

**Borrego Springs Watermaster
Board of Directors Meeting
November 9, 2023
AGENDA ITEM IV.E**

To: Board of Directors
From: Samantha Adams, Executive Director
Date: November 9, 2023
Subject: Review of Final Budget Status for Water Year 2023

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

Recommended Action

Board discussion and provide direction to staff on addressing unspent budget in WY 2023 for tasks that are behind schedule.

Fiscal Impact: None.

Background and Previously Related Actions by the Board

On July 14, 2022, the Board adopted the initial water year (WY) 2023 Budget. On April 6, 2023 the Board amended the Budget to: (1) reorganize the distribution of grant funds among the grant-funded tasks to increase the budget for the technical work to Redetermine the Sustainable Yield and eliminate certain tasks, (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, (3) establish a supplemental pumping assessment to ensure sufficient cash reserves to meet the Watermaster’s fiscal objectives while awaiting the first reimbursement check from the Department of Water Resources (DWR).

The purpose of this memo is to report the final budget status for WY 2023 as of September 30, 2023 as compared to the amended WY 2023 Budget.

Discussion

Table 1, enclosed, compares actual budget to date to the amended WY 2023 Budget. The table shows:

- The Watermaster budget categories and the relevant line items in the WY 2023 Budget, including: revenues, expenditures (administrative services, legal services, technical/engineering services, Environmental Working Group, services to Parties with manual read meters), liabilities on Payment Terms, and cash reserves
- The amended WY 2023 Budget amount for each category and the associated line-item detail
- The final WY 2023 values as of September 30, 2023

- The percent of budget expended to date for each category and line item as of September 30, 2023 (computed as actual divided by budget)
- The variance of actual compared to budget for each category and line item as of September 30, 2023 (computed as budget minus actual)
- Any pertinent notes that explain the budget status

As of the end of WY 2023:

- A total of 237% of budgeted revenues were accrued (\$1,541,949.36).
 - The significant variance compared to budget for this line item is due to the budget including only the amount that was anticipated *to be received* from DWR (\$0) in WY 2023, as opposed to the amount of reimbursable expenses accrued.
 - The accrual shown for the DWR Prop 68 grant reimbursement represents the amount of reimbursable expenditures that can be requested from DWR (\$886,032.85).
- A total of 79% of budgeted expenditures were spent (\$981,676.79).
 - 93% of budgeted Watermaster Staff Administrative services were spent (\$220,480.27)
 - 89% of budgeted other Administrative or Vendor services were spent (\$83,047.74)
 - 79% of budgeted Legal services were spent (\$78,829.12)
 - 79% of budgeted Technical and Engineering services were spent (\$331,047.00)
 - 67% of budgeted Environmental Working Group services were spent (\$257,747.52)
 - 120% of budgeted services to parties with manual read meters were spent (\$7,550.72)
- Watermaster had a payment liability totaling \$749,183.96 which is about 100% of the available credit through payment terms.
- Cash reserves were \$889,614.34, which represents about 7.7 months of operating expenditures. The surplus reserves over the 7-month reserve target are being used to pay down the Land IQ and West Yost outstanding balances.

Of note are two project efforts that were significantly underbudget in WY 2023:

- Technical Work to Support the 5-Year Update of the Sustainable Yield (West Yost task)
 - WY 2023 Budget = \$146,322
 - Actual Spent = \$75,233.50 (due in part to being behind schedule, and in part to performing tasks under budgeted amount)
 - Remaining Budget = \$71,089
- The EWG Biological Restoration of Fallowed Lands project (Land IQ and West Yost task)
 - WY 2023 Budget = \$ 378,301
 - Actual Spent = \$257,747.52 (primarily due to late start of project)
 - Remaining Budget = \$120,553.48

For both projects, the work anticipated to be completed in WY 2023 now needs to be performed in WY 2024. The WY 2024 Budget did not account for either project being behind schedule at these amounts and so it is expected that both projects will show as over-budget in WY 2024. All of the work that is behind schedule is grant-reimbursable work and is expected to be completed within the grant reimbursable period.

Staff would like to discuss with the Board the option of amending the WY 2024 budget to “carry forward” the unspent budget from WY 2023 for these two tasks ($\$71,089 + \$120,553.48 = \$191,641.98$). Such a “carry forward” would not require additional assessments because the revenues planned to cover this work were assessed in WY 2023. This option would allow a more accurate tracking of expenditures relative to planned work to be performed.

The alternative is for the Board to take no action to amend the WY 2024 budget but acknowledge that the two tasks will show as overbudget in WY 2024. The over budget amounts are expected to be about equal to or less than the combined remaining budget amounts from the two projects in WY 2023 ($\$191,641.98$).

Next Steps

Based on Board input, a budget amendment could be brought forward for consideration of approval in December 2023 to carry forward the unspent budget for two projects from WY 2023.

Enclosures

Table 1. Borrego Springs Watermaster Budget Status Report for WY 2023 as of September 30, 2023

Table 1. Borrego Springs Watermaster Budget Status Report for WY 2023
as of September 30, 2023 (FINAL)

Revenues, Expenditures, and Reserves	Approved WY 2023 Budget (as Amended)	Actual WY 2023 (final)	Percent (%) of Budget	Variance to Date (Budget minus Actual)	Notes
Revenues	\$ 649,281	\$ 1,541,949.36	237%	\$ (892,668.36)	See below note re: DWR Prop 68 Revenue
Pumping Assessments Invoiced	\$ 658,000	\$ 649,021.31	99%	\$ 8,978.69	Assessments less than budget due to credit owed to one BPA party
<i>payments received</i>		\$ 617,010.25	94%		
Bad Debt (non-payment on Assessments)	\$ (15,000)	\$ -	0%	\$ (15,000.00)	Have not recorded bad debt
Overproduction Penalty Assessments	\$ -	\$ -		\$ -	
Revenues Collected for Pass thru Expenses	\$ 6,281	\$ 6,895	110%	\$ (614.20)	Services were more than budgeted in WY 2023, invoiced amount also accounts for credit for over payment in WY 2022 pre-invoiced amount
<i>payments received</i>		\$ -	0%		Issued invoices in September 2023 Payment due November 2023
DWR Prop 68 Grant Reimbursements Accrued	\$ -	\$ 886,032.85		\$ (886,032.85)	Approved budget amount reflected expected payment amount made by DWR, instead of accrued reimbursement requested.
<i>payments received</i>		\$ -			
Total Expenditures	\$ 1,241,730	\$ 981,676.79	79%	\$ 260,053.61	
Administrative Services	\$ 333,973	\$ 306,502.43	92%	\$ 27,470.97	
Watermaster Staff Admin Services	\$ 237,772	\$ 220,480.27	93%	\$ 17,291.73	
Board Meetings	\$ 92,508	\$ 88,542.09	96%	\$ 3,965.91	
Technical Advisory Committee Meetings	\$ 29,590	\$ 27,510.75	93%	\$ 2,079.25	
Court Hearings	\$ 5,668	\$ 1,198.00	21%	\$ 4,470.00	
Stakeholder Outreach/Workshops	\$ 12,206	\$ 12,169.10	100%	\$ 36.90	
Administration and Management	\$ 67,800	\$ 58,473.33	86%	\$ 9,326.67	
Prop 68 Project Admin and Grant Reporting	\$ 30,000	\$ 32,587.00	109%	\$ (2,587.00)	
Other Administrative or Vendor Services	\$ 93,226	\$ 83,047.74	89%	\$ 10,178.66	
Financial Audit	\$ 8,555	\$ 8,425.00	98%	\$ 130.00	
Insurance	\$ 35,652	\$ 33,197.04	93%	\$ 2,454.73	Note: This is a pre-paid expense - this reflects balance sheet amount
Misc. Expenses	\$ 5,000	\$ -	0%	\$ 5,000.00	
Meter Accuracy Testing Vendors	\$ 13,000	\$ 12,600.00	97%	\$ 400.00	
Interest on Vendor Terms During Prop 68 Grant Period	\$ 31,020	\$ 28,825.70	93%	\$ 2,193.93	
Pass Through Expenses	\$ 2,975	\$ 2,974.42	100%	\$ 0.58	
Reimbursement to Settling Parties	\$ 716	\$ 715.67	100%	\$ 0.33	
Reimbursement to BWD for GSP	\$ 2,259	\$ 2,258.75	100%	\$ 0.25	
Legal Services	\$ 100,000	\$ 78,829.12	79%	\$ 21,170.88	

Table 1. Borrego Springs Watermaster Budget Status Report for WY 2023
as of September 30, 2023 (FINAL)

Revenues, Expenditures, and Reserves	Approved WY 2023 Budget (as Amended)	Actual WY 2023 (final)	Percent (%) of Budget	Variance to Date (Budget minus Actual)	Notes
Technical/Engineering Services	\$ 417,406	\$ 331,047.00	79%	\$ 86,359.00	
General Technical Consultant Services	\$ 203,762	\$ 196,029.11	96%	\$ 7,732.89	
Coordinate/Implement meter reading program	\$ 30,893	\$ 28,752.75	93%	\$ 2,140.25	
Groundwater Monitoring Program	\$ 87,180	\$ 90,524.11	104%	\$ (3,344.11)	
Surface Water Monitoring Program	\$ -	\$ -		\$ -	Elected not to perform this task due to various constraints
Data Management and Reporting Data to DWR	\$ 18,083	\$ 11,932.50	66%	\$ 6,150.50	
Annual Report to the Court and DWR	\$ 52,442	\$ 53,027.75	101%	\$ (585.75)	
Address Inactive Wells via Abandonment/Conversion	\$ -	\$ 2,885.25		\$ (2,885.25)	CEQA work performed earlier than budgeted due to grant req.
As-needed technical support	\$ 15,164	\$ 8,906.75	59%	\$ 6,257.25	
Consulting Services with TAC Support/Input	\$ 213,644	\$ 135,017.89	63%	\$ 78,626.11	
Technical Work to Support Sustainable Yield Updates	\$ 146,322	\$ 75,233.50	51%	\$ 71,088.50	Behind schedule, will need some of the unspent budget in WY 2024
Development of Work Plan for an Expanded Groundwater Quality & Level Monitoring Workplan	\$ 46,392	\$ 49,013.39	106%	\$ (2,621.39)	
TSS Grant Implementation (new monitoring well)	\$ 11,000	\$ 10,771.00	98%	\$ 229.00	
5-Year Update of the GMP (required by DWR)	\$ -	\$ -		\$ -	Work deferred to WY 2024 for budget purposes
Address Ad Hoc Requests from the Board	\$ 9,930	\$ -	0%	\$ 9,930.00	No work requested this year
Environmental Working Group	\$ 384,070	\$ 257,747.52	67%	\$ 126,322.48	
Biological Restoration of Fallowed Lands	\$ 378,301	\$ 257,747.52	68%	\$ 120,553.48	Behind schedule, will need to use the unspent budget in WY 2024
Ad Hoc EWG Meetings/Requests	\$ 5,769	\$ -	0%	\$ 5,769.00	No work requested this year
Services to Parties with Manual Read Meters	\$ 6,281	\$ 7,550.72	120%	\$ (1,269.72)	
Liabilities on Payment Terms					
Beginning Balance	\$ -	\$ -		\$ -	
Year-End (or Current) Balance	\$ 877,108	\$ 749,183.96	85%	\$ 127,924.00	
Cash Reserves					
Beginning Cash Reserves	\$ 523,518	\$ 523,517.65		\$ -	
Year-End or Current Cash Reserve Balance	\$ 810,229	\$ 889,614.34	110%	\$ (79,385.65)	
Number of Months of Operating Reserve	7.00	7.69	110%	\$ (0.69)	Seven months is target during grant period