

Borrego Springs Interim Watermaster
Special Board Meeting
October 8, 2020 @ 4:30 p.m.

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AGENDA

Items with supporting documents in the Board Package are denoted with a page number.

I. OPENING PROCEDURES

- A. Call to Order
- B. Pledge of Allegiance
- C. Roll Call
- D. Approval of Agenda

II. PUBLIC CORRESPONDANCE

- A. Correspondence Received - none
- B. Public Comments (may be limited to 3 min per person)
This is an opportunity for members of the public to address the Watermaster on matters within the Watermaster’s jurisdiction. Please

III. CONSENT CALENDAR

(Action Item: All items on Consent Calendar may be approved with a single motion)

- A. Approval of Minutes: Special Meeting – September 24, 2020.....**Page 3**

IV. ITEMS FOR BOARD CONSIDERATION AND POSSIBLE ACTION

- A. Consideration of Adoption of a Resolution to Establish Financial Reporting Protocols.....**Page 7**
Recommendation: Approve Resolution 20-07.
- B. Agenda for the Inaugural Watermaster Technical Advisory Committee Meeting**Page 11**
Recommendation: Discuss and provide input and direction to staff.

V. REPORTS AND UPDATES

- A. Executive Director Report
 - i. Meter verification, accuracy testing, and initial meter read status update.....Page 13
 - ii. CASGEM Monitoring and Reporting
 - iii. Fallowing Standards Verification for Conversion of Water Credits to BPA
 - iv. Data Transfer to initiate HydroDaVE database – *verbal*
- B. Legal Counsel Report – *verbal*
- C. Chairperson’s Report –*verbal*
- D. Status of Stipulated Judgment – Steve Anderson, BBK *verbal*

VI. BOARD MEMBER COMMENTS

VII. NEXT MEETINGS OF THE BORREGO SPRINGS WATERMASTER

- A. Regular Board – Thursday, November 12, 2020 4:30 pm
 - i. Potential Agenda Items:
 - 1. Watermaster Banking and Assessment Invoices
 - 2. Fallowing Standards Verification for Conversion of Water Credits to BPA
 - 3. TAC Recommendations on Meter Reading Program
 - 4. HydroDaVE Database
 - 5. CASGEM Monitoring and Reporting
 - 6. Environmental Working Group

VIII. ADJORNMENT

MINUTES
BORREGO SPRINGS INTERIM WATERMASTER SPECIAL BOARD MEETING
Conducted Virtually via GoToMeeting
Thursday, September 24, 2020, 4:30 p.m.

I. Opening Procedures

- A. Director Duncan called meeting to order at 4:31 p.m.
- B. Director Duncan led the meeting participants in the Pledge of Allegiance.
- C. Samantha Adams (Executive Director) called roll and confirmed that all members of the Board were present. The following individuals were present at the meeting:

Directors Present	Chairman Dave Duncan – Borrego Water District
	Vice Chairman Shannon Smith – Recreational Sector
	Mike Seley – Agricultural Sector
	Jim Bennett – County of San Diego
	Mark Jorgensen – Community Rep.
Watermaster Staff Present	James M. Markman, Legal Counsel
	Samantha Adams, Executive Director (WEI)
	Kristan Culbert – Staff Scientist, WEI
Others Present	Michele Staples, Jackson Tidus
	Kathy Dice, BWD Board Member (Board Alternate)
	Lyle Brecht, BWD Board Member
	Rebecca Falk
	Cathy Milkey, Rams Hill
	Rich Pinel, Roadrunner Club and Springs RV and Golf Resort
	Geoff Poole, BWD General Manager
	Russell McGlothlin, O’Melveny & Myers
	Diane Johnson, BWD Board Member
	Tammy Baker
	Trey Driscoll, Dudek
	Leanne Crow (Board Alternate) – County of San Diego
	Martha Deichler (Board Alternate) – Community Rep.
	Mark Stevens, BSUSD
	David Garmon

- D. Approval of Agenda.

Motion: Motioned by Director Smith, seconded by Director Seley to approve the Agenda as included in the meeting package. *Motion carried unanimously (5-0-0).*

II. Public Correspondence

- A. Correspondence Received – none
- B. Public Comments. Ms. Adams called for public comments.
 - Lyle Brecht suggested the addition of an agenda item on the formation, mission, and budget for the Environmental Working Group in an upcoming Board meeting.

III. Consent Calendar

The Consent Calendar for the Sept. 10, 2020 meeting included:

A. Approval of Minutes for Special Meeting on September 10, 2020.

Minutes from September 10 meeting should be corrected as follows:

- Tammy Baker and Nina Regmi were in attendance at the previous meeting.
- Leanne Crow’s name was misspelled in the minutes.
- Rebecca Falk noted that the meeting minutes incorrectly captured her question and the response given. She stated that she asked if there had been any follow-up action on the Board discussion from a prior meeting to review the Entry Permits for meter reads. Ms. Falk further stated that the answer provided by James Markman was that the Permits, as written, are included into the Settlement Agreement and cannot be changed.

Motion: Motioned by Director Smith, seconded by Director Duncan to accept Consent Calendar with noted corrections to the meeting minutes. *Motion carried unanimously (5-0-0).*

IV. Items for Board Consideration and Possible Action

A. *Consideration of Approval of Updated Agreement with Borrego Water District to Perform Water Meter Reading Services for Watermaster.*

Executive Director Adams provided an overview of the memo in the Board package.

Motion: Motioned by Director Jorgensen, seconded by Director Smith to approve the updated Agreement with Borrego Water District to Perform Water Meter Reading Services for Watermaster. *Motion carried 4-0-1 by roll call vote.* Chairman Duncan abstained.

B. *Consideration of Adoption of a Resolution to Establish a Bank Account to Support Implementation of the Settlement Agreement (Resolution 20-06).*

Executive Director Adams provided an overview of WEI’s procedure for establishing a bank account for the Watermaster. Following a motion, a discussion ensued with the following key points:

- All five directors, in addition to the Executive Director should have signing authority to ensure timely payment of checks, as two signatures will be required per check. Internal protocols will be put in place to ensure full transparency of financials. The specifics of the internal controls will be brought back to the Board at a subsequent meeting. The order for requesting signatures on checks will be to first ask the Chairperson and Vice Chairperson and then ask other available directors, and mentioned that checks would be distributed via mail.
- There is no significant cost expected for creating an Employee Identification Number (EIN) and that it should be issued very quickly. Some reporting to the IRS on the tax-exempt status of the Watermaster may be needed at a later date.

Motion: Motioned by Director Smith, second from Director Jorgensen to approve Resolution 20-06 to Establish a Bank Account to Support Implementation of the Settlement Agreement. *Motion carried unanimously by roll call vote (5-0-0).*

C. *Formation of the Watermaster Technical Advisory Committee.*

Director Duncan provided an overview of the information in the agenda package and called for discussion on the formation of the Technical Advisory Committee (TAC). The key points were:

- The Technical Consultant (Andy Malone, WEI), will lead the TAC meetings.
- Procedures can be addressed once the TAC has been formed and held first meeting.
- The mission of the TAC is to address and respond to the needs of the Board of Directors and perform the duties outlined in the Judgment.
- A motion is not needed to direct staff to form the TAC.
- The Board directed staff to collect the names of the appointed TAC members from each Settling Party and develop a draft agenda for review at the next meeting.

V. Reports and Updates.

A. Executive Director Report.

- *Meter Verification Progress and Meter Reading Update.*
 - Executive Director Adams informed the Board that the meter verifications are nearly complete, and that the Settling Parties have been helpful and responsive, as have the vendors performing the meter verifications. Additionally, she informed the Board that all Entry permits and telemetry log-ins have been received and that the BWD is set to perform first meter read event on September 29th and 30th.
- *Data Transfer to Initiate HydroDAVE Database.*
 - Executive Director Adams informed the Board that Dudek has requested formal permission for data release to WEI. Once that occurs, data transfer will happen.

B. Legal Counsel Report.

- Mr. Markman reported that everything is going smoothly and there are no specific items to report.

C. Chairperson's Report – *none*.

D. Status of Stipulated Judgement.

- Executive Director Adams informed the Board that Mr. Anderson would not be available until after 5:30 pm.
- Mr. Markman informed the board that would be able to answer some questions in Mr. Anderson's absence and a discussion ensued as follows.
 - Ms. Falk noted she had received numerous inquiries about the adjudication and the recent letters sent to all residents in Borrego. She requested input on where to direct residents for information on what to do about the notices they received and their rights as landowners.
 - Tammy Baker inquired if all property owners have water rights.
 - Mr. Markman and Russ McGlothlin provided some extensive responses to the questions.
 - Mr. McGlothlin noted he could provide additional information to Ms. Falk following the meeting to assist in responding to some of the questions she has received.

VI. Board Member Comments.

- A. Director Smith thanked the pumpers and Board for facilitating the process quickly and smoothly. He also mentioned that BPA invoices can be prepared as soon as the bank account name is opened, noting that the fees are \$24 per acre-foot. Additionally, he noted that the Executive Director will need to work with the BWD on the procedure for CASGEM reporting, and that these items should be discussed during a subsequent meeting.

- B. Director Duncan proposed adding (i) CASGEM discussion and (ii) Environmental Working Group to potential agenda items for the October 8, 2020 meeting.
 - Ms. Falk noted that the official location of the WMB local office should be established since the discussion was not completed at the last meeting. Director Duncan asked that this be added for consideration on the next meeting’s agenda.

VII. Upcoming Borrego Springs Watermaster Board Meetings.

The next regularly-scheduled Board meeting will be held on Thursday, October 8, 2020 at 4:30 pm.

Potential agenda items could include:

- Meter Verification Progress and Meter Reading Update
- Watermaster Banking
- HydroDaVE Database update
- Following Standards Verification for Conversion of Water Credits to BPA
- Additional items noted in prior agenda items

VIII. Adjournment.

Director Duncan adjourned the Board meeting at 5:38 p.m.

**Interim Borrego Springs Watermaster
Board of Directors Meeting
October 8, 2020
AGENDA ITEM IV.A**

To: Board of Directors
From: Samantha Adams (WEI), Executive Director
Date: October 5, 2020
Subject: Consideration of Approval of a Resolution to Establish Financial Reporting Protocols

<input checked="" type="checkbox"/> For Action	<input type="checkbox"/> Fiscal Impact	<input type="checkbox"/> Funds Budgeted
<input type="checkbox"/> Information Only	<input type="checkbox"/> Cost Estimate:	\$

Recommended Action

Approve Resolution 20-07 of the Interim Borrego Springs Watermaster to Establish Financial Reporting Protocols.

Fiscal Impact: None.

Background and Previous Actions by the Board

Section 2.6.4 of the Rules & Regulations provides for the accounting functions of the Watermaster such that:

The Watermaster shall provide for the levy, billing, and collection of all assessments provided for under the Judgment, for the payment of costs and expenses of the Watermaster, and for the performance of such accounting and related functions as may be required in connection with those functions. All funds received, held, and disbursed by the Watermaster shall be by way of separate Watermaster accounts, subject to separate accounting and auditing

At its September 24, 2020 Special Meeting, the Board of Directors approved Resolution 20-06 directing Watermaster staff to take the steps required to open a bank account for the Borrego Springs Watermaster, including applying for the required Employee Identification Number (EIN) with the Internal Revenue Service (IRS). During the Board discussion related to naming authorized signatories to the bank account, it was identified that internal controls are necessary to ensure proper management of Watermaster’s finances, including transparency of funds received and dispersed. As such, the Board directed staff to work with the Board Treasurer to develop recommended financial protocols.

Status of Opening a Watermaster Bank Account

Following the execution of Resolution 20-06, Watermaster staff proceeded to work with Chairman Duncan to develop an indemnification agreement for serving as the EIN Responsibly Party and apply for an EIN. The EIN was issued by the IRS on October 2, 2020 and the final steps to open the bank

account were initiated on October 5, 2020. Once the name on bank account is established, Watermaster staff will work with the Board Treasurer (Director Smith) to develop invoices for the first installment of assessments pursuant to the Settlement Agreement.

Recommended Financial Controls and Protocols

Staff recommends the implementation of the following protocols for the transparent management of Watermaster's funds:

- All checks must be signed by two authorized signatories to the Watermaster's bank account. As a first priority, the checks should be signed by members of the Board of Directors. The Executive Director should sign checks only when obtaining a secondary signature by a member of the Board is not practical or timely.
- A statement of financials will be prepared and presented for approval as part of the consent calendar at each regularly scheduled meeting of the Board of Directors. The financials will include the following items:
 - A budget status report detailing the approved and actual revenues and expenses for the reporting period and fiscal year to date
 - A check disbursement list, detailing the payee, purpose of payment, check number, and payment amount for each check issued during the reporting period
 - A statement of financial transactions, including starting and ending account balances for the reporting period
 - Copies of invoices approved for payment
- Prior to inclusion in the Board agenda package for approval the financials will be submitted to the Board Treasurer for review.
- Prior to issuing payment for Watermaster staff invoices (Executive Director and Technical consultant services and legal services), the invoices will be distributed via email to designated Board members for review and approval. Once approved, the invoices will be included as part of the monthly financial report.
- Watermaster will contract with an auditor to perform an annual audit of its financials for inclusion with the Annual Report to the Court.

Resolution 20-07 of the Interim Borrego Springs Watermaster to Establish Financial Reporting Protocols provides for these protocols.

Encl.

Resolution 20-07 of the Interim Borrego Springs Watermaster to Establish Financial Reporting Protocols

RESOLUTION NO 20-07 OF THE
BOARD OF DIRECTORS OF THE INTERIM BORREGO SPRINGS WATERMASTER
TO ESTABLISH FINANCIAL REPORTING PROTOCOLS

WHEREAS, pursuant to the Rules & Regulations, the Watermaster shall provide for the levy, billing, and collection of all assessments provided for under the Judgment; for the payment of costs and expenses of the Watermaster; and for the performance of such accounting and related functions as may be required in connection with those functions.

WHEREAS, pursuant to the Rules & Regulations, all funds received, held, and disbursed by the Watermaster shall be by way of separate Watermaster accounts, subject to separate accounting and auditing.

WHEREAS, the Board of Directors has hired consultants to perform the requisite accounting duties as envisioned by the Rules & Regulations, including the management of a Watermaster Bank Account.

WHEREAS, the Board of Directors seeks to establish minimum reporting protocols to ensure the proper management of Watermaster's finances, including transparency of funds received and dispersed.

NOW, THEREFORE, be it resolved by the Board of Directors of the Interim Borrego Springs Watermaster, that

1. All checks must be signed by two authorized signatories to the Watermaster's bank account. As a first priority, the checks should be signed by members of the Board of Directors. The Executive Director should sign checks only when obtaining a secondary signature by a member of the Board is not practical or timely.

2. A statement of financials will be prepared and presented for approval as part of the consent calendar at each regularly scheduled meeting of the Board of Directors. The financials will include the following items:

- i. A budget status report detailing the approved and actual revenues and expenses for the reporting period and fiscal year to date
- ii. A check disbursement list, detailing the payee, purpose of payment, check number, and payment amount for each check issued during the reporting period
- iii. A statement of financial transactions, including starting and ending account balances for the reporting period
- iv. Copies of invoices approved for payment

3. Prior to inclusion in the Board agenda package for approval the financials will be submitted to the Board Treasurer for review.

4. Prior to issuing payment for Watermaster staff invoices (Executive Director and Technical consultant services and legal services), the invoices will be distributed via email to designated Board members for review and approval. Once approved, the invoices will be included as part of the monthly financial report.

5. The Watermaster will contract with an auditor to perform an annual audit of its financials. The audit report will be included as an appendix to the Annual Report to the Court.

PASSED AND ADOPTED at a special meeting of the Board of Directors of the Interim Borrego Springs Watermaster held on the 8th day of October 2020, by the following vote:

AYES:

NOES:

ABSENT:

Dave Duncan, Chairperson
Board of Directors

Shannon Smith, Secretary
ATTEST

Unapproved

**Interim Borrego Springs Watermaster
Board of Directors Meeting
October 8, 2020
AGENDA ITEM IV.B**

To: Board of Directors
From: Samantha Adams (WEI), Executive Director
Andy Malone (WEI), Lead Technical Consultant
Date: October 5, 2020
Subject: Agenda for the Inaugural Watermaster Technical Advisory Committee

<input type="checkbox"/> For Action	<input type="checkbox"/> Fiscal Impact	<input type="checkbox"/> Funds Budgeted
<input checked="" type="checkbox"/> For Discussion	<input type="checkbox"/> Cost Estimate:	\$

Background and Previous Actions by the Board

Section IV.G of the Judgment and Article III of the Rules & Regulations provides for the formation of a Technical Advisory Committee (TAC). The Judgment defines the TAC as (Section I.A.58):

The advisory body established pursuant to Section IV.G(1) of this Judgment to study technical aspects of the Basin and to issue recommendations to Watermaster based on such technical study for the purpose of achieving Sustainable Groundwater Management in the Basin in an effective and efficient manner, consistent with the rights and obligations of the Parties established by this Judgment.

Section IV.G.1 of the Judgment provides that membership in the TAC will be open to an expert hired by any Party holding BPA or the County. To participate as a TAC member, the expert must have specific licenses or professional backgrounds.

Section 3.5.3 of the Rules & Regulations specifies that the TAC will make recommendations based on best science and data collected, consistent with the provisions of the Judgment, regarding the matters described in the Judgment and other matters as directed by the Watermaster.

The types of activities within the subject matter expertise of the TAC on which recommendations are to be made to the Watermaster include determination of Sustainable Yield, including scope of work and budget for technical work (Judgment: Section II.E; Section III.F), evaluation of carryover (Judgment: Section III.B), evaluation of restrictions on BPA transfers (Judgment: Section III.I.5), selection of Watermaster staff (Judgment: Section IV.C), and water quality monitoring plans (Judgment: Section VI.B).

At its July 30, 2020 Board meeting, the Board identified that that the TAC should be convened to discuss a recommended meter reading program (after the initial meter reading event on September 30, 2020 has been completed).

At the September 24, 2020 Special Board meeting, the Board directed Staff to work with the Settling Parties to (1) obtain the names and contact information for their appointed TAC members and (2) develop an agenda for the inaugural TAC meeting for review by the Board at its next meeting.

Recommended TAC Agenda

Based on the guidance provided by the Judgment and previous direction of the Board, Staff recommends the following as the agenda for the inaugural TAC meeting:

1. Introductions – The objective of this discussion is for all of the members of the TAC to introduce themselves and provide a short overview of their experience and expertise.
2. Overview of TAC Objectives – The objective of this discussion is to provide an overview of the TACs duties as defined by the Judgment and Rules & Regulations.
3. Meter Reading Program – The objective of this discussion is for the TAC to develop a recommendation to the Board on the frequency of meter reads required to support the implementation of the Groundwater Management Plan. Watermaster’s Technical Consultant will develop a memorandum to the TAC to support the discussion and development of the recommendation. The Technical Consultant will lead the completion of a memorandum to the Board reflecting the TAC input and recommendation. The TAC recommendation will be presented to the Watermaster Board at a Regular Board meeting.
4. TAC Schedule for FY 2021 – The objective of this discussion is to establish the approximate meeting dates for two more TAC meetings in FY 2021 and identify the recommended priority topics for discussion at each meeting based on the duties envisioned in the Judgment. Watermaster’s Technical Consultant will develop a memorandum to the TAC with an initial recommendation to support the discussion. The Technical Consultant will lead the completion of a memorandum to the Board reflecting the TAC input and recommendation. The Technical Consultant will report the TACs recommendation to the Watermaster Board at a Regular Board meeting.

Next Steps

Staff requests input from the Board on the recommended agenda. The next steps following the October 8, 2020 Board meeting are to:

- Schedule the TAC meeting for October 2020.
- Andy Malone (Technical Consultant) to work with Director Bennet on preparing the TAC meeting agenda package.
- Report TAC recommendations to the Board at the November 12, 2020 Board meeting.

**Interim Borrego Springs Watermaster
Board of Directors Meeting
October 8, 2020
AGENDA ITEM V.A.i**

To: Board of Directors
From: Samantha Adams (WEI), Executive Director
Date: October 5, 2020
Subject: Status of Meter Verifications and Initial WY 2021 Meter Reads for the Settling Parties

<input type="checkbox"/> For Action	<input type="checkbox"/> Fiscal Impact	<input type="checkbox"/> Funds Budgeted
<input checked="" type="checkbox"/> Information Only	<input type="checkbox"/> Cost Estimate:	\$

Background and Previous Actions by the Board

The following are the actions taken by the Board of Directors since forming the Interim Watermaster in March 2020 to ensure that all Settling Party wells are equipped with meters, that all meters are verified for accuracy and their specifications provided to Watermaster, and that all meters have an initial meter read for the start of water year 2021, which began on October 1, 2020.

- **March 30, 2020:** Adopted Resolution 20-02 establishing approved meters
- **August 27, 2020:** Adopted Resolution 20-03 establishing criteria for verification of meter calibration, installation, and accuracy
- **September 10, 2020:**
 - Adopted Resolution 20-04 establishing authority for officials to execute agreements (and other provisions), that enabled execution of the Entry Permits for reading manual meters
 - Adopted Resolution 20-05 Establishing Meter Read Protocols and Required Documentation
- **September 24, 2020:** Approved Agreement with the Borrego Water District to perform meter reads.

Watermaster staff has been coordinating with the Settlement Parties since the August 27, 2020 Board meeting to collect all relevant information on their wells and meters. The Settlement Parties, and their designated representatives, have been very cooperative in this effort. Watermaster staff has been in contact with every Settling Party with an active pumping well and collected at least a portion of the information requested to complete Watermaster’s records. Watermaster staff has also worked collaboratively with staff of the Borrego Water District to ensure the timely performance of the initial meter reading event for manual meters, which was successfully performed from September 28, 2020 through September 30, 2020.

The following table summarizes the completeness of Watermaster’s records as of October 8, 2020 at 8 am. We are anticipating receiving the missing information over the next few weeks.

**Table 1 – Summary of Watermaster Records on the Settling Party Wells
(As of 8am on October 8, 2020)**

Settling Parties and Wells	
Total Number of Settling Parties	23 Parties
Number of Settling Parties with Active Pumping Wells	20 Parties
Total Number of Settling Party Wells	52 wells
Metered Wells and Meter Reads	
Total Number of Metered Wells	52 wells (100% coverage)
<i>Number of Smart Meters</i>	<i>19 meters (37% of wells)</i>
<i>Number of Manual Meters</i>	<i>33 meters (63% of wells)</i>
Number of Meters Read between 9/28 and 10/1	51 meters (98% coverage)
<i>Initial Meter Reads at Smart Meters</i>	<i>18 meters (95% coverage)</i>
<i>Initial Meter Reads at Manual Meters</i>	<i>33 meters (100% coverage)</i>
Meter Verifications and Accuracy Results	
Number of Wells Assessed for Meter Accuracy by 9/30	48 wells (92% coverage)
<i>Number of Meters Verified as Accurate by 9/30</i>	<i>38 (73% of all meters)</i>
<i>Number of Meters Requiring Action for Accuracy</i>	<i>6 (11% of all meters)</i>
<i>Number Pending Results of Verification</i>	<i>4 (8% of all meters)</i>
Number of Wells Not Assessed by 9/30	4 (8% of all meters)
Completeness of Settling Party Meter Records	
Number of wells with completed records, including: verifications with no pending actions, photos, location coordinates, and initial meter reads	38 wells (73% coverage)
Number of wells missing one item to complete records	10 wells (19% coverage)
Number of wells missing two or more items to complete records	4 wells (8% coverage)

1- For most of the wells in this category, the verifications resulted in recommendations to modify the meter setup to prevent over-reporting of production. The remaining well requires factory recalibration of the meter.