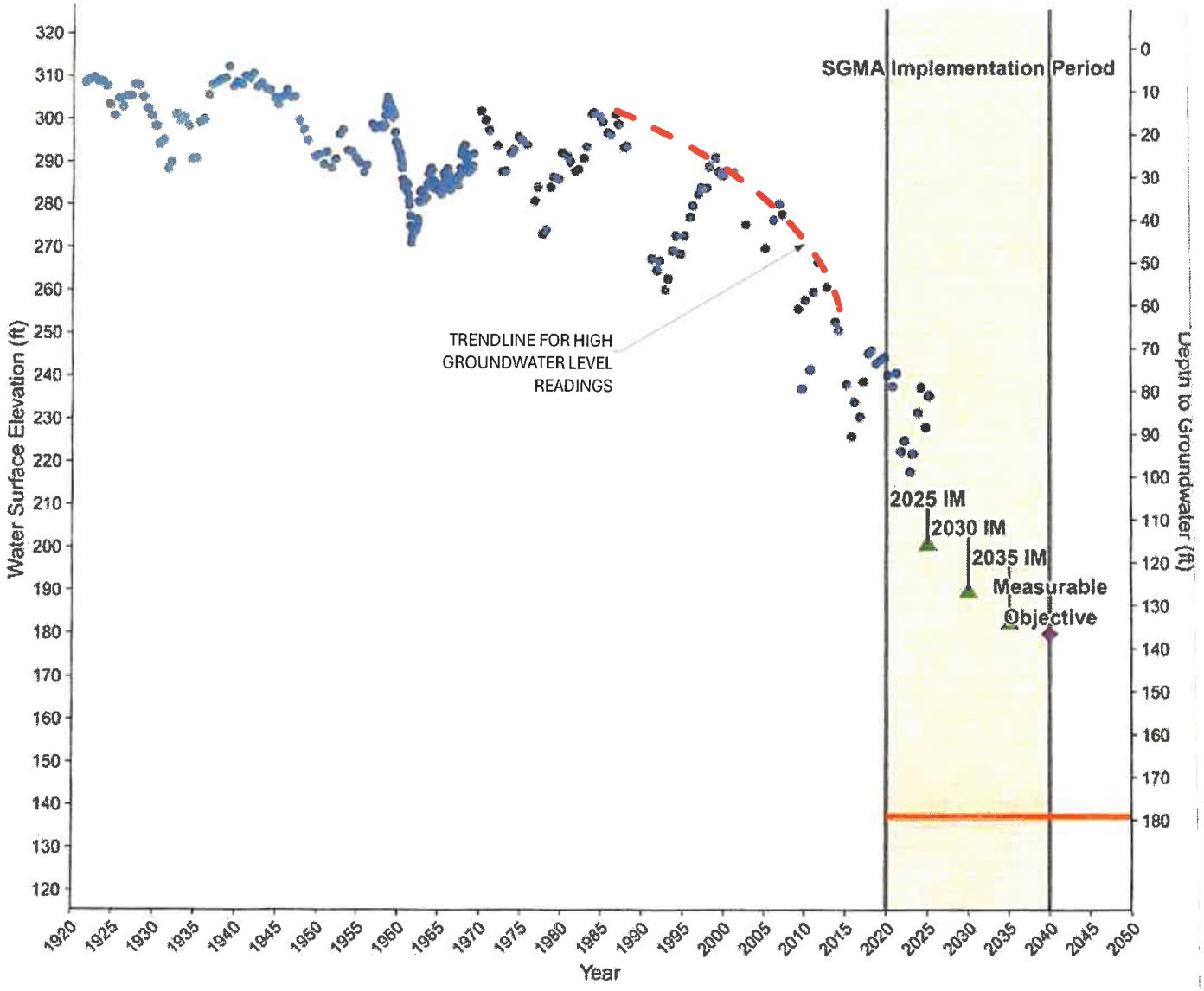
The Department is currently conducting its periodic review of the Subbasin's 2025 periodic evaluation, amended GSP, and GSP implementation for the Subbasin. As part of the periodic review, this annual report and past submitted annual reports will also be considered to assess basin trends. At the conclusion of the periodic review, a determination on whether GSP implementation remains on track to achieve sustainability will be provided.

Please contact the assigned DWR basin point-of-contact or sgmps@water.ca.gov if you have questions about this notice or the annual reporting process. The Department looks forward to receiving your Water Year 2025 Annual Report by April 1, 2026.

Thank You,

Paul Gosselin

Paul Gosselin
Deputy Director
Sustainable Water Management


SGMA Implementation Period
TRENDLINE FOR HIGH GROUNDWATER LEVEL READINGS
2025 IM
2030 IM
2035 IM
Measurable Objective
Water Surface Elevation (ft)
Depth to Groundwater (ft)
Year
320
310
300
290
280
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220
210
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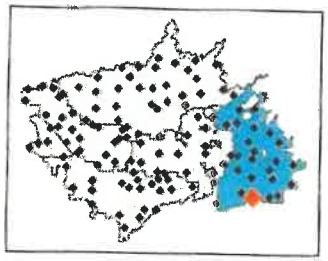

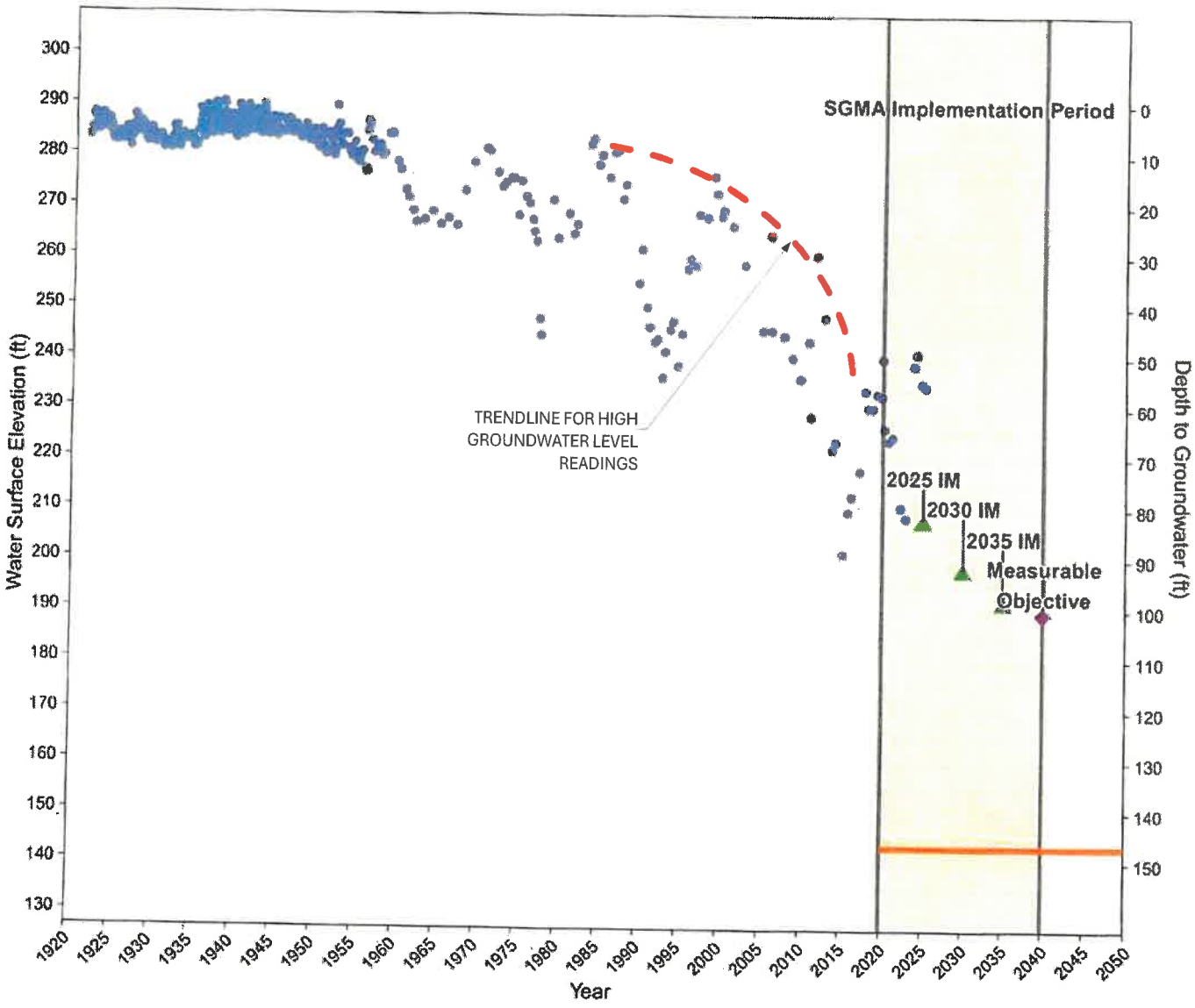
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