

Borrego Springs Watermaster Board Meeting

March 18, 2026

I. Opening Procedures

***This meeting is being recorded

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



II. Public Correspondence

II.A – Written Correspondence

- March 12, 2026 letter from UCI

II.B – Public Comment

Instructions for Public Comment

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

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

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

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

III. Consent Calendar

- A. Approval of Minutes: Regular Meeting – February 18, 2026
- B. Approval of February 2026 Financial Report

IV.A Consideration of Approval of WY 2025 Financial Audit

Recommended Actions:

Approve the WY 2025 Financial Audit prepared by C.J. Brown & Company, CPAs and include with the Water Year 2025 Annual Report for the Borrego Springs Subbasin.

Fiscal Impact:

None.

Borrego Springs Watermaster

**Board Meeting
March 18, 2026**

Presentation of the 2025 Audit Report

C.J. Brown & Company, CPAs



THE AUDIT PROCESS

- **Interim Fieldwork – Assess the Watermaster’s Internal Controls and Effectiveness**
 - **Gain and Understanding of the Watermaster’s Control Framework**
 - **Test of Controls Testing – Accounting Cycles**
- **Final Fieldwork**
 - **Agree Balance to Supporting Documentation**
 - **Perform Analysis of Key Account Relationships**
- **Consideration of Fraud per AU-C Section 240, “Consideration of Fraud in a Financial Statement Audit”**
 - **Professional Skepticism**
 - **Interview of Board and Management**

THE REPORTS

Independent Auditor's Report

- **Unmodified “CLEAN” Opinion**
 - In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Borrego Springs Watermaster as of September 30, 2025.

MANAGEMENT REPORT

- **Our communication of control deficiencies:**
 - **No material weaknesses or significant deficiencies**

FINANCIAL HIGHLIGHTS

Condensed Statements of Net Position

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Assets:			
Current assets	\$ <u>1,046,163</u>	<u>1,829,591</u>	<u>(783,428)</u>
Total assets	<u>1,046,163</u>	<u>1,829,591</u>	<u>(783,428)</u>
Liabilities:			
Current liabilities	<u>99,249</u>	<u>716,675</u>	<u>(617,426)</u>
Total liabilities	<u>99,249</u>	<u>716,675</u>	<u>(617,426)</u>
Net position:			
Unrestricted	<u>946,914</u>	<u>1,112,916</u>	<u>(166,002)</u>
Total net position	\$ <u><u>946,914</u></u>	<u><u>1,112,916</u></u>	<u><u>(166,002)</u></u>

FINANCIAL HIGHLIGHTS

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Revenues:			
Operating revenues	\$ <u>1,256,473</u>	<u>1,408,222</u>	<u>(151,749)</u>
Total revenues	<u>1,256,473</u>	<u>1,408,222</u>	<u>(151,749)</u>
Expenses:			
Operating expenses	<u>1,364,658</u>	<u>1,285,873</u>	<u>78,785</u>
Non-operating expense	<u>57,817</u>	<u>65,142</u>	<u>(7,325)</u>
Total expenses	<u>1,422,475</u>	<u>1,351,015</u>	<u>71,460</u>
Change in net position	<u>(166,002)</u>	<u>57,207</u>	<u>(223,209)</u>
Net position, beginning of year	<u>1,112,916</u>	<u>1,055,709</u>	<u>57,207</u>
Net position, end of year	\$ <u><u>946,914</u></u>	<u><u>1,112,916</u></u>	<u><u>(166,002)</u></u>

SUMMARY AND CONCLUSION

In 2025:

- 1. The Watermaster received an unmodified “CLEAN” opinion**
- 2. Net position decreased by \$166,002**
- 3. Total revenues decreased by \$151,749 primarily due to decreases in:**
 - Administrative assessments of \$110K, and**
 - Grant revenues of \$42K.**
- 4. Total expenses increased by \$71,460 primarily due to:**
 - Increases in consulting services by \$154K;**
 - Decreases in grant expenditures and legal fees by \$44K and \$32K, respectively.**



QUESTIONS

IV.A Consideration of Approval of WY 2025 Financial Audit



TAKE PUBLIC
COMMENT



BOARD DISCUSSION

IV.B Consideration of Approval of WY 2025 Annual Report

Recommended Actions:

Approve the WY 2025 Annual Report for the Borrego Springs Subbasin and file it with the Court and DWR.

Fiscal Impact:

None.

WY 2025 Annual Report

Appendix I. Response to Comments

- Draft Final Annual Report updated to address comments received:
 - During February 18, 2026 Board meeting hearing
 - Written comments received through February 23, 2026
- Appendix I. added to Annual Report to document comments received and if/how they were addressed
 - If not addressed, Appendix I. documents why they weren't addressed (*i.e.* outside scope or for informational purpose only)

Also **new** to Draft Final Report: Digital Appendices for GWL and GWQ time-series charts

Process and Schedule to Complete Water Year 2025 Annual Report

November/December 2025 - COMPLETED

- Report out on any proposed changes to WY 2025 Report based on Budget Subcommittee recommendations
- Report on Draft Change in Storage to the TAC and at Regular Board Meeting

January 26, 2026 - COMPLETED

- Post Annual Report to Website and Notice Hearing

February 18, 2026 – COMPLETED

- Hearing to receive comments and recommendations for changes

February 23, 2026 – COMPLETED

- Written comments due to Watermaster staff

March 4, 2026 – COMPLETED

- Release revised Annual Report with Response to Comments as an appendix

March 18, 2026 – TODAY!

- Board Meeting to review and adopt final Annual Report

April 1, 2026

- File Annual Report with the Court and DWR

IV.B Consideration of Approval of WY 2025 Annual Report



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COMMENT



BOARD DISCUSSION

IV.C Consideration of Approval of Insurance Renewal Package

Recommended Actions:

Consider approval of an amended level of insurance coverage to reduce the Watermaster's annual premium costs and direct Staff to bind coverage.

Fiscal Impact:

Approval would reduce the Watermaster's annual premium by either \$9,586 or \$18,717.

IV.C - Insurance Renewal Proposals

- Watermaster is required to maintain liability insurance under the Judgment, Rules & Regulations, and contractual obligations
- Current policy with Inland Counties Insurance Services renewed in May 2025 for **\$47,352/yr**
- The Budget Subcommittee identified the insurance policy as a potential cost savings for Pumpers → Board directed staff to obtain quotes with higher deductibles

Insurance Renewal Quotes from Inland

	Policy Deductible (per occurrence)	Policy Cost	Annual Savings
Option #1	\$50,000	\$37,766	\$9,586
Option #2	\$100,000	\$28,634	\$18,717

IV.C Consideration of Approval of Insurance Renewal Package



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COMMENT



BOARD DISCUSSION

IV.D TAC and EWG Meeting Agendas

Recommended Actions:

1. Approve the agenda for the joint TAC-EWG meeting scheduled for April 8, 2026, with any recommended changes.
2. Approve the agenda for the next TAC meeting, with any recommended changes.

Fiscal Impact:

None. TAC/EWG meetings were included in the approved WY 2026 budget.

IV.D – Joint TAC/EWG Meeting Agenda

- Joint TAC/EWG Meeting scheduled for **April 8th**
- Agenda: Discuss the TAC/EWG recommendations to the Board on the UCI GDE Study Report

IV.D – TAC Meeting Agenda

- TAC meeting to be scheduled for mid to **late April**
- Agenda items:
 - 5-Year GMP Assessment Report and GMP Update
 - WY 2027 Budget Discussion

IV.D TAC and EWG Meeting Agendas



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COMMENT



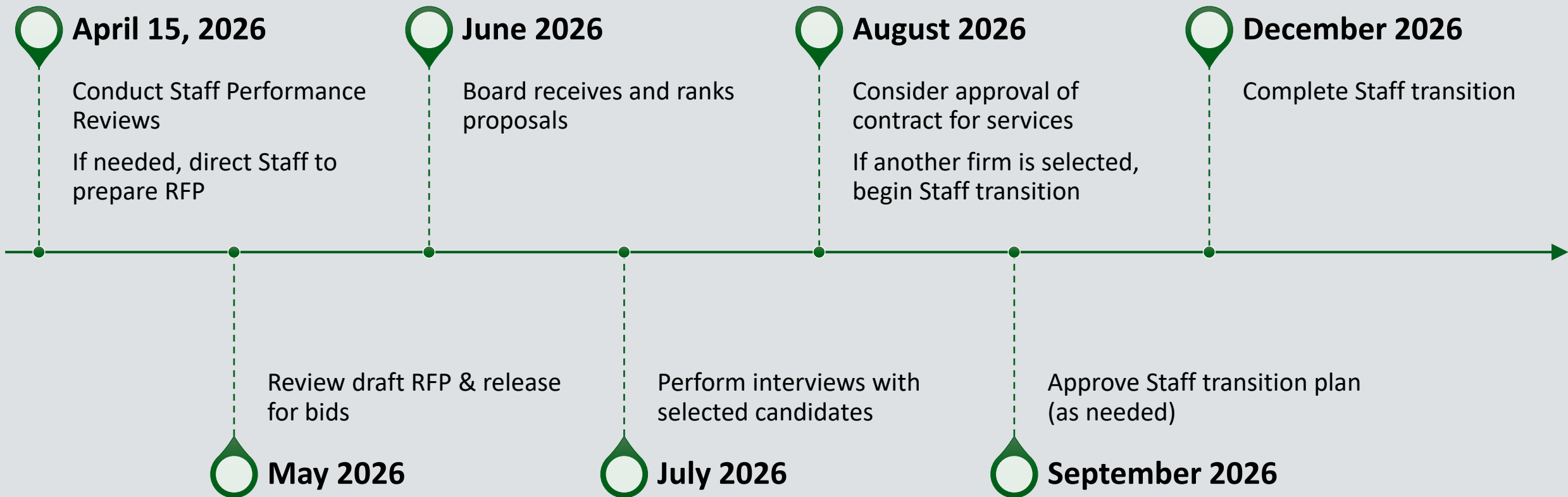
BOARD DISCUSSION

IV.E Watermaster Staffing Approach: WY 2027 and Beyond

Recommended Actions:

Provide direction to Staff on the proposed process and schedule to proceed with evaluating Watermaster staffing for WY 2027 and beyond.

Watermaster Staffing Approach: WY 2027 and Beyond



IV.E Watermaster Staffing Approach: WY 2027 and Beyond



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COMMENT



BOARD DISCUSSION

V.A – Legal Counsel Report

V.B – Technical Consultant Report

Status Update – Review of the UCI GDE Study Report

- **Work Completed since February Board Meeting:**
 - Held joint TAC/EWG meeting to discuss review of the UCI GDE Study Report and draft TC Recommendation Report
 - Received written TAC/EWG feedback on draft TC Recommendation Report (due March 12)
- **Upcoming Work:**
 - Prepare draft TAC/EWG Recommendation Report
 - Joint TAC/EWG meeting on April 8th

V.C – Executive Director Report

1st Installment of WY 2026 Pumping Assessments

- Invoices for 1st installment were issued in November 2025
- Payment was due December 31, 2025
- 99% in payment has been received to-date (\$173,746)
- 1% of invoiced amount still pending (\$1,458)
 - Reminders of past-due invoices were sent out the week of March 9th

V.C – Executive Director Report

Annual Meter Verification

- Pumpers were notified on January 15, 2026 to complete annual meter verifications
- To-date, of the 54 wells that require testing:
 - 48 wells have been tested
 - 6 wells have not had testing confirmed
- Results are expected week of March 17th and will be analyzed for compliance

Spring 2026 Semi-Annual Monitoring Event

- Scheduled for week of April 27th
- Results will be presented to the Board at its June or July meeting (depending on receipt of results)

V.C – Executive Director Report

BPA Party Updates

- A Party in the NMA is seeking to purchase 500+ af of BPA
 - Party is aware there may be limitations on direction of transfer and is seeking guidance
- Board directed staff to agendize a discussion on the transfer approval process, specifically on transfers that result in a change to the location of pumping
- One Party remains out of compliance:
 - Outstanding balance = \$392.56
 - Assumed pumping is 1.20 afy (based on Water Duty estimates)

V.D – Chairperson’s Report

VI. Establishing Agenda for April 15, 2026 Regular Board Meeting

Recommended Actions:

Develop and approve agenda for April 15, 2026 Regular Board Meeting

Process:

1. Review the initial April agenda topics planned by Staff
2. Review the May and June tentative topics planned by Staff and previously requested items by Board members, as listed below
3. List out additional items that have arisen during the current Board meeting
4. Call on Directors to request additional items for consideration of inclusion on the April 2026 or other future agenda
5. Consider motion(s) to approve the agenda (the agenda can be approved in a single motion or multiple motions to cover each item).

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

Set Agenda for April Regular Meeting

1. 2nd Quarter WY 2026 Budget Status Review
2. WY 2027 Budget Scoping
 - a. Focus on where to reduce scope of work (such as Annual Report)
3. Transfers Approval Process
4. May 2026 TAC Meeting Agenda
5. Cost Recovery for De Minimis Well Applications
6. GMP Assessment and Workshop: Addressing Comments on 5-Yr Assessment Report and GMP Update
7. CLOSED SESSION: Personnel Review

VI. Establishing Agenda for April 15, 2026 Regular Board Meeting



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COMMENT



BOARD DISCUSSION

VII. Board Member Comments

VIII. Next Meetings of the Borrego Springs Watermaster

- Joint TAC/EWG Meeting – Wednesday, April 8, 2026
- Regular Board Meeting – Wednesday, April 15, 2026
- Regular Board Meeting – Wednesday, May 20, 2026

IX. Adjournment

- Thank you for your participation!