

Item IV.B

**Borrego Springs Watermaster
Board of Directors Meeting
December 14, 2023
AGENDA ITEM IV.B**

To: Board of Directors
From: Samantha Adams, Executive Director
Date: December 11, 2023
Subject: Consideration of Approval of Amendment to Water Year 2024 Budget

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

Recommended Action

Approve the Amended Water Year (WY) 2024 Budget, which includes approval of the following:

- Increase the amount of WY 2024 operating expenditures by carrying forward \$152,086 of unspent budget from WY 2023. The carry forward budget includes:
 - \$71,088 for technical services provided by West Yost for the Redetermination of the Sustainable Yield by 2025 (grant-reimbursable)
 - \$80,998 for professional biologist services provided by Land IQ for the biological restoration study (grant-reimbursable)
- Amended WY 2024 Budget Table 1 reflecting the increased expenditures
- Amended Statement of Work No. 6 for West Yost Administrative and Technical Services for WY 2024
- Amendment No. 9 to the Borrego Springs Watermaster and West Yost Professional Services Agreement to incorporate Amended Statement of Work No. 6 into the agreement

Fiscal Impact: Relative to the original WY 2024 Budget, the increased expenditures related to the carry forward budget will **not** require an increase in the Pumping Assessments because the work was already assessed and paid for in WY 2023.

Background

At its June 14, 2023 meeting the Watermaster approved the WY 2024 Budget. The WY 2024 line-item budget for certain multi-year grant-reimbursable projects that began in WY 2022 or WY 2023 was based on the anticipated progress of the work through the end of WY 2023. At the November 9, 2023

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meeting, staff reported on the final WY 2023 Budget status, noting that two grant-reimbursable project efforts were significantly underbudget in WY 2023 due to being behind schedule¹:

- 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
 - Remaining Budget = \$71,088.50
- The EWG Biological Restoration of Fallowed Lands project (Land IQ and West Yost task)
 - WY 2023 Budget = \$ 378,301
 - Actual Spent = \$257,747.52
 - Remaining Budget = \$120,553.48

For both projects, Staff reported that the work anticipated to be completed in WY 2023 now needs to be performed in WY 2024 and so it is expected that both projects will show as over-budget in WY 2024. As such, Staff recommended the Board consider amending the WY 2024 budget to “carry forward” unspent budget from WY 2023 for these two tasks, noting that all of the work is grant-reimbursable and is expected to be completed within the grant reimbursable period (through March 2025). The Board directed staff to bring a draft budget amendment for consideration at the December Board meeting.

The purpose of this memo is to present the draft amended WY 2024 Budget for consideration of approval.

Amended WY 2024 Budget

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 2024 and the projected budgets in these categories for WYs 2025 through 2028. Table 2 shows the comparison of the original WY 2024 Budget to the proposed amended WY 2024 Budget. The changes include:

- Increase to the Technical/Engineering Services line item for *Technical Work to Support Sustainable Yield Updates* in the amount of \$71,088.
 - Original WY 2024 Budget was \$200,240
 - Amended WY 2024 Budget is \$271,328
- Increase to the Environmental Work Group line item for *Biological Restoration of Fallowed Lands* in the amount of \$80,998

¹ In the November 9, 2023 staff memorandum *Review of Final Budget Status for Water Year 2023*, Staff incorrectly reported that the Sustainable Yield project was under budget due in part to performing individual tasks under the budgeted amount for WY 2023. The actual driver of the under-budget status was being behind schedule relative to what had been planned for WY 2023. The under-budget work for tasks completed in WY 2023 was only on the order of about \$1,500.

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- Original WY 2024 Budget was \$265,394
- Amended WY 2024 Budget is \$346,393
- Corrections for two-line items that reflected incorrect values in the original WY 2024 Budget (*Groundwater Monitoring Program* and *Address Inactive Wells via Abandonment or Conversion*). The corrections have a net \$0 impact to budget amounts.

The Watermaster's financial model was updated with a revised monthly spending and reimbursement projection that reflects the increased budget amounts for WY 2024. The financial model retained the same assumptions applied for the original WY 2024 Budget approval, with the exception of a correction made to the upper limit of the Land IQ payment terms². As shown in the Table 2 comparison of the original and proposed amended budget, the revised budget, spending, and reimbursement projection resulted in changes to the WY 2024 Budget related to the Liabilities on Payment Terms, interest on deferred payments, and Cash Reserve balances.

Relative to the original WY 2024 Budget, the increased expenditures related to the carry forward budgets will not necessitate an increase in the Pumping Assessment because the work was already assessed and paid for in WY 2023.

Recommendation

Staff recommends the Board approve the Amended Water Year 2023 Budget as presented in Table 1. The alternative is for the Board to take no action to amend the WY 2024 budget but acknowledge that the two noted tasks will show as overbudget in WY 2024. The over budget amounts are expected to be equal to the carry forward amounts referenced above (combined \$152,086).

If the proposed Amended WY 2024 Budget is approved, the associated West Yost Statement of Work Number 6 (SOW No. 6) 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 2024 Budget. The draft Amended SOW No. 6 and Amendment No. 9 to the Borrego Springs Watermaster and West Yost Professional Services Agreement are enclosed for consideration.

In summary, the approval of the Amended Water Year 2024 Budget, includes approval of the following:

- Increase the amount of WY 2024 operating expenditures by carrying forward 152,086 of unspent budget from WY 2023. The carry forward budget includes:
 - \$71,088 for technical services provided by West Yost for the Redetermination of the Sustainable Yield by 2025
 - \$80,998 for professional biologist services provided by Land IQ for the biological restoration study

² The corrected payment terms reflect a maximum allowable deferred payment of \$200,000.

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- Amended WY 2024 Budget Table 1 reflecting the increased expenditures, corrections, and associated changes to liabilities and cash reserves
- Amended SOW No. 6 for West Yost Administrative and Technical Services for WY 2024
- Amendment No. 9 to the Borrego Springs Watermaster and West Yost Professional Services Agreement to incorporate Amended Statement of Work No. 6 into the agreement.

No amendments to the contract with Land IQ are needed as part of the WY 2024 Budget amendment because the contract does not specify annual budgets or statements of work as is done for West Yost; it only references the total budget of the grant for the entirety of the grant period (through March 2025).

Enclosures

Table 1 - Amended WY 2024 Budget: Five-Year Projection of Borrego Springs Watermaster Operating Budget (WY 2024 through 2028)

Table 2 – Comparison of the Proposed Amended WY 2024 Budget to the Original WY 2024 Budget, as Approved June 14, 2023

Amended Statement of Work No. 6: West Yost Administrative and Technical Services for the Borrego Springs Watermaster – Water Year 2024

Amendment No. 9 to that Agreement Entitled “Borrego Springs Watermaster Professional Services Agreement”

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Table 1

Amended WY 2024 Budget: Five-Year Projection of Borrego Springs Watermaster Operating Budget (WY 2024 through 2028)
Assuming Vendor Extended Payment Terms, 8-Month Delay in DWR Grant Request Reimbursements, and 7-month Operating Reserve Target

Revenues, Expenditures, and Reserves	WY 2023 Budget	Actual WY 2023	Amended WY 2024	Projected Budget ¹			
				WY 2025	WY 2026	WY 2027	WY 2028
Revenues²	\$ 649,281	\$ 1,544,962	\$ 1,713,460	\$ 853,217	\$ 256,863	\$ 517,069	\$ 517,281
Pumping Assessments Collected	\$ 658,000	\$ 649,021	\$ 458,000	\$ 250,000	\$ 250,000	\$ 510,000	\$ 510,000
Bad Debt (non-payment on Assessments)	\$ (15,000)		\$ (4,000)	\$ -	\$ -	\$ -	\$ -
Overproduction Penalty Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues Collected for Pass thru Expenses	\$ 6,281	\$ 6,895	\$ 6,469	\$ 6,664	\$ 6,863	\$ 7,069	\$ 7,281
DWR Prop 68 Grant Reimbursements ³	\$ -	\$ 889,046	\$ 1,252,991	\$ 596,553	\$ -	\$ -	\$ -
Total Expenditures⁴	\$ 1,241,730	\$ 981,677	\$ 1,677,205	\$ 1,097,870	\$ 556,837	\$ 548,640	\$ 563,825
Administrative Services	\$ 333,973	\$ 306,503	\$ 402,861	\$ 376,848	\$ 244,290	\$ 227,317	\$ 233,461
<i>Watermaster Staff Admin Services</i>	<i>\$ 237,772</i>	<i>\$ 220,480</i>	<i>\$ 280,284</i>	<i>\$ 263,872</i>	<i>\$ 188,242</i>	<i>\$ 193,890</i>	<i>\$ 199,706</i>
Board Meetings	\$ 92,508	\$ 88,542	\$ 101,120	\$ 104,153	\$ 80,000	\$ 82,400	\$ 84,872
Technical Advisory Committee Meetings	\$ 29,590	\$ 27,511	\$ 45,326	\$ 30,000	\$ 23,175	\$ 23,870	\$ 24,586
Court Hearings	\$ 5,668	\$ 1,198	\$ 4,016	\$ 4,136	\$ 4,261	\$ 4,388	\$ 4,520
Stakeholder Outreach/Workshops	\$ 12,206	\$ 12,169	\$ 12,590	\$ 12,954	\$ 6,000	\$ 6,180	\$ 6,365
Administration and Management	\$ 67,800	\$ 58,473	\$ 72,628	\$ 72,628	\$ 74,807	\$ 77,051	\$ 79,363
Prop 68 Project Admin and Grant Reporting	\$ 30,000	\$ 32,587	\$ 44,604	\$ 40,000	\$ -	\$ -	\$ -
<i>Other Administrative or Vendor Services</i>	<i>\$ 93,226</i>	<i>\$ 83,048</i>	<i>\$ 122,577</i>	<i>\$ 112,976</i>	<i>\$ 56,048</i>	<i>\$ 33,427</i>	<i>\$ 33,755</i>
Financial Audit	\$ 8,555	\$ 8,425	\$ 10,000	\$ 10,300	\$ 10,609	\$ 10,927	\$ 11,255
Insurance	\$ 35,651	\$ 33,197	\$ 40,474	\$ 41,688	\$ 42,939	\$ 20,000	\$ 20,000
Misc. Expenses	\$ 5,000	\$ -	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Meter Accuracy Testing Vendors	\$ 13,000	\$ 12,600	\$ 13,500	\$ 14,000	\$ -	\$ -	\$ -
Interest on Vendor Terms During Prop 68 Grant Period ⁵	\$ 31,020	\$ 28,826	\$ 56,103	\$ 44,488	\$ -	\$ -	\$ -
<i>Pass Through Expenses</i>	<i>\$ 2,975</i>	<i>\$ 2,975</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ -</i>
Reimbursement to Settling Parties	\$ 716	\$ 716	\$ -	\$ -	\$ -	\$ -	\$ -
Reimbursement to BWD for GSP	\$ 2,259	\$ 2,259	\$ -	\$ -	\$ -	\$ -	\$ -
Legal Services	\$ 100,000	\$ 78,829.12	\$ 100,000	\$ 103,000	\$ 106,090	\$ 109,273	\$ 112,551

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Table 1
Amended WY 2024 Budget: Five-Year Projection of Borrego Springs Watermaster Operating Budget (WY 2024 through 2028)
Assuming Vendor Extended Payment Terms, 8-Month Delay in DWR Grant Request Reimbursements, and 7-month Operating Reserve Target

Revenues, Expenditures, and Reserves	WY 2023 Budget	Actual WY 2023	Amended WY 2024	Projected Budget ¹			
				WY 2025	WY 2026	WY 2027	WY 2028
Technical/Engineering Services	\$ 417,406	\$ 331,047	\$ 815,386	\$ 453,880	\$ 179,594	\$ 184,981	\$ 190,531
General Technical Consultant Services	\$ 203,762	\$ 196,029	\$ 403,556	\$ 366,736	\$ 169,146	\$ 174,220	\$ 179,447
<i>Coordinate/Implement meter reading program</i>	\$ 30,893	\$ 28,753	\$ 30,388	\$ 31,634	\$ 26,889	\$ 27,696	\$ 28,526
<i>Groundwater Monitoring Program</i>	\$ 87,180	\$ 90,524	\$ 111,151	\$ 101,940	\$ 60,000	\$ 61,800	\$ 63,654
<i>Data Management and Data Reporting</i>	\$ 18,083	\$ 11,933	\$ 19,890	\$ 16,567	\$ 14,910	\$ 15,357	\$ 15,818
<i>Annual Report to the Court and DWR</i>	\$ 52,442	\$ 53,028	\$ 50,936	\$ 49,276	\$ 50,755	\$ 52,277	\$ 53,846
<i>Address Inactive Wells via Abandonment/Conversion</i>	\$ -	\$ 2,885	\$ 175,551	\$ 151,210	\$ -	\$ -	\$ -
<i>As-needed technical support</i>	\$ 15,164	\$ 8,907	\$ 15,640	\$ 16,109	\$ 16,592	\$ 17,090	\$ 17,603
<i>Grant services</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Consulting Services with TAC Support/Input	\$ 213,644	\$ 135,018	\$ 411,830	\$ 87,144	\$ 10,448	\$ 10,761	\$ 11,084
<i>Technical Work to Support Sustainable Yield Updates</i>	\$ 146,322	\$ 75,234	\$ 271,328	\$ 17,655	\$ -	\$ -	\$ -
<i>Development of Work Plan for an Expanded</i>	\$ 46,392	\$ 49,013	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Groundwater Quality & Level Monitoring Workplan</i>							
<i>TSS Grant Implementation (new monitoring well)</i>	\$ 11,000	\$ 10,771	\$ -	\$ -	\$ -	\$ -	\$ -
<i>5-Year Update of the GMP (required by DWR)</i>	\$ -	\$ -	\$ 130,654	\$ 59,346	\$ -	\$ -	\$ -
<i>Address Ad Hoc Requests from the Board</i>	\$ 9,930	\$ -	\$ 9,848	\$ 10,143	\$ 10,448	\$ 10,761	\$ 11,084
Environmental Working Group	\$ 384,070	\$ 257,748	\$ 352,489	\$ 157,479	\$ 20,000	\$ 20,000	\$ 20,000
<i>Biological Restoration of Fallowed Lands</i>	\$ 378,301	\$ 257,748	\$ 346,393	\$ 151,200	\$ -	\$ -	\$ -
	\$ -	\$ -			\$ -	\$ -	\$ -
<i>Ad Hoc Requests and EWG Meetings</i>	\$ 5,769	\$ -	\$ 6,096	\$ 6,279	\$ 20,000	\$ 20,000	\$ 20,000
Services to Parties with Manual Read Meters	\$ 6,281	\$ 7,551	\$ 6,469	\$ 6,664	\$ 6,863	\$ 7,069	\$ 7,281

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Table 1
Amended WY 2024 Budget: Five-Year Projection of Borrego Springs Watermaster Operating Budget (WY 2024 through 2028)
Assuming Vendor Extended Payment Terms, 8-Month Delay in DWR Grant Request Reimbursements, and 7-month Operating Reserve Target

Revenues, Expenditures, and Reserves	WY 2023 Budget	Actual WY 2023	Amended WY 2024	Projected Budget ¹			
				WY 2025	WY 2026	WY 2027	WY 2028
Liabilities on Payment Terms⁶							
Beginning Balance	\$ -	\$ -	\$ 749,184	\$ 355,088	\$ -	\$ -	\$ -
Minimum Monthly Balance	\$ -	\$ -	\$ 280,718	\$ -	\$ -	\$ -	\$ -
Maximum Monthly Balance	\$ 877,108	\$ 749,184	\$ 750,000	\$ 631,781	\$ -	\$ -	\$ -
Year-End Balance	\$ 877,108	\$ 749,184	\$ 355,088	\$ 91,970	\$ -	\$ -	\$ -
Cash Reserves⁷							
Beginning Cash Reserves	\$ 523,518	\$ 523,518	\$ 889,614	\$ 612,825	\$ 612,825	\$ 489,325	\$ 459,686
Year-End Cash Reserve Balance	\$ 810,229	\$ 889,614	\$ 612,825	\$ 612,825	\$ 489,325	\$ 459,686	\$ 424,230
Average Reserve Needed During the Year to Maintain Target Operating Expenses (7-9 months)	\$ 723,330		\$ 786,468	\$ 612,825	\$ 416,091	\$ 414,327	\$ 422,869
Minimum Month-End Reserve Balance	\$ 581,550		\$ 603,744	\$ 583,276	\$ 425,475	\$ 387,563	\$ 387,563
Average Month-End Reserve Balance	\$ 691,162		\$ 773,773	\$ 603,777	\$ 521,248	\$ 477,626	\$ 479,527
Variance from Desired Reserve	\$ (32,168)		\$ (12,695)	\$ (9,048)	\$ 105,157	\$ 63,298	\$ 56,658

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. For grant funded work, the projection matches the total allowable grant reimbursement.
- 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. 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.

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Table 2
Comparison of the Proposed Amended WY 2024 Budget to the Original WY 2024 Budget, as Approved June 14, 2023

Revenues, Expenditures, and Reserves	WY 2024 Original Approved Budget	Proposed Amended WY 2023 Budget	Variance (Amended minus Original)	Notes on Changes in Amended WY 2023 Budget
Revenues	\$ 1,561,374	\$ 1,713,460	\$ 152,086	
Pumping Assessments Collected	\$ 458,000	\$ 458,000	\$ -	
Bad Debt (non-payment on Assessments)	\$ (4,000)	\$ (4,000)	\$ -	
Overproduction Penalty Assessments	\$ -	\$ -	\$ -	
Revenues Collected for Pass thru Expenses	\$ 6,469	\$ 6,469	\$ -	
DWR Prop 68 Grant Reimbursements	\$ 1,100,904	\$ 1,252,991	\$ 152,086	Increase due to increased spending on grant tasks with carry forward budget
Total Expenditures	\$ 1,527,952	\$ 1,677,205	\$ 149,252	
Administrative Services	\$ 405,695	\$ 402,861	\$ (2,834)	
Watermaster Staff Admin Services	\$ 280,284	\$ 280,284	\$ -	
Board Meetings	\$ 101,120	\$ 101,120	\$ -	
Technical Advisory Committee Meetings	\$ 45,326	\$ 45,326	\$ -	
Court Hearings	\$ 4,016	\$ 4,016	\$ -	
Stakeholder Outreach/Workshops	\$ 12,590	\$ 12,590	\$ -	
Administration and Management	\$ 72,628	\$ 72,628	\$ -	
Prop 68 Project Admin and Grant Reporting	\$ 44,604	\$ 44,604	\$ -	
Other Administrative or Vendor Services	\$ 125,411	\$ 122,577	\$ (2,834)	
Financial Audit	\$ 10,000	\$ 10,000	\$ -	
Insurance	\$ 40,474	\$ 40,474	\$ -	
Misc. Expenses	\$ 2,500	\$ 2,500	\$ -	
Meter Accuracy Testing Vendors	\$ 13,500	\$ 13,500	\$ -	
Interest on Vendor Terms During Prop 68 Grant Period	\$ 58,937	\$ 56,103	\$ (2,834)	Decreased as a result of change in financial model projection of spending/payments
Pass Through Expenses	\$ -	\$ -	\$ -	
Reimbursement to Settling Parties	\$ -	\$ -	\$ -	
Reimbursement to BWD for GSP	\$ -	\$ -	\$ -	
Legal Services	\$ 100,000	\$ 100,000	\$ -	

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Table 2
Comparison of the Proposed Amended WY 2024 Budget to the Original WY 2024 Budget, as Approved June 14, 2023

Revenues, Expenditures, and Reserves	WY 2024 Original Approved Budget	Proposed Amended WY 2023 Budget	Variance (Amended minus Original)	Notes on Changes in Amended WY 2023 Budget
Technical/Engineering Services	\$ 744,298	\$ 815,386	\$ 71,088	
General Technical Consultant Services	\$ 403,556	\$ 403,556	\$ -	
Coordinate/Implement meter reading program	\$ 30,388	\$ 30,388	\$ -	
Groundwater Monitoring Program	\$ 99,151	\$ 111,151	\$ 12,000	Corrected to reflect error in WY 2024 Budget (transferred from Abandoned Wells)
Data Management and Data Reporting	\$ 19,890	\$ 19,890	\$ -	
Annual Report to the Court and DWR	\$ 50,936	\$ 50,936	\$ -	
Address Inactive Wells via Abandonment/Conversion	\$ 187,551	\$ 175,551	\$ (12,000)	Corrected to reflect error in WY 2024 Budget (transferred to monitoring program)
As-needed technical support	\$ 15,640	\$ 15,640	\$ -	
Grant services	\$ -	\$ -	\$ -	
Consulting Services with TAC Support/Input	\$ 340,742	\$ 411,830	\$ 71,088	
Technical Work to Support Sustainable Yield Updates	\$ 200,240	\$ 271,328	\$ 71,088	Increased to reflect carry forward budget from WY 2023
Development of Work Plan for an Expanded	\$ -	\$ -	\$ -	
Groundwater Quality & Level Monitoring Workplan	\$ -	\$ -	\$ -	
TSS Grant Implementation (new monitoring well)	\$ -	\$ -	\$ -	
5-Year Update of the GMP (required by DWR)	\$ 130,654	\$ 130,654	\$ -	
Address Ad Hoc Requests from the Board	\$ 9,848	\$ 9,848	\$ -	
Environmental Working Group	\$ 271,490	\$ 352,489	\$ 80,998	
Biological Restoration of Fallowed Lands	\$ 265,394	\$ 346,393	\$ 80,998	Increased to reflect carry forward budget from WY 2023
Ad Hoc Requests and EWG Meetings	\$ 6,096	\$ 6,096	\$ -	
Services to Parties with Manual Read Meters	\$ 6,469	\$ 6,469	\$ -	
Liabilities on Payment Terms		\$ -		
Beginning Balance	\$ 877,108	\$ 749,184	\$ (127,924)	Adjusted to show beginning balance as actual as of 10/1/23
Minimum Monthly Balance	\$ 305,790	\$ 280,718	\$ (25,072)	Changes resulted from change to spending projection with carry forward budget
Maximum Monthly Balance	\$ 871,840	\$ 750,000	\$ (121,840)	Changes resulted from change to spending projection with carry forward budget
Year-End Balance	\$ 305,790	\$ 355,088	\$ 49,298	Changes resulted from change to spending projection with carry forward budget
Cash Reserves		\$ -		
Beginning Cash Reserves	\$ 842,513	\$ 889,614	\$ 47,101	Adjusted to show beginning balance as actual as of 10/1/23
Year-End Cash Reserve Balance	\$ 619,387	\$ 612,825	\$ (6,562)	Changes resulted from change to spending projection with carry forward budget
Average Reserve Needed During the Year to Maintain Target Operating Expenses (7-9 months)	\$ 758,197	\$ 786,468	\$ 28,271	Changes resulted from change to spending projection with carry forward budget
Minimum Month-End Reserve Balance	\$ 609,228	\$ 603,744	\$ (5,484)	Changes resulted from change to spending projection with carry forward budget
Average Month-End Reserve Balance	\$ 732,374	\$ 773,773	\$ 41,399	Changes resulted from change to spending projection with carry forward budget
Variance from Desired Reserve	\$ (25,822)	\$ (12,695)	\$ 13,128	Changes resulted from change to spending projection with carry forward budget

**Amended Statement of Work No. 6 (SOW No. 6):
West Yost Administrative and Technical Services
for the Borrego Springs Watermaster – Water Year 2024
*Approved: September 14, 2023; Revised: December 14, 2023***

The following describes the statement of work (SOW) No. 6 for West Yost administrative and technical services for Water Year (WY) 2024: October 1, 2023 through September 30, 2024. The attached Exhibit 1 provides the line-item cost estimate detail for each task and sub-task in SOW No. 6, including labor, subconsultants, and other direct charges. Exhibit 1 was included in the Amended WY 2024 Budget approved by the Board of Directors at its December 14, 2023 Board meeting. The total budget for SOW No. 6 is \$1,122,788 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. 6.

Of importance to funding SOW No. 6 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 work it will perform in WY 2024 (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 necessary 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. 6 has been broken down into three invoice categories. Each month an invoice will be generated for West Yost's work in each of the following categories:

- Invoice 940-80-23-06: Non-reimbursable Administrative and Technical Services work (work that is not eligible for grant funding).
- Invoice 940-80-23-07: SGM Implementation Grant reimbursable work under Grant Component 7: Monitoring and Reporting
- Invoice 940-80-23-08: SGM Implementation Grant reimbursable work under Grant Component 6: Biological Restoration of Fallowed Lands

The breakdown of the total costs of SOW No. 6 across the three categories is as follows:

**Amended Statement of Work No. 6 (SOW No. 6):
West Yost Administrative and Technical Services
for the Borrego Springs Watermaster – Water Year 2024
*Approved: September 14, 2023; Revised: December 14, 2023***

Task	Task Name	Total Task Budget	Invoice 940-80-23-06 Budget (Admin and Technical)	Invoice 940-80-23-07 Budget (Monitoring & Reporting)	Invoice 940-80-23-08 Budget (Biological Restoration)
1	Meetings and Court Hearings	\$163,052	\$105,136	\$57,916	\$0
2	Watermaster Administration and Management	\$117,232	\$65,548	\$51,684	\$0
3	Engineering and Technical Services	\$815,386	\$31,888	\$783,498	\$0
4	Environmental Working Group	\$24,202	\$6,096	\$0	\$18,106
5	Services Reimbursed by Parties with Manual-read Meters	\$2,916	\$2,916	\$0	\$0
	Total	\$1,051,700	\$211,584	\$893,098	\$18,106

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: \$163,052**

1.1 Board Meetings. Budget: \$101,120 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. [Invoice 940-80-23-06 – not reimbursable]

1.2 Technical Advisory Committee Meetings. Budget: \$45,326 It is assumed that up to five virtual TAC meetings will be conducted. [Invoice 940-80-23-07 – reimbursable]

1.3 Court Hearings. Budget: \$4,016 Preparation for and/or attendance at Court hearings, as needed. [Invoice 940-80-23-06 – not reimbursable]

1.4 Stakeholder Outreach. Budget: \$12,590 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 940-80-23-07 – 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 administering the Judgment, Rules and Regulations, and the Groundwater Management Plan (GMP). This includes nine subtasks. **Budget: \$117,232.**

**Amended Statement of Work No. 6 (SOW No. 6):
West Yost Administrative and Technical Services
for the Borrego Springs Watermaster – Water Year 2024
*Approved: September 14, 2023; Revised: December 14, 2023***

2.1 Prepare the Watermaster annual budget. *Budget: \$11,716* In collaboration with the TAC, prepare a draft administrative and technical budget for WY 2025 by May 2024, and finalize the budget for approval by June 2024. [Invoice 940-80-23-06 – not reimbursable]

2.2 Insurance, accounting, and financial services. *Budget: \$19,244* Obtain and maintain insurance policies (e.g., liability insurance); 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 940-80-23-06 – not reimbursable]

2.3 Management of Watermaster records, documents, and website. *Budget: \$7,080* 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 940-80-23-07 –reimbursable]

2.4 Respond to and track public information requests. *Budget: \$2,112* This includes timely response to requests for data and information from 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 940-80-23-06 – not reimbursable]

2.5 As-needed support to the BPA Parties. *Budget: \$10,584* This task is to provide routine support to 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 in a manner consistent with any policies adopted by the Watermaster. [Invoice 940-80-23-06 – not reimbursable]

2.6 As-needed administration of the terms of the Judgment, Rules & Regulations, and Groundwater Management Plan. *Budget: \$10,732* This includes any other as-needed performance of non-routine services to implement the Watermaster guidance documents. [Invoice 940-80-23-06 – not reimbursable]

2.7 Other general administration and project managements tasks. *Budget: \$11,160* This includes, but is not limited to, managing staff and consultants, tracking task schedules and progress, and tracking budget progress. [Invoice 940-80-23-06 – not reimbursable]

2.8 Prop 68 Grant project management and reporting. *Budget: \$44,604* This includes administration of grant-related tasks and preparing all quarterly reports and grant reimbursement requests to DWR. [Invoice 940-80-23-07 – reimbursable]

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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 2024. This includes 9 subtasks. **Budget: \$744,298.**

3.1 Coordinate and implement the meter reading program. **Budget: \$30,388** This includes:

- 3.1a – 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 940-80-23-07 –reimbursable]
- 3.1b – 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 coordinate and perform meter reading services at manual-read meters. That work is directly paid for by the BPA Parties with manual-read meters. [Invoice 940-80-23-07 –reimbursable]

3.2 Implement Groundwater Monitoring Program. **Budget: \$111,151** This task includes implementing the groundwater monitoring program in accordance with the 2023 Groundwater Monitoring Program. 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 940-80-23-07 –reimbursable; travel expenses to Invoice 940-80-23-06 – not reimbursable]

3.3 Maintain Database Management System (HydroDaVE) for all groundwater, surface water, and climate data. **Budget: \$19,890** [Invoice 940-80-23-07 –reimbursable] This covers the work to maintain and keep the Watermaster’s DMS, HydroDaVE, up-to-date including:

- 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 the DWR’s Monitoring Network (MNW) data portal twice per year following the fall and spring monitoring events described in Task 3.2

3.4 Prepare Combined Annual Report to Court and DWR. **Budget: \$50,936** 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

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to compute the annual pumping assessment for each Party for WY 2024. [Invoice 940-80-23-07 – reimbursable]

3.5 Address inactive wells via proper abandonment or conversion to monitoring well (outreach and cost estimating). Budget: \$175,551 The objective of this task 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. [Invoice 940-80-23-07 –reimbursable]

3.6 As-needed technical support for implementation of the Judgment, Rules and Regulations, and Groundwater Management Plan. Budget: \$15,640 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 940-80-23-06 – not reimbursable]

3.7 Technical Work to Support Update of Sustainable Yield. Budget: \$200,240 [Invoice 940-80-23-07 –reimbursable] This work involves building on the work performed by the TAC in WY 2023 to update the model, improve the ability of the model to estimate groundwater pumping, and redetermine the Sustainable Yield by 2025. The final scope of work for WYs 2023 and 2024 was approved by the Board at its February 9, 2023 meeting and includes the following activities in WY 2024:

- Perform Model Recalibration. During model calibration, the values of aquifer parameters and, if needed, the water-use factors in the Farm Process (FMP) will be adjusted to minimize the differences between the model estimated and measured pumping and head values using the parameter estimation code PEST. The calibration results will include time series of simulated vs. measured values, along with calibration statistics and calculated residuals.
- Determine the Sustainable Yield by 2025. This task will be initiated, but not completed during WY 2024. In coordination with the TAC, projection scenarios and methods to interpret model results will be proposed. Once the projection scenarios and methods for redetermining the Sustainable Yield are finalized, the projection scenarios will be constructed and run with the BVHM. A report describing the methods, results, and the TAC recommendation for the redetermined Sustainable Yield will be presented to the Watermaster Board for their consideration.

3.8 Begin Five-Year Update of the Groundwater Management Plan. Budget: \$130,654 This task will be initiated, but not completed during WY 2024. This objective of this task to support the five-year update of the Groundwater Management Plan (GMP), as mandated by SGMA. This task will include coordination with the DWR, the Watermaster Board, and the TAC. [Invoice 940-80-23-07 –reimbursable]

**Amended Statement of Work No. 6 (SOW No. 6):
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3.9 Address Ad Hoc Requests of TAC from the Board. *Budget: \$9,848* 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 940-80-23-06 –not reimbursable]

Task 4 – Environmental Working Group. The objective of this task is to support the activities of the Environmental Working Group (EWG). This includes eight subtasks. *Budget: \$24,202.*

4.1 Biological Restoration of Fallowed Lands. *Budget: \$18,106* 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 began WY 2023, will continue throughout WY 2024, and be completed by the end of the grant reimbursement period in WY 2025. 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 940-80-23-08 – reimbursable]

4.2 Prepare for and attend EWG Meetings and Address Ad Hoc Requests. *Budget: \$6,096* This includes up to one virtual meeting to conduct EWG business not related to the Biological Restoration study. Additionally, the Board may request activities or special studies for the EWG to complete on occasion. These ad hoc activities are undefined and will only be performed as requested. [Invoice 940-80-23-06 – 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: \$2,916.* [Invoice 940-80-23-06 – not reimbursable]

Table 1: 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 2024

Task and Subtask Descriptions	Labor Hours and Cost												Other Direct Costs					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	West Yost Labor Cost		Travel	Field Equip-ment Rental or Purchase	Lab-oratory	Sub-contractor	Total Direct Costs		Sub-Task	Task							
													Sub-Task	Task					Sub-Task				Task						
Task 1 - Meetings and Court Hearings													\$161,174		\$1,878					\$163,052		\$57,916							
1.1 Watermaster Board meetings													\$99,322		\$1,798					\$101,120		\$0							
Prepare for and attend 10 Regular Board meetings (Virtual)													12	5				10		1	10	280	\$77,610		\$0	\$77,610			
Prepare for and attend 2 Regular Board meetings (In Person)													16	8				14		1	2	78	\$21,712		\$1,798	\$23,510			
1.2 Technical Advisory Committee meetings													\$45,326		\$0					\$45,326		\$45,326							
Prepare for and attend 5 TAC meetings (Virtual)													2.5	10	3			8			1	5	122.5	\$34,235		\$0	\$34,235		
Prepare TAC Recommendation Reports and Memos													2	8				8		1.5	2	2	43	\$11,091		\$0	\$11,091		
1.3 Court Hearings													\$3,936		\$80					\$4,016		\$0							
As-needed attendance at Court hearings													3								4	12	\$3,936		\$80	\$4,016			
1.4 Stakeholder Outreach (Prop 68 Grant)													\$12,590		\$0					\$12,590		\$12,590							
Stakeholder Open House													7	7				8			2	44	\$12,590		\$0	\$12,590			
Task 2 - Watermaster Administration and Management													\$117,232		\$0					\$117,232		\$51,684							
2.1 Prepare the draft and final Watermaster budget for WY 2023 (including collaboration with the TAC)													20	8				8	4		1	40	\$11,716		\$0	\$0	\$11,716	\$0	
2.2 Insurance, accounting, and financial services													12					8			90	1	110	\$19,244		\$0	\$0	\$19,244	\$0
2.3 Management of Records, Documents, and Website													0.3					1.8			0.8	12	33	\$7,080		\$0	\$0	\$7,080	\$7,080
2.4 Track/respond to public communications and requests													0.3					0.3			0.3	12	9	\$2,112		\$0	\$0	\$2,112	\$0
2.5 As-needed support to the BPA Parties													2					1				12	36	\$10,584		\$0	\$0	\$10,584	\$0
2.6 As-requested admin. of the Judgment, Rules & Regs, and GMP													24					10			4	1	38	\$10,732		\$0	\$0	\$10,732	\$0
2.7 General administration and project managements tasks													1					2			1	12	48	\$11,160		\$0	\$0	\$11,160	\$0
2.8 Prop 68 Grant project management and reporting													4					5			8.5	12	210	\$44,604		\$0	\$0	\$44,604	\$44,604

Table 1: 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 2024

Task and Subtask Descriptions	Labor Hours and Cost												Other Direct Costs						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/Geol/Eng II	Associate Sci/Geol/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 Equip-ment Rental or Purchase	Lab-oratory	Sub-contractor	Total Direct Costs			Sub-Task	Task
													Sub-Task	Task					Sub-Task	Task			
Task 3 - Engineering and Technical Services	\$625,725												\$189,661						\$815,386		\$783,498		
3.1 Coordinate and implement meter program	\$30,388												\$0						\$30,388		\$30,388		
a Collect and review annual meter calibration/accuracy reports	2	2					24				1	28	\$6,346					\$0		\$6,346			
b Collect, catalog monthly meter reads and calculate pumping	0.5					2		7.5			12	120	\$24,042					\$0		\$24,042			
3.2 Implement Groundwater Monitoring Program	\$71,251												\$39,900						\$111,151		\$105,751		
a Semi-annual field collection of groundwater level and quality, including inspections of new sites	4	8				5	14		130		2	322	\$48,300	\$5,400	\$13,000	\$ 7,500	\$ 14,000	\$39,900		\$88,200			
b Review, QA/QC, and upload of field/lab data to HydroDaVE	1	3.5				8	4	40			2	113	\$22,951					\$0		\$22,951			
3.3 Data Management and Data Reporting	\$19,890												\$0						\$19,890		\$19,890		
a Annual collection, process, and upload of other hydrologic and water quality data	1	2			4			40			1	47	\$9,462					\$0		\$9,462			
b Improve DMS (develop custom reports, upload newly identified legacy data from parties, build out library)	2	4	8			10					1	24	\$6,762					\$0		\$6,762			
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)	48	28	6			70	30			16	1	198	\$50,936					\$0			\$50,936	\$50,936	
3.5 Address inactive wells via proper abandonment or conversion to monitoring well (outreach and cost estimating)	12	30				12	32		24		1	110	\$25,790	\$1,000			\$ 148,761	\$149,761			\$175,551	\$174,551	
3.6 As-needed support for implementation of the Judgment, Rules & Regs, and GMP	10	24			4	10		8			1	56	\$15,640					\$0			\$15,640	\$0	
TAC Recommended Scope of Work WY 2022																							
3.7 Technical Work to Support Update of Sustainable Yield	60	110	200	90		350	100	124		33	1	1067	\$271,328					\$0			\$271,328	\$271,328	
3.80 5-Year Update of the GMP	90	120	38		20		140	80		12	1	500	\$130,654					\$0			\$130,654	\$130,654	
3.90 Address Ad Hoc Requests from the Board	2	16				8	6	6			1	38	\$9,848					\$0			\$9,848	\$0	
Task 4 - Environmental Working Group	\$24,017												\$185						\$24,202		\$18,106		
4.1 Biological Restoration of Fallowed Lands	6	30				18			6	12	1	72	\$17,921	\$185				\$185			\$18,106	\$18,106	
4.2 Ad Hoc Requests or EWG Meetings	3	12				6					1	21	\$6,096					\$0			\$6,096	\$0	
Task 5 - Services Reimbursed by Parties with Manual-read Meters	\$2,916												\$0						\$2,916		\$0		
5.1 Consulting services to Parties with manual-read meters						0.5		0.5		0.3	12	15	\$2,916					\$0			\$2,916	\$0	
Task Totals	593	555	267	90	28	764	500	449	290	317		3,258	\$931,064	\$8,463	\$13,000	\$7,500	\$162,761	\$191,724		\$1,122,788	\$911,204		

Item IV.B

AMENDMENT NO. 9 TO THAT AGREEMENT ENTITLED "BORREGO SPRINGS
WATERMASTER PROFESSIONAL SERVICES AGREEMENT"

1. The attached *Amended Statement of Work No. 6* and the associated \$1,122,788 budget for all tasks hereby replace the existing *Statement of Work No. 6* that was added to Exhibit A of the above-referenced agreement ("Agreement") on September 14, 2023.

2. *Amended Statement of Work No. 6* was approved by the Watermaster Board at its December 14, 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. 9 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