

Item IV.B

**Borrego Springs Watermaster
Board of Directors Meeting
May 21, 2025
AGENDA ITEM IV.B**

To: Board of Directors
From: Samantha Adams, Executive Director
Date: May 16, 2025
Subject: Draft Water Year 2026 Budget

<input type="checkbox"/> Recommended Action	<input checked="" type="checkbox"/> Provide Direction to Staff	<input type="checkbox"/> Information and Discussion
<input checked="" type="checkbox"/> Fiscal Impact	<input checked="" type="checkbox"/> Cost Estimate: \$736,018	

Recommendation

Provide direction to staff on how to finalize a Water Year (WY) 2026 Budget for consideration of approval at the June 2025 Board meeting.

Fiscal Impact: The enclosed draft operating budget for WY 2026 presents the revenues, expenditures, vendor term liabilities, and cash reserves for WY 2026, and a projection period of WY 2027 through 2030. The budget is shown in its entirety in the enclosed Exhibit 1. The draft WY 2026 budget includes **expenditures of \$736,018**. The WY 2026 **revenues of \$356,304** will be funded by pumping assessments and payment on pass-through expenses. During WY 2026, vendor financing will be fully paid off as the remaining Department of Water Resources (DWR) Sustainable Groundwater Management (SGM) grant reimbursements are paid out, and cash reserves will be maintained at or near the standard reserve policy of nine months of operating expenses. The WY 2026 draft budget expenditure assumes the Board approves staff's recommendation to advance completion of the 5-Year Assessment of the Groundwater Management Plan (GMP), by beginning to address the DWR Recommended Corrective Actions (RCAs) utilizing available time and budget in the remainder of WY 2025.

Background and Judgment Requirements

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 1st of each year. The Judgment requires a supermajority vote (4 of 5 Board members) to establish (or change) a budget.

The purpose of this memo is to present the draft WY 2026 scope of work and budget and receive feedback on modifications that should be made for the final budget scheduled for consideration of approval at the June 18, 2025 Board meeting. As with past budget packages, the budget includes a projection for four additional years into the future (WY 2027 through WY 2030). The projection is prepared on Staff's best professional judgment about the cost of future work, inflation rates, and

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consideration of future technical scope items that are required by the Judgment or DWR and have been discussed with the Technical Advisory Committee (TAC) and Board.

To facilitate the review of the Budget, this memo is organized into the following sections:

- Use of the Watermaster Financial Planning Model
- Overview of the Draft WY 2026 Budget
- Scope of Work and Cost Considerations for Finalizing the WY 2026 Budget
- Discussion Prompts

Use of the Watermaster Financial Planning Model

In 2022, to support the development of payment terms with West Yost and Land IQ, 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 2027 through WY 2030 to support the development of the draft WY 2026 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 receipt of DWR payment on reimbursement requests
 - Payments on vendor invoices
- DWR will reimburse the Borrego Water District (BWD) six months after receiving each quarterly SGM grant report and BWD will issue the reimbursement to Watermaster within 60 days of receiving funds from DWR. This is total of 8-months turn-around time for reimbursements.
- For each WY, a monthly and average reserve balance target was established that generally represents a balance that would be needed to support the leading nine months of operating expenses.
 - For the remaining period of the vendor terms, the reserve balance was used 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.).
 - After the vendors are paid off, the reserve target is used to adjust the pumping assessment necessary to maintain the reserve target.
- Payments will generally 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).

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- 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 9.5% for the remainder of the payment term period.

Overview of the Draft WY 2026 Budget

Exhibit 1 summarizes the proposed line-item operating budget, including revenues, expenditures, deferred payment liabilities, and reserves for WY 2026 and the projected budgets in these categories for WYs 2027 through 2030. The table also shows the approved WY 2025 Budget (as amended in January 2025) and the projected actual WY 2025 year-end balances for each category. This overview is based on Staff's recommended budget, and will be adjusted based on Board feedback. Staff believes that all of the items included in the budget and projection are necessary to stay on track with Judgment requirements and address DWR feedback. Later in this memo, considerations will be presented to help the Board provide input and feedback.

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Draft WY 2026 Budget: Five-Year Projection of Borrego Springs Watermaster Operating Budget (WY 2026 through 2030)
Assuming Vendor Payment Terms, 8-Month Delay in DWR Grant Request Reimbursements through 2026, and 9-month Operating Reserve through 2030

Revenues, Expenditures, and Reserves	Amended WY 2025	Projected Actual WY 2025 ⁶	Draft Proposed WY 2026	Projected Budget ¹			
				WY 2027	WY 2028	WY 2029	WY 2030
Revenues²	\$ 1,263,380	\$ 1,248,592	\$ 356,304	\$ 796,669	\$ 796,899	\$ 797,136	\$ 797,380
Pumping Assessments	\$ 350,000	\$ 338,511	\$ 350,000	\$ 790,000	\$ 790,000	\$ 790,000	\$ 790,000
Bad Debt (assumed non-payment on Assessments)	\$ (2,500)	\$ (100)	\$ (1,000)	\$ (1,000)	\$ (1,000)	\$ (1,000)	\$ (1,000)
Overproduction Penalty Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues Collected for Pass thru Expenses	\$ 7,316	\$ 10,008	\$ 7,304	\$ 7,669	\$ 7,899	\$ 8,136	\$ 8,380
DWR Prop 68 Grant Reimbursements ³	\$ 908,564	\$ 900,173	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenditures	\$ 1,475,643	\$ 1,450,799	\$ 734,056	\$ 794,217	\$ 758,947	\$ 863,418	\$ 857,796
Administrative Services	\$ 421,598	\$ 418,372	\$ 306,704	\$ 304,281	\$ 316,989	\$ 330,424	\$ 344,444
Watermaster Staff Admin Services	\$ 290,796	\$ 288,360	\$ 241,073	\$ 242,168	\$ 252,325	\$ 262,916	\$ 273,962
Board Meetings	\$ 106,600	\$ 107,190	\$ 104,753	\$ 99,991	\$ 104,491	\$ 109,193	\$ 114,106
Technical Advisory Committee Meetings	\$ 52,444	\$ 52,444	\$ 32,950	\$ 33,939	\$ 34,957	\$ 36,005	\$ 37,086
Court Hearings	\$ 3,510	\$ 1,429	\$ 2,348	\$ 2,465	\$ 2,576	\$ 2,692	\$ 2,813
Stakeholder Outreach/Workshops	\$ 12,543	\$ 11,976	\$ 15,000	\$ 15,450	\$ 15,914	\$ 16,391	\$ 16,883
Administration and Management	\$ 78,699	\$ 78,734	\$ 86,022	\$ 90,323	\$ 94,388	\$ 98,635	\$ 103,074
Prop 68 Project Admin and Grant Reporting	\$ 37,000	\$ 36,587	\$ -	\$ -	\$ -	\$ -	\$ -
Other Administrative or Vendor Services	\$ 130,802	\$ 130,012	\$ 65,632	\$ 62,113	\$ 64,664	\$ 67,508	\$ 70,482
Financial Audit	\$ 8,560	\$ 8,098	\$ 8,812	\$ 9,064	\$ 9,340	\$ 9,807	\$ 10,297
Insurance	\$ 45,401	\$ 44,420	\$ 48,142	\$ 50,549	\$ 52,824	\$ 55,201	\$ 57,685
Misc. Expenses	\$ 2,500	\$ 133	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Meter Accuracy Testing Vendors	\$ 13,500	\$ 14,430	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on Vendor Terms During Prop 68 Grant Period ³	\$ 60,841	\$ 62,931	\$ 6,178	\$ -	\$ -	\$ -	\$ -
Legal Services	\$ 105,000	\$ 98,000	\$ 105,000	\$ 108,150	\$ 111,395	\$ 114,736	\$ 118,178

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Draft WY 2026 Budget: Five-Year Projection of Borrego Springs Watermaster Operating Budget (WY 2026 through 2030)
Assuming Vendor Payment Terms, 8-Month Delay in DWR Grant Request Reimbursements through 2026, and 9-month Operating Reserve through 2030

Revenues, Expenditures, and Reserves	Amended WY 2025	Projected Actual WY 2025 ⁶	Draft Proposed WY 2026	Projected Budget ¹			
				WY 2027	WY 2028	WY 2029	WY 2030
Technical/Engineering Services	\$ 701,942	\$ 701,852	\$ 295,048	\$ 354,116	\$ 302,665	\$ 390,122	\$ 366,793
<i>Routine Annual Technical Consultant Services</i>	<i>\$ 242,251</i>	<i>\$ 206,582</i>	<i>\$ 224,870</i>	<i>\$ 231,616</i>	<i>\$ 238,565</i>	<i>\$ 245,722</i>	<i>\$ 253,093</i>
<i>Coordinate/Implement meter reading program</i>	<i>\$ 30,440</i>	<i>\$ 30,081</i>	<i>\$ 33,584</i>	<i>\$ 34,592</i>	<i>\$ 35,629</i>	<i>\$ 36,698</i>	<i>\$ 37,799</i>
<i>Groundwater Monitoring Program</i>	<i>\$ 124,060</i>	<i>\$ 98,387</i>	<i>\$ 116,969</i>	<i>\$ 120,478</i>	<i>\$ 124,092</i>	<i>\$ 127,815</i>	<i>\$ 131,650</i>
<i>Data Management and Data Reporting</i>	<i>\$ 20,265</i>	<i>\$ 19,354</i>	<i>\$ 12,276</i>	<i>\$ 12,644</i>	<i>\$ 13,024</i>	<i>\$ 13,414</i>	<i>\$ 13,817</i>
<i>Annual Report to the Court and DWR</i>	<i>\$ 51,188</i>	<i>\$ 51,553</i>	<i>\$ 51,221</i>	<i>\$ 52,758</i>	<i>\$ 54,340</i>	<i>\$ 55,971</i>	<i>\$ 57,650</i>
<i>As-needed technical support</i>	<i>\$ 16,298</i>	<i>\$ 7,207</i>	<i>\$ 10,820</i>	<i>\$ 11,145</i>	<i>\$ 11,479</i>	<i>\$ 11,823</i>	<i>\$ 12,178</i>
Technical Consultant Services - Non-Routine	\$ 459,691	\$ 495,270	\$ 70,178	\$ 122,500	\$ 64,100	\$ 144,400	\$ 113,700
<i>Address Inactive Wells via Abandonment/Conversion</i>	<i>\$ 203,273</i>	<i>\$ 221,269</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ -</i>
<i>5-Year Assessment and Update of the GMP (includes addressing DWR RCAs)</i>	<i>\$ 140,508</i>	<i>\$ 173,706</i>	<i>\$ 54,436</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ 75,900</i>
<i>Develop Scope and Budget for future SY Updates</i>	<i>\$ 15,272</i>	<i>\$ 15,444</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ 17,800</i>
<i>Technical Work to Support 2035 SY Update</i>	<i>\$ 90,590</i>	<i>\$ 84,851</i>	<i>\$ 15,742</i>	<i>\$ 102,500</i>	<i>\$ 44,100</i>	<i>\$ 124,400</i>	<i>\$ -</i>
<i>Undefined GMP Implementation Actions</i>	<i>\$ 10,048</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ 20,000</i>	<i>\$ 20,000</i>	<i>\$ 20,000</i>	<i>\$ 20,000</i>
Environmental Working Group	\$ 240,182	\$ 225,499	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
<i>Biological Restoration of Fallowed Lands</i>	<i>\$ 233,801</i>	<i>\$ 219,118</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ -</i>
<i>Ad Hoc Requests and EWG Meetings</i>	<i>\$ 6,381</i>	<i>\$ 6,381</i>	<i>\$ 20,000</i>	<i>\$ 20,000</i>	<i>\$ 20,000</i>	<i>\$ 20,000</i>	<i>\$ 20,000</i>
Services to Parties with Manual Read Meters	\$ 6,921	\$ 7,076	\$ 7,304	\$ 7,669	\$ 7,899	\$ 8,136	\$ 8,380

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Draft WY 2026 Budget: Five-Year Projection of Borrego Springs Watermaster Operating Budget (WY 2026 through 2030)
Assuming Vendor Payment Terms, 8-Month Delay in DWR Grant Request Reimbursements through 2026, and 9-month Operating Reserve through 2030

Revenues, Expenditures, and Reserves	Amended WY 2025	Projected Actual WY 2025 ⁶	Draft Proposed WY 2026	Projected Budget ¹			
				WY 2027	WY 2028	WY 2029	WY 2030
Liabilities on Payment Terms⁴							
Beginning Balance	\$ 587,501	\$ 587,501	\$ 200,910	\$ -	\$ -	\$ -	\$ -
<i>Minimum Monthly Balance</i>	\$ 278,432		\$ -	\$ -	\$ -	\$ -	\$ -
<i>Maximum Monthly Balance</i>	\$ 738,125		\$ 200,910	\$ -	\$ -	\$ -	\$ -
Year-End Balance	\$ 278,432	\$ 200,910	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Reserves⁵							
Beginning Cash Reserves	\$ 839,254	\$ 839,254	\$ 606,877	\$ 553,101	\$ 561,653	\$ 602,205	\$ 559,356
Year-End Cash Reserve Balance	\$ 567,595	\$ 606,877	\$ 553,101	\$ 561,653	\$ 602,205	\$ 559,356	\$ 600,171
<u><i>Average Reserve Needed During the Year to Maintain Target Operating Expenses of 9 months</i></u>	\$ 699,979		\$ 550,542	\$ 595,662	\$ 569,210	\$ 647,564	\$ 643,347
<i>Minimum Month-End Reserve Balance</i>	\$ 561,309		\$ 536,691	\$ 457,091	\$ 481,692	\$ 489,835	\$ 489,835
<i>Average Month-End Reserve Balance</i>	\$ 660,448		\$ 617,363	\$ 570,211	\$ 592,001	\$ 600,171	\$ 603,320
<i>Variance from Desired Reserve</i>	\$ (39,531)		\$ 66,821	\$ (25,451)	\$ 22,791	\$ (47,393)	\$ (40,027)

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 4.5%; 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 are the amounts invoiced by Watermaster to pumpers, or in the case of the DWR grant, they are the accrued spending 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 -- Combined interest to West Yost and Land IQ under proposed Payment Terms. Assumes prime interest rate of 9.5%.
- 4-- 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.
- 5 -- TProjections are developed with the monthly financial model prepared by Watermaster Staff and are based on expected timing of receipt of payment on Watermaster assessments and DWR reimbursement, and timing of payments to vendors.
- 6 -- The projection assumes that the Board approves staff's recommendation to advance completion of the 5-Year Assessment of the GMP, by beginning to address the Department of Water Resources (DWR) Recommended Corrective Actions (RCAs) utilizing available time and budget in the remainder of WY 2025.

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Revenues. Total WY 2026 revenue is **\$356,304**. Revenues will be derived from three sources:

- **Pumping Assessments: \$350,000 for WY 2026 and increasing after WY 2026.**
 - The WY 2026 Pumping Assessment is the same level that was projected in the WY 2025 budget and is able to remain low due to expected reimbursements payments from DWR from grant expenditures incurred in WY 2025.
 - To fund projected expenditures and maintain a cash reserve equal to nine months of operating expenditures, the Pumping Assessment rate increases to \$790,000 for the following four years. A breakdown of the projected expenditures requiring this level of revenue is provided later in this memo.
- **Bad Debt: -\$1,000 for WY 2026 through WY 2030.** Up to \$1,000 in pumping assessments is assumed written off as bad debt.
- **Overproduction Penalty Assessments: \$0 for WY 2026 through WY 2030.** 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 2026, if any, will not be known until the start of WY 2026 when the Water Rights Accounting for WY 2025 is completed. Per Board direction, the Overproduction Penalty Assessment Rate will be set at \$500 per acre-foot (the minimum allowed by the Judgment). 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 through WY 2030.
- **Revenues for Pass-thru Expenses: \$7,304 for WY 2026.** In WY 2026 pass thru revenues will include collection of fees from Parties with manual-read meters for Watermaster services related to reading the meters. The revenue will increase over time as the cost of this service increases with inflation.

Expenditures. This section of Exhibit 1 shows the expenditures by category and line-item. Total expenditures are **\$734,056 in WY 2026**, which is 50% less than WY 2025. The projected future expenditures for WY 2027 through 2030 range from a low of \$758,947 to a high of \$857,796. The high-level scope of work categories to support administration of the Judgment and compliance with Sustainable Groundwater Management Act (SGMA) over the next five years include the following:

- Annual Routine Administrative and Technical Services:
 - Administrative Services (Board meetings, TAC meetings, Court hearings, Stakeholder Outreach, financial services, support to BPA parties, maintain website, respond to public inquiries, as-needed administration of the Judgment requirements, and budget management)
 - Professional and Other Vender Services (audit, insurance, equipment, miscellaneous expenses, interest expense on payment terms)
 - Legal Services
 - General Technical Services (meter reading program, groundwater monitoring program, data management and reporting, Annual Report to the Court and DWR, as-needed technical services to support Judgment compliance)

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- Environmental Working Group (support of EWG meetings and technical recommendations at the agreed funding level of \$20,000 per year)
- Non-Routine Technical Consultant Services:
 - 5-Year GMP Assessment and Update (including addressing DWR RCAs)
 - Technical Work to Support Sustainable Yield Updates
 - Undefined future GMP Implementation Actions

The scope of work detail and budget estimates for the routine annual services, and associated line-item assumptions applied in developing the budget and projections for WY 2026 through 2030, are detailed in Attachment A of this staff memo. The recommended scope of work and budget for the non-routine technical consultant services for WY 2026 through 2030 is detailed in Attachment B.

Liabilities on Payment Terms. This section of Exhibit 1 summarizes the estimated balance of payments owed to West Yost and Land IQ under the proposed vendor 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 \$200,910 at the beginning of WY 2026 and \$0 at the end of WY 2026.**

Cash Reserves. This section of Exhibit 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 nine months of spending, per the Watermaster's reserve policy. 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. From WYs 2026 through 2030, the average month-end reserve variance from the target ranges from about \$47,400 less than the average monthly reserve target to about \$66,800 greater than the target. **Overall, under the assumed pumping assessments for the five-year projection the year-end reserve balances are reasonably sufficient (not more than 7% below target) to support work in the subsequent fiscal year, although the minimum monthly reserve occasionally dips below the target.** The pumping assessment assumption would need to be increased to match the reserve targets more closely.

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Scope of Work and Cost Considerations for Finalizing the WY 2026 Budget

Staff recognizes that increasing costs is of considerable concern to the Board and the Parties, and that this is a key focus of the review of the draft budget. Staff offers the following information to help the Board formulate feedback on the budget line items. **Please first review the scope of work and cost details for the routine annual services and non-routine technical work provided in Attachments A and B, respectively.**

Leveraging available budget in WY 2025. Watermaster has a regulatory deadline to submit the 5-Year Assessment Report and GMP Update to the DWR by June 25, 2026. This includes responding to the seven RCAs to improve the GMP. Staff believes that it will be necessary to begin this work in WY 2025 to complete the work on time. Table B1 of Attachment B presents the line-item detail and schedule for each of these two items:

- Address RCAs – \$73,840 (excluding the undefined future follow-on work in WYs 2027 through 2030).
- Finalize the 5-Year GMP Assessment and Update - \$48,010

The total cost of these two items is \$121,850, of which we recommend \$67,414 could be completed in WY 2025 without any changes to the total planned expenditures in the amended WY 2025 Budget. The available budget in WY 2025 is a result of finishing other work products under budget. Please refer back to Table 2 of the Draft WY 2026 Budget Scoping Memo from the April 16, 2025 Board meeting¹ for details on the available budget to support commencing this work in WY 2025. Despite that this work will not require an increase to the WY 2025 budget, **commencing this work in WY 2025 will still require a Supermajority vote of the Board.**

Table 1 on the following page shows a recommended monthly schedule to complete the work, assuming it can commence following approval of the recommended approach at the June Board meeting. As seen in the table, there is a lot to cover in the next 13 months to complete the work and meet the DWR June 2026 deadline.

¹ See Table 2 of Agenda Item V.D on page 22 of the April 16, 2025 Board Agenda Package Addendum. Available at: https://borregospringswatermaster.com/wp-content/uploads/2025/04/20250416_Board-Agenda-Package-Addendum-1.pdf

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Table 1. Recommended Schedule of Routine and Non-Routine Activities for June 2025 through June 2026

Month/Year	Routine Board Topics for Review and Potential Action at Board Meetings	Non-Routine Technical Topics for Discussion at Board, TAC, EWG, or Open House Workshops
June 2025	*WY 2026 Budget *Semi-Annual Monitoring Report (Spring '25)	Board: Workshop - Discuss Considerations for Updating the GMP
July 2025	*Q3 Budget Status	Board: Workshop - Judgment vs GMP TAC: *Revised BVHM Pumping Projection - Shift Pumping to NMA *Updating Groundwater Level and Storage SMC
Aug 2025	*Contract for Admin and Tech Services	EWG: *Bio Restore Study: EWG recommendations to Board *Recommend: Kick off GDE Study Review Board: Workshop - SMCs
Sept 2025		TAC: Addressing Groundwater Quality SMC, Land Subsidence Board: *Workshop - Groundwater Quality and SGMA *EWG recommendations on Bio Restore Study
Oct 2025	*WY 2025 Budget Summary *Draft Water Rights Accounting	Public Workshop: Updating SMC Board: Workshop - Overview of Public Comments in SMC Workshop
Nov 2025	*Final Water Rights Accounting	TAC: Review of Updated SMC (based on comments) Board: Workshop - RCA-2: Domestic Well Mitigation
Dec 2025		TAC/EWG: UCI Briefing on GDE Study Board: Workshop - SMC (final recommendations)
Jan 2026	*Q1 Budget Status <i>(note: workshop will include Fall '25 semi-annual monitoring results)</i>	TAC: Discuss GDE Study and Recommendation on BAS EWG: Discuss GDE Study and Recommendation on BAS Board: Workshop - Current Basin Conditions Relative to Updated SMC
Feb 2026	*Hearing: Draft WY 2025 Annual Report	Board: *Workshop - Conclusions and Recommendations of the 5-Yr Assessment *TAC, EWG, TC Recommendation on GDE Study
Mar 2026	*Final WY 2025 Annual Report	**Publish Compiled Draft 5-Year Assessment Report Public Workshop: Present Draft 5-Yr Assessment and GMP Update Board: Present Draft 5-Yr Assessment and GMP Update
Apr 2026	*Q2 Budget Status *WY 2027 Budget Scoping	TAC: 5-Yr Assessment Report/GMP Update, WY 2027 Budget Board: Addressing Public/TAC Comments on 5-Yr Assessment Report/GMP Update
May 2026	*Draft WY 2027 Budget *Mid-Year Pumping Reports	TAC: WY 2027 Budget Board: Revised Draft 5-Yr Assessment Report/GMP Redline
June 2026	*Final WY 2027 Budget *Semi-Annual Monitoring Report (Spring '26)	Board: Consider Approval of 5-Yr Assessment Report/GMP Update

Notes:

- BAS = Best Available Science
- BVHM = Borrego Valley Hydrologic Model
- GDE = Groundwater Dependent Ecosystem
- GMP = Groundwater Management Plan
- NMA = North Management Area of the Borrego Springs Subbasin
- PMA = Projects and Management Actions
- RCA = Recommended Corrective Action
- TC = Technical Consultant
- UCI = University of California - Irvine

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Costs of Routine vs. Non-Routine Services. It may be instructive for the Board to understand the breakdown of costs incurred for routine annual services (those described above and in Attachment A) and the non-routine technical work (detailed in Attachment B).

Routine services are those administrative and technical services that are and will continue to be part of Watermaster’s month-to month operations, such as Board meetings, legal services, implementing the monitoring program, and annual reporting to the Court and DWR. The level of effort to conduct the routine services will remain about the same over time, with cost increases driven by inflation.

The non-routine technical line-items have varying scope and costs year-over-year. These costs are more difficult to project over time as often times the outcomes of the work performed in one year may dictate adaptation to the planned scope of work for a future year. For example, the scope of work to update the Borrego Valley Hydrologic Model (BVHM) for the redetermination of the 2025 Sustainable Yield had to be adjusted in WY 2023 after learning that the BVHM does not accurately simulate pumping using the Farm Process.

Table 2 below breaks down the prior year and projected annual costs of the routine and non-routine services through WY 2030. For each service type, Table 2 also shows the total five-year operating cost for WY 2026 to 2030 and the average annual revenue that would be needed to fund the costs.

Table 2. Comparison of Prior Year and Projected Annual Costs for Routine vs. Non-Routine Services							
Watermaster Operating Costs	Amended WY 2025	Projected Actual WY 2025	Draft Proposed WY 2026	Projected Budget ¹			
				WY 2027	WY 2028	WY 2029	WY 2030
Routine Administrative and Technical Services							
<i>Routine Administrative Services</i>	\$ 421,598	\$ 418,372	\$ 306,704	\$ 304,281	\$ 316,989	\$ 330,424	\$ 344,444
<i>Routine Legal Services</i>	\$ 105,000	\$ 98,000	\$ 105,000	\$ 108,150	\$ 111,395	\$ 114,736	\$ 118,178
<i>Routine Technical Services</i>	\$ 255,553	\$ 220,039	\$ 252,174	\$ 259,285	\$ 266,464	\$ 273,858	\$ 281,474
subtotal	\$ 782,151	\$ 736,411	\$ 663,878	\$ 671,717	\$ 694,847	\$ 719,018	\$ 744,096
Five Year Total Routine Services - WY 2026 to 2030							\$ 3,493,556
Average Annual Revenue Required to Fund Routine Services							\$ 698,711
Non-Routine Technical Services							
<i>Monitoring Program Expansion/Improvements</i>	\$ 203,273	\$ 221,269	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Biological Restoration of Fallowed Lands Study</i>	\$ 233,801	\$ 219,118	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Develop Scope and Budget for Next SY Update</i>	\$ 15,272	\$ 15,444	\$ -	\$ -	\$ -	\$ -	\$ 17,800
<i>Technical Work for 2030 Sustainable Yield Update</i>	\$ 90,590	\$ 84,851	\$ 15,742	\$ 102,500	\$ 44,100	\$ 124,400	\$ -
<i>5-Year Assessment and Update of the GMP</i>	\$ 140,508	\$ 125,924	\$ 28,378	\$ -	\$ -	\$ -	\$ 75,900
<i>Address Recommended Corrective Actions</i>		\$ 47,782	\$ 26,058	\$ -	\$ -	\$ -	\$ -
<i>Other TBD Follow-on Technical Work</i>	\$ 10,048	\$ -	\$ -	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
subtotal	\$ 693,492	\$ 714,387	\$ 70,178	\$ 122,500	\$ 64,100	\$ 144,400	\$ 113,700
Five Year Total Non-Routine Technical Services - WY 2026 to 2030							\$ 514,878
Average Annual Revenue Required to Fund Non-Routine Technical Services							\$ 102,976
Total Annual Operating Costs	\$ 1,475,643	\$ 1,450,798	\$ 734,056	\$ 794,217	\$ 758,947	\$ 863,418	\$ 857,796
Five Year Total Operating Costs WY 2026 to 2030							\$ 4,008,434
Average Annual Revenue Required to Fund Operating Costs							\$ 801,687
Average Reserve Target to Maintain 9-months Operating Costs in Cash							\$ 601,265

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Table 2 illustrates that for the five-year projection period, the Watermaster’s routine operating costs represent the majority of the annual operating costs: about 87 percent of the average annual operating costs (\$698,711) are for routine activities and 13 percent (\$102,976) are for non-routine technical work.

Non-Routine Technical Services Scope of Work. As discussed above, the non-routine technical costs are more difficult to project over time as often times the outcomes of the work performed in one year may dictate adaptation to the planned scope of work for a future year. It is not possible for staff to guarantee the projected budgets will be limited to the items listed or that the assumed scope will cover future needs to adapt technical approaches. If these costs increase for any reason, the projected pumping assessments will also need to be increased. Staff recommends that it is prudent to assume this level of effort to prepare pumpers for a higher assessment level than has existed in the past. That said, we recognize the costs are higher than what the Watermaster had assumed costs would be when the GMP was developed. Attachment B contains a detailed line-item breakdown of the costs to facilitate Board members recommending eliminating scope items to reduce costs.

Discussion Prompts

Staff is seeking Board discussion and input on the draft budget and assumptions in order to prepare a final draft budget, especially those noted in the key budget highlights section of this memo. We ask you to provide input on the following:

- Are you supportive of Staff’s recommendation to utilize underspent budget from WY 2025 to start work to address the DWR RCAs and advance finalizing the 5-Year GMP Assessment and Update?
 - If no, what do you recommend as an alternative approach to complete the necessary work by the June 2026 deadline?
- If you recommend reducing costs, what specific cost line-items (routine or non-routine) do you believe should be eliminated (or be revised to reduce scope), and what is the rationale?
- Are you comfortable with the level of funding assumed in the “undefined future implementation actions”? (e.g. \$20,000 per year for WY 2027 through WY 2030)
 - If no, what level of funding would you recommend? (more, less, a specific amount?)
- Are there any items that have not sufficiently been considered in the budget?
- Are you comfortable with the operating cash reserve projection, that in some years is between four and seven percent below the target 9-month operating reserve?

Next Steps

Based on review and discussion of the draft WY 2026 Budget, staff will update the budget and present a draft final version for consideration of approval at the June 18, 2025 Board meeting. Recall that approval of the budget requires a Supermajority vote of the Board (4 of 5 members). Following Board approval of a budget package, Staff will:

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- If approved, begin work on addressing RCAs and advancing completion of the 5-Year Assessment of the GMP in late June 2025
- Publish the WY 2026 budget no later than July 1, 2025
- Report to the Board if any challenges to the Budget are noticed to Watermaster by July 31, 2021
- Prepare a “Statement of Work” based on the proposed scope of services and budget to be provided by West Yost during WY 2026. The Statement of Work will be presented to the Board for consideration of approval as an amendment to the existing West Yost Professional Services Agreement (expected August 2025).

Enclosures

Attachment A – Detailed Description of Routine Annual Administrative and Technical Services Expenditures

Attachment B - Recommended Scope and Budget for Non-Routine Technical Consultant Services through WY 2030

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Attachment A – Detailed Description of Routine Annual Administrative and Technical Services Expenditures

The following are the routine annual line items for Watermaster’s Administrative and Technical Consultant Services. The scope of work is similar from year to year, and in all cases, the cost of services (as shown in Exhibit 1) is assumed to increase with inflation over WY 2027 through WY 2030, unless otherwise noted. For each item, any key assumptions are noted with the brief scope description.

- **Administrative Services: \$306,704 for WY 2026.**
 - The services/costs in this category include:
 - Watermaster Staff administrative services provided by West Yost (***\$241,073 for WY 2026***)
 - Board meetings (Assumes 11 meetings per year – 2 in-person, 9 virtual)
 - TAC meetings (Assumes 5 virtual meetings)
 - Court hearings (Assumes support for 2 court hearings)
 - Stakeholder outreach meetings (Assumes 2 in-person events, timed with in-person Board 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/budget management).
 - Other administrative expenses (***\$65,632 for WY 2026***)
 - Financial audit (*\$8,812 for WY 2026*)
 - Liability insurance (*\$48,142 for WY 2026*)
 - Miscellaneous expenses (*\$2,500 for WY 2026*)
 - Interest expenses on Payment Terms with West Yost and Land IQ - (*\$6,178 for WY 2026; expense ends in WY 2026*)
- **Legal Services: \$105,000 for WY 2026.** 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. There are no anticipated changes to the level of service for WY 2026 and beyond.
- **Routine Technical and Engineering Services: \$224,870 for WY 2026.** The routine technical and engineering services include:
 - Coordinate and implement monthly meter reading and annual verification program (*\$33,584 for WY 2026, not including costs incurred by Parties with manual-read meters or for annual meter testing*)
 - Implement the Groundwater Monitoring Plan. This involves semi-annual monitoring of groundwater level and quality and associated summary reporting and assumes that

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the size of the program will not expand by more than 1-2 additional existing wells compared to the spring 2025 monitoring event. (\$116,969 for WY 2026)

- Data management and reporting to the DWR Monitoring Network Module (\$12,276 for WY 2026)
- WY 2025 Water Rights Accounting Report and Annual Report to the Court/DWR (\$51,221 for WY 2026)
- As-needed technical services (\$10,820 for WY 2026)
- **Environmental Working Group: \$20,000 in WY 2026.** For WY 2026 and beyond, it is assumed that the level of work will remain at the agreed upon funding level of \$20,000 per year absent grant funding.
 - For WY 2026, Watermaster Staff recommend utilizing funding to facilitate the EWG in developing a recommendation on whether the Groundwater Dependent Ecosystem (GDE) Study prepared by the Tubb Canyon Conservancy and University of California, Irvine (UCI) represents Best Available Science for use by the Watermaster in adapting its GMP. This would be done in parallel to the Technical Advisory Committee (TAC) review of the GDE Study (see Attachment B). The work will involve reviewing the GDE study, conducting a briefing with UCI (together with the TAC), and preparing a recommendation report to the Board on the use of the GDE Study to support management planning. The draft scope of work for WY 2026 was discussed amongst the TAC at its May 1, 2025 meeting.²
- **Services to Parties with Manual-Read Meters: \$7,304 in WY 2026.** 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).

² See Agenda Item IV of the May 1, 2025 TAC Meeting Agenda Package, available at: <https://borregospringswatermaster.com/wp-content/uploads/2025/04/20250501-TAC-Agenda-Package.pdf>

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Attachment B – Recommended Scope and Budget for Non-Routine Technical Consultant Services through WY 2030

The following is the non-routine technical scope of services recommended by the Technical Consultant, in coordination with the TAC where directed. This scope of work is to support compliance with Judgment and SGMA required work and supports Watermaster’s effort to achieve sustainability by 2040. Unlike the routine annual services, the scope of work varies from year to year (as shown in the Exhibit 1 Draft WY 2026 Budget).

Table B1 on the following page shows the line-item breakdown of costs by year for the remainder of WY 2025³ through WY 2030, for each of the following work items:

- Address DWR RCAs
- Completion of the 2026 5-Year GMP Assessment and Update
- Technical Work to Support 2030 Sustainable Yield Update (WY 2026 to 2029)
- Technical Work to Support 2035 Sustainable Yield Update
- Start the 2031 5-Year GMP Assessment and Update

The line-item costs for future work in WYs 2027 through 2030 were estimated based on WY 2026 dollars and escalated to account for inflation. For each item, any key assumptions are noted with the below scope descriptions.

As shown in Table B1 – the total cost to perform this work from WY 2025 through 2030 is \$582,292. Of this, \$67,414 is assumed to be performed in WY 2025, which would require Watermaster Supermajority approval to utilize underspent WY 2025 budget for this work.⁴ The remaining \$514,878 will be spent over the five-year period of WY 2026 through 2030.

³ June to September 2025.

⁴ If utilizing unspent budget in WY 2025 is not approved, then the costs will have to be shifted to WY 2026. This could jeopardize meeting the June 2026 deadline for the 5-Year GMP Assessment and Update.

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Table B1. Line Item Costs of Non-Routine Technical Scope of Services through WY 2030 ¹							
Technical Scope Items	WY 2025 ²	WY 2026	WY 2027	WY 2028	WY 2029	WY 2030	Total Cost
Total all Scope Items	\$ 67,414	\$ 70,178	\$ 122,500	\$ 64,100	\$ 144,400	\$ 113,700	\$ 582,292
Address DWR Recommended							
Corrective Actions (RCAs)	\$ 47,782	\$ 26,058	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 153,840
<i>RCA 1 - Management Areas</i>		\$6,131					\$ 6,131
<i>RCA 2 - Domestic Well Mitigation</i>		\$7,982					\$ 7,982
<i>RCA 3 - Groundwater Level SMC</i>	\$14,926	\$3,731					\$ 18,657
<i>RCA 4 - Groundwater Storage SMC</i>	\$7,550	\$1,887					\$ 9,437
<i>RCA 5 - Groundwater Quality SMC</i>	\$6,000	\$1,500					\$ 7,500
<i>RCA 6 - Land Subsidence</i>	\$10,242	\$2,561					\$ 12,803
<i>RCA 7 - Judgment/GMP Relationship</i>	\$9,064	\$2,266					\$ 11,330
<i>Undefined RCA Follow-on Work³</i>			\$20,000	\$20,000	\$20,000	\$20,000	\$ 80,000
5-Year GMP Assessment and Update (2026)	\$ 19,632	\$ 28,378	\$ -	\$ -	\$ -	\$ -	\$ 48,010
<i>BVHM Pumping Projections Update</i>	\$12,000						\$ 12,000
<i>Finalize 2026 5-Year Assessment Report</i>	\$7,632	\$22,896					\$ 30,528
<i>Prepare GMP Redline Document</i>		\$5,482					\$ 5,482
Technical Work for 2030 Sustainable Yield	\$ -	\$ 15,742	\$ 102,500	\$ 44,100	\$ 124,400	\$ -	\$ 286,742
<i>Evaluate the GDE Study Report (TAC share)</i>		\$15,742					\$15,742
<i>Assess BVHM Updates: HCM updates</i>			\$75,400				\$75,400
<i>Assess BVHM Updates: Simulation of GDEs</i>			\$27,100				\$27,100
<i>Evaluate New Monitoring Data</i>				\$29,100			\$29,100
<i>Develop Methods to Perform Model Updates</i>				\$15,000			\$15,000
<i>Update and Validate the BVHM</i>					\$60,900		\$60,900
<i>Recalibrate BVHM and Determine the 2030 SY</i>					\$63,500		\$63,500
Technical Work for 2035 Sustainable Yield	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,800	\$ 17,800
<i>Prepare Scope and Budget for the 2035 SY</i>						\$17,800	\$17,800
5-Year GMP Assessment and Update (2031)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,900	\$ 75,900
<i>Evaluate Sustainability of 2030 SY via BVHM Projections</i>						\$45,900	\$45,900
<i>Start 5-Yr GMP Assessment and Update</i>						\$30,000	\$ 30,000
Notes:							
1 -- The line-item costs for future work in WYs 2027 through 2030 were estimated based on WY 2026 dollars and escalated to account for inflation.							
2 -- Assumes that the Board approves use of unspent budget in WY 2025 to perform this work. Requires Supermajority vote. If not approved, the cost would need to be shifted to WY 2026.							
3 -- This line item is included as a placeholder acknowledging that future follow-on work will be required. It is budgeted as \$20,000 per year, but there is no way to know at this time what the actual costs will be. Staff recommend that this placeholder budget remain and not be set at a lower cost to ensure							

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Address DWR Recommended Corrective Actions (RCAs). The DWR issued seven RCAs to the Watermaster as part of its approval of the GMP. In all cases, how the RCA was addressed, or is planned to be addressed, will be documented in the 2026 5-Year GMP Assessment Report and will necessitate redlining the GMP for clarity. The strategy for addressing each RCA is summarized below. The costs are laid out by RCA in Table B1. Note that some RCAs will have follow-on costs that are not able to be estimated at this time. The RCA cost estimates do not include these follow-on costs, however there is a line item for “undefined future GMP implementation actions” that could cover this undefined future cost. **As shown in Table B1, the total cost for this line item is \$153,840. Of this \$73,840 are for defined work in WYs 2025 and 2026. The remaining \$80,000 is for future undefined work that could be done over WYs 2027 through 2030.**

- *RCA 1 – Management Areas.* Addressing this RCA involves redlining the GMP to clarify the application and use of Management Areas in the GMP. Prior to including the redline in a final package for review by the Board and public, the redline will be reviewed by the TAC. This RCA is intended to be resolved as of publishing the 2026 GMP Assessment Report and GMP Redline.
- *RCA 2 – Domestic Well Mitigation.* Addressing this RCA will require Watermaster to develop a policy to mitigate impacts to domestic well users caused by actions performed in accordance with the Judgment and GMP (e.g. allowance of continued declines in groundwater levels during the Rampdown). Resolution of this RCA will be addressed over time as follows:
 - As a first step, an approach to developing a policy will be prepared and documented in the 2026 5-Year Assessment Report and redlined in the GMP.
 - As a second step, the approach will be implemented in WY 2027 and beyond. Table B1 does not address the costs of implementation directly as these will be unknown until the first step is completed in WY 2026.
- *RCA 3 – Groundwater Level SMC.* Addressing this RCA requires technical work and coordination with the TAC. The work will involve improving the sustainable management criteria (SMC)⁵ to include better quantifiable definitions of Undesirable Results and finalizing the update of previously identified illogical SMC defined in the GMP. This RCA will result in redlines to the GMP to clarify/update the SMC. This RCA is intended to be resolved as of publishing the 2026 GMP Assessment Report and GMP Redline.
- *RCA 4 – Groundwater Storage SMC.* Addressing this RCA requires minimal technical work and coordination with the TAC. The work will involve improving the SMC to include align with the Rampdown schedule defined in the Judgment and will result in redlines to the GMP to clarify/update the SMC. This RCA is intended to be resolved as of publishing the 2026 GMP Assessment Report and GMP Redline.
- *RCA 5 – Groundwater Quality SMC.* Addressing this RCA involves redlining the GMP to clarify the application of the SMC. This will be done in coordination with the TAC. Given the lack of clarity and guidance from DWR as it relates to addressing water quality under SGMA, there may be follow-on work recommended for future years as an outcome of addressing the RCA.

⁵ SMC include minimum thresholds, interim milestones, and measurable objectives.

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Thus, this RCA may need to be addressed in two phases. Table B1 does not address any future costs as these will be unknown until the SMC clarifications are discussed with the TAC and Board.

- *RCA 6 – Land Subsidence.* Addressing this RCA requires technical work and coordination with the TAC. The work will involve determining if SMC are required as recommended by DWR. If the approach to land subsidence is updated, the GMP may need to be redlined. This RCA will be resolved as of publishing the 2026 GMP Assessment Report and GMP Redline.
- *RCA 7 – Relationship of the Judgment and GMP.* Addressing this RCA requires coordination with the authors of the GMP and the subcommittee assigned to facilitate coordination with the attorneys and DWR. The goal is to prepare a memorandum directly addressing DWR’s confusion about the relationship of the documents. This will likely result in redlining the GMP for clarification. This RCA is intended to be resolved as of publishing the 2026 GMP Assessment Report and GMP Redline.
- *Undefined future GMP implementation actions following completion of 5-Year Assessment.* This line item is included as a placeholder acknowledging that future follow-on work will be required. It is budgeted as \$20,000 per year, but there is no way to know at this time what the actual costs will be. Staff recommend that this placeholder budget remain and not be set at a lower cost to ensure sufficient revenue planning.

Completion of the 5-Year GMP Assessment and Update. This work includes updating the BVHM projections, finalizing the 5-Year Assessment Report, and updating the GMP. **As shown in Table B1, the total cost for this line item is \$48,010.** Staff recommend this be performed starting in WY 2025 and finish by the June 2026 DWR deadline. Each item is described below.

- *Update the BVHM Projections.* The TAC has recommended that the BVHM projections be updated to assess a revised pumping projection that shifts some pumping from the Central and/or South Management Areas to the North Management Area to support understanding of the sustainability of the Rampdown, refined scoping of future BVHM updates, setting of the SMC to address DWR RCAs, and development of Watermaster policy to address areas that may not achieve sustainability (if necessary).
- *Finalize 5-Year Assessment Report.* A Framework to Complete the 5-Year GMP Assessment was prepared using SGM funding in WY 2025.⁶ Table F-1 of the Assessment Framework, enclosed at the end of this Attachment B, describes the scope of work to complete the 5-Year Assessment Report. The work to address the RCAs will significantly advance completion of the report. This step is to finalize all ten section of the report, address comments received, and submit the report to the DWR by June 25, 2026.
- *Redline GMP.* As noted in the above discussion of addressing the DWR RCAs, the GMP will need to be redlined so that it is more clearly understood by DWR and is reflective of updates

⁶ Available on the Watermaster’s website at: <https://borregospringswatermaster.com/wp-content/uploads/2025/05/C7-d-5-year-Assessment-Framework.pdf>

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to elements such as SMC. Most of the costs to redline are included in the RCA tasks. This step is to compile the draft and final redline for public review and DWR submittal.

Technical Work to Support 2030 Sustainable Yield Update. The TAC prepared a recommended scope of work to redetermine the 2030 Sustainable Yield, which was approved by the Board in December 2024. The process involved the following steps: (1) evaluate new data and information to determine if BVHM updates are needed, (2) develop methods to update BVHM, if needed, (3) update and validate the BVHM, (4) recalibrate the BVHM, if needed, (5) compute the 2030 Sustainable Yield. **As shown in Table B1, the total cost for this line item is \$286,742 over WYs 2026 through 2029.**

The December 2024 scope of work identified two priority data items to evaluate in step (1), including the GDE Study Report and the latest results of the metering and groundwater monitoring program. One additional priority item was identified in March 2025 – updating the hydrogeologic conceptual model (HCM) of the South Management Area. Based on the priority items, the following scope of work is recommended:

- *Determine if the GDE Study is Best Available Science.* The Watermaster has a policy on the use of Best Available Science. The first step in the use of technical work that was not developed by the Watermaster is to determine if the work constitutes Best Available Science. This task is for the TAC to determine if the GDE Study prepared by the Tubb Canyon Conservancy and UCI is Best Available Science. If it is, follow-on technical work will be recommended to ensure the Watermaster’s GMP and BVHM are in alignment with the science. This work is proposed to be done in parallel with a review of the GDE study by the EWG. The work will involve reviewing the GDE study, conducting a briefing with UCI (together with the EWG), and preparing TAC and Technical Consultant Recommendation Reports to the Board on the use of the GDE Study to support management planning. The costs shown in Table B1 represent the costs associated with the TAC process and are additive to the \$20,000 utilized in the EWG budget to facilitate the EWG portion of the work.
- *Assess BVHM Updates: HCM.* This task was developed in collaboration with the TAC and involves a process to review new information on well construction, groundwater elevations, and pumping tests to update the HCM of the South Management Area.
- *Assess BVHM Updates: Simulation of GDEs.* This is a follow-on task if the GDE study is determined to be based on best available science as it relates to evapotranspiration (ET) by the mesquite bosque. This task may assess and determine if the BVHM accurately simulates the amount of ET; however, the scope of work will be refined by the TAC following results of the prior task to determine if the GDE Study is Best Available Science.
- *Assess BVHM Updates: New Monitoring Data.* This task will review and analyze the latest pumping and groundwater level data to determine if further updates and calibration of the Farm Process in the BVHM are needed.
- *Develop Methods to Perform Model Updates.* Based on the prior tasks to assess the BVHM, this task will develop a methodology and scope of work to update, validate, and recalibrate the BVHM to better simulate basin conditions (as compared to measured data).

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- *Update and Validate the BVHM.* In this task, the BVHM will be updated and validated following the method defined in the prior step.
- *Recalibrate the BVHM and Determine 2030 Sustainable Yield.* In this step the BVHM will be recalibrated and the 2030 Sustainable Yield will be computed in accordance with the method defined and used to set the 2025 Sustainable Yield.

Technical Work to Support 2035 Sustainable Yield Update. This work will begin in WY 2030 with the TAC developing the recommended scope of work and budget-level cost estimate to redetermine the 2035 Sustainable Yield. The scope of work will be developed from October to December 2030 to meet the January 1, 2030 deadline defined in the Judgment. This work will be utilized to set the future budget projection for WYs 2031 to 2035. **As shown in Table B1, the total cost for this line item is \$17,800.**

Start the 2031 5-Year GMP Assessment and Update. The next 5-year assessment (and potential GMP update) is due to the DWR in June 2031. This work should begin in WY 2030 and will include using the BVHM to test the sustainability of the 2030 Sustainable Yield and beginning to prepare the Assessment Report. **As shown in Table B1, the total cost for this line item is \$75,900.**

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Table F-1. Assessment Report Outline and Scope and Schedule to Complete the Administrative Draft of Chapters

Assessment Report Chapter Title	Section Reporting Objective	% Complete by March 31, 2025	Work to be Completed After March 31, 2025	Recommend Approach and Schedule to Complete Administrative Draft of Chapter
Executive Summary	Provides an overview of the entire report, including highlighting key findings and recommendations. This section also demonstrates how this Assessment meets the regulatory requirements for periodic assessments, as defined in § 356.4 of the GSP Regulations by referencing the Periodic Evaluation Elements Guide	5%	<p>Since this section is a summary of the entire report and its key highlights, it cannot be completed until all other sections have been finalized. Work includes:</p> <ul style="list-style-type: none"> • Complete ES text after all of other Assessment Report Chapters have been completed • Prepare Table ES-1 – Periodic Evaluation Elements Guide 	Draft Executive Summary in March 2026 for inclusion in the March 25, 2026 Draft Assessment Report.
Chapter 1. Regulatory Background and Assessment Objectives	Provides background on the Watermaster, the Judgment and GMP, and the purpose and objectives of the Assessment to facilitate understanding of how the report is organized.	95%	<p>No anticipated changes are expected to be needed to the section, other than minor text additions and/or edits. Any of the following could result in minor changes to this section:</p> <ul style="list-style-type: none"> • Changes to standard introductory descriptions in the WY 2025 Annual Report • Changes to report organization (e.g. order of Chapters) 	Draft final version of Chapter 1 in March 2026 for inclusion in the March 25, 2026 Draft Assessment Report.
Chapter 2. Administration, Engagement, and Coordination	Describes the Watermaster’s administrative functions, coordination efforts with other agencies, and public outreach efforts through various forms of meetings and workshops. It also describes actions that were taken during the reporting period to adopt policies and procedures in furtherance of the sustainability goal for the basin, including amendments to the Judgment.	95%	Update text and tables to reflect any additional or changed administrative or outreach information through end of reporting period (September 30, 2025).	Draft final version of Chapter 2 in March 2026 for inclusion in the March 25, 2026 Draft Assessment Report.

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Table F-1. Assessment Report Outline and Scope and Schedule to Complete the Administrative Draft of Chapters

Assessment Report Chapter Title	Section Reporting Objective	% Complete by March 31, 2025	Work to be Completed After March 31, 2025	Recommend Approach and Schedule to Complete Administrative Draft of Chapter
Chapter 3. Recommended Corrective Actions	Provides an overview of the seven RCAs. For each RCA, it describes the RCA as presented by DWR, summarizes DWR feedback on the Alternative Plan that relates to the RCA, presents the Watermaster’s plan to address each RCA, and summarizes the recommended, actual, or planned changes to the Judgment, GMP, and/or other Watermaster program or policy that are expected from addressing the RCA.	5%	<p>The RCAs were not provided by DWR until February 25, 2025 and have yet to be discussed with the Board. Thus, no work on this section could be performed.</p> <p>The entire Chapter will need to be written following discussions with the Board on how to address each of the RCAs.</p>	<ul style="list-style-type: none"> • Some RCAs are technical, some are policy related, some are simple clarifications. Staff will organize RCAs into logical groupings to be addressed, in collaboration with the TAC (where technical), and make recommendations. Board will direct staff based on recommendations. This will be done from May 2025 to Dec 2026. • All outcomes will be documented as draft Chapter 3 by January 2026 for TAC and Board review, including any redline to the GMP.
Chapter 4. Status of Projects and Management Actions	<p>Provides an overview of the Judgment management actions, the GMP PMAs, and describe the relationship between them. Describes progress to date on implementing each, including a discussion of how implementation has benefited the Basin and contributed to achieving sustainability.</p> <p>To the extent that any PMA will be modified to address an RCA, the changes would be discussed, and the status would be presented relative to the revised PMA.</p>	70 – 90%	<p>Some of the DWR RCAs relate to the PMAs and it may be necessary to clarify and/or modify one or more PMAs. PMAs are a policy decision and thus must be vetted through a Board process, following receipt of technical recommendations from Watermaster staff and/or the TAC or EWG. This section will be updated after changes have been approved by the Board, if any.</p> <p>If no changes to the PMAs are made, then no anticipated changes are needed to the section, other than updating the implementation status through September 30, 2025.</p>	<ul style="list-style-type: none"> • Discuss communication of the relationship between Judgment management actions and PMAs with Board in light of RCA No. 7. • Work with Board to review management action progress and need to change or add management actions in May to December concurrent with RCA discussions for Chapter 3. • Finalize Chapter 4 text and tables based on Board direction by January 2026 for TAC and Board review, including any redline to the GMP.

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Table F-1. Assessment Report Outline and Scope and Schedule to Complete the Administrative Draft of Chapters

Assessment Report Chapter Title	Section Reporting Objective	% Complete by March 31, 2025	Work to be Completed After March 31, 2025	Recommend Approach and Schedule to Complete Administrative Draft of Chapter
Chapter 5. New Information	Summarizes new data and information acquired by the Watermaster during the reporting period. For significant new information, the report identifies how that data is being used by the Watermaster, how the new information impacts the Basin characterization, where to find additional information within the report, and indicates if any changes to the Judgment/GMP were made as a result of the new information.	90%	<p>This section is nearly complete, but does not yet identify updates that will be made to the Judgment or GMP based on new information. This needs to be discussed with the Board.</p> <p>To complete the section, Watermaster will:</p> <ul style="list-style-type: none"> • Make recommendations to the Board on what changes should be made to the Judgment/GMP, if any • Add any new data/information items that becomes available before finalizing the draft report 	<ul style="list-style-type: none"> • Make Recommendations to the Board on what changes should be made to the Judgment/GMP, if any, for each new information item. • Complete Table 5-1 with information on any recommended changes to the Judgment/GMP • Update text and Table 5-1 to reflect any additional significant new information obtained through September 30, 2025. • Publish draft Chapter 5 by October 2025 for Board and TAC review. • Incorporate review comments in March 25, 2026 draft Assessment Report.
Chapter 6. Basin Setting Based on New Information	This chapter provides an overview of the Basin Setting in the GMP, identifies the elements of the Basin Setting that have changed based on new information reported in Chapter 5, and describes the revised elements of the Basin Setting based on the new information. For each element described, the section notes where and how the GMP should be updated to reflect the updated characterization.	70-90%	<ul style="list-style-type: none"> • Update text of Section 6.2.1 based on any further updates made to the BVHM • Complete text and tables of Section 6.2.2 – Aquifer Properties • Complete text and tables of Section 6.2.3 – Water Budget • Determine if any additional changes to the Basin Setting are needed based on responses to the DWR’s RCAs. This will be a process done in collaboration with the TAC. If changes are warranted, add text to Section 6.3 	<p>How this section is completed, and the level of effort to complete will depend on how the Board proceeds with the recommendations in the March 31, 2025 memo regarding use of the 2022 BVHM to assess the sustainability of future groundwater conditions. Once that path is selected, this text can be completed</p> <p>A draft of Chapter 6 should be prepared by August 2025, including any redline to the GMP. A final draft of Chapter 6 should be prepared by November 2025.</p>

Item IV.B

Table F-1. Assessment Report Outline and Scope and Schedule to Complete the Administrative Draft of Chapters

Assessment Report Chapter Title	Section Reporting Objective	% Complete by March 31, 2025	Work to be Completed After March 31, 2025	Recommend Approach and Schedule to Complete Administrative Draft of Chapter
Chapter 7. Monitoring Networks	Describes the monitoring networks, improvements that have been made to the monitoring network over the reporting period, identifies data gaps, and provides recommendations for improvements to the monitoring network.	95%	<p>This section is nearly complete. Remaining work is to:</p> <ul style="list-style-type: none"> • Update text, tables, and figures with any additional wells that are added to the monitoring program through fall 2025. • Update section 7.4 – Future Activities for WY 2026 through WY 2030 with any additional work identified 	<ul style="list-style-type: none"> • In June 2025 TAC should review outcomes of Spring 2025 monitoring event and make recommendations for future actions • Draft final version of Chapter 7 in November 2026 for inclusion in the March 25, 2026 Draft Assessment Report.
Chapter 8. Basin Conditions Relative to Sustainable Management Criteria	Demonstrates progress towards achieving the Sustainability Goal of the Basin by evaluating current and projected Basin conditions relative to the SMC for each relevant Sustainability Indicator applicable to Borrego Springs. It also discusses any changes to the SMC or Representative Monitoring Network. If the analysis demonstrates that the Basin is not on track to achieving sustainability for any indicator, then recommended actions to address the challenge are described.	60%	<p>Watermaster staff have analyzed all available data through Fall 2024 and generated charts, tables, and maps depicting the data and trends. The charts tables and maps will be updated to include the results of monitoring events through Fall 2025 once the data is available. The templates are set up to compare the groundwater level, storage, and quality information to the relevant SMCs, which may change from what is in the current GMP.</p> <p>The DWR RCAs recommend improvements to the SMCs, particularly adding quantifiable metrics for several of the sustainability indicators. This has also been a recommendation of Watermaster staff. All technical information to support the update of the SMCs will be complete by March 31, 2025.</p>	<p>The establishment of SMCs requires TAC and stakeholder input. The TAC and Stakeholder input will be obtained through the TAC, Board, and Open House process, following discussions with the Board on how to address the DWR RCAs.</p> <p>The SMC updates will be drafted and reviewed for public input by October 2025.</p> <p>The final figures, tables, and text will be prepared from November 2025 through February 2026, for inclusion in the March 25, 2026 Draft Assessment Report.</p>

Item IV.B

Table F-1. Assessment Report Outline and Scope and Schedule to Complete the Administrative Draft of Chapters

Assessment Report Chapter Title	Section Reporting Objective	% Complete by March 31, 2025	Work to be Completed After March 31, 2025	Recommend Approach and Schedule to Complete Administrative Draft of Chapter
Chapter 9. Summary and Recommended Changes to the Judgment/GMP	Summarizes key take-aways from the assessment, any proposed amendments to the Judgment or GMP, and next steps for moving the Basin towards the Sustainability Goal.	5%	Since this section is a summary of the entire report and contains recommendations on changes to the Judgment or GMP (if any), it cannot be completed until the remaining report sections are complete and changes have been discussed with and approved by the Board.	Draft Chapter 9 in March 2026 for inclusion in the March 25, 2026 Draft Assessment Report.