

Borrego Springs Watermaster Board Meeting

June 13, 2024

I. Opening Procedures

*****This meeting is being recorded**

- A. Call to Order and start meeting recording
- B. Pledge of Allegiance
- C. Roll Call
- D. Approval of Agenda



II. Public Correspondence

II.A – Written Correspondence – *None received*

II.B – Public Comment

Instructions for Public Comment

The public may address the Board on items within the Watermaster's Jurisdiction that are included or not included on the meeting agenda.

To address the Board on items that are not included on the meeting agenda, the public may request to speak during ***Agenda Item III – Public Correspondence***. Comments may be limited to three minutes per speaker.

To address the Board on items that are included on the meeting agenda, the Board Chairperson will call for public comments immediately following the agenda item's staff report presentation and prior to Board discussion.

The Board may direct staff to include topics brought forward during Public Correspondence and Comment on a future meeting agenda. No action or discussion is otherwise taken by the Board.

III. Consent Calendar

- A. Approval of Minutes: Regular Meeting – May 9, 2024
- B. Approval of May 2024 Financial Report
- C. Receive and file 2024 Q1 Grant Reimbursement Request Report

IV.A Draft Final WY 2025 Budget

Recommended Action:

Approve the WY 2025 Budget, which includes approval of:

- WY 2025 Pumping Assessment of \$350,0000
- An Overproduction Penalty Assessment of \$500 per acre-foot
- Total operating expenditures in the amount of \$1,213,687 for WY 2025, of which \$650,352 is grant-reimbursable.

Fiscal Impact:

The proposed WY 2025 operating budget includes expenditures of \$1,213,687. The expenditures will be funded by pumping assessments, payment on pass-through expenses, and grant reimbursements from DWR.

During WY 2025, cash reserves will be maintained at or near target levels set for the grant-funded period (7 months of operating expenses) by continuing to utilize the Extended Payment Term agreements executed with West Yost and Land IQ, totaling \$750,000 in credit terms.

IV.A Draft Final WY 2025 Budget

Discussions to Date on draft WY 2025 Budget

- April 2024 – reviewed scope of work to include for WY 2025.
 - Board provided input on items to add, defer, or exclude.
- May 2024 – reviewed draft WY 2025 Budget.
 - Draft budget was based on:
 - input on scope of work from April 2024 meeting
 - Ability to meet financial goals of maintaining cash reserve equal to 7 months operating expenses and maintaining vendor credit balance below the credit limit
 - Board did not request any changes to the draft budget/scope for WY 2025
 - Board had questions about why the projected expenditures and assessments for WY 2026 through WY 2028 are higher than what was projected by staff last year for the WY 2024 budget package

IV.A Draft Final WY 2025 Budget

Draft Final WY 2025 Budget is the same as the draft budget presented in May 2024 (e.g. same revenue/expenditures). The budget package was updated to enhance information on assumptions and to address the Board questions about the future projected costs.

WY 2025 Budget Memo includes:

1. Highlights and key assumptions for WY 2025 budget and WY 2026 to 2029 projection
2. Overview of Watermaster financial model used to develop budgets
3. Detailed summary of WY 2025 Scope-of-Work and Budget
4. Discussion on projected increased costs and assessments (WY 2024 Amended Budget vs. WY 2025 Budget for WY 2025 through WY 2028)
5. Next steps

IV.A Draft Final WY 2025 Budget

TABLE 1 – Budget

- Revenues, Expenditures, Payment Term Liabilities, Cash Reserves
- For each category:
 - Water Year 2024 Budget and Projected End of Year
 - Water Year 2025 Draft Budget
 - Projection for WYs 2026 through 2029 (4 years)

TABLE 2 – West Yost Costs for Administrative and Technical Services

- Line-item labor hours and cost for West Yost tasks

TABLE 3 – Comparison of Budget Projection for WY 2025 through 2028

- Compares budget projections from WY 2024 Amended Budget package to the projections in the draft final WY 2025 Budget package

IV.A Draft Final WY 2025 Budget

Comparison of Future Budget Projections

Compared to WY 2024 budget package (see Table 3):

- **The four-year revenue projection (WY 2025 to WY 2028) increased by about \$551,028.**
 - Driven by increase in projected pumping assessment needed to fund the projected expenditures and the associated increase in cash reserves needed to maintain 9 months of operating expenses
 - The increase in pumping assessments over the four-year period is \$500,000
- **The four-year expenditure projection (WY 2025 to WY 2028) increased by about \$454,949.**
 - Administrative Services – Increase of \$131,377 across all categories. The costs are driven by increases in the assumed cost of Board meetings, TAC meetings, financial services, and insurance.
 - Technical Services – Increase of \$310,899 across all categories. The costs are driven by increases in the assumed cost of the groundwater monitoring program, technical work to support sustainable yield updates, and the five-year assessment and update of the GMP.
- The cash reserve balance has increased to support the increased level of expenditures, which increases the amount of cash reserves needed to maintain 9 months of operating expenses.

IV.A Draft Final WY 2025 Budget

Approval of the WY 2025 Budget includes approval of the following:

- WY 2025 Pumping Assessment of \$350,0000
- An Overproduction Penalty Assessment of \$500 per acre-foot
- Total operating expenditures in the amount of \$1,213,687 for WY 2025, of which \$650,352 is grant-reimbursable.

Alternatively, recommend changes to be brought back for consideration of approval at a Special Board meeting on or before June 30, 2023.

Next Steps

Following approval of the WY 2025 Budget:

- Publish WY 2025 budget to Watermaster website and notice Parties
- Report to the Board if any challenges to the Budget are noticed to Watermaster by July 31, 2024
- Prepare “Statement of Work” (No. 7) to include as an amendment to the existing West Yost Professional Services Agreement (August or September 2024)

IV.A - Draft Final WY 2025 Budget



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COMMENT



BOARD DISCUSSION

IV.B Status Update on Redetermination of Sustainable Yield

Recommended Actions:

Board discussion.

Fiscal Impact:

None.

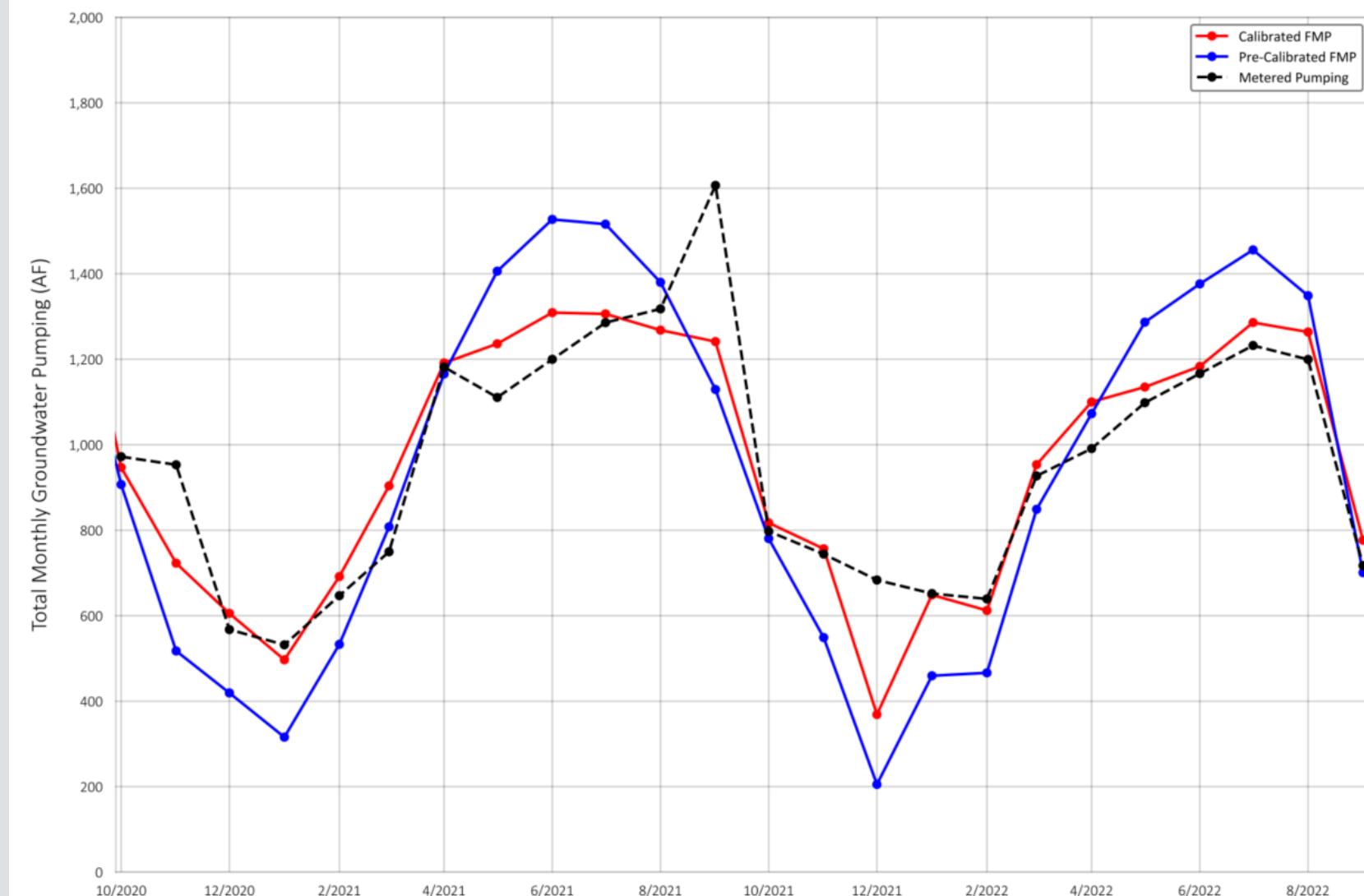
Work Performed in May/Early June 2024

- Continued performing model recalibration (Task 4):
 - Calibrated the Farm Process (FMP) by adjusting parameters and comparing:
 - FMP-estimated pumping to Actual pumping for WY 2021 and 2022
 - FMP-estimated ET to ET estimates from select OpenET models (selected by the TAC)
 - Emailed results of the FMP calibration to the TAC for review
- Scheduled Regular TAC meeting for July 1, 2024

FMP Calibration

- Excellent match between Actual (metered) pumping and FMP pumping:
 - -1.7% in WY 2021
 - 0.4% in WY 2022
- Validation check of FMP using OpenET:
 - FMP-estimated ET generally matches the seasonal patterns/magnitudes of OpenET
 - The match is better in 2020-22 compared to 2016-19

FMP-Estimated Pumping vs. Actual Pumping
WY 2021 - 2022



Work Planned for Remainder of June/Early July 2024

- Use the Calibrated FMP in recalibration of the BVHM
 - Proceeding via a TAC-recommended and Board-approved methodology
- Next TAC meeting: July 1, 2024 to review results of Task 4
- Prepare draft Task 4 TM on methodology and results of Task 4

IV.B Status Update on Redetermination of Sustainable Yield



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COMMENT



BOARD DISCUSSION

IV.C - Consideration of Approval of TAC and EWG Agendas

Recommended Actions:

1. Approve the agenda for the next TAC meeting, with any recommended changes.
2. Approve the agenda for the next EWG meeting, with any recommended changes.

Fiscal Impact:

None. These meetings were included in the Watermaster WY 2024 budget.

IV.C – Recommended Agenda for the next TAC Meeting

- TAC meeting scheduled for July 1, 2024 at 10am
- Recommended agenda items include:
 - Review results of *Task 4 – Model Recalibration to Redetermine the Sustainable Yield by 2025* (85 minutes)
 - Discussion of the 5-Year GMP Assessment Report (25 minutes)

IV.C – Recommended Agenda for the next EWG Meeting

- EWG meeting scheduled for July 16, 2024 at 1pm
- Recommended agenda items include:
 - Review a draft report on *Task 2—Existing Fallowed Farmland and Reference Natural Habitat Field Study*
 - Update on the construction of the brush pile sand fences for *Task 3—Brush Pile Sand Fence Case Study*

IV.C - Consideration of Approval of TAC and EWG Agendas



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COMMENT



BOARD DISCUSSION

V.A – Legal Counsel Report

V.B – Technical Consultant Report

Status update: **Biological Restoration of Fallowed Lands project**

- Task 2 – draft report on Reference Natural Habitat will be published June 2024
 - July 16th EWG meeting will discuss draft report
- Task 3 – Selected and Hired Contractor to Construct Sand Fences (Fredericks Services)
 - Executed agreement between Land IQ and Fredericks Services to construct the sand fence study
 - Landowners have granted access to sites
 - Kick-off meeting scheduled for June 14, 2024 between Land IQ, Fredericks, and landowners
 - Construction anticipated to take 43 days to complete (end of July)
 - Monitoring will follow (6 months)

V.B – Technical Consultant Report

Status update: Conversion of Abandoned Wells Project

- Task Order Agreement executed between West Yost and Wel Tec Services
- Issued Task 1, which includes:
 - Hold kick-off meeting between West Yost and Wel Tec
 - Perform site visits to assess well conditions (*as needed*)
 - Prepare work plan with well-specific cost estimates and schedule
- Wel Tec Task 1 Cost: **\$5,980**

V.C – Executive Director Report

- Prop 68 grant update
 - Reimbursements 1, 2, 3 paid
 - Reimbursements 4 and 5 pending
 - New grant manager assigned - BWD meeting with them on June 18th
- Status update on DWR review of GMP and Judgment (none)

V.D – Chairperson's Report

VI. Establishing Agenda for July 11, 2024 Regular Board Meeting

Recommended Actions:

Develop and approve agenda for July 11, 2024 Regular Board Meeting

Process:

1. Review the initial July agenda topics planned by Staff
2. Review the August and September tentative topics planned by Staff and previously requested items by Board members, as listed below
3. List out additional items that have arisen during the June 13, 2024 Board meeting
4. Call on Directors to request additional items for consideration of inclusion on the July 2024 or other future agenda
5. Consider motion(s) to approve the agenda (the agenda can be approved in a single motion or multiple motions to cover each item).

Note: The Agenda/items are approved by majority vote (3 of 5 directors)

Initial Agenda for July Regular Meeting

1. Spring 2024 Semi-Annual Monitoring Report
2. Q3 WY 2024 Budget Status Review
3. Status update on the redetermination of the Sustainable Yield

Tentative Topics for August and September Meetings

August

1. Consideration of Approval of Statement of Work No. 7 and Contract Amendment No. 10 for West Yost Administrative and Technical Services in WY 2025
2. Report out from July EWG meeting
3. Status Update on the Redetermination of the Sustainable Yield
4. Status Update on the Redetermination of the 5-year assessment of the GMP

September

1. Overview of Anticipated WY 2025 Calendar of Activities
2. Approval of WY 2025 Meeting Dates
3. Status Update on the Redetermination of the Sustainable Yield

Set Agenda for July Regular Meeting

1. Spring 2024 Semi-Annual Monitoring Report
2. Q3 WY 2024 Budget Status Review
3. Status update on the redetermination of the Sustainable Yield
4. Discussion on DWR comments (if needed)

VI. Establishing Agenda for July 11, 2024 Regular Board Meeting



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COMMENT



BOARD DISCUSSION

VII. Board Member Comments

VIII. Next Meetings of the Borrego Springs Watermaster

- Regular Board Meeting – July 11, 2024
- Regular Board Meeting – August 8, 2024
- Technical Advisory Committee Meeting – July 1, 2024
- Environmental Working Group Meeting – July 16, 2024

IX. Adjournment

- Thank you for your participation!