

**Borrego Springs Watermaster
Board of Directors Meeting
March 9, 2023
AGENDA ITEM IV.D**

To: Board of Directors
From: Samantha Adams, Executive Director
Date: March 6, 2023
Subject: Consideration of Approval of Amendment to Water Year 2023 Budget

<input checked="" type="checkbox"/> Recommended Action	<input type="checkbox"/> Provide Direction to Staff	<input type="checkbox"/> Information and Discussion
<input checked="" type="checkbox"/> Fiscal Impact	<input type="checkbox"/> Cost Estimate: \$	

Recommended Action

Approve the Amended Water Year (WY) 2023 Budget, which includes approval of the following:

- Increased operating expenditures in the amount of \$1,275,620 (including grant funded items), including:
 - \$725,519 for technical and administrative services provided by West Yost (both grant-funded and non-grant funded work).
 - \$362,584 for professional biologist services provided by Land IQ for the biological restoration study (fully grant-funded).
- Approval of Amended Statement of Work No. 5 which defines the scope of work and budget for West Yost Administrative and Technical Services for WY 2023
- Approval of Amendment No. 7 to the Borrego Springs Watermaster and West Yost Professional Services Agreement to incorporate Amended Statement of Work No. 5 into the agreement

Fiscal Impact: Relative to the original WY 2023 Budget, the increased expenditures over WY 2023 through WY 2027 will result in a total increase in Pumping Assessments of \$110,000 (spread over the five years)

Background and Discussion

At its July 14, 2022 meeting, the Watermaster approved the Budget for WY 2023. The budget approval included:

- WY 2023 Pumping Assessment of \$458,0000
- An Overproduction Penalty Assessment of \$500 per acre-foot
- Operating expenditures in the amount of \$1,125,462 including grant funded items, and including

- \$941,898 for technical and administrative services provided by West Yost. This amount assumed subconsultant services from Land IQ for the biological restoration study.
- Approval of Payment Terms with West Yost and Land IQ, including:
 - Establishment of a Contingent Assessment Pumping Fee that will be due and payable by pumpers in the event of default under the extended term agreement. The amount of the Contingent Assessment is \$550,000.
 - Direction to Legal Counsel to prepare an agreement to formalize the terms and prepare a contract extension with West Yost.

To support the development of the payment terms with West Yost and Land IQ and ensure the financing provided would achieve the intended outcomes in accepting a grant award from the Department of Water Resources (DWR) under the Sustainable Groundwater Management Implementation Grant (SGM grant) program, Watermaster staff prepared a detailed financial model to project the monthly revenues, expenditures, invoices, deferred payment balance, grant reimbursements, invoice payments, and interest accrual.

At the time of its development and approval, the WY 2023 budget (including the five-year budget projection) assumed a specific monthly spending projection for WY 2022 through WY 2025 for the \$2,738,590 in grant-reimbursable project work. When the budget was approved in July 2022, the grant agreement had not been executed with DWR. The SGM grant agreement, and associated Subgrantee agreement between Watermaster and Borrego Water District (BWD), were finalized in January 2023. Due to the delay in executing the grant agreement, several of the grant reimbursable tasks were not started in the timeframe anticipated and projected in the original WY 2023 budget. Thus, the current WY 2023 budget does not accurately reflect the spending that needs to occur in WY 2023 through WY 2025 to complete the grant funded work.

Additionally, at its February 9, 2023 meeting, the Watermaster approved a revised scope of work and budget to complete the work to Redetermine the Sustainable Yield of the Borrego Springs Subbasin in WYs 2023 through 2025. The original scope of work and budget were previously developed in coordination with the Technical Advisory Committee (TAC) and the three-year scope of work was included in the SGM grant. After completing the first phase of work in WY 2022, the TAC determined that a revised scope of work was necessary to complete the redetermination by the Judgment-defined deadline of January 1, 2025. As part of the recommendation to increase the scope of work and budget for this task, it was also recommended that the Watermaster re-purpose funds within the SGM grant to cover the additional work to avoid additional Pumping Assessments. Re-purposing funds to increase the scope and budget for the work to Redetermine the Sustainable Yield tasks would require reducing funds for other grant-funded work. At the request of the Board, the TAC discussed options for re-purposing grant funds at its February 21, 2023 meeting. Based on the discussion, the TAC recommended eliminating the Surface Water Monitoring Program tasks within the SGM grant and using the funds (totaling \$169,000) to cover the additional work for redetermining the Sustainable Yield.

As part of the discussions with DWR to understand the ability to transfer funds between tasks within the grant, Staff determined that it would also be prudent to re-purpose the \$90,000 that was originally

planned for offsetting the cost of Watermaster Board meetings. DWR cautioned that they will require significant evidence and documentation to justify any request for reimbursement of Board meeting activities since they generally perceive the meetings as routine administrative process that is not grant eligible. This task is logical for re-purposing of grant funds because it would eliminate a significant administrative effort to provide the DWR with evidence and documentation to justify the portion of Board meetings that qualify as “public outreach.” Thus, staff recommends these funds be repurposed to cover some of the increased costs associated with the implementation of the Groundwater Monitoring Plan and to allow one additional Annual Report¹ to be reimbursed by SGM grant funds.

Based on the aforementioned developments, the purpose of this memo is to present an amended WY 2023 Budget for Watermaster approval. The main objectives of amending the WY 2023 budget are to:

1. Repurpose the grant funds for surface water monitoring and Board Meetings to accomplish the following (note: the total grant funded amount remains the same at \$2,738,590):
 - a. increase the grant-funded budget for the technical work to Redetermine the Sustainable Yield of the Borrego Springs Subbasin in accordance with the Board direction from the February 9, 2023 meeting
 - b. increase the grant-funded budget for the groundwater monitoring program
 - c. increase the grant-funded budget for preparing Watermaster Annual Reports
2. Recast the detailed monthly spending and reimbursement projection for grant reimbursable work for WY 2023 through WY 2025 to ensure completion of the grant-funded work by March 30, 2025 and understand the associated impacts to the Watermaster’s cash reserve and financing under the West Yost and Land IQ payment terms.

Financial Model Update and Amended WY 2023 Budget

The financial model was updated with a revised spending and reimbursement projection for the anticipated work to be performed from WY 2023 through WY 2027. The financial model assumed the following:

- Staff’s best judgement as to the approximate monthly schedule of spending on all Watermaster operations – both grant and non-grant related and timing of receipt of pumping assessments and grant reimbursements.
- DWR will reimburse the BWD three months after receiving each quarterly grant report and BWD will issue the reimbursement to Watermaster within 30 days of receiving funds from DWR.
- For each WY, a monthly and average reserve balance target was established that generally represents a balance that would be needed to support the next seven months of spending. This amount was used to determine how much is paid out to West Yost and Land IQ each

¹ The grant application assumed that the grant could cover three annual reports, with the repurposing, the grant can now cover four annual reports (WY 2021, WY 2022, WY 2023, and WY 2024)

month. The model is set to always pay invoices from any non-West Yost/Land IQ vendors (such as RWG Law, auditors, insurance).

- Payments will be made to West Yost and/or Land IQ when the cash reserve exceeds the monthly target amount or when the total deferred payment amount is projected to exceed the financing limit of \$550,000 established by West Yost. In this latter case, the model allows the cash reserve to drop below the target level.

The WY 2023 budget projection was updated as follows:

- Recast the monthly spending on grant-reimbursable tasks to ensure all work is completed by March 31, 2025. This resulted in the following changes to the planned expenditures:
 - Increased WY 2023 expenditures by \$150,158 (from \$1,125,462 to \$1,275,620)
 - Decreased WY 2024 expenditures by \$11,234 (from \$1,407,168 to \$1,395,934)
 - Increased WY 2025 expenditures by \$39,277 (from \$989,977 to \$1,029,254)
- Revised the projection of DWR Grant Reimbursement Revenue based on latest understanding of how DWR will pay out quarterly reimbursements². This resulted in:
 - Increased WY 2023 DWR Grant Reimbursement Revenue by \$172,666 (from \$500,603 to \$673,269)
 - Increased WY 2024 DWR Grant Reimbursement Revenue by \$277,735 (from \$726,256 to \$1,003,991)
 - Increased WY 2025 DWR Grant Reimbursement Revenue by \$179,612 (from \$881,718 to \$1,061,330)
 - All grant reimbursements being paid out by the end of WY 2025.
- Adjusted the pumping assessments in WYs 2025 through 2027 to account for the increase in DWR reimbursements in WY 2024 and 2025. Relative to the original WY 2023 Budget, the increased expenditures over WY 2023 through WY 2027 will result in a total increase in Pumping Assessments of \$110,000 (spread over the five years)

Based on the model:

- The deferred payment balance is projected as follows:
 - ranges from about \$0 to \$546,707 in WY 2023
 - ranges from about \$47,883 to \$547,622 in WY 2024
 - ranges from about \$0 to \$338,747 in WY 2025
 - will be paid off in WY 2025

² The increase is due to DWR explaining that only the last ten percent of project funds requested will be retained through completion of the project – as opposed to ten percent retention of every reimbursement request.

- In some months, payments to West Yost and Land IQ will lower the cash reserve below the seven-month reserve goal in order to ensure the financing balance does not exceed the \$550,000.
 - In WY 2023, the cash reserve is not able to be maintained at seven months of operating reserves. Due to the delay in the timing of submitting the first reimbursement request, the highest reserve balance that can be maintained is about five months of operating expenditures.
 - Once the first grant reimbursement check is received in late WY 2023, the reserve balance can much more easily track at the desired minimum level of seven months operating expenditures.
 - Overall, the year-end reserve balances are sufficient to support future work.
- The interest charges range from \$8,926 to \$24,300 per year. The total estimated interest payments over the financing period is about \$53,700.

The budget table provided in the next section (Table 1) includes summary sections to characterize the annual liabilities on the payment terms and the range of reserve balances. The summary information is taken directly from the monthly projections.

Table 1 summarizes the proposed amended line-item operating budget, including revenues, expenditures, deferred payment liabilities to West Yost and Land IQ, and cash reserves for WY 2023 and the projected budgets in these categories for WYs 2024 through 2027.

Recommendation

If the Amended WY 2023 Budget is approved, the associated West Yost Statement of Work Number 5 (SOW No. 5) would need to be updated with the revised budget amounts and incorporated into the West Yost Professional Services agreement. Staff recommends approving these items as part of the approval of the Amended WY 2023 Budget – the Amended SOW No. 5 and Amendment No. 7 to the Borrego Springs Watermaster and West Yost Professional Services Agreement are enclosed for your review.

Staff recommends the Board approve the Amended Water Year 2023 Budget, which includes approval of the following:

- Increased operating expenditures in the amount of \$1,275,620 (including grant funded items), including:
 - \$725,519 for technical and administrative services provided by West Yost (both grant-funded and non-grant funded work).
 - \$362,584 for professional biologist services provided by Land IQ for the biological restoration study (fully grant-funded).
- Approval of Amended Statement of Work No. 5 which defines the scope of work and budget for West Yost Administrative and Technical Services for WY 2023

- Approval of Amendment No. 7 to the Borrego Springs Watermaster and West Yost Professional Services Agreement to incorporate Amended Statement of Work No. 5 into the agreement

Enclosures

Table 1: *Detailed Five-Year Projection of Borrego Springs Watermaster Operating Budget for Water Years 2023 through 2027*

Amended Statement of Work No. 5 (SOW No. 5): West Yost Administrative and Technical Services for the Borrego Springs Watermaster – Water Year 2023, including:

Exhibit 1 - Amended Labor Hours and Fee Estimate to Provide Professional Services to the Borrego Springs Watermaster: Executive Director and Technical Consultant Services for Water Year 2023

Amendment No. 7 to that Agreement Entitled “Borrego Springs Watermaster Professional Services Agreement”

Table 1
Detailed Five-Year Projection of Borrego Springs Watermaster Operating Budget: Water Years 2023 through 2027
Assuming Payment Terms from West Yost Associates, 6-Month Delay in DWR Grant Request Reimbursements, and Target for 7-month Operating Reserve

Revenues, Expenditures, and Reserves	WY 2022 Approved Budget	WY 2022 Actual	Amended WY 2023 Budget	Projected Budget ¹			
				WY 2024	WY 2025	WY 2026	WY 2027
Revenues	\$ 458,000	\$ 654,877	\$ 1,122,550	\$ 1,468,460	\$ 1,367,993	\$ 316,863	\$ 465,069
Pumping Assessments Collected ²	\$ 458,000	\$ 521,399	\$ 458,000	\$ 458,000	\$ 300,000	\$ 310,000	\$ 458,000
Bad Debt (non-payment on Assessments)	\$ -	\$ -	\$ (15,000)	\$ -	\$ -	\$ -	\$ -
Overproduction Penalty Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues Collected for Pass thru Expenses	\$ -	\$ 133,478	\$ 6,281	\$ 6,469	\$ 6,664	\$ 6,863	\$ 7,069
DWR Prop 68 Grant Reimbursements ³	\$ -	\$ -	\$ 673,269	\$ 1,003,991	\$ 1,061,330	\$ -	\$ -
Total Expenditures⁴	\$ 651,634	\$ 831,057	\$ 1,275,620	\$ 1,395,934	\$ 1,029,254	\$ 566,924	\$ 568,683
Administrative Services	\$ 223,799	\$ 334,876	\$ 336,292	\$ 360,362	\$ 337,118	\$ 239,687	\$ 232,228
Watermaster Staff Admin Services	\$ 183,799	\$ 169,441	\$ 251,810	\$ 280,505	\$ 267,098	\$ 191,844	\$ 197,600
Board Meetings	\$ 73,812	\$ 69,240	\$ 92,508	\$ 95,283	\$ 98,142	\$ 80,000	\$ 82,400
Technical Advisory Committee Meetings	\$ 29,938	\$ 29,458	\$ 35,199	\$ 39,801	\$ 30,000	\$ 23,175	\$ 23,870
Court Hearings	\$ 5,590	\$ 1,868	\$ 5,668	\$ 5,951	\$ 6,130	\$ 6,314	\$ 6,503
Stakeholder Outreach/Workshops	\$ -	\$ -	\$ 12,206	\$ 12,587	\$ 12,957	\$ 6,000	\$ 6,180
Administration and Management	\$ 74,459	\$ 68,875	\$ 69,876	\$ 71,972	\$ 74,131	\$ 76,355	\$ 78,646
Prop 68 Project Admin and Grant Reporting	\$ -	\$ -	\$ 36,353	\$ 54,910	\$ 45,737	\$ -	\$ -
Other Administrative or Vendor Services	\$ 40,000	\$ 37,759	\$ 81,507	\$ 79,857	\$ 70,020	\$ 47,842	\$ 34,629
Financial Audit	\$ 15,000	\$ 8,000	\$ 8,555	\$ 8,812	\$ 9,076	\$ 9,348	\$ 9,629
Insurance	\$ 20,000	\$ 29,759	\$ 30,652	\$ 31,571	\$ 32,518	\$ 33,494	\$ 20,000
Misc. Expenses	\$ 5,000	\$ -	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Meter Accuracy Testing Vendors	\$ -	\$ -	\$ 13,000	\$ 14,000	\$ 14,500	\$ -	\$ -
Interest on Vendor Terms During Prop 68 Grant Period ⁵	\$ -	\$ -	\$ 24,300	\$ 20,474	\$ 8,926	\$ 0	\$ -
Pass Through Expenses	\$ -	\$ 127,676	\$ 2,975	\$ -	\$ -	\$ -	\$ -
Reimbursement to Settling Parties	\$ -	\$ 10,101	\$ 716	\$ -	\$ -	\$ -	\$ -
Reimbursement to BWD for GSP	\$ -	\$ 117,575	\$ 2,259	\$ -	\$ -	\$ -	\$ -
Legal Services	\$ 50,000	\$ 124,140	\$ 100,000	\$ 103,000	\$ 106,090	\$ 109,273	\$ 112,551

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Revenues, Expenditures, and Reserves	WY 2022 Approved Budget	WY 2022 Actual	Amended WY 2023 Budget	Projected Budget ¹			
				WY 2024	WY 2025	WY 2026	WY 2027
Technical/Engineering Services	\$ 340,755	\$ 340,499	\$ 448,977	\$ 702,383	\$ 414,001	\$ 191,102	\$ 196,835
<i>General Technical Consultant Services</i>	\$ 194,750	\$ 193,891	\$ 219,613	\$ 375,397	\$ 328,049	\$ 180,251	\$ 185,658
<i>Coordinate/Implement meter reading program</i>	\$ 26,634	\$ 20,942	\$ 30,893	\$ 30,780	\$ 31,703	\$ 32,655	\$ 33,634
<i>Groundwater Monitoring Program</i>	\$ 54,932	\$ 57,615	\$ 87,180	\$ 76,510	\$ 62,058	\$ 55,000	\$ 56,650
<i>Surface Water Monitoring Program</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Maintain Data Management System</i>	\$ 11,273	\$ 8,441	\$ 15,731	\$ 16,047	\$ 16,567	\$ 17,063	\$ 17,575
<i>CASGEM/MNM Compliance</i>	\$ 1,240	\$ 1,166	\$ 2,352	\$ 2,578	\$ 2,655	\$ 2,735	\$ 2,817
<i>Annual Report to the Court and DWR</i>	\$ 31,920	\$ 34,876	\$ 52,442	\$ 53,000	\$ 53,978	\$ 56,228	\$ 57,915
<i>Address Inactive Wells via Abandonment/Conversion</i>	\$ -	\$ -	\$ 15,851	\$ 180,864	\$ 145,000	\$ -	\$ -
<i>As-needed technical support</i>	\$ 14,120	\$ 13,926	\$ 15,164	\$ 15,619	\$ 16,087	\$ 16,570	\$ 17,067
<i>Grant services</i>	\$ 54,631	\$ 56,926	\$ -				
<i>Consulting Services with TAC Support/Input</i>	\$ 146,005	\$ 146,608	\$ 229,364	\$ 326,986	\$ 85,952	\$ 10,851	\$ 11,176
<i>Technical Work to Support Sustainable Yield Updates</i>	\$ 115,750	\$ 114,222	\$ 146,322	\$ 201,758	\$ 16,137	\$ -	\$ -
<i>Development of Work Plan for an Expanded</i>	\$ 20,258	\$ 23,564	\$ 46,392	\$ -	\$ -	\$ -	\$ -
<i>Groundwater Quality & Level Monitoring Workplan</i>							
<i>TSS Grant Implementation (new monitoring well)</i>	\$ -	\$ -	\$ 11,000				
<i>5-Year Update of the GMP (required by DWR)</i>	\$ -	\$ -	\$ 15,720	\$ 115,000	\$ 59,280		
<i>Address Ad Hoc Requests from the Board</i>	\$ 9,997	\$ 8,823	\$ 9,930	\$ 10,228	\$ 10,535	\$ 10,851	\$ 11,176
Environmental Working Group	\$ 37,080	\$ 23,438	\$ 384,070	\$ 223,719	\$ 165,382	\$ 20,000	\$ 20,000
<i>Biological Restoration of Fallowed Lands</i>	\$ 17,606	\$ 9,253	\$ 378,301	\$ 217,777	\$ 159,262	\$ -	\$ -
<i>GDEs (or other ad-hoc requests)</i>	\$ 5,469	\$ 3,742					\$ -
<i>EWG Meetings</i>	\$ 14,005	\$ 10,442	\$ 5,769	\$ 5,942	\$ 6,120	\$ 20,000	\$ 20,000
Services to Parties with Manual Read Meters	\$ -	\$ 8,104	\$ 6,281	\$ 6,469	\$ 6,664	\$ 6,863	\$ 7,069

Table 1
Detailed Five-Year Projection of Borrego Springs Watermaster Operating Budget: Water Years 2023 through 2027
Assuming Payment Terms from West Yost Associates, 6-Month Delay in DWR Grant Request Reimbursements, and Target for 7-month Operating Reserve

Revenues, Expenditures, and Reserves	WY 2022 Approved Budget	WY 2022 Actual	Amended WY 2023 Budget	Projected Budget ¹			
				WY 2024	WY 2025	WY 2026	WY 2027
Liabilities on Payment Terms⁶							
Beginning Balance	\$ -	\$ -	\$ -	\$ 154,347	\$ 47,883	\$ -	\$ -
Minimum Monthly Balance		\$ -	\$ -	\$ 47,883	\$ -	\$ -	\$ -
Maximum Monthly Balance	\$ -	\$ -	\$ 546,707	\$ 547,622	\$ 338,747	\$ -	\$ -
Year-End Balance	\$ -	\$ -	\$ 154,347	\$ 47,883	\$ -	\$ -	\$ -
Reserves⁸							
Beginning Cash Reserves	\$ 703,546	\$ 629,958	\$ 523,518	\$ 567,222	\$ 582,326	\$ 764,646	\$ 516,521
Year-End Cash Reserve Balance	\$ 564,543	\$ 523,518	\$ 567,222	\$ 582,326	\$ 764,646	\$ 516,521	\$ 419,921
<u>Average Reserve Needed During the Year to Maintain 7-Months Leading Operating Expenses</u>			\$ 736,931	\$ 705,867	\$ 542,105	\$ 422,710	\$ 439,308
Minimum Month-End Reserve Balance			\$ 377,765	\$ 556,782	\$ 519,214	\$ 516,521	\$ 376,767
Average Month-End Reserve Balance			\$ 511,754	\$ 674,583	\$ 589,527	\$ 651,099	\$ 489,410
Variance from Desired Average Reserve			\$ (225,177)	\$ (31,284)	\$ 47,422	\$ 228,388	\$ 50,102

Notes

- 1-- The projected budget is estimated based on Watermaster staff's best professional judgement as to how the cost of each line item will change over time. Some tasks increase at an assumed inflation rate of 3%; some tasks decrease in cost as efficiencies are achieved, followed by annual increases due to inflation; and some tasks fluctuate year to year based on the level of effort expected for non-routine work such as Sustainable Yield updates. For grant funded work, the projection matches the total allowable grant
- 2 -- The pumping assessment was set to an amount to optimize consistency with past assessment projections, the achievement of an average reserve equal to 7 months of expenditures (based on future costs), and maintain a finance balance of less than \$550,000 with West Yost and Land IQ under proposed payment terms.
- 3 -- A total of \$2,738,590 was awarded for Watermaster projects. The revenue is based on Watermaster staff's best estimate of the timing of payments, assuming: the last 10 percent of funds are retained until the project is complete, a 6-month lag for DWR to reimburse the BWD after submittal of the first reimbursement request in May 2023 for expenditures from January 2022 through March 2023, and a 30 day lag time to receive the reimbursement from BWD .
- 4 -- Expenditures highlighted in green will be **partially reimbursed** by the Prop 68 grant. Expenditures highlighted in blue will be **fully reimbursed** by the Prop 68 grant. Expenditures shown in bold, purple text are **costs that would not have been incurred (in part or in full)** absent the Prop 68 grant.
- 5 -- This is the interest paid to West Yost under proposed Payment Terms allowing outstanding balance of up to \$550,000 in any 30-day period.
- 6 -- This section reflects the balance of payments owed to West Yost and Land IQ under proposed Payment Terms allowing outstanding balance of up to \$550,000 in any 30-day period.
- 7 -- The reserve projections are based on the monthly financial model prepared by Watermaster Staff to support extended payment terms with West Yost and Land IQ.

**Amended Statement of Work No. 5 (SOW No. 5):
West Yost Administrative and Technical Services
for the Borrego Springs Watermaster – Water Year 2023
*Approved: September 8, 2022 Amended: March 9, 2023***

The following describes the amended statement of work (SOW) No. 5 for West Yost administrative and technical services for Water Year (WY) 2023: October 1, 2022 through September 30, 2023. On October 1, 2022, SOW No. 5 superseded and replaced SOWs No. 3 and 4 from Water Year 2022. The attached Exhibit 1 provides the line-item cost estimate detail for each task and sub-task in SOW No. 5, including labor, subconsultants, and other direct charges. Exhibit 1 was included in the amended WY 2023 Budget approved by the Board of Directors at its March 9, 2023 meeting. The amended total budget for SOW No. 5 is \$725,519, and is broken into the following major Tasks:

Task 1 – Meetings and Court Hearings.

Task 2 – Watermaster Administration and Management

Task 3 – Engineering and Technical Services

Task 4 – Environmental Working Group

Task 5 – Services Reimbursed by Parties with Manual-read Meters

The tasks and subtasks are described in this SOW No. 5.

Of importance to funding SOW No. 5 is a recent award of grant funding by the CA Department of Water Resources (DWR) as part of its Sustainable Groundwater Management (SGMA) Implementation Grant Program funded by Proposition 68. With this grant funding, the Borrego Springs Watermaster can offset the cost of certain required work it will perform in WY 2023 (such as preparation of the annual report) and perform work that it would not otherwise have funding to complete (such as a project to study the potential for biologic restoration of fallowed farmlands in the Borrego Valley).

For reimbursement purposes, it will be critical to carefully track grant-eligible work separately from any work that cannot be reimbursed by the grant. To help staff plan and track spending in an efficient way for DWR grant reporting, the budget for each task in SOW No. 5 has been broken down into three invoice numbers. Each month an invoice will be generated for each of the following categories:

- Invoice 940-80-22-03: Non-reimbursable Administrative and Technical Services work (work that is not eligible for grant funding).
- Invoice 940-80-22-04: SGM Implementation Grant reimbursable work under Grant Component 7: Monitoring and Reporting
- Invoice 940-80-22-05: SGM Implementation Grant reimbursable work under Grant Component 6: Biological Restoration of Fallowed Lands

The breakdown of costs into the three categories of grant-eligibility for the five Watermaster administrative and technical tasks are as follows:

**Amended Statement of Work No. 5 (SOW No. 5):
West Yost Administrative and Technical Services
for the Borrego Springs Watermaster – Water Year 2023
Approved: September 8, 2022 Amended: March 9, 2023**

Task	Task Name	Total Task Budget	Invoice 940-80-22-03 (Admin and Technical)	Invoice 940-80-22-04 (Monitoring & Reporting)	Invoice 940-80-22-05 (Biological Restoration)
1	Meetings and Court Hearings	\$145,581	\$98,176	\$47,405	\$0
2	Watermaster Administration and Management	\$106,229	\$62,661	\$43,568	\$0
3	Engineering and Technical Services	\$448,977	\$44,605	\$404,372	\$0
4	Environmental Working Group	\$21,486	\$5,769	\$0	\$15,717
5	Services Reimbursed by Parties with Manual-read Meters	\$3,246	\$3,246	\$0	\$0
	Total	\$725,519	\$214,457	\$495,345	\$15,717

Task Descriptions

Task 1 – Meetings and Court Hearings. This task is to conduct or participate in Watermaster process meetings. This work includes coordinating with the Board, legal counsel, Technical Advisory Committee (TAC) members, preparing the agenda and meeting packages, preparing presentation materials, leading the meetings, and preparing minutes. There are four sub-tasks by meeting type. **Budget: \$145,581**

1.1 Board Meetings. Budget: \$92,508 It is assumed that about 12 meetings will be held. Two meetings are planned to occur in-person in Borrego Springs, and ten meetings will be held virtually. For ease of grant-reimbursement of eligible meeting costs, up to 4 meetings will be dedicated to grant-related business. [Invoice 940-80-22-03 – not reimbursable]

1.2 Technical Advisory Committee Meetings. Budget: \$35,199 It is assumed that up to five virtual TAC meetings will be conducted. [Invoice 940-80-22-04 – reimbursable]

1.3 Court Hearings. Budget: \$5,668 Preparation for and/or attendance at Court hearings, as needed. [Invoice 940-80-22-03 – not reimbursable]

1.4 Stakeholder Outreach. Budget: \$12,206 Two in-person Stakeholder Outreach meetings will be held in Borrego Springs, timed to occur on the date of the in-person Watermaster Board meetings. [Invoice 940-80-22-04 – reimbursable]

Task 2 – Watermaster Administration and Management. The Executive Director will organize, oversee, and/or perform the administrative and management aspects of running the Watermaster and

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*Approved: September 8, 2022 Amended: March 9, 2023***

administering the Judgment, Rules and Regulations, and the Groundwater Management Plan (GMP). This includes nine subtasks. **Budget: \$106,229.**

2.1 Prepare the Watermaster annual budget. Budget: \$10,784 In collaboration with the TAC, prepare a draft administrative and technical budget for WY 2024 by June 30, 2023, and finalize the budget for approval by July 2023. [Invoice 940-80-22-03 – not reimbursable]

2.2 Insurance, accounting, and financial services. Budget: \$16,228 Obtain and maintain insurance policies (e.g., liability insurance) as directed by the Board; maintain a bank account; prepare and issue assessment invoices; prepare monthly financials; oversee the annual audit, and perform other as-requested accounting and financial services. [Invoice 940-80-22-03 – not reimbursable]

2.3 Annual water rights accounting and pumping assessment calculation. Budget: \$0. For ease of grant reimbursement, this task is now combined with the Watermaster Annual Report (see Task 3.5 below).

2.4 Management of Watermaster records, documents, and website. Budget: \$7,215 Maintain a catalog of the reference documents, official correspondence, and Watermaster files and records, and store a copy of all records available for public access pursuant to the Rules and Regulations. Staff will also host and maintain the Watermaster website, including: posting notices, determinations, requests, objections, reports, and other papers pursuant to the Judgment. Staff will ensure confidential data is maintained accordingly. [Invoice 940-80-22-04 –reimbursable]

2.5 Respond to and track public information requests. Budget: \$2,898 This includes timely response to requests for data and information from the Parties or the public. All requests will be responded to and tracked in a manner consistent with any policies adopted by the Watermaster. This also includes maintaining an active list of stakeholders interested in receiving notifications regarding Watermaster activities and maintaining a current list of names and addresses of all Parties to Stipulated Agreement or their successors. [Invoice 940-80-22-03 – not reimbursable]

2.6 As-needed support to the BPA Parties. Budget: \$9,654 This task is to provide routine support the Baseline Pumping Allocation (BPA) parties in compliance with the Judgment and Rules & Regulations. Watermaster staff will be available to support the Parties, as needed and within reason, to ensure they understand the Judgment requirements, such as the metering program, payment of assessments, water rights accounting, and following standards. Any significant requests for support will be taken to the Board for direction. [Invoice 940-80-22-03 – not reimbursable]

2.7 As-needed administration of the terms of the Judgment, Rules & Regulations, and Groundwater Management Plan. Budget: \$12,114 This includes any other as-needed performance of non-routine services to implement the Watermaster guidance documents. [Invoice 940-80-22-03 – not reimbursable]

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2.8 Other general administration and project managements tasks. *Budget: \$10,983* This includes, but is not limited to, managing staff and subconsultants, tracking task schedules and progress, and tracking budget progress. [Invoice 940-80-22-03 – not reimbursable]

2.9 Prop 68 Grant project management and reporting. *Budget: \$36,353* This includes administration of grant-related tasks and preparing all quarterly reports and grant reimbursement requests to DWR. [Invoice 940-80-22-04 – reimbursable]

Task 3 – Engineering and Technical Services. The objective of this task is for the Technical Consulting team to perform the technical services required by the Judgment, Rules and Regulations, and GMP for WY 2023. This includes 12 subtasks. *Budget: \$448,977.*

3.1 Coordinate and implement the meter reading program. *Budget: \$30,893* This includes:

- 3.2a – Performance and review of the required meter calibration and accuracy tests. The data will be reviewed for accuracy and QA/QC, recorded, and any delinquencies reported back to the BPA Party. [Invoice 940-80-22-04 –reimbursable]
- 3.2b – Monthly collection and processing of meter read data. The data will be reviewed for accuracy and QA/QC, recorded, and used to compute monthly pumping volumes. This task ***does not*** include work to perform meter reading services at manual-read meters. That work is directly paid for by the BPA Parties with manual-read meters. [Invoice 940-80-22-04 –reimbursable]

3.2 Implement Groundwater Monitoring Program. *Budget: \$87,180* This task includes implementing the groundwater monitoring program for fall 2022 and spring 2023, including the expanded work under the Groundwater Monitoring Plan that will be completed by April 2023. The monitoring program includes semi-annual field collection of groundwater-level measurements (manual and pressure transducer downloads), groundwater-quality samples, and field observations of surface water flow in Coyote Creek. The analytes for water-quality sampling include arsenic, fluoride, nitrate, sulfate, total dissolved solids, and all other major anions and cations. Following the field events, the field and laboratory data will be cataloged, processed into standardized formats, reviewed for QA/QC, and uploaded to the data management system (DMS), HydroDaVE. This task includes funds to purchase new water-level pressure transducers to replace older units installed in 2014. Most of this work is reimbursable, except certain travel expenses associated with overnight stays in Borrego Springs [Invoice 940-80-22-04 –reimbursable; travel expenses to Invoice 940-80-22-03 – not reimbursable]

3.3 Implement Surface Water Monitoring Program. *Budget: \$0* This task was removed from the grant project as the recommendation of the TAC.

3.4 Maintain Database Management System (HydroDaVE) for all groundwater, surface water, and climate data. *Budget: \$15,731* [Invoice 940-80-22-04 –reimbursable] This covers the work to maintain and keep up-to-date the Watermaster’s DMS, HydroDaVE, including:

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- annual collection and processing of other environmental datasets relied on to manage the Basin, including precipitation, climate, surface-water quality, municipal well water quality, and others
- as-needed services to continue to build out the DMS (design custom reports, load new shapefiles, upload newly identified legacy data, build out library, etc.)
- loading of data to California’s Groundwater Ambient Monitoring and Assessment (GAMA) database in compliance with the Prop 68 grant agreement

3.5 CASGEM/MNW Compliance. *Budget: \$2,352* This task includes using HydroDaVE to export data using the custom CASGEM report that provides the data in the exact format required by the DWR for its Monitoring Network (MNW) data portal. Data will be delivered to DWR twice per year following the fall and spring monitoring events described in Task 3.2. [Invoice 940-80-22-04 – reimbursable]

3.6 Prepare Combined Annual Report to Court and DWR. *Budget: \$52,442* Prepare the draft and final annual report pursuant to the requirements of Section IV.E(5)(b) of the Judgment and Section 4.2.8 of the Rules and Regulations. This includes performance of annual accounting of water rights to compute the annual pumping assessment for each Party for WY 2023. This includes work to prepare and maintain reports of carryover rights and transfers of BPA, updates to Exhibit 4 to the Judgment to file with Court annually (or file a statement that no transfer of BPA has occurred in the prior WY). [Invoice 940-80-22-04 –reimbursable]

3.7 Address inactive wells via proper abandonment or conversion to monitoring well (outreach and cost estimating). *Budget: \$15,851* The objective of this task is to identify improperly abandoned wells, and if accessible through an easement or other access agreement, determine the costs to either properly abandon the wells or convert them to Watermaster monitoring wells. Most of this work is reimbursable, except certain travel expenses. [Invoice 940-80-22-04 – reimbursable; travel expenses to Invoice 940-80-22-03 – not reimbursable]

3.8 As-needed technical support for implementation of the Judgment, Rules and Regulations, and Groundwater Management Plan. *Budget: \$15,164* This includes any other as-needed performance of non-routine technical services to implement the Watermaster guidance documents, such as updating forms and protocols, educating the Board and TAC on Best Management Practices, analysis of data, processing well applications, or use of the Borrego Valley Hydrologic Model (BVHM). [Invoice 940-80-22-03 – not reimbursable]

3.9 Technical Work to Support Update of Sustainable Yield. *Budget: \$146,322* This work involves building on the work performed by the TAC in WY 2022 to update the model and assess the ability of the model to estimate groundwater pumping. The final scope of work for WY 2023 was approved by the Board at its February 9, 2023 meeting and includes: Compare Farm Process (FMP)-Estimated Pumping to Actual Pumping for WY 2022. The 2021 BVHM will be extended through WY 2022 and the FMP-estimated pumping in WY 2022 will be compared against Actual Pumping as metered by the Watermaster in WY 2022 to confirm, modify, or refute the conclusions

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of the extension of the BVHM through WY 2021 (performed during WY 2022). [Invoice 940-80-22-04 –reimbursable]

- Update Water-Use Factors in the FMP. A new methodology will be developed, with TAC input, to estimate water-use factors in the Basin. The updated water-use factors will be used to run the BVHM through WY 2022 and compare the updated FMP-estimated pumping to (i) prior estimates of FMP-estimated pumping for the entire model simulation period (WY 1930-2022), and (ii) to the Actual Pumping for WYs 2021 and 2022.
- Correct Errors Identified in the 2021 BVHM Technical Memorandum (TM). The errors and discrepancies identified in the 2021 BVHM TM will be corrected, which include errors in the Streamflow-Routing (SFR), Flow and Head Boundary (FHB), and Multi-Node Well (MNW2) packages, and in the FMP.
- Perform Model Recalibration. This task will be initiated, but not completed during WY 2023. The primary task to be performed during WY 2023 is to begin preparing input files to perform calibration using the parameter estimation code PEST.

3.10 Complete Groundwater Monitoring Plan. Budget: \$46,392 Section VI.B of the Judgment requires the Watermaster to develop a Water-Quality Monitoring Plan (WQMP) with TAC input within 24 months of entry of Judgment (by April 2023). The scope of the monitoring work plan has been expanded to also include groundwater-level monitoring. The steps to develop the work plan include: (i) define the questions that the monitoring plan should answer to comply with the Judgment and GMP; (ii) identify the gaps in the interim monitoring program that should be filled; and (iii) describe recommended steps and costs to fill the data gaps and perform ongoing monitoring. The monitoring program work plan was started in WY 2022 and be completed in WY 2023. Most of this work is reimbursable, except certain travel expenses to Borrego Springs for Outreach efforts. [Invoice 940-80-22-04 –reimbursable; travel expenses to Invoice 940-80-22-03 – not reimbursable]

3.11 Begin Five-Year Update of the Groundwater Management Plan. Budget: \$15,720 The objective of this task is to prepare the five-year update of the Groundwater Management Plan for the Borrego Springs Subbasin (GMP). Under SGMA, the GMP must be updated every five years. This is a multi-year effort that will be done in parallel to the update the of the Sustainable Yield and will be completed by January 2025. In WY 2023, initial tasks will include developing the scope of work to complete the GMP update and obtaining TAC input on the plan and schedule to complete the update. [Invoice 940-80-22-04 –reimbursable]

3.12 TSS Program Implementation (new monitoring well). Budget: \$11,000 The objective of this task is to support the DWR in its construction of a new multi-depth completion monitoring well in the North Management Area. DWR will cover all contractor and construction costs. This task covers time for Watermaster staff to support the program. [Invoice 940-80-22-03 – not reimbursable]

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3.13 Address Ad Hoc Requests of TAC from the Board. *Budget: \$9,930* From time to time, the Board may request activities or special studies for the TAC to complete. These ad hoc activities are undefined and will only be performed as requested. [Invoice 940-80-22-03 – not reimbursable]

Task 4 – Environmental Working Group. The objective of this task is to support the activities of the EWG. This includes eight subtasks. *Budget: \$21,486.*

4.1 Biological Restoration of Fallowed Lands. *Budget: \$21,486* The objective of this project, which is being performed by Land IQ under direct contract to the Watermaster, is to develop guidance on techniques to mitigate the potential adverse impacts associated with the fallowing of lands that is expected to occur within the Basin. The project includes analyzing existing data and information, conducting field reconnaissance, and assessing test cases of biological restoration techniques at existing fallowed lands within the Basin. A final technical report will describe and document the results, conclusions, and recommendations; the biological restoration strategies that are expected to be most effective within the Basin; and a prioritization of land parcels for biological restoration. This is a multi-year project that will begin in WY 2023 and be completed by the end of the grant reimbursement period. This budget is for West Yost to perform technical review and contract management of Land IQs work; and to support hosting of EWG meetings to review project deliverables and progress. . [Invoice 940-80-22-05 – reimbursable]:

4.2 Prepare for and attend EWG Meetings. *Budget: \$5,769* This includes up to one virtual meeting to conduct EWG business not related to the Biological Restoration study. [Invoice 940-80-22-03 – not reimbursable]

Task 5 – Services Reimbursed by Parties with Manual-read Meters. The objective of this task is to support the implementation of the meter reading program for Parties with manual-read meters, including coordination with Borrego Water District (BWD) (Watermaster’s contractor to perform the meter reads) and coordination with well owners during self-reporting months. Pursuant to the Judgment, this work must be funded by the Parties with manual read meters. *Budget: \$3,264.* [Invoice 940-80-22-03 – not reimbursable]

Exhibit 1 to SOW No. 5: Amended Labor Hours and Fee Estimate to Provide Professional Services to the Borrego Springs Watermaster: Executive Director and Technical Consultant Services for Water Year 2023

Task and Subtask Descriptions	Labor Hours and Cost											Reimbursable Expenses					Total Project Costs		Reimbursable Costs Included in Prop 68 Grant Award				
	Executive Director	Lead Technical Consultant	Principal Sci/Eng II	Principal Sci/Eng I	Senior Sci/Geo/Eng II	Associate Sci/Geo/Eng I	Staff Sci/Geo/Eng II	Staff Sci/Geo/Eng I	Field Technician	Administrative III/IV	Task Repetition Multiplier	Total Person Hours	WEI Labor Cost		Travel	Field Equipment Rental or Purchase	Laboratory	Sub-contractor		Total Reimbursable Expenses		Sub-Task	Task
													Sub-Task	Task						Sub-Task	Task		
Task 1 - Meetings and Court Hearings												\$143,533							\$2,048		\$145,581	\$47,405	
1.1 Watermaster Board meetings												\$90,710							\$1,798			\$92,508	\$0
Prepare for and attend 10 Regular Board meetings (Virtual)	12	5					8		2	10	270								\$0		\$69,050		
Prepare for and attend 2 Regular Board meetings (In Person)	17	10					13		2	2	84			\$1,798					\$1,798		\$23,458		
1.2 Technical Advisory Committee meetings												\$35,199							\$0			\$35,199	\$35,199
Prepare for and attend 4 TAC meetings (Virtual)	3	10					8		1	5	110								\$0		\$28,045		
Prepare memos to the Board	0.5	3					3		1	4	30								\$0		\$7,154		
1.3 Court Hearings												\$5,418							\$250			\$5,668	\$0
As-needed attendance at Court hearings	18										1	18		\$250					\$250		\$5,668		
1.4 Stakeholder Outreach (Prop 68 Grant)												\$12,206							\$0			\$12,206	\$12,206
Stakeholder Open House	8	7					8				2	46							\$0		\$12,206		
Task 2 - Watermaster Administration and Management												\$106,229							\$0		\$106,229	\$43,568	
2.1 Prepare the draft and final Watermaster budget for WY 2023 (including collaboration with the TAC)	20	8					8	4			1	40							\$0	\$0	\$10,784		\$0
2.2 Insurance, accounting, and financial services	12						8				76	1	96						\$0	\$0	\$16,228		\$0
2.3 Annual water rights accounting and pumping assessment calc.											1	0							\$0	\$0	\$0		\$0
2.4 Management of Records, Documents, and Website	0.3						2		0.8	12	36								\$0	\$0	\$7,215		\$7,215
2.5 Track/respond to public communications and requests	0.3						0.3	0.25	0.5	12	15								\$0	\$0	\$2,898		\$0
2.6 As-needed support to the BPA Parties	1.5						1		1	12	42								\$0	\$0	\$9,654		\$0
2.7 As-requested admin. of the Judgment, Rules & Regs, and GMP	30						12		4	1	46								\$0	\$0	\$12,114		\$0
2.8 General administration and project managements tasks	1						2.3		1	12	51								\$0	\$0	\$10,983		\$0
2.9 Prop 68 Grant project management and reporting	2	2					3	0.5	8	12	186								\$0	\$0	\$36,353		\$36,353

AMENDMENT NO. 7 TO THAT AGREEMENT ENTITLED "BORREGO SPRINGS WATERMASTER PROFESSIONAL SERVICES AGREEMENT"

1. The attached *Amended Statement of Work No. 5* and the associated \$725,519 budget for all tasks hereby replace the existing *Statement of Work No. 5* that was added to Exhibit A of the above-referenced agreement ("Agreement") on September 8, 2022.

2. *Amended Statement of Work No. 5* was approved by the Watermaster Board at its March 9, 2023 regular meeting.

3. Other than as so expressly amended, the Agreement and each and every term and provision therein shall remain in full force and effect.

IN WITNESS WHEREOF, the Parties have executed this Amendment No. 7 as of the date stated below.

BORREGO SPRINGS WATERMASTER

WEST YOST

By: _____
David Duncan,
Chairperson of the Board

By: _____
Charles Duncan,
President

Dated: _____

APPROVED AS TO FORM:

By: _____
James L. Markman,
Watermaster General Counsel

