

**Borrego Springs Watermaster  
Board of Directors Meeting  
June 13, 2024  
AGENDA ITEM IV.A**

**To:** Board of Directors  
**From:** Samantha Adams, Executive Director  
**Date:** June 10, 2024  
**Subject:** Draft Final Water Year 2025 Budget

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

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**Recommendation**

Consider approval of the Water Year (WY) 2025 Budget or recommend changes to be brought back for consideration of approval at a Special Board meeting on or before June 30, 2023.

Approval of the WY 2025 Budget as presented herein 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.

**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.

**Background and Judgment Requirements**

The purpose of this memo is to present the final draft WY 2025 budget for consideration of approval. Section IV.E.3 of the Judgment provides for a process and schedule for developing the Watermaster's annual budget and establishing assessments to fund it by July 1<sup>st</sup> of each year.

The Judgment also defines a process by which the Technical Advisory Committee (TAC) advises the Watermaster on the scope of work and budget for technical work to determine Sustainable Yield. Section III.F provides that the TAC shall seek agreement with the Watermaster by January 1, 2025 on the technical scope of work and budget for WYs 2026 through 2029 to complete the next Sustainable Yield update that is due to the Court by January 1, 2030.

At the April 18, 2024 meeting, the Board provided initial feedback to staff on the scope of work for the development of the draft WY 2025 Budget. The draft WY 2025 Budget package was reviewed at the

May 9, 2024 Board meeting. During the discussion, the Board did not have recommendations to staff for any modifications to the WY 2025 Budget, however, there were some questions regarding the four-year budget projection shown for WYs 2026 through 2029, specifically as it related to increases in the projected costs for WY 2026 through WY 2029 as compared to the projection contained in the WY 2024 Budget. These differences are discussed briefly later in this memo.

The budget package presented herein is the same as what was presented at the May 2024 meeting<sup>1</sup>, with some additional explanation about why the future projected costs are higher relative to past projections. It is important to note that approval of the budget only covers WY 2025, as noted above, and the WY 2026 through 2029 projections are provided only for informational and planning purposes.

This memo is organized as follows: (1) budget highlights for WY 2025 through WY 2029, including key assumptions, (2) overview of the Watermaster financial model used to support the development of the WY 2025 budget and projection of future budgets, (3) detailed summary of the WY 2025 scope of work and budget, (4) discussion of the projected increased costs and assessments in future water years compared to previous budget projections, and (5) next steps.

### **Budget Highlights**

Table 1, enclosed, summarizes the proposed line-item operating budget, including revenues, expenditures, deferred payment liabilities, and reserves for WY 2025 and the projected budgets in these categories for WYs 2026 through 2029. The table also shows the approved WY 2024 Budget (as amended in December 2023) and the expected WY 2024 year-end balances for each category. Table 2, enclosed, is the line-item cost estimate for the West Yost administrative and technical services assumed in the WY 2025 budget.<sup>2</sup> For each line item in the West Yost budget, Table 2 shows the percent change in cost relative to WY 2024, as well as the amount of each task that is eligible for grant reimbursements.

Based on assumptions made in the development of the draft budget and projection, the following key highlights are noted. The full detailed description of the budget is included later in this memo.

- The Pumping Assessment for WYs 2025 and 2026 is \$350,000, which is \$158,000 less than the assessment in WY 2024. The lower assessment rate is possible due to DWR reimbursements from grant expenditures incurred in WY 2023 and WY 2024. At this level, the Operating Cash Reserve meets or exceeds the target of maintaining a balance equal to 7-months Operating Expenditures.
- To fund projected expenditures and maintain an Operating Cash Reserve equal to 9-months Operating Expenditures, the Pumping Assessment rate increases to \$660,000 in WYs 2027 and 2028. The Pumping Assessment rate further increases to \$800,000 in WY 2029. The main drivers of increased costs in WY 2027 through WY 2029 are inflation (assumed at 3% per year), increased costs for implementing the groundwater monitoring program, the assumed cost to redetermine the Sustainable Yield by January 2030, and assumed costs associated with

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<sup>1</sup> Two typos in the Cash Reserves section of Table 1 were corrected, specifically the Beginning Cash reserve balance for WY 2025 and the average month-end reserve balance, and associated variance, for WY 2028.

<sup>2</sup> The WY 2025 Statement of Work for West Yost services and Contract Amendment to approve it will be considered by the Board after the Budget is approved and no later than the September 2024 Board meeting.

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addressing corrective actions to the Groundwater Management Plan (GMP) once feedback from the DWR has been received.

- Total expenditures are \$1,213,687 in WY 2025, which is 28% less than WY 2024. The full detailed description of the line-item budget is included later in this memo.
- Total expenditures will decrease further to about \$699,205 in WY 2026 and \$645,714 in WY 2027, but will increase thereafter up to about \$800,000 in WY 2029. The drivers of the increase over these three years are noted above and are also mentioned again in subsequent bullets below. Key assumptions in the expenditure projection for WY 2026 and beyond include:
  - Administrative Services:
    - In WY 2026 and beyond, the Administrative Services costs are assumed to decrease with the elimination of the grant administration and reporting task and the interest expenses on vendor Payment Terms. The costs for some tasks are also projected to decrease in WY 2026 with efficiencies optimization/reduction of work that needs to be performed, including:
      - Board Meetings (assumes reduced need for meetings)
      - Technical Advisory Committee Meetings (assumes reduced need for meetings)
      - Stakeholder Outreach (assumes reduced level of effort)
    - Insurance costs are assumed to decrease in WY 2027 after a history of no claims for four years.
  - Legal Services are projected to increase at a rate of 3% per year.
  - Groundwater Monitoring Program:
    - Additional work for the groundwater monitoring program is assumed relative to WY 2024, including: continuing to perform public outreach efforts and canvassing wells, sampling the additional monitoring locations added through outreach efforts to date, and purchasing additional transducers that continuously read and record water level data for selected new wells in the network.
    - The planned cost to perform elevation surveys of the new wells in the monitoring network is deferred to WY 2026. This was deferred to manage vendor payment terms and cash reserves to the agreement terms.
    - Future monitoring efforts are projected to decrease slightly starting in WY 2026 as canvassing efforts for new sites and new equipment costs are reduced and efficiencies are achieved in the long-term monitoring program.
  - Redetermination of Sustainable Yield:
    - The WY 2025 budget includes a line item to develop the Scope and Budget for WY 2026-2029 with the TAC for the next Sustainable Yield Update, as required by the Judgment (due by January 1, 2025).

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- The budget projection for WYs 2026 through 2029 shows assumed costs in the amount of \$240,000 to perform work in support of the 2030 redetermination that must be completed by January 1, 2030. The assumed cost is spread over four years, with the majority of the work being performed in WY 2029. This assumed cost is a budget-level placeholder until the TAC can make a formal recommendation on the scope and cost for the future work as noted above.
- Five-Year Review and Update of the Groundwater Management Plan:
  - The budget for WY 2025 is assumed to be completed by March 2025 and to be fully grant reimbursable. However, it should be noted that the entire scope of work to review and update (if needed) the GMP may not be able to be completed prior to the end of the grant-funding period given the delay in DWR input on the Judgment and GMP as an Alternative Plan.
  - An additional \$30,000 is assumed in WY 2026 to complete the five-year review and update of the GMP in the event that additional work is needed to address DWR input on the Judgment and GMP.
- Address Improperly Abandoned Wells: the budget assumes about \$20,000 less work is performed than was included in the grant budget in order to manage vendor payment terms and cash reserves through the end of WY 2025. The ability to spend the additional \$20,000 could be revisited in late 2024 based on needs of the monitoring program and actual cash reserves at the time, but at this time it is prudent to assume the full grant funds in this category are not expended.
- Environmental Working Group (EWG): For WY 2026 and beyond, it is assumed that the level of work to support EWG will return to the agreed upon funding level of \$20,000 per year. Future meetings of the EWG will be utilized to develop recommendations to the Board on what work to perform.
- The total liability on Payment Terms with West Yost and Land IQ is projected to be \$520,038 at the beginning of WY 2025 and \$60,549 at the end of WY 2025. The balances on vendor terms will be completely paid off in early WY 2026.
- Interest expenses on Payment Terms with West Yost and Land IQ: The projected WY 2025 interest expense is \$57,676, assuming interest will accrue on past-due invoices (over 31 days) at the Wall Street Journal Prime Rate plus 2%. Prime rates were assumed to be 8.5% for the remainder of the payment term period, which is expected to end in October 2025.
- From WYs 2025 through 2029, the average month-end cash reserve variance from the reserve target ranges from about \$25,563 less than the average monthly reserve target to about \$80,000 greater than the target. Overall, although the minimum monthly reserve occasionally dips below the target during this period, the year-end reserve balances are sufficient to support future work in the subsequent fiscal year, under the assumed pumping assessments for the five-year projection.

### **Watermaster Financial Planning Model**

In 2022, to support the development of the WY 2023 Budget, Watermaster staff developed a financial model to project the monthly revenues, expenditures, vendor invoices, deferred payment balances under extended payment terms, interest charges on deferred payments, and payments to vendors. The model was used to prepare a projection for WY 2025 through WY 2029 to support the development of the WY 2025 Budget. The financial model assumed the following:

- Staff's best judgement as to the approximate monthly schedule of:
  - accrued expenditures on all Watermaster operations
  - assessment invoicing and reimbursement requests
  - payments on vendor invoices
- DWR will reimburse the Borrego Water District (BWD) six months after receiving each quarterly Sustainable Groundwater Management (SGM) grant report and BWD will issue the reimbursement to Watermaster within 60 days of receiving funds from DWR. This is a total of 8-months turn-around time for reimbursements, as assumed in the last two years.
- For each WY, a monthly and average reserve balance target was established that represents a balance that would be needed to support the leading seven months of operating expenses. This amount was used each month to determine how much is paid out to West Yost and Land IQ each month. The model is set to always pay on invoices from any non-West Yost/Land IQ vendors in the month following receipt of the invoice (such as RWG Law, auditors, insurance, equipment purchases, etc.).
- Payments will only be made to West Yost and/or Land IQ when the cash reserve balance exceeds the monthly target amount. If the cash reserve is below the target amount, payments will only be made to West Yost and/or Land IQ if the total deferred payment amount with the vendor is projected to exceed the vendor financing limit established for each vendor (\$550,000 for West Yost; \$200,000 for Land IQ).
- Interest will accrue on past-due invoices (over 31 days) at the Wall Street Journal Prime Rate plus 2%. Prime rates were assumed to be 8.5% for the remainder of the payment term period.

### **Detail of the WY 2025 Budget and Scope of Work**

The revenues, expenditures, liabilities on payment terms, and cash reserves presented in Table 1 are described below:

**Revenues<sup>3</sup>.** Total WY 2025 revenue is **\$1,005,168**. Revenues will be derived from four sources:

- Pumping Assessments: \$350,000 for WY 2025.
- Bad Debt: -\$2,500 for WY 2025. Up to \$2,500 in pumping assessments is assumed written off as bad debt in WY 2025.

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<sup>3</sup> Revenues shown are the amounts invoiced by Watermaster to pumpers, or in the case of the DWR grant, they are the expenditure amounts that are eligible for reimbursement, during the Water Year.

- Overproduction Penalty Assessments: \$0 for WY 2025. This is revenue received from Pumpers who exceed their pumping limits defined in the Judgment. The amount of Overproduction that will incur penalty assessments in WY 2025, if any, will not be known until the start of WY 2025 when the Water Rights Accounting for WY 2024 is completed. Per Board direction, the Overproduction Penalty Assessment Rate will be set at \$500 per acre-foot. The draft budget assumes that all Overproduction that could trigger penalty assessments will be cured by Pumpers to avoid the penalty and thus no revenues will be collected in WY 2025.
- Revenues for Pass-thru Expenses: \$7,316 for WY 2025. In WY 2025 pass-thru revenues will include collection of fees from Parties with manual-read meters for Watermaster services related to reading the meters.
- DWR Prop 68 Grant Funds: \$650,352 for WY 2025. The grant-related revenue is based on Watermaster staff's best estimate of the amount of reimbursable work that will be performed in the final period of the SGM grant in WY 2025.<sup>4</sup> WY 2025 is the last year the grant funds are available.

**Expenditures.** Total expenditures are **\$1,213,687 in WY 2025.** The expenditures include the following categories. Tasks that are grant-reimbursable in WY 2025 (partial or full) are annotated as **bold, blue text.**

- Administrative Services: \$418,432 for WY 2025.
  - The services/costs in this category include:
    - Watermaster Staff administrative services provided by West Yost: Board meetings, **TAC meetings**, Court hearings, **stakeholder outreach meetings**, administration and management (budget development, financial services, management of records, **website**, support to BPA parties, as-needed support for implementation of the Judgment, project management), and **grant management and reporting**.
    - Other administrative expenses: financial audit, liability insurance, miscellaneous expenses, and **meter accuracy testing**.
    - Interest expenses on Payment Terms with West Yost and Land IQ. The WY 2025 projected interest expense is \$57,676.
- Legal Services: \$105,000. This task is for all as-needed legal services from RWG Law, which includes, at a minimum, attending and support of all Watermaster Board meetings and Court hearings. Legal counsel recommended to assume no anticipated changes to the budgeted level of service for WY 2025 and beyond.
- Technical and Engineering Services: \$523,883. The technical and engineering services include:

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<sup>4</sup> Note that due to the assumed 8-month lag between submittal of quarterly reimbursement requests and receipt of the funds from BWD, the actual payments received from DWR in WY 2025 is projected to be \$1,349,129. This is taken into consideration in the financial model to determine when to defer or pay on vendor invoices to maintain the target cash reserves.

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- General Technical Consultant services (\$375,643):
  - **Coordinate and implement meter reading/verification program**
  - **Implement the Groundwater Monitoring Plan.** Additional work compared to WY 2024 is included to continue to implement the *Final Groundwater Monitoring Plan for the Borrego Springs Subbasin*, including:
    - Continuing to perform public outreach efforts and canvassing wells.
    - Sampling additional monitoring locations added through public outreach efforts in WY 2024.
    - Purchase of additional transducers that continuously read and record water level data (about \$10,000 for six units).
  - **Data management and reporting to the DWR Monitoring Network Module (MNM)**
  - **WY 2024 Water Rights Accounting Report and Annual Report to the Court/DWR**
  - **Address inactive wells via proper abandonment or conversion to monitoring wells.** This work will be concluded in WY 2025 as it is on performed due to availability of grant funding.
    - The budget assumes about \$20,000 less work is performed than included in the grant budget amount in order to manage vendor payment terms and cash reserves through the end of WY 2025. The ability to spend the additional \$20,000 could be revisited in late 2025 based on needs of the monitoring program and actual cash reserves at the time.
  - As-needed technical services
- TAC-supported technical work (\$148,240):
  - **Redetermination of the Sustainable Yield**
    - The 2025 redetermination will be completed in December 2024.
  - **Develop Scope and Budget for WY 2026-2029 for Sustainable Yield Updates**
    - This is the required work for the TAC and Board come to agreement with the Watermaster on the technical scope of work and budget to complete the 2030 Sustainable Yield redetermination.
  - **Five-year review and update of the Groundwater Management Plan**
    - For this draft budget, the entirety of the budget in WY 2025 is assumed to be completed by March 2025 and to be fully grant reimbursable. However, it should be noted that the entire scope of work to review and update (if needed) the GMP may not be able to be completed prior to the end of the grant-funding period given the delay in DWR input on the Judgment and GMP as an Alternative Plan. Staff will work with

BWD and DWR to explore the ability to get an extension of the grant period for this work to minimize cost to the pumpers.

- Address ad-hoc requests from the Board. This is an annual line-item in the budget for as-needed work on topics identified by the Board for the TAC to address.
- Environmental Working Group: \$159,056 in WY 2025. This primarily includes completion of the **Biological Restoration of Fallowed Lands project** by March 2025 and also includes as-requested EWG meetings. Consulting services for the Biological Restoration of Fallowed Lands work are provided by Land IQ and West Yost.
- Services to Parties with Manual-Read Meters: \$7,316. This work includes Watermaster staff services (provided by West Yost) and contract services by the BWD to perform the manual meter reading in the field. This work is funded solely by Parties with manual-read meters (see matching revenue line-item).

**Liabilities on Payment Terms.** This section of Table 1 summarizes the estimated balance of payments owed to West Yost and Land IQ under the proposed payment terms. It shows the beginning outstanding balance, minimum and maximum monthly balance, and year-end outstanding balance. **The total liability on Payment Terms with West Yost and Land IQ is projected to be \$520,038 at the beginning of WY 2025 and \$60,549 at the end of WY 2025.** The actual balances will vary based on actual monthly spending and timing of revenue collection (e.g. timing of payment by Parties on assessment invoices and receipt of DWR reimbursements).

**Cash Reserves.** This section of Table 1 summarizes the projected reserve balances and targets based on the monthly financial model. The reserve targets represent the average reserve needed during the year to maintain a balance that would be needed to support the next seven months of spending. Seven months is the target during the grant period and through payoff of the vendor balances; thereafter, the reserve target will be based on maintaining nine months of operating expenditures. The table shows the beginning cash reserves, the average reserve target, the minimum month-end reserve balance during the year, the average month-end reserve balance, and the variance of the average month-end reserve balance from the desired average reserve balance. For WY 2025, the average month-end reserve variance from the goal is about \$4,461 less than the target. **Although the minimum monthly reserve occasionally dips below the target during this period, the year-end reserve balances are sufficient to support future work in the subsequent fiscal year, under the assumed pumping assessments for the five-year projection.**

### **Summary of Changes Compared to Previous Budget Projections**

As noted, at the May Board meeting there were some questions regarding the four-year budget projection shown for WYs 2026 through 2029, specifically as it related to increases in the projected costs and pumping assessments for WY 2026 through WY 2029, as compared to the projection contained in the WY 2024 Budget. Staff prepared Table 3, attached, to show the comparison of the projected budget presented in the WY 2024 Amended Budget and the WY 2025 Budget to illustrate the changes and the reason for the changes. Note that the WY 2029 projection shown herein for the WY 2025 Budget in Table 1 was not included in WY 2024 and cannot be used in the comparison in Table 3. The comparison is shown as the total revenues or expenditures for the four-year projection

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period in each budget package. Table 3 includes notes that describe the reasons for the change in each line-item expenditure between the WY 2024 and WY 2025 budget packages. The key takeaways from Table 3 are:

- The four-year revenue projection increased by about \$551,028.
  - This increase is primarily driving by an increase in the 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 increased by about \$454,949. The primary increases in expenditures are attributed to increases in the assumed costs to perform the following tasks.
  - Administrative Services – Increase of \$131,377 across all categories. As noted in table 3, 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. As noted in table 3, 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.

### **Next Steps**

Based on review and discussion of the enclosed WY 2025 Budget, the Board may consider approval or request staff to refine the budget for approval at a Special Meeting to occur on or before June 30, 2024.

As a reminder, 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.

Exhibit 1 below summarizes the next steps and schedule for implementing Watermaster's annual budget and collecting assessments to fund it pursuant to Section IV.E.3 of the Judgment, following approval of the WY 2024 Budget.

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<b>Exhibit 1</b> <b>Milestones and Schedule to Publish the WY 2025 Budget and Collect Assessments to Fund the Budget</b>		
<b>Judgment Defined Due Dates</b>	<b>Action Dates</b>	<b>Milestones</b>
June 30	Jun 28, 2024	Watermaster publishes Budget for ensuing Water Year
July 31	Jul 31, 2024	Any challenge to the budget by a Party must be initiated by notice to the Watermaster
August 30	Aug 30, 2024	Mediation of any challenge to the budget is completed pursuant to Section VII.A(1) of Judgment
October 15	Oct 15, 2024	Any challenge to the budget by a Party unresolved by mediation will be heard by the Court
October 15	Oct 15, 2024	Watermaster issues notice to each Party of: prior year pumping allocation and pumping, max amount eligible for carryover, estimate of the pumping assessment.
October 31	Oct 31, 2024	Court order is entered on any Party's challenge to budget heard by the Court
October 31	Oct 31, 2024	Each Party informs Watermaster of its elections for: carryover, foregoing pumping, or resuming pumping
November	Nov 26, 2024	Watermaster provides Pumping Assessment invoice to each Party for first installment of Pumping Assessment
December	Dec 31, 2023	First installment of Pumping Assessment due
May 31	May 30, 2025	Watermaster provides Pumping Assessment invoice to each Party for second installment of Pumping Assessment
June 30	Jun 30, 2025	Second installment of Pumping Assessment due

Following Board approval of the entire budget package, Staff will:

- Publish the WY 2025 budget to the Watermaster website and provide notice to the Parties.
- Report to the Board if any challenges to the Budget are noticed to Watermaster by July 31, 2024.
- Prepare “Statement of Work” (Number 7) based on the proposed scope of services to be provided by West Yost during WY 2025. The Statement of Work No. 7 will be presented to the Board for consideration of approval as an amendment to the existing West Yost Professional Services Agreement (expected August or September 2024).

### **Enclosures**

Table 1 – WY 2025 Budget: Five-Year Projection of Borrego Springs Watermaster Operating Budget (WY 2025 through 2029) - Assuming Vendor Extended Payment Terms, 8-Month Delay in DWR Grant Request Reimbursements, and 7-month Operating Reserve Target through 2026

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Table 2 - West Yost Labor Hours and Fee Estimate to Provide Professional Services to the Borrego Springs Watermaster: Executive Director and Technical Consultant Services for Water Year 2025

Table 3 - Comparison of Budget Projection for Four Year Period of WY 2025 through WY 2028: WY 2024 Amended Budget vs Proposed WY 2025 Budget

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Table 1

WY 2025 Budget: Five-Year Projection of Borrego Springs Watermaster Operating Budget (WY 2025 through 2029)

Assuming Vendor Extended Payment Terms, 8-Month Delay in DWR Grant Request Reimbursements, and 7-month Operating Reserve Target through 2026

Revenues, Expenditures, and Reserves	WY 2024 Budget (Amended)	Projected Actual WY 2024	WY 2025	Projected Budget <sup>1</sup>			
				WY 2026	WY 2027	WY 2028	WY 2029
<b>Revenues<sup>2</sup></b>	<b>\$ 1,713,460</b>	<b>\$ 464,469</b>	<b>\$ 1,005,168</b>	<b>\$ 356,535</b>	<b>\$ 666,762</b>	<b>\$ 666,994</b>	<b>\$ 807,234</b>
Pumping Assessments	\$ 458,000	\$ 458,000	\$ 350,000	\$ 350,000	\$ 660,000	\$ 660,000	\$ 800,000
Bad Debt (non-payment on Assessments)	\$ (4,000)	\$ -	\$ (2,500)	\$ (1,000)	\$ (1,000)	\$ (1,000)	\$ (1,000)
Overproduction Penalty Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues Collected for Pass thru Expenses	\$ 6,469	\$ 6,469	\$ 7,316	\$ 7,535	\$ 7,762	\$ 7,994	\$ 8,234
DWR Prop 68 Grant Reimbursements <sup>3</sup>	\$ 1,252,991		\$ 650,352	\$ -	\$ -	\$ -	\$ -
<b>Total Expenditures<sup>4</sup></b>	<b>\$ 1,677,205</b>	<b>\$ 1,616,164</b>	<b>\$ 1,213,687</b>	<b>\$ 699,205</b>	<b>\$ 645,714</b>	<b>\$ 663,515</b>	<b>\$ 801,845</b>
<b>Administrative Services</b>	<b>\$ 402,861</b>	<b>\$ 397,980</b>	<b>\$ 418,432</b>	<b>\$ 272,695</b>	<b>\$ 257,259</b>	<b>\$ 264,906</b>	<b>\$ 272,778</b>
<i>Watermaster Staff Admin Services</i>	<b>\$ 280,284</b>	<b>\$ 271,438</b>	<b>\$ 290,796</b>	<b>\$ 214,267</b>	<b>\$ 220,695</b>	<b>\$ 227,316</b>	<b>\$ 234,135</b>
Board Meetings	\$ 101,120	\$ 100,694	\$ 106,600	\$ 85,280	\$ 87,838	\$ 90,473	\$ 93,187
Technical Advisory Committee Meetings	\$ 45,326	\$ 45,200	\$ 52,444	\$ 37,812	\$ 38,946	\$ 40,115	\$ 41,318
Court Hearings	\$ 4,016	\$ 1,297	\$ 3,510	\$ 3,615	\$ 3,724	\$ 3,835	\$ 3,951
Stakeholder Outreach/Workshops	\$ 12,590	\$ 13,101	\$ 12,543	\$ 6,500	\$ 6,695	\$ 6,896	\$ 7,103
Administration and Management	\$ 72,628	\$ 69,986	\$ 78,699	\$ 81,060	\$ 83,492	\$ 85,997	\$ 88,576
Prop 68 Project Admin and Grant Reporting	\$ 44,604	\$ 41,160	\$ 37,000	\$ -	\$ -	\$ -	\$ -
<i>Other Administrative or Vendor Services</i>	<b>\$ 122,577</b>	<b>\$ 122,411</b>	<b>\$ 127,637</b>	<b>\$ 58,428</b>	<b>\$ 36,564</b>	<b>\$ 37,590</b>	<b>\$ 38,643</b>
Financial Audit	\$ 10,000	\$ 7,840	\$ 8,560	\$ 8,812	\$ 9,064	\$ 9,340	\$ 9,620
Insurance	\$ 40,474	\$ 41,849	\$ 45,401	\$ 46,763	\$ 25,000	\$ 25,750	\$ 26,523
Misc. Expenses	\$ 2,500	\$ 100	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Meter Accuracy Testing Vendors	\$ 13,500	\$ 12,200	\$ 13,500	\$ -	\$ -	\$ -	\$ -
Interest on Vendor Terms During Prop 68 Grant Period <sup>5</sup>	\$ 56,103	\$ 60,422	\$ 57,676	\$ 353	\$ -	\$ -	\$ -
<i>Pass Through Expenses</i>	\$ -	\$ 4,131	\$ -	\$ -	\$ -	\$ -	\$ -
Reimbursement to Settling Parties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reimbursement to BWD for GSP	\$ -	\$ 4,131	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Legal Services</b>	<b>\$ 100,000</b>	<b>\$ 105,000</b>	<b>\$ 105,000</b>	<b>\$ 108,150</b>	<b>\$ 111,395</b>	<b>\$ 114,736</b>	<b>\$ 118,178</b>

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Table 1

WY 2025 Budget: Five-Year Projection of Borrego Springs Watermaster Operating Budget (WY 2025 through 2029)

Assuming Vendor Extended Payment Terms, 8-Month Delay in DWR Grant Request Reimbursements, and 7-month Operating Reserve Target through 2026

Revenues, Expenditures, and Reserves	WY 2024 Budget (Amended)	Projected Actual WY 2024	WY 2025	Projected Budget <sup>1</sup>			
				WY 2026	WY 2027	WY 2028	WY 2029
<b>Technical/Engineering Services</b>	\$ 815,386	\$ 761,766	\$ 523,883	\$ 290,824	\$ 249,299	\$ 255,878	\$ 382,655
<b>General Technical Consultant Services</b>	\$ 403,556	\$ 386,448	\$ 375,643	\$ 220,475	\$ 208,639	\$ 214,898	\$ 221,345
Coordinate/Implement meter reading program	\$ 30,388	\$ 27,707	\$ 30,440	\$ 25,874	\$ 26,650	\$ 27,450	\$ 28,273
Groundwater Monitoring Program	\$ 111,151	\$ 110,769	\$ 124,060	\$ 115,000	\$ 100,000	\$ 103,000	\$ 106,090
Data Management and Data Reporting	\$ 19,890	\$ 16,661	\$ 20,265	\$ 14,186	\$ 14,611	\$ 15,049	\$ 15,501
Annual Report to the Court and DWR	\$ 50,936	\$ 51,369	\$ 51,188	\$ 48,629	\$ 50,087	\$ 51,590	\$ 53,138
Address Inactive Wells via Abandonment/Conversion	\$ 175,551	\$ 170,732	\$ 133,392	\$ -	\$ -	\$ -	\$ -
As-needed technical support	\$ 15,640	\$ 9,210	\$ 16,298	\$ 16,787	\$ 17,291	\$ 17,809	\$ 18,344
Grant procurement services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Consulting Services with TAC Support/Input</b>	\$ 411,830	\$ 375,318	\$ 148,240	\$ 70,349	\$ 40,660	\$ 40,980	\$ 161,309
<b>Technical Work to Support Sustainable Yield Updates</b>	\$ 271,328	\$ 270,331	\$ 27,973	\$ 30,000	\$ 30,000	\$ 30,000	\$ 150,000
Develop Scope and Budget for WY 2026-2029 for Sustainable Yield Updates	\$ -	\$ -	\$ 15,272	\$ -	\$ -	\$ -	\$ -
5-Year Update of the GMP (required by DWR)	\$ 130,654	\$ 95,139	\$ 94,947	\$ 30,000	\$ -	\$ -	\$ -
Address Ad Hoc Requests from the Board	\$ 9,848	\$ 9,848	\$ 10,048	\$ 10,349	\$ 10,660	\$ 10,980	\$ 11,309
<b>Environmental Working Group</b>	\$ 352,489	\$ 344,272	\$ 159,056	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
<b>Biological Restoration of Fallowed Lands</b>	\$ 346,393	\$ 344,272	\$ 152,675	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ad Hoc Requests and EWG Meetings	\$ 6,096	\$ -	\$ 6,381	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
<b>Services to Parties with Manual Read Meters</b>	\$ 6,469	\$ 7,146	\$ 7,316	\$ 7,535	\$ 7,762	\$ 7,994	\$ 8,234

## Item IV.A

Table 1

### WY 2025 Budget: Five-Year Projection of Borrego Springs Watermaster Operating Budget (WY 2025 through 2029)

Assuming Vendor Extended Payment Terms, 8-Month Delay in DWR Grant Request Reimbursements, and 7-month Operating Reserve Target through 2026

Revenues, Expenditures, and Reserves	WY 2024 Budget (Amended)	Projected Actual WY 2024	WY 2025	Projected Budget <sup>1</sup>			
				WY 2026	WY 2027	WY 2028	WY 2029
<b>Liabilities on Payment Terms<sup>6</sup></b>							
Beginning Balance	\$ 749,184	\$ 749,184	\$ 520,038	\$ 60,549	\$ -	\$ -	\$ -
Minimum Monthly Balance	\$ 280,718		\$ 60,549	\$ -	\$ -	\$ -	\$ -
Maximum Monthly Balance	\$ 750,000		\$ 721,727	\$ 60,549	\$ -	\$ -	\$ -
Year-End Balance	\$ 355,088	\$ 520,038	\$ 60,549	\$ -	\$ -	\$ -	\$ -
<b>Cash Reserves<sup>7</sup></b>							
Beginning Cash Reserves	\$ 889,614	\$ 889,614	\$ 840,000	\$ 672,671	\$ 548,592	\$ 571,741	\$ 578,385
Year-End Cash Reserve Balance	\$ 612,825	\$ 840,000	\$ 672,671	\$ 548,592	\$ 571,741	\$ 578,385	\$ 587,003
<u>Average Reserve Needed During the Year to Maintain Target Operating Expenses (7-9 months)</u>	<u>\$ 786,468</u>		<u>\$ 672,671</u>	<u>\$ 524,139</u>	<u>\$ 488,736</u>	<u>\$ 532,219</u>	<u>\$ 601,384</u>
Minimum Month-End Reserve Balance	\$ 603,744		\$ 587,671	\$ 535,267	\$ 460,453	\$ 472,819	\$ 417,845
Average Month-End Reserve Balance	\$ 773,773		\$ 668,210	\$ 601,921	\$ 568,733	\$ 583,002	\$ 575,821
Variance from Desired Reserve	\$ (12,695)		\$ (4,461)	\$ 77,782	\$ 79,998	\$ 50,784	\$ (25,563)

#### Notes

- 1-- The projected budget is estimated based on 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 with efficiencies, followed by annual inflation increases; and some tasks fluctuate year to year based on the level of effort for non-routine work such as Sustainable Yield updates.
- 2-- Revenues shown are the amounts invoiced by Watermaster to pumpers, or in the case of the DWR grant, they are the amounts that are eligible for reimbursement, during the Water Year. In the case of the DWR Reimbursements, payment on the reimbursement requests are actually delayed by 8 months from request date. This delay in payment is taken into consideration in the financial model to determine when to defer or pay on vendor invoices to maintain the target cash reserves.
- 3-- A total of \$2,738,590 was awarded for Watermaster projects for use in Water Years 2022 through 2025. See also Note 2.
- 4-- Expenditures in green are **partially reimbursed** by the Prop 68 grant. Expenditures in blue are **fully reimbursed** by the Prop 68 grant. Expenditures in bold purple text are **costs that would not have been incurred** absent the Prop 68 grant. Expenditures in bold red text are amended compared to the original WY 2024 Budget.
- 5-- Combined interest to West Yost and Land IQ under proposed Payment Terms allowing an outstanding balance of up to \$550,000 per vendor in any 30-day period.
- 6-- Reflects balances owed to West Yost and Land IQ under Payment Terms allowing outstanding balances of \$550,000 and \$200,000, respectively, in any 30-day period.
- 7-- The cash reserve projections are based on the monthly financial model prepared by Watermaster Staff to support extended payment terms with West Yost and Land IQ, based on expected timing of receipt of payment on Watermaster assessments and reimbursement requests and deferred payments to West Yost and Land IQ.

Table 2: West Yost Labor Hours and Fee Estimate to Provide Professional Services to the Borrego Springs Watermaster: Executive Director and Technical Consultant Services for Water Year 2025

Task and Subtask Descriptions	Labor Hours and Cost												Other Direct Costs				Total Project Costs		% Change in Cost from WY 2024	Reimbursable Costs Included in Prop 68 Grant Award					
	Executive Director	Lead Technical Consultant	Principal Sci/Eng II	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	West Yost Labor Cost		Travel	Field Equipment Rental or Purchase	Laboratory and Sub-contractors	Total Direct Costs		Sub-Task	Task					
												Sub-Task	Task				Sub-Task	Task							
<b>Task 1 - Meetings and Court Hearings</b>												\$173,219					\$1,878			\$175,097	7%	\$45,107			
1.1 Watermaster Board meetings												\$104,802					\$1,798			\$1,798		\$106,600	5%	\$0	
Prepare for and attend 10 Regular Board meetings (Virtual)	10	5		10	4	1	10	300	\$82,810								\$0			\$82,810					
Prepare for and attend 2 Regular Board meetings (In Person)	13	8		13	4	1	2	78	\$21,992								\$1,798			\$23,790					
1.2 Technical Advisory Committee meetings												\$52,444									\$52,444	16%	\$32,564		
Prepare for and attend 5 TAC meetings (Virtual)	2	10	3	8	2			5	125	\$35,980							\$0			\$35,980					
Prepare TAC Recommendation Reports/Memos (3)	2	8	0	8				2	3	60	\$16,464						\$0			\$16,464					
1.3 Court Hearings												\$3,430									\$80		\$3,510	-13%	\$0
As-needed support for Court status conferences and hearings	10							1	10	\$3,430							\$80			\$3,510					
1.4 Stakeholder Outreach												\$12,543									\$0		\$12,543	0%	\$12,543
<b>Task 2 - Watermaster Administration and Management</b>												\$115,703									\$0		\$115,703	-1%	\$39,004
2.1 Prepare the draft and final Watermaster budget for WY 2023 (including collaboration with the TAC)	24	4		6	3			1	37	\$11,580							\$0	\$0		\$11,580	-1%	\$0			
2.2 Insurance, accounting, and financial services	1			0.75				10	12	141	\$24,564						\$0	\$0		\$24,564	28%	\$0			
2.3 Management of Records, Documents, and Website	0.25			1.75				0.75	12	33	\$7,278						\$0	\$0		\$7,278	3%	\$2,000			
2.4 Track/respond to public communications and requests	0.25			0.25				0.25	12	9	\$2,184						\$0	\$0		\$2,184	3%	\$0			
2.5 As-needed support to the BPA Parties	2			1				12	36	\$11,016							\$0	\$0		\$11,016	4%	\$0			
2.6 As-requested admin. of the Judgment, Rules & Regs, and GMP	2			0.75				0.25	12	36	\$10,779						\$0	\$0		\$10,779	0%	\$0			
2.7 General administration and project managements tasks	1			2.25				0.5	12	45	\$11,298						\$0	\$0		\$11,298	1%	\$0			
2.8 Prop 68 Grant project management and reporting	40			48	14			60	1	162	\$37,004						\$0	\$0		\$37,004	-17%	\$37,004			

Table 2: West Yost Labor Hours and Fee Estimate to Provide Professional Services to the Borrego Springs Watermaster: Executive Director and Technical Consultant Services for Water Year 2025

Task and Subtask Descriptions	Labor Hours and Cost												Other Direct Costs				Total Project Costs		% Change in Cost from WY 2024	Reimbursable Costs Included in Prop 68 Grant Award			
	Executive Director	Lead Technical Consultant	Principal Sci/Eng II	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	West Yost Labor Cost		Travel	Field Equipment Rental or Purchase	Laboratory and Sub-contractors	Total Direct Costs		Sub-Task	Task			
												Sub-Task	Task				Sub-Task	Task					
<b>Task 3 - Engineering and Technical Services</b>												\$379,703					\$144,180			\$523,883	-36%	\$400,063	
3.1 Coordinate and implement meter program												\$30,440					\$0			\$30,440	0%	\$18,437	
a Collect and review annual meter calibration/accuracy reports	2	2			24			1	28	\$6,434						\$0			\$6,434				
b Collect, catalog monthly meter reads and calculate pumping	0.5				2	7.5		12	120	\$24,006						\$0			\$24,006				
3.2 Implement Groundwater Monitoring Program												\$82,880								\$41,180	12%	\$64,190	
a Semi-annual field collection of groundwater level and quality, including inspections of new sites	4	12			8	10	142	2	352	\$56,956									\$98,136				
b Process field data into to HydroDaVE, review, prepare report	2	4			8	50		2	128	\$25,924						\$0			\$25,924				
3.3 Data Management and Data Reporting												\$20,265									2%	\$10,936	
a Annual collection, process, and upload of other hydrologic and water quality data	0.5	2			2	24		2	57	\$11,327						\$0			\$11,327				
b Improve DMS (develop custom reports, upload newly identified legacy data from parties, build out library)	2	2	6		8			1	18	\$5,272						\$0			\$5,272				
c MNW Compliance (fall and spring reporting) and other reporting to					6	12		1	18	\$3,666						\$0			\$3,666				
3.4 Combined Annual Report to the Court and DWR (including water rights accounting)	44	30			60	54	16	1	204			\$51,188								\$51,188	0%	\$51,188	
3.5 Address inactive wells via proper abandonment or conversion to monitoring well	10	30			20	46	30	1	136			\$30,392								\$103,000		\$133,392	
3.6 As-needed support for implementation of the Judgment, Rules & Regs, and GMP	10	24	4	10	8		1	56				\$16,298									\$16,298	4%	\$0
<b>TAC Supported Technical Work</b>																							
3.7 Complete 2025 Update of Sustainable Yield	12	32	8		38		17	1	107			\$27,973									\$27,973	-90%	\$27,973
3.8 Develop Scope & Budget for WY 2026-2029 (for Sus. Yield)	4	20	4		20	4	4	1	56			\$15,272									\$15,272	na	\$0
3.9 Continue 5-Year Assessment of the GMP & GMP Update	85	90	12		50	96	20	1	353			\$94,947									\$94,947	-27%	\$94,947
3.10 Address Ad Hoc Requests from the Board	2	16			10	8	2	1	38			\$10,048									\$10,048	2%	\$0
<b>Task 4 - Environmental Working Group</b>												\$22,193									\$22,193	-8%	\$15,812
4.1 Biological Restoration of Fallowed Lands	2	22			20	11	8	1	63			\$15,812									\$15,812	-13%	\$15,812
4.2 Ad Hoc Requests or EWG Meetings	3	12			6		1	21				\$6,381									\$6,381	5%	\$0
<b>Task 5 - Services Reimbursed by Parties with Manual-read Meters</b>												\$2,943									\$2,943	1%	\$0
5.1 Consulting services to Parties with manual-read meters					0.5	0.5	0.25	12	15			\$2,943									\$2,943	1%	\$0
<b>Task Totals</b>	499	474	45	4	615	99	547	314	290	2,254		\$693,761	\$9,558	\$11,000	\$125,500		\$146,058			\$839,819	-25%	\$499,986	

Table 3 - Comparison of Budget Projection for Four Year Period of WY 2025 through WY 2028: WY 2024 Amended Budget vs Proposed WY 2025 Budget

Revenues, Expenditures, and Reserves	Sum of WY 2025 to 2028 Projection Presented in WY 2024 Amended Budget	Sum of WY 2025 to 2028 Projection Presented in WY 2025 Budget	Change in Projection Over Four Year Period (WY 2025 minus WY 2024)	Notes on increases and decreases shown in WY 2025 Budget projection as compared to WY 2024 Budget projection
	\$ 2,144,431	\$ 2,695,459	\$ 551,028	
<b>Revenues<sup>2</sup></b>				
Pumping Assessments Collected	\$ 1,520,000	\$ 2,020,000	\$ 500,000	Assessments increased to cover increased cost projection and to achieve associated increased cash target
Bad Debt (non-payment on Assessments)	\$ -	\$ (5,500)	\$ (5,500)	Updated to assume bad debt every year
Overproduction Penalty Assessments	\$ -	\$ -	\$ -	
Revenues Collected for Pass thru Expenses	\$ 27,878	\$ 30,607	\$ 2,730	Reflects increase in costs based on actual spending
DWR Prop 68 Grant Reimbursements <sup>3</sup>	\$ 596,553	\$ 650,352	\$ 53,798	Reimbursement amount is higher for WY 2025 because didn't complete as much as projected in WY 2024, this work is now completed in WY 2025
<b>Total Expenditures<sup>4</sup></b>	<b>\$ 2,767,172</b>	<b>\$ 3,222,122</b>	<b>\$ 454,949</b>	<b>This is the total increase in expenditures across all categories over the four year projection period</b>
<b>Administrative Services</b>				<b>This is the total increase in administrative services over the four year projection period</b>
<b>Watermaster Staff Admin Services</b>	<b>\$ 1,081,916</b>	<b>\$ 1,213,293</b>	<b>\$ 131,377</b>	<b>This is the total increase in Watermaster staff admin services over the four year projection period</b>
Board Meetings	\$ 845,710	\$ 953,074	\$ 107,364	
	\$ 351,425	\$ 370,191	\$ 18,765	Meeting costs are higher to reflect actual effort - long meetings with lots of items, still hoping for future efficiencies to hold fewer meetings, but not as aggressively reduced as previously projected in WY 2024
Technical Advisory Committee Meetings	\$ 101,632	\$ 169,317	\$ 67,686	Increased future costs because it didn't seem realistic anymore to assume as aggressive a reduction in number of TAC meetings as there is high demand for TAC attention to topics
Court Hearings	\$ 17,305	\$ 14,685	\$ (2,621)	Reduced costs because limited staff involvement needed to date
Stakeholder Outreach/Workshops	\$ 31,499	\$ 32,634	\$ 1,134	Slightly adjusted future costs based on actual cost of Open House meetings. Note projection assumes only one meeting per year after WY 2025
Administration and Management	\$ 303,848	\$ 329,247	\$ 25,399	Increased to reflect actual costs; the main increase is related to financial services, for which we've been asked to do more work each year by the treasurer, and required more involvement on the financial audit. It could go down slightly after the grant period, but projection doesn't assume that decrease
Prop 68 Project Admin and Grant Reporting	\$ 40,000	\$ 37,000	\$ (3,000)	Decreased to reflect updated projection of spending
<b>Other Administrative or Vendor Services</b>	<b>\$ 236,206</b>	<b>\$ 260,219</b>	<b>\$ 24,013</b>	<b>This is the total increase in other admin and vendor costs over the four year projection period.</b>
Financial Audit	\$ 43,091	\$ 35,776	\$ (7,315)	Updated cost based on projection provided by the new auditor, which is lower than previously assumed
Insurance	\$ 124,627	\$ 142,914	\$ 18,288	Actual insurance costs are going up at rapid rates. Assume savings in future are not as much as previously assumed.
Misc. Expenses	\$ 10,000	\$ 10,000	\$ -	No change assumed
Meter Accuracy Testing Vendors	\$ 14,000	\$ 13,500	\$ (500)	Reduced to reflect actual costs incurred, plus some inflation
Interest on Vendor Terms During Prop 68 Grant Period <sup>5</sup>	\$ 44,488	\$ 58,029	\$ 13,541	Increased due to increased balance of outstanding payments for longer period of time - the work didn't start as soon as originally predicted so it pushes work forward and changes timing of reimbursements
<b>Legal Services</b>	<b>\$ 430,914</b>	<b>\$ 439,281</b>	<b>\$ 8,367</b>	Assumes slightly higher cost in WY 2025 based on actual, which causes increase in annual inflation growth
<b>Technical/Engineering Services</b>				<b>This is the total increase in technical and engineering services over the four year projection period</b>
<b>General Technical Consultant Services</b>	<b>\$ 1,008,986</b>	<b>\$ 1,319,885</b>	<b>\$ 310,899</b>	<b>This is the total increase in general technical services over the four year projection period</b>
Coordinate/Implement meter reading program	\$ 889,549	\$ 1,019,656	\$ 130,107	
	\$ 114,745	\$ 110,414	\$ (4,331)	Assumes work is more efficient over time compared to past projections
Groundwater Monitoring Program	\$ 287,394	\$ 442,060	\$ 154,666	Increased costs relative to what we projected previously, which assumed limited success in identifying new wells. Increased costs are associated with new wells identified through canvassing and the equipment to monitor water levels continuously in some new wells.
Data Management and Data Reporting	\$ 62,651	\$ 64,111	\$ 1,460	Minor changes made based on costs, which causes increase in annual inflation growth
Annual Report to the Court and DWR	\$ 206,154	\$ 201,494	\$ (4,660)	Decreases because assumes more efficient over time compared to past projections
Address Inactive Wells via Abandonment/Conversion	\$ 151,210	\$ 133,392	\$ (17,818)	Assumes not all grant funding used due to time to finish work and need to balance vendor payment terms
As-needed technical support	\$ 67,395	\$ 68,185	\$ 790	Minor changes made based on costs, which causes increase in annual inflation growth
<b>Consulting Services with TAC Support/Input</b>	<b>\$ 119,437</b>	<b>\$ 300,229</b>	<b>\$ 180,792</b>	<b>This is the total increase in TAC supported technical services over the four year projection period</b>
Technical Work to Support Sustainable Yield Updates	\$ 17,655	\$ 117,973	\$ 100,318	Prior assumption was that all work on the next Sustainable Yield update would be done in WY 2029; based on TAC discussions, this is not practical and now assumes work performed over time. Additional costs will occur in WY 2029.
Develop Budget for WY 2026-2029 for Sustainable Yield Updates	\$ -	\$ 15,272	\$ 15,272	This line item was not shown in WY 2024 budget, should have been included but was not.
5-Year Update of the GMP (required by DWR)	\$ 59,346	\$ 124,947	\$ 65,601	Some of the increase is due to less spending in WY 2024 that has to be spent in WY 2025, some of the increase is due to assumed work to address DWR comments
Address Ad Hoc Requests from the Board	\$ 42,436	\$ 42,037	\$ (399)	Minor changes made based on costs
<b>Environmental Working Group</b>				<b>This is the total increase in EWG costs over the four year projection period</b>
<b>Biological Restoration of Fallowed Lands</b>	<b>\$ 217,479</b>	<b>\$ 219,056</b>	<b>\$ 1,577</b>	Minor changes in projection due to timing of spending in WY 2024 and WY 2025
Ad Hoc Requests and EWG Meetings	\$ 151,200	\$ 152,675	\$ 1,475	
	\$ 66,279	\$ 66,381	\$ 102	Minor changes
<b>Services to Parties with Manual Read Meters</b>				Minor changes made based on costs, which causes increase in annual inflation growth
<b>Cash Reserves<sup>7</sup></b>				<b>A larger reserve is balance needed to support increased expenditures, thus it increased from WY 2024 to WY 2025</b>
<b>Beginning Cash Reserves</b>	<b>\$ 2,174,660</b>	<b>\$ 2,405,828</b>	<b>\$ 231,168</b>	
Year-End Cash Reserve Balance	\$ 1,986,065	\$ 2,371,388	\$ 385,323	
<b>Average Reserve Needed During the Year to Maintain Target Operating Expenses (7-9 months)</b>	<b>\$ 1,866,112</b>	<b>\$ 2,183,182</b>	<b>\$ 317,070</b>	