



SANTA MARGARITA GROUNDWATER AGENCY

AGENDA PACKET

REGULAR BOARD MEETING February 26, 2026 at 6:00 P.M.

SANTA MARGARITA COMMUNITY ROOM
2 CIVIC CENTER DRIVE, SCOTTS VALLEY, CA.

This meeting is conducted in a hybrid setting.

The public may attend and provide public comment in person.

The meeting will also be publicly streamed via Zoom webinar:

<https://us06web.zoom.us/j/81928656966>

Webinar ID: 819 2865 6966; Webinar audio by phone (669) 444-9171

Disability Access

The meeting room is wheelchair accessible. Please contact SMGWA Administrative Services at admin@smgwa.org or 831.662.2055 if you need assistance in order to participate in a public meeting or if you need the agenda and public documents modified as required by Section 202 of the Americans with Disabilities Act

SMGWA Acronyms and/or Defined Terms

AF – Acre Foot

ACWA – Association of California Water Agencies

ACWA JPIA – ACWA Joint Powers Insurance Authority

ASR – Aquifer Storage and Recovery

Basin – Santa Margarita Groundwater Basin

BMP – Best Management Practices

CEQA – California Environmental Quality Act

County – County of Santa Cruz

DWR – Department of Water Resources

EIR – Environmental Impact Report

FY – Fiscal Year

GSA – Groundwater Sustainability Agency

GSP - Groundwater Sustainability Plan

IRWM – Integrated Regional Water Management

JPA – Joint Powers Agreement

LAFCO – Local Agency Formation Committee

MHA – Mount Hermon Association

MGA – Santa Cruz Mid-County Groundwater Agency

MOA – Memorandum of Agreement

MOU – Memorandum of Understanding

PMAs – Projects and Management Actions in SGMWA GSP

RMP – Representative Monitoring Points

RWMF – Regional Water Management Foundation

RFP – Request for Proposals

RFQ – Request for Qualifications

SCWD – City of Santa Cruz Water Department

SGMA – Sustainable Groundwater Management Act

SLVWD – San Lorenzo Valley Water District

SVWD – Scotts Valley Water District

SMC – Sustainable Management Criteria

SMGWA – Santa Margarita Groundwater Agency

SWRCB – State Water Resources Control Board

WO/WOR/WOD – Well Owner/Well Owner Representative/Well Owner Director

WY – Water Year



Santa Margarita Groundwater Agency

Board of Directors Meeting

Date: February 26, 2026
Time: 6:00 p.m.
Location: Santa Margarita Community Room, 2 Civic Center Drive, Scotts Valley, CA.

This meeting is conducted in a hybrid setting through Zoom Webinar.

Public participation is encouraged. Members of the public may attend in person, remotely via Zoom at <https://us06web.zoom.us/j/81928656966>, or by phone 669-444-9171. Webinar ID: 819 2865 6966.

The public has opportunities to comment throughout the meeting. To comment online, use the raise hand option, by phone press *9. If experiencing technological difficulties online, consider joining the meeting via phone. Remote access is available 15 minutes before the start of the meeting.

AGENDA

1. CONVENE

- 1.1 Call to Order and Roll Call
Director Engfer is video/teleconferencing from 140E 250N, Midway UT
- 1.2 Additions/Deletions to the Agenda
- 1.3 Oral Communications on Matters Not on the Agenda
- 1.4 Acknowledge Appointments from Member Agencies

2. CONSENT

- 2.1 [Approval of Minutes – October 23, 2025, Board of Directors Meeting](#)
Recommendation: Approve the minutes of the October 23, 2025, Board Meeting
- 2.2 [Annual Reimbursements Disclosure](#)
Recommendation: Receive information on the Fiscal Year (FY) 2025 Reimbursements Disclosure Report

3. PRESENTATIONS

No presentations

4. GENERAL

- 4.1 [Groundwater Sustainability Plan Annual Report Water Year 2025](#)

Principal Office: 2 Civic Center Drive, Scotts Valley, CA 95066
Website: www.smgwa.org

Recommendation: Accept Groundwater Sustainability Plan Annual Report for Water Year 2025 and authorize submittal to Department of Water Resources

4.2 [Update on Groundwater Sustainability Plan Periodic Evaluation](#)

Recommendations: 1) Direct staff to initiate the preparation of an amendment to the GSP; 2) Establish an ad hoc GSP amendment committee and appoint committee members.

4.3 [Preliminary Budget for Fiscal Year 2027](#)

Recommendation: Receive information and provide input on the preliminary budget for Fiscal Year July 1, 2026 to June 30, 2027.

4.4 [Appointment of Well Owner Alternate Representative](#)

Recommendation: Ratify the appointment of Erica Rubio as the Well Owner Representative Alternate on the Santa Margarita Groundwater Agency Board of Directors for a three (3) year term effective immediately.

4.5 [Accept Audited Financial Report for Fiscal Year Ended June 30, 2025](#)

Recommendation: Accept the Santa Margarita Groundwater Agency Audited Financial Report for the Fiscal Year Ended June 30, 2025.

5. ADMINISTRATIVE

5.1 [Annual Election of Officers](#)

5.2 [Brown Act Updates in 2026 \(oral report\) – Teresa Rein, legal counsel](#)

6. STAFF REPORTS

6.1 [Financial Report for the Period July 1, 2025, through December 31, 2025](#)

6.2 [Santa Margarita Basin GSP Implementation Activities Status Report](#)

6.3 [Annual Status Report on Board Fair Political Practices Commission Compliance and Other Requirements](#)

7. DIRECTORS REPORTS

7.1 [Reports from Meetings, Conferences, and Educational Opportunities](#)

8. FUTURE ITEMS

Invitation for Board requests for future agenda items

9. INFORMATIONAL ITEMS

9.1 [ACWA-JPIA President's Special Recognition Award](#)

10. EVENTS CALENDAR

10.1 [Update ACWA Spring Conference - Sacramento](#)

ADJOURN

PURSUANT TO TITLE II OF THE AMERICANS WITH DISABILITIES ACT OF 1990, THE SANTA MARGARITA GROUNDWATER AGENCY (AGENCY) REQUESTS THAT ANY PERSON IN NEED OF ANY TYPE OF SPECIAL EQUIPMENT, ASSISTANCE, OR ACCOMMODATION(S) IN ORDER TO EFFECTIVELY COMMUNICATE AT THE AGENCY'S PUBLIC MEETING PLEASE MAKE SUCH A REQUEST TO THE AGENCY AT 2 CIVIC CENTER DRIVE, SCOTTS VALLEY, CA 95066 OR BY CALLING **(831) 662-2055**. A MINIMUM OF THREE WORKING DAYS PRIOR TO THE SCHEDULED MEETING. ADVANCE NOTIFICATION WITHIN THIS GUIDELINE WILL ENABLE THE AGENCY TO MAKE REASONABLE ARRANGEMENTS TO ENSURE ACCESSIBILITY.



Santa Margarita Groundwater Agency

Board of Directors Meeting

Date: 10/23/2025
Time: 6:00 p.m.
Location: Santa Margarita Community Room, 2 Civic Center Drive, Scotts Valley, CA

Minutes

1. CONVENE

1.1 CALL TO ORDER AND ROLL CALL

Chair Perri called the meeting to order at 6:00 p.m.

Directors Present: (Voting Alternates represented in *italics*)

Chris Perri (Chair) – Scotts Valley Water District
Bryan Largay (Vice Chair) – San Lorenzo Valley Water District
Edan Cassidy (Secretary) – Well Owner Representative
Doug Engfer – City of Santa Cruz
Manu Koenig – County of Santa Cruz (remote via Zoom)
Alina Layng – San Lorenzo Valley Water District
Wade Leishman – Scotts Valley Water District
Monica Martinez – County of Santa Cruz (late arrival at 6:27 p.m.)
Dale Pollock – Mount Hermon Association (remote via Zoom)
Greg Wimp – City of Scotts Valley
Frank Cheap – Well Owner Representative

Directors Absent:

None.

Non-Voting Alternate Directors: (Present as Non-Voting Observer)

None.

SMGWA Member Agency Executive Staff:

Jason Lillion – General Manager, San Lorenzo Valley Water District
David McNair – General Manager, Scotts Valley Water District
Sierra Ryan – Water Program Director, County of Santa Cruz

Other:

Teresa Rein – SMGWA legal counsel; Rein & Rein
Tim Carson, Rob Swartz, Sophia Sholtz – Regional Water Management Foundation (RWMF)
Heidi Luckenbach – Water Director, City of Santa Cruz
John Dillon – Finance and Customer Service Manager, Scotts Valley Water District

Taylor Kihoi – Senior Professional Engineer, City of Santa Cruz (online via Zoom)
Pete Dennehy – Project Manager, Montgomery & Associates (online via Zoom)

1.2 Additions/Deletions to the Agenda
None.

1.3 Oral Communications on Matters Not on the Agenda
Chair Perri welcomed Director Wimp as the new representative of the City of Scotts Valley.

2. CONSENT

2.1 Approval of Minutes from 8/28/2025 Meeting
2.2 Approval of Board Schedule 2026

MOTION: E. Cassidy/D. Engfer moved to approve the Consent Agenda.
AYES: E. Cassidy, F. Cheap, D. Engfer, M. Koenig, B. Largay, A. Layng, C. Perri, D. Pollock,
W. Leishman, G. Wimp.
NOES: None.
ABSTAIN: None.

3. PRESENTATIONS

3.1 Groundwater Sustainability Program Update

R. Swartz provided updates on Water Year 2025 (WY25) which covers the period October 1, 2024 to September 30, 2025. The total precipitation at Boulder Creek was 32.4 inches, compared to a long-term average of 50.3 inches. The total precipitation at Scotts Valley was 24.84 inches, compared to the long-term average of 41.27 inches.

Cumulative flow on the San Lorenzo River was below average for WY25. Measured flow in the San Lorenzo River was 57,868 acre-feet, compared to the 30-year average of 99,400 acre-feet.

R. Swartz also reported on the late dry season flow measurements from September 2025. He commented that all five of the stations monitored for dry season flow measurements report similar trends and suggested it may be possible to remove some of the monitoring locations during the Periodic Evaluation of the Groundwater Sustainability Plan (GSP).

In the shallow Santa Margarita formation, three of the four monitoring wells had groundwater levels in fall 2025 that are above the Measurable Objective (MO), and one well (Quail Hollow MW-A) had groundwater levels above the Minimum Threshold (MT) but below the MO.

In the deeper Butano, Lompico, and Monterey formations, two of the four monitoring wells had groundwater levels above the MO, and two of the monitoring wells had groundwater levels above the MT but below the MO.

3.2 Scotts Valley Water District & City of Santa Cruz Water Systems Intertie Project

H. Luckenbach, T. Kihoi, and D. McNair presented on the Scotts Valley Water District (SVWD) and City of Santa Cruz Water Systems Intertie Project. H. Luckenbach described the history of the project, which had its roots in the late 1990s but was put on hold due to limited funding. While not originally identified in the GSP for the Santa Margarita Groundwater Agency (SMGWA), it presents an opportunity to be further developed into a Group 2, Tier 2 project, which means it could be used to aid in future Basin sustainability.

T. Kihoi presented on the engineering and construction aspects of the project. This project was awarded \$9.5M from a DWR grant, approximately \$6.6M for the Intertie and approximately \$2.8M for the SVWD Grace Way production well. The intertie pipeline trenching operations and installation occurred during the spring and summer of 2026. Roadway restoration occurred in fall. Currently, on trenching Firehouse Lane is nearing completion. Pump station construction will occur from fall to February. Some of the construction challenges faced were due to limited space, rock, and unstable soil. T. Kihoi reviewed the remaining work schedule, including paving and site restoration, pump station construction, system tie-ins, and testing, which should all conclude by spring 2026.

D. McNair presented on the Grace Way production well and the related improvements that SVWD is constructing with the grant funds. The new well is 970 feet deep and will improve operational flexibility and redundancy for groundwater production. The project includes: acquiring the property, demolition of existing structures, environment (CEQA) compliance, design, well construction, and related site improvements. The well is expected to pump about 500 gallons per minute. Contractors are currently working on connecting the well to the existing system and adding control units. The well is expected to be online by the end of February 2026.

4. GENERAL

4.1 Board Vacancy – Well Owner Alternate Director Vacancy

Well Owner Representative Director Hutchison resigned in September 2025. Per the Agency Bylaws, if the current Well Owner Alternate is willing and able to serve as Director, the Board will vote to approve that appointment. Alternate Director Cheap confirmed that he is willing to serve as the Well Owner Representative Director.

The Board was informed that if/when it approves the appointment of the Alternate to become a Well Owner Representative, that leaves the Alternate Director position vacant, and thus a solicitation for a new Alternate will need to be conducted. Per the Agency Bylaws, as a part of this solicitation, a three-member ad hoc committee must be formed to conduct the solicitation.

MOTION: E. Cassidy/A. Layng move the appointment of Well Owner Alternate Director Cheap to assume the role of Director to fill the vacancy created by the resignation of Director Hutchison.

AYES: E. Cassidy, F. Cheap, D. Engfer, M. Koenig, B. Largay, A. Layng, M. Martinez, C. Perri, D. Pollock, W. Leishman, G. Wimp.

NOES: None.

ABSTAIN: None.

After deliberation, the Board elected the following ad hoc committee for the Well Owner Representative Alternate Director solicitation: E. Cassidy, F. Cheap, C. Perri.

MOTION: D. Engfer/W. Leishman move to form an ad hoc committee and appoint Directors Cassidy, Cheap, and Chair Perri to conduct a solicitation and selection process to fill the Well Owner Alternate Director vacancy.

AYES: E. Cassidy, F. Cheap, D. Engfer, M. Koenig, B. Largay, A. Layng, M. Martinez, C. Perri, D. Pollock, W. Leishman, G. Wimp.

NOES: None.

ABSTAIN: None.

Public comment was accepted out of order on this item, after public comment for item 4.2. Erica Stanojevic made public comments.

4.2 Update on Groundwater Sustainability Plan Periodic Evaluation

R. Swartz presented on two of the four Recommended Corrective Actions (RCAs) that the Agency received from the California Department of Water Resources (DWR) in advance of preparing the GSP Periodic Evaluation (PE).

The first RCA reviewed involved the Agency's current definition of an undesirable result for groundwater levels at Representative Monitoring Points (RMPs). The current GSP's definition of undesirable results is if any one RMP falls below the minimum threshold for two consecutive non-drought years. DWR has indicated that in this PE, the Agency should remove the drought-year caveat.

R. Swartz asked the Board to consider whether it would be appropriate to make an additional change by increasing the number of RMPs that would have to fall below their MTs before an undesirable result would be triggered for groundwater levels. There are many reasons why a single RMP might fall below its MT while Basin sustainability remains unaffected. Additionally, it is common practice throughout the state to use multiple MT exceedances in defining undesirable results.

The second RCA reviewed pertained to degraded water quality. The current GSP language identifies an undesirable outcome for degraded water quality as one stemming from Sustainable Groundwater Management Act (SGMA)-related projects and management actions. DWR indicated that degraded water quality issues must be addressed regardless of whether the cause for the degraded conditions is due to an action of groundwater sustainability agency. DWR recommended removing language in the GSP that identified undesirable results as solely those caused from human action.

Another aspect of this RCA that R. Swartz recommends reviewing is the list of potential contaminants that the Agency has chosen to monitor and report on to DWR. Many of the contaminants chosen to report on consistently return values of "Non-Detect", meaning they are not a constituent of concern when looking at the sustainability of the Basin. Other noted

constituents that consistently exceed the MT include iron and manganese. However, the established standard for these is not related to health effects, so R. Swartz intends to meet with DWR to inquire if these could be eliminated as constituents of concern in the Basin. R. Swartz suggested that the Board consider alternative degradation of water quality metrics that are more closely aligned with issues specific to this Basin, such as Total Dissolved Solids (TDS).

The proposed schedule/timeline for the GSP PE and potential GSP amendment was presented. At its next meeting (February 26, 2026), the Board will receive an update on progress on the PE and additional information and recommendations to consider on the PE and potential GSP amendment. The proposed schedule has the draft PE and GSP amendment to the Board in August and the final PE and amendment for Board consideration at the October Board meeting. The PE and GSP amendment are due to DWR by January 3, 2027.

The Board had questions and comments for R. Swartz and discussed the presentation.

4.2.1 Small Groundwater Sustainability Agency Memorandum of Understanding for a Cost Sharing Agreement

R. Swartz described a cost share agreement with the Small GSA Coalition (Coalition) and efforts to date to finalize the agreement. The Agency has been working successfully with the Coalition for a couple of years to identify potential opportunities to streamline the SGMA compliance obligations for small GSAs to reduce the cost burden which disproportionately impacts small GSAs. Due to the large number of GSAs participating and the multiple levels of legal review required, there have been several rounds of edits. R. Swartz clarified that the costs incurred by this agreement would be used to fund administrative assistance and advocacy. The Board will have an opportunity to review annually and assess future ongoing participation.

Board members had questions and made comments on this item.

MOTION: D. Engfer/M. Martinez move to authorize the Scotts Valley General Manager to enter into a Small Groundwater Sustainability Agency Memorandum of Understanding for a Cost Sharing Agreement.

AYES: E. Cassidy, F. Cheap, D. Engfer, M. Koenig, B. Largay, A. Layng, M. Martinez, C. Perri, D. Pollock, W. Leishman, G. Wimp.

NOES: None.

ABSTAIN: None.

5. STAFF REPORTS

5.1 Financial Report for the Period July 1, 2025, through June September 30, 2025

No questions or comments on this item.

5.2 Santa Margarita Basin GSP Implementation Activities Status Report

No questions or comments on this item.

6. DIRECTORS REPORTS

None.

7. FUTURE ITEMS

None.

8. STAFF REPORTS

None.

9. EVENTS CALENDAR

24th Annual Environmental Town Hall, November 8, 2025, 1 - 3 p.m., Felton Community Hall.

ADJOURN

Meeting adjourned at 7:31 p.m.

APPROVED BY:

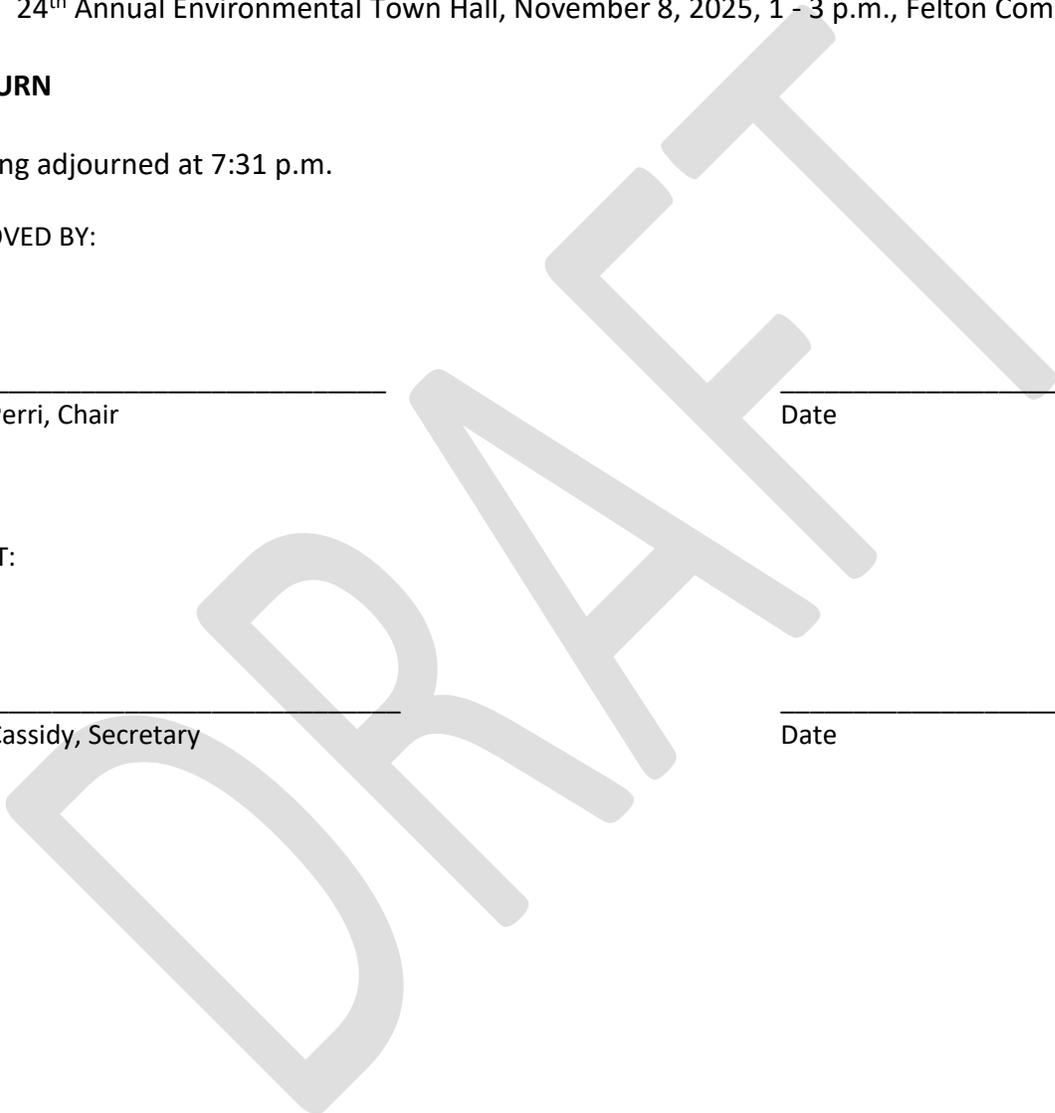
Chris Perri, Chair

Date

ATTEST:

Edan Cassidy, Secretary

Date



AGENDA REPORT

Santa Margarita Groundwater Agency

To: Board of Directors
Date: February 26, 2026
Item: Consent 2.2
Subject: **Annual Reimbursements Disclosure**

SUMMARY

Recommendation: Receive information on the Fiscal Year (FY) 2025 Reimbursements Disclosure Report
Fiscal Impact: None for this action.

BACKGROUND

Per California Government Code Section 53065.5 each agency of the state, formed pursuant to general law or special act shall, at least annually, disclose any reimbursement paid by the agency within the immediately preceding fiscal year of at least one hundred dollars (\$100) for each individual charge for services or product received. "Individual charge" includes, but is not limited to, one meal, lodging for one day, transportation, or a registration fee paid to any employee or member of the agency's governing body. The disclosure statement shall be fulfilled by including the reimbursement information in a document published or printed at least annually by a date determined by that agency and shall be made available for public inspection.

DISCUSSION

The Santa Margarita Groundwater Agency reimbursements disclosure report is produced and presented as soon as practicable after the end of each fiscal year. In FY 2025 there were no payments made that meet the disclosure requirements.

Submitted by,

John Dillon, Treasurer
Santa Margarita Groundwater Agency

Attachment(s): None

AGENDA REPORT

Santa Margarita Groundwater Agency

To: Board of Directors
Date: February 26, 2026
Item: Agenda Report 4.1
Subject: **Groundwater Sustainability Plan Annual Report Water Year 2025**

SUMMARY

Recommendation: Accept Groundwater Sustainability Plan Annual Report for Water Year 2025 and authorize submittal to Department of Water Resources.

Fiscal Impact: No direct impact from this action. The expense for preparation of the report was previously approved in the Fiscal Year 2026 budget.

BACKGROUND

The Groundwater Sustainability Plan (GSP) for the Santa Margarita Groundwater Basin (Basin) was adopted by the Santa Margarita Groundwater Agency (SMGWA) Board of Directors on November 17, 2021. The GSP was submitted to the Department of Water Resources (DWR) and posted on the Sustainable Groundwater Management Act (SGMA) Portal on January 14, 2022. Submission of a GSP annual report to DWR by April 1 each year following adoption of a GSP is required under SGMA.

Beginning with the Water Year (WY) 2023 GSP Annual Report, the format and content were modified from prior annual reports as a result of recommendations of a GSP Annual Report ad hoc committee appointed in May 2023 as well as a DWR guidance document released in October 2023 that included recommended content for GSP annual reports.

On August 28, 2025, Chair Perri appointed a WY 2025 GSP Annual Report ad hoc committee consisting of Chair Perri and Directors Engfer, Cheap, Largay, and Cassidy to the committee. Rob Swartz of the Regional Water Management Foundation (RWMF) was assigned to staff the committee.

DISCUSSION

The WY 2025 GSP Annual Report was prepared by Montgomery and Associates (M&A) and RWMF with contributions from SMGWA agencies. The draft report was sent to the ad hoc committee and agency staff on February 2, 2026. Comments were received by February 11, 2026. Comments were addressed and incorporated. The draft report posted to the SMGWA website on February 19, 2026.

The Board will receive a presentation on highlights of the WY 2025 Annual Report at the February 26 Board meeting. Of note is that groundwater extraction of 1,336 acre-feet from the Lompico aquifer exceeded the MT of 1,290 acre-feet established in the GSP. While this is considered an undesirable result as defined in the GSP, this was an isolated occurrence due to well operations that is anticipated to be resolved in the coming water year. Staff is requesting authorization from the Board to submit a final version of the WY 2025 Annual Report to DWR.

Submitted by,

Rob Swartz, Senior Planner
Regional Water Management Foundation

Attachment(s): Santa Margarita Basin Water Year 2025 Annual Report (Draft)

February 19, 2026

DRAFT Santa Margarita Basin Water Year 2025 Annual Report

Prepared for:

Santa Margarita Groundwater Agency

Prepared by:

Montgomery & Associates

1970 Broadway, Suite 225, Oakland, California

and

Regional Water Management Foundation

7807 Soquel Drive, Aptos, California

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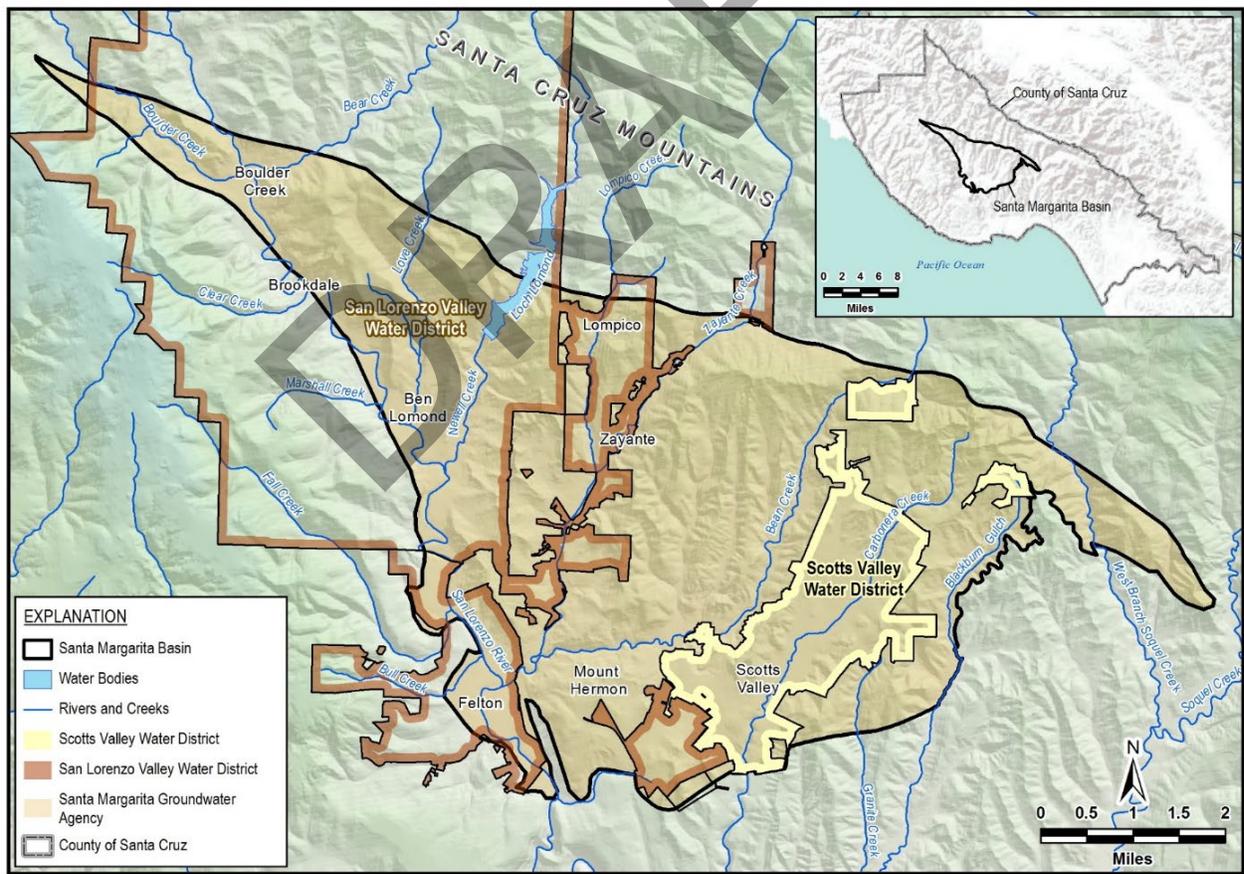
ACRONYMS & ABBREVIATIONS

AF	acre-feet
AF/yr	acre-feet per year
amsl	above mean sea level
Annual Report	GSP Annual Report
ASR	Aquifer Storage and Recovery
Basin	Santa Margarita Groundwater Basin
Basin Model	GSP Groundwater Basin Model
County	County of Santa Cruz
DWR	California Department of Water Resources
GDE	groundwater dependent ecosystems
GPY	gallons per year
GSA	Groundwater Sustainability Agency
GSP	Groundwater Sustainability Plan
JPA	Joint Powers Agreement
LID	low impact development
MCL	maximum contaminant level
mg/L	milligrams per liter
MHA	Mount Hermon Association
MO	measurable objective
MT	minimum threshold
RMPs	representative monitoring point(s)
SCWD	City of Santa Cruz Water Department
SLVWD	San Lorenzo Valley Water District
SGMA	Sustainable Groundwater Management Act
SMC	sustainable management criteria
SMGWA	Santa Margarita Groundwater Agency
SVWD	Scotts Valley Water District
TDS	total dissolved solids
µg/L	micrograms per Liter
USGS	United States Geological Survey
WY	Water Year

EXECUTIVE SUMMARY

Introduction

This fifth Annual Report since adoption of the Santa Margarita Groundwater Basin (Basin) Groundwater Sustainability Plan (GSP) covers the 2025 Water Year (WY2025), from October 1, 2024, through September 30, 2025. As shown on Figure ES-1, the Basin covers an area of 34.8 square miles (22,249 acres) in central Santa Cruz County. The Santa Margarita Groundwater Agency (SMGWA) is the sole groundwater sustainability agency (GSA) for the Basin. It was formed through a Joint Powers Agreement (JPA) between Scotts Valley Water District (SVWD), San Lorenzo Valley Water District (SLVWD), and the County of Santa Cruz (County). Figure ES-1 shows the jurisdictional extent of member agencies that comprise SMGWA in relation to the Basin boundary. The Department of Water Resources (DWR) approved the SMGWA GSP during WY2023 on April 27, 2023.



Water Year Conditions and Water Use

WY2025 was drier than average as measured by precipitation and surface water flow in the Basin. However, less water continues to be used in the Basin compared to peak water use in the early 2000s. Reduced water use is achieved through concerted efforts to improve efficiency, promote conjunctive use, and enhance water reuse and recharge. However, because it was drier than average, groundwater inflow was less than outflow and extraction, and there was a net loss of approximately 1,640 acre-feet (AF) of groundwater in storage from the Basin’s aquifers. Key information related to WY2025 conditions and use are shown in Table ES-1 below.

Table ES-1. Summary of 30-Year Average and WY2025 Hydrologic Conditions

Hydrologic Conditions Component	30-Year Average	WY2025
Precipitation at Boulder Creek	50.1 inches	34.7 inches
Precipitation at Scotts Valley	41.1 inches	24.5 inches
Surface Water Flow at Big Trees Gage	99,800 AF/yr	58,000 AF
Groundwater Use	3,540 AF/yr	2,383 AF
Surface Water Use	1,135 AF/yr	1,155 AF
Change in Groundwater in Storage	-500 AF/yr	-1,640 AF

AF/yr = acre-feet per year

AF = acre-feet

The total volume of groundwater extracted in WY2025 was 2,383 AF, which is 35 AF more than WY2024, the lowest water use year on record since WY1985. Most groundwater extraction in the Basin is for municipal supplies by SLVWD, SVWD, and Mount Hermon Association (MHA). In WY2025, about 80% of groundwater extracted from the Basin was by these water providers. SVWD extracted 1,128 AF (47%), SLVWD extracted 613 AF (26%), and MHA extracted 167 AF (7%). Remaining estimated groundwater use included: private domestic wells extracted 234 AF; (10%); non-domestic private wells extracted 122 AF (5%); small water systems extracted 88 AF (4%); and Quail Hollow Quarry extracted 32 AF (1%).

In WY2025, surface water was used to recharge groundwater through both in-lieu and direct methods. SLVWD shifted its operations to preferentially use surface water in lieu of groundwater. An estimated 283 AF of surface water was used for in-lieu recharge based on shifts in water operations from long-term averages and intra-district transfers of surface water. SVWD and private developments captured stormwater and recharged groundwater at low-impact development (LID) sites in Scotts Valley. In WY2025, about 24 AF of LID recharge was measured.

Progress Toward Implementing the GSP

The Basin GSP identified existing and planned projects that will result in long-term sustainability. Achievements in WY2025 on existing projects are summarized in Table ES-2 below.

Table ES-2. Summary of Existing Projects and Management Actions

Project	Description
SVWD Water Efficiency Rebates	Issued 8 rebates for turf replacement resulting in an estimated 0.42 AF/yr (137,054 gallons per year (GPY)) savings, and additional 9 rebates for toilet and smart irrigation controller replacements saving an additional 0.02 AF/yr (7,118 GPY) for a total of 0.44 AF/yr (144,172 GPY)
SLVWD Water Efficiency Rebates	Issued 9 clothes washer rebates, 16 toilet rebates, and 2 irrigation controllers, resulting in an estimated savings of 0.64 AF/yr (or 208,545 GPY)
SVWD Low Impact Development (LID)	Captured and recharged 23.8 AF of stormwater at 3 LID facilities in Scotts Valley
SVWD Recycled Water	Distributed 169 AF of recycled water to non-potable water users in Scotts Valley
SLVWD Conjunctive Use	Used more surface water to reduce groundwater extraction in the SLVWD System resulting in an estimated 283 AF of in-lieu groundwater recharge

Progress was made in WY2025 on planned projects. SLVWD continued its efforts to expand conjunctive use operations within the district's boundaries, including preparation of an Environmental Impact Report to support the conjunctive use strategies. That will continue in WY2026. The conjunctive use study includes SLVWD assessing the feasibility for the best use of its 313 AF per year (AF/yr) allocation of surface water stored in Loch Lomond by the Santa Cruz Water Department (SCWD).

SVWD is working with SCWD on a drought response project that includes the design and construction of 2 critical pieces of infrastructure to improve drought resiliency for SVWD and SCWD: 1) a 12-inch-diameter, bi-directional, 1 million gallon per day intertie pipeline and pump station between the SCWD and SVWD distribution systems to facilitate transfers of water in droughts or other emergencies; and 2) a new extraction well in SVWD to replace aging wells to provide redundancy and increase extraction capacity to meet potential increased demand, and to strengthen SVWD's ability to supply water to neighboring agencies during drought.

While the initial phase of the project provides an emergency supply for both agencies, the 2 new infrastructure elements also create an opportunity to increase inter-district conjunctive use that relies on surface water sources from outside the Basin. In WY2024, the design for the pipeline component was completed and an agreement with a contractor was approved for the construction of the pipeline. In WY2025, the intertie was completed. The associated pump stations for the

interties and well will be completed in WY2026. SVWD and SCWD are also working on an Operational Agreement for the project.

Sustainable Management Criteria Evaluation

Groundwater conditions are evaluated relative to Sustainable Management Criteria (SMC) metrics defined in the GSP. There were undesirable results in the Basin in WY2025 due to extraction from the Lompico Aquifer of 1,336 AF exceeding the minimum threshold (MT) of 1,290 AF for the groundwater storage indicator. However, this condition is not expected to continue as the new SVWD Sucinto and Grace Way wells come on-line in WY2026. These wells will draw water from both the Lompico and Butano aquifers. This will effectively reduce Lompico aquifer extraction to less than its MT.

There are MT exceedances in WY2025 that do not constitute undesirable results. The groundwater level is at the MT for SVWD #15, a Lompico/Butano aquifer monitoring well, but an undesirable result is defined as occurring in 2 consecutive years. This well is highly influenced by pumping at the nearby SVWD Orchard extraction well, making static groundwater levels difficult to evaluate. SMGWA will continue to monitor this condition in WY2026 and will consider this in its Basin GSP Periodic Evaluation. There are also MT exceedances routinely for naturally-occurring groundwater quality constituents iron and manganese. These constituents are found at concentrations above regulatory standards and thus exceed the MTs; however, this condition has been managed by groundwater users and is not an undesirable result.

There are some other concerns for the water quality indicators that did not exceed an MT or cause an undesirable result. Arsenic concentrations are close to the MT and drinking water standard in 2 municipal supply wells (SVWD #11B and SLVWD Pasatiempo #8) and Total Dissolved Solids (TDS) are increasing in several wells dispersed in all 3 principal aquifers and in different areas of the Basin. Concentrations of these constituents remain below the MTs and the wells meet drinking water regulatory standards.

1 INTRODUCTION

The Sustainable Groundwater Management Act (SGMA) of 2014 established a requirement and a framework for local agencies to sustainably manage their groundwater basins for current and future users of this vital resource. The Santa Margarita Groundwater Agency (SMGWA) formed in June 2017 to act as the local Groundwater Sustainability Agency (GSA) for the Santa Margarita Groundwater Basin (Basin). SGMA requires the submittal of a Groundwater Sustainability Plan (GSP) and an Annual Report to the California Department of Water Resources (DWR). The SMGWA Board of Directors unanimously adopted its GSP after a public hearing on November 17, 2021, and the GSP was submitted to DWR on January 3, 2022. DWR approved the SMGWA GSP on April 27, 2023. The SMGWA has until the end of January 2042 to achieve sustainable groundwater conditions as described in the GSP.

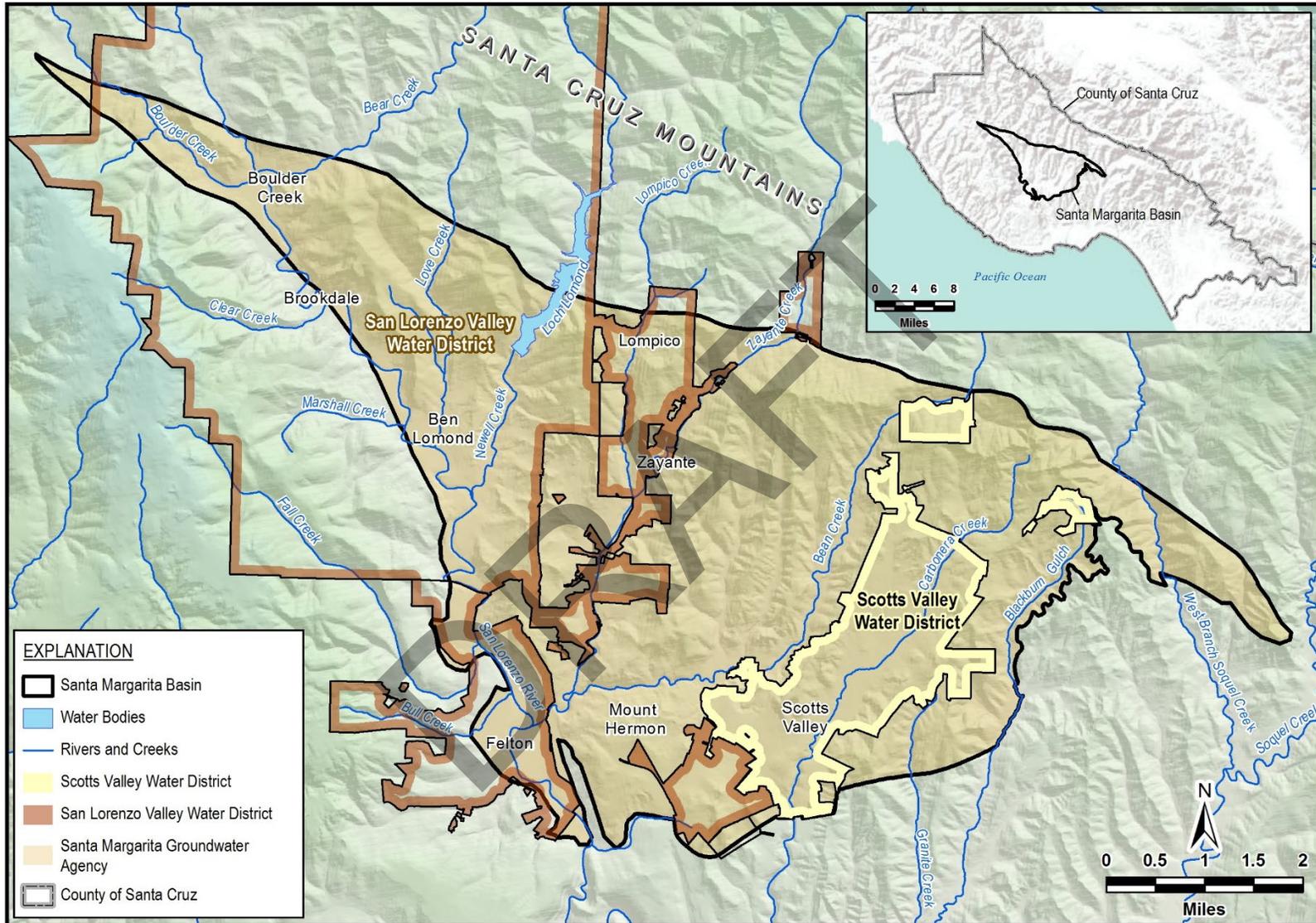
This is the fifth Annual Report prepared since adoption of the Basin GSP. It covers the 2025 Water Year (WY2025), from October 1, 2024, through September 30, 2025. Prior Annual Reports are available at the SMGWA website (<https://www.smgwa.org/AnnualGSPReports>) or at the DWR SGMA Portal (<https://sgma.water.ca.gov/portal/>).

1.1 Purpose of Annual Report

This Annual Report is intended to show progress toward achieving sustainable groundwater resources for those reliant on the Basin. It demonstrates to DWR, which is responsible for tracking GSP progress, that SMGWA is 1) evaluating groundwater conditions annually; 2) implementing the GSP, including advancing projects and management actions and other plan components; and 3) comparing conditions to locally established sustainable management criteria (SMC).

1.2 Santa Margarita Groundwater Basin

The Basin is identified by DWR as the Santa Margarita Groundwater Basin (No. 3-027). As shown on Figure 1, the Basin covers an area of 34.8 square miles (22,249 acres) in central Santa Cruz County. The Basin is home to an estimated 29,000 residents and includes the City of Scotts Valley and the communities of Boulder Creek, Brookdale, Ben Lomond, Lompico, Zayante, Felton, and Mount Hermon. In WY2025, groundwater met about 69% of the Basin's water supply needs.



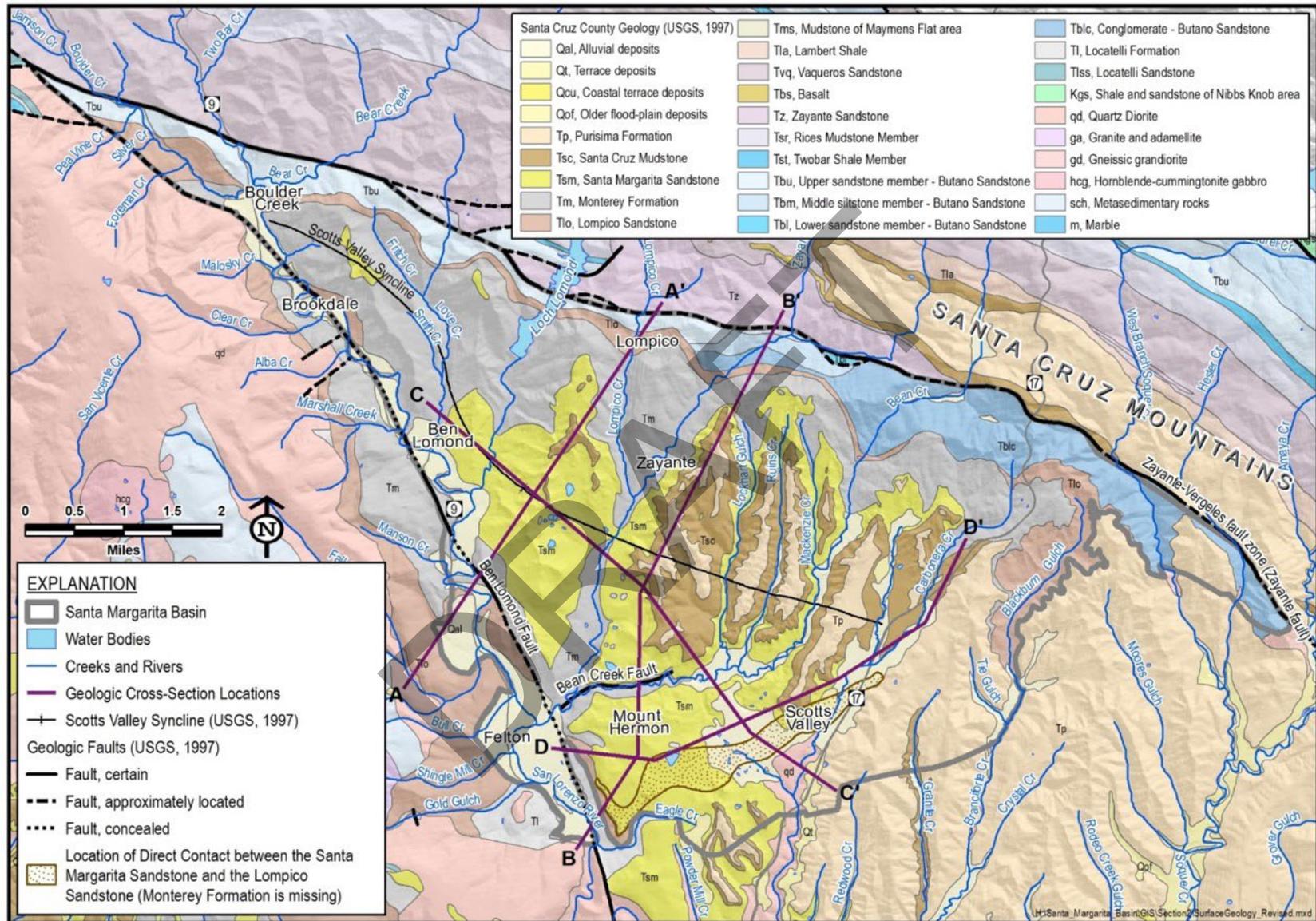
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Figure 1. Basin and Member Agency Jurisdictional Boundaries

The Basin is a geologically complex area that was formed by the same tectonic forces along the San Andreas fault zone that created uplift of the Santa Cruz Mountains and the rest of the California Coast Range. The Basin is bounded on the north by the Zayante trace of the active, strike-slip Zayante-Vergeles fault zone; on the east by a buried granitic high that separates the Basin from Santa Cruz Mid-County Basin; and on the west by the Ben Lomond fault (except where areas of alluvium lie west of the fault in an area previously designated as the Felton Basin). The southern boundary of the Basin with the West Santa Cruz Terrace Basin is located where sedimentary formations thin over a granitic high. A geologic map of the Basin is shown on Figure 2.

The Basin is filled with Tertiary-age sedimentary rocks. From oldest and deepest to youngest and shallowest, the main units are the Butano Sandstone, Lompico Sandstone, Monterey Formation, and Santa Margarita Sandstone. The 3 sandstone formations are the Basin's principal aquifers for water supply, as defined in the GSP. Although used for private domestic wells, the Monterey Formation is not a principal aquifer because it only supports small groundwater extraction volumes. Two younger formations cap the hilltops east of Zayante Creek: the impermeable Santa Cruz Mudstone and the overlying Purisima Formation, which is a major aquifer in the adjacent Santa Cruz Mid-County Basin but is of such limited extent in the Santa Margarita Basin that it is used only for private domestic wells.

An example cross section on Figure 3 illustrates the subsurface geology along line D-D' on the geologic map shown on Figure 2. The cross section highlights the area in Mount Hermon and Scotts Valley where the Monterey Formation aquitard is absent between the Santa Margarita Sandstone and the underlying Lompico Sandstone. It shows how thin the Purisima Formation is in the Basin and how the Santa Margarita Sandstone is an unconfined aquifer, whereas the Lompico Sandstone and the Butano Sandstone are partially confined aquifers due to the presence of the overlying Monterey Formation.



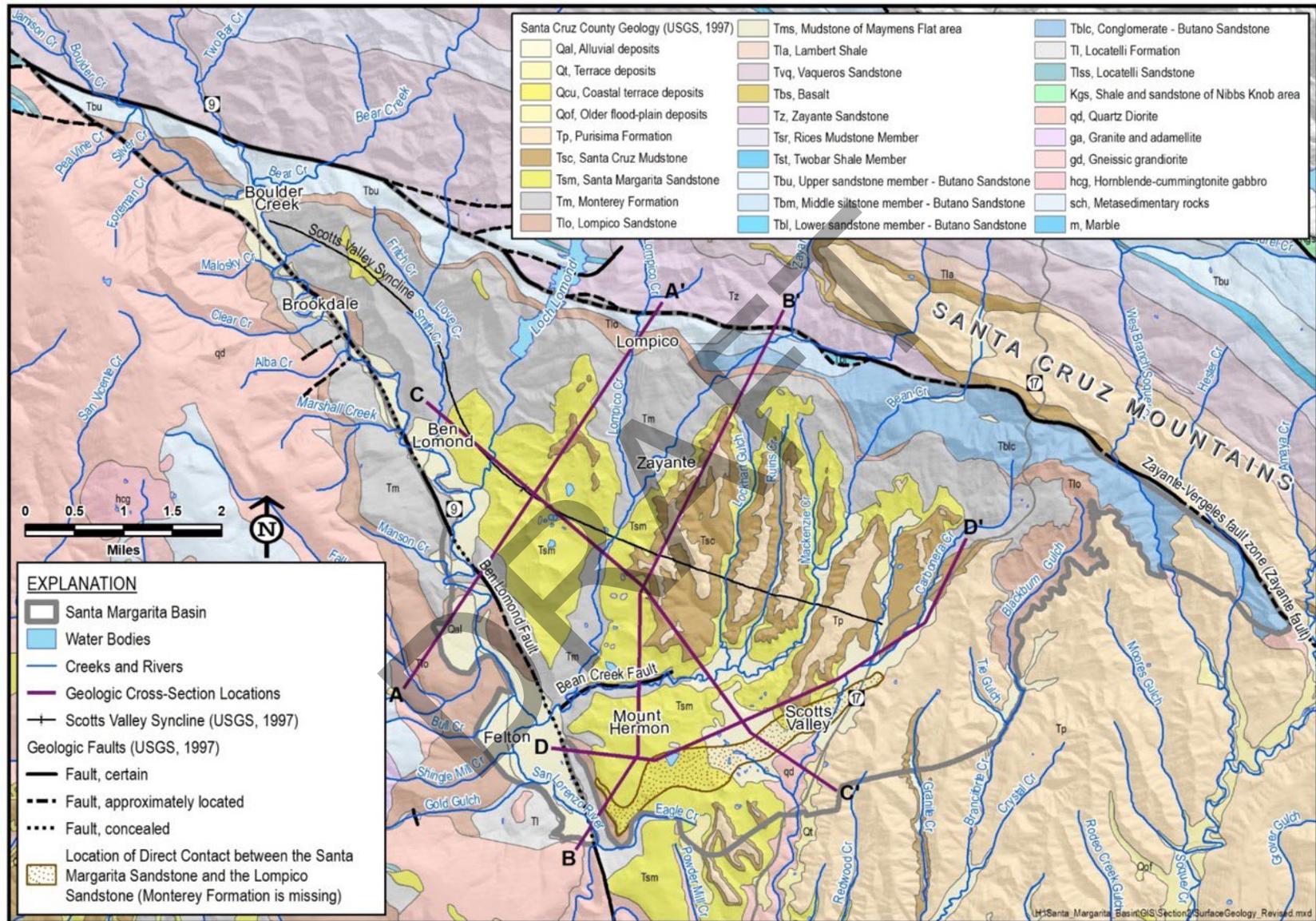


Figure 2. Surface Geology and Geologic Cross Section Locations

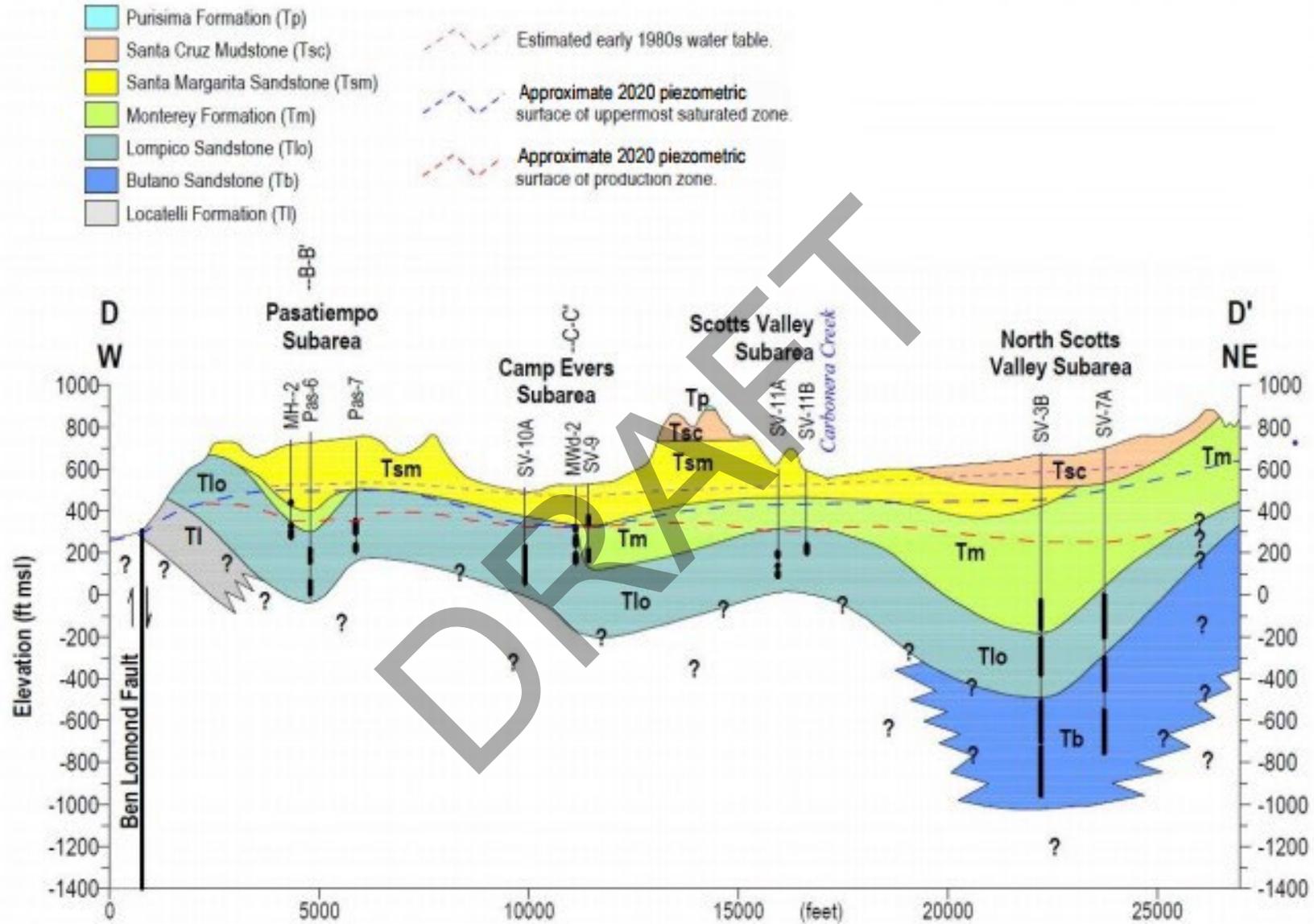


Figure 3. D-D' Geologic Cross Section

1.3 Santa Margarita Groundwater Agency

SMGWA, the sole GSA for the Basin, was formed through a Joint Powers Agreement (JPA) between Scotts Valley Water District (SVWD), San Lorenzo Valley Water District (SLVWD), and the County of Santa Cruz (County). Figure 1 shows the jurisdictional extent of member agencies that comprise the SMGWA in relation to the Basin boundary. SGMA and the JPA grant SMGWA the legal authority to prepare, adopt, and implement the GSP in the Basin.

SMGWA is governed by an 11-member Board of Directors comprising 2 representatives from each member agency as well as: 1 from the City of Scotts Valley, 1 from the City of Santa Cruz, 1 from Mount Hermon Association (MHA), and 2 private well owners. Each of the member agencies and other entities also have an alternate Board member.

1.4 Report Organization

The Annual Report includes required content resulting from GSP Regulations developed by DWR following the passage of SGMA. Organization of the report generally follows the GSP Regulations to help DWR review the Annual Report as required by SGMA, but there are deviations intended to make the report's flow more accessible to local users. The WY2025 Annual Report includes the following sections:

Executive Summary. This is a required section that summarizes the key information presented in the Annual Report.

Section 1. Introduction. This provides a brief background on the Annual Report and its purpose, the Basin, SMGWA, and the report organization.

Section 2. Water Year Conditions and Water Use. This section starts with a summary of the hydrologic conditions experienced in the Basin in WY2025, and is followed by a summary of the sources and uses of water in the Basin. Finally, Basin groundwater elevation and storage conditions are summarized.

Section 3. Progress Toward Implementing the GSP. This section describes progress on GSP projects and management actions, other GSP implementation activities, and actions taken toward addressing the DWR corrective actions identified in the GSP approval letter received by SMGWA on April 17, 2023.

Section 4. Sustainable Management Criteria Evaluation. This section compares WY2025 conditions at representative monitoring points to applicable sustainability indicators.

Appendices. These include long-term groundwater elevation hydrographs for representative monitoring points in relation to their measurable objectives and minimum thresholds, long-term hydrographs at other monitoring points in the Basin, and tables of water quality data and graphs of trends over time for constituents of concern.

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2 WATER YEAR CONDITIONS AND WATER USE

The hydrologic conditions in WY2025 were below average for precipitation, and cumulative discharge as measured on the San Lorenzo River at the United States Geological Survey (USGS) Big Trees Gage. Despite the below average precipitation, groundwater use remained similar to the previous year and groundwater levels were stable or increased in 9 of 14 representative monitoring point (RMP) wells (see Section 4 for additional description on groundwater level results). The Basin Model estimated a net decrease of groundwater in storage of 1,640 AF, mainly because of below average precipitation recharge.

2.1 Precipitation

Precipitation is the primary source of recharge in the Basin through both direct rainfall percolation and streamflow infiltration. Monitoring annual precipitation is a key component for understanding local water supply trends and groundwater conditions. Long-term precipitation records are available for 2 weather stations in the Basin: El Pueblo weather station in Scotts Valley and Boulder Creek weather station in Boulder Creek. Annual precipitation for the stations is shown on Figure 4.

WY2025 precipitation was below average for the Basin. Total precipitation was 24.5 inches in Scotts Valley and 34.7 inches in Boulder Creek, which is about 60% and 69% of their respective long-term averages (Figure 4). Monthly precipitation relative to the most recent 30-year average (1995 through 2024) is shown on Figure 5. For WY2025, there was very little precipitation in January, which is typically the wettest month of the year. The wet season was relatively short with very little precipitation in the shoulder months of October, April, and May. In the months that it rained—November, December, and February—the precipitation totals were close to typical monthly averages.

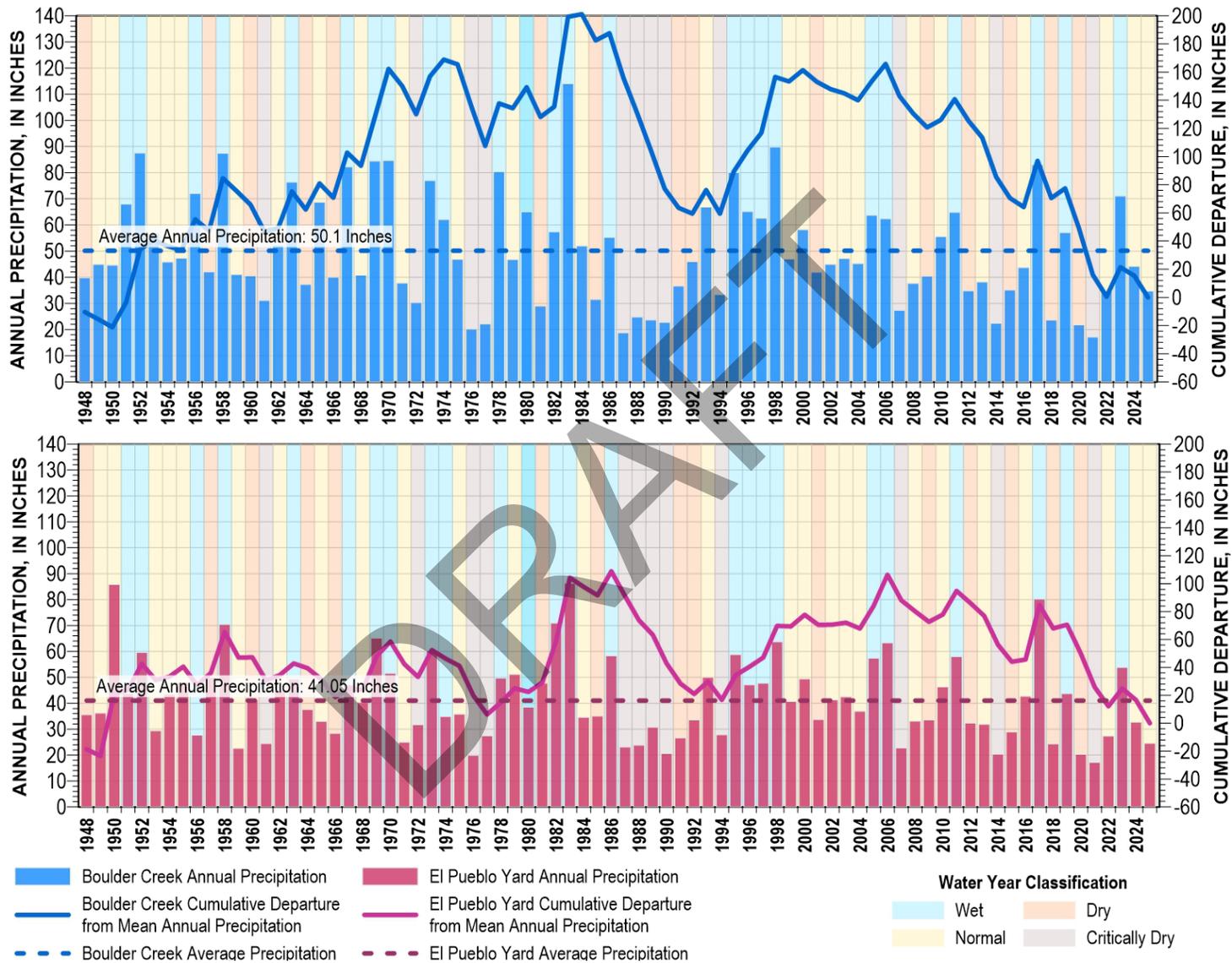


Figure 4. Annual Precipitation, Cumulative Departure from Average Annual Precipitation, and Water Year Type, WY1948-2025

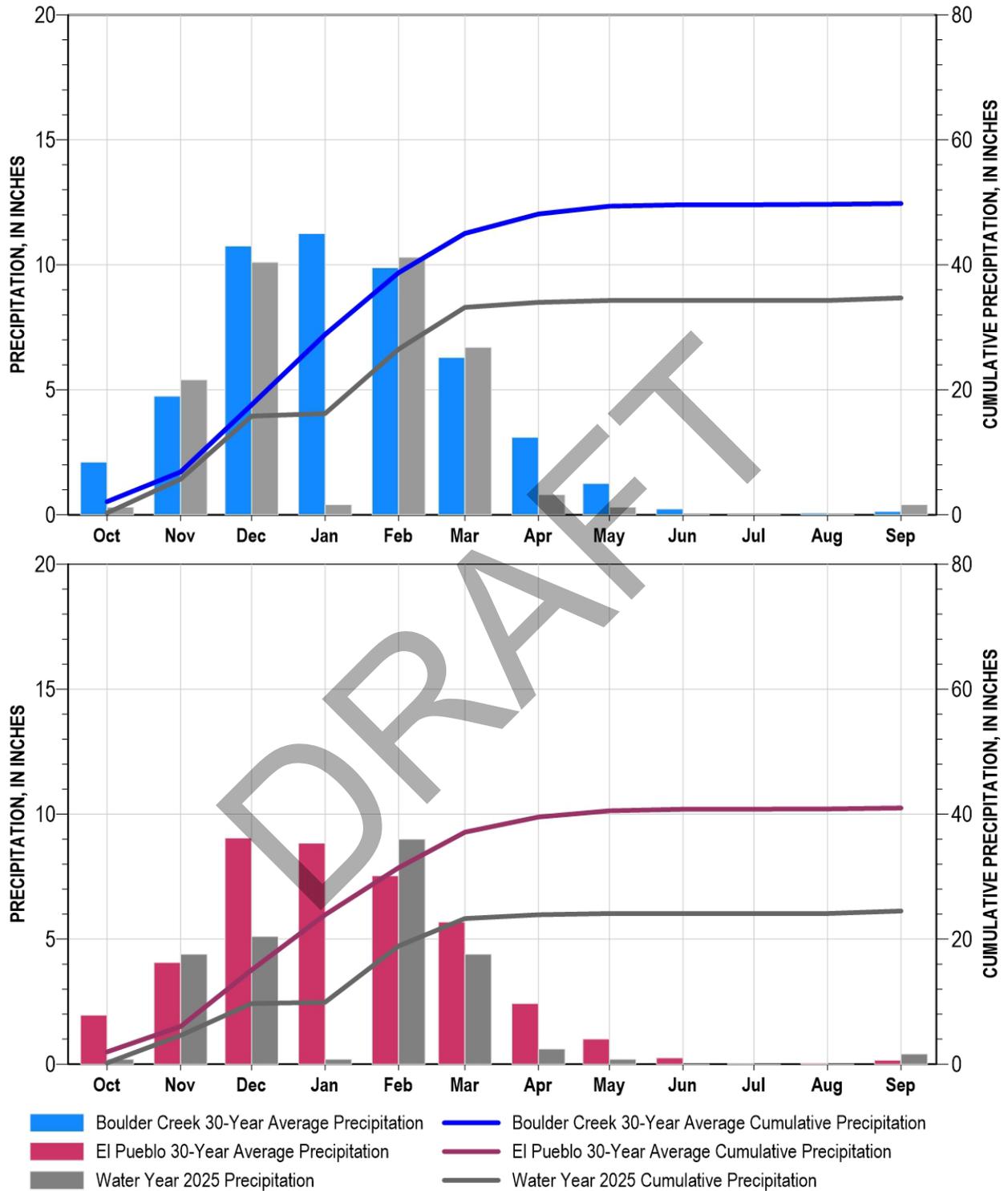


Figure 5. WY2025 Monthly and Annual Cumulative Precipitation versus 30-Year Average Precipitation

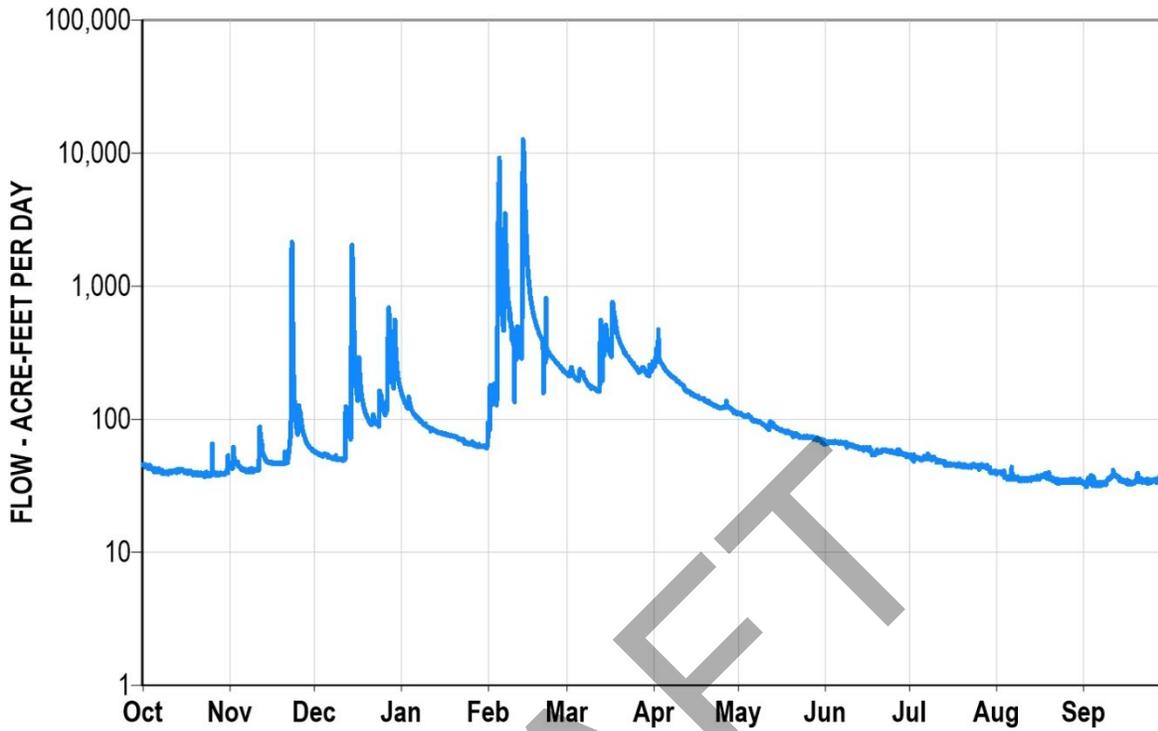
2.2 Surface Water Flow

The water year type is determined for the Basin using the City of Santa Cruz water year classification system¹. This classification system is based on the total cumulative discharge of the San Lorenzo River as measured just downstream of the confluence with Zayante Creek at the USGS Big Trees Gage. Based on the cumulative streamflow, WY2025 is classified as a normal water year. However, it was on the lower end of the normal classification.

Lower late winter and spring flows resulted in below average monthly and cumulative streamflow in the San Lorenzo River for most of WY2025. Daily streamflow is shown on Figure 6 and monthly streamflow relative to long-term averages is shown on Figure 7. Streamflow at the Big Trees Gage peaked in February and then gradually decreased over the remainder of the water year. Cumulative WY2025 streamflow was 58,000 AF, which is about 58% of the 30-year cumulative average of 99,800 AF (Figure 7). Monthly streamflow was below average in nearly every month, with February being the only month that exceeded the 30-year average.

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¹ The City of Santa Cruz began using a new 5-tier classification system in 2025. SMGWA is using the old classification system in this annual report and will evaluate the need to transition to the new classification system as it conducts its GSP Periodic Evaluation in 2026.



— WY 2025 San Lorenzo River discharge, measured at the Big Trees Gage
Figure 6. Streamflow at the USGS Big Trees Streamflow Gage, WY2025

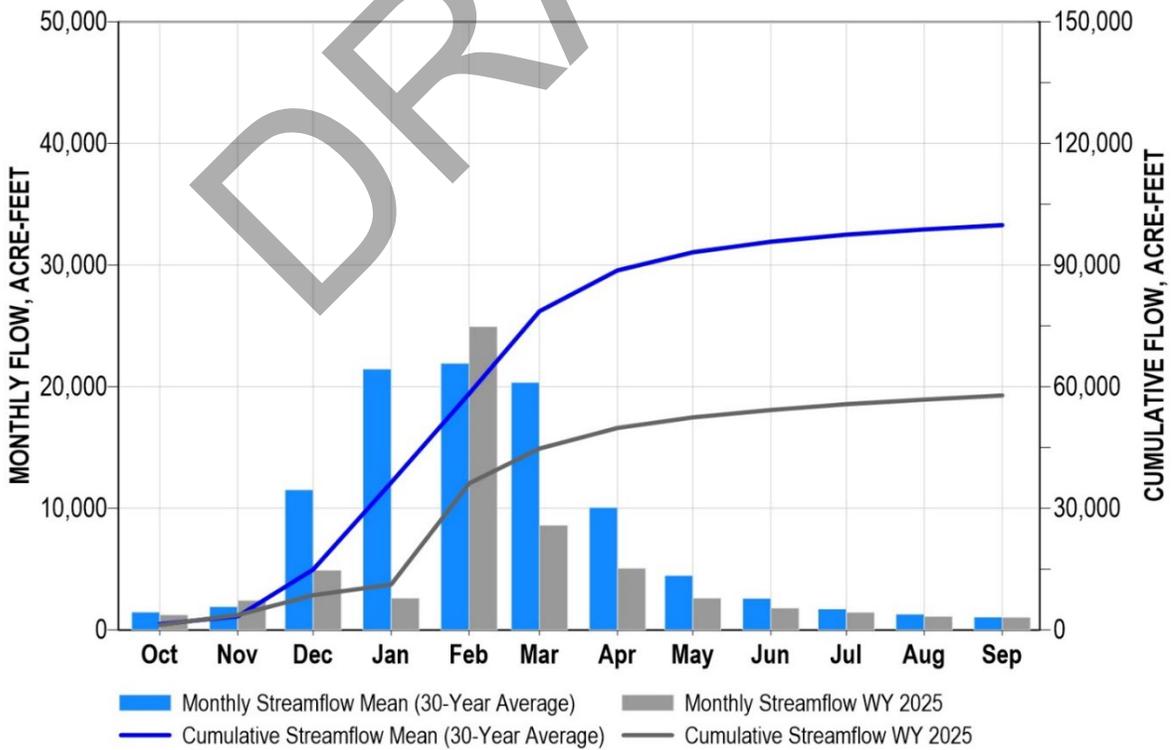


Figure 7. WY2025 and 30-year Mean Monthly and Cumulative Streamflow at the USGS Big Trees Gage

2.3 Groundwater Use

The total volume of groundwater extracted in WY2025 was 2,383 AF, about 35 AF more than extracted in WY2024. Groundwater extraction in the last 3 years has been very consistent, with all three years ranking among the lowest groundwater volume extracted since WY1985 when reliable record keeping began. Table 1 summarizes groundwater extraction for WY2025 by sector and by aquifer, and explains the measurement sources and relative accuracy. Figure 8 shows the locations of WY2025 groundwater extraction by aquifer and volume.

There are 3 principal aquifers and 2 additional non-principal aquifers that are used for groundwater supplies in the Basin. Most groundwater extraction is from the Lompico and Butano aquifers south of Bean Creek; only the Santa Margarita is used as a significant groundwater supply aquifer north of Bean Creek. Of the total groundwater extracted in the Basin in WY2025, the Lompico aquifer supplied 56%, the Santa Margarita aquifer supplied 24%, and the Butano aquifer supplied 15%. The remaining 5% of groundwater was extracted primarily for rural domestic uses from the Monterey Formation and Purisima Formation, which are non-principal aquifers.

Most groundwater extraction in the Basin is for municipal supplies by SLVWD, SVWD, and MHA. In WY2025, about 80% of groundwater extracted from the Basin was by these water providers. SLVWD extracted 613 AF (26%), SVWD extracted 1,128 AF (47%), and MHA extracted 167 AF (7%). About 64% of SLVWD extraction was from the Santa Margarita aquifer north of Bean Creek and about 36% was from the Lompico aquifer south of Bean Creek. All SVWD extraction is from the Lompico and Butano aquifers south of Bean Creek, with about 70% being from the Lompico aquifer. All MHA extraction is from the Lompico aquifer. Basin-wide groundwater extraction for municipal use increased in WY2025 relative to WY2024.

SLVWD used 10% less groundwater than in WY2024. SLVWD's groundwater extraction has significantly declined the last 4 years in comparison to WY2021, a year in which groundwater use was greater than normal due to drought and the destruction of surface water diversion and conveyance infrastructure in the August 2020 CZU wildfire. The volume extracted in WY2025 was about 28% less than the average annual extraction for the 6-year period before the wildfire (from WY2014 to WY2019).

SVWD's extraction increased slightly in WY2025, with the increase occurring in the Lompico. SVWD is undergoing a supply well replacement and expansion program, with the Sucinto Well and Grace Way supply wells screened in the Lompico and Butano aquifers expected to start producing water in WY2026 and WY2027, respectively. The addition of these wells will reduce SVWD's reliance on their 3 existing supply wells and decrease pumping in the Lompico Aquifer as some of the extraction volume will shift to the deeper Butano Aquifer.

Like SVWD, MHA also increased its groundwater extraction in the Lompico Aquifer, by about 9% in WY2025 compared to WY2024. MHA extraction in WY2025 was about 1% less than the average for 1991 through 2024, the period for which metered data are available.

Small water systems accounted for about 4% of WY2025 groundwater extraction in the Basin. The remaining groundwater uses in the Basin—private domestic use, landscaping, irrigation, pond filling and dust-control in quarries—are not metered, so the volumes of groundwater extracted are estimated. Quail Hollow Quarry pumping was revised from 25 to 32 AF in WY2024 based on updated estimates of water use for dust control, and remained the same in WY2025. Otherwise, the groundwater extractions for WY2025 were assumed to be the same as estimates made in the GSP for WY2018 for these smaller users, given that commercial and domestic activities have changed little in the Basin’s sparsely populated areas. Relative to total groundwater use in WY2025, approximately 10% of groundwater extraction is for unmetered private domestic use, 5% is for landscaping, irrigation, and pond filling, and 1% is for dust mitigation at the Quail Hollow Quarry.

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Table 1. Groundwater Extraction in the Santa Margarita Basin, WY2024

Agency / Extraction Type	Principal Aquifer Extraction (acre-feet)			Non-Principal Aquifer Extraction (acre-feet)		Total (acre-feet)	Percentage of Total Extraction
	Santa Margarita	Lompico	Butano	Monterey	Purisima		
San Lorenzo Valley Water District ¹	393	219	0	0	0	613	26%
Scotts Valley Water District ^{1, 2}	0	807	321	0	0	1,128	47%
Mount Hermon Association ¹	0	167	0	0	0	167	7%
Private Domestic Wells ³	62	28	26	87	31	234	10%
Non-Domestic Private Groundwater Users ⁴	38	84	0	0	0	122	5%
Small Water Systems ⁵	53	31	0	4	0	88	4%
Quail Hollow Quarry ⁶	32	0	0	0	0	32	1%
Total by Aquifer (acre-feet)	578	1,336	347	91	31	2,383	100%
Aquifer Percentage of Total Extraction	24%	56%	15%	4%	1%	100%	

¹ Direct measurement by flow meter (most accurate).

² In WY2025, SVWD had 2 wells that extracted groundwater exclusively from the Lompico aquifer and 1 well that extracted from both the Lompico and Butano aquifers. For the SVWD extraction well screened in both aquifers, it is estimated that 40% of the water is from the Lompico aquifer and 60% from the Butano aquifer.

³ Estimated based annual water use factor per connection determined from metered Small Water Systems and applied to each residence outside of municipal water service areas (less accurate). The water use factor for WY2025 is 0.3 AF per connection. Number of private wells is assumed to be 777.

⁴ Other private non-domestic uses include landscape irrigation and water for landscape ponds. Extraction is not metered so the volume is estimated (less accurate).

⁵ Metered data are reported to County, but is submitted on a calendar year basis with the most recent data available being through December 2024. Therefore, only October through December 2024 are in WY2025, while January through September 2024 are in WY2024. While this reduces accuracy somewhat, the volumes from year to year generally do not vary significantly.

⁶ Estimated by Graniterock in April 2024 based on estimated pumping rate and operational days per year at quarry (less accurate).

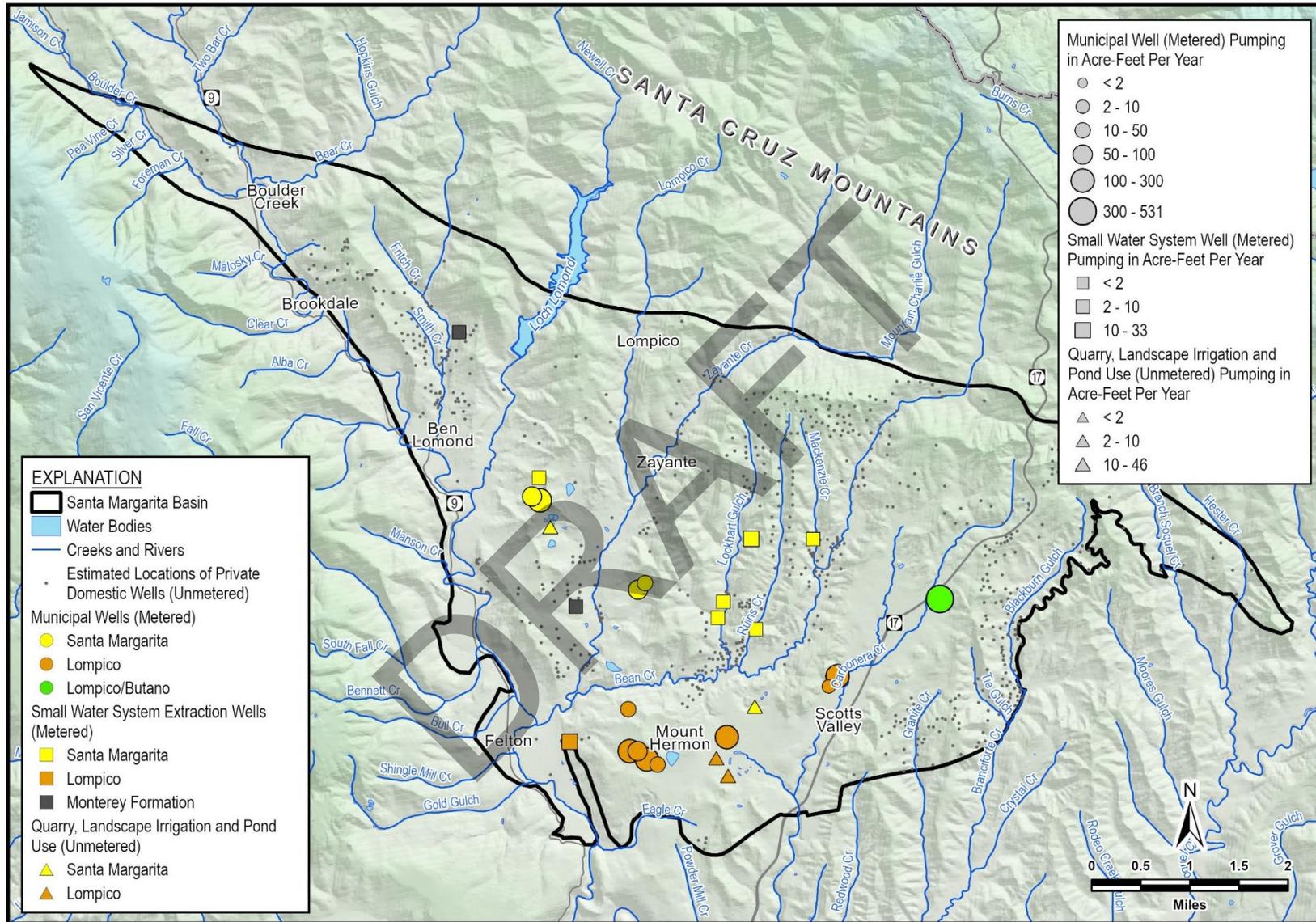


Figure 8. Groundwater Extraction Across the Santa Margarita Basin, WY2025

2.4 Surface Water Use

SLVWD is the primary surface water user in the Basin and adjacent watershed. In WY2025, SLVWD diverted a total of 1,155 AF of surface water from creeks that are tributaries to the San Lorenzo River. This is about 2% more than the long-term average of 1,135 acre-feet per year (AF/yr) since WY2009 when SLVWD acquired the Felton System surface water sources (see Section 3.1.1.4 for additional description of the SLVWD systems). Less surface water was used in WY2025 because of below average streamflow. SLVWD still applies conjunctive use practices to promote surface water use in wetter years in lieu of groundwater pumping. In WY2025, SLVWD transferred 14 AF within the Basin to Forest Springs and exported 21 AF outside the Basin to Big Basin Water Company (2 AF) and Bracken Brae (5 AF). Other small water systems with surface water rights in the Basin use about 7 AF/yr.

Under its water rights, SCWD diverts water from the San Lorenzo River at the southern end of the Basin in Felton during the wet season of non-drought years for use in their service area, which is outside the Basin. This water is pumped upstream to Loch Lomond Reservoir for later use in the dry season and, more substantially, in dry years. SCWD did not operate the Felton diversion in WY2025.

SCWD regularly diverts water from the San Lorenzo River about 5 miles downstream of the Basin. In WY2025, SCWD diverted 5,307 AF from the San Lorenzo River downstream of the Basin. While this water is neither diverted nor used within the Basin, it is included in this report because SCWD is an active participant in the SMGWA and Basin GSP implementation due to the presence of critical infrastructure for their surface water supplies within the Basin and the important relationship between successful Basin management and downstream flow in the San Lorenzo River. SCWD is also active in planning for some of the projects described in Section 3.1.3.

2.4.1 Surface Water Used for In-lieu Groundwater Recharge

SLVWD has practiced conjunctive use in its North System for decades. In the North System, SLVWD optimizes the use of surface water and groundwater by using stream flows for water supply while they are high and relying more on groundwater during the dry season. Conjunctive use in the North System reduces groundwater pumping in the Santa Margarita aquifer at the Quail Hollow and Olympia wellfields. On average, the North System uses surface water for 55% of its water supply and groundwater for 45%, reflecting long-term conjunctive use operations.

In WY2025, SLVWD continued to shift its operations to preferentially use surface water in lieu of groundwater in the North System. An estimate of the amount of North System surface water used for in-lieu groundwater recharge is obtained by comparing water usage to long-term averages. This was done by applying the long-term average ratio of surface water to groundwater (55% surface water, 45% groundwater) to the WY2025 total water use in the North System of 939 AF, which results in an expected use of 516 AF of surface water and 423 AF of groundwater. Actual surface water diversion in the North System in WY2025 was 545 AF (58% of total) and groundwater extracted was 393 AF (42% of total). While there are other factors that are difficult to account for (e.g., differences in total demand from year to year), the 29 AF increase from the average expected surface use in WY2025 represents a conservative estimate of surface water from the North System used for in-lieu recharge.

A more direct measure of in-lieu recharge can be obtained from data on intra-district water transfers. Use of the emergency intertie between the Felton System and the San Lorenzo Valley System since the 2020 CZU wildfire has demonstrated the value of conjunctive use practices and has benefited the Basin through in-lieu recharge. In WY2025, SLVWD transferred 254 AF of surface water from the Felton System into the San Lorenzo Valley System. This represents in-lieu recharge of the Basin because it offsets extraction of groundwater that would have otherwise been used due to surface-water infrastructure not being fully repaired from the 2020 CZU wildfire damage.

2.4.2 Surface Water Used for Direct Groundwater Recharge

SVWD and other private developments capture stormwater and recharge groundwater at low-impact development (LID) sites in Scotts Valley. Table 2 shows the total volume of known managed aquifer recharge using LID at SVWD-managed sites since they were constructed in 2018. In WY2025, about 24 AF of LID recharge was measured. The volume of direct recharge from LID is correlated with precipitation.

Table 2. LID Infiltration, WY2018-2025

Water Year	Volume Infiltrated (acre-feet)			
	Transit Center	Woodside HOA	Scotts Valley Library	Total
2018	1.75	17.30	3.39	22.44
2019	3.08	31.17*	6.11*	40.38*
2020	1.50*	14.97*	2.94*	19.42*
2021	1.40	13.86	1.41	16.67
2022	1.75	13.87	1.41*	17.03*
2023	2.39	28.79	6.26	37.44
2024	2.16	21.95	4.28	28.39
2025	3.06	17.34	3.42	23.82

*Volumes estimated using available data

2.5 Total Water Use

Total water use in WY2025 was 3,709 AF. The main sources of water are municipal and private groundwater wells within the Basin and surface water diversions from the San Lorenzo River watershed west of the Basin by SLVWD. Small volumes of water are sourced by private surface diversions within the Basin and recycled water from the City of Scotts Valley. SVWD uses recycled water for non-potable irrigation and dust control, as discussed in more detail in Section 3.1.1.3. Table 3 summarizes WY2025 total water use by user, use, and water source type; the methods and accuracy of the estimates are included in the footnotes to the table. The table also shows surface water diverted by SCWD from the San Lorenzo River downstream of the Basin.

Figure 9 illustrates total water use by source and end user from WY1985 to WY2025. Total water used in WY2025 decreased by about 17 AF from WY2024, or less than 1%. Total water use in WY2025 was 36% less than peak Basin water use of 5,815 AF in WY2001.

Table 3. Total Water Use by Source, WY2025

Water Supplier	Groundwater Use	Surface Water Use	Recycled Water Use	Exported Water ²	Total Water Use
	(acre-feet)				
San Lorenzo Valley Water District ^{1,2}	612	1,155	0	21	1,767
Scotts Valley Water District ¹	1,128	0	169	0	1,297
Mount Hermon Association ¹	167	0	0	0	167
Private Domestic Wells ³	234	0	0	0	234
Other Non-Domestic Private Groundwater Users ⁴	122	0	0	0	122
Small Water Systems ⁵	88	2	0	0	90
Quail Hollow Quarry ⁶	32	0	0	0	32
TOTAL	2,383	1,157	169	21	3,709
Water Diverted and Used Primarily Downstream and Outside the Santa Margarita Basin and Adjacent Areas					
City of Santa Cruz ¹	0	0 (Felton) ⁷ 5,307 (Tait St.) ⁸	0	0	5,307
Total	2,383	6,464	169	21	9,016

¹ Direct measurement by flow meter (most accurate).

² SLVWD total includes a transfer of 11 AF to Forest Springs, a small water system inside the Basin, and exports of 19.6 AF to Big Basin Water Company and 2.5 AF to Bracken Brae Mutual, small water systems just outside the basin. Exports are not added to total water use to avoid double counting.

³ See note in Table 1. Volume is estimated using population and water use data.

⁴ Other private non-domestic uses include landscape irrigation and water for landscape ponds. Extraction is not metered so the volume is estimated (less accurate).

⁵ See note in Table 1. Volume is partially estimated using prior water year data.

⁶ Estimated based on historical usage (less accurate).

⁷ City of Santa Cruz's San Lorenzo River diversion from Felton to Loch Lomond. This diversion is in the Basin but is only used in wet years. It was not used in WY2025.

⁸ City of Santa Cruz's San Lorenzo River diversion at Tait Street (5 miles downstream of the Basin) to the City treatment plant. Water is primarily sourced from within the Santa Margarita Basin and the surrounding San Lorenzo River Watershed but is used outside of the Santa Margarita Basin.

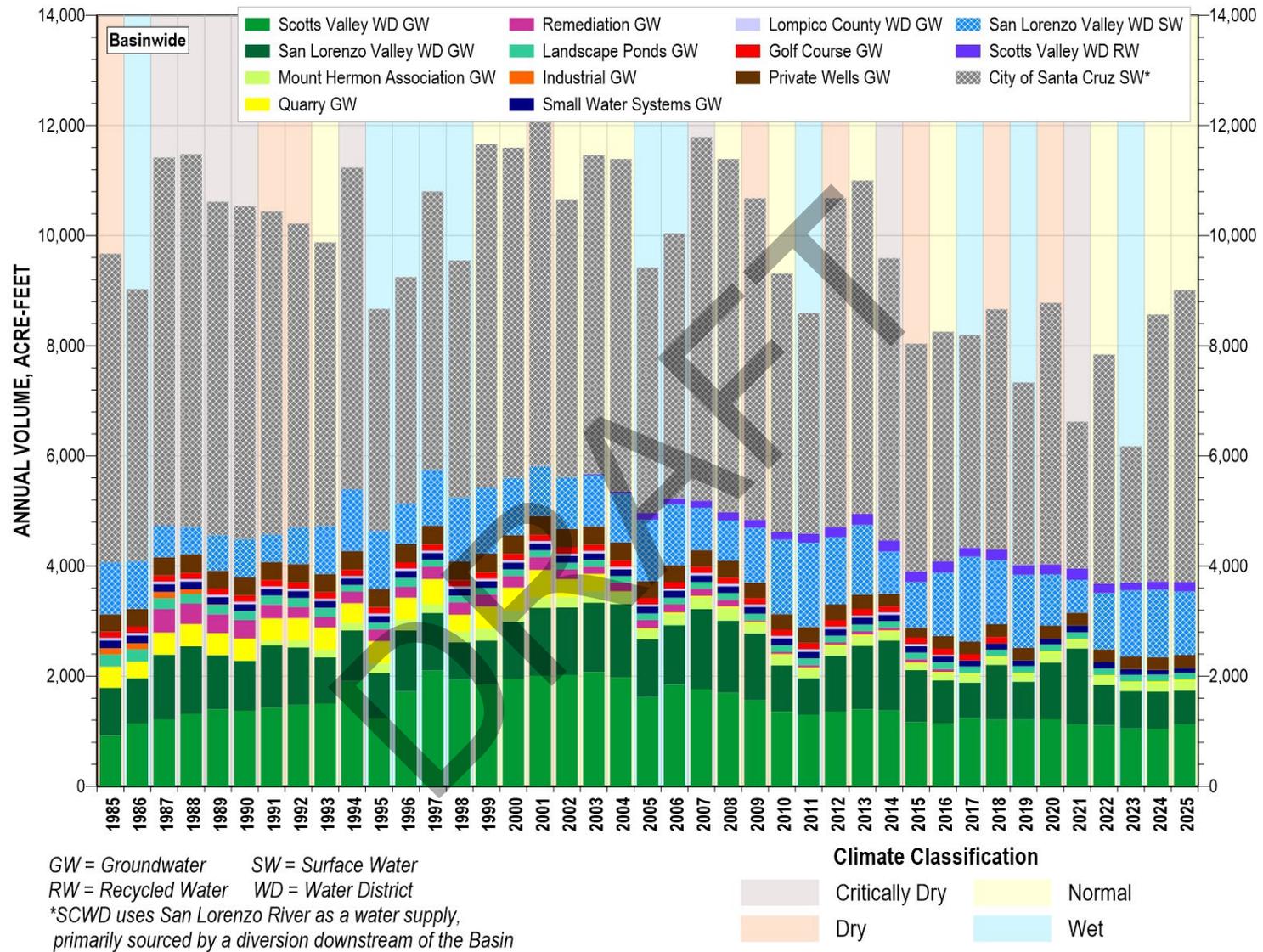


Figure 9. Total Basin Water Use, WY1985-2025

SCWD is the largest user of water resources originating from the Basin and its surrounding watershed, however that water is used outside the Basin. In WY2025, SCWD diverted 5,307 AF from the San Lorenzo River at the Tait Street diversion about 5 miles downstream from the Basin to serve its customers. Since this water is not diverted or used in the Basin, it is tracked separately from Basin water use in Table 3, but shown for reference on Figure 9.

Total water use by the 2 major water providers in the Basin, SLVWD and SVWD, has been decreasing consistently since the early 2000s (Figure 9), largely due to residents' strong conservation efforts and State regulations regarding water use efficiency in construction, as well as water efficiency measures undertaken by the water districts.

Most of the reduction in water use in the Basin since the early 2000s is driven by changes in groundwater extraction by SVWD. This is well-illustrated on Figure 10, which shows the volumes of water used north and south of Bean Creek by user and source. Most of the increase in water use in the Basin from 1985, when accurate records begin, until the early 2000s was a result of increasing extractions of groundwater by SVWD south of Bean Creek as the City of Scotts Valley grew and developed. Despite continued population growth, Scotts Valley water use has declined significantly from amounts used in the early 2000s. As a result, the volume of water used in WY2025 south (and east) of Bean Creek was similar to water used north of Bean Creek. This is consistent with the observation that groundwater elevations in SVWD wells in the South Scotts Valley area appear to be on a recovery trajectory since WY2015 (see Section 2.6.3).

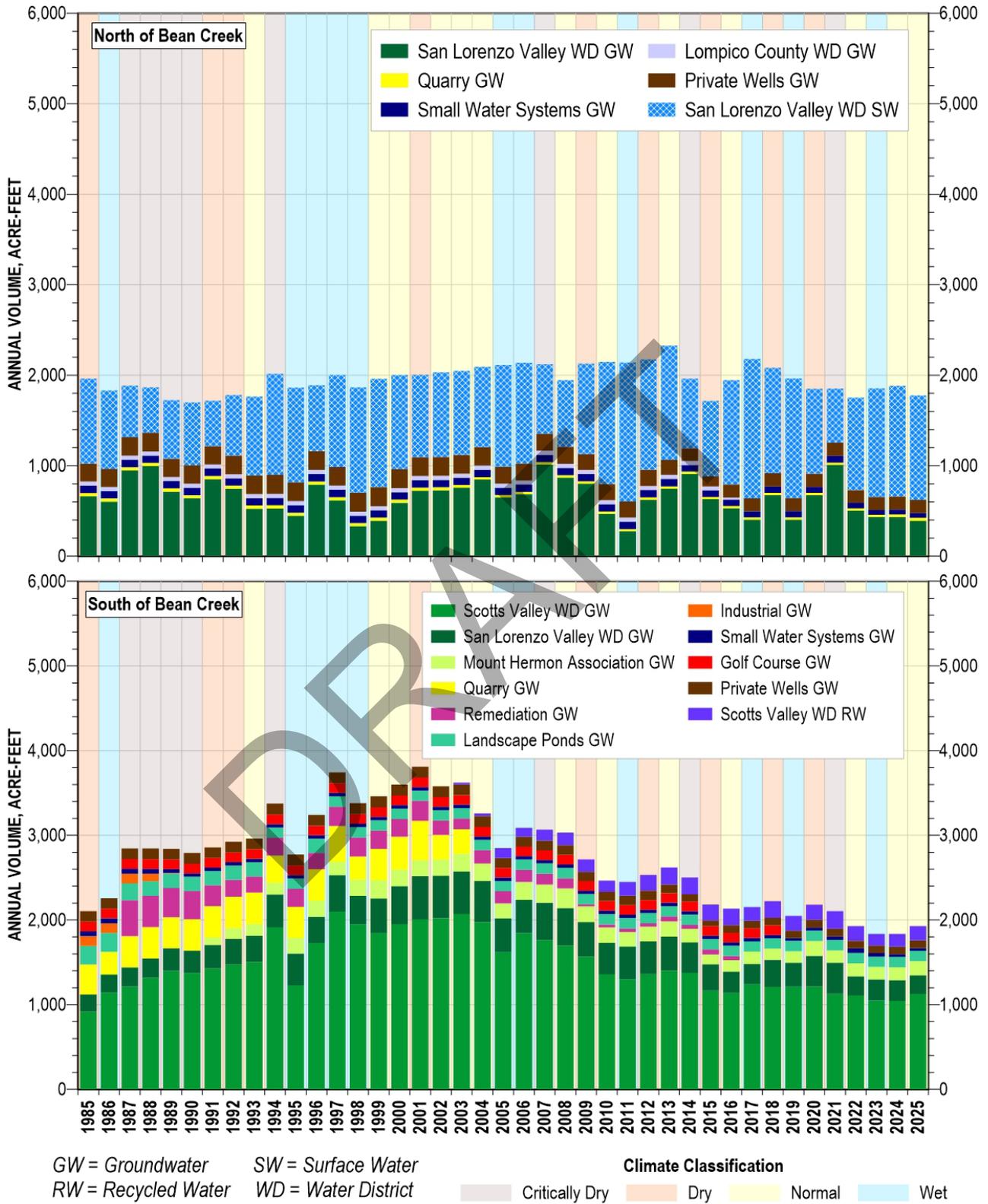


Figure 10. Total Water Use by Source and Location within the Basin, WY1985-2025

2.6 Groundwater Elevations

Groundwater elevations in the Basin are monitored using a network of 40 extraction and monitoring wells installed by SLVWD, SVWD, MHA, and, most recently, SMGWA. Many of the wells have been used for decades to evaluate short-term, seasonal, and long-term groundwater trends for groundwater management purposes; 7 are new monitoring wells installed by SMGWA between May and September 2023. Of the 40 wells, 14 serve as representative monitoring points (RMP[s]) for evaluating groundwater level SMC.

Groundwater levels are hand measured in monitoring wells using electric sounders at least semi-annually. SVWD and SMGWA wells have pressure transducers that measure and record groundwater level data at least daily. Groundwater level measurements collected from actively pumping extraction wells, or monitoring wells in close proximity to pumping wells, are noted and later removed from the datasets used to generate hydrographs and groundwater elevation contour maps.

Groundwater elevations are used to generate seasonal groundwater elevation contour maps for each principal aquifer (Figure 11 through Figure 16). For the Annual Report, groundwater elevation contours are only interpolated for areas with sufficient data. Seasonal differences in groundwater elevations are illustrated with measured minimum groundwater elevations from March to May 2025 on the Spring contour maps and minimum groundwater elevations in September 2025 on the Fall contour maps.

Hydrographs are used to evaluate long-term trends in groundwater elevation. All available non-pumping groundwater elevation data collected in each well through WY2025 are plotted against a background that indicates water year type to demonstrate the relationship between precipitation and groundwater elevations. Minimum thresholds (MT) and measurable objectives (MO) are included on the hydrographs for groundwater level RMPs.

Hydrographs are compiled in the appendices and grouped by RMPs and non-RMPs as follows:

- Appendix A: Chronic Lowering of Groundwater Level RMP Well Hydrographs
- Appendix B: Depletion of Interconnected Surface Water RMP Well Hydrographs
- Appendix C: GSP Non-RMP Monitoring Network Well Hydrographs

All groundwater elevation monitoring wells are shown in the Well Location Map in Appendix A.

2.6.1 Santa Margarita Aquifer

The Santa Margarita Sandstone is the most permeable formation in the Basin, and it is exposed widely at the surface in the southern and central portions of the Basin. As a result, the mostly unconfined Santa Margarita aquifer recharges quickly in response to rainfall, but its groundwater levels drop when rainfall is limited. The Santa Margarita aquifer supplies about 24% of the total groundwater extracted from the Basin for municipal, domestic, landscape, and sand quarry uses. It is the aquifer that is most important for supporting groundwater-dependent ecosystems (GDE), springs, and baseflow to creeks.

The Santa Margarita aquifer seasonal groundwater level patterns are different north and south of Bean Creek. In areas north of Bean Creek (Quail Hollow and Olympia/Mission Springs areas), the Santa Margarita aquifer exhibits greater seasonal fluctuations in groundwater level than in other areas (or, for that matter, in other aquifers) in the Basin due to municipal pumping at SLVWD wells in the Quail Hollow and Olympia/Mission Springs areas. In WY2025, groundwater levels in this area remained stable despite below average precipitation (Appendix A, figures A-1, A-3, and Appendix C, figures C-2 through C-6).

New monitoring well SMGWA-6, installed downgradient of the Quail Hollow wellfield, will be used to evaluate potential Santa Margarita aquifer groundwater and surface water interconnection at Newell Creek (Appendix C, figure C-11) and SMGWA-5, installed upgradient of the Quail Hollow wellfield, is being used to evaluate potential stream interconnection with Zayante Creek in an area used for private extraction (Appendix C, figure C-10).

South of Bean Creek (Mount Hermon/South Scotts Valley and North Scotts Valley areas), the Santa Margarita aquifer is partially dewatered. Dewatering occurred in the South Scotts Valley area due to overpumping for various uses in the 1990s, and groundwater elevations have not recovered. Even though the Santa Margarita aquifer is no longer used for municipal supply it has not recovered because, in this area, the Santa Margarita aquifer directly overlies the overdrafted Lompico aquifer with lowered groundwater levels (Figure 2 and Figure 3). In contrast, further south in the MHA and SLVWD Pasatiempo wellfields and further north in North Scotts Valley, the Santa Margarita aquifer was never used extensively as a water source and groundwater levels are more stable. Hydrographs for SLVWD's Pasatiempo MW-2 (Appendix A, figure A-5) and SVWD TW-18 (Appendix A, figure A-4) illustrate the long-term stable groundwater levels in these areas, with slight fluctuations depending on precipitation. New monitoring wells SMGWA-2, -3, and -4 are being used to monitor groundwater levels in areas used for private extraction and having potential interconnection with streams south of Bean Creek (Appendix C, figures C-7 through C-9).

Groundwater elevation contour maps for the Santa Margarita aquifer are shown on Figure 11 and Figure 12 for WY2025 Spring and Fall, respectively. Groundwater elevation contours in the unconfined Santa Margarita aquifer generally mimic topography. Groundwater flows toward areas where groundwater discharges naturally to springs and streams along Bean Creek and Zayante Creek. Locally, groundwater in the aquifer flows toward pumping depressions around extraction wells in the Quail Hollow and Olympia/Mission Springs areas. Groundwater elevations were similar between seasons in WY2025, with slightly higher elevations in the spring, and were close to observations from the prior annual report.

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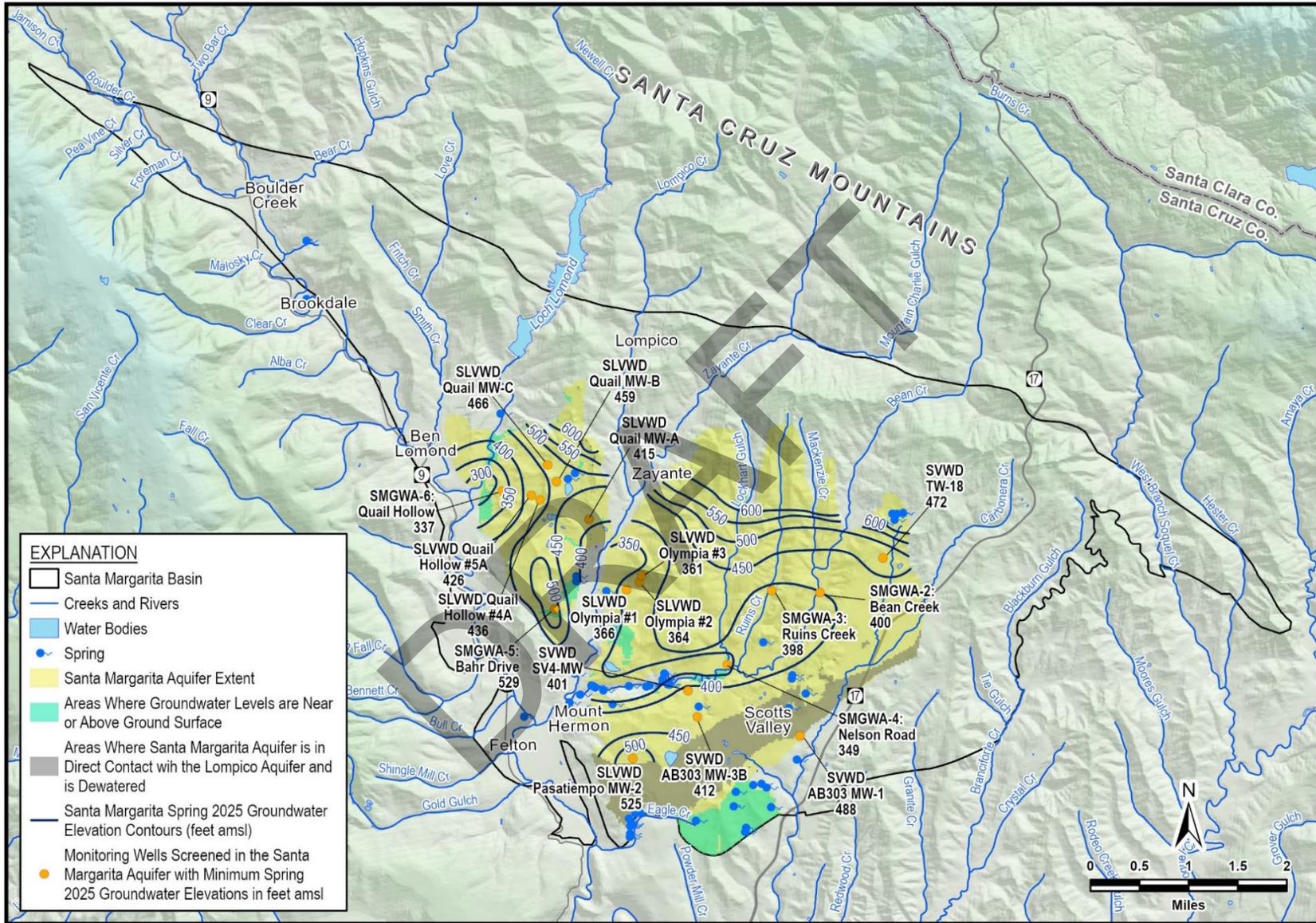


Figure 11. Santa Margarita Aquifer Groundwater Elevations and Contours, Spring 2025

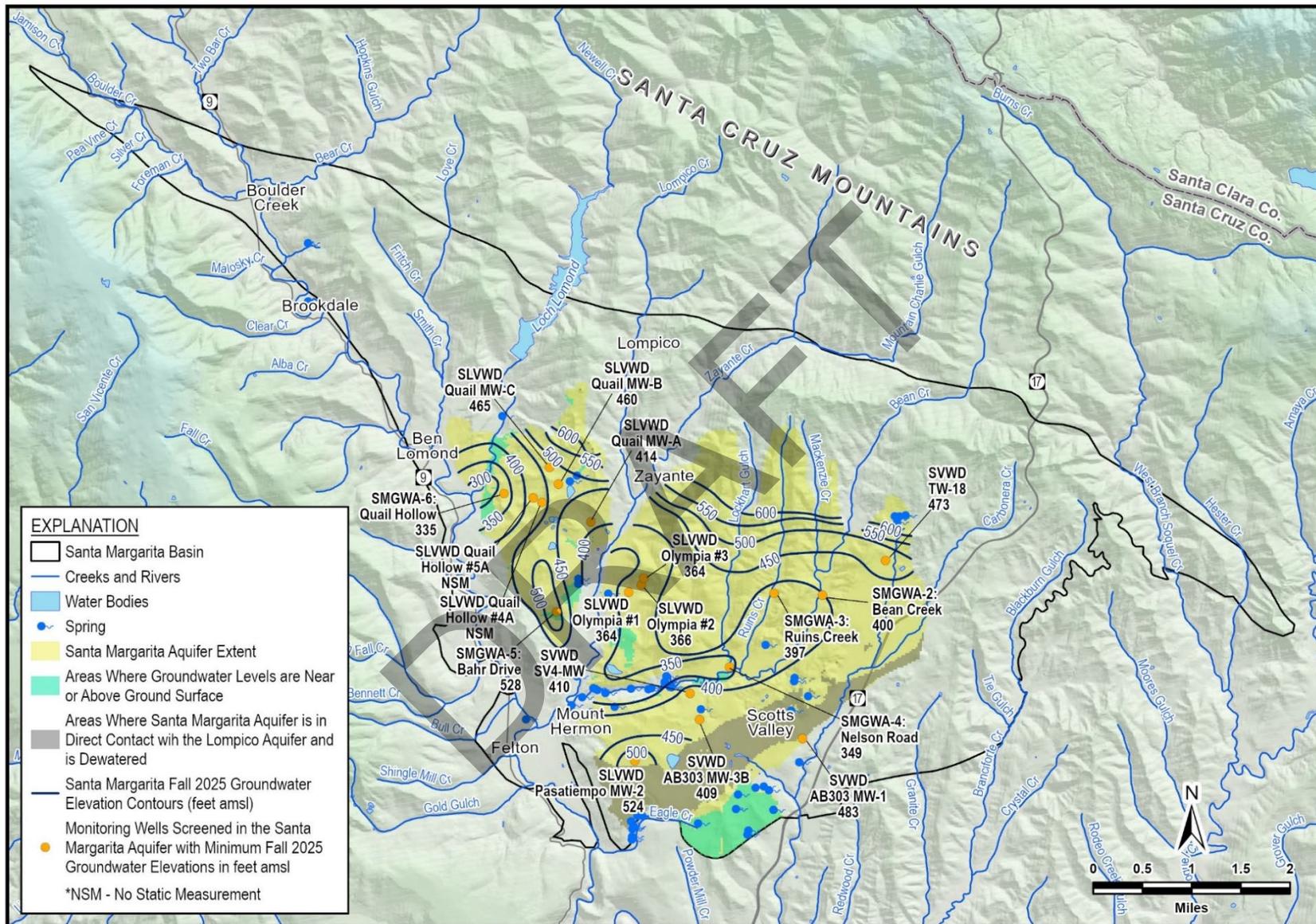


Figure 12. Santa Margarita Aquifer Groundwater Elevations and Contours, Fall 2025

2.6.2 Monterey Formation

The Monterey Formation is not considered a principal aquifer, even though it is used by some Basin residents who have low demands or no alternative water source. Only about 4% of groundwater extracted in the Basin is from the Monterey Formation. This fine-grained, relatively impermeable formation is present across much of the Basin and forms an important aquitard that separates the Santa Margarita and Lompico aquifers. Where the Monterey Formation is absent, the Santa Margarita aquifer may be dewatered due to percolation into the overdrafted Lompico aquifer directly below (Figure 2 and Figure 3). A Monterey Formation groundwater elevation contour map is not presented because it is not a principal aquifer in the Basin and monitoring data is collected at 3 locations situated in 3 distinct areas of the Basin.

SVWD Well #9, an inactive extraction well, is the only long-term monitoring well in the Monterey Formation. By the early 1990s, the groundwater elevation in the well had fallen 200 feet from pre-1980 levels due to the combination of less-than-average precipitation and increased groundwater extraction in the overlying Santa Margarita aquifer and underlying Lompico aquifer. Groundwater extraction in the area decreased during the 1990s, and, as a result, groundwater elevations in the Monterey Formation have risen by about 58 feet since 1998. Nevertheless, the groundwater elevation in SVWD Well #9 is still approximately 131 feet below the 1980 elevation (Appendix A, figure A-5) because recharge is inhibited by the low permeability of the formation. SVWD Well #9's groundwater elevation rose 4 feet in WY2025.

In WY2023, SMGWA installed 2 new monitoring wells in areas where domestic well users rely exclusively on groundwater extracted from the Monterey Formation. These additions to the monitoring network fill data gaps in areas with no historical groundwater monitoring and will be used to collect data needed to evaluate potential interconnection with streams. SMGWA-7 lies toward the northwest limits of the Basin, close to Love Creek, whereas SMGWA-8 is located near the center of the Basin in the Randall Morgan Sandhills Preserve, adjacent to Bean Creek, as shown on the Well Location Map in Appendix A. SMGWA-7 is an artesian well with a groundwater elevation above the land surface. SMGWA-8 groundwater elevation fluctuated seasonally by 1 foot in WY2025 (Appendix C, figure C-14).

2.6.3 Lompico Aquifer

The Lompico Sandstone is found throughout most of the Basin, but outcrops only along the Basin margins and in a few locations along the San Lorenzo River. The semi-confined Lompico aquifer is the primary aquifer tapped by SVWD, SLVWD, and MHA supply wells in the area south and east of Bean Creek, and accounts for approximately 56% of total groundwater extracted in the Basin (see Section 2.3). The Lompico aquifer is also an important source of baseflow to the San Lorenzo River in the few areas where it outcrops in or near the river. There

is little extraction from the Lompico aquifer north of Bean Creek because it is much deeper there than south of Bean Creek; for the same reason there are no Lompico aquifer groundwater level monitoring wells north of Bean Creek.

Historical overpumping of the Lompico aquifer near Mount Hermon, Pasatiempo, and South Scotts Valley in the 1980s and 1990s caused groundwater levels to decline up to 200 feet (see SVWD Well #10's hydrograph in Appendix A, figure A-7). This lowering trend was reversed starting in the early 2000s; by 2005, groundwater levels in the Lompico aquifer stabilized, and since 2015 have risen in these areas (see SLVWD Pasatiempo #7's hydrograph in Appendix C, figure C-19). In general, groundwater levels in Lompico Aquifer wells are about 10 feet higher in WY2025 than in WY2024.

Groundwater elevations in the Lompico aquifer fluctuate little seasonally, with most wells having less than 5 feet of groundwater level decline between spring and fall, except for those close to active extraction wells. Groundwater elevation contour maps for the Lompico aquifer are shown on Figure 13 and Figure 14 for WY2025 spring and fall, respectively.

The highest groundwater elevations in the Lompico aquifer occur at the northern boundary of the Basin, where the Lompico Sandstone is exposed at the surface in a narrow strip parallel to the Zayante-Vergeles fault. This is the only area where the Lompico aquifer is recharged directly by percolation of precipitation or streamflow; elsewhere it is largely covered by younger geologic units that prevent direct recharge. The Lompico Sandstone is also exposed in small areas along the San Lorenzo River near Felton and further upstream near the communities of Ben Lomond and Boulder Creek. These areas are located downgradient, so the Lompico aquifer is a source of groundwater discharge that contributes to San Lorenzo River baseflow.

Groundwater flow in the southern portion of the Lompico aquifer is primarily controlled by municipal extraction in the South Scotts Valley area by SVWD and in the Mount Hermon/Pasatiempo area by SLVWD and MHA. Extraction in these areas has formed localized depressions in groundwater levels.

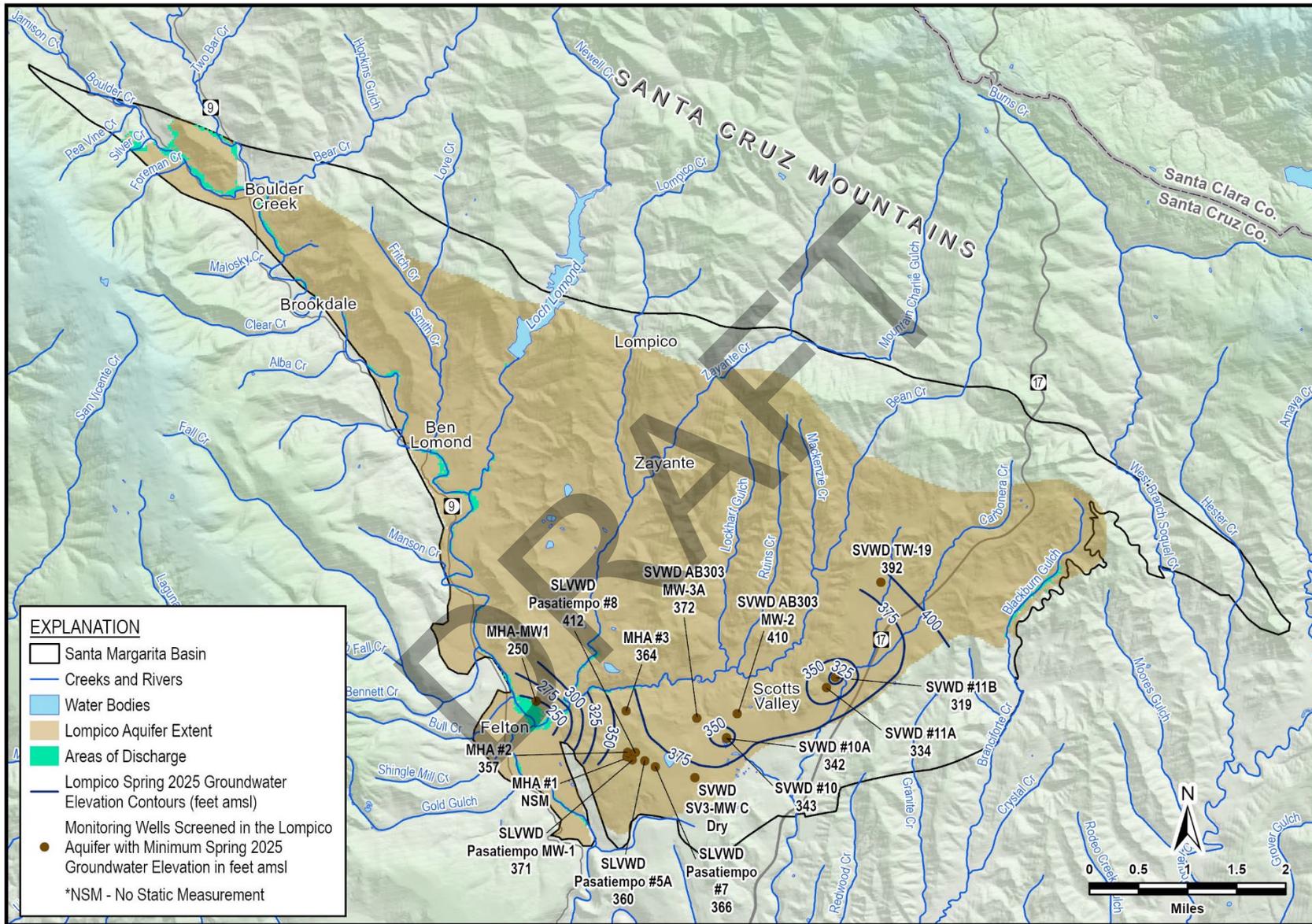


Figure 13. Lompico Aquifer Groundwater Elevations and Contours, Spring 2025

2.6.4 Butano Aquifer

The Butano Sandstone is the oldest and deepest of the 3 principal aquifers. It outcrops in the northern limb of the Scotts Valley syncline along the northern Basin boundary (Figure 2). SVWD has 2 active supply wells in the northeast portion of its service area that extract groundwater from both the Lompico and Butano aquifers and will be adding 2 more in WY2026. The Butano aquifer currently accounts for about 15% of groundwater extracted from the Basin (see Section 2.3).

Due to its great depth, there are currently only 2 dedicated monitoring wells solely in the Butano aquifer: SVWD Canham and SVWD Stonewood (Figure 15). Originally drilled as exploratory wells in search of additional water resources north of the SVWD service area, neither well encountered sizable groundwater resources so they were converted to monitoring wells. The SVWD Stonewood well is located where the Butano aquifer outcrops near the Basin's northern boundary; the Canham well lies further south and closer to municipal pumping from the Butano aquifer (Figure 15). Groundwater elevations over time in the dedicated Butano aquifer monitoring wells are decreasing slightly in the Canham well and increasing slightly in the Stonewood well (Appendix A, figures A-11 and A-12).

There have historically been 3 SVWD wells clustered in the northeastern portion of the SVWD service area that are screened in both the Lompico and Butano aquifers: the extraction wells SVWD Orchard and SVWD #3B and monitoring well SVWD #15 (Figure 15). SVWD #3B was destroyed in February 2024 and replaced with the Sucinto Well on the same parcel. Due to extraction from the Lompico/Butano supply wells, SVWD Orchard and Well #15 show more seasonal fluctuations in groundwater levels because of very close proximity to extraction wells than the dedicated Butano wells located upgradient from the municipal supply wells (Appendix A, figure A-10 and Appendix C, figure C-26). Long-term groundwater elevations in the Lompico/Butano wells have been relatively stable since the early 2000s.

Groundwater elevation contour maps for the Butano aquifer for WY2025 spring and fall are shown on Figure 15 and Figure 16, respectively. Due to continuous pumping at SVWD Orchard well for much of WY2025, static groundwater level measurements in spring and fall could not be measured. Groundwater flow in the Butano aquifer is generally north to south, mimicking the topography from the aquifer's higher elevation recharge area at the Basin's northern boundary toward the lower elevations of Scotts Valley.

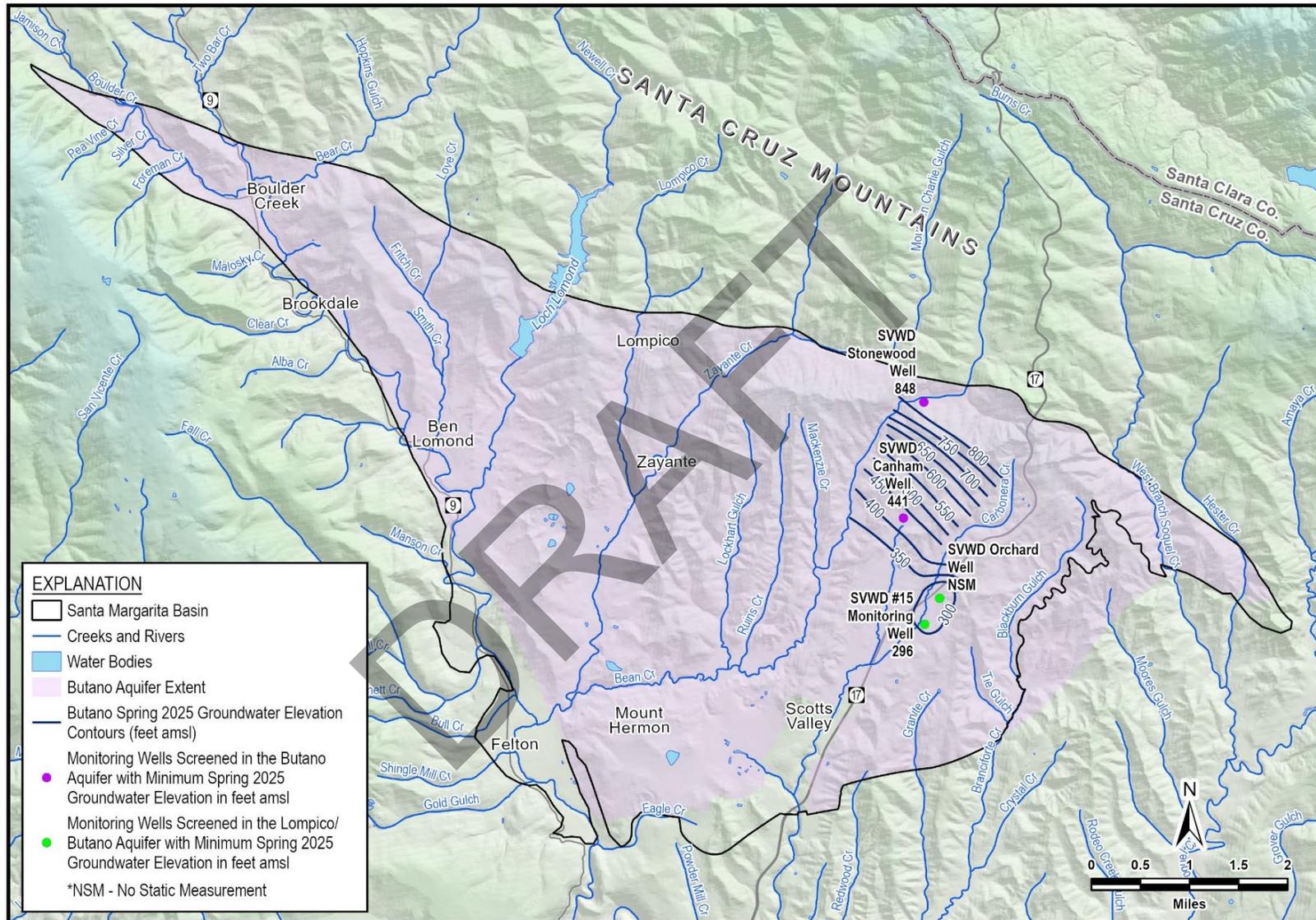


Figure 15. Butano Aquifer Groundwater Elevations and Contours, Spring 2024

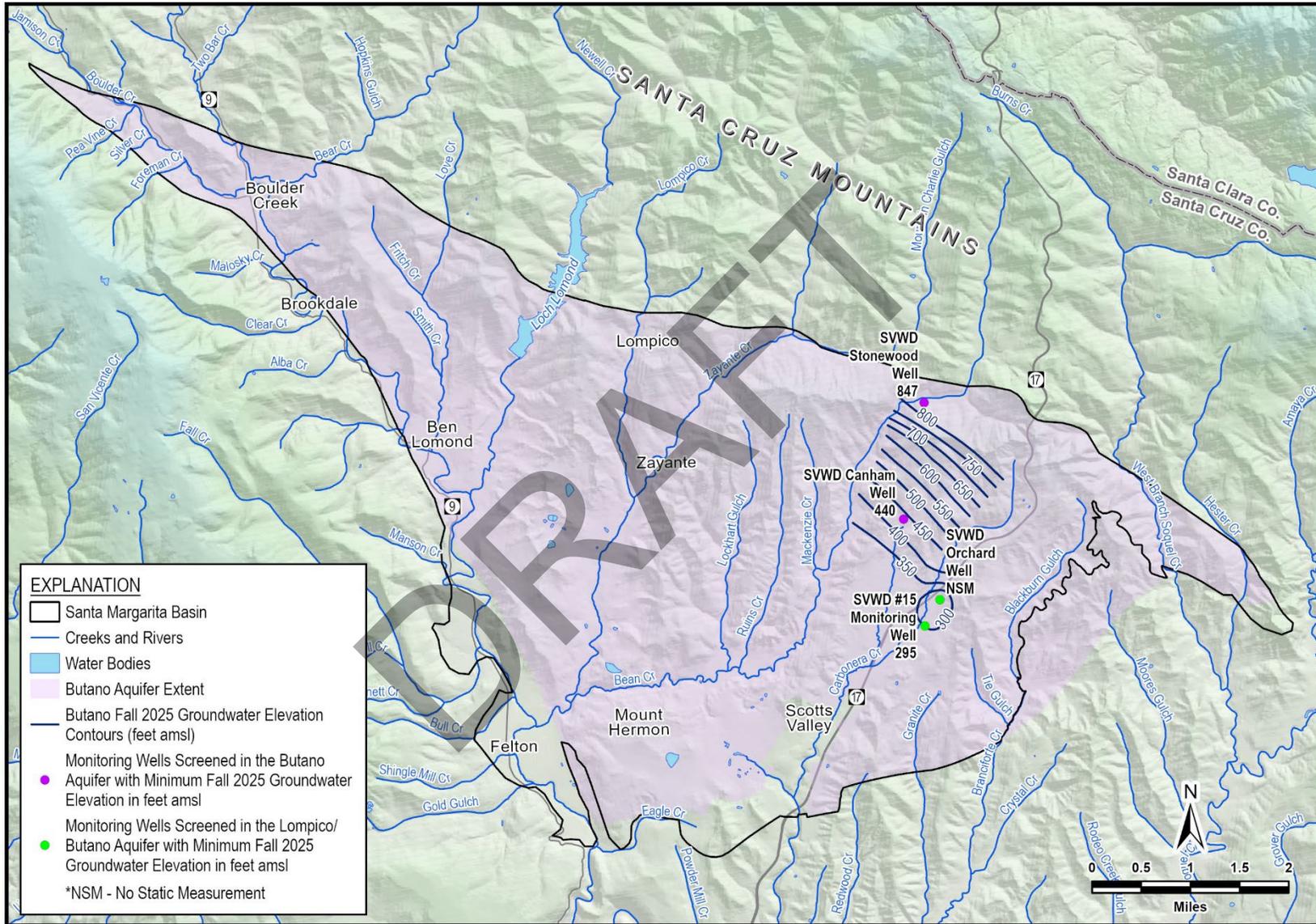


Figure 16. Butano Aquifer Groundwater Elevations and Contours, Fall 2025

2.7 Groundwater Storage Change

The change of groundwater in storage is estimated annually using the Basin Model. The Basin Model was updated with the following WY2025 data:

- Monthly precipitation and temperature data from the Parameter-elevation Regressions on Independent Slopes Model² (PRISM) were used to update precipitation, evapotranspiration, recharge, runoff, and streamflow
- Extraction volumes provided by SLVWD, SVWD, and MHA
- Extraction volumes by small water systems as reported to the County

Other Basin Model parameters are assumed to remain constant or are calculated by the model. Parameters that remain at 2018 baseline levels estimated in the GSP and include septic system return flows and groundwater extractions for private domestic use, quarries, and irrigation. Parameters such as surface water and groundwater interactions, stream stage, and groundwater elevations are simulated by the Basin Model.

2.7.1 Basin Groundwater Storage Change

The Basin Model calculated a net storage decrease of 1,640 AF for WY2025. Figure 17 shows the annual and cumulative change of groundwater in storage and groundwater extraction from WY1985 through WY2025.

The groundwater in storage declined because groundwater inflow was less than consumptive use and outflow. Although storage declined by about 1,640 AF, this represents relatively little change compared to the large variations of thousands of AF often observed in recent years. Change in storage is influenced by the following factors: 1) a second consecutive normal climate year classification following a cycle of high variability below and above average water years; 2) groundwater extraction close to the historical low, with WY2025 volumes only slightly above the lowest total pumping recorded since 1985, the period of record; 3) continued water use efficiency; and 4) implementation of conjunctive use practices by SLVWD.

Figure 17 shows that groundwater in storage is estimated to have decreased since 1985 by about 36,000 AF or an average of 880 AF/yr over 41 years. However, since peak Basin water use in 2001, groundwater storage losses have slowed to an average of less than 370 AF/yr, with a cumulative decrease in storage in the past 24 years of only 8,800 AF. This improvement occurred despite the known statewide and local precipitation deficit over the past 2 decades, indicating progress toward reaching Basin sustainability.

² <https://prism.oregonstate.edu/>

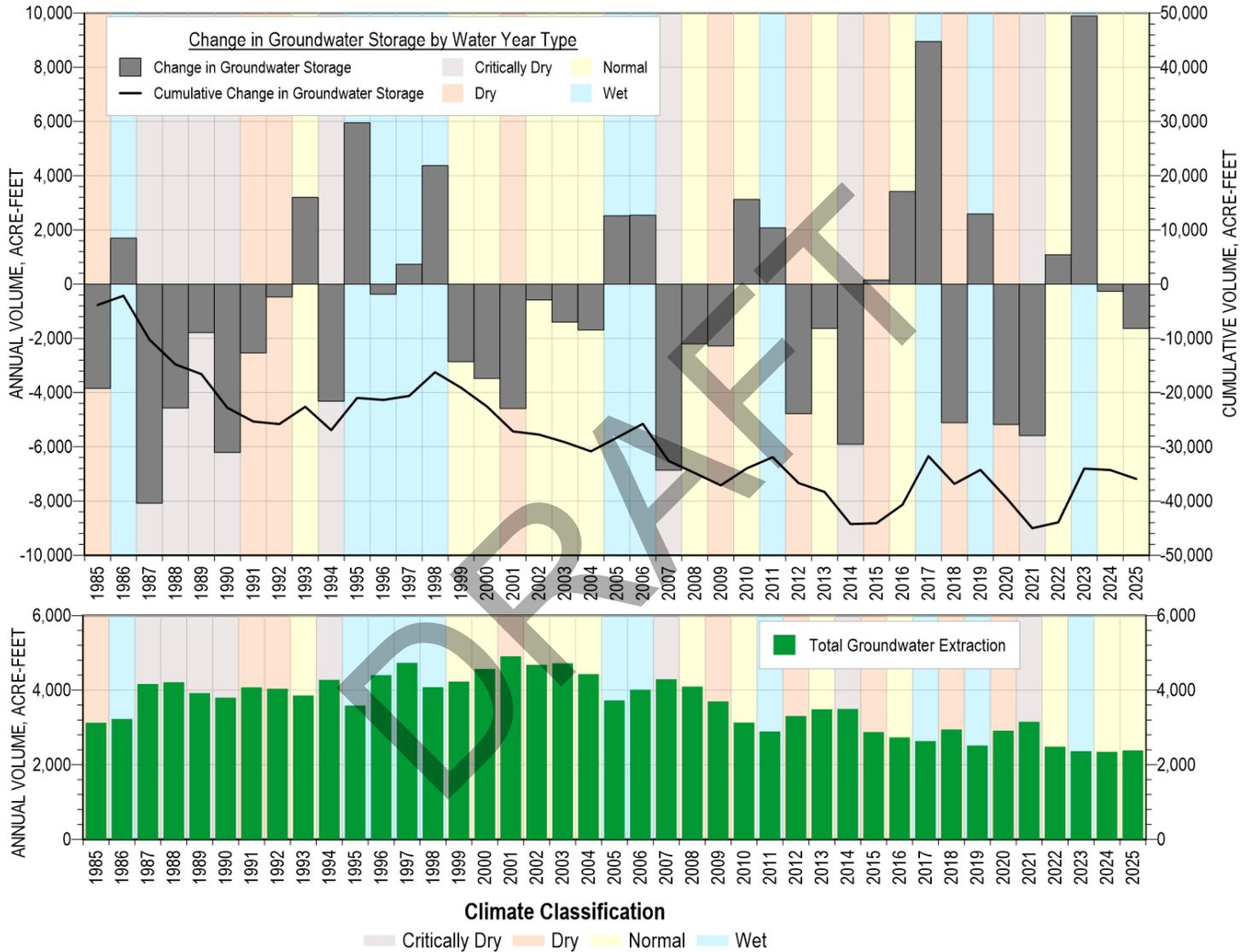


Figure 17. Annual Change in Groundwater in Storage for the Santa Margarita Basin, WY1985-2025

2.7.2 Principal Aquifer and Monterey Formation Groundwater Storage Change

Groundwater in storage decreased in WY2025 in all 3 principal aquifers and the Monterey Formation. The volume of groundwater stored in the unconfined and highly conductive Santa Margarita aquifer is strongly correlated with precipitation. Groundwater levels and groundwater storage in this aquifer decrease during dry years but rise quickly during wet years. The low permeability of the Monterey Formation prevents rapid changes due to climate, despite significant surface exposure. The Lompico and Butano aquifers are semi-confined and thus annual changes in storage are less pronounced and are more associated with groundwater extraction than precipitation. Direct recharge from precipitation and streamflow occurs in all aquifers where they are exposed at the ground surface (Figure 2), particularly near streams.

Although the Basin experienced a net decrease of about 1,640 AF in WY2025, storage across the aquifers remained relatively stable compared to the large changes observed in recent years that often sum to thousands of AF (Figure 17). The Santa Margarita aquifer experienced a decrease of 880 AF; this aquifer is the most influenced by precipitation in the Basin, and WY2025 precipitation was below average. The mostly non-productive Monterey Formation storage decreased by 140 AF. The deeper Lompico and Butano aquifers also saw a decrease as total pumping volumes slightly increased in the Lompico Aquifer, and less surface recharge occurred where these aquifers outcrop at the Basin margins. The Lompico aquifer storage decreased 150 AF in WY2025, while the Butano decreased by 470 AF. The calculated changes in storage volumes for the 3 principal aquifers plus the Monterey Formation are summarized in Table 4.

Table 4. WY2025 Modeled Change in Groundwater in Storage by Aquifer/Formation

Change in Storage (AF)	Santa Margarita	Monterey	Lompico	Butano	TOTAL
WY2025	-880	-140	-150	-470	-1,640

Maps of modeled changes in groundwater in storage between fall WY2024 and fall WY2025 show where changes in storage occurred in the Basin. Maps are shown for the Santa Margarita aquifer (Figure 18), Monterey Formation (Figure 19), Lompico aquifer (Figure 20), and Butano aquifer (Figure 21). The change in storage values of acre-feet per acre shown on the maps are the change in storage per model cell divided by the cell size (110 feet x 110 feet converted to acres). The maps show the relative differences in change in storage across the Basin for WY2025 using the following color coding:

- Green, Blue-Green, and Blue – Greater than 1 AF/acre increase in storage (only Figure 20 near SLVWD Pasatiempo #8 that was pumped less than the prior year)
- Green – Between 1 and 2 AF/acre increase in storage
- Yellow – Between 0 and 1 AF/acre increase in storage
- Orange – Between 0 and 0.1 AF/acre decrease in storage
- Red – Between 0.1 and 4.3 AF/acre decrease in storage

In viewing these maps it is important to keep in mind that they are products of calculations using the Basin Model, not measured values. The accuracy of the contour maps depends on the number of data points and the degree to which the Basin Model is calibrated for a particular aquifer and area. Given that there are few monitoring wells in the Monterey Formation and the Butano aquifer, the model is not well-calibrated for all areas of these aquifers. There are more monitoring locations in the Lompico and Santa Margarita aquifers, but there are still large areas of the Basin where there are no wells to calibrate the Lompico and Santa Margarita aquifers in the model. In addition, results for all aquifers are dependent on model inputs, such that small, calculated differences should be regarded with some skepticism in the absence of sensitivity analyses that test how the results of model simulations change with small changes to model parameters like hydraulic conductivity and storativity. Nonetheless, the model is a valuable tool for tracking relative groundwater storage changes in the Basin from year to year as an indicator of whether the Basin is on track for sustainability.

The Santa Margarita aquifer groundwater in storage decreased in most areas in WY2025 (Figure 18). Areas where wells are concentrated lost storage volume (orange and red colors) with only a small area near the Fern Grove and Karl's Dell small water systems slightly gained storage volume (yellow color).

The Monterey Formation has low permeability; therefore, changes in storage are typically smaller on an annual basis than the overlying Santa Margarita aquifer. The Monterey Formation groundwater in storage decreased slightly overall in WY2025 (Figure 19). When viewed spatially, there are areas where groundwater levels increased in the center of the Basin (yellow color) where shallow wells are installed in the Santa Margarita aquifer instead of the low-yielding Monterey Formation. The areas where groundwater in storage decreased (orange and red colors) are found around the perimeter of the Basin where the Santa Margarita Aquifer is thin or absent, and the Monterey Formation is used for water supply.

The mostly confined Lompico and Butano aquifers are less subject to storage changes in response to climate than the Santa Margarita aquifer and Monterey Formation due to their limited exposure at the surface, which restricts direct recharge. Instead, annual fluctuations in groundwater in storage are influenced mainly by groundwater extraction. The areas where

Basin Model simulations typically show the most change in storage between water years is where these units are exposed in narrow strips along the northern and western boundary of the Basin.

Most of the Lompico and Butano aquifers demonstrate either a slight increase (yellow colors) or a slight decrease in storage in WY2025 (orange colors) on Figure 20 and on Figure 21. Relatively stable groundwater level trends are observed in most areas with confined aquifer supply wells, which is consistent with the simulated storage change estimates. One well, SLVWD Pasatiempo #8 was pumped less than the prior year, reflecting a small area with larger storage increase (blue and green colors). Larger magnitude decreases in storage (red colors) were most significant around the fringes of the Basin where the aquifer is exposed at the land surface. These areas received below average natural recharge due to drier than average conditions in WY2025. The Lompico and Butano aquifers are also used as sources for private domestic pumping in the northern part of the Basin where storage decrease is noted in WY2025.

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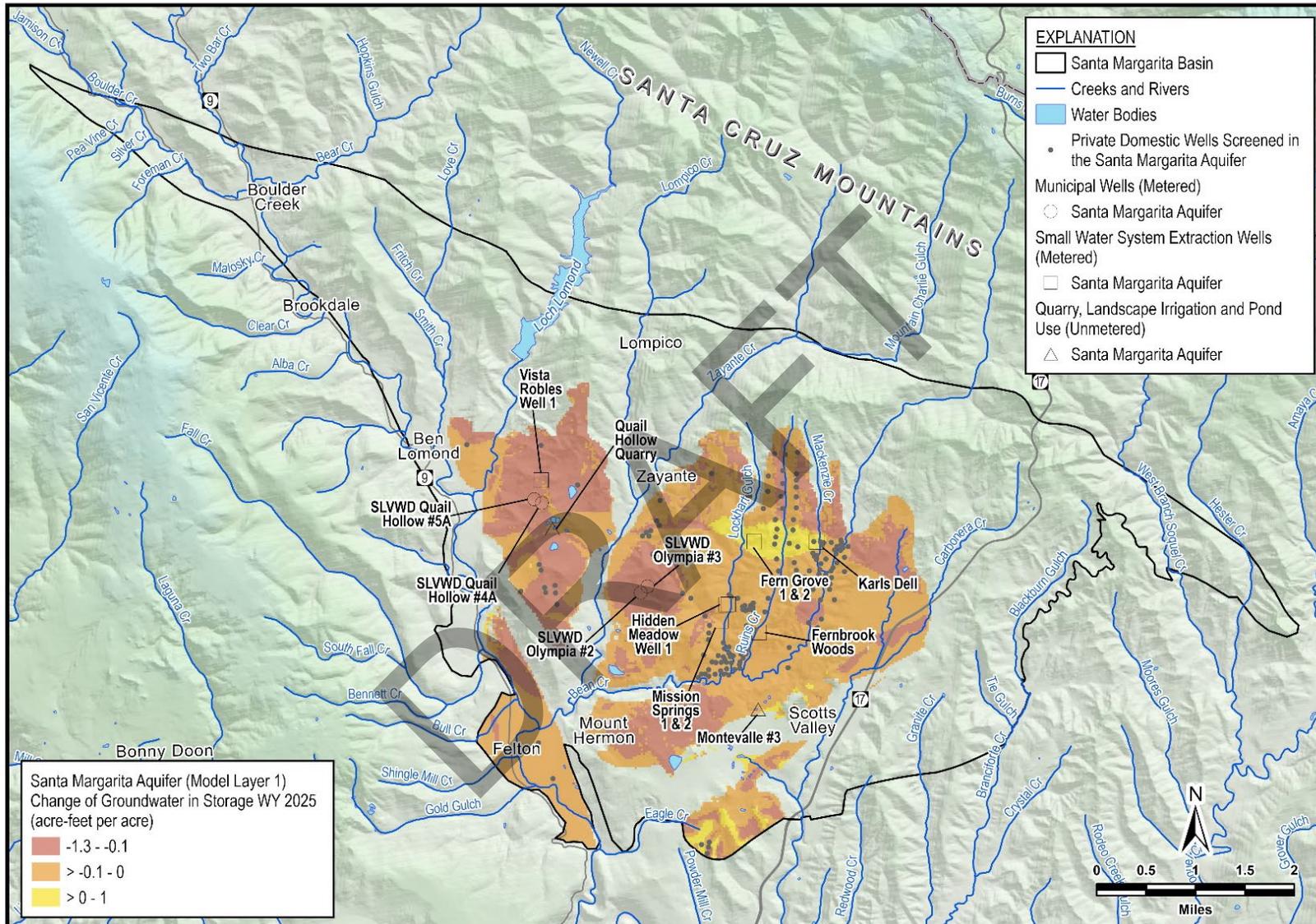


Figure 18. Change of Groundwater in Storage in Santa Margarita Aquifer, WY2025

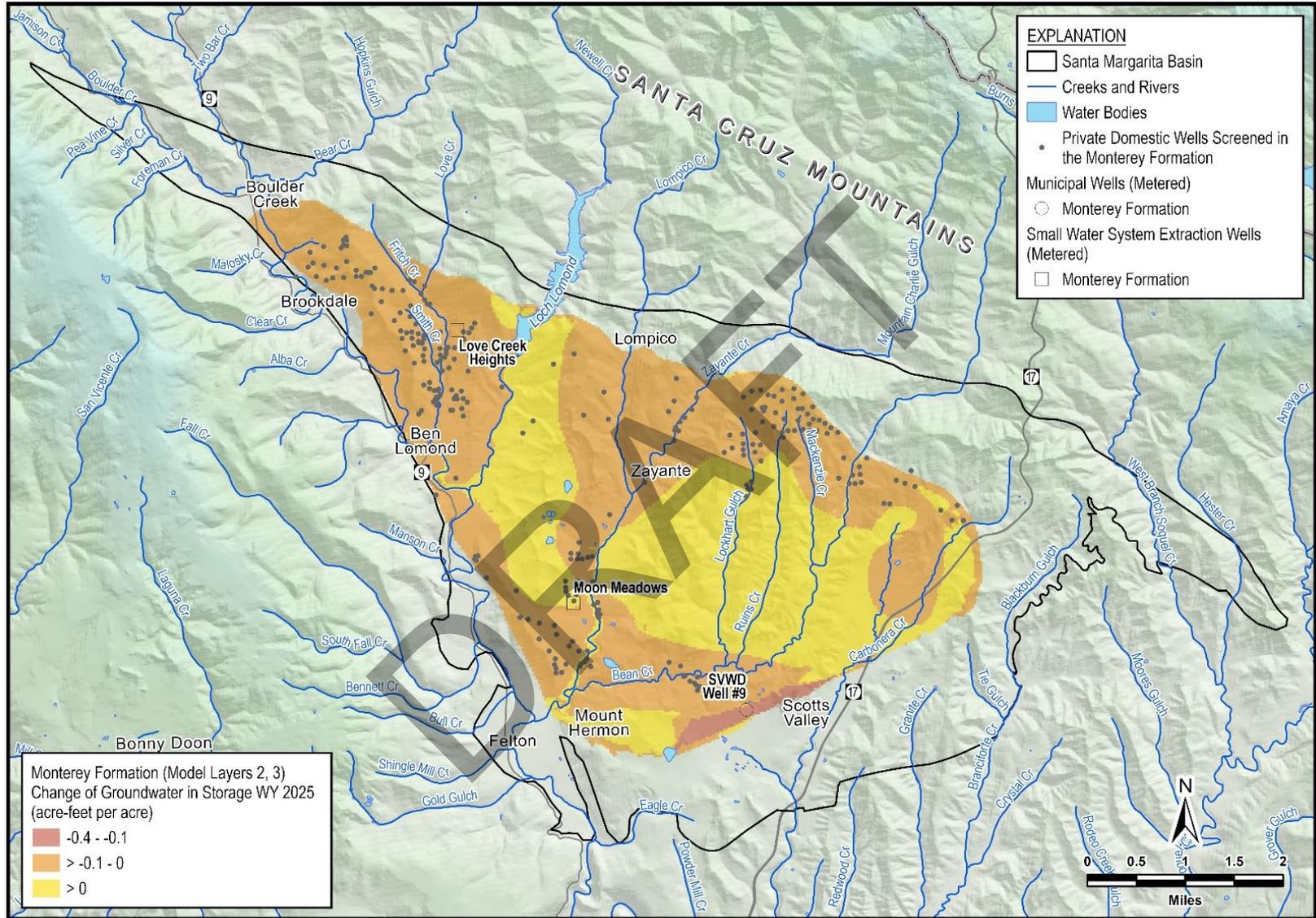


Figure 19. Change of Groundwater in Storage in Monterey Formation, WY2025

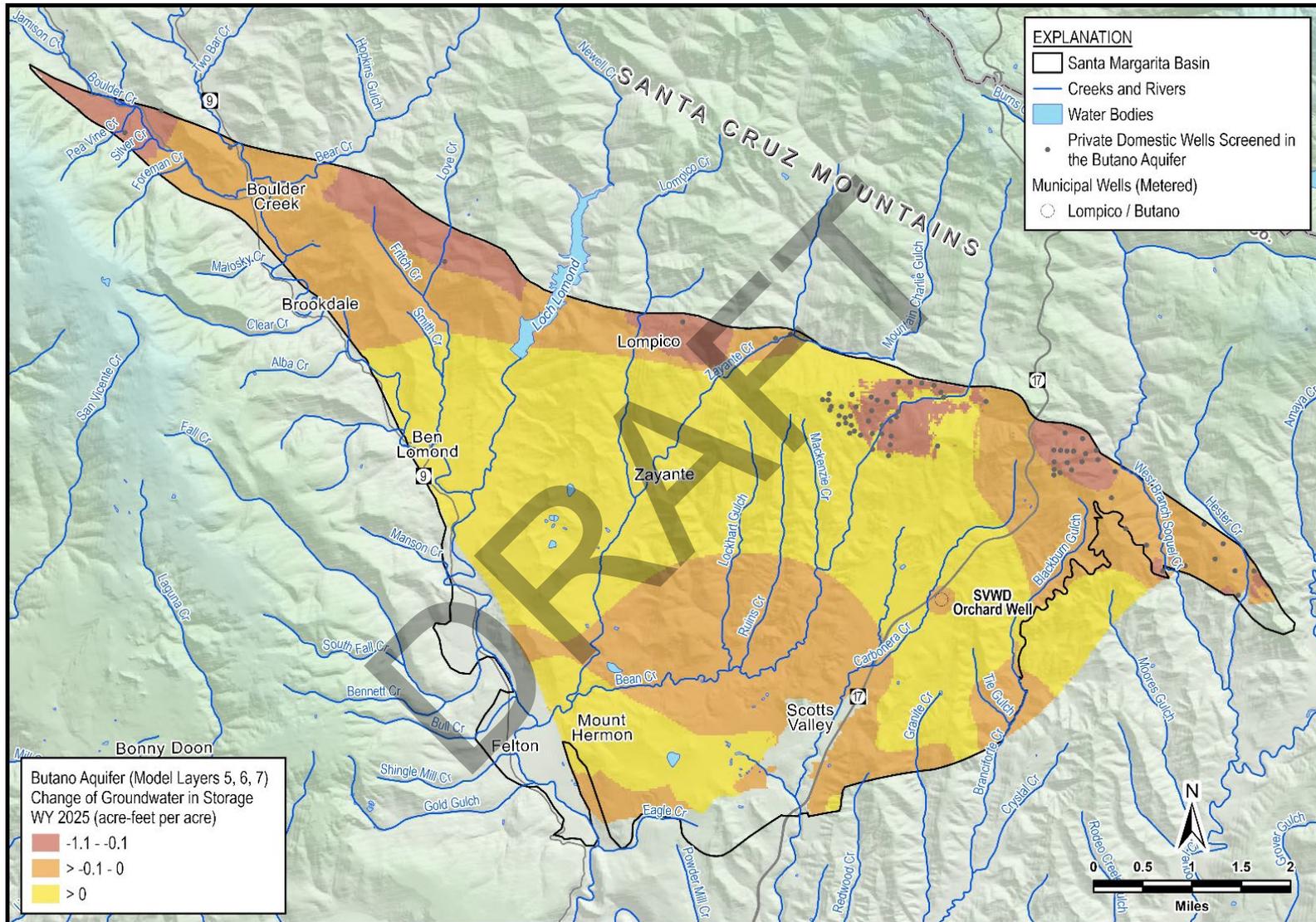


Figure 21. Change of Groundwater in Storage in Butano Aquifer, WY2025

3 PROGRESS TOWARD IMPLEMENTING THE GSP

This section provides an update on the progress made in WY2025 on GSP implementation activities. The following sections summarize: (1) highlights of progress on projects and management actions as the primary activities for long-term sustainability in the Basin; and (2) the status of addressing corrective actions from the DWR GSP approval determination.

3.1 Projects and Management Actions Overview

The Basin GSP identified 3 groups of projects and management actions based on the following classifications:

- Group 1 – projects and management actions that were being implemented prior to adoption of the GSP
- Group 2 – projects and management actions that have not been implemented yet, but are the most likely options to be pursued during GSP implementation. Group 2 projects are further classified into the following tiers:
 - Tier 1: projects that rely on existing water sources from within the Basin
 - Tier 2: projects that rely on existing sources from outside the Basin
 - Tier 3: projects that rely on purified wastewater
- Group 3 – additional conceptual projects and management actions that may be evaluated in the future if Group 1 and 2 projects are not feasible or do not achieve sustainability.

Implementation of Group 1 and Group 2, Tier 1 projects are expected to result in meeting Basin SMC based on modeled simulations during GSP development. Group 3 will be evaluated as necessary and discussed in future annual reports or the 5-year GSP periodic evaluation, but they are not discussed further in this WY2025 Annual Report. The status of Group 1 and Group 2 projects and management actions are further described below.

3.1.1 Existing Projects and Management Actions (Group 1)

This section summarizes the existing projects and management actions already being implemented in the Basin.

3.1.1.1 Water Use Efficiency

While Water Use Efficiency is characterized as a Group 1 and a Group 2, Tier 1 project in the Basin GSP, its discussion is combined into a single update for the Annual Report. SLVWD and SVWD continued to implement water efficiency programs focused on outreach, education, customer rebates, and water system improvements.

Both SLVWD and SVWD maintain an active social media outreach campaign for customers by posting seasonally appropriate water efficiency tips on a nearly weekly basis on Facebook, Instagram, and Nextdoor. SLVWD also uses the X (twitter.com) platform. Both agencies also provide an opportunity for customers to better educate themselves about their water use. SVWD provides the WaterSmart platform and SLVWD offers the Eye on Water platform for customers to get detailed information about their water use; SVWD has 3,141 current customers signed up and SLVWD has 1,115 customers signed up.

SLVWD and SVWD continued to offer rebates to encourage customer improvements to increase water use efficiency. In WY2025, SLVWD issued 9 clothes washer rebates, 16 toilet rebates, and 2 irrigation controllers, resulting in an estimated savings of 0.64 AF/yr (or 208,545 GPY). SVWD issued 8 rebates for turf replacement resulting in an estimated 0.42 AF/yr (137,054 GPY) savings, and additional 9 rebates for toilet and smart irrigation controller replacements saving an additional 0.02 AF/yr (7,118 GPY) for a total of 0.44 AF/yr (144,172 GPY). The volume of savings will continue to accrue throughout WY2026.

While outreach, education, and rebate programs increase awareness and efficiency on the customer side, SLVWD and SVWD also focus on improving efficiency within their respective distribution systems through upgrades to metering infrastructure, reduction of non-revenue water, and evaluation of system pressure. New metering infrastructure allows for increased accuracy, leak detection, and improved customer accountability. In 2016, SLVWD began deploying a multi-year, system-wide meter change-out program that has upgraded 50% of meters through WY2025. SLVWD received a grant in 2024 to upgrade an additional 440 of its meters in 2026.

3.1.1.2 SVWD Low Impact Development (LID) Projects

SVWD monitors 3 LID facilities that were constructed prior to the passage of SGMA. Stormwater captured in WY2025 at the 3 LID facilities measured 23.8 AF. In addition to the existing LID facilities, SVWD completed an expansion of the Transit Center LID project that is expected to contribute approximately 7 AF/yr of additional stormwater recharge to the Santa Margarita aquifer. The expansion project was supported by a 2022 Urban Community Drought Relief grant from DWR.

3.1.1.3 SVWD Recycled Water Program

The SVWD Recycled Water Program is a cooperative effort between SVWD and the City of Scotts Valley. Recycled water is produced at the City of Scotts Valley Tertiary Wastewater Treatment Plant, where it undergoes nitrate removal, ultra-violet disinfection, and chlorination. Recycled water is then distributed by SVWD to customers through a dedicated system. Recycled water is used mostly for landscape irrigation and to a lesser extent for dust control. SVWD continues to explore options to maximize the beneficial use of recycled water.

Figure 22 shows recycled water use since it was made available to SVWD customers in 2002. SVWD distributed 168.6 AF of recycled water in WY2025, which was consistent with recycled water use in other normal years. In total, 3,500 AF of recycled water has been used in-lieu of groundwater pumping since the program started.

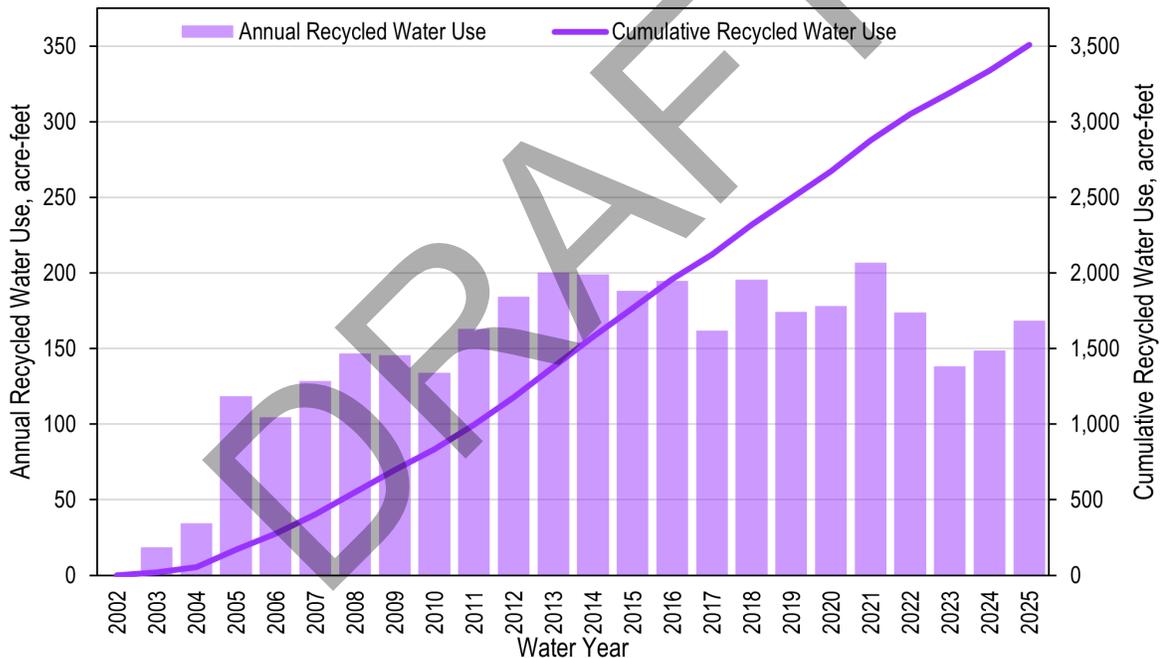


Figure 22. Recycled Water Use by SVWD Customers, WY2002-2025

3.1.1.4 SLVWD Conjunctive Use

The SLVWD owns, operates, and maintains 2 water systems that supply different water sources to distinct areas in the Basin: the San Lorenzo Valley System, comprised of the connected North and South distribution systems; and the Felton System, which serves the community of Felton and surrounding areas in the southern portion of the Basin (Figure 23). The North System conjunctively uses surface water and groundwater from the Quail Hollow and Olympia wellfields, the South System uses groundwater extracted from wells in the

Pasatiempo area, and the Felton System only uses surface water. The Felton System is connected to the San Lorenzo Valley System by an intertie that is only for emergency use. The intertie has been in use intermittently since 2020 due to the emergency conditions created by the extensive damage to the North System surface water infrastructure in the CZU wildfire.

A successful conjunctive use program has been implemented by SLVWD in their North System for decades. In the North System, the SLVWD optimizes the use of surface water and groundwater by using stream flows while they are high and groundwater when stream flows are low. The conjunctive use of these sources has met annual water demands since 1984, without a substantial decline in groundwater levels. On average, the North System obtains 55% of its water supply from stream diversions and 45% from groundwater extraction. In WY2025, SLVWD once again implemented its ongoing conjunctive use program in the North System, and emergency conjunctive use of the Felton System instituted after the 2020 CZU fire. For the period, SLVWD used 58% surface water and 42% groundwater in the North System. As discussed in Section 2.4.1, this represents a conservative estimated benefit of conjunctive use in WY2025 of 29 AF of in-lieu groundwater recharge in the North System. In WY2025, 254 AF of surface water was transferred from the Felton system to the San Lorenzo Valley system. This surface water displaced an equivalent volume of water that would otherwise have been extracted from wells in the SLVWD system.

DRAFT

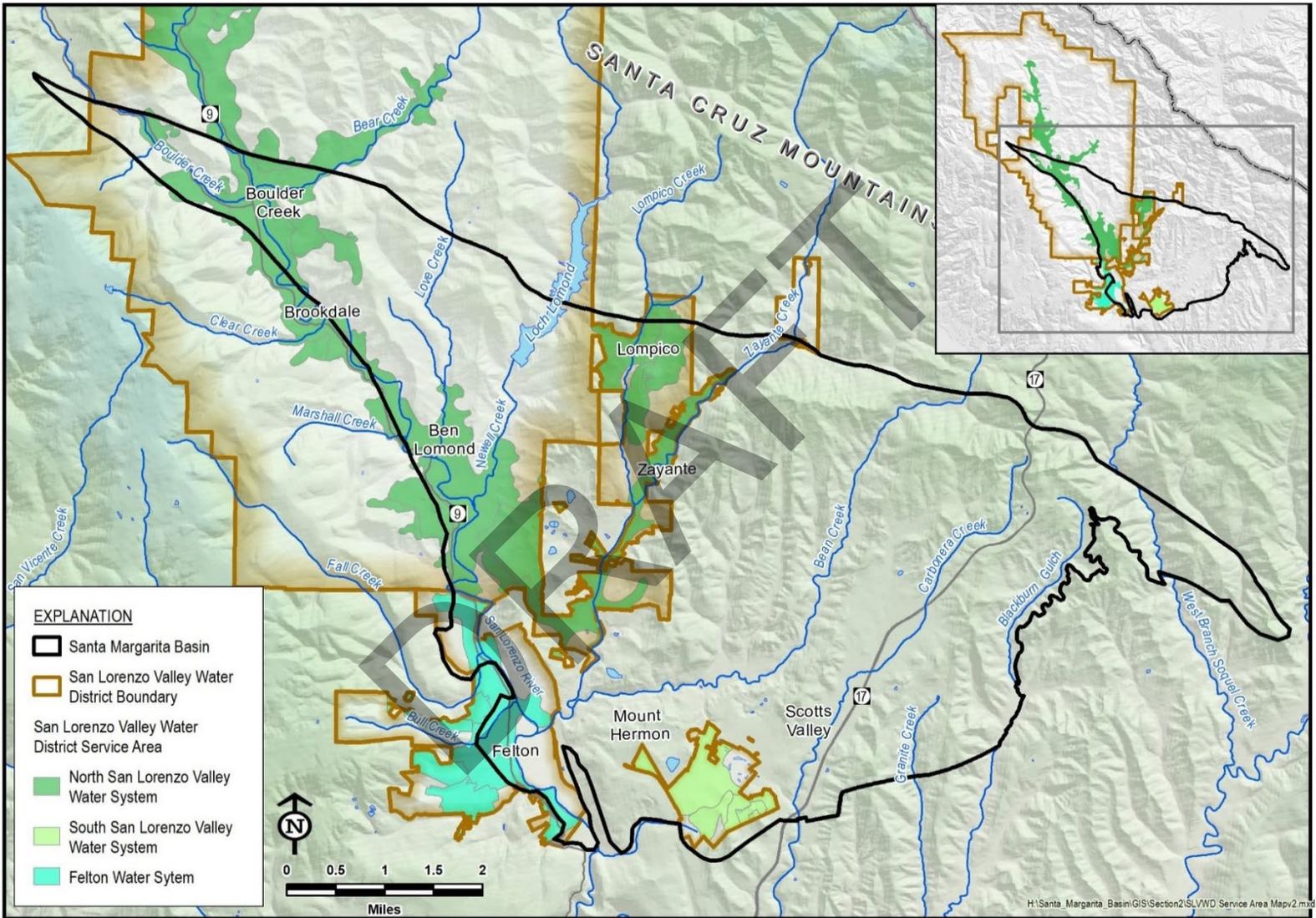


Figure 23. San Lorenzo Valley Water District Systems

3.1.2 Projects and Management Actions Using Existing Water Sources Within the Basin (Group 2, Tier 1)

Group 2, Tier 1 projects and management actions identified in the GSP focus on expansion of conjunctive use in the Basin using existing water sources within the Basin. The amount of surface water available for expanded conjunctive use is a function of factors such as annual precipitation, required minimum bypass flows for fish, the capacity of drinking water treatment facilities, and water rights restrictions on place-of-use.

Expanding SLVWD conjunctive use will involve 2 phases with different sources, conveyance infrastructure, and regulatory frameworks:

Phase 1 of Expanded Conjunctive Use: Surface water from existing diversion points in SLVWD's Felton and North Systems is available for expanded conjunctive use in the South System and can be conveyed with minimal modifications to existing infrastructure to other areas of the Basin where surface water is not currently used.

There is on average an estimated 227 AF/yr of additional surface water from SLVWD's North and Felton Systems available for expanded conjunctive use in the South System or other parts of the Basin. This estimated additional surface water amount would be refined with future analysis.

Phase 2 of Expanded Conjunctive Use: SLVWD's contractual allocation of 313 AF/yr of raw water from Loch Lomond reservoir is currently unused. This water could be available for conjunctive use in the Basin with improvements to water treatment and conveyance infrastructure, subject to completion of environmental compliance permitting and any necessary agreements with SCWD.

Expanded conjunctive use of water sources in the Basin requires modifications to SLVWD's water rights regarding place-of-use to allow SLVWD to use surface water from the Felton System throughout its service area, and to convey water to SVWD on a non-emergency basis. Work associated with Phase 1 and Phase 2 expansion continued in WY2025 and will continue into WY2026.

3.1.3 Projects and Management Actions Using Surface Water Sources Outside the Basin (Group 2, Tier 2)

Group 2, Tier 2 projects rely on water sources from outside the Basin. While not specifically identified as needed to meet the Basin's SMC, they can help reduce uncertainty associated with unknown future climate conditions or can supplement Group 2, Tier 1 projects if they are not fully implemented as envisioned. One current alternative in the planning stage is the use of

treated surface water provided by SCWD from its San Lorenzo River and North Coast sources when additional surface water is available.

As an example, SVWD was awarded a 2021 Urban and Multibenefit Drought Relief grant for \$9.5 million to implement a Regional Drought Resiliency Project. The project, anticipated to be completed by early 2026, includes the design and construction of 2 critical pieces of infrastructure to improve drought resiliency for SVWD and SCWD:

- A 12-inch-diameter, bi-directional, 1 million gallon per day intertie pipeline and pump station between the SCWD and SVWD distribution systems to facilitate transfers of water in droughts or other emergencies
- A new extraction well in SVWD (Grace Way) to replace aging wells, increase extraction capacity, strengthen SVWD's ability to provide redundancy and meet potential increased demand, and to supply water to neighboring agencies in drought conditions

Together, the 2 new infrastructure elements create an opportunity to increase groundwater stored in the Basin for beneficial use. In WY2024, design was completed and an agreement with a contractor was approved for the construction of the pipeline component. In WY2025, intertie was completed and the associated pump station for the intertie and the well will be completed in WY2026. SVWD and SCWD are also working on an Operational Agreement for the project.

3.2 GSP Recommended Corrective Actions

On April 27, 2023, DWR issued an approval determination for the Basin GSP. The approval included 4 recommended corrective actions. The recommended corrective actions, the GSA initial approach to addressing them, and a timeline for completion are shown in Table 5. In general, SMGWA believes that recommendations to modify SMC will require a GSP amendment with the required periodic evaluation due by January 3, 2027. SMGWA will meet with DWR in early 2026 to discuss approaches for addressing the recommended corrective actions.

Table 5. DWR Recommended Corrective Actions

DWR Recommended Corrective Action Number and Topic	DWR Recommended Corrective Action	GSA Initial Approach for Addressing Recommended Corrective Action	Timeline to Complete or Evaluate
1 – Evaluate impacts to domestic and Groundwater Dependent Ecosystems (GDEs) in Monterey Formation	Evaluate beneficial use and users of the Monterey Formation and consider how changes in groundwater levels in the Monterey Formation may affect domestic well users and GDEs.	Review locations and extent of beneficial users relative to groundwater level minimum threshold and measurable objectives	Address during Periodic Evaluation in 2026
2 – Revise undesirable results definition for chronic lowering of groundwater levels	Revise the definition of undesirable results to remove the drought year condition or discuss how extractions and recharge will be managed as necessary to ensure that reductions in groundwater levels or storage during a period of drought are offset by increases in groundwater levels or storage during other periods within the sustainable management criteria (SMC) for chronic lowering of groundwater levels.	Evaluate alternative undesirable result definitions as part of the periodic evaluation	Address during Periodic Evaluation in 2026
3 – Revise SMC for degraded groundwater quality	Revise SMC for degraded groundwater quality: <ul style="list-style-type: none"> • Revise the definition of undesirable results for degraded groundwater quality so that exceedances of minimum thresholds caused by groundwater extraction—whether or not the GSA has implemented pumping regulations—are considered in the assessment of undesirable results in the Basin. • Revise the sustainable management criteria for degraded water quality to include undesirable results for constituents of concern in the basin identified in the GSP. 	Evaluate alternative undesirable result definitions as part of the periodic evaluation	Address during Periodic Evaluation in 2026
4 – Evaluate interconnected surface water sustainable management criteria	Address the following items by the first periodic evaluation: <ul style="list-style-type: none"> • Revise sustainable management criteria with the removal of the exemption for undesirable results in drought years. • Consider using the interconnected surface water guidance as appropriate when issued by DWR to establish quantifiable minimum thresholds, measurable objectives, and management actions. • Continue to fill data gaps, collect additional monitoring data, and implement the current strategy to manage depletions of interconnected surface water and define segments of interconnectivity and timing. • Prioritize collaborating and coordinating with local, state, and federal regulatory agencies as well as interested parties to better understand the full suite of beneficial uses and users that may be impacted by pumping-induced surface-water depletion within the GSA’s jurisdictional area. 	Establish sustainable management criteria for applicable new wells installed in 2023 and consider utilizing upcoming DWR guidance to revise approach as part of the periodic evaluation	Partially addressed with 2023 well installations; remainder will be Addressed during Periodic Evaluation in 2026

4 SUSTAINABLE MANAGEMENT CRITERIA EVALUATION

SGMA requires the use of SMC as a means of demonstrating that a groundwater basin is being sustainably managed. This section presents the SMC definitions developed for the Basin GSP followed by an assessment of the status of each of the 4 applicable sustainability indicators. The WY2025 SMC evaluation indicates that the Basin continues to make progress on its path toward long-term sustainability.

The SMC start with a locally defined sustainability goal, which for this Basin includes the following:

- Implement the SGMA, which requires the management and use of groundwater in the Basin in a manner that can be maintained during the planning and implementation horizon without causing undesirable results.
- Provide a safe and reliable groundwater supply that meets the current and future needs of beneficial users.
- Support groundwater sustainability measures and projects that enhance a sustainable and reliable groundwater supply in the Basin, using integrated water management principles by:
 - Safeguarding water supply availability for public health and welfare
 - Maintaining and enhancing groundwater availability for municipal, private, and industrial users and uses
 - Maintaining and enhancing groundwater contributions to streamflow, where beneficial users are dependent upon such contributions (fish, frogs, salamanders, dragonflies, etc.)
 - Maintaining and enhancing groundwater levels that support GDEs
 - Maintaining and enhancing groundwater quality for existing and future beneficial uses
- Provide for operational flexibility within the Basin by supporting a drought supply reserve that takes into account future climate change.
- Plan and implement projects and activities to achieve sustainability that are cost effective and do not place undue financial hardship on the SMGWA, its cooperating agencies, or basin stakeholders. A cost-benefit analysis—taking into consideration financial, social, environmental—and adverse consequences, may be conducted to evaluate whether a project or activity results in undue financial hardship.

To demonstrate that the sustainability goal is being met, SGMA requires a set of locally defined sustainability indicators to be used as metrics to determine if the Basin is experiencing undesirable results. The applicable Basin GSP sustainability indicators and definitions of undesirable results are shown in Table 6. Each sustainability indicator, and its status through WY2025, is discussed further below.

Table 6. Undesirable Result Definitions for Sustainability Indicators in the Basin

Sustainability Indicator	Undesirable Result Definition
Chronic lowering of groundwater levels	Groundwater elevation in any RMP falls below the minimum threshold in 2 or more consecutive non-drought years. If an RMP groundwater elevation below its minimum threshold is caused by emergency operational issues or extended droughts, it is not considered an undesirable result.
Reduction of groundwater in storage	Groundwater extraction volumes that exceed the reduction in groundwater storage minimum thresholds in 1 or multiple principal aquifers
Degraded water quality	Degraded groundwater quality minimum thresholds are exceeded at RMPs where: <ul style="list-style-type: none"> • Minimum thresholds have not been exceeded prior to SMGWA approved project(s) or management action(s) • An immediate resampling confirms the exceedance • The exceedance is caused by SMGWA approved project(s) or management action(s)
Depletion of interconnected surface water	Groundwater level in any RMP falls below the minimum threshold in 2 or more consecutive non-drought years. If an RMP groundwater level below its minimum threshold is caused by emergency operational issues or extended droughts, it is not considered an undesirable result.

4.1 Chronic Lowering of Groundwater Levels

Annual groundwater elevations are reviewed in this section to assess whether they remain within the target operational range between the MT and MO, and if they are on track to meet the 2027 interim milestone. There are 12 RMPs used to evaluate chronic lowering of groundwater levels relative to SMC. Table 7 shows the annual minimum groundwater elevation at each RMP since WY2020, relative to the RMP’s MT, MO, and the 2027 interim milestone. Hydrographs in Appendix A show historical data collected at RMPs relative to MTs and MOs.

Groundwater elevations were stable or increasing in 9 of 12 RMPs and decreasing in 3 of 12 RMPs as compared to fall measurements from fall in WY2024; 11 of 12 RMPs are at or above their respective MTs. In addition, the 2027 interim milestone is met for 8 RMPs (green and yellow colors in Table 7), 7 of which also meet MOs (green color in Table 7), indicating groundwater levels are already sustainable in many areas. One well that slightly exceeded its MT is SVWD #15. However, this is not an undesirable result in the Basin as an MT exceedance must occur in 2 consecutive years (Table 6). SMGWA will continue to monitor this condition in WY2026 and will consider this in its Basin GSP Periodic Evaluation.

4.1.1 Santa Margarita Aquifer

There are 4 Santa Margarita aquifer RMPs:

- Quail Hollow area: SLVWD Quail MW-B
- Olympia and Mission Springs area: SLVWD Olympia #3
- Mount Hermon/Pasatiempo/South Scotts Valley area: SLVWD Pasatiempo MW-2
- North Scotts Valley: SVWD TW-18

In WY2025, groundwater elevations remained relatively stable compared to the prior water year, and are within the target operational range (Table 7):

- One Santa Margarita aquifer RMP is below 2027 interim milestone: SLVWD Quail MW-B
- Three Santa Margarita aquifer RMPs are above MOs: SLVWD Olympia #3, SLVWD Pasatiempo MW-2, and SVWD TW-18

Groundwater elevations in parts of the Santa Margarita aquifer were relatively low in fall WY2022 after 3 consecutive dry years but have since rebounded with wetter conditions in WY2023 and generally remained stable through WY2025 (Appendix A, figures A-1 through A-3). Groundwater elevations in the North Scotts Valley area at SVWD TW-18 have been stable and close to or above the MO since 2000 (Appendix A, figure A-4).

4.1.2 Monterey Formation

The only Monterey Formation RMP is SVWD Well #9 in the South Scotts Valley area. This well has a long-term increasing groundwater elevation trend (Appendix A, figure A-5). In WY2024, groundwater elevations increased above the MO and continued to rise in WY2025 (Table 7).

4.1.3 Lompico Aquifer

There are 4 Lompico aquifer RMPs:

- Mount Hermon / Pasatiempo area: SLVWD Pasatiempo MW-1
- South Scotts Valley: SVWD Well #10
- Central Scotts Valley: SVWD Well #11A
- North Scotts Valley: SVWD TW-19

Groundwater elevations increased or remained stable in Lompico aquifer RMPs in WY2025 relative to the prior water year and are within the target operational range (Table 7). There are no MT exceedances in the Lompico aquifer RMPs. The aspirational 2027 interim milestone and MO values were chosen based on the modeled benefits of a hypothetical 540 AF/yr conjunctive use project that has yet to be defined and implemented. Even so, due to continued conservation and efficiency, 3 of the 4 RMPs already met their MOs in WY2023 (SVWD Well #10, SVWD Well #11A, and SVWD TW-19 as shown on Appendix A, figures A-7 through A-9). The only well that does not currently meet the MO, SLVWD Pasatiempo MW-1, met the 2027 interim milestone and has an increasing groundwater elevation trend since WY2023 with a notable rise of more than 17 feet between the lowest levels in WY2024 and WY2025 (Appendix A, figure A-6).

4.1.4 Lompico/Butano Aquifer

SVWD #15 monitoring well in the Northern Scotts Valley area is the only RMP screened in both the Lompico and Butano aquifers. This well is located near the Lompico/Butano SVWD Orchard supply well. Groundwater elevations in SVWD #15 fluctuate seasonally, with spring levels frequently higher than the MO and fall levels below the 2027 interim milestone (Appendix A, figure A-10). Groundwater level data collected by the transducer is highly influenced by extraction at nearby SVWD Orchard. Because of almost year-round pumping at SVWD Orchard, only hand measurements at SVWD #15 can be collected when SVWD Orchard is not pumping. These limited static levels are used to compare to the SMC. The minimum static groundwater elevation at SVWD #15 in WY2025 was approximately 290.6 feet above mean sea level (amsl), which was just below the 291 feet amsl MT and is below the 2027 interim milestone. Like Lompico aquifer wells, the chosen 2027 interim milestone and MO are aspirational, based on the modeled effects of a hypothetical 540 AF/yr conjunctive use project.

4.1.5 Butano Aquifer

Two Butano aquifer RMPs, SVWD Stonewood and SVWD Canham, are located in the Northern Scotts Valley area upgradient of the Orchard well. There is a slight increasing groundwater elevation trend at SVWD Stonewood and a slight decreasing trend at SVWD Canham in recent years (Appendix A, figures A-11 and A-12). In WY2025, groundwater elevations are within the target operational range for both wells (Table 7). SVWD Stonewood is above the 2027 interim milestone and MO and SVWD Canham is below the 2027 interim milestone and MO. The 2027 interim milestone and MO are aspirational goals based on a hypothetical conjunctive use project that has yet to be implemented and are higher than any groundwater elevations measured in the Canham well since monitoring began in 2011.

Table 7. Groundwater Elevations Compared to Chronic Lowering of Groundwater Levels Sustainable Management Criteria, WY2021-2025

Aquifer	Well Name	Minimum Threshold	Annual Minimum Groundwater Elevation (feet amsl)						
			Interim Milestone #1 (2027)	Measurable Objective	WY2021*	WY2022	WY2023	WY2024	WY2025
Water Year Type					Critically Dry	Normal	Wet	Normal	Normal
Santa Margarita	SLVWD Quail MW-B	449	472	472	455.8	451.8	451.0	458.4	458.6
	SLVWD Olympia #3	302	307	307	335.9	330.1	327.3	354.5	359.7
	SLVWD Pasatiempo MW-2	498	514	514	512.7	516.3	516.2	528.1	523.6
	SVWD TW-18	462	471	471	471.8	470.9	470.4	470.1	471.2
Monterey	SVWD #9	301	340	358	351.0	354.0	356.0	360.6	365.1
Lompico	SLVWD Pasatiempo MW-1	334	339	372	340.4	335.4	337.0	343.9	361.5
	SVWD #10	286	302	322	330.3	338.1	338.7	337.2	342.0
	SVWD #11A	288	299	317	308.0	312.6	320.2	324.7	333.7
	SVWD TW-19	314	357	376	370.4	370.0	378.4	378.1	389.3
Lompico/Butano	SVWD #15 Monitoring Well	291	310	333	307.1	307.9	306.5	307.2	290.6
Butano	SVWD Stonewood Well	836	844	844	845.0	845.8	847.6	847.7	847.4
	SVWD Canham Well	427	447	467	441.7	441.2	440.7	441.0	440.4

* Damage to SLVWD surface water intakes caused by the August 2020 CZU Wildfire caused groundwater extraction to increase and groundwater levels to decline in some areas of the Basin. amsl – above mean sea level

Minimum threshold not met
Minimum threshold met but 2027 interim milestone and measurable objective not met
Minimum threshold and 2027 interim milestone met, but measurable objective not met
Measurable objective met

4.2 Reduction of Groundwater in Storage

The reduction of groundwater in storage SMC are annual groundwater extraction volumes for the principal aquifers and Monterey Formation. Groundwater sustainable yield estimates are developed using a groundwater model baseline projection that includes climate change. The MTs are related to groundwater extraction volumes predicted without implementation of additional projects or management actions, and the MOs are related to groundwater extraction volumes calculated assuming implementation of a hypothetical 540 AF/year conjunctive use project. The 2027 interim milestones are equal to the MT through 2027 and thereafter are equal to the MO through 2042. Table 8 summarizes WY2025 groundwater extraction from each aquifer relative to MTs and MOs.

WY2025 groundwater extraction is within the operational range between the MT and MO in for the total Basin. The total extraction from each aquifer and formation is less than the MT, except for the Lompico aquifer, where extraction was 46 AF greater than the MT. By definition in the GSP, this indicates that the Basin experienced an undesirable result in WY2025. However, this condition is not expected to continue as the new SVWD Sucinto and Grace Way wells come on-line in WY2026. These wells will draw water from both the Lompico and Butano aquifers. This will effectively reduce Lompico aquifer extraction to less than its MT and increase extraction from the Butano aquifer. Note in Table 8 below that there is sufficient capacity on the Butano aquifer for this operational change.

Table 8. Groundwater Extractions Compared to Reduction in Groundwater in Storage Sustainable Management Criteria, WY2025

Aquifer	Groundwater Extraction, AF/year		
	Minimum Threshold*	Measurable Objective	WY2025
Santa Margarita	850	615	578
Monterey	140	130	91
Lompico**	1,290	1,000	1,336
Butano**	540	380	347
TOTAL	2,820	2,125	2,352

*The first interim milestone in 2027 is equal to the minimum threshold.

**In WY2025, SVWD had 2 wells that extracted groundwater exclusively from the Lompico aquifer and 1 well that extracted from both the Lompico and Butano aquifers. For the SVWD extraction well screened in both aquifers, it is estimated that 40% of the water is from the Lompico aquifer and 60% is from the Butano aquifer.

Minimum threshold not met

Minimum threshold and 2027 interim milestone met, but measurable objective not met

Measurable objective met

4.3 Degraded Water Quality

Groundwater in the Basin is generally of good quality and meets primary drinking water standards. However, both naturally occurring and anthropogenic groundwater quality constituents of concern are present in some aquifers and areas. Iron and manganese are the only naturally occurring groundwater quality constituents in the Basin that routinely exceed drinking water standards; arsenic and total dissolved solids (TDS) occasionally approach or slightly exceed drinking water standards in a few wells. Anthropogenic groundwater quality constituents that are occasionally detected, though at concentrations less than drinking water standards, are nitrate from septic system leaching and organic point-source contaminants originating from several former industrial sites.

The MTs for degraded water quality are the California drinking water standards for each constituent, except for nitrate, which is set to half the maximum contaminant level (MCL) drinking water standard. The MOs are set to the average concentrations measured for each well between January 2010 and December 2019. This means that for some wells the MOs are at greater concentrations than the MTs for the naturally occurring constituents iron and manganese. The SMC for this sustainability indicator are met when concentrations are at or below the criteria.

All water quality RMP were sampled in WY2025 except for inactive RMP well SVWD Well #9 in the Monterey Formation and SVWD #3B, which was destroyed in WY2024. Going forward, SVWD #3B will likely be replaced by SVWD Sucinto when that new supply well is integrated into SVWD's system. The MTs and WY2025 maximum concentrations for degraded water quality RMPs are summarized in Table 9. All water quality data for constituents with SMC collected from public supply wells in WY2025 are summarized in tabular format in Appendix D. Chemographs showing water quality data over time for constituents that have increasing trends are shown in Appendix E.

Consistent with past results, the only constituents found in WY2025 at concentrations higher than the MTs are iron and manganese. Iron and manganese are naturally elevated in the Lompico aquifer and in parts of the Santa Margarita aquifer, such as the Olympia wellfield (Table 9). Because iron and manganese concentrations greater than the MTs are naturally occurring and are not being caused by groundwater use, they do not constitute undesirable results. SLVWD and SVWD routinely treat or blend raw groundwater to meet state drinking water standards for iron and manganese.

Table 10 lists the WY2025 maximum concentrations relative to MOs for iron and manganese in wells that exceed MTs. In WY2025, iron concentrations meet the MOs in 4 of 5 wells, with the exception of SLVWD Pasatiempo #7. Two wells meet the MO for manganese and 3 wells—SLVWD Pasatiempo #7, SVWD #10A, and SVWD #11A—do not.

TDS, chloride, nitrate, and chlorobenzene do not meet MOs in some wells in WY2025 (Table 9). Given that the MOs are based on long-term average concentrations for each well, and for chlorobenzene, the laboratory reporting limit, it is expected that some wells will not meet their MOs by a small amount in a typical year.

Arsenic is naturally occurring at or near the MCL and MT in some areas of the Basin. SVWD and SLVWD blend the water extracted from wells with higher arsenic concentrations with water from sources with lower arsenic content to ensure that drinking water quality standards are met. SVWD #11B is the only RMP that regularly approaches the arsenic MCL and MT of 10 micrograms per Liter ($\mu\text{g/L}$) and in WY2025 nearly exceeded the MT/MCL with a reported concentration of 9.8 $\mu\text{g/L}$. The arsenic concentration in this well has increased for 3 consecutive years since WY2023, perhaps related to the increasing extraction volume discussed in Section 2.3 (Appendix E, figure E-2). Arsenic was detected in 3 other RMPs in WY2024 (SLVWD Quail Hollow #5A and SVWD #11A), but concentrations were much close to or below the MOs. Samples collected from SLVWD Pasatiempo #8 in recent years are routinely around the MCL for arsenic and reached 9.8 $\mu\text{g/L}$ in WY2025 (Appendix E, figure E-1). This well was installed in December 2018 and was not made an RMP during development of the GSP because there was insufficient water quality data to make informed decisions on SMC. This will be addressed during the Basin GSP Periodic Evaluation in 2026.

TDS and chloride concentrations are well below their respective MTs (Table 9), but do not meet the MO in 5 of 7 sampled wells. This reflects long-term trends in several wells in which TDS concentrations are slowly rising, such that MOs for more than half the RMPs are not met. Chemographs for wells with increasing TDS concentration trends are included in Appendix E. These include SLVWD Olympia #3 in the Santa Margarita aquifer, SLVWD Pasatiempo #7 and SVWD #10A in the Lompico aquifer, and SVWD Orchard well in the Lompico/Butano aquifer (Appendix E, figures E-3 through E-6 and E-8 through E-11).

Nitrate was detected in WY2025 only at SLVWD Quail Hollow #5A. Quail Hollow #5A is typically the only RMP with elevated nitrate between 1 and 3.5 milligrams per liter (mg/L), which is below the MT of 5 mg/L (Appendix E, figure E-7).

Occasionally chlorobenzene is detected at trace concentrations near the reporting limit at SVWD #11A, including in WY2025. The MO for chlorobenzene is the laboratory reporting limit, so any detection indicates that the MO is not being met.

Table 9. Groundwater Quality Compared to Sustainable Management Criteria, WY2025

Aquifer	Well Name	Concentration milligrams per Liter (mg/L)										
		TDS	Chloride	Iron	Manganese	Arsenic	Nitrate (as Nitrogen)	Methyl-tert-butyl-ether	Chlorobenzene	Trichloroethylene	Tetrachloroethylene	1,2-Dichloroethylene
Minimum Threshold		1,000	250	0.3	0.05	0.01	5	0.013	0.07	0.005	0.005	0.07
Santa Margarita	SLVWD Quail Hollow #5A	110	8.5	ND	ND	0.0015	2.3	ND	ND	ND	ND	ND
	SLVWD Olympia #3	740	8.9	0.30	0.150	ND	ND	ND	ND	ND	ND	ND
Monterey	SVWD Well #9	NS	NS	NS	NS	NS	NS	NS	NS	NS	NS	NS
Lompico	SLVWD Pasatiempo #7	150	7.3	0.76	0.110	ND	ND	ND	ND	ND	ND	ND
	SVWD #10A	300	33	1.6	0.120	ND	ND	ND	NS	ND	ND	ND
	SVWD #11A	540	27	0.32	0.120	0.002	ND	ND	0.0009	ND	ND	ND
	SVWD #11B	360	21	0.59	0.065	0.0098	ND	ND	NS	ND	ND	ND
Lompico / Butano	SVWD Orchard Well	530	64	ND	0.0029	ND	ND	ND	NS	ND	ND	ND

Minimum threshold not met
 Minimum threshold met, but measurable objective not met (see Appendix D for MO)
 Minimum threshold and measurable objective met, or analyte not detected (ND)
 NS – not sampled because well was not actively pumped for water supply

Table 10. Groundwater Quality Compared to Iron and Manganese Measurable Objectives, WY2025

Aquifer	Well Name	Iron Concentration (mg/L)		Manganese Concentration (mg/L)	
		Measurable Objective	WY2025 Maximum	Measurable Objective	WY2024 Maximum
Santa Margarita	SLVWD Olympia #3	0.502	0.30	0.157	0.15
Lompico	SLVWD Pasatiempo #7	0.539	0.76	0.099	0.11
	SVWD #10A	1.51	1.6	0.099	0.12
	SVWD #11A	0.459	0.32	0.112	0.12
	SVWD #11B	0.826	0.59	0.077	0.065

Measurable objective not met

Measurable objective met

4.4 Depletion of Interconnected Surface Water

Depletion of interconnected surface water is assessed at 2 RMPs using groundwater elevations as a proxy. The approach for evaluating sustainability is the same as the approach described for the chronic lowering of groundwater levels indicator in Section 4.1. Table 11 compares 5 years of annual minimum groundwater elevations for depletion of interconnected surface water RMPs with MTs and MOs. Hydrographs for depletion of interconnected surface water RMPs are shown in Appendix B, figures B-1 and B-2. WY2025 groundwater elevations in both RMPs were slightly lower when compared to measurements from fall in WY2024 but remained above their respective MTs, which means undesirable results did not occur for depletion of interconnected surface water.

Table 11. Groundwater Elevations Compared to Depletion of Interconnected Surface Water Sustainable Management Criteria, WY2021-2025

Aquifer	Well Name	Minimum Groundwater Elevation (feet amsl)						
		Minimum Threshold	Measurable Objective*	WY2021	WY2022	WY2023	WY2024	WY2025
Water Year Type				Critically Dry	Normal	Wet	Normal	Normal
Santa Margarita	SLVWD Quail MW-A	413	416	413.3	413.1	413.3	414.5	413.9
	SVWD SV4-MW	381	387	404.1	405.7	408.7	404.2	401.1

*2027 interim milestones are equal to the measurable objective

Minimum threshold not met
Minimum threshold met, but measurable objective not met
Measurable objective met

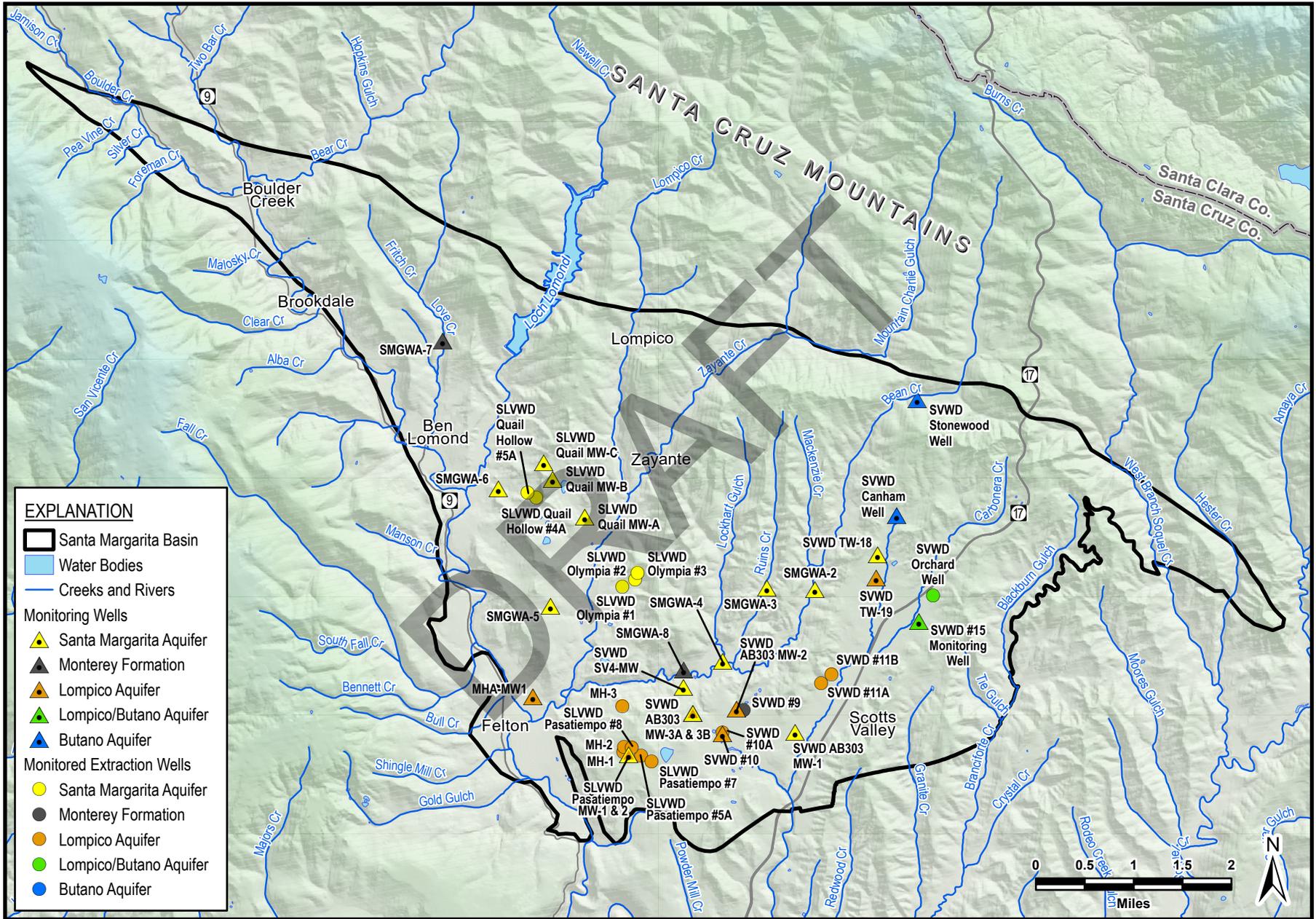
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Appendix A

Chronic Lowering of Groundwater Levels Representative Monitoring Point Hydrographs with Sustainable Management Criteria

Well Locations and Screen Aquifer Shown on Map below

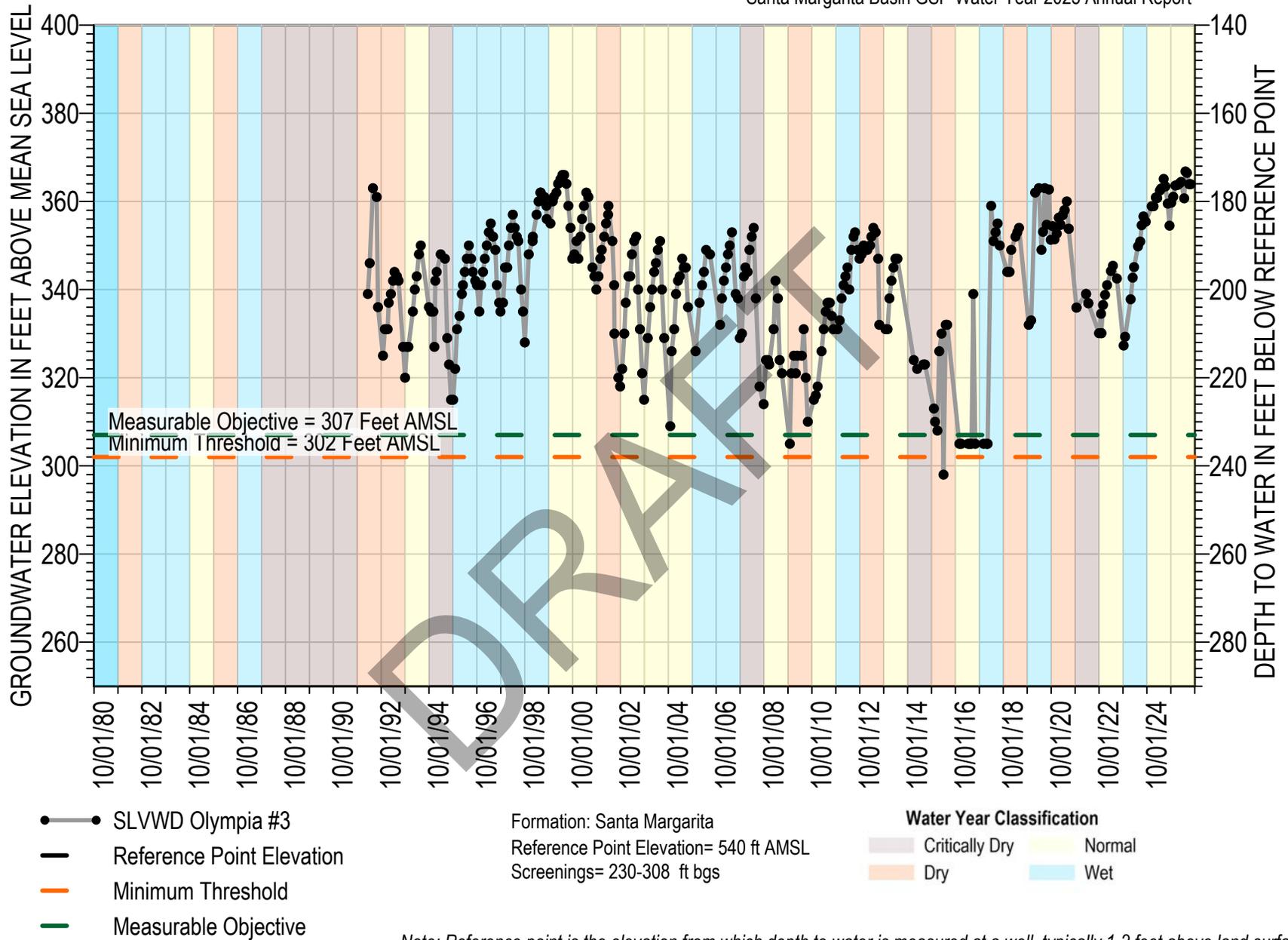
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Well Location Map

Santa Margarita Sandstone

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Note: Reference point is the elevation from which depth to water is measured at a well, typically 1-2 feet above land surface. Pumping measurements are removed from hand soundings but not from transducer data.

Figure A-1. Hydrograph of Station SLVWD Olympia #3

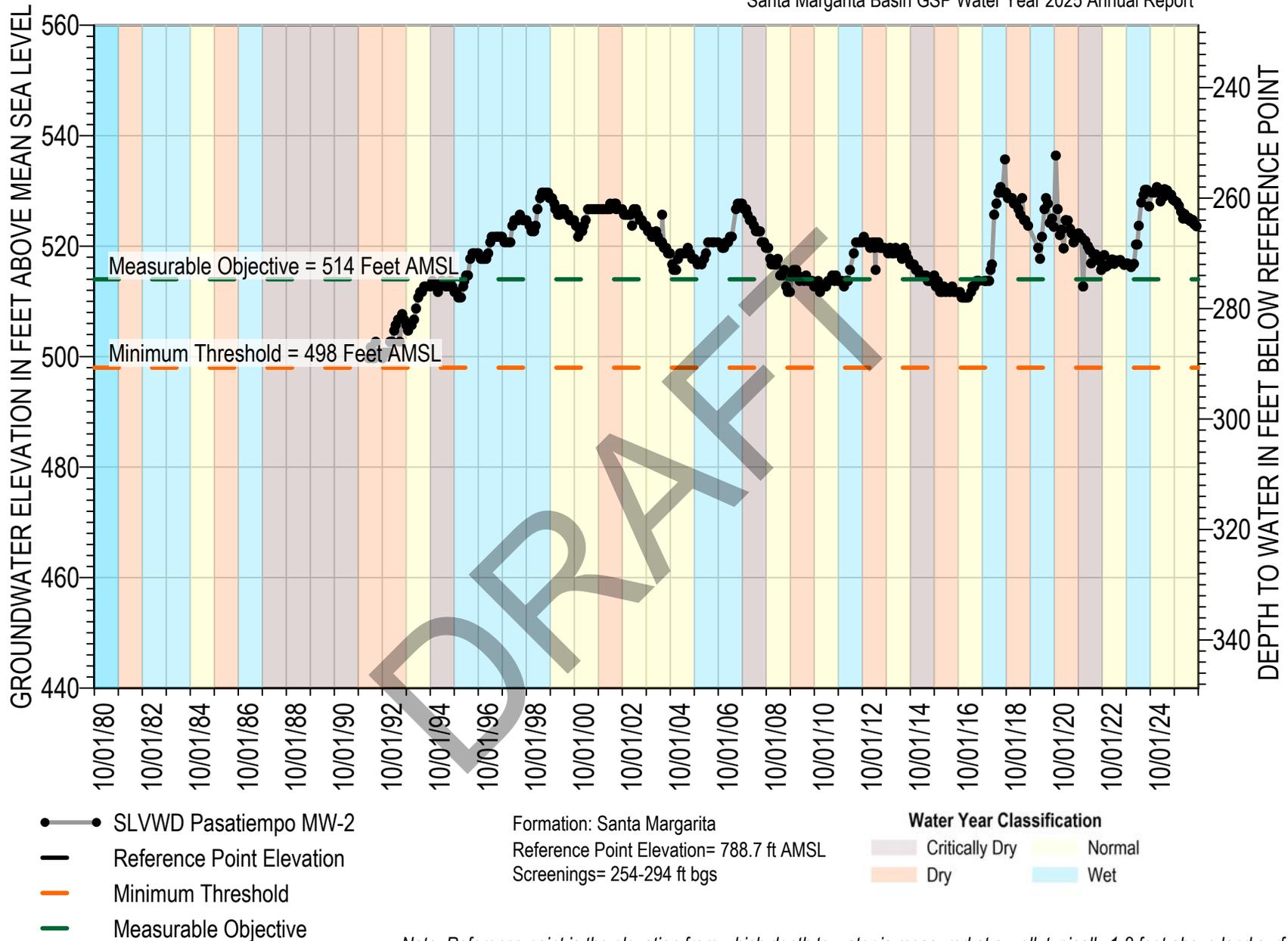
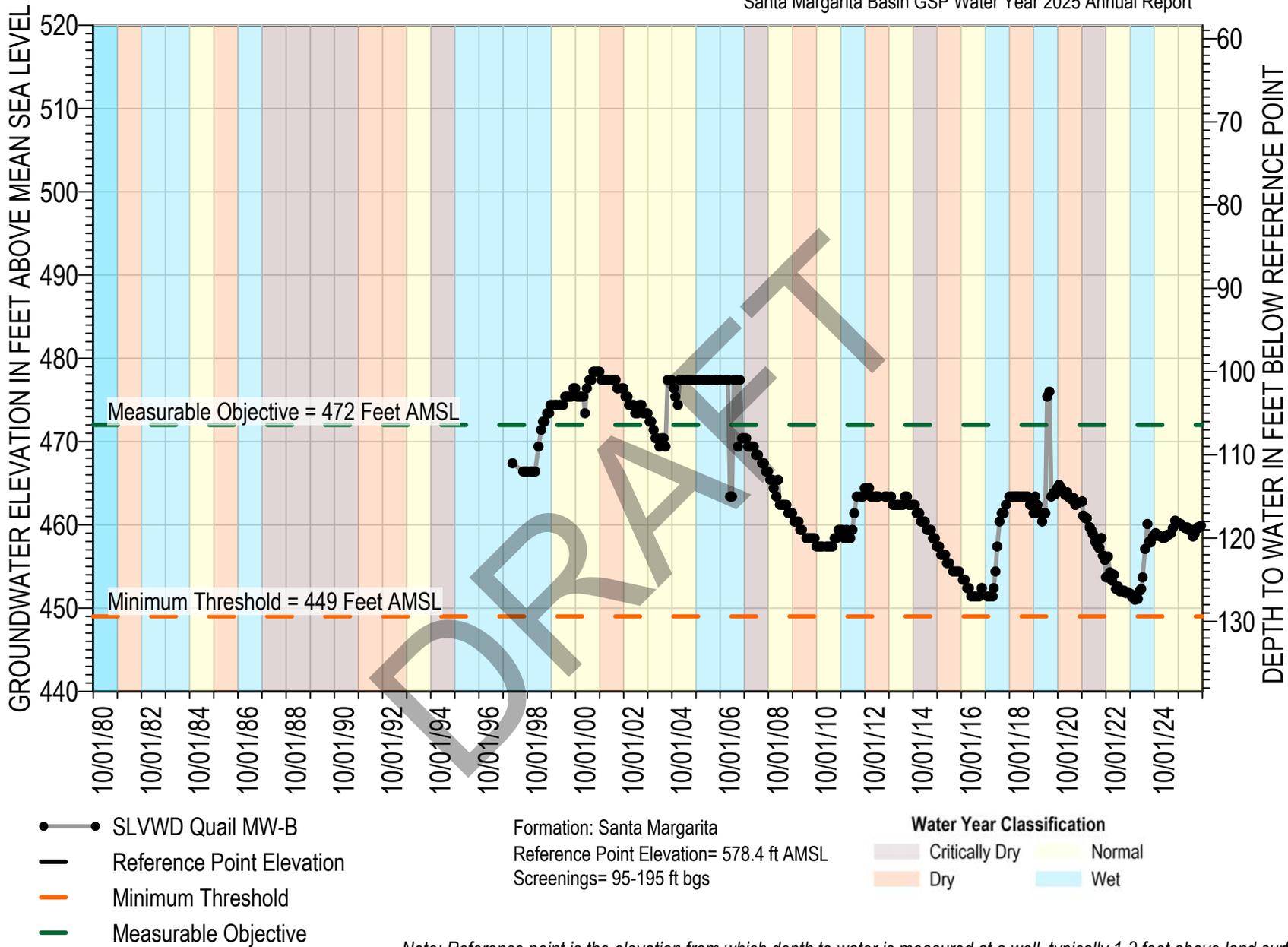


Figure A-2. Hydrograph of Station SLVWD Pasatiempo MW-2



Note: Reference point is the elevation from which depth to water is measured at a well, typically 1-2 feet above land surface. Pumping measurements are removed from hand soundings but not from transducer data.

Figure A-3. Hydrograph of Station SLVWD Quail MW-B

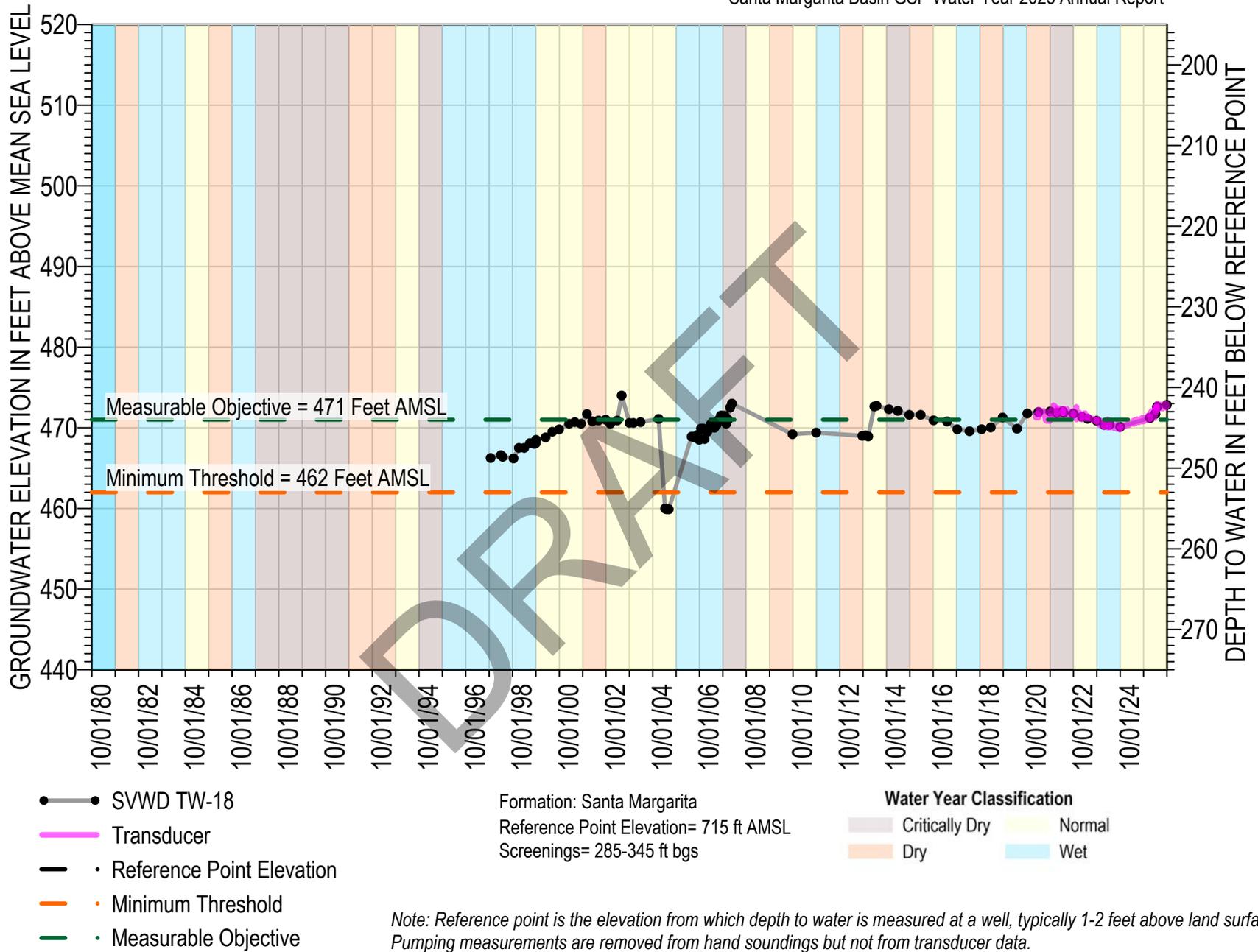
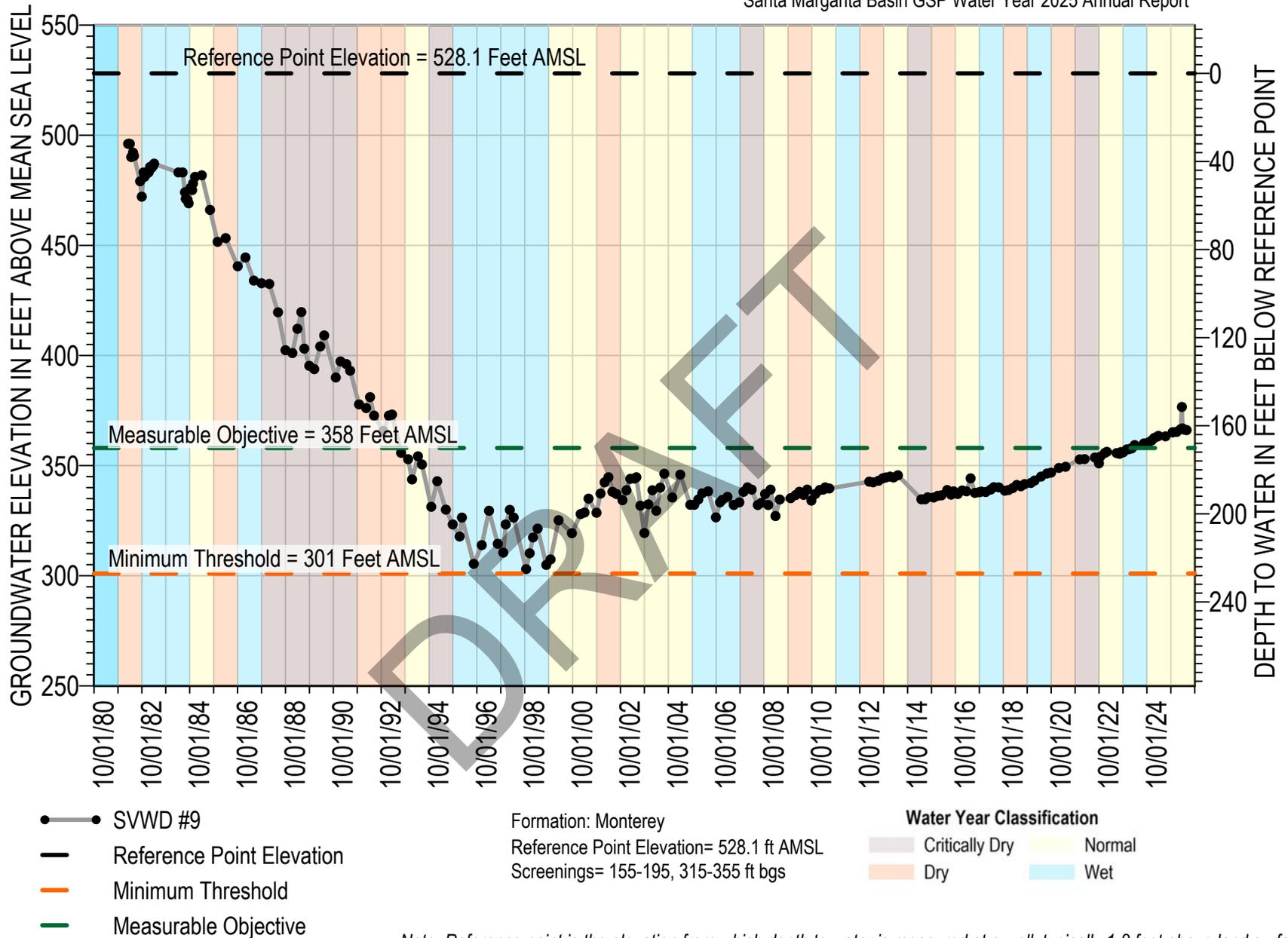


Figure A-4. Hydrograph of Station SVWD TW-18

Monterey Formation

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Note: Reference point is the elevation from which depth to water is measured at a well, typically 1-2 feet above land surface. Pumping measurements are removed from hand soundings but not from transducer data.

Figure A-5. Hydrograph of Station SVWD #9

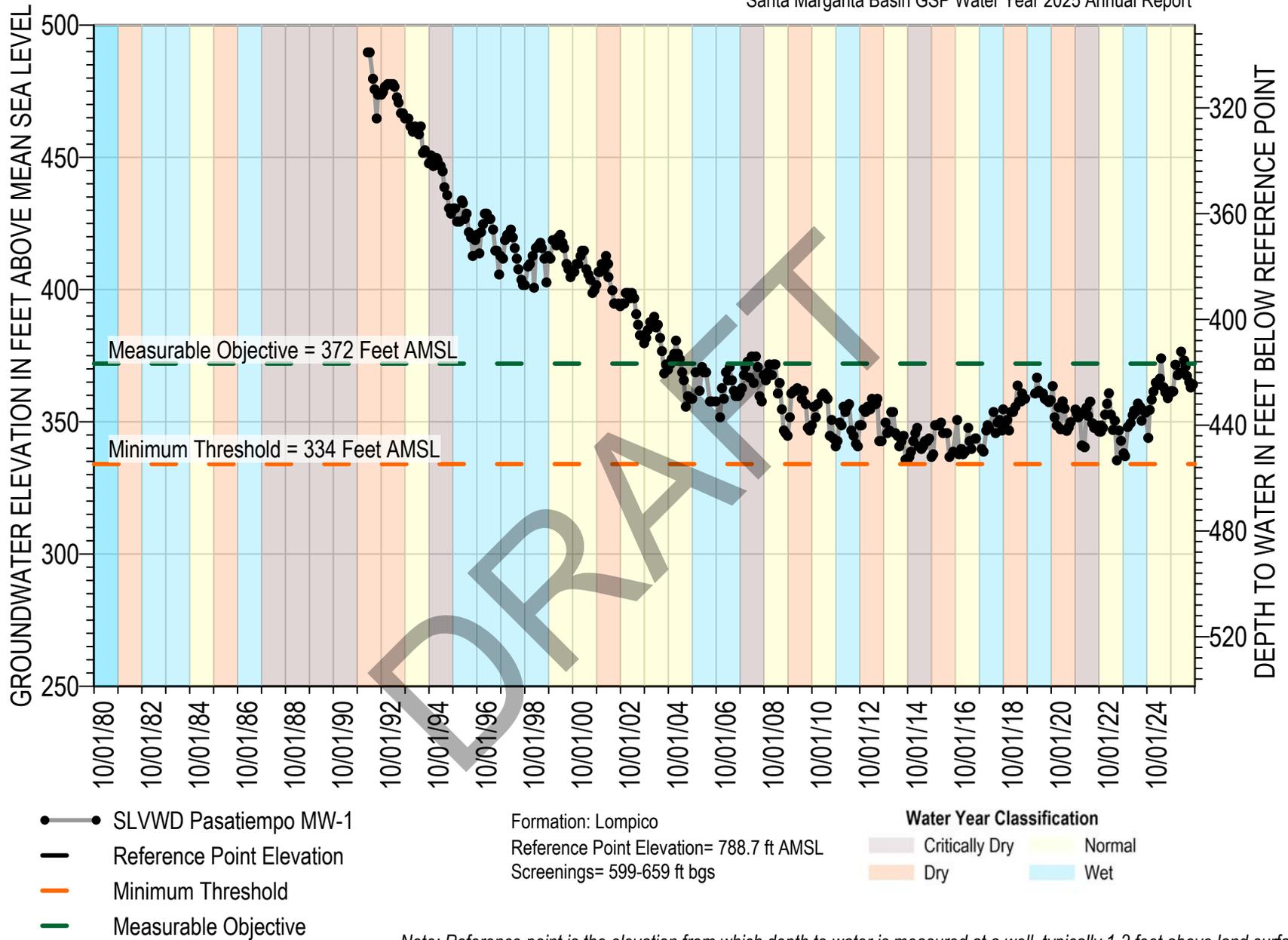


Figure A-6. Hydrograph of Station SLVWD Pasatiempo MW-1

Lompico/Butano Sandstone

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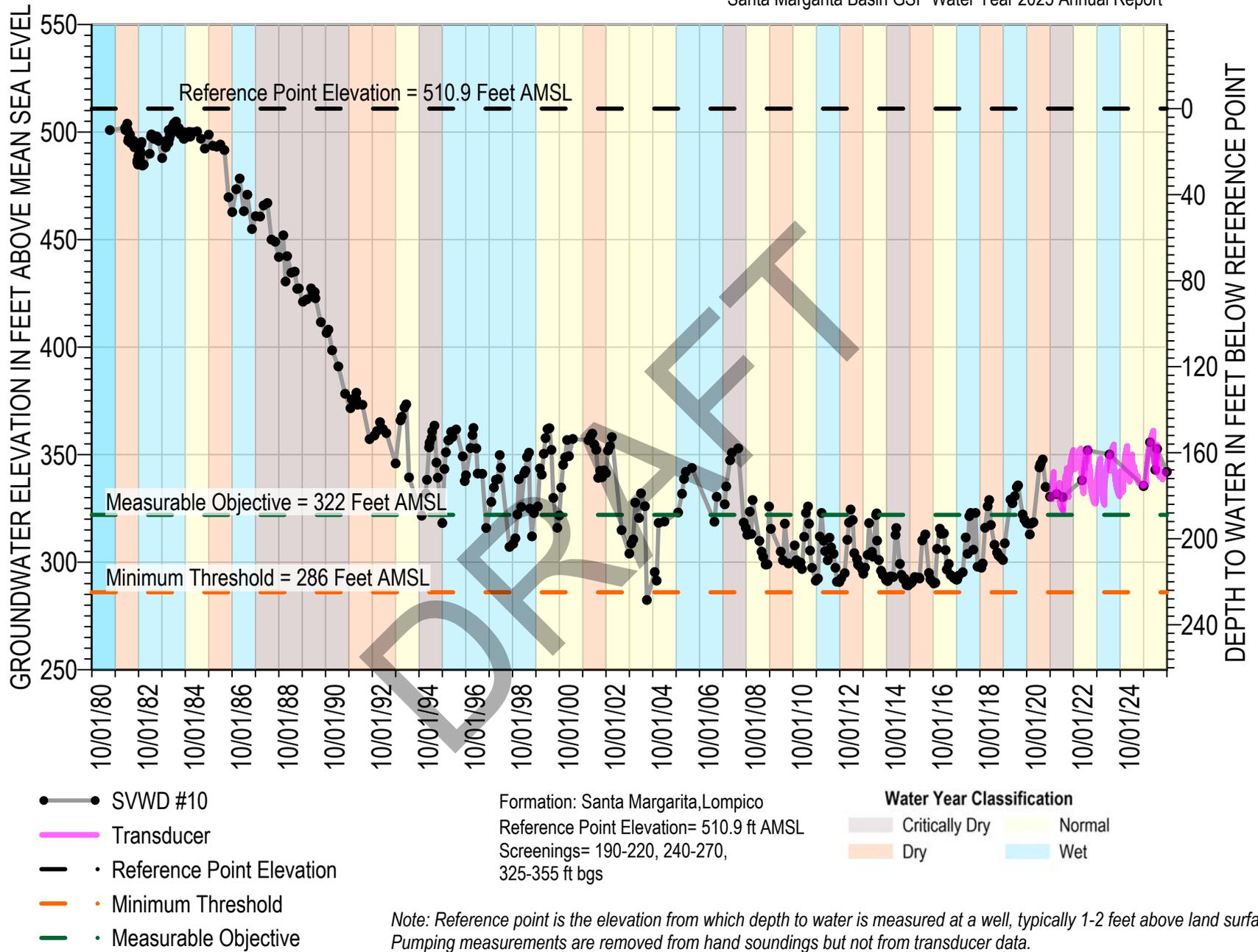
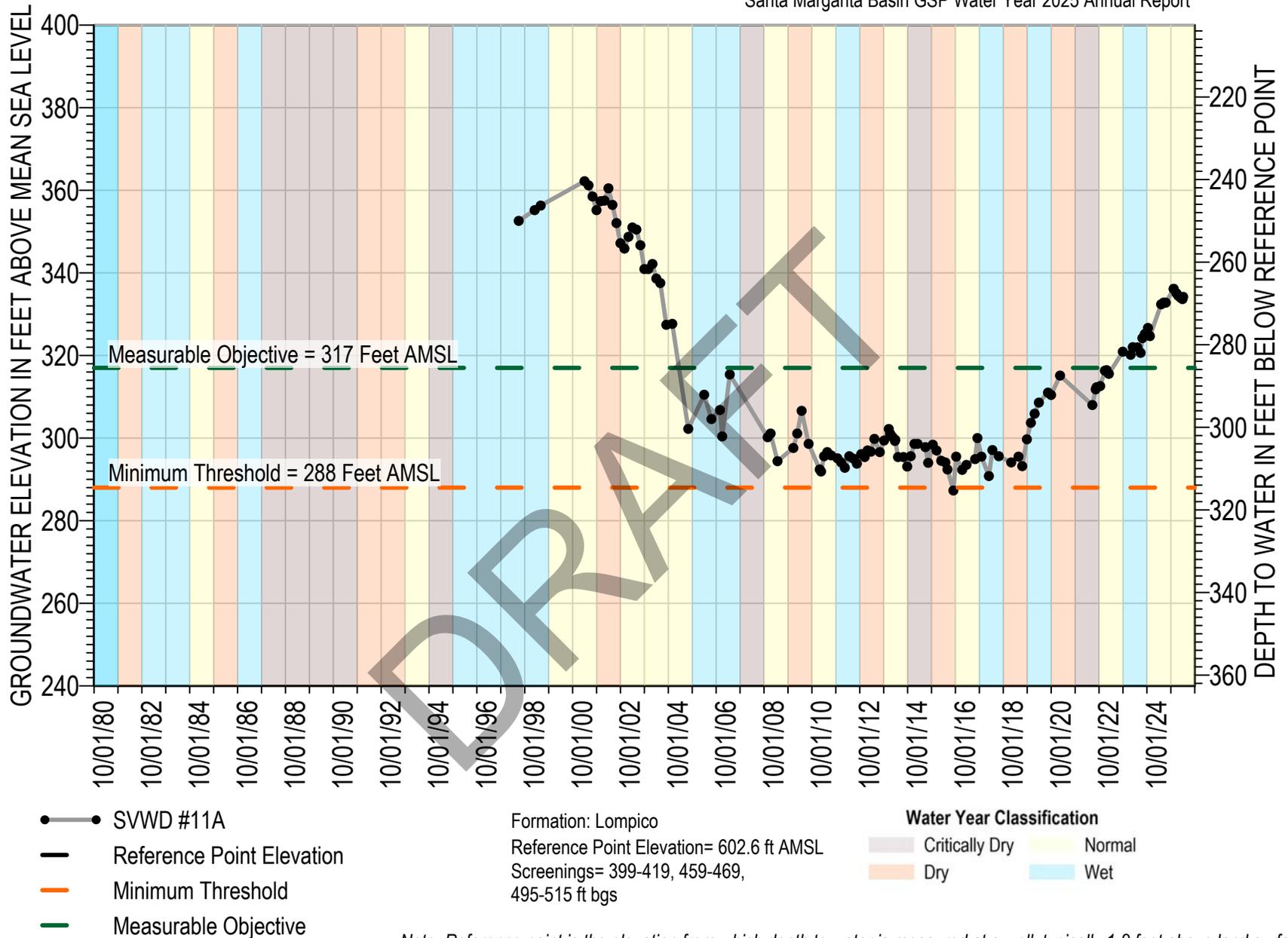


Figure A-7. Hydrograph of Station SVWD #10



Note: Reference point is the elevation from which depth to water is measured at a well, typically 1-2 feet above land surface. Pumping measurements are removed from hand soundings but not from transducer data.

Figure A-8. Hydrograph of Station SVWD #11A

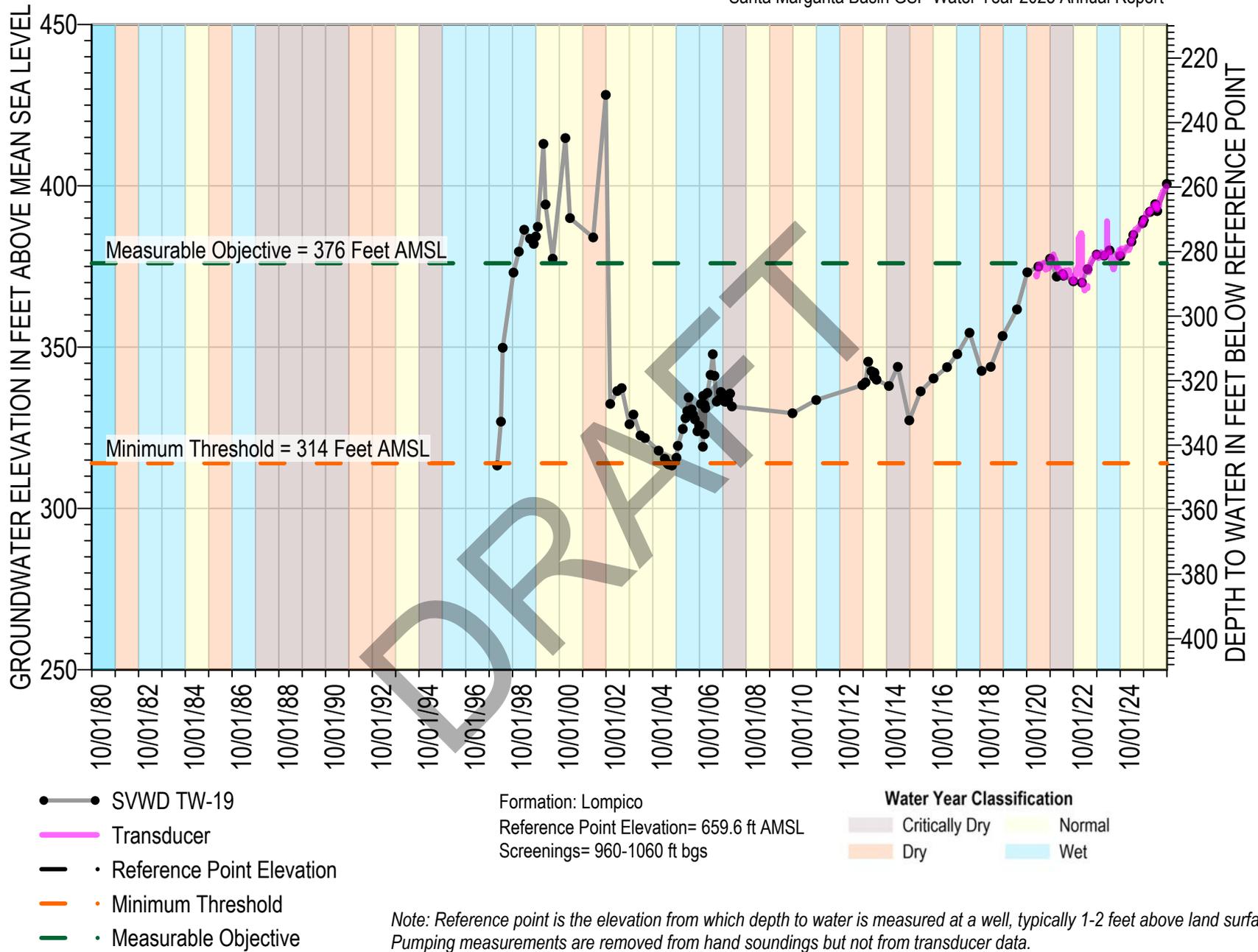


Figure A-9. Hydrograph of Station SVWD TW-19

Butano Sandstone

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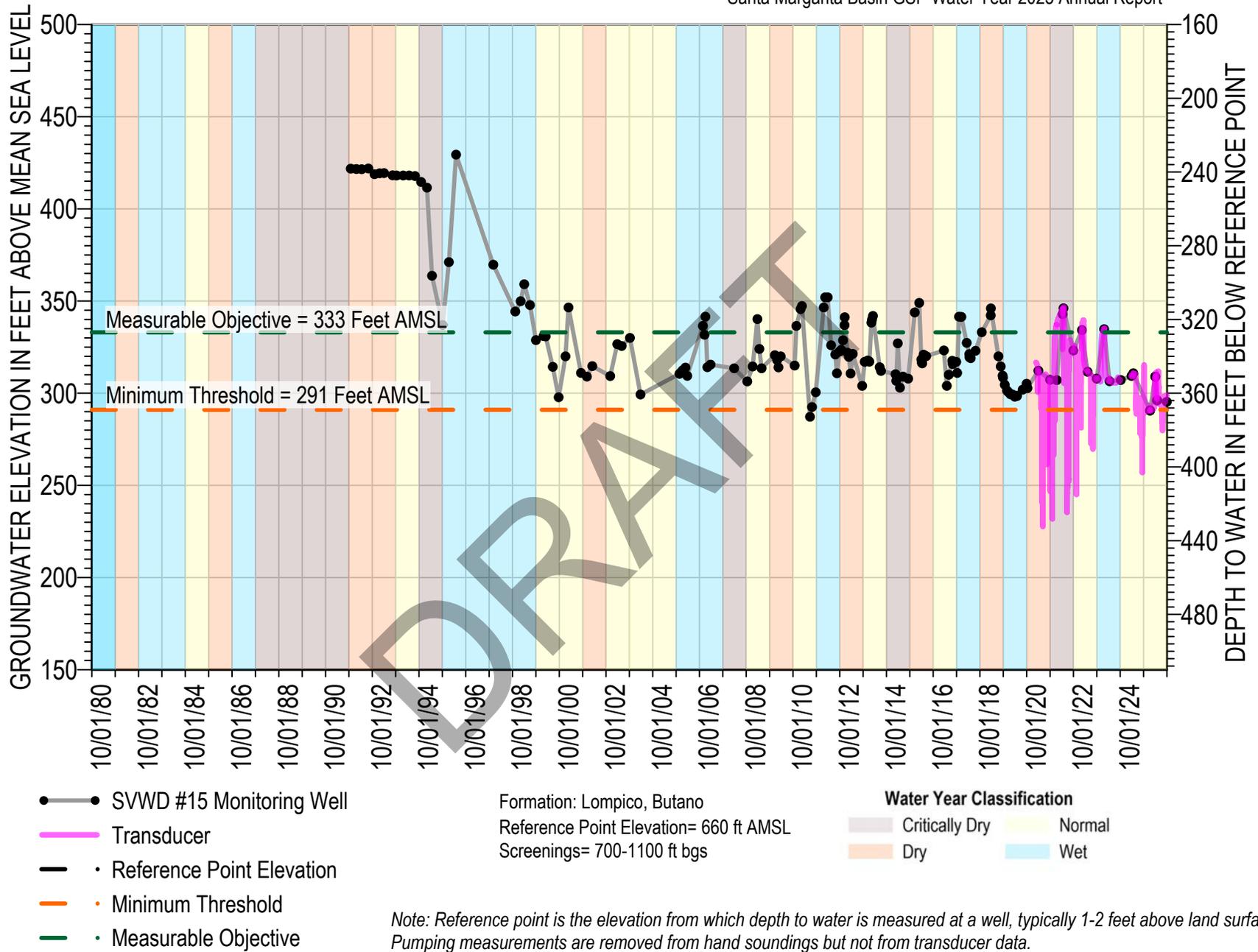


Figure A-10. Hydrograph of Station SVWD #15 Monitoring Well

Lompico Sandstone

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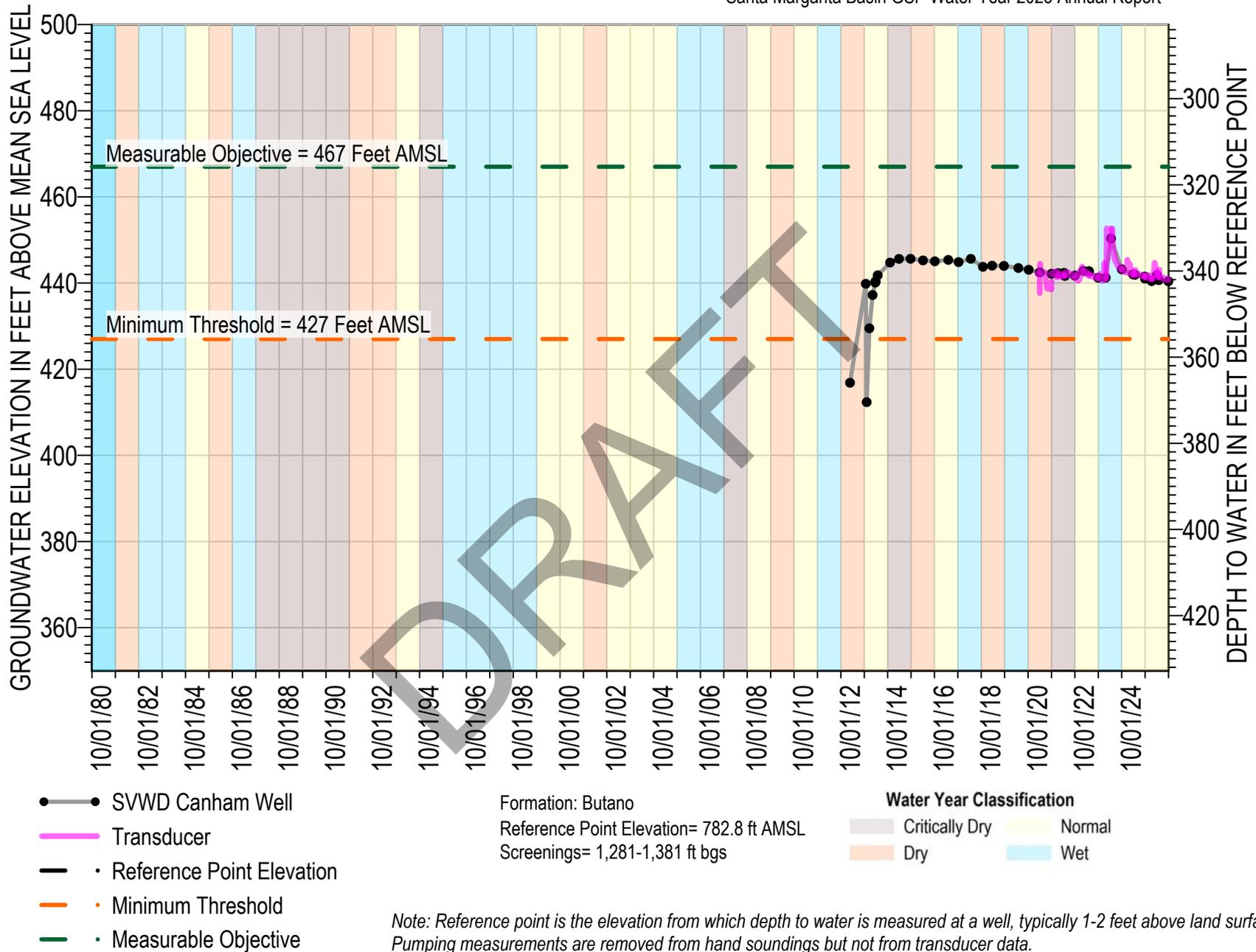


Figure A-11. Hydrograph of Station SVWD Canham Well

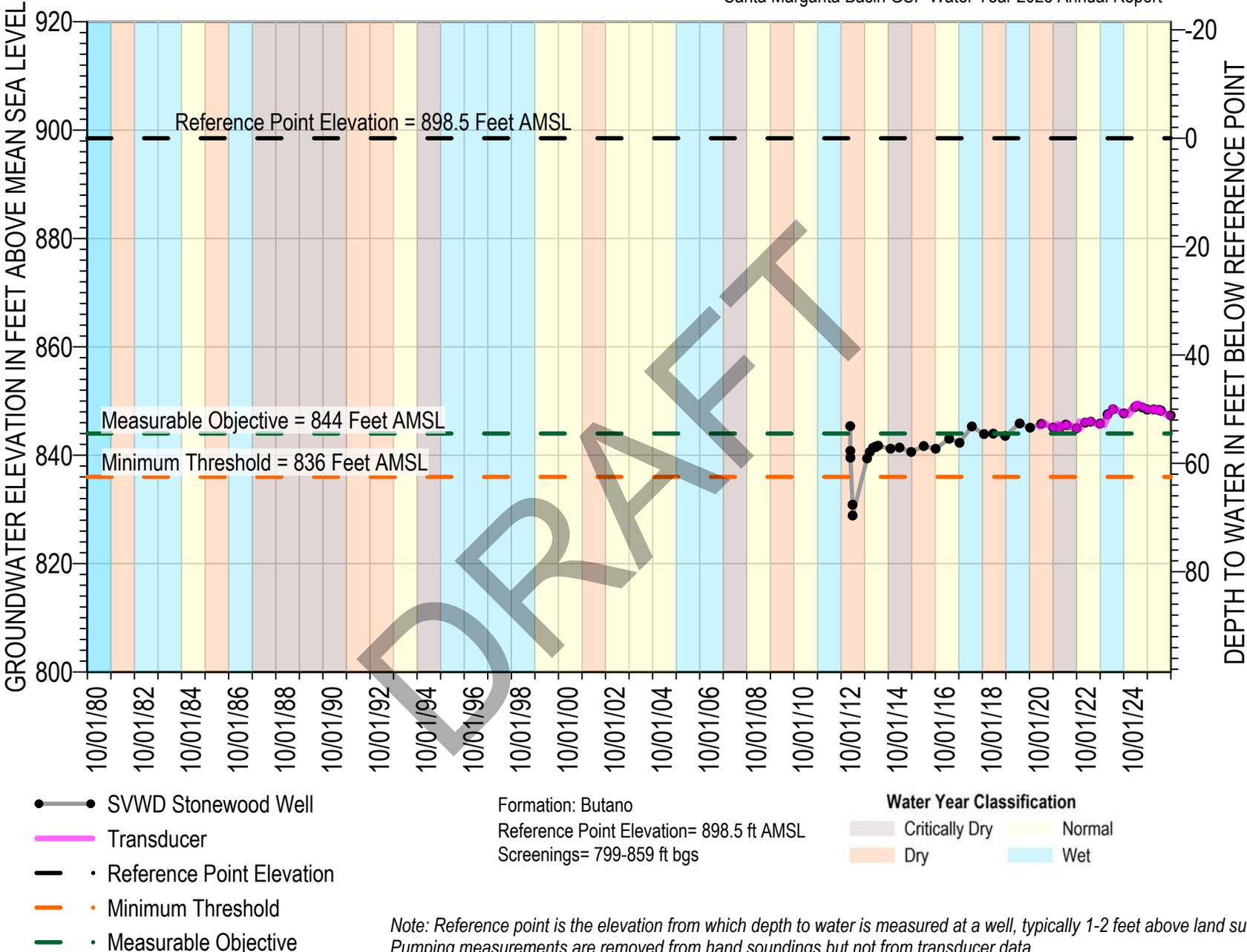
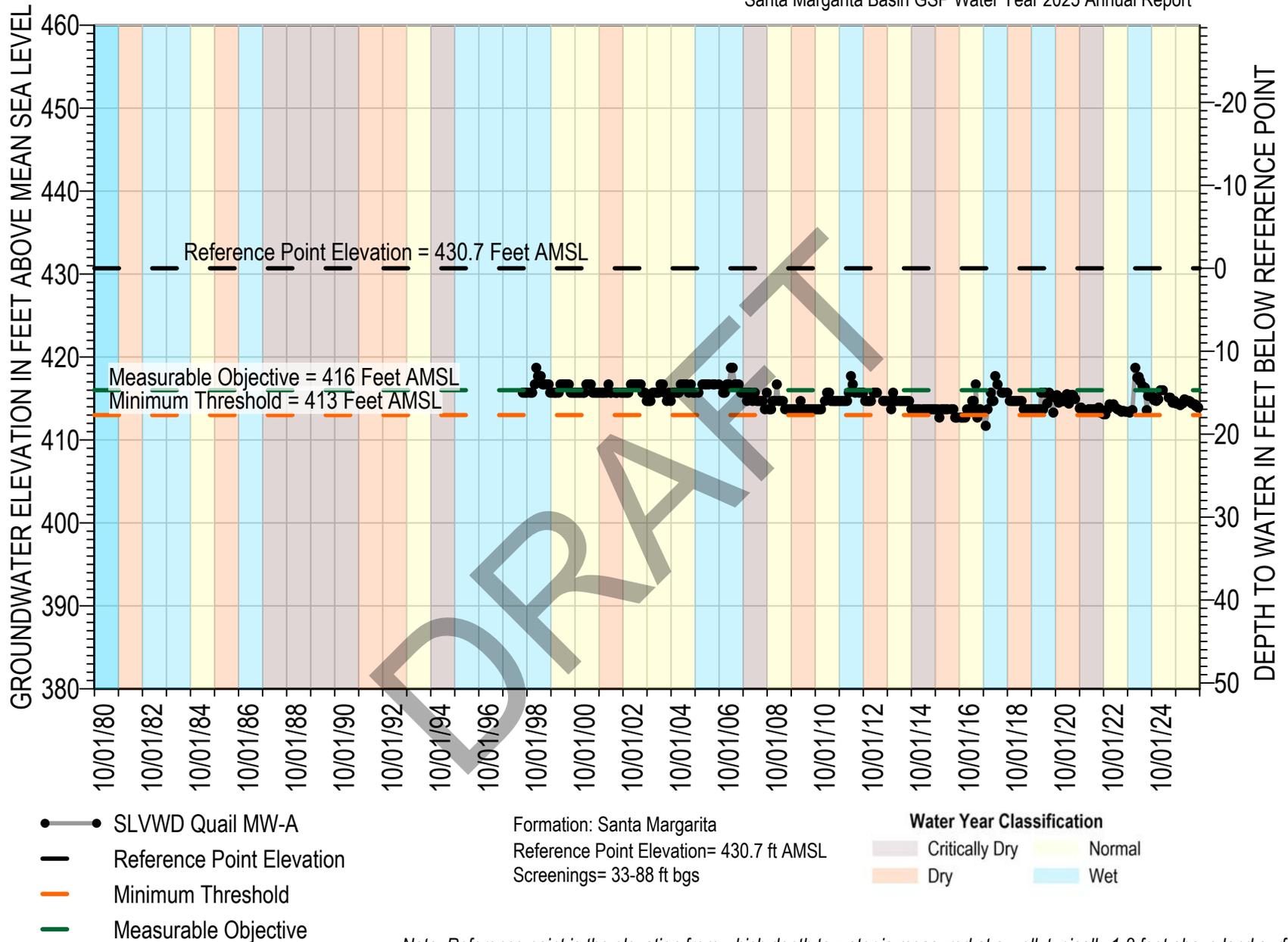


Figure A-12. Hydrograph of Station SVWD Stonewood Well

Appendix B

Depletion of Interconnected Surface Water Representative Monitoring Point Hydrographs with Sustainable Management Criteria

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Note: Reference point is the elevation from which depth to water is measured at a well, typically 1-2 feet above land surface. Pumping measurements are removed from hand soundings but not from transducer data.

Figure B-1. Hydrograph of Station SLVWD Quail MW-A

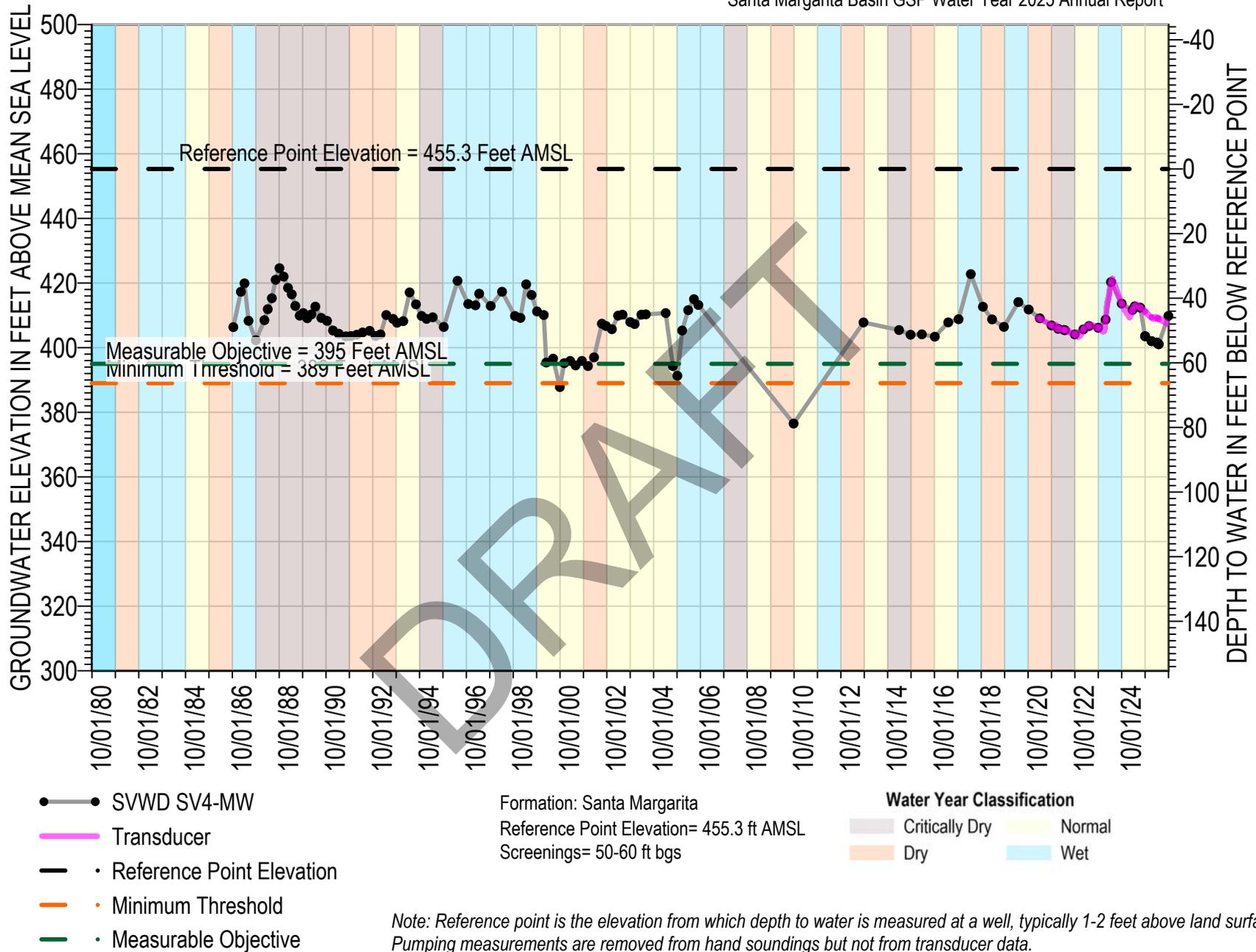


Figure B-2. Hydrograph of Station SVWD SV4-MW

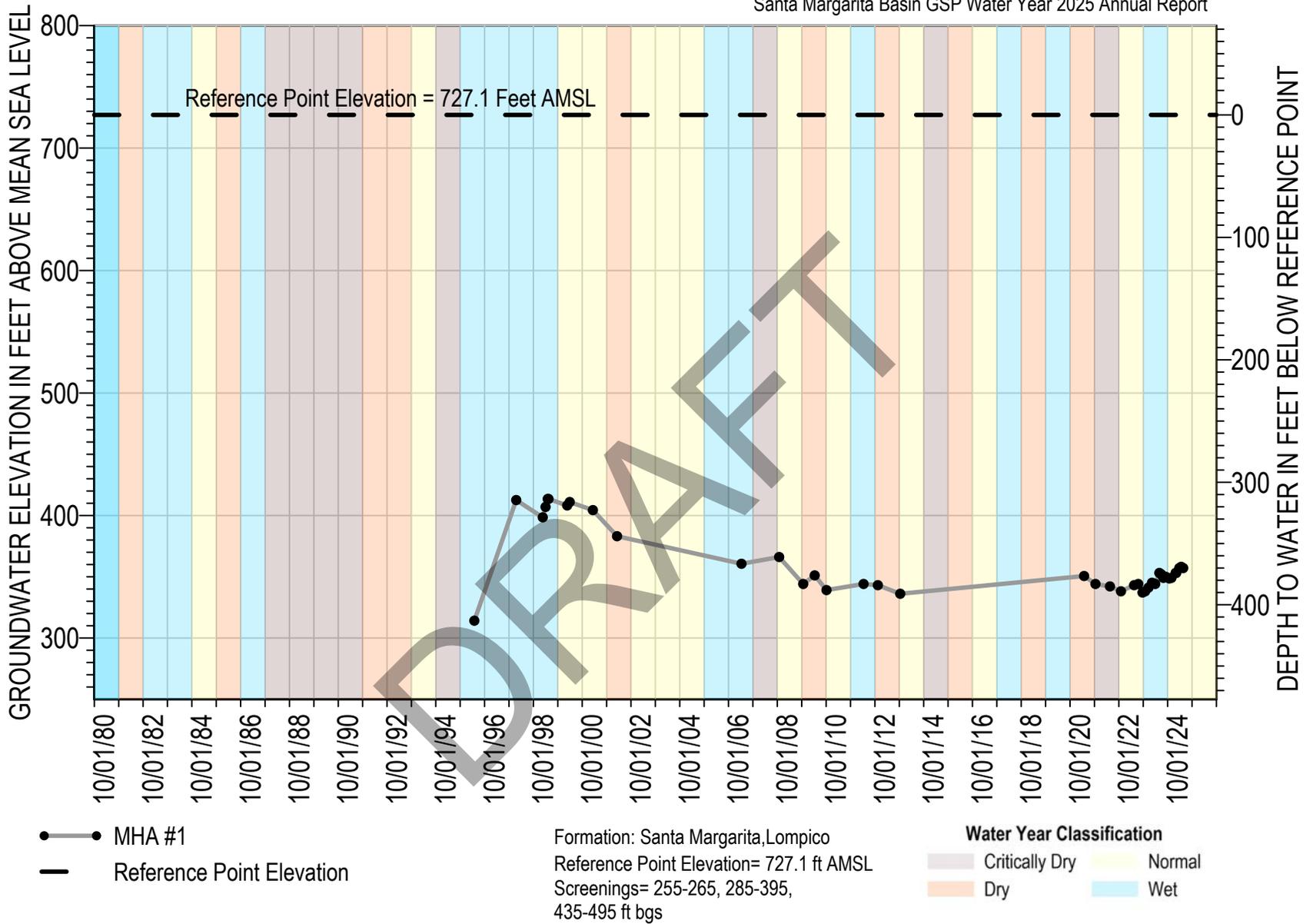
Appendix C

GSP Non-RMP Monitoring Network Hydrographs

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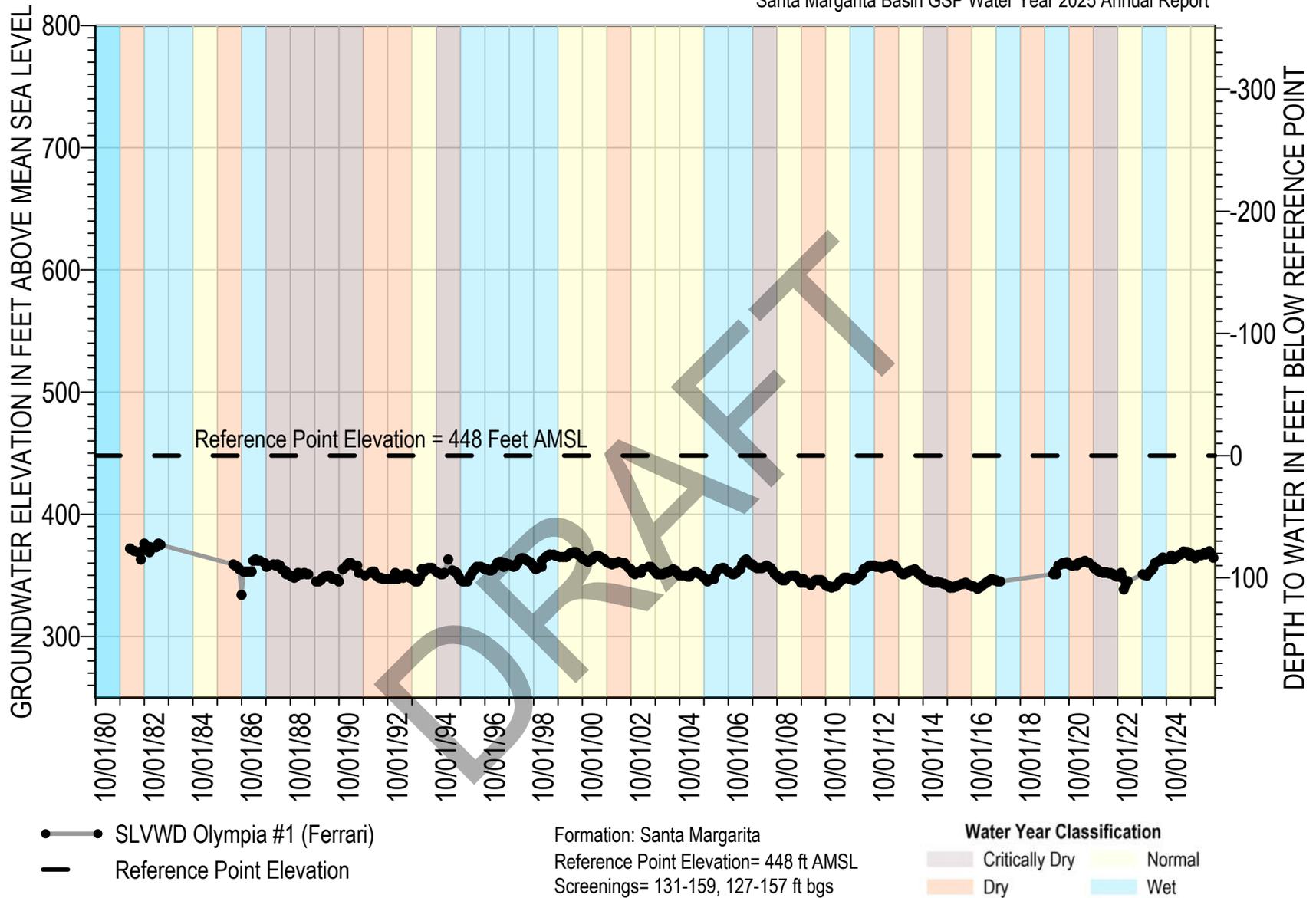
Santa Margarita Sandstone

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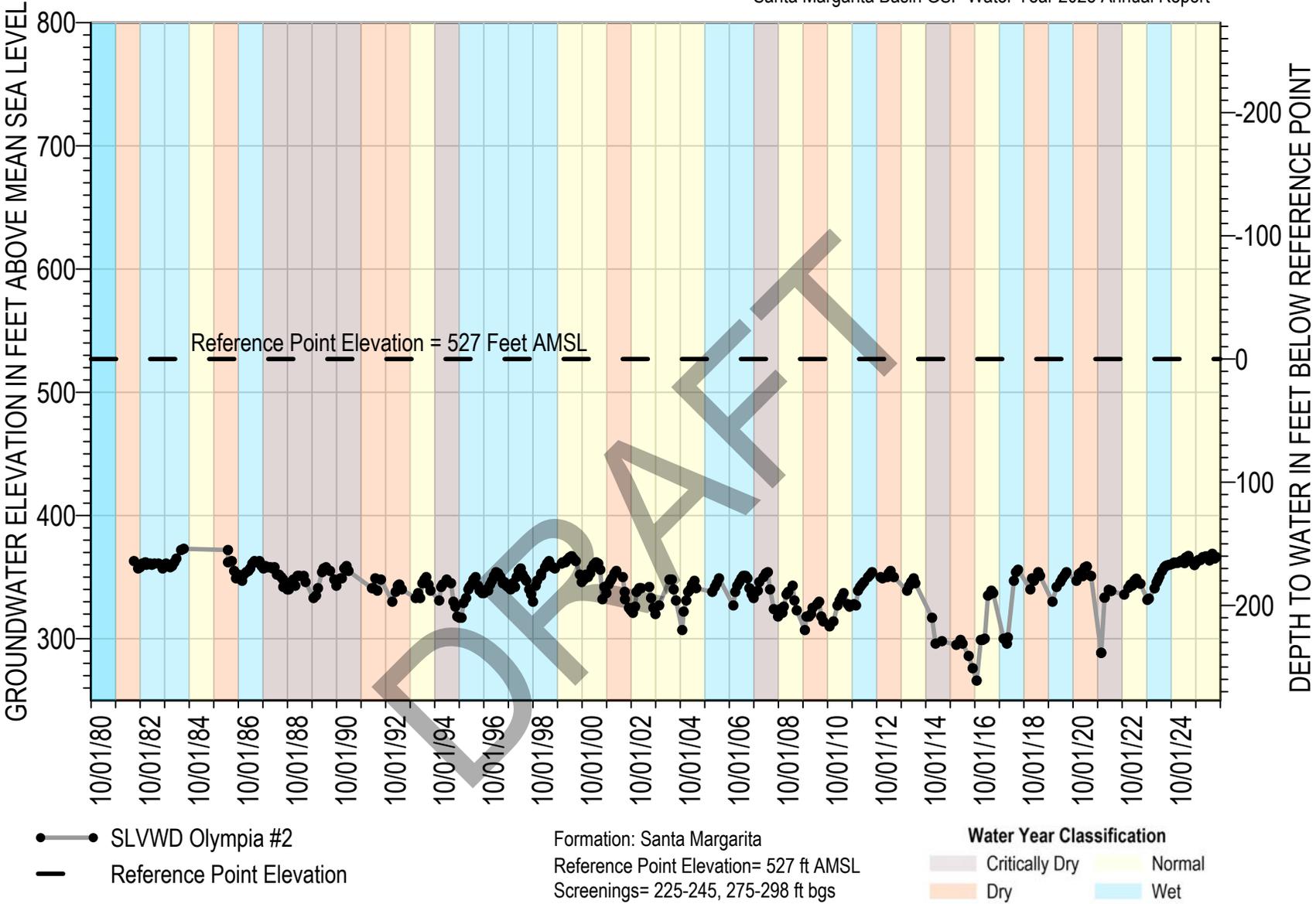
Note: Reference point is the elevation from which depth to water is measured at a well, typically 1-2 feet above land surface. Pumping measurements are removed from hand soundings but not from transducer data.

Figure C-1. Hydrograph of Station MHA #1



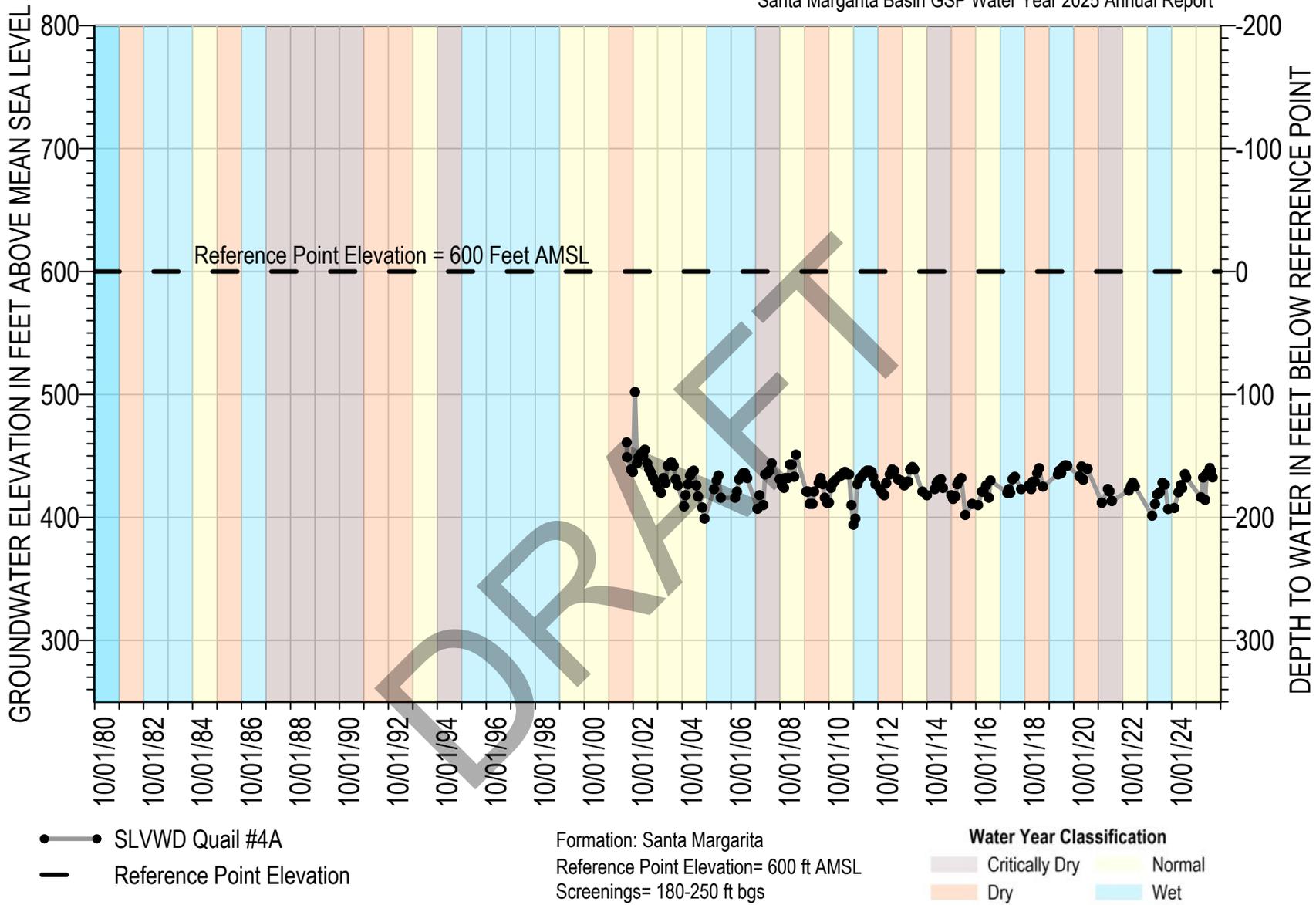
Note: Reference point is the elevation from which depth to water is measured at a well, typically 1-2 feet above land surface. Pumping measurements are removed from hand soundings but not from transducer data.

Figure C-2. Hydrograph of Station SLVWD Olympia #1 (Ferrari)



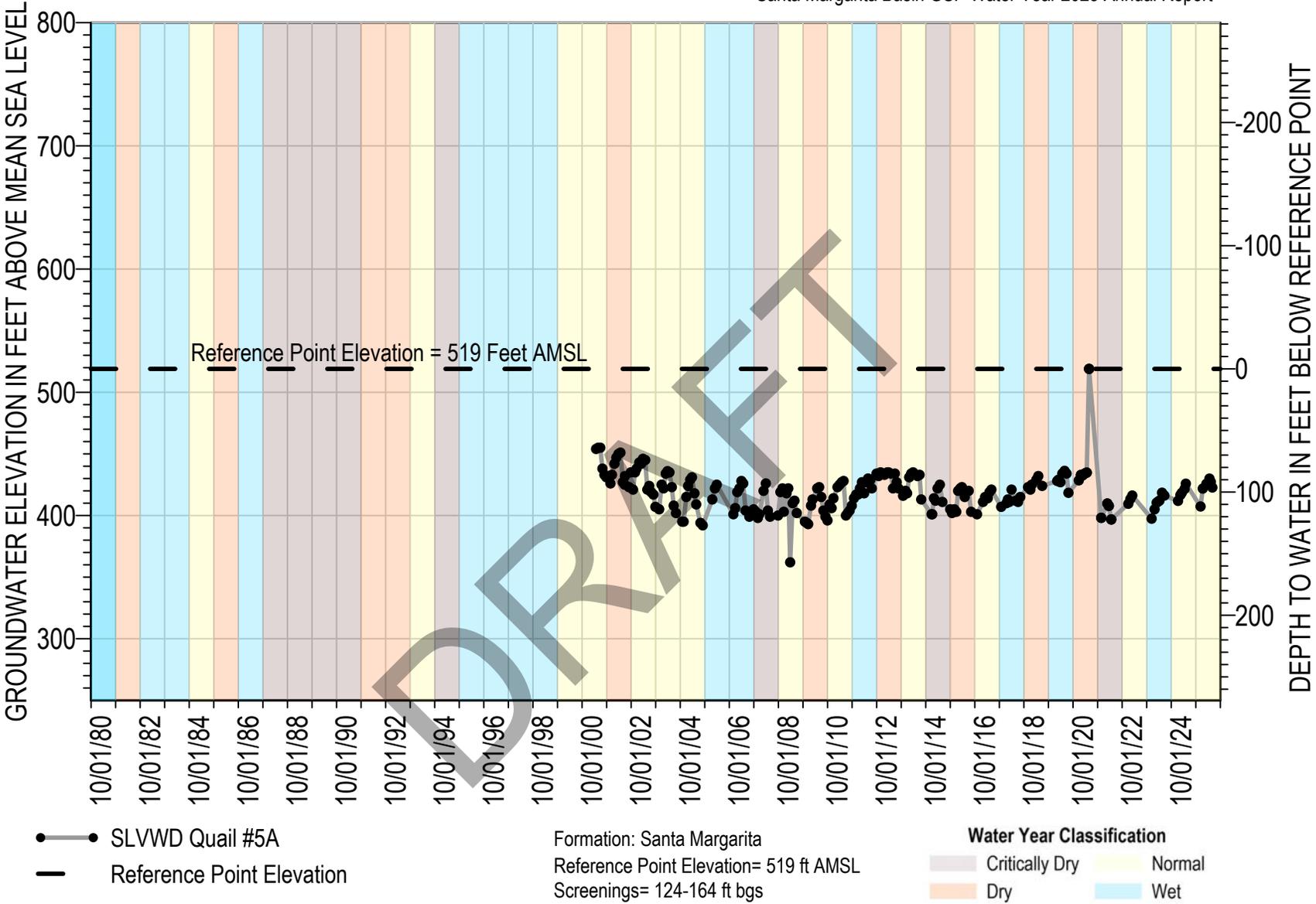
Note: Reference point is the elevation from which depth to water is measured at a well, typically 1-2 feet above land surface. Pumping measurements are removed from hand soundings but not from transducer data.

Figure C-3. Hydrograph of Station SLVWD Olympia #2



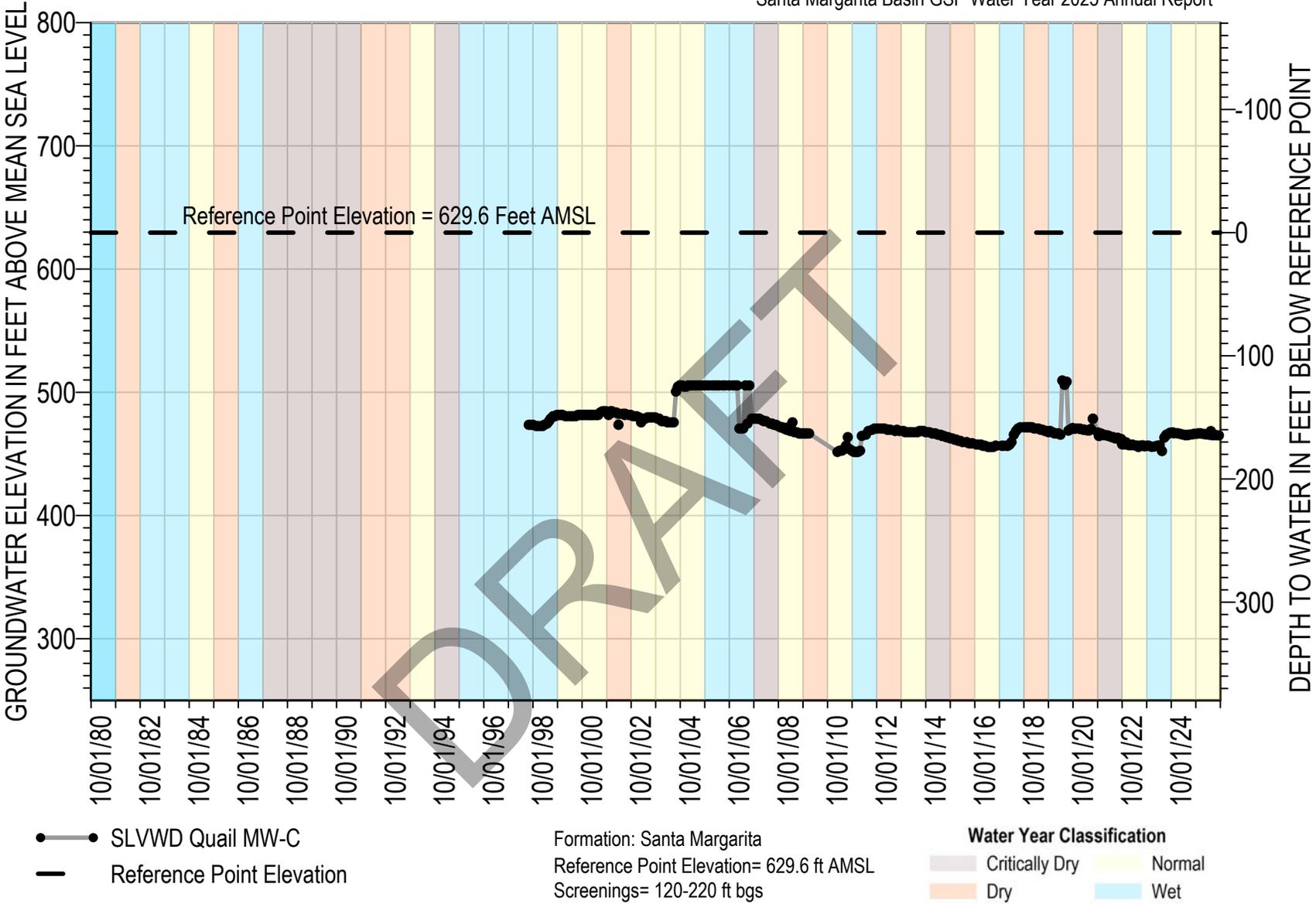
Note: Reference point is the elevation from which depth to water is measured at a well, typically 1-2 feet above land surface. Pumping measurements are removed from hand soundings but not from transducer data.

Figure C-4. Hydrograph of Station SLVWD Quail #4A



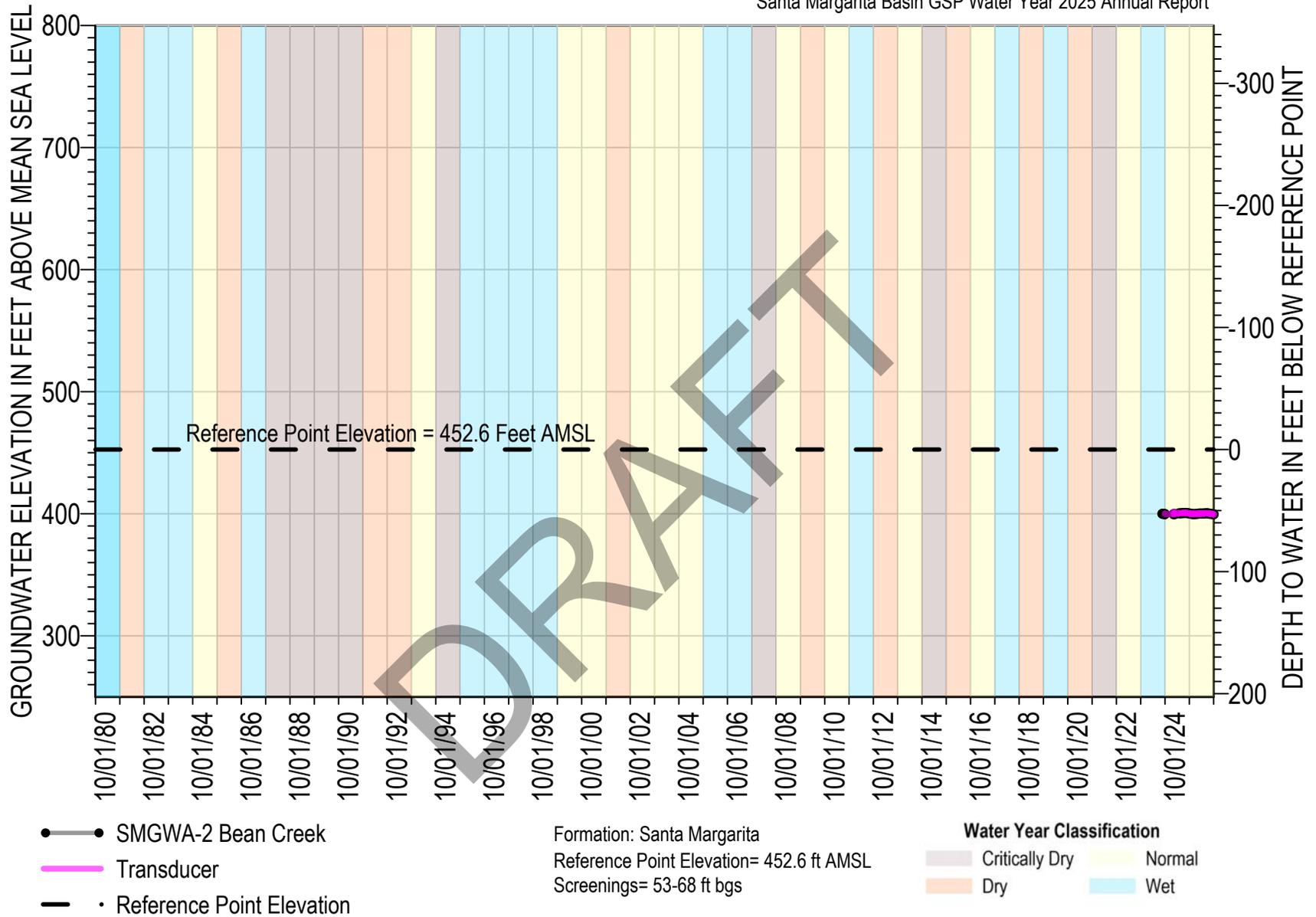
Note: Reference point is the elevation from which depth to water is measured at a well, typically 1-2 feet above land surface. Pumping measurements are removed from hand soundings but not from transducer data.

Figure C-5. Hydrograph of Station SLVWD Quail #5A



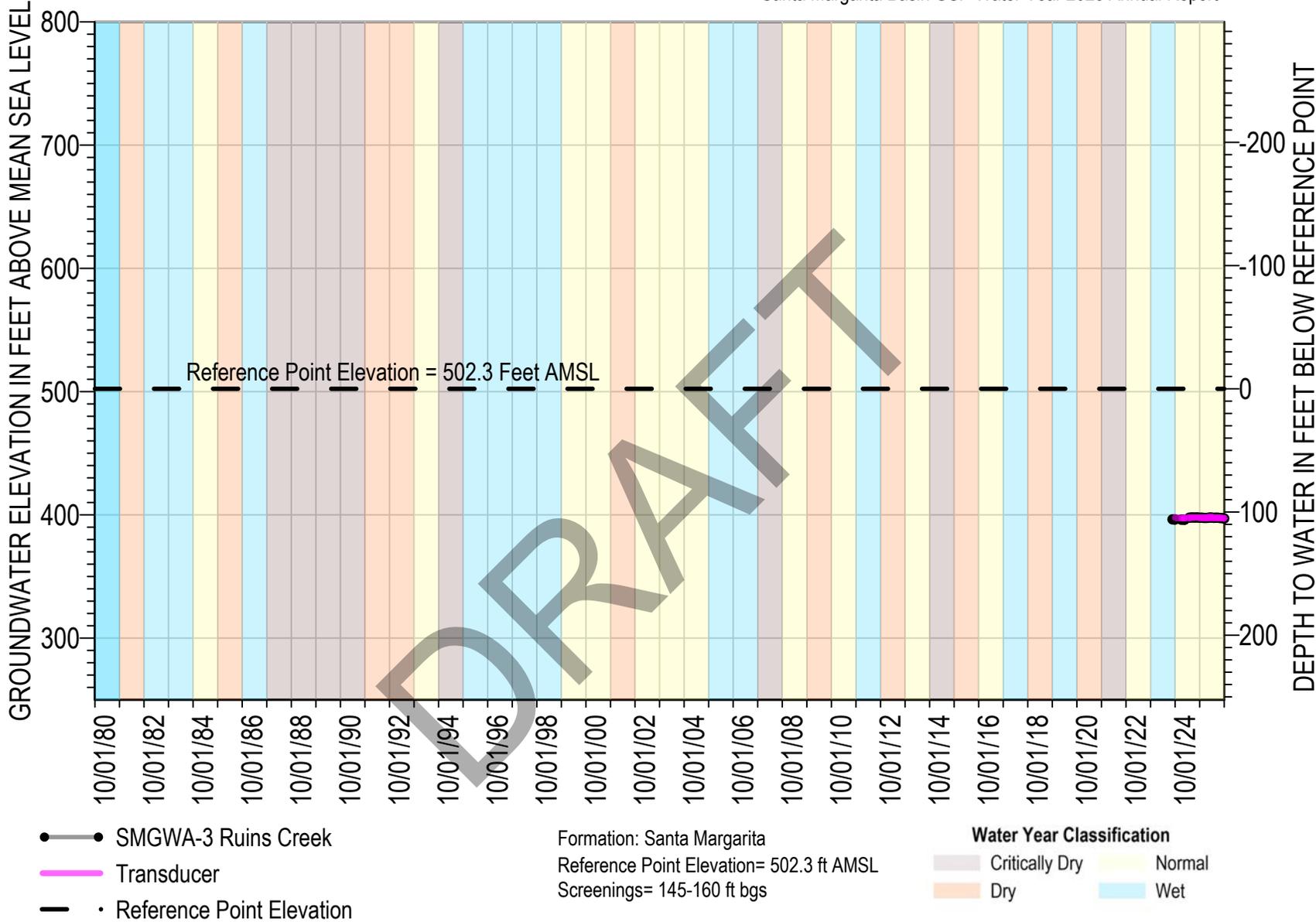
Note: Reference point is the elevation from which depth to water is measured at a well, typically 1-2 feet above land surface. Pumping measurements are removed from hand soundings but not from transducer data.

Figure C-6. Hydrograph of Station SLVWD Quail MW-C



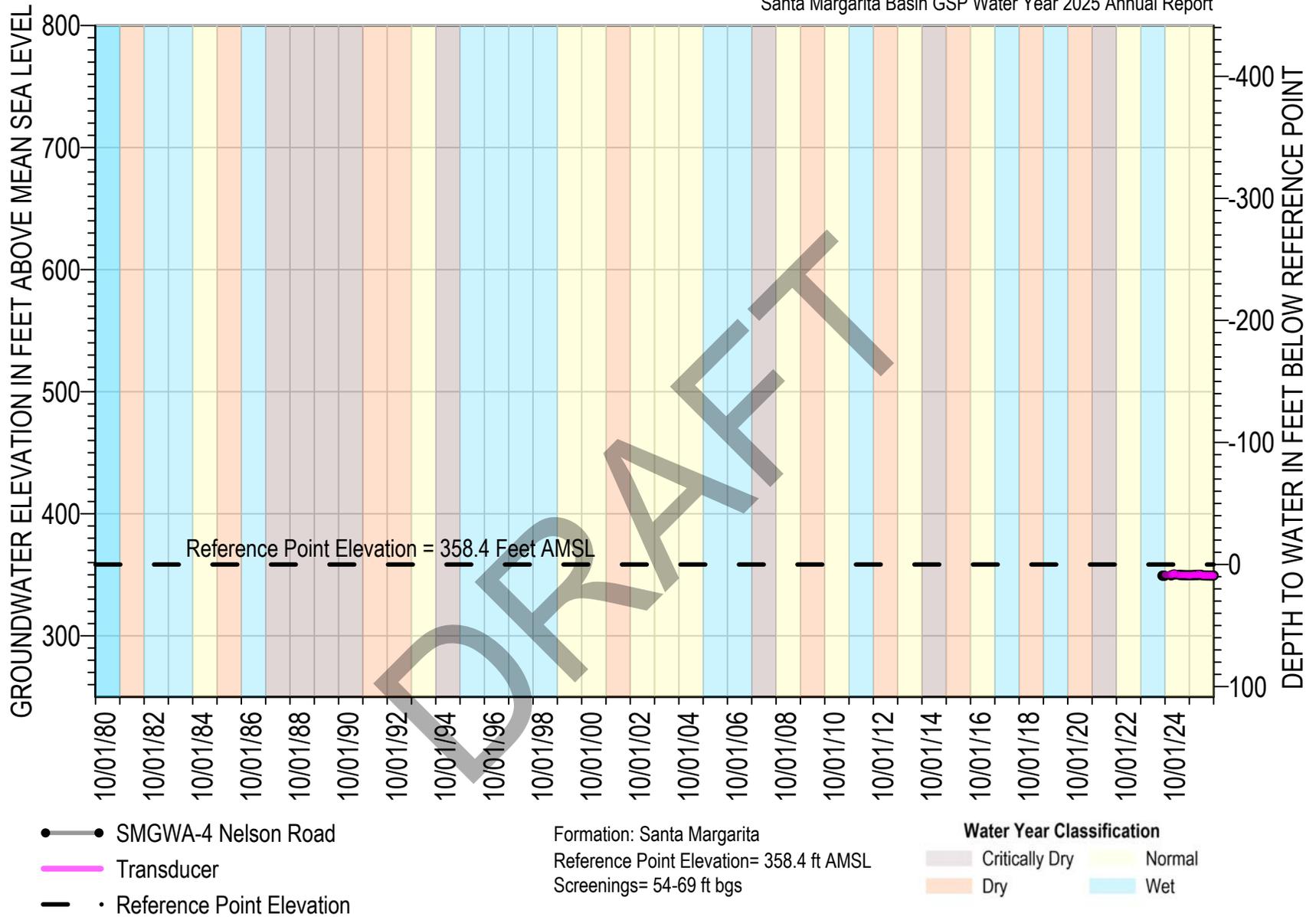
Note: Reference point is the elevation from which depth to water is measured at a well, typically 1-2 feet above land surface. Pumping measurements are removed from hand soundings but not from transducer data.

Figure C-7. Hydrograph of Station SMGWA-2 Bean Creek



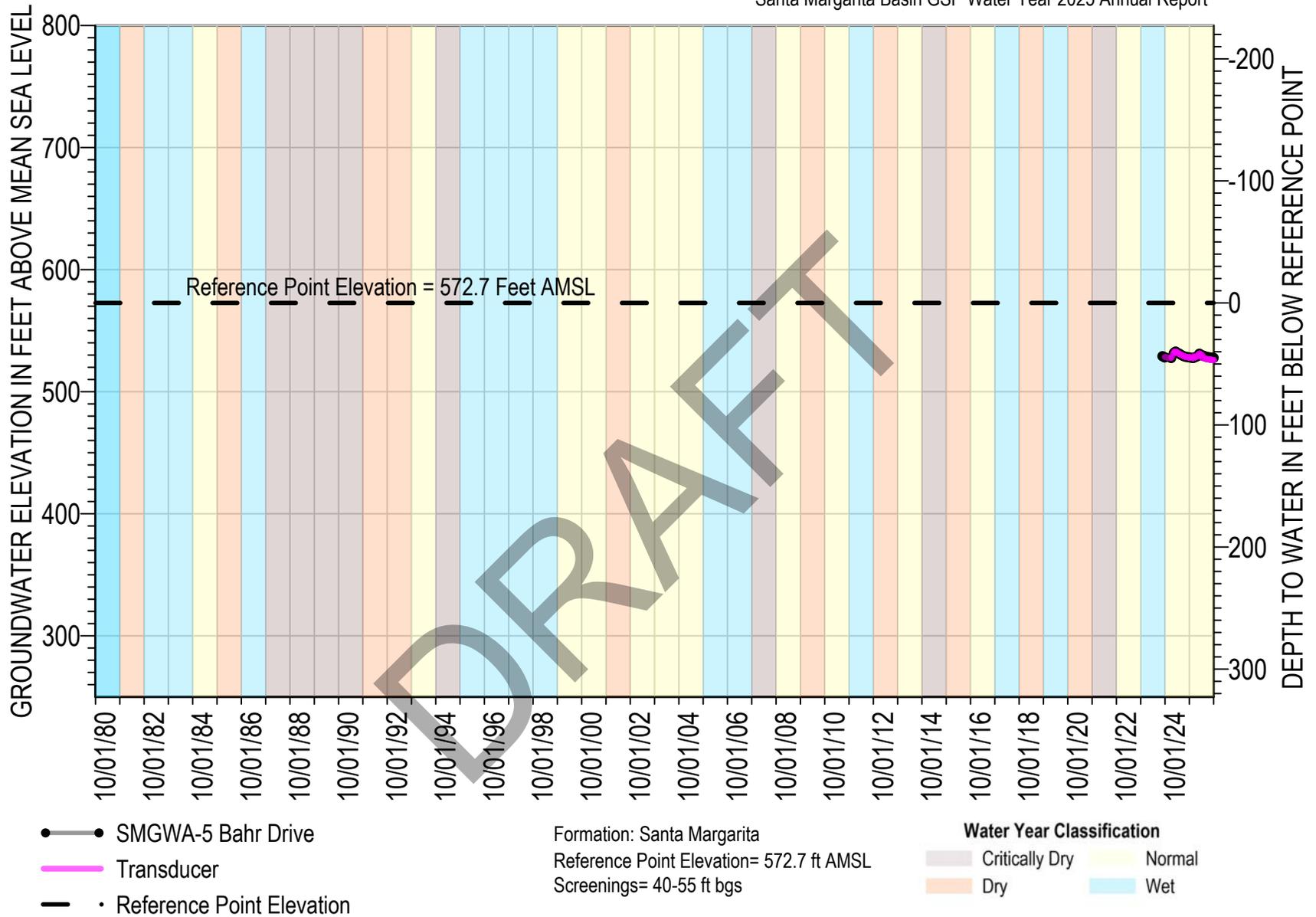
Note: Reference point is the elevation from which depth to water is measured at a well, typically 1-2 feet above land surface. Pumping measurements are removed from hand soundings but not from transducer data.

Figure C-8. Hydrograph of Station SMGWA-3 Ruins Creek



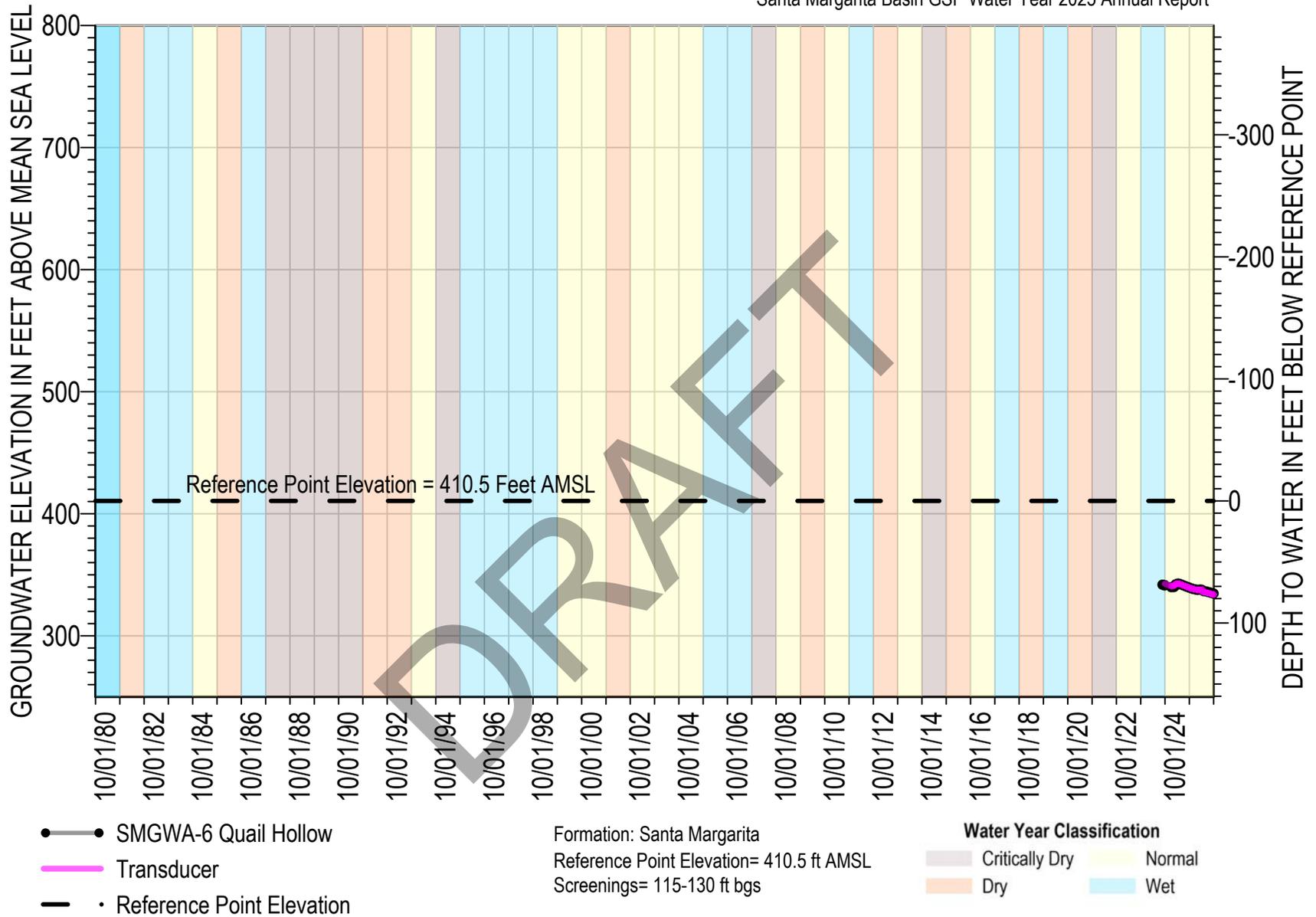
Note: Reference point is the elevation from which depth to water is measured at a well, typically 1-2 feet above land surface. Pumping measurements are removed from hand soundings but not from transducer data.

Figure C-9. Hydrograph of Station SMGWA-4 Nelson Road



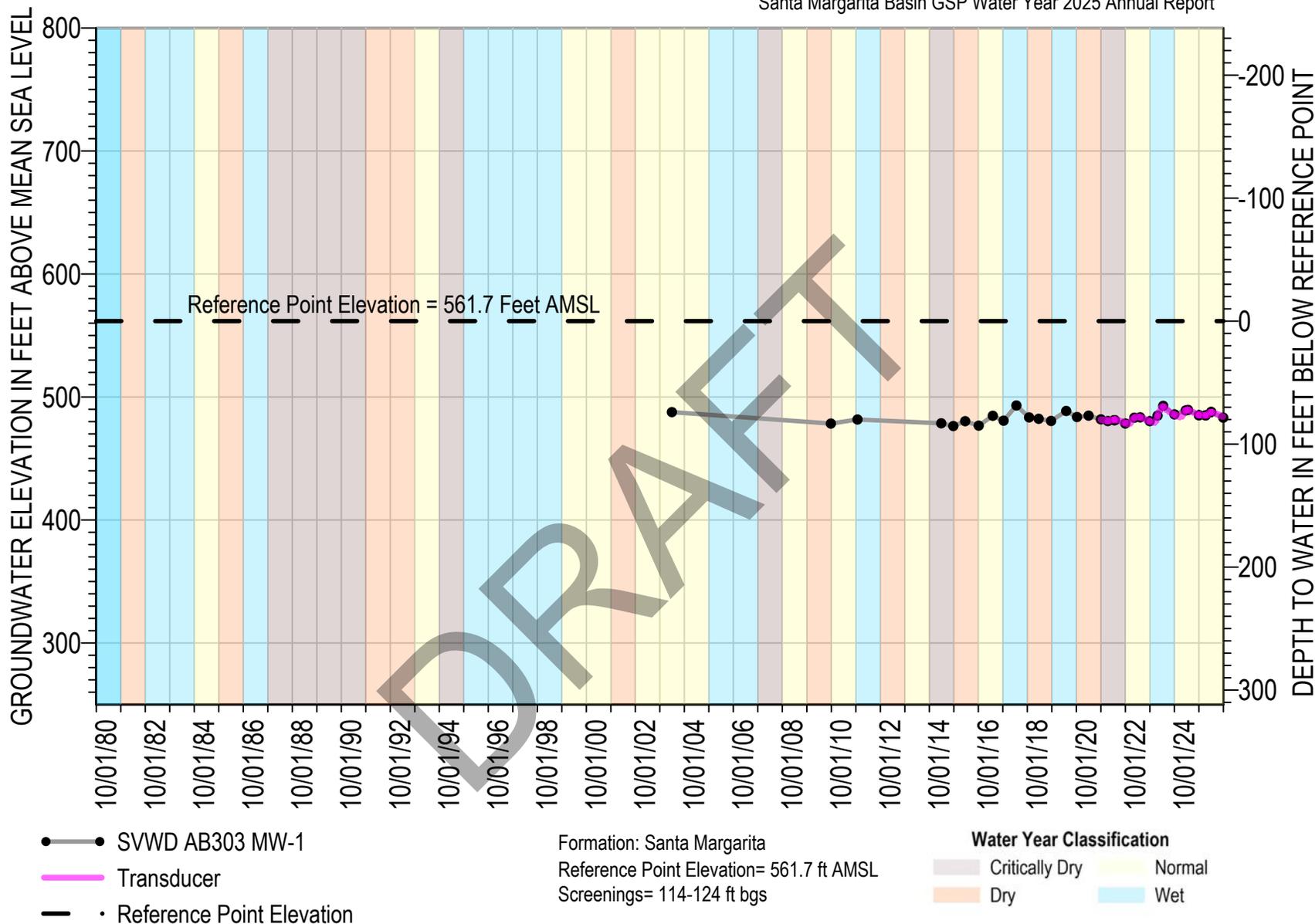
Note: Reference point is the elevation from which depth to water is measured at a well, typically 1-2 feet above land surface. Pumping measurements are removed from hand soundings but not from transducer data.

Figure C-10. Hydrograph of Station SMGWA-5 Bahr Drive



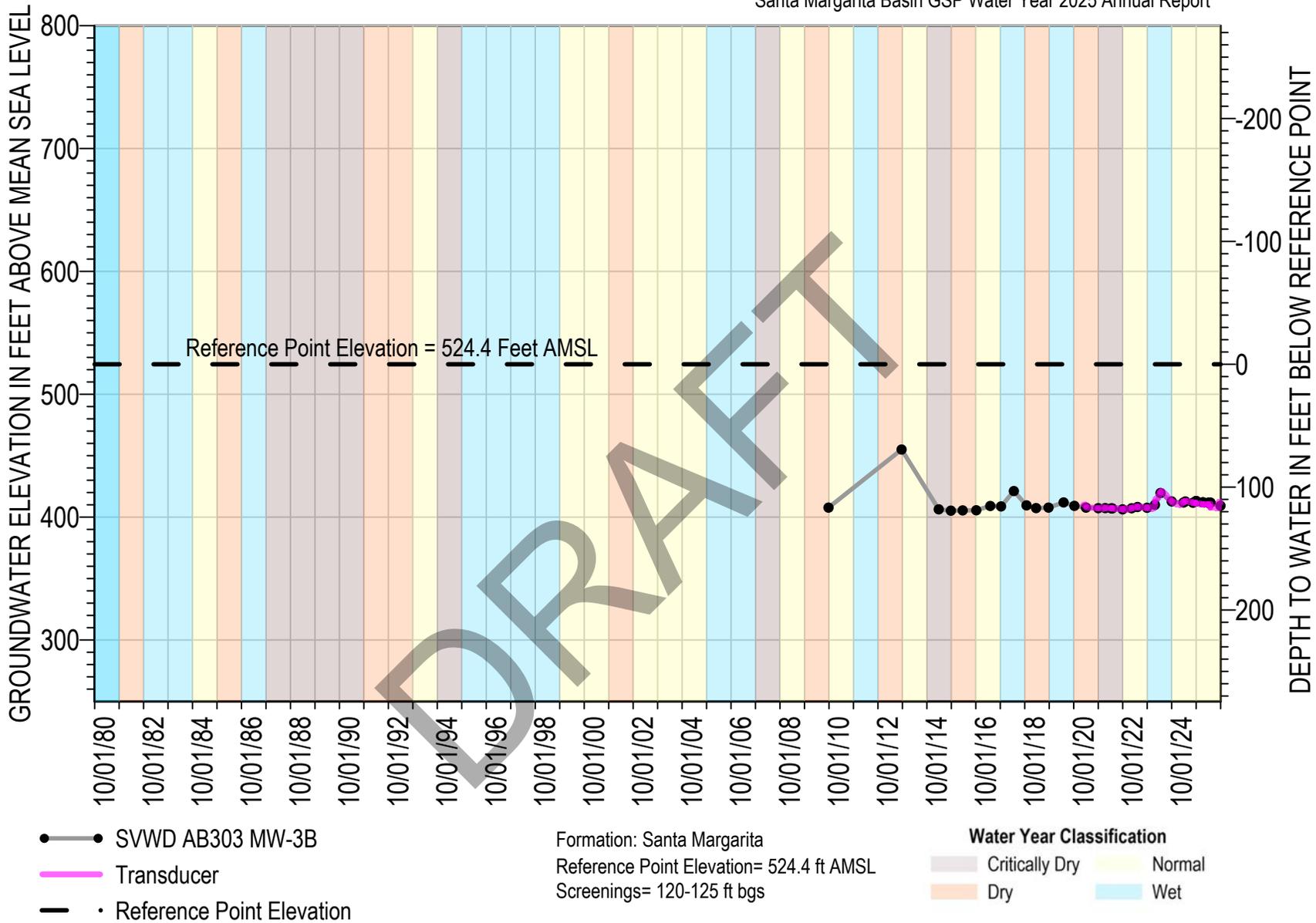
Note: Reference point is the elevation from which depth to water is measured at a well, typically 1-2 feet above land surface. Pumping measurements are removed from hand soundings but not from transducer data.

Figure C-11. Hydrograph of Station SMGWA-6 Quail Hollow



Note: Reference point is the elevation from which depth to water is measured at a well, typically 1-2 feet above land surface. Pumping measurements are removed from hand soundings but not from transducer data.

Figure C-12. Hydrograph of Station SVWD AB303 MW-1

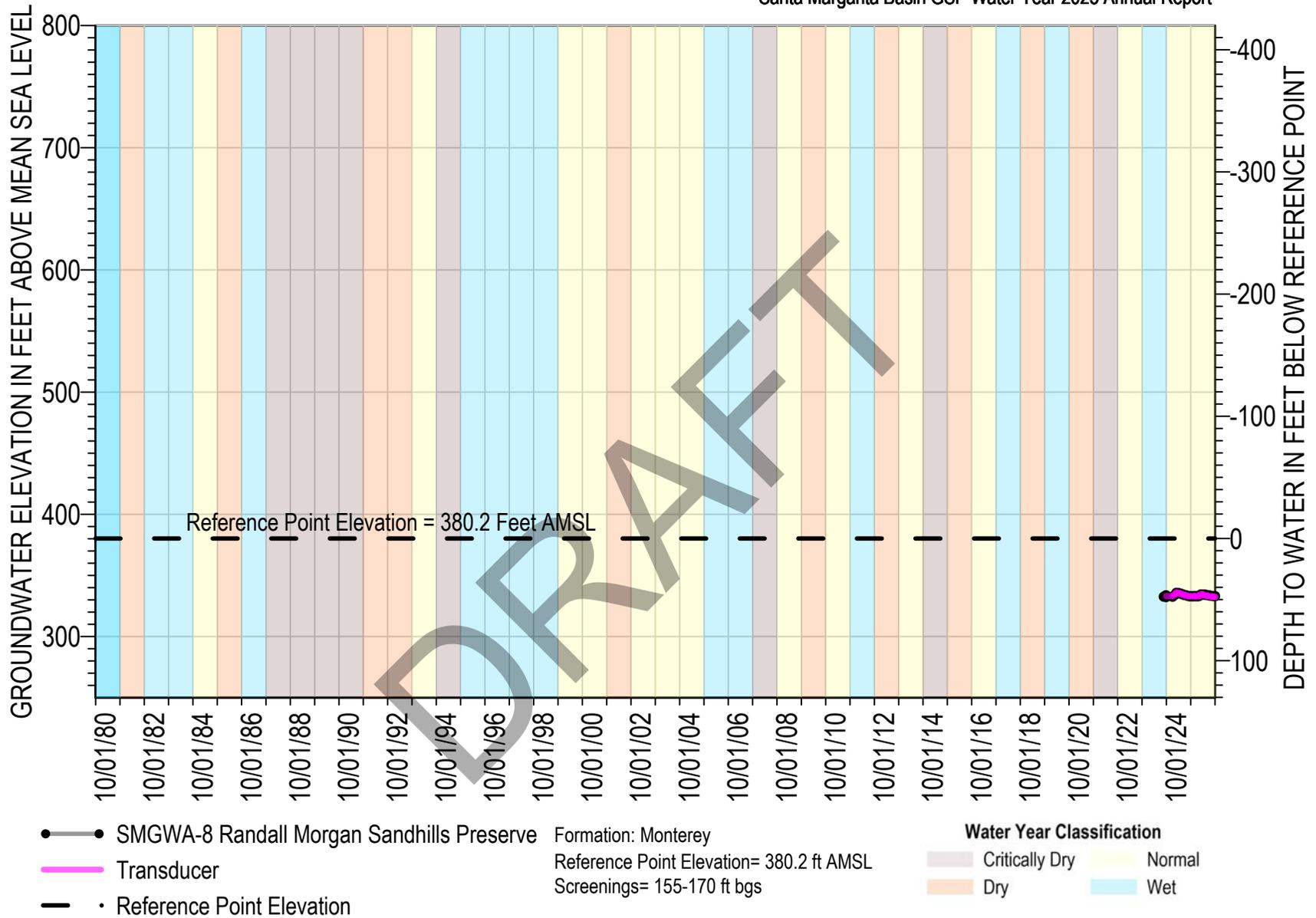


Note: Reference point is the elevation from which depth to water is measured at a well, typically 1-2 feet above land surface. Pumping measurements are removed from hand soundings but not from transducer data.

Figure C-13. Hydrograph of Station SVWD AB303 MW-3B

Monterey Formation

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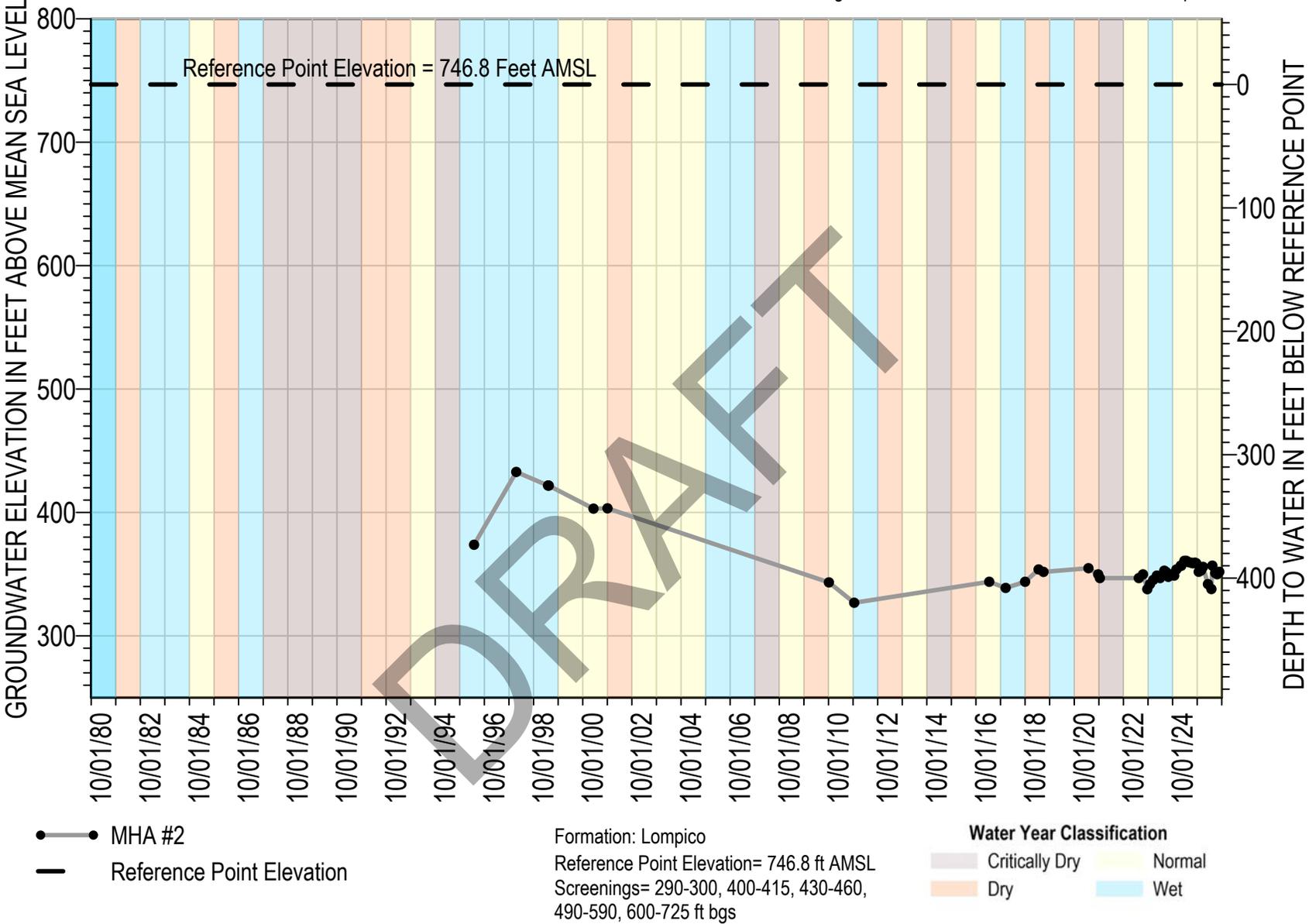


Note: Reference point is the elevation from which depth to water is measured at a well, typically 1-2 feet above land surface. Pumping measurements are removed from hand soundings but not from transducer data.

Figure C-14. Hydrograph of Station SMGWA-8 Randall Morgan Sandhill Preserve

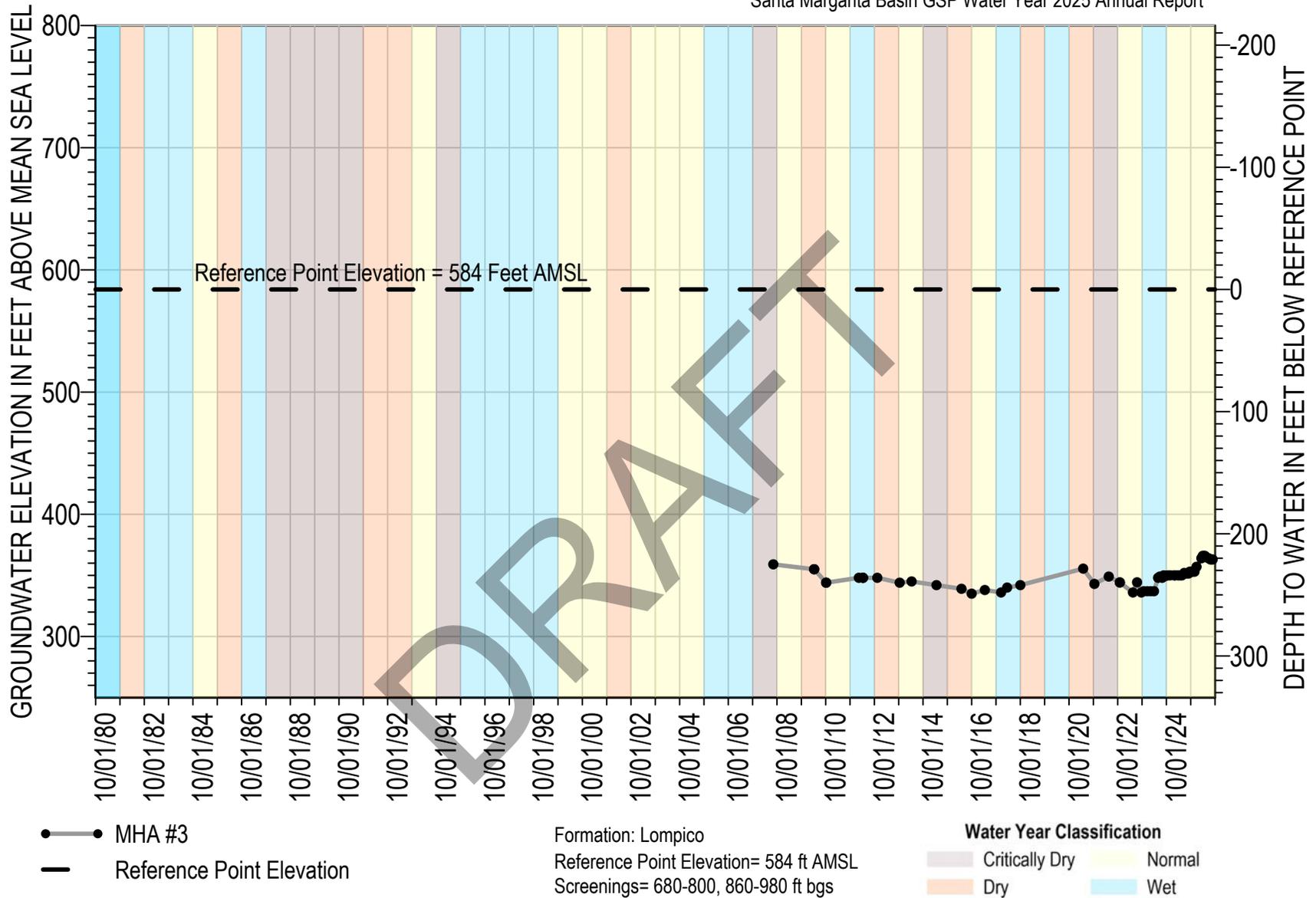
Lompico Sandstone

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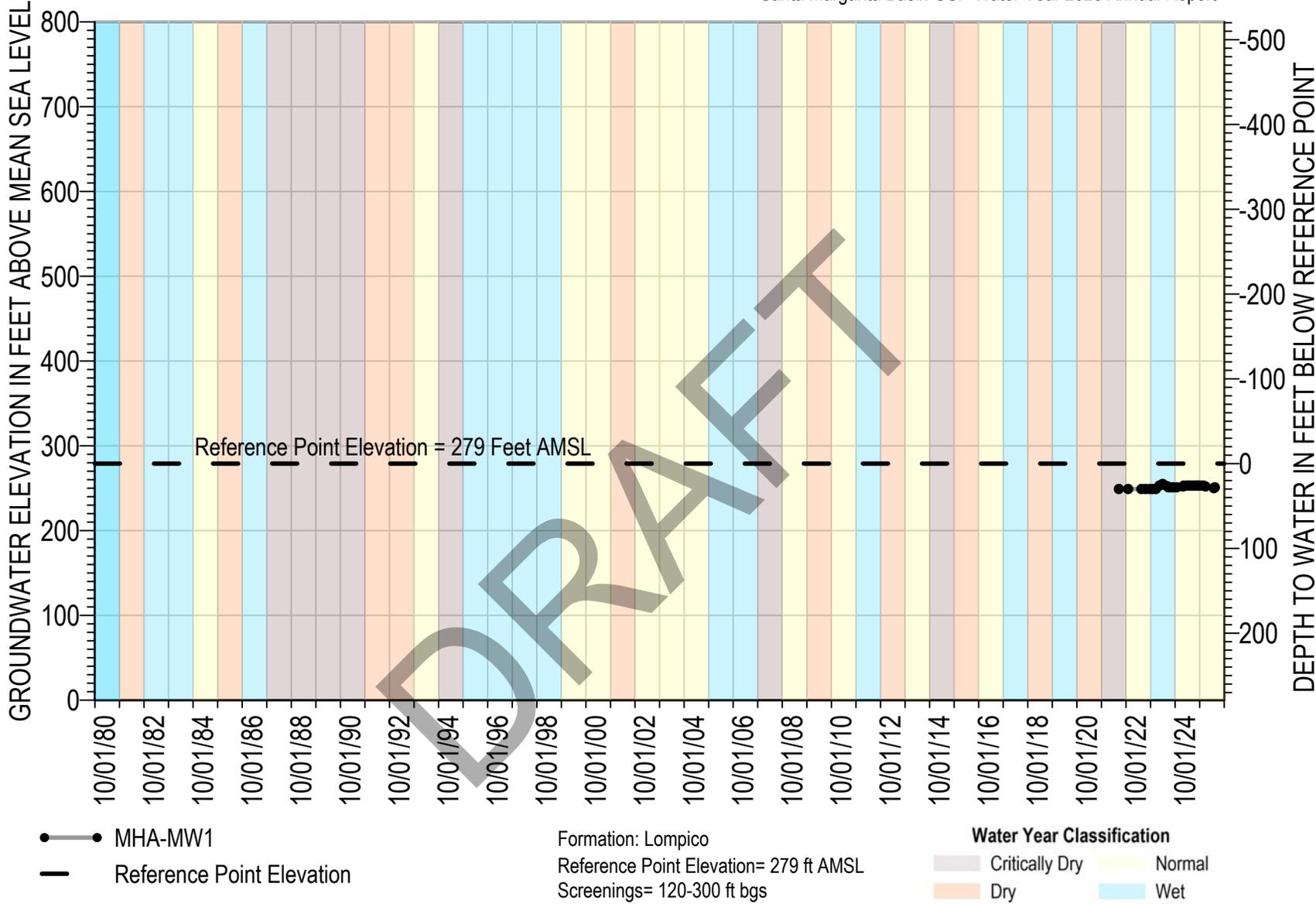
Note: Reference point is the elevation from which depth to water is measured at a well, typically 1-2 feet above land surface. Pumping measurements are removed from hand soundings but not from transducer data.

Figure C-15. Hydrograph of Station MHA #2



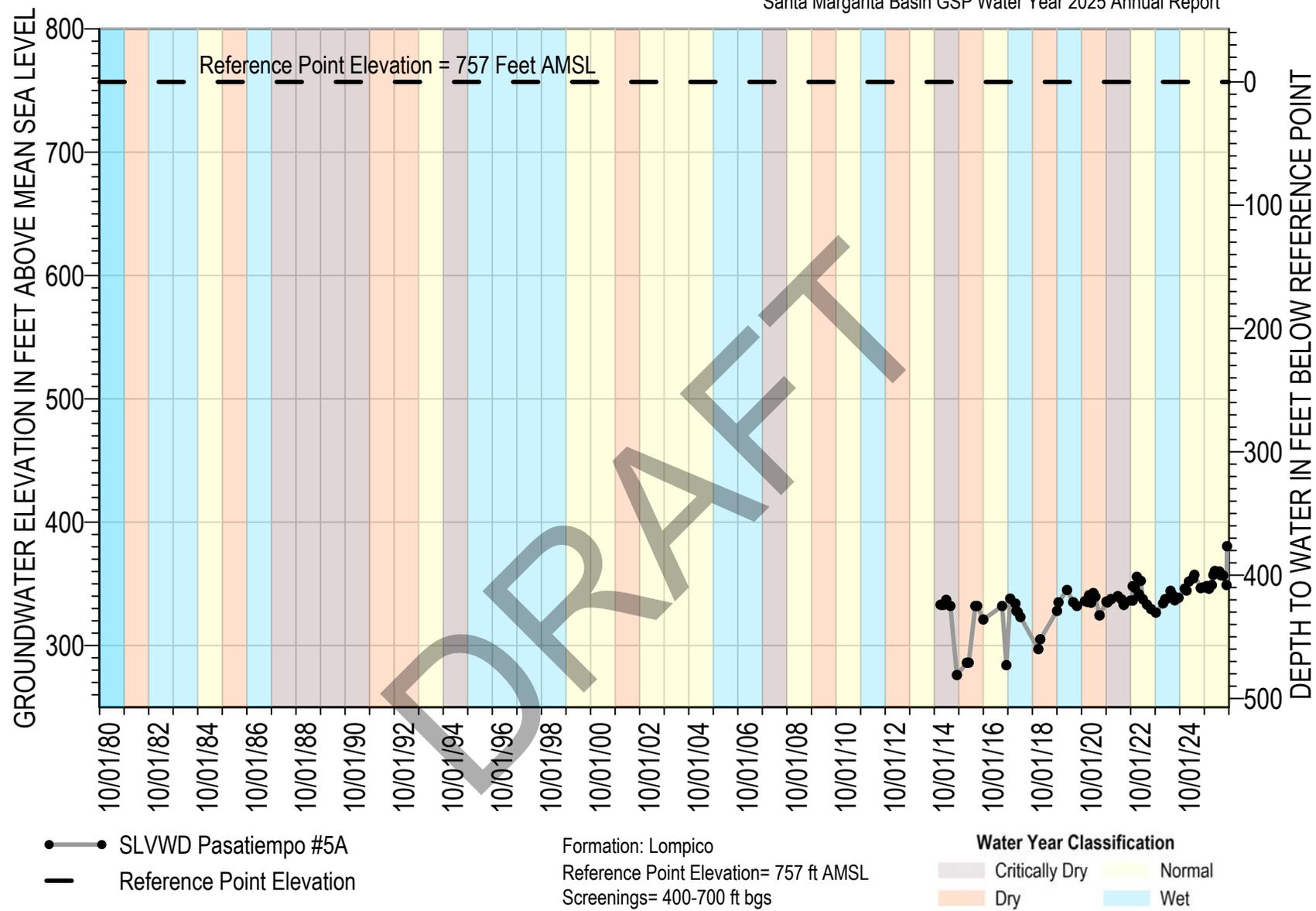
Note: Reference point is the elevation from which depth to water is measured at a well, typically 1-2 feet above land surface. Pumping measurements are removed from hand soundings but not from transducer data.

Figure C-16. Hydrograph of Station MHA #3



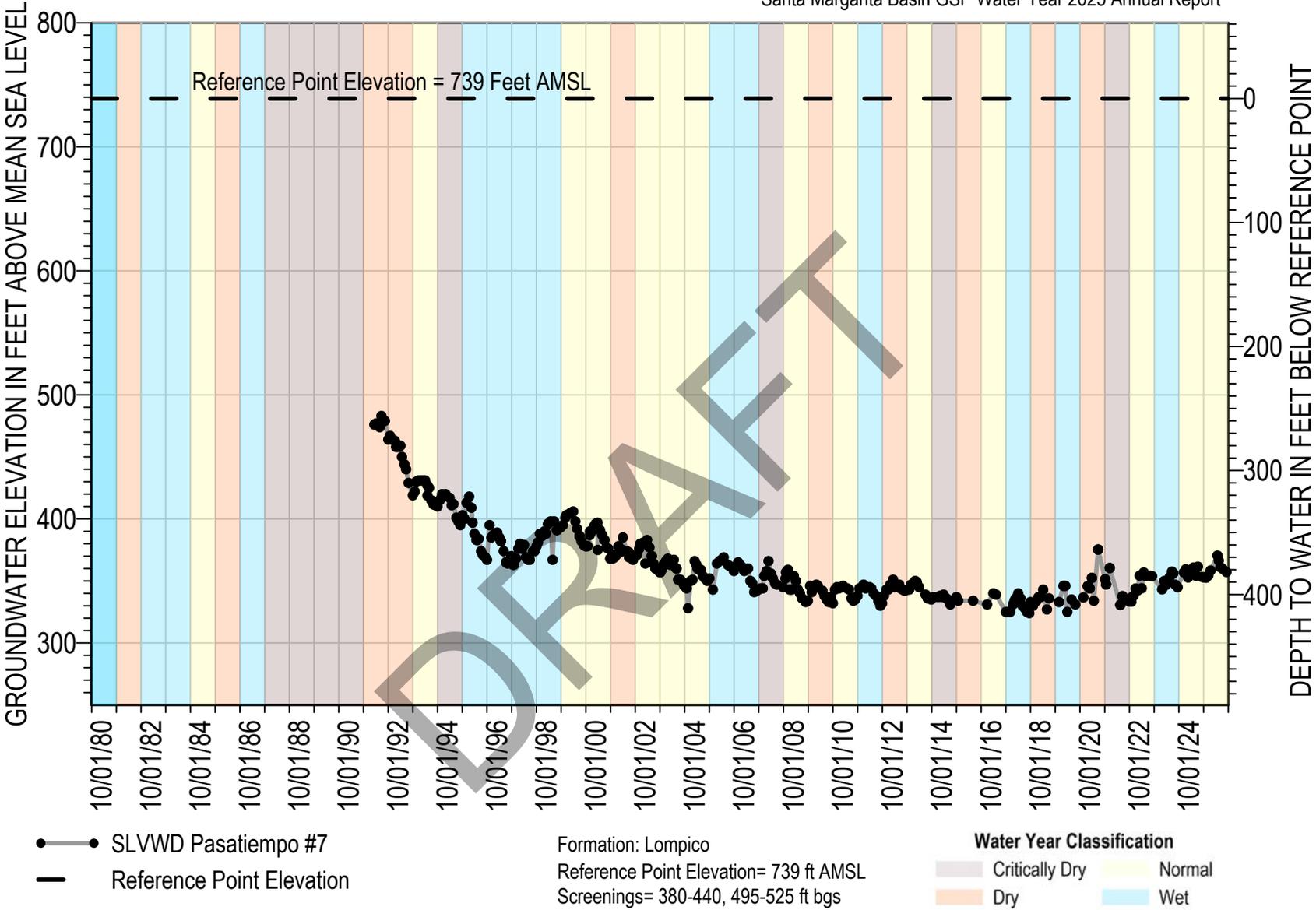
Note: Reference point is the elevation from which depth to water is measured at a well, typically 1-2 feet above land surface. Pumping measurements are removed from hand soundings but not from transducer data.

Figure C-17. Hydrograph of Station MHA-MW1



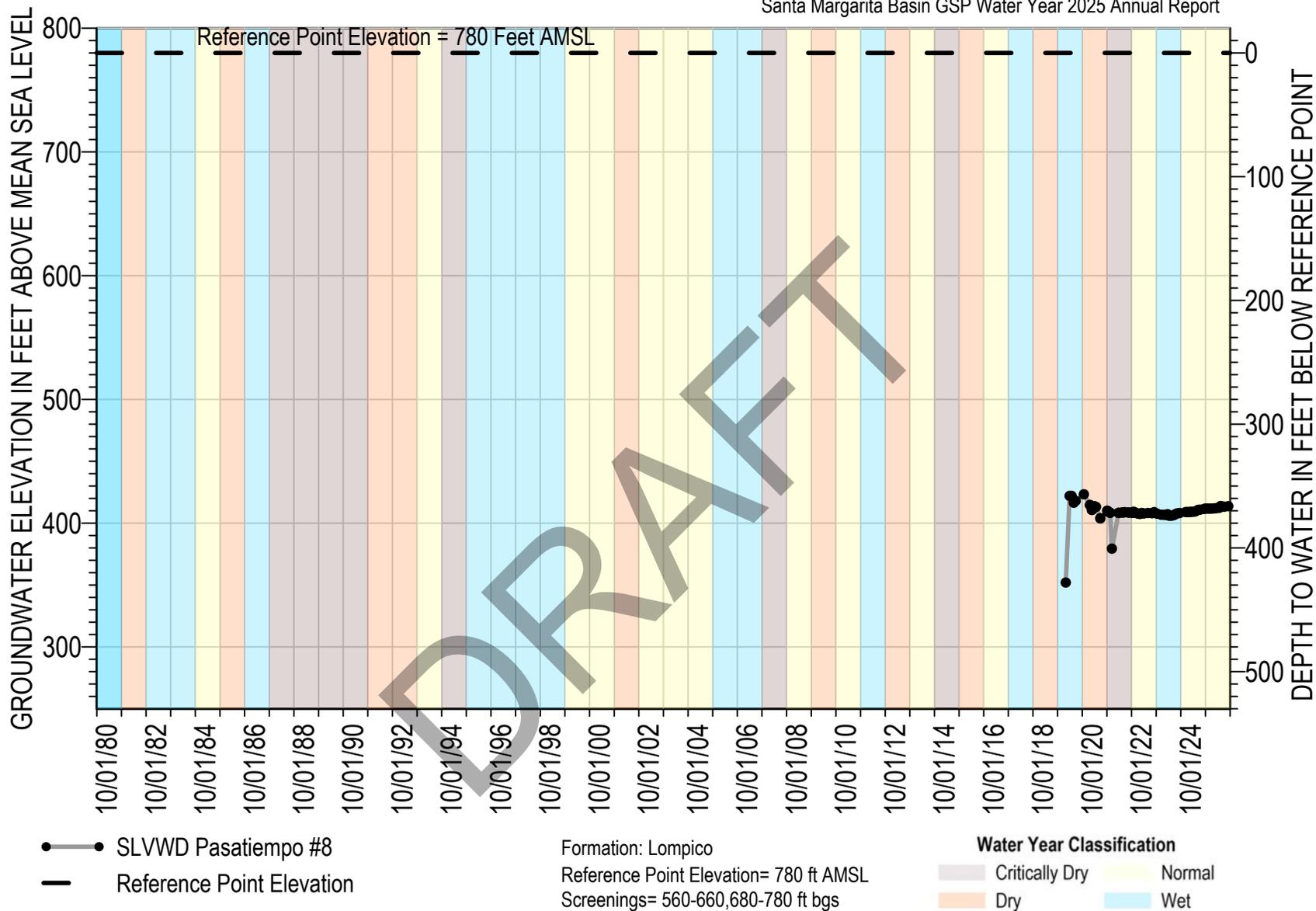
Note: Reference point is the elevation from which depth to water is measured at a well, typically 1-2 feet above land surface. Pumping measurements are removed from hand soundings but not from transducer data.

Figure C-18. Hydrograph of Station SLVWD Pasatiempo #5A



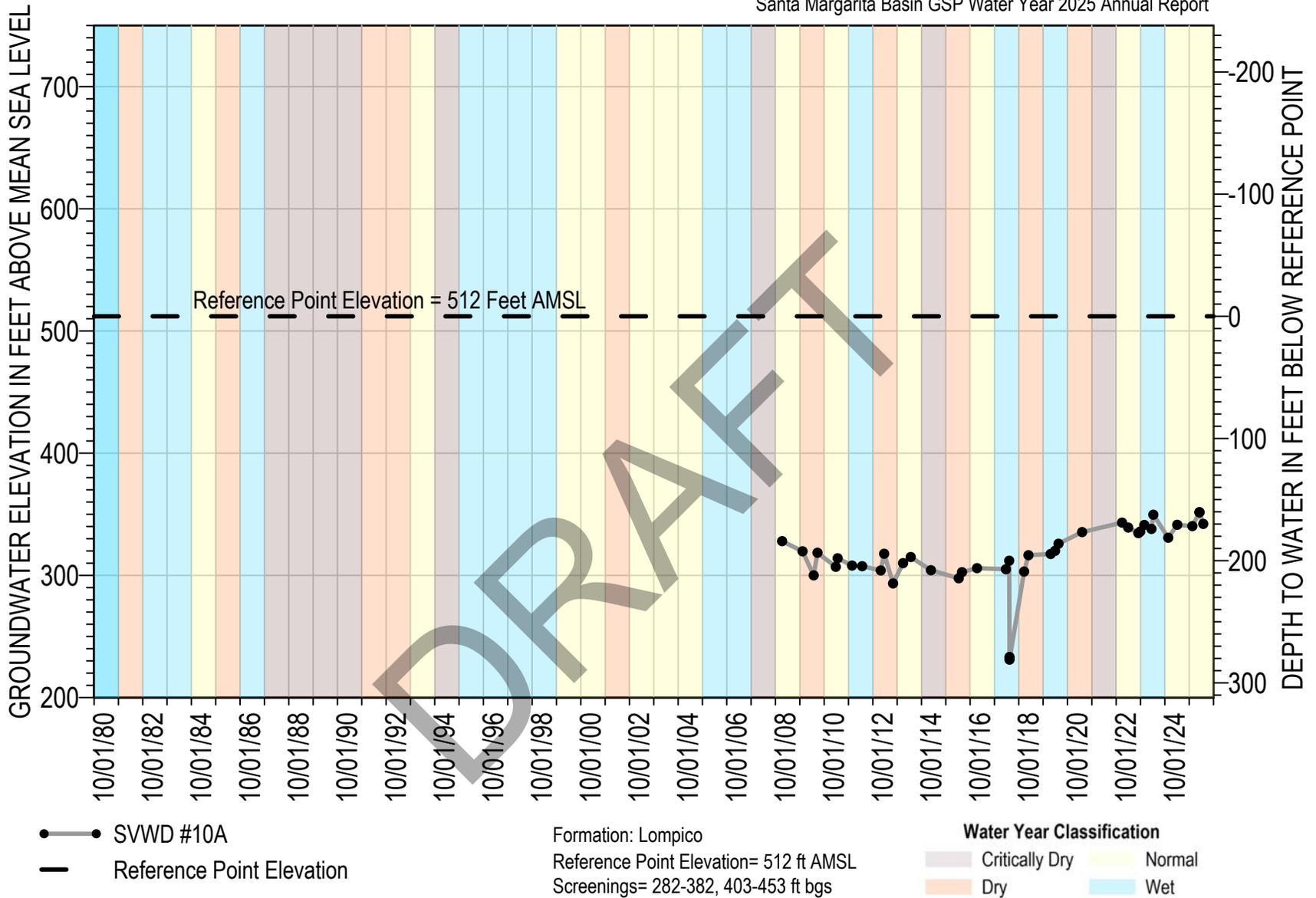
Note: Reference point is the elevation from which depth to water is measured at a well, typically 1-2 feet above land surface. Pumping measurements are removed from hand soundings but not from transducer data.

Figure C-19. Hydrograph of Station SLVWD Pasatiempo #7



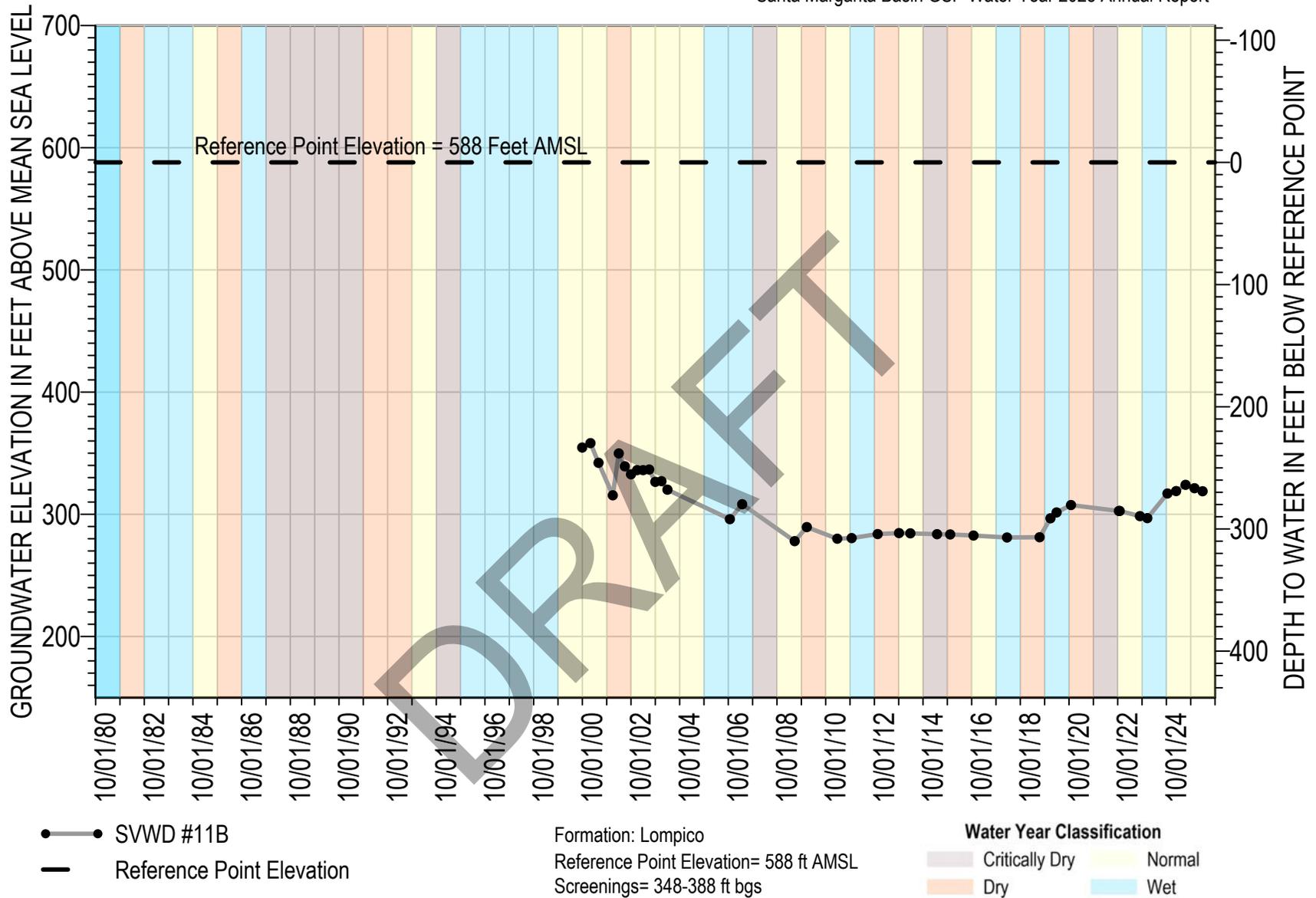
Note: Reference point is the elevation from which depth to water is measured at a well, typically 1-2 feet above land surface. Pumping measurements are removed from hand soundings but not from transducer data.

Figure C-20. Hydrograph of Station SLVWD Pasatiempo #8



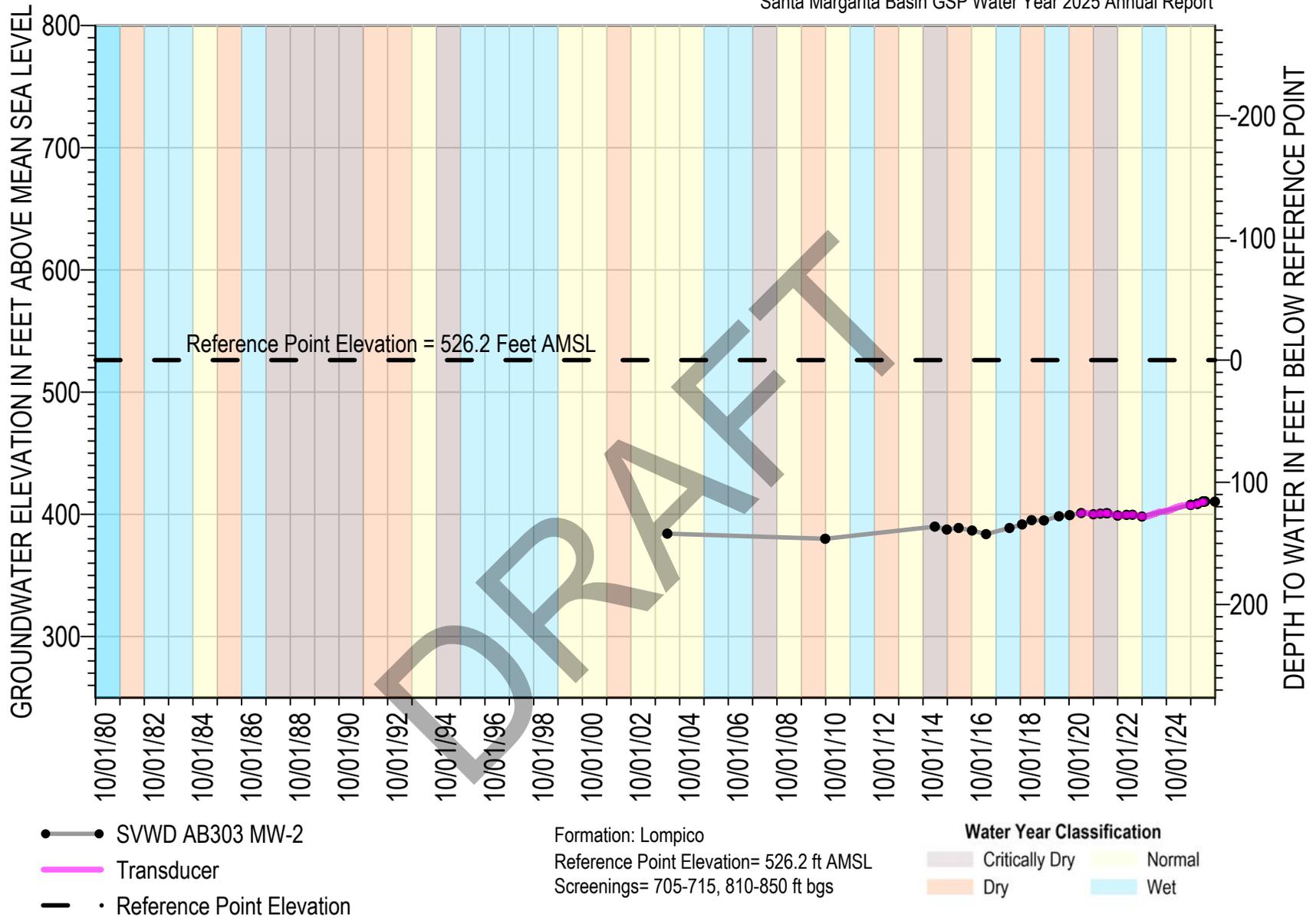
Note: Reference point is the elevation from which depth to water is measured at a well, typically 1-2 feet above land surface. Pumping measurements are removed from hand soundings but not from transducer data.

Figure C-21. Hydrograph of Station SVWD #10A



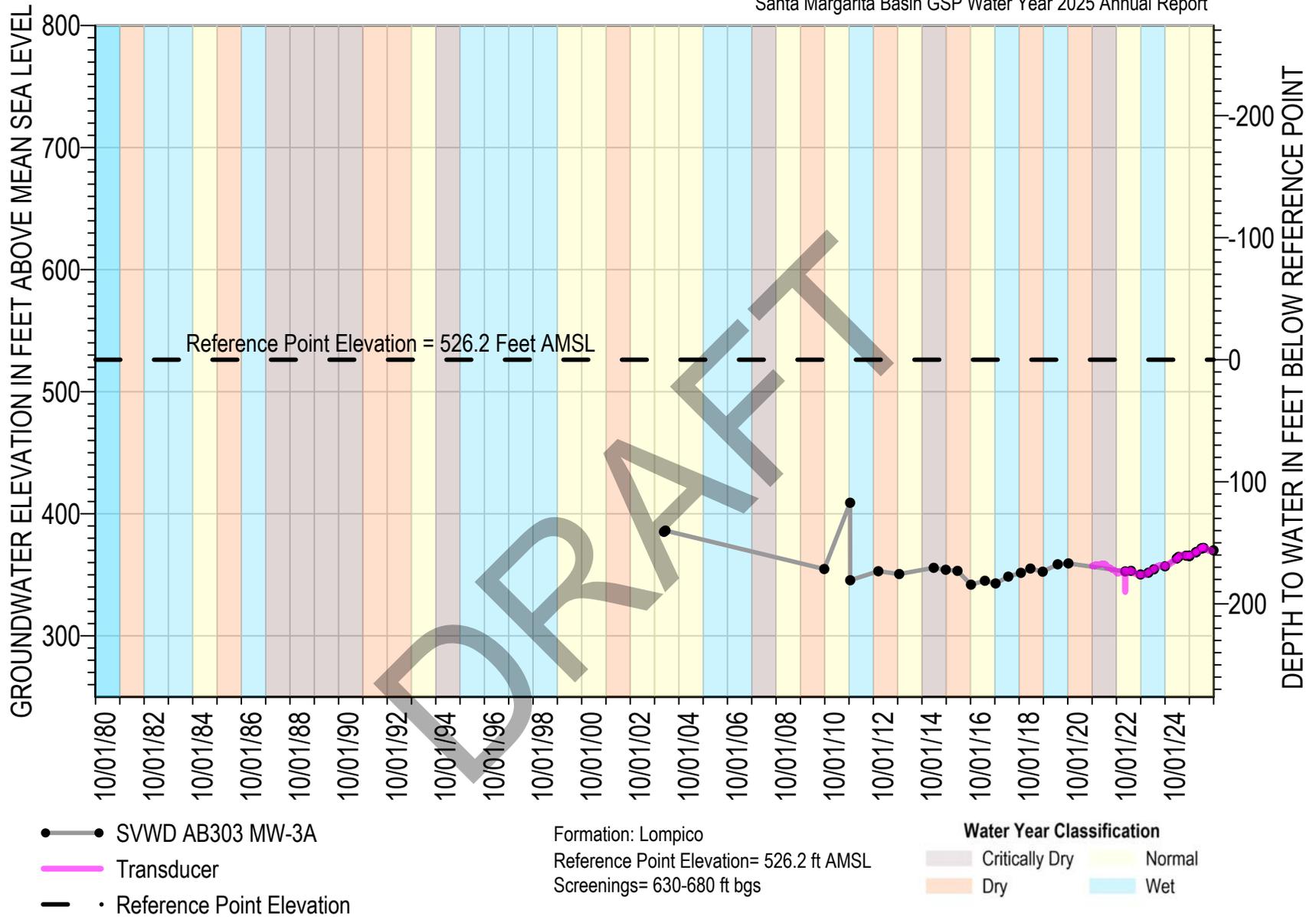
Note: Reference point is the elevation from which depth to water is measured at a well, typically 1-2 feet above land surface. Pumping measurements are removed from hand soundings but not from transducer data.

Figure C-22. Hydrograph of Station SVWD #11B



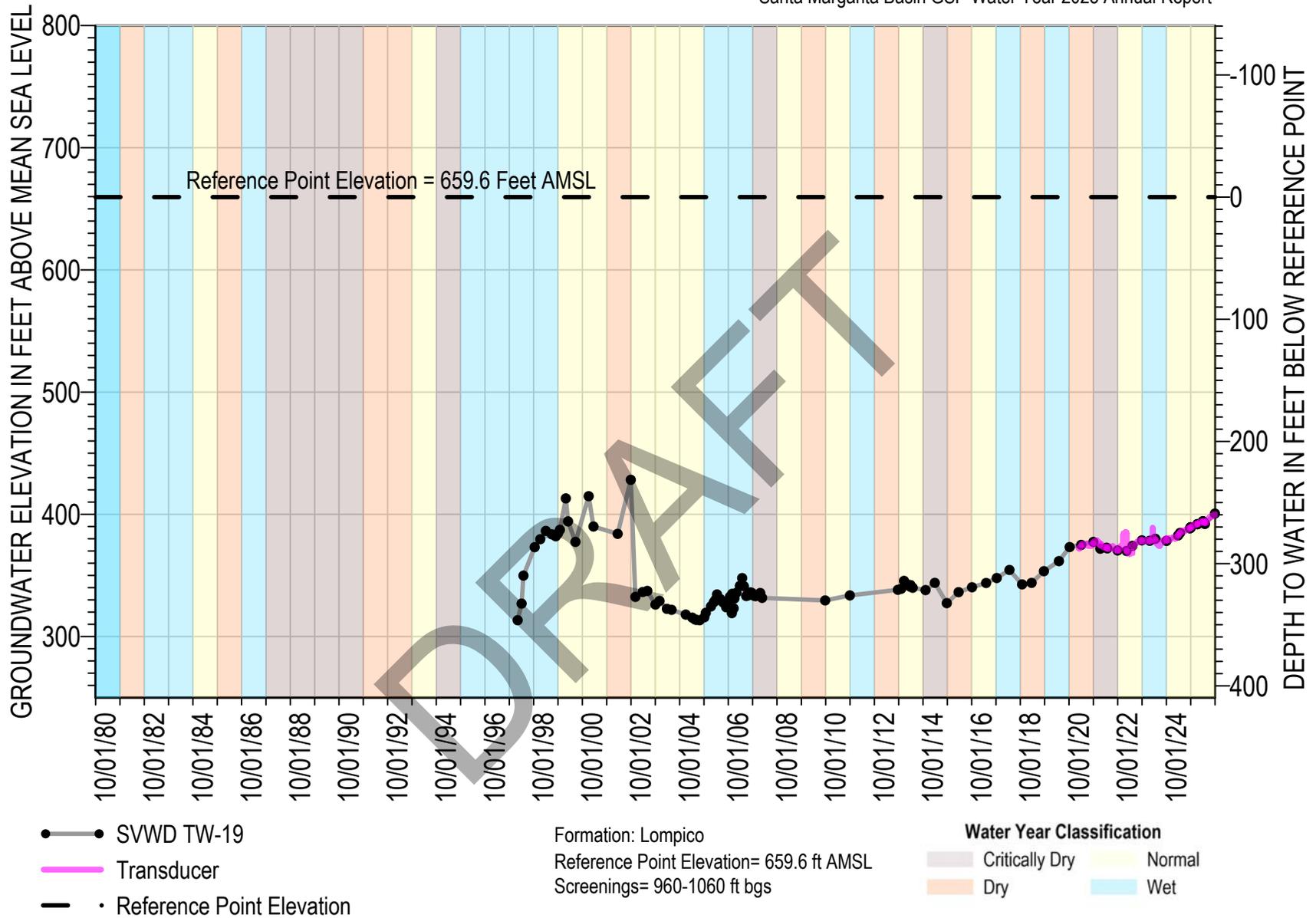
Note: Reference point is the elevation from which depth to water is measured at a well, typically 1-2 feet above land surface. Pumping measurements are removed from hand soundings but not from transducer data.

Figure C-23. Hydrograph of Station SVWD AB303 MW-2



Note: Reference point is the elevation from which depth to water is measured at a well, typically 1-2 feet above land surface. Pumping measurements are removed from hand soundings but not from transducer data.

Figure C-24. Hydrograph of Station SVWD AB303 MW-3A

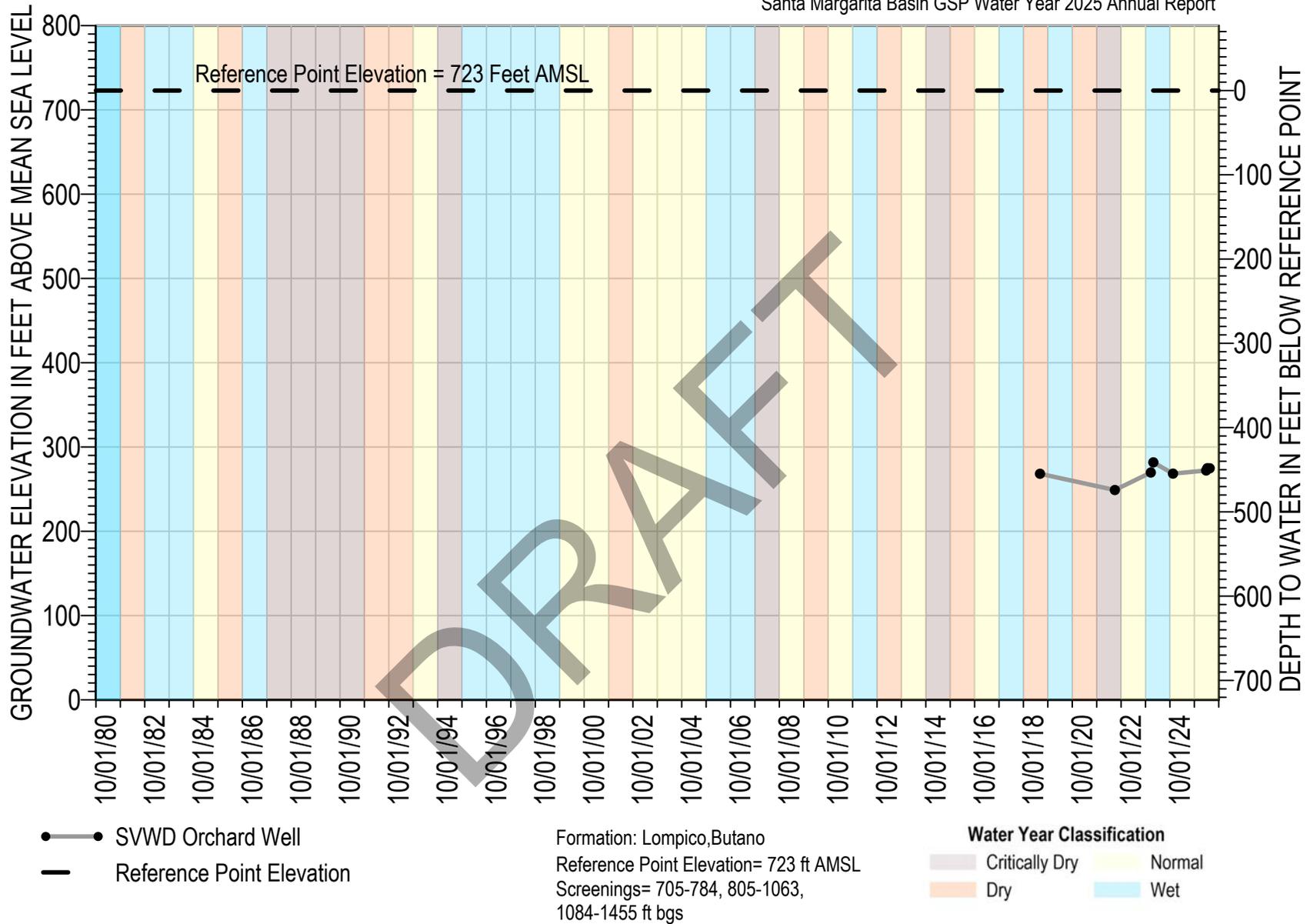


Note: Reference point is the elevation from which depth to water is measured at a well, typically 1-2 feet above land surface. Pumping measurements are removed from hand soundings but not from transducer data.

Figure C-25. Hydrograph of Station SVWD TW-19

Lompico/Butano Sandstone

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Note: Reference point is the elevation from which depth to water is measured at a well, typically 1-2 feet above land surface. Pumping measurements are removed from hand soundings but not from transducer data.

Figure C-26. Hydrograph of Station SVWD Orchard Well

Appendix D

Water Quality Data

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Santa Margarita Basin Groundwater Quality Data for WY 2025

Constituent	1,2-DCE	Arsenic	Chloride	Chlorobenzene	Iron	Manganese	MTBE	Nitrate as Nitrogen	PCE	TDS	TCE
MT	0.07	0.01	250	0.07	0.3	0.05	0.013	5	0.005	1000	0.005
SLVWD Olympia #3											
MO	0.0005	0.002	8.85	0.001	0.502	0.157	0.003	0.4	0.0005	573	0.0005
11/14/2024					0.22	0.14					
2/10/2025		ND			0.23	0.15					
5/14/2025	ND	ND	8.9	ND	0.3	0.15	ND	ND	ND	740	ND
8/12/2025		ND			0.16	0.14					
SLVWD Pasatiempo #7											
MO	0.0005	0.002	7.4	0.001	0.539	0.099	0.003	0.33	0.0005	143	0.0005
10/8/2024		ND			0.09	0.027					
11/5/2024		ND			0.11	0.023					
12/10/2024		ND			0.11	0.023					
1/7/2025		ND			0.38	0.082					
2/4/2025		ND			0.1	0.023					
3/4/2025		ND			0.76	0.084					
4/8/2025		ND			0.55	0.11					
5/14/2025	ND	ND	7.3	ND	0.55	0.11	ND	ND	ND	150	ND
6/10/2025		ND			0.09	0.022					
7/8/2025		ND			0.13	0.03					
8/5/2025		ND			0.12	0.027					
9/9/2025		ND			0.14	0.03					
SLVWD Quail #5A											
MO	0.0005	0.002	8	0.001	0.02	0.003	0.003	2.13	0.0005	123	0.0005
05/14/2025	ND	0.0015	8.5	ND	ND	ND	ND	2.3	ND	110	ND
SVWD #10A											
MO	0.0005	0.002	30.6	0.001	1.51	0.099	0.003	0.39	0.0005	290	0.0005
11/13/2024		ND			0.99	0.11					
5/21/2025					0.76	0.11					
9/9/2025	ND	ND	33		1.6	0.12	ND	ND	ND	300	ND

MT - Minimum Threshold, MO - Measurable Objective, RMP - Representative Monitoring Point

ND - Not Detected above reporting limit, all values are in mg/L

Values above MT in bold

Santa Margarita Basin Groundwater Quality Data for WY 2025

Constituent	1,2-DCE	Arsenic	Chloride	Chlorobenzene	Iron	Manganese	MTBE	Nitrate as Nitrogen	PCE	TDS	TCE
MT	0.07	0.01	250	0.07	0.3	0.05	0.013	5	0.005	1000	0.005
SVWD #11A											
MO	0.0005	0.003	27.1	0.001	0.459	0.112	0.003	0.4	0.0005	525	0.0005
05/21/2025		0.002			0.32	0.12					
09/10/2025	ND	ND	27	0.0009	0.31	0.11	ND	ND	ND	540	ND
SVWD #11B											
MO	0.0005	0.009	21.3	0.001	0.826	0.077	0.003	0.4	0.0005	367	0.0005
05/21/2025		0.0098			0.59	0.065					
09/11/2025	ND	0.0096	21		0.49	0.062	ND	ND	ND	360	ND
SVWD Orchard Well											
MO	0.0005	0.002	26.3	0.001	0.063	0.004	0.003	0.4	0.0005	450	0.0005
05/29/2025			64		ND	0.0029				530	
07/15/2025	ND	ND	52		ND	0.0028	ND	ND	ND	500	ND
SLVWD Olympia #2											
MO	MO not defined because well is not an RMP										
11/14/2024					0.48	0.19					
02/10/2025		ND			0.48	0.19					
05/14/2025	ND	ND	7.3	ND	0.6	0.18	ND	ND	ND	370	ND
08/12/2025		ND			0.32	0.18					
SLVWD Pasatiempo #5A											
MO	MO not defined because well is not an RMP										
10/08/2024		0.0016			0.04	0.0043					
11/05/2024		0.0015			0.05	0.004					
12/10/2024		0.0019			0.04	0.0041					
01/07/2025		0.002			0.26	0.01					
02/04/2025		0.0017			0.06	0.0047					
03/04/2025		0.0017			0.22	0.012					
04/08/2025		0.0015			0.18	0.01					
05/14/2025	ND	0.0015	6.9	ND	0.18	0.01	ND	0.07	ND	150	ND
06/10/2025		0.0015			0.03	0.0043					
07/08/2025		0.0016			0.04	0.0044					
08/05/2025		0.0017			0.04	0.0046					
09/09/2025		0.0017			0.04	0.0043					

MT - Minimum Threshold, MO - Measurable Objective, RMP - Representative Monitoring Point

ND - Not Detected above reporting limit, all values are in mg/L

Values above MT in bold

Santa Margarita Basin Groundwater Quality Data for WY 2025

Constituent	1,2-DCE	Arsenic	Chloride	Chlorobenzene	Iron	Manganese	MTBE	Nitrate as Nitrogen	PCE	TDS	TCE
MT	0.07	0.01	250	0.07	0.3	0.05	0.013	5	0.005	1000	0.005
SLVWD Pasatiempo #8											
MO	MO not defined because well is not an RMP										
10/08/2024		0.009			0.2	0.024					
11/05/2024		0.0086			0.19	0.023					
12/10/2024		0.0069			0.2	0.018					
01/07/2025		0.0073			0.27	0.018					
02/04/2025		0.007			0.37	0.019					
03/04/2025		0.0071			0.29	0.02					
04/08/2025		0.0064			0.19	0.02					
05/14/2025	ND	0.0064	8.5	ND	0.19	0.02	ND	ND	ND	160	ND
06/10/2025		0.0095			0.22	0.022					
07/08/2025		0.0096			0.16	0.023					
08/05/2025		0.0098			0.17	0.023					
09/09/2025		0.0096			0.18	0.023					
SLVWD Quail #4A											
MO	MO not defined because well is not an RMP										
05/14/2025	ND	0.0025	6.3		ND	ND	ND	0.57	ND	120	ND

MT - Minimum Threshold, MO - Measurable Objective, RMP - Representative Monitoring Point

ND - Not Detected above reporting limit, all values are in mg/L

Values above MT in bold

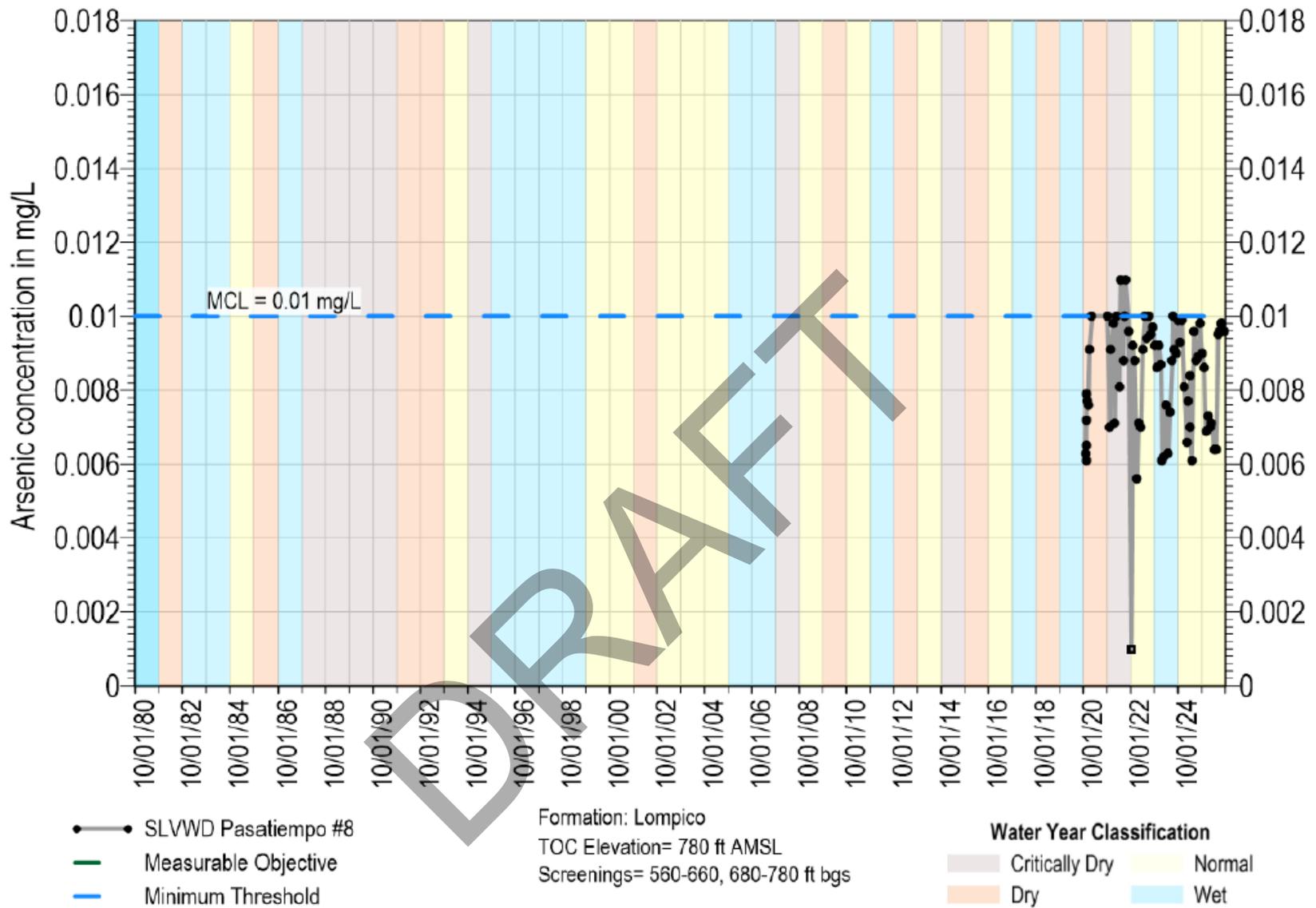
Appendix E

Well Chemographs

DRAFT

Arsenic

DRAFT

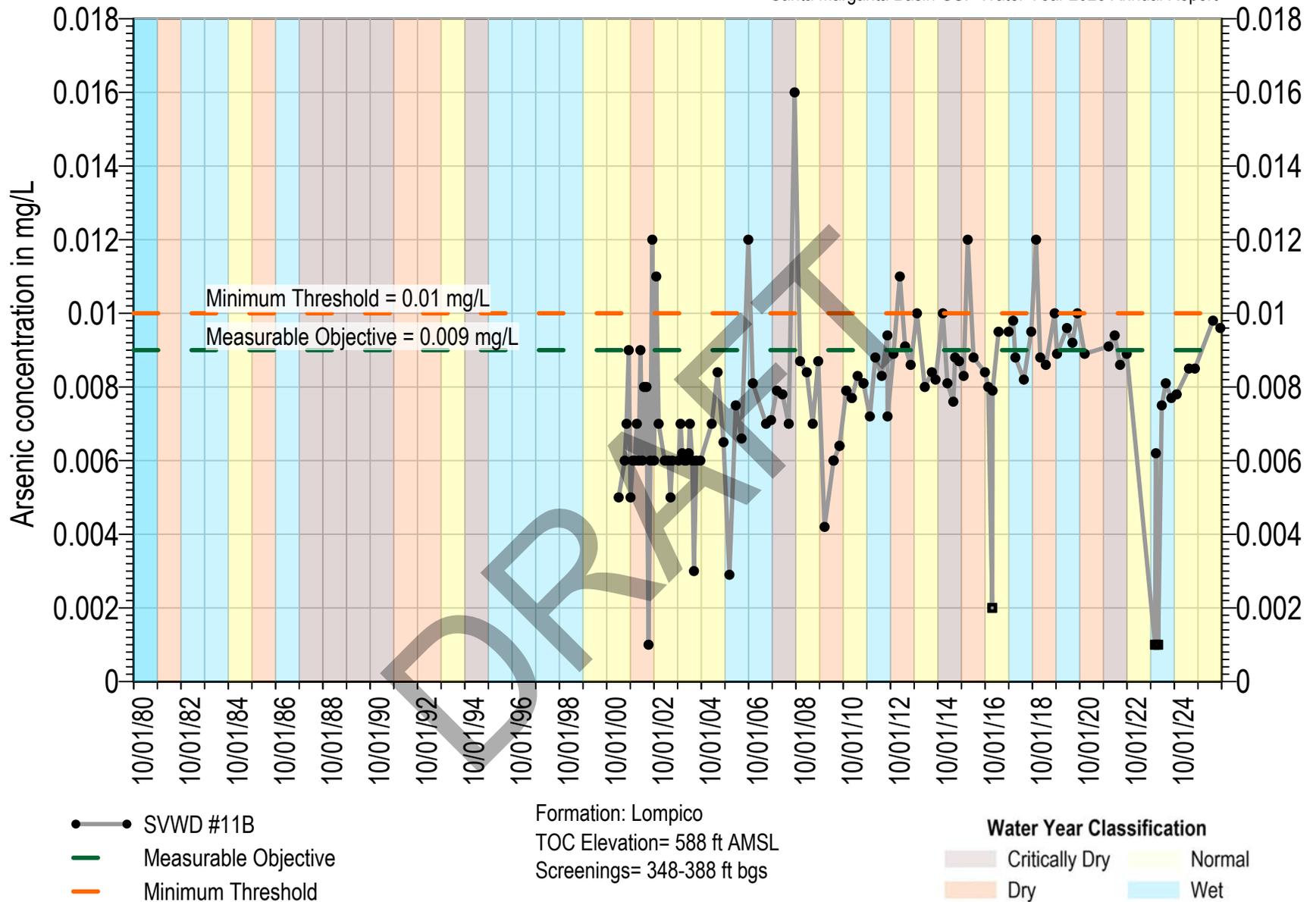


Square symbols indicate non-detects (ND)

ND are set at the state detection limits for purposes of reporting (DLR) (Title 22 §64400.34)

Measurable Objective set at DLR when Measurable Objective is non-detect. In wells with MO above MT, MT exceedance is not considered an Undesirable Result

Figure E-1. Chemograph of Station SLVWD Pasatiempo #8



Square symbols indicate non-detects (ND)

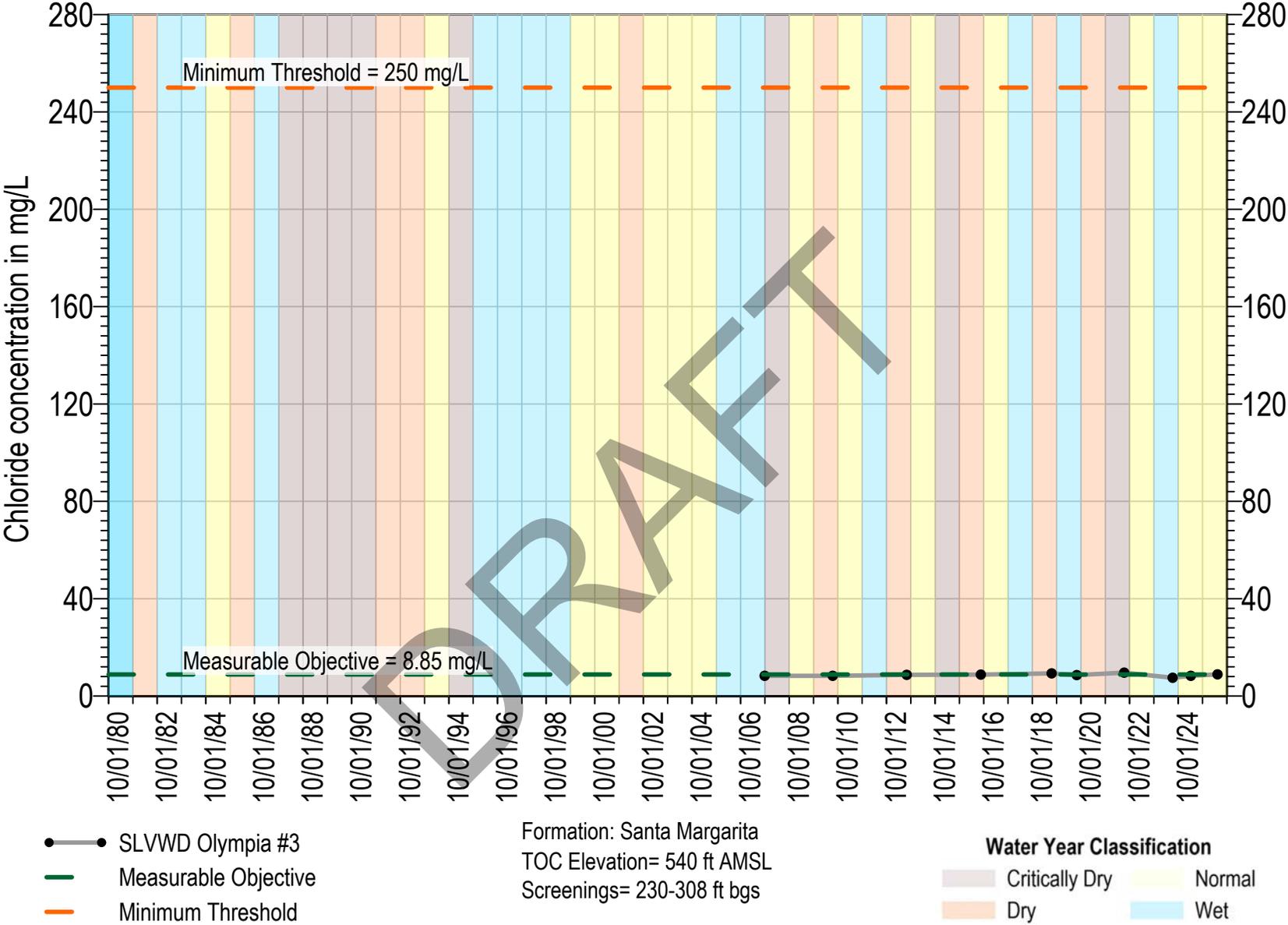
ND are set at the state detection limits for purposes of reporting (DLR) (Title 22 §64400.34)

Measurable Objective set at DLR when Measurable Objective is non-detect. In wells with MO above MT, MT exceedance is not considered an Undesirable Result

Figure E-2. Chemograph of Station SVWD #11B

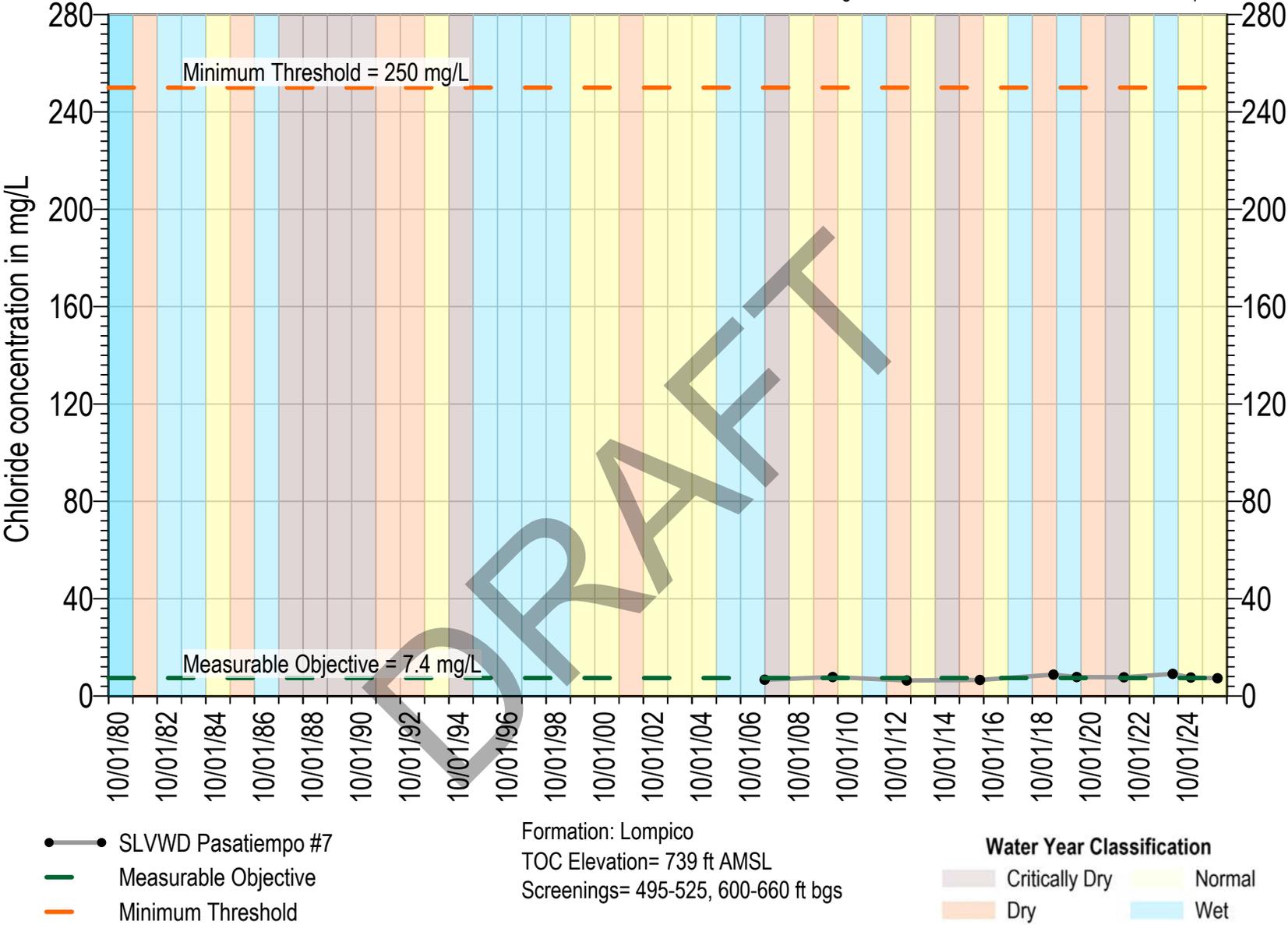
Chloride

DRAFT



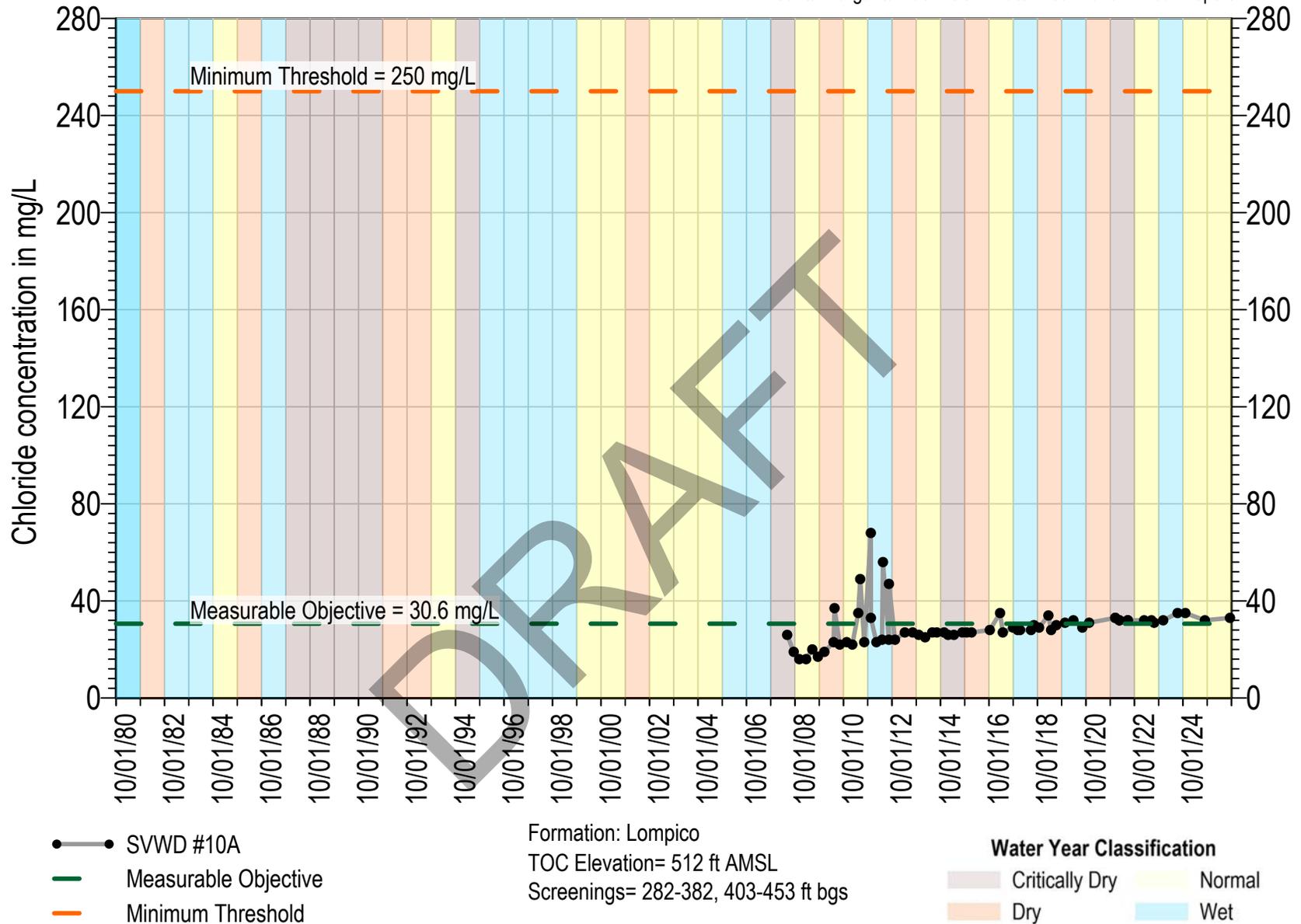
Square symbols indicate non-detects (ND)
 ND are set at the state detection limits for purposes of reporting (DLR) (Title 22 §64400.34)
 Measurable Objective set at DLR when Measurable Objective is non-detect. In wells with MO above MT, MT exceedance is not considered an Undesirable Result

Figure E-3. Chemograph of Station SLVWD Olympia #3



Square symbols indicate non-detects (ND)
 ND are set at the state detection limits for purposes of reporting (DLR) (Title 22 §64400.34)
 Measurable Objective set at DLR when Measurable Objective is non-detect. In wells with MO above MT, MT exceedance is not considered an Undesirable Result

Figure E-4. Chemograph of Station SLVWD Pasatiempo #7

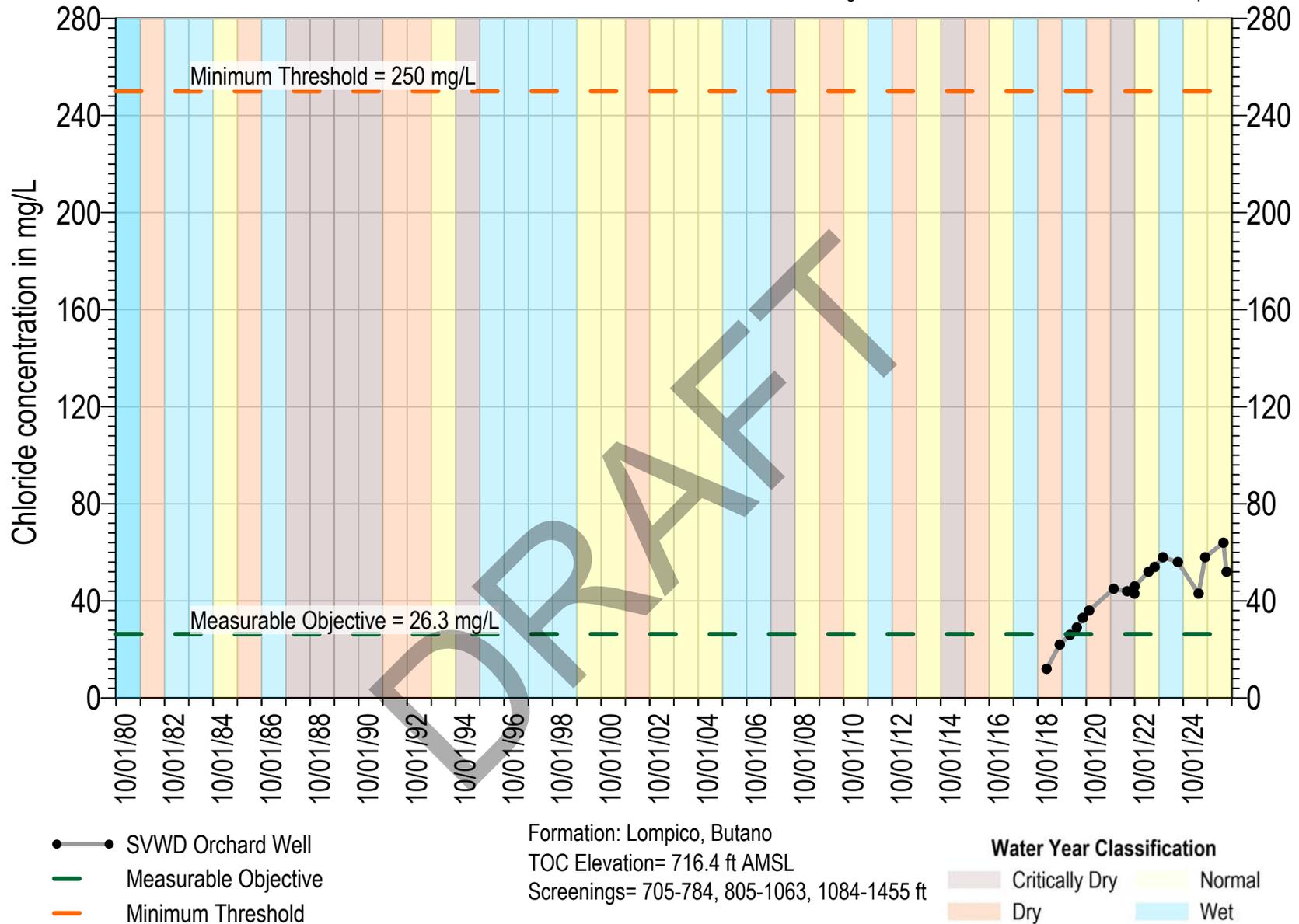


Square symbols indicate non-detects (ND)

ND are set at the state detection limits for purposes of reporting (DLR) (Title 22 §64400.34)

Measurable Objective set at DLR when Measurable Objective is non-detect. In wells with MO above MT, MT exceedance is not considered an Undesirable Result

Figure E-5. Chemograph of Station SVWD #10A



Square symbols indicate non-detects (ND)

ND are set at the state detection limits for purposes of reporting (DLR) (Title 22 §64400.34)

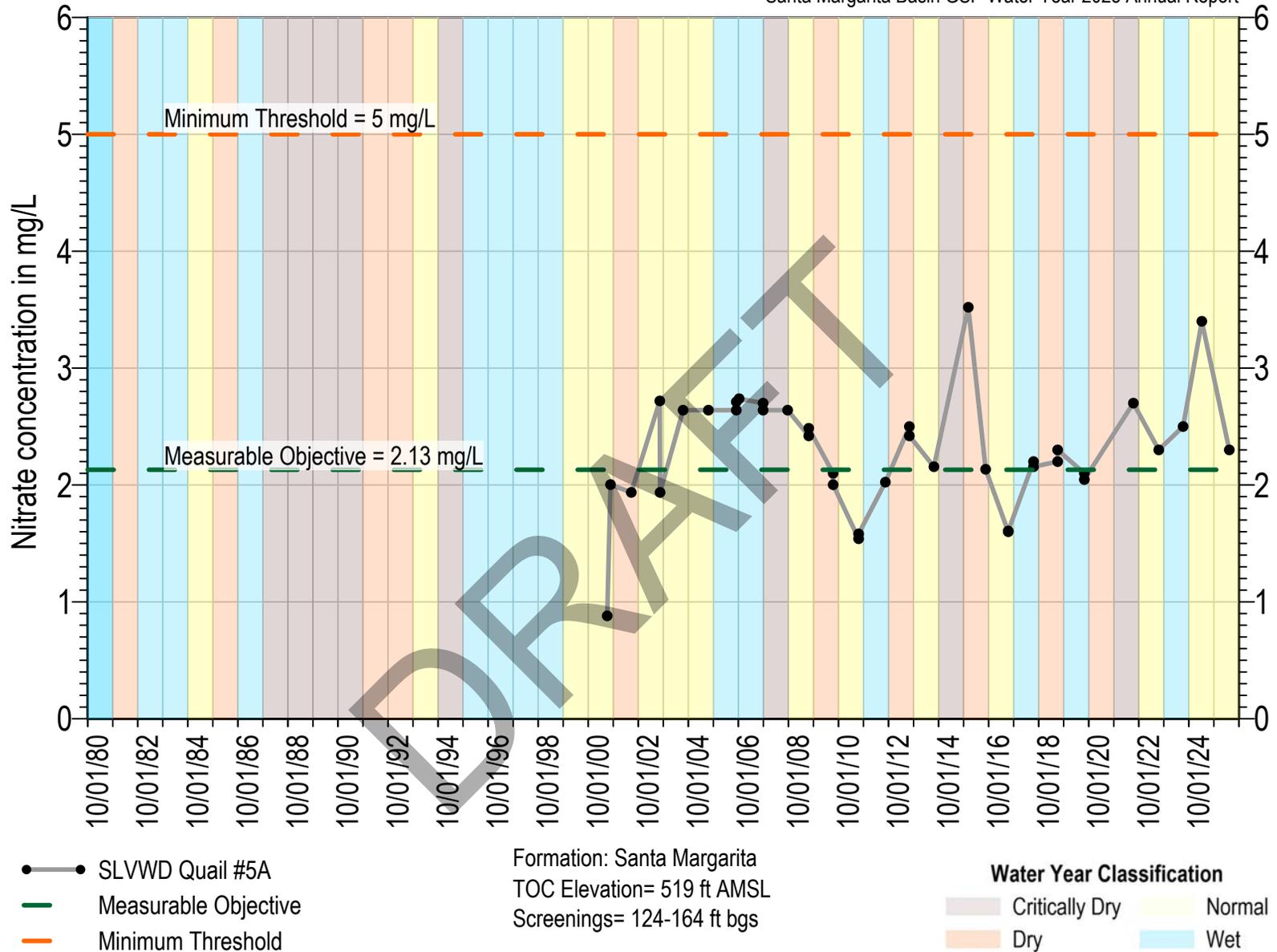
Measurable Objective set at DLR when Measurable Objective is non-detect. In wells with MO above MT, MT exceedance is not considered an Undesirable Result

Figure E-6. Chemograph of Station SVWD Orchard Well

Appendix E

Nitrate

DRAFT



Square symbols indicate non-detects (ND)

ND are set at the state detection limits for purposes of reporting (DLR) (Title 22 §64400.34)

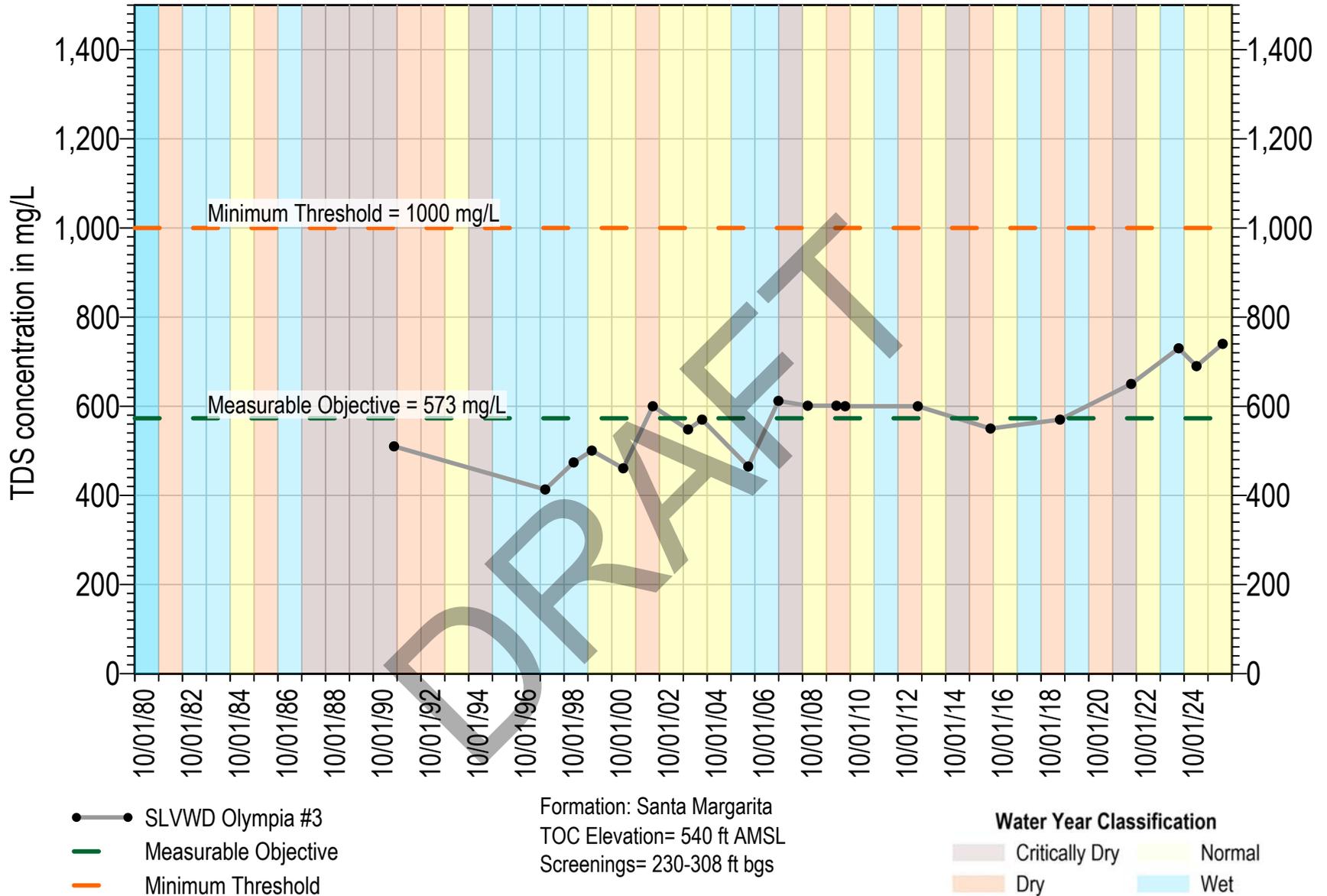
Measurable Objective set at DLR when Measurable Objective is non-detect. In wells with MO above MT, MT exceedance is not considered an Undesirable Result

Figure E-7. Chemograph of Station SLVWD Quail #5A

Appendix E

TDS

DRAFT

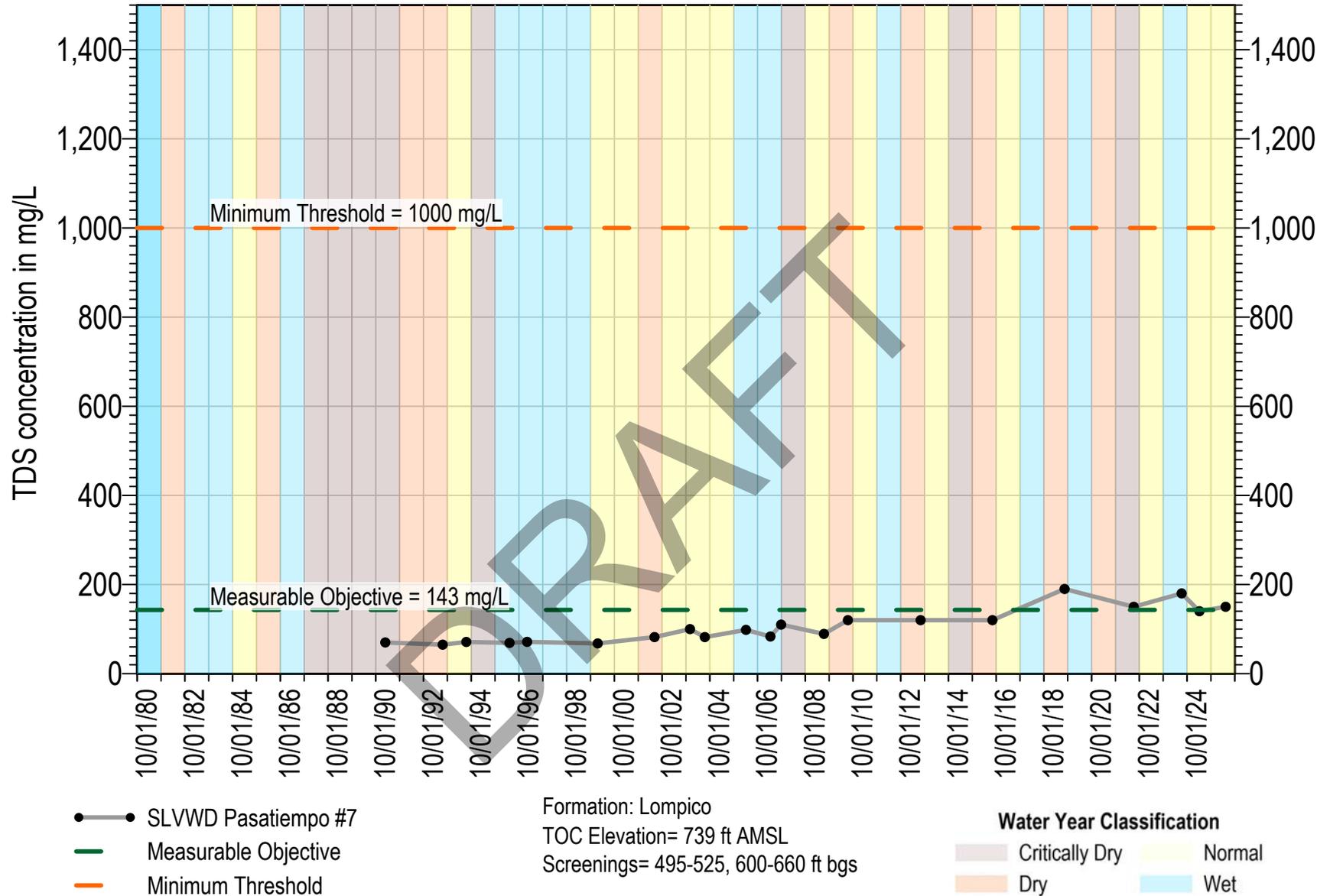


Square symbols indicate non-detects (ND)

ND are set at the state detection limits for purposes of reporting (DLR) (Title 22 §64400.34)

Measurable Objective set at DLR when Measurable Objective is non-detect. In wells with MO above MT, MT exceedance is not considered an Undesirable Result

Figure E-8. Chemograph of Station SLVWD Olympia #3

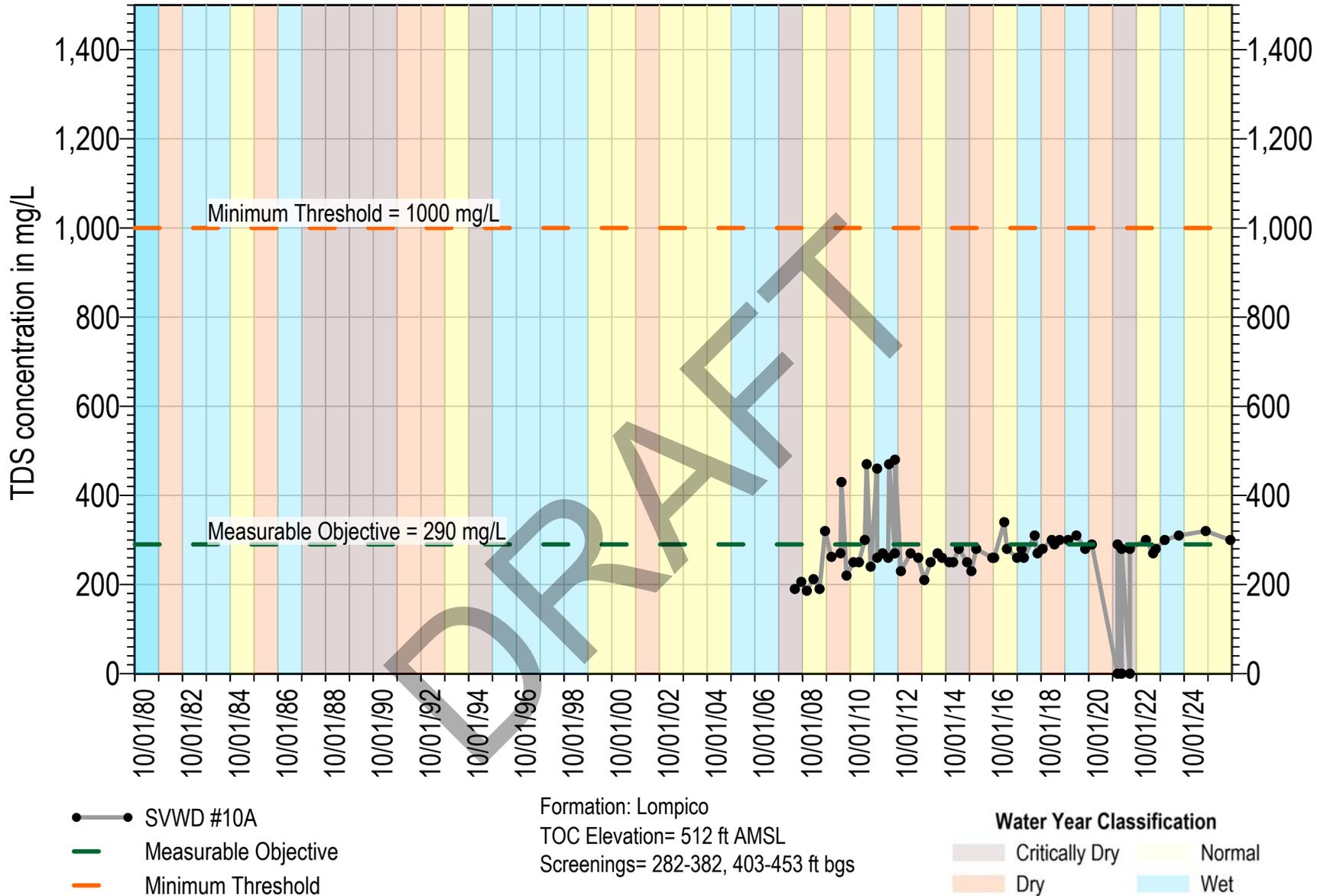


Square symbols indicate non-detects (ND)

ND are set at the state detection limits for purposes of reporting (DLR) (Title 22 §64400.34)

Measurable Objective set at DLR when Measurable Objective is non-detect. In wells with MO above MT, MT exceedance is not considered an Undesirable Result

Figure E-9. Chemograph of Station SLVWD Pasatiempo #7

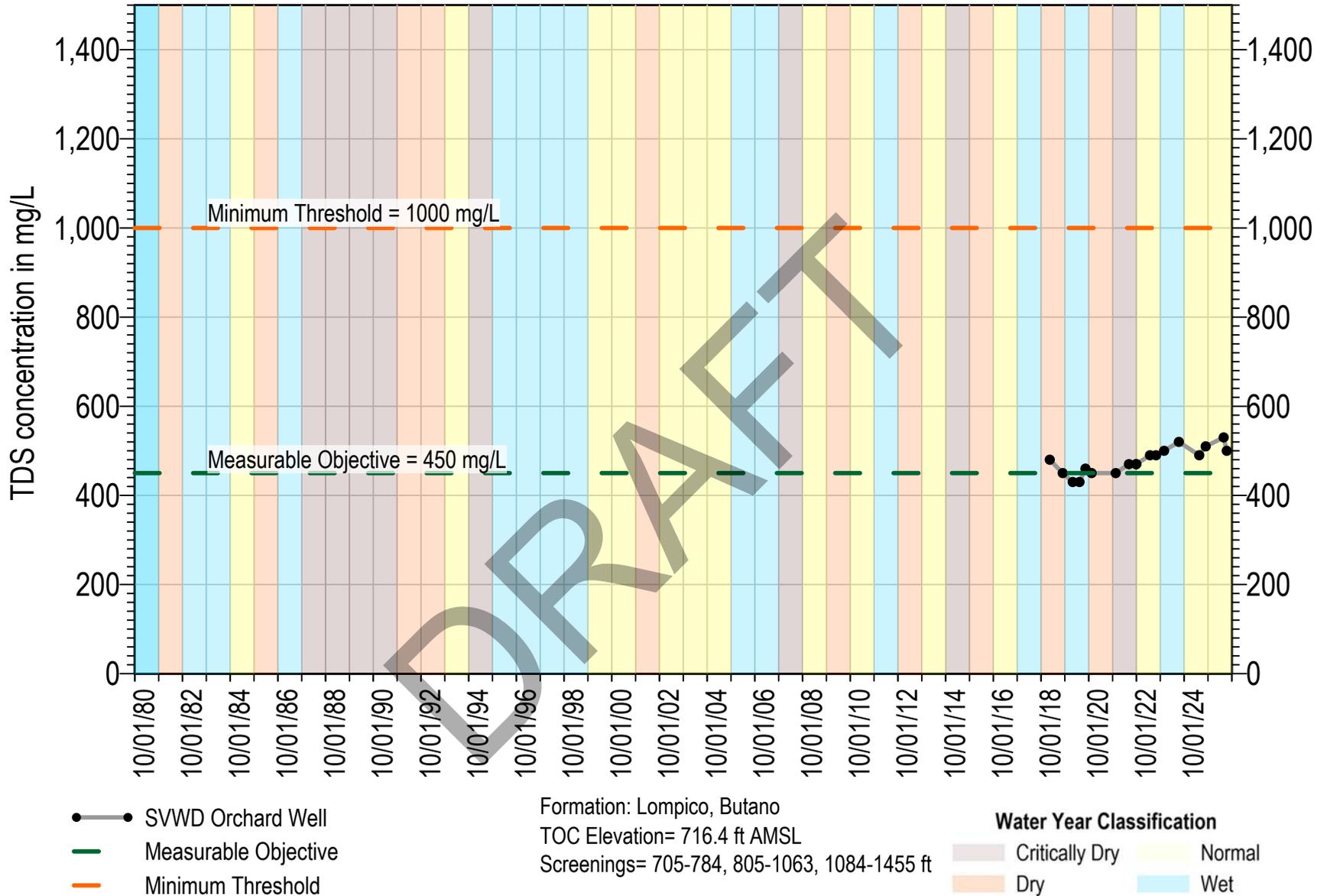


Square symbols indicate non-detects (ND)

ND are set at the state detection limits for purposes of reporting (DLR) (Title 22 §64400.34)

Measurable Objective set at DLR when Measurable Objective is non-detect. In wells with MO above MT, MT exceedance is not considered an Undesirable Result

Figure E-10. Chemograph of Station SVWD #10A



Square symbols indicate non-detects (ND)

ND are set at the state detection limits for purposes of reporting (DLR) (Title 22 §64400.34)

Measurable Objective set at DLR when Measurable Objective is non-detect. In wells with MO above MT, MT exceedance is not considered an Undesirable Result

Figure E-11. Chemograph of Station SVWD Orchard Well

AGENDA REPORT

Santa Margarita Groundwater Agency

To: Board of Directors
Date: February 26, 2026
Item: Agenda Report 4.2
Subject: **Update on Groundwater Sustainability Plan Periodic Evaluation**

SUMMARY

Recommendations: 1) Direct staff to initiate the preparation of an amendment to the GSP; 2) Establish an ad hoc GSP amendment committee and appoint committee members.

Fiscal Impact: No direct impact from this action. Activities described in this update have been approved by separate Board action in May 2025 to adopt the annual Agency budget and approve an amendment to the Professional Services Agreement with Montgomery & Associates.

BACKGROUND

The Sustainable Groundwater Management Act (SGMA) requires periodic evaluation that is due at least every five years after submittal of a Groundwater Sustainability Plan (GSP). The Periodic Evaluation (PE) is intended to be an assessment of how a GSP is performing and whether modifications are needed.

In October 2023, the Department of Water Resources (DWR) released guidance on GSP annual reports, periodic evaluations, and plan amendments. The DWR guidance document is available on the SMGWA website and can be accessed at this link: [A Guide to Annual Reports, Periodic Evaluations, & Plan Amendments](#). Recommended corrective actions (RCA) from DWR's GSP review must also be addressed by the time of PE submittal, which is due by January 3, 2027. The Santa Margarita Basin RCAs can be found in this link to the [DWR GSP approval letter](#).

In August and October 2025, the Board received an overview of the PE process and timeline and a review of DWR's RCAs for the Basin GSP. At the October meeting, staff identified that it was likely that an amendment to the GSP would be recommended but a final decision should come after Regional Water Management Foundation (RWMF) and Montgomery & Associates (M&A) staff have had an opportunity to meet with DWR to discuss how it intends to address the DWR RCAs.

DISCUSSION

On January 30, 2026, RWMF and M&A staff met with the DWR Sustainable Groundwater Management Office to discuss our proposed approach to addressing the DWR RCAs. DWR was generally supportive of our approach, which will involve redefining undesirable results and will trigger the need to amend the November 2021 Basin GSP. In anticipation of requesting Board direction to initiate the GSP amendment process, staff published public notice in the Press Banner on February 13th and 20th and sent notices to the City of Scotts Valley and County of Santa Cruz as required under SGMA. The notices inform that

public participation will be available throughout the GSP amendment process through SMGWA Board meetings.

Staff previously shared a schedule (see attachment) that will allow for completion of the PE and GSP amendment that is consistent with regular Board meetings and SGMA requirements. To meet this schedule, the Board will need to provide direction to staff on a few key issues related to the GSP at its May Board meeting, so that draft of the GSP amendment can be released in advance of the August Board meeting. These key areas include:

1. Revised definitions of undesirable results
2. Potential revisions to Projects and Management Actions
3. Potential modifications to the GSP monitoring program, including groundwater wells, surface water gages, and Groundwater Dependent Ecosystems
4. Other implementation activities identified in the current GSP (e.g., metering on non-de minimis private wells, long-term approach to SGMA compliance funding)

Staff will provide a description of these key areas and will request the Board appoint an ad hoc committee to convene in between Board meetings to receive detailed information and discuss these key areas with the intent of providing proposed modifications for the Board to consider at its May meeting.

Submitted by,

Rob Swartz, Senior Planner
Regional Water Management Foundation

Attachment(s): Periodic Evaluation and GSP Amendment Schedule

	2025						2026						2027							
	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan
Preliminary Schedule:																				
Address Recommended Corrective Actions																				
Prepare Periodic Evaluation																				
WY2025 Annual Report																				
Prepare Amended GSP																				
Board Meetings			◆		◆				◆			◆			◆		◆			
SGMA Portal Upload by Jan 3, 2027																				

Board Meetings / Milestones

- Feb 26, 2026:** Board to Receive Update on PE Progress and Make Determination for GSP Amendment
- May 28, 2026:** Update on Draft PE & Provide Direction on GSP Amendment
- Jul 24, 2026:** Board Draft PE and GSP Amendment Posted to Website and City/County Notice (90-days required by SGMA)
- Aug 27, 2026:** Board/Public Comment on Draft PE and GSP Amendment
- Oct 22, 2026:** Draft Final PE and GSP Amendment
- Jan 3, 2027:** PE and GSP Amendment Due

AGENDA REPORT

Santa Margarita Groundwater Agency

To: Board of Directors
Date: February 26, 2026
Item: Agenda Report 4.3
Subject: Preliminary Budget for Fiscal Year 2027

SUMMARY

Recommendation: Receive information and provide input on the preliminary budget for Fiscal Year July 1, 2026 to June 30, 2027.

Fiscal Impact: The preliminary Fiscal Year 2027 Operating Expenses total \$523,805.

BACKGROUND

On May 22, 2025, the Board of Directors approved the budget for Fiscal Year 2025-2026 (FY2026) for the Santa Margarita Groundwater Agency (Agency). Table 1 presents the projected totals for FY2026 and the preliminary budget for 2026-2027 (FY2027). The FY2026 projected operating expenses are based upon the actual expenses incurred July 1 – December 31 and the projected expenses to June 30. The preliminary budget for FY2027 is based on activities that support the implementation of the Groundwater Sustainability Plan (GSP) and administration of the Agency.

DISCUSSION

Beginning Reserves: The beginning reserve amount is the surplus of revenue collected from prior years over the actual expenses incurred. Beginning general reserves in the revised and projected FY2026 budget (\$178,894) are \$63,584 greater than the FY2026 approved budget due to the actual operating expenses in FY2025 being lower than projected. The projected beginning reserves for FY2027 total \$250,112, a decrease of \$85,198 which is approximately 24% less than the prior fiscal year approved budget. The Board approved the Financial Reserve Policy (May 2024) established a target to maintain general reserves at 20% of the annual operating expenses budget. In FY2025 and FY2026, reserves were used to offset and reduce contributions from the Member Agencies.

Operating Revenue: Operating revenue in FY2026 consists of contributions from the Member Agencies as well as the City of Santa Cruz and Mount Hermon Association totaling \$403,468. To supplement operating revenue in FY2026, general reserves were drawn down by \$87,500 based upon the Reserve Policy (20% reserve target) which served to reduce the contribution amounts from the Member Agencies. Annual contribution amounts are informed by the projected operating expenses for the fiscal year, anticipated grant revenue, and reserve amounts. In FY2027, the preliminary operating revenue budget is estimated to be \$403,468. In FY2027, designated reserves will be drawn down to supplement operating revenue in order to fund work on the GSP Periodic Evaluation (estimated amount to be expended in FY2027 is \$32,838) and Funding Mechanisms Evaluation (estimated at \$25,000).

Operating Expenses: Operating expenses in the FY2027 budget total \$523,805 which is a decrease of \$104,373 or 21% over the prior fiscal year approved budget. Key budget items in the major expense categories are as follows:

Administrative Services: Administrative and planning support services are currently provided by the Regional Water Management Foundation (RWMF). Administrative tasks include work such as: Board meeting preparation, coordination, and support; coordination and communications; contract management and oversight. Planning support includes work to support GSP implementation and planning activities in support of the Sustainable Groundwater Management Act (SGMA). This work is currently performed by the RWMF per the Agency’s previously approved agreement with the County of Santa Cruz. Currently, Treasurer services are provided by SVWD.

Professional Contract Services: Services in this Budget Category include Legal Services, Outreach Services, Financial Audit Services and Technical Services. Technical Services, the largest expense sub-category, includes: GSP Periodic (5-Yr) Evaluation and amendment, GSP annual report preparation, data management system, stream monitoring, semi-annual data reporting to the SGMA portal, and as-needed technical professional support and monitoring equipment. Streamflow monitoring includes maintenance of monitoring locations and associated equipment, data collection and processing consistent with previously approved services. The data management system funds ongoing maintenance, hosting, and technical support services provided by KISTERS through an existing agreement with the County of Santa Cruz.

The FY2026 budget includes \$25,000 for work to be performed by a consultant to evaluate funding mechanisms to support the Agency’s operations and compliance with SGMA; this work has not started and is anticipated to proceed in FY2027. It is recommended the unspent funds for this work are reallocated into Reserves as a designated fund for use in FY2027.

A summary of the budget for the Technical Services sub-category is presented below.

Technical Services	FY2026 Budget	FY2026 Projected	FY2027 Preliminary
GSP Periodic (5-Yr) Evaluation & Amendment	\$162,162	\$162,162	\$49,990
GSP Annual Report	\$40,016	\$40,016	\$35,000
Other Professional Services; Monitoring Equipment	\$16,000	\$16,000	\$16,000
Data Mgmt. System (DMS) Support	\$16,000	\$13,394	\$25,000
Basin Monitoring - Stream Monitoring	\$62,000	\$62,000	\$50,000
Funding Mechanisms Evaluation	\$25,000	\$0	\$25,000
Subtotal	\$321,178	\$293,572	\$200,990

GSP Periodic (5-Yr) Evaluation: SGMA requires a Periodic Evaluation (PE) of an approved GSP at least every five years from the date the GSP was submitted to the California Department of Water Resources (DWR). The Basin’s first PE must be submitted to DWR by January 3, 2027. Work on the PE began in FY2026, the PE and the GSP amendment will conclude in FY2027. The FY2025 budget established a reserve designation to set aside funds (\$195,000) for the PE. That approach aimed to reduce spikes in Member Agencies’ contributions as work on the PE proceeded in FY 2026 and 2027. In FY2027, the remaining \$32,838 in the designated beginning reserves for the PE will be expended.

Funding Mechanisms Evaluation: In FY2025 and FY2026, the Board approved a budget for consultant support to evaluate viable funding options for long-term compliance with SGMA. The evaluation is expected to result in a summary of options that would inform the Board on potential approaches. SMGWA is in close coordination with the Santa Cruz Mid-County Groundwater Agency, which has begun a similar effort to evaluate fees options. That effort is still underway, so the SMGWA effort has been deferred with the intent of leveraging lessons learned from the MGA effort.

General Administrative Expenses: Services in this Budget Category include: insurance; membership fees; supplies and equipment; software and licenses; meetings; trainings; banking fees; and other business expenses. It includes funds for ongoing participation in the statewide small GSAs coalition. The coalition formed several years ago with the aim of increasing the State’s awareness of the challenges faced by small GSAs in implementing SGMA, particularly the cost of compliance. The contribution will support coalition management and coordination, legislative advocacy and education to reduce the burdens that SGMA places upon small GSAs.

Ending Reserves: The projected ending cash reserves for FY 2026 total \$250,112. This consists of \$192,274 in General Reserves, \$32,838 in a designated reserve for work on GSP PE and amendment; and \$25,000 in a designated reserve for the future funding mechanisms evaluation. The ending reserves in FY 2027 are estimated at \$104,775, which is 20% of total operating expenses.

Agency Contributions: The preliminary budget includes estimated Agency contributions for operating revenue. The table below presents the preliminary contribution total and the amounts for each contributing Agency.

Agency Contributions	FY2024 Actuals	FY2025 Actuals	FY2026 Actuals	FY2027 Preliminary
Scotts Valley Water District	\$239,629	\$166,905	\$209,480	\$187,074
San Lorenzo Valley Water District	\$164,681	\$113,990	\$143,067	\$127,765
County of Santa Cruz	\$66,790	\$44,876	\$56,323	\$50,299
Mount Hermon Association	\$13,256	\$16,199	\$20,331	\$18,157
City of Santa Cruz	\$25,492	\$17,998	\$22,589	\$20,173
Total	\$509,848	\$359,968	\$451,790	\$403,468

Submitted by,

Tim Carson, Program Director
Regional Water Management Foundation

John Dillon, Treasurer
Santa Margarita Groundwater Agency

Attachment(s): Table 1. Annual Budgets FY 2026 Projected and FY 2027 Preliminary Budget

**Santa Margarita Groundwater Agency
FY 2026 Projected Totals and FY 2027 Preliminary Budget**

	FY 2024 Actual	FY 2025 Actuals	FY 2026 Approved	FY 2026 Revised & Projected	FY 2027 Preliminary (Feb)	INCREASE (DECREASE) OVER PRIOR YEAR BUDGET	% CHANGE OVER PRIOR YEAR BUDGET
Beginning Reserves							
Beginning General Reserves	\$ 314,724	\$ 142,229	\$ 115,310	\$ 178,894	\$ 192,274	\$ 76,964	
GSP Periodic (5-Year) Evaluation	\$ -	\$ 195,000	\$ 195,000	\$ 195,000	\$ 32,838	\$ (162,162)	
Funding Mechanism Evaluation	\$ -	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ -	
Total Beginning Reserves	\$ 314,724	\$ 362,229	\$ 335,310	\$ 398,894	\$ 250,112	\$ (85,198)	-24%
Operating Revenue							
Agency Contributions							
Scotts Valley Water District	\$ 239,629	\$ 166,905	\$ 209,480	\$ 209,480	\$ 187,074	\$ (22,406)	
San Lorenzo Valley Water District	\$ 164,681	\$ 113,990	\$ 143,067	\$ 143,067	\$ 127,765	\$ (15,302)	
County of Santa Cruz	\$ 66,790	\$ 44,876	\$ 56,323	\$ 56,323	\$ 50,299	\$ (6,024)	
Mount Hermon Association	\$ 13,256	\$ 16,199	\$ 20,331	\$ 20,331	\$ 18,157	\$ (2,174)	
City of Santa Cruz	\$ 25,492	\$ 17,998	\$ 22,589	\$ 22,589	\$ 20,173	\$ (2,416)	
Department Water Resources Grants	\$ 184,643	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Operating Revenue	\$ 694,491	\$ 359,968	\$ 451,790	\$ 451,790	\$ 403,468	\$ (48,322)	-13%
Operating Expenses							
Administrative Services							
Administrative Coordination	\$ 193,450	\$ 182,523	\$ 245,000	\$ 245,000	\$ 260,000	\$ 15,000	5%
Treasurer Services	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ -	
Professional Contract Services	\$ 148,656	\$ 121,354	\$ 359,178	\$ 331,572	\$ 238,990	\$ (120,188)	-59%
Legal Services	\$ 2,544	\$ 4,905	\$ 10,000	\$ 10,000	\$ 10,000	\$ -	
Outreach Services	\$ 10,985	\$ 9,931	\$ 20,000	\$ 20,000	\$ 20,000	\$ -	
Audit Services	\$ 11,500	\$ 7,500	\$ 8,000	\$ 8,000	\$ 8,000	\$ -	
Technical Services	\$ 123,628	\$ 99,018	\$ 321,178	\$ 293,572	\$ 200,990	\$ (120,188)	
General Administrative	\$ 8,783	\$ 9,427	\$ 14,000	\$ 14,000	\$ 14,815	\$ 815	7%
Monitoring Network Improvements	\$ 286,097	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Operating Expenses	\$ 646,986	\$ 323,303	\$ 628,178	\$ 600,572	\$ 523,805	\$ (104,373)	-21%
Ending Reserves							
General Reserve ²	\$ 362,229	\$ 178,894	\$ 126,084	\$ 192,274	\$ 104,775		
GSP Periodic Evaluation & Amendment	\$ -	\$ 195,000	\$ 32,838	\$ 32,838	\$ -		
Funding Mechanisms Evaluation	\$ -	\$ 25,000	\$ -	\$ 25,000	\$ -		
Total Ending Reserves	\$ 362,229	\$ 398,894	\$ 158,922	\$ 250,112	\$ 104,775	\$ (72,700)	-31%

Notes:

1. Reserve Policy establishes the General Reserves target level at 20 percent of the annual operating budget.
2. GSP Periodic (5-Year) Evaluation is included in Technical Services budget, Reserves will be utilized for work in FY2026 & 2027
3. Funding Mechanisms Evaluation is included in Technical Services budget, Reserves will be utilized for work in FY2027

AGENDA REPORT

Santa Margarita Groundwater Agency

To: Board of Directors
Date: February 26, 2026
Item: General 4.4
Subject: **Appointment of Well Owner Alternate Representative**

SUMMARY

Recommendation: Ratify the appointment of Erica Rubio as the Well Owner Representative Alternate on the Santa Margarita Groundwater Agency Board of Directors for a three (3) year term effective immediately.
Fiscal Impact: None for this action.

BACKGROUND

Well Owner Alternate Director F. Cheap was appointed as a Well Owner Representative Director on October 23, 2025 to complete the term of C. Hutchison following her resignation from the Board. At the same meeting, the Board appointed an ad-hoc committee of three Directors (Cassidy, Perri, and Cheap) to facilitate the selection process for a Well Owner Representative Alternate to fill the vacancy.

DISCUSSION

The Well Owner selection process is outlined in Section 2.3 of the Amended and Restated Bylaws. The Agency publicly noticed the opportunity for individuals to apply to serve as a Well Owner to fill a vacancy. Public notice was given on November 14, 2025 with applications due on December 15, 2025. At the close of the application period, two eligible applications were received.

Applications were received from Erica Rubio (née Stanojevic) and Raymond Martin. The two applicants and the committee members were provided with each other's contact information as per the self-selection process set forth in the Bylaws. Per the Bylaws, the applicants are to be given the opportunity to self-nominate a Well Owner by reaching agreement among themselves by having an applicant voluntarily withdraw their application so that the remaining number of applicants is the same as the number of vacant positions.

On January 11, after a meeting of the two applicants and members of the Committee to confer on the self-selection, Mr. Martin notified the Agency via email that he elected to voluntarily withdraw his application. As a result, the number of remaining applicants (1) equals the number of vacancies (1). The application of Ms. Rubio was provided to the Board for consideration.

Submitted by,

Tim Carson, Program Director
Regional Water Management Foundation
Attachment(s): None

AGENDA REPORT

Santa Margarita Groundwater Agency

To: Board of Directors
Date: February 26, 2026
Item: Agenda Report 4.5
Subject: **Accept Audited Financial Report for the Fiscal Year Ended June 30, 2025**

SUMMARY

Recommendation: Accept the Santa Margarita Groundwater Agency Audited Financial Report for the Fiscal Year Ended June 30, 2025.

Fiscal Impact: None for this action.

BACKGROUND

An Annual Financial Report is a set of financial statements comprising the financial report of a state, municipal, or other governmental entity that complies with the accounting requirements promulgated by the Governmental Accounting Standards Board (GASB). The report is compiled by the agency staff and audited by an external American Institute of Certified Public Accountants (AICPA) certified accounting firm.

DISCUSSION

Attached is the draft Annual Financial Report prepared by staff. Nigro and Nigro, PC has audited the basic financial statements and issued the Independent Auditor's Report. In the opinion of the Independent Auditor, the financial statements present fairly the financial position, the respective changes in financial position, and cash flows for the subject year in accordance with Generally Accepted Accounting Principles (GAAP).

Submitted by,

John Dillon, Treasurer
Santa Margarita Groundwater Agency

Attachment(s): Santa Margarita Groundwater Agency Audited Financial Report for the Fiscal Year Ended June 30, 2025.



**Santa Margarita Groundwater Agency
Annual Financial Report
For the Fiscal Year Ended June 30, 2025
(With Comparative Amounts for June 30, 2024)**





Board of Directors as of June 30, 2025

Name	Title	Member Agency	Current Term
Chris Perri	Chair	Scotts Valley Water District	1/2025 - 1/2026
Bryan Largay	Vice Chair	San Lorenzo Valley Water District	1/2025 - 1/2026
Edan Cassidy	Secretary	Well Owner Representative	2/2024 - 2/2027
Wade Leishman	Director	Scotts Valley Water District	1/2025 - 1/2026
Monica Martinez	Director	County of Santa Cruz	1/2025 - 1/2026
Manu Koenig	Director	County of Santa Cruz	2/2024 - 2/2026
Allan Timms*	Director	City of Scotts Valley	1/2025 - 1/2026
Doug Engfer	Director	City of Santa Cruz	1/2025 - 1/2026
Dale Pollock	Director	Mount Hermon Association	6/2017 - present
Jeff Koopman	Director	Well Owner Representative	2/2024 - 2/2027
Alina Layng	Director	San Lorenzo Valley Water District	1/2025 - 1/2026

* Allan Timms resigned and Greg Wimp was appointed to finish his term on 10/7/2025

Santa Margarita Groundwater Agency
John Dillon, Treasurer
2 Civic Center Drive
Scotts Valley, California 95066
(831) 438-2363 – www.svwd.org

SANTA MARGARITA GROUNDWATER AGENCY
For the Fiscal Years Ended June 30, 2025 and 2024
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Financial Section



INDEPENDENT AUDITORS' REPORT

Board of Directors
Santa Margarita Groundwater Agency
Scotts Valley, California

Opinion

We have audited the accompanying financial statements of the Santa Margarita Groundwater Agency (Agency) which comprise the balance sheet as of June 30, 2025, the related statements of revenue, expenses, and changes in net position, and cash flows for the year then ended, and related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2025 and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are required to be independent of the Agency and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended June 30, 2024, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated October 24, 2025, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.



Walnut Creek, California
October 24, 2025

SANTA MARGARITA GROUNDWATER AGENCY
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

Management's Discussion and Analysis (MD&A) offers readers of Santa Margarita Groundwater Agency's financial statements a narrative overview of the Agency's financial activities for the fiscal years ended June 30, 2025. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Agency's net position increased by 10.12% or \$36,665, compared to the prior year.
- The Agency had 2025 operating revenue of \$359,968 as compared to 2024 operating revenue of \$694,491 from decreased agency contributions and operating grants in 2025.
- The Agency's operating expenses for 2025 decreased \$323,683 from \$646,986 in 2024 to \$323,303 in 2025 due primarily to a \$286,097 decrease in expenses for monitoring network enhancements as well as a \$24,610 decrease in expenses for technical services.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A serves as an introduction to the Agency's financial statements. The Agency's basic financial statements reflect the combined results of the operating and capital programs and include four components: (1) Balance Sheet; (2) Statement of Revenues, Expenses and Changes in Net Position; (3) Statement of Cash Flows; and (4) Notes to the Financial Statements.

The financial statements accompanying this MD&A present the net position and results of operations during the fiscal year ending June 30, 2025. These financial statements have been prepared using the accrual basis of accounting, which is similar to the accounting basis used by for-profit entities. Each financial statement is identified and defined in this section, and analyzed in subsequent sections of this MD&A.

REQUIRED FINANCIAL STATEMENTS

Balance Sheet

The Balance Sheet presents information on the Agency's assets and liabilities the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating. However, other factors such as changes in economic conditions, population growth, zoning, and new or changed legislation or regulations also need to be considered when evaluating financial position. Assets exceed liabilities, resulting in a net position of \$398,894 as of June 30, 2025.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the Agency's net position changed during the fiscal year. All of the year's revenues and expenses are accounted for in this statement. This statement measures the results of the Agency's operations for the year and can be used to determine if the Agency has successfully recovered all of its costs through fees and charges. Operating revenues and expenses are related to the Agency's core activities. Non-operating revenues and expenses are not directly related to the core activities of the Agency. For the fiscal year ended June 30, 2025 net position increased by 10.12% or \$36,665.

SANTA MARGARITA GROUNDWATER AGENCY
Management's Discussion and Analysis (Unaudited)
For the Fiscal Years Ended June 30, 2025

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION

Analysis of Net Position

Table A-1: Condensed Balance Sheet

	<u>2025</u>	<u>2024</u>	<u>Change</u>
ASSETS			
Current assets	\$ 478,543	\$ 464,131	\$ 14,412
Total assets	<u>\$ 478,543</u>	<u>\$ 464,131</u>	<u>\$ 14,412</u>
LIABILITIES			
Current liabilities	\$ 79,649	\$ 101,902	\$ (22,253)
Total liabilities	<u>79,649</u>	<u>101,902</u>	<u>(22,253)</u>
NET POSITION			
Unrestricted	398,894	362,229	36,665
Total net position	<u>398,894</u>	<u>362,229</u>	<u>36,665</u>
Total liabilities and net position	<u>\$ 478,543</u>	<u>\$ 464,131</u>	<u>\$ 14,412</u>

The Agency's net position increased by approximately 10.12% or \$36,665, compared to the prior year.

Analysis of Revenues and Expenses

Table A-2: Condensed Statement of Revenues, Expenses and Changes in Net Position

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Operating Revenues	\$ 359,968	\$ 694,491	\$ (334,523)
Operating Expenses	<u>323,303</u>	<u>646,986</u>	<u>(323,683)</u>
Change in net position	36,665	47,505	<u>\$ (10,840)</u>
Net Position			
Beginning of year	<u>362,229</u>	<u>314,724</u>	
End of year	<u>\$ 398,894</u>	<u>\$ 362,229</u>	

The Agency had 2025 operating revenue of \$359,968 as compared to 2024 operating revenue of \$694,491 from decreased agency contributions and operating grants in 2025.

The Agency's operating expenses for 2025 decreased \$323,683 from \$646,986 in 2024 to \$323,303 in 2025 due primarily to a \$286,097 decrease in expenses for monitoring network enhancements as well as a \$24,610 decrease in expenses for technical services.

SANTA MARGARITA GROUNDWATER AGENCY
Management's Discussion and Analysis (Unaudited)
For the Fiscal Years Ended June 30, 2025

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)

Analysis of Revenues and Expenses (continued)

While the Statement of Net Position shows the change in financial position, the Statement of Revenues, Expenses and Changes in Net Position provides answers to the nature and source of these changes. The main factor in the change in net position is due to the following:

The operating revenues of the agency consist of the dues contributed by member and represented agencies and an operating grant. Each agency is invoiced a percentage of the projected budget for the fiscal year based on the following schedule:

<u>Agency</u>	<u>2025</u>	<u>2024</u>
Scotts Valley Water District	46%	47%
San Lorenzo Valley Water District	32%	32%
County of Santa Cruz	12%	13%
City of Santa Cruz	5%	5%
Mount Hermon Association	5%	3%
Total	100%	100%

FACTORS AFFECTING CURRENT FINANCIAL POSITION

The Agency anticipates that operating revenues and expenses for fiscal year 2026 will increase by approximately 27%. This is reflected in the Agency's budget for the 2026 fiscal year.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is intended to provide the Board of Directors, creditors, and other interested parties with general overview of the Agency's financial operations and condition at the year ended June 30, 2025, and to demonstrate the Agency's accountability for the funds it receives. If you have any questions about this report or need additional information, you may contact the Agency's Treasurer, at Santa Margarita Groundwater Agency, 2 Civic Center Drive, Scotts Valley, CA 65066 or (831) 600 - 1906.

SANTA MARGARITA GROUNDWATER AGENCY
Balance Sheets
June 30, 2025
(With Comparative Amounts as of June 30, 2024)

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents (note 2)	\$ 460,545	\$ 464,131
Agency contribution receivable	17,998	-
Total assets	<u>\$ 478,543</u>	<u>\$ 464,131</u>
LIABILITIES		
Accounts payable	\$ 79,649	\$ 101,902
Total liabilities	<u>79,649</u>	<u>101,902</u>
NET POSITION		
Unrestricted	<u>398,894</u>	<u>362,229</u>
Total net position	<u>398,894</u>	<u>362,229</u>
Total liabilities and net position	<u>\$ 478,543</u>	<u>\$ 464,131</u>

SANTA MARGARITA GROUNDWATER AGENCY

Statements of Revenues Expenses and Changes in Net Position

For the Fiscal Year Ended June 30, 2025

(With Comparative Amounts for the Fiscal Year Ended June 30, 2024)

	<u>2025</u>	<u>2024</u>
Operating Revenues		
Agency contributions	\$ 359,968	\$ 509,848
Operating grant	-	184,643
Total operating revenues	<u>359,968</u>	<u>694,491</u>
Operating Expenses		
Groundwater management	108,949	420,710
General and administrative	<u>214,354</u>	<u>226,276</u>
Total operating expenses	<u>323,303</u>	<u>646,986</u>
Change in net position	36,665	47,505
Net Position		
Beginning of year	<u>362,229</u>	<u>314,724</u>
End of year	<u>\$ 398,894</u>	<u>\$ 362,229</u>

SANTA MARGARITA GROUNDWATER AGENCY*Statements of Cash Flows**For the Fiscal Year Ended June 30, 2025**(With Comparative Amounts for the Fiscal Year Ended June 30, 2024)*

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Cash received from member and represented agencies	\$ 341,970	\$ 509,848
Cash received from grant revenue	-	644,535
Cash payments for operating expenses	<u>(345,556)</u>	<u>(833,076)</u>
Net cash provided by (used in) operating activities	<u>(3,586)</u>	<u>321,307</u>
Net increase (decrease) in cash and cash equivalents	<u>(3,586)</u>	<u>321,307</u>
Cash and cash equivalents:		
Beginning of year	<u>464,131</u>	<u>142,824</u>
End of year	<u>\$ 460,545</u>	<u>\$ 464,131</u>
	<u>2025</u>	<u>2024</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income	\$ 36,665	\$ 47,505
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
(Increase) decrease in assets:		
Agency contribution receivable	(17,998)	-
Grants receivable	-	459,892
Increase (decrease) in liabilities:		
Accounts payable	<u>(22,253)</u>	<u>(186,090)</u>
Net cash provided by operating activities	<u>\$ (3,586)</u>	<u>\$ 321,307</u>

SANTA MARGARITA GROUNDWATER AGENCY

Notes to Financial Statements

June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations of the Reporting Entity

The Santa Margarita Groundwater Agency (Agency) was formed under a Joint Exercise of Powers Agency on June 1, 2017, pursuant to Sections 6506 and 6507 of the Exercise of Powers Act, codified at California Government Code sections 6500, authorizes public agencies by agreement to exercise jointly any power common to the contracting parties. The Agency was formed between the Scotts Valley Water Agency, the San Lorenzo Valley Water Agency, and the County of Santa Cruz. Each Member is a local agency, as defined by the Sustainable Groundwater Management Act of 2014 (SGMA), duly organized and existing under and by virtue of the laws of the State of California; whereby, each member can exercise powers related to groundwater management. The Agency is an independent public agency separate from the Members. The Agency's board consists of two members from each of the Member agencies, one director each from the Cities of Santa Cruz and Scotts Valley, as well as three appointed directors representing private well owners.

The purpose of the Agency is to develop a groundwater sustainability plan, implement projects and management activities which achieve sustainability by 2042, and to ensure sustainability for the following thirty years. The Agency is a basin consolidation of four common groundwater basins located in Santa Cruz County in the vicinity of Scotts Valley, Felton, Ben Lomond, and Boulder Creek.

Basis of Accounting and Measurement Focus

The Agency reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the Agency is that the costs of providing services be financed or recovered primarily through user (member) charges, capital grants and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Financial Reporting

The Agency's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States Board (GAAP), as applied to enterprise funds, The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Agency solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the Agency's proprietary fund.

Operating revenues and expenses result from exchange transactions associated with the principal activity of the Agency. Exchange transactions are those in which each party receives and gives up essentially equal values. Management administration and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Agency considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

SANTA MARGARITA GROUNDWATER AGENCY

Notes to Financial Statements

June 30, 2025 and 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

In accordance with fair value measurements, the Agency categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The Agency has the ability to access the holding and quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the Agency's own assumptions about the factors market participants would use in pricing an investment and is based on the best information available in the circumstances.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets

Capital assets are stated at cost or at their estimated fair value at date of donation. It is the Agency's policy to capitalize assets costing over \$5,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets.

Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

Investment in capital assets - This component of net position consists of capital assets net of accumulated depreciation.

Unrestricted – This component of net position is the net amount of the assets less liabilities that are not included in the determination of the investment in capital assets component of net position.

SANTA MARGARITA GROUNDWATER AGENCY

Notes to Financial Statements

June 30, 2025 and 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Member and Represented Agency Contributions

The Agency's joint exercise of powers agreement provides that any member may make contributions of money or assets to the Agency; make or advance payments of public funds to defray the cost of Agency's operation; and contribute personnel, equipment or property instead of or in addition to other contributions or advances. Such contributions shall be paid to and disbursed by the Agency as set out in separate agreements between the Agency and the member and approved by the board and the governing body of the member. Contributions for 2025 and 2024 made by each member agency were as follows:

<u>Agency</u>	<u>2025</u>	<u>2024</u>
Scotts Valley Water District	\$ 166,905	\$ 239,629
San Lorenzo Valley Water District	113,990	164,681
County of Santa Cruz	44,876	66,790
City of Santa Cruz	17,998	25,492
Mount Hermon Association	16,199	13,256
Total	<u><u>\$ 359,968</u></u>	<u><u>\$ 509,848</u></u>

Grants

Grant revenues are recorded when earned on grants that have been approved and funded by the grantor.

Net Position

In the event of a member withdrawal, member termination, or dissolution of the Agency, any property interest remaining in the Agency, following a discharge of all obligations shall be disposed of pursuant to the Joint Powers Agreements as adopted by the Governing Board.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2025, are classified on the balance sheet as follows:

<u>Description</u>	<u>2025</u>
Cash and cash equivalents	\$ 460,545
Total cash and investments	<u><u>\$ 460,545</u></u>

Cash and investments at June 30, 2025, consisted of the following:

<u>Description</u>	<u>2025</u>
Demand deposits with financial institutions	\$ 460,545
Total cash and investments	<u><u>\$ 460,545</u></u>

SANTA MARGARITA GROUNDWATER AGENCY

Notes to Financial Statements

June 30, 2025 and 2024

NOTE 2 – CASH AND INVESTMENTS (continued)

Demand Deposits with Financial Institutions

At June 30, 2025 the carrying amount of the Agency’s demand deposits was \$460,545, and the financial institution’s balance was \$469,785. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution’s balance and the Agency’s balance for the year.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Agency’s deposits may not be returned to it. The Agency does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

NOTE 3 – MEMBER AGENCY NET POSITION

The Agency was formed between the Scotts Valley Water Agency, the San Lorenzo Valley Water Agency, and the County of Santa Cruz, collectively the Member Agencies. The Member Agencies’ investment or net position in the Joint Exercise of Powers Agency has been calculated as follows:

<u>Member Agency</u>	<u>For the Periods Ending June 30, 2018 to June 30, 2025</u>				
	<u>Member Contributions</u>	<u>Other Contributions</u>	<u>Grant Revenue</u>	<u>Expenses</u>	<u>Net Position</u>
Scotts Valley Water District	\$ 1,761,336	\$ 65,091	\$ 984,291	\$ (2,602,205)	\$ 208,513
San Lorenzo Valley Water District	1,019,723	32,545	492,146	(1,407,929)	136,485
County of Santa Cruz	361,263	10,849	164,048	(482,264)	53,896
Total	\$ 3,142,322	\$ 108,485	\$ 1,640,485	\$ (4,492,398)	\$ 398,894

<u>Member Agency</u>	<u>Remaining Balances at June 30, 2025</u>		
	<u>Assets</u>	<u>Liabilities</u>	<u>Net Position</u>
Scotts Valley Water District	\$ 250,148	\$ 41,635	\$ 208,513
San Lorenzo Valley Water District	163,738	27,253	136,485
County of Santa Cruz	64,658	10,762	53,896
Total	\$ 478,544	\$ 79,650	\$ 398,894

SANTA MARGARITA GROUNDWATER AGENCY

Notes to Financial Statements

June 30, 2025 and 2024

NOTE 4 – COMMITMENTS AND CONTINGENCIES

Excluded Leases – Short-Term Leases and De Minimis Leases

The Agency does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12-months (or less), including any options to extend, regardless of their probability of being exercised.

Also, *de minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

Grant Awards

Grant funds received by the Agency are subject to audit by the grantor agencies. Such an audit could lead to requests for reimbursements from the grantor agencies for expenditures disallowed under terms of the grant. Management of the Agency believes that such disallowances, if any, would not be significant.

Litigation

The Agency is subject to routine litigation incidental to its business and may be subject to claims and litigation from outside parties. After consultation with legal counsel, management believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

NOTE 5 – SUBSEQUENT EVENTS

The Agency has evaluated subsequent events through October 24, 2025, the date on which the financial statements were available to be issued.

Other Independent Auditors' Reports



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Santa Margarita Groundwater Agency
Scotts Valley, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Santa Margarita Groundwater Agency (Agency) which comprise the balance sheet as of June 30, 2025, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated October 24, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Walnut Creek, California
October 24, 2025

AGENDA REPORT

Santa Margarita Groundwater Agency

To: Board of Directors
Date: February 26, 2026
Item: Administrative 5.1
Subject: **Annual Election of Officers**

SUMMARY

Recommendation: Nominate and, if necessary, call for a vote for the Chair, Vice-Chair, and Secretary of the Board of Directors of the Santa Margarita Groundwater Agency.

Fiscal Impact: None.

BACKGROUND

The appointment of Board Officers is governed by Section 7.2 of the Santa Margarita Groundwater Agency Joint Exercise of Powers Agreement and Section 4.2 of the Second Amended and Restated Bylaws.

At the first Board meeting of the calendar year, nominations are to be made for the Chair, Vice-Chair, and Secretary. Officers may succeed themselves and serve any number of consecutive or non-consecutive terms. If two or more Directors are nominated for any one office, voting occurs until a nominee receives a majority of the votes. No other Board action is required.

The current officers are: Chair: Chris Perri, Scotts Valley Water District; Vice-Chair: Bryan Largay, San Lorenzo Valley Water District; Secretary: Edan Cassidy, Well Owner Representative.

The appointment of Board Officers will be effective at the following Board meeting.

Submitted by,

Tim Carson, Program Director
Regional Water Management Foundation

Attachment(s): None

AGENDA REPORT

Santa Margarita Groundwater Agency

To: Board of Directors
Date: February 26, 2026
Item: Staff Report 5.2
Subject: **Brown Act Updates in 2026**

SUMMARY

Recommendation: Receive oral report from Santa Margarita Groundwater Agency Legal Counsel
Fiscal Impact: None from this action.

Oral report only.

Submitted by,

Tim Carson, Program Director
Regional Water Management Foundation

Attachment(s): None

AGENDA REPORT

Santa Margarita Groundwater Agency

To: Board of Directors
Date: February 26, 2026
Item: Staff Reports 6.1
Subject: **Financial Report for the Period July 1, 2025, through December 31, 2025**

SUMMARY

Attached is the Financial Management Report with the short summary provided below.

- Budget vs. Actuals – reflects grant revenue and contributions from the member agencies, payments for services incurred in the period, in comparison with the FY 2025 Budget.
- Balance Sheet – reflects the cash balance at Santa Cruz County Bank as of 06/30/2025, revenue invoiced but not yet received as Accounts Receivable (A/R), payments owed to vendors as Accounts Payable (A/P), retained earnings from prior year activity and net income for the period.
- Checking Account Activity – reflects all payments made in this period
- A/P Aging Summary – reflects payments owed to vendors
- Credit Card Activity – provides a list of expenses charged on the credit card

Submitted by,

John Dillon, Treasurer
Santa Margarita Groundwater Agency

Attachment(s): Financial Management Report for the Period July 1, 2025 through December 31, 2025

Santa Margarita Groundwater Agency

Budget vs. Actuals

July - December, 2025

	TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
Income				
Billable Expense Income		0.00	0.00	
Total Income	\$0.00	\$0.00	\$0.00	0.00%
GROSS PROFIT	\$0.00	\$0.00	\$0.00	0.00%
Expenses				
51000 Administrative Services				
51100 Administrative Staff	88,613.09	122,499.98	-33,886.89	72.34 %
51200 Treasury Administration		0.00	0.00	
Total 51000 Administrative Services	88,613.09	122,499.98	-33,886.89	72.34 %
52000 Professional Contract Services				
52100 Legal Services	3,307.50	5,000.00	-1,692.50	66.15 %
52200 Outreach Services	4,868.75	10,000.00	-5,131.25	48.69 %
52400 Audit Services	0.00	8,000.00	-8,000.00	0.00 %
52500 Technical Services	69,310.30	160,589.02	-91,278.72	43.16 %
Total 52000 Professional Contract Services	77,486.55	183,589.02	-106,102.47	42.21 %
53000 General Administrative Expenses				
53100 Insurance	1,607.50	1,000.00	607.50	160.75 %
53200 Membership Fees	3,445.00	3,300.00	145.00	104.39 %
53300 Supplies & Equipment		0.00	0.00	
53400 Software & Licenses	750.00	450.00	300.00	166.67 %
53500 Meetings		0.00	0.00	
53600 Travel, Training & Seminars		0.00	0.00	
53700 Banking Fees		100.00	-100.00	
53800 Other Business Expenses		600.00	-600.00	
Total 53000 General Administrative Expenses	5,802.50	5,450.00	352.50	106.47 %
54100 Monitoring Network Enhancement	237.41		237.41	
Total Expenses	\$172,139.55	\$311,539.00	\$ -139,399.45	55.25 %
NET OPERATING INCOME	\$ -172,139.55	\$ -311,539.00	\$139,399.45	55.25 %
NET INCOME	\$ -172,139.55	\$ -311,539.00	\$139,399.45	55.25 %

Santa Margarita Groundwater Agency

Balance Sheet

As of December 31, 2025

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
Checking	284,625.80
Total Bank Accounts	\$284,625.80
Accounts Receivable	
Accounts Receivable (A/R)	0.00
Total Accounts Receivable	\$0.00
Other Current Assets	
Undeposited Funds	0.00
Total Other Current Assets	\$0.00
Total Current Assets	\$284,625.80
TOTAL ASSETS	\$284,625.80
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable (A/P)	57,259.20
Total Accounts Payable	\$57,259.20
Credit Cards	
SCCB Credit Card	612.41
Total Credit Cards	\$612.41
Other Current Liabilities	
Accrued Expenses	0.00
Total Other Current Liabilities	\$0.00
Total Current Liabilities	\$57,871.61
Total Liabilities	\$57,871.61
Equity	
Opening Balance Equity	0.00
Retained Earnings	398,893.74
Net Income	-172,139.55
Total Equity	\$226,754.19
TOTAL LIABILITIES AND EQUITY	\$284,625.80

Santa Margarita Groundwater Agency

Check Detail

July - December, 2025

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	CLR	AMOUNT
Checking						
07/17/2025	Bill Payment (Check)	1422	Miller Maxfield	May 2025 - Public Outreach Services	R	-1,412.50 -1,412.50
07/17/2025	Bill Payment (Check)	1423	Rein & Rein, APC	Legal services- May 2025	R	-990.00 -990.00
07/17/2025	Bill Payment (Check)	1424	Errol L Montgomery & Associates Inc.	WY2024 GSP Annual Report - May 2025	R	-4,705.50 -4,705.50
07/17/2025	Bill Payment (Check)	1425	Balance Hydrologics	Bean Creek real-time gauge - service through 6/21/25	R	-4,099.73 -4,099.73
07/17/2025	Bill Payment (Check)	1426	cbec eco engineering	Streamflow monitoring - Jun 2025	R	-5,380.50 -5,380.50
07/31/2025	Bill Payment (Check)	1434	Nigro & Nigro PC	Audit Service for FY 2025 -Interim	R	-4,000.00 -4,000.00
07/31/2025	Bill Payment (Check)	1438	Errol L Montgomery & Associates Inc.	WY2024 GSP Annual Report - July 2025	R	-1,978.00 -1,978.00
08/07/2025	Bill Payment (Check)	1428	cbec eco engineering	Streamflow monitoring - Jul 2025	R	-3,294.50 -3,294.50
08/07/2025	Bill Payment (Check)	1429	Errol L Montgomery & Associates Inc.	WY2024 GSP Annual Report - June 2025	R	-4,168.50 -4,168.50
08/07/2025	Bill Payment (Check)	1430	ACWA-JPIA	FY 25-26 Cyber Liability Insurance	R	-100.00 -100.00
08/13/2025	Bill Payment (Check)	1427	Miller Maxfield	June 2025 - Public Outreach Services	R	-1,325.00 -1,325.00
08/13/2025	Bill Payment (Check)	1431	County of Santa Cruz - Enviro Health	FY 25-Q4 (Apr-Jun) - RWMF Services	R	-43,289.49 -43,289.49
09/03/2025	Bill Payment (Check)	1435	cbec eco engineering	Streamflow monitoring - Aug 2025	R	-3,118.50 -3,118.50
09/11/2025	Bill Payment (Check)	1432	Rein & Rein, APC	Legal Services - 06/01 - 06/30/2025	R	-202.50 -202.50
09/11/2025	Bill Payment (Check)	1433	Rein & Rein, APC	Legal Services - 07/01 - 07/31/2025	R	-225.00 -225.00
09/11/2025	Bill Payment (Check)	1436	SVWD	FY 24-25 Treasurer Service	R	-10,000.00 -10,000.00
09/11/2025	Bill Payment (Check)	1437	Balance Hydrologics	Bean Creek real-time gauge - service through 7/19/25	R	-1,000.90 -1,000.90
09/11/2025	Bill Payment (Check)	1439	Miller Maxfield	Aug 2025 - Public Outreach Services	R	-587.50 -587.50
10/03/2025	Bill Payment (Check)	1440	Errol L Montgomery & Associates Inc.		R	-2,298.00 -2,298.00
10/03/2025	Bill Payment (Check)	1441	Rein & Rein, APC	13080-00001	R	-753.75 -753.75

Santa Margarita Groundwater Agency

Check Detail

July - December, 2025

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	CLR	AMOUNT
11/14/2025	Bill Payment (Check)	1442	cbec eco engineering	Streamflow monitoring - Sep 2025	R	-6,809.00 -6,809.00
11/14/2025	Bill Payment (Check)	1443	Miller Maxfield	Sep 2025 - Public Outreach Services	R	-450.00 -450.00
11/14/2025	Bill Payment (Check)	1444	Rein & Rein, APC	Legal Services - 09/01 - 09/30/2025	R	-697.50 -697.50
11/14/2025	Bill Payment (Check)	1445	Errol L Montgomery & Associates Inc.	WY2024 GSP Annual Report - September 2025	R	-2,001.50 -2,001.50
11/26/2025	Bill Payment (Check)	1446	ACWA-JPIA	FY25-26 Auto & General Liability	R	-1,507.50 -1,507.50
11/26/2025	Bill Payment (Check)	1447	Rein & Rein, APC	Legal Counsel - October 2025	R	-1,282.50 -1,282.50
11/26/2025	Bill Payment (Check)	1448	Errol L Montgomery & Associates Inc.	9060-25-10	R	-2,001.50 -2,001.50
11/26/2025	Bill Payment (Check)	1449	Errol L Montgomery & Associates Inc.		R	-4,993.50 -4,993.50
12/12/2025	Bill Payment (Check)	1451	County of Santa Cruz - Enviro Health	FY25-26 Q1 Admin	R	-56,285.29 -56,285.29
12/12/2025	Bill Payment (Check)	1452	Errol L Montgomery & Associates Inc.	WY2024 GSP Annual Report - Nov 2025	R	-1,131.00 -1,131.00
12/12/2025	Bill Payment (Check)	1453	cbec eco engineering		R	-2,986.50 -2,986.50
12/31/2025	Bill Payment (Check)	1455	Rein & Rein, APC	13080-00001		-348.75 -348.75
12/31/2025	Bill Payment (Check)	1459	Errol L Montgomery & Associates Inc.			-8,513.50 -8,513.50
12/31/2025	Bill Payment (Check)	1460	Errol L Montgomery & Associates Inc.			-7,697.50 -7,697.50

Santa Margarita Groundwater Agency

Credit Card Activity

July - December, 2025

DATE	NUM	NAME	MEMO/DESCRIPTION	CLR	AMOUNT
SCCB Credit Card					
07/27/2025		EvoGov, Inc.	July 2025 web hosting	R	75.00
08/27/2025		EvoGov, Inc.	Aug 2025 Web Hosting	R	75.00
09/27/2025		EvoGov, Inc.	September 2025 web hosting	R	75.00
10/27/2025		EvoGov, Inc.	October 2025 web hosting	R	75.00
11/27/2025		EvoGov, Inc.	November 2025 web hosting	R	75.00
12/07/2025		In-Situ, Inc	Monitoring equip - Data Cable	R	237.41
12/18/2025		DOCUSIGN, INC	DocuSign Annual License	R	300.00
12/27/2025		EvoGov, Inc.	December 2025 web hosting	R	75.00

Santa Margarita Groundwater Agency

A/P Aging Summary

As of December 31, 2025

	CURRENT	1 - 30	31 - 60	61 - 90	91 AND OVER	TOTAL
ACWA	3,445.00					\$3,445.00
Balance Hydrologics		704.25				\$704.25
cbec eco engineering	7,388.50					\$7,388.50
County of Santa Cruz - Enviro Health	45,721.45					\$45,721.45
TOTAL	\$56,554.95	\$704.25	\$0.00	\$0.00	\$0.00	\$57,259.20

**Santa Margarita Basin Groundwater Sustainability Plan
Implementation Activities Status Report
February 26, 2026**

1. Agency Membership and Funding Structure Evaluation
<ul style="list-style-type: none"> SMGWA Board of Directors (Board) approved the current cost share structure on February 24, 2022. This cost share, with minor modification, was used for Fiscal Year (FY) 2025 and in FY 2026.
2. Administrative and Business Operations
<ul style="list-style-type: none"> Board approved the agreement with the County of Santa Cruz for administrative and planning services, and data management system (DMS) hosting and maintenance for a three-year period through June 30, 2025. The County contracted with Regional Water Management Foundation (RWMF) to provide administrative and planning services and Kisters North America to provide DMS hosting and maintenance effective July 1, 2022. Board approved an extension of the contract with the County through June 30, 2027. Board approved the FY 2026 budget on May 22, 2025. Board approved cbec, inc. as contractor on March 23, 2023 for dry season stream monitoring. Contract with cbec executed effective April 12, 2023. The contract covers monitoring for 2023, 2024, and 2025. Board to consider authorizing extension of dry season monitoring by cbec (now Verdantas) for 2026 on February 26, 2026. Board approved Montgomery & Associates as a contractor on October 26, 2023 for hydrogeologic support services. Services consist primarily of assistance in preparation of the required Groundwater Sustainability Plan (GSP) Annual Report, collection and upload of data required by the Sustainable Groundwater Management Act (SGMA), groundwater model data updates and simulations to assist in annual report preparation.
3. Technical Support and Consultation
<ul style="list-style-type: none"> Basin groundwater model with Water Year 2025 (WY25) hydrology and metered pumping data updated and ran for purposes of preparing the WY25 annual report required under SGMA.
4. Monitoring and Reporting
<ul style="list-style-type: none"> Spring 2025 groundwater level data collected in late April to early May and uploaded into DMS and uploaded to the SGMA Portal by the July 1, 2025 deadline. Fall 2025 groundwater level data collected in late September and early October and were uploaded to the SMGA Portal on January 6, 2026. Dry season streamflow monitoring for 2025 commenced on April 30, 2025 and concluded on November 3, 2025. The monitoring report for 2025 is in preparation. Groundwater Dependent Ecosystems (GDE) monitoring for fall 2025 completed by County staff in October. GDE data and monitoring approach to be evaluated as part of GSP Periodic Evaluation. DWR confirmed the WY24 annual report determined to be complete on July 18, 2025. WY25 annual report to be considered by Board on February 26, 2026 and is due to SGMA web portal by April 1, 2026.

Santa Margarita Basin Groundwater Sustainability Plan Implementation Activities Status Report (continued)

5. Non-De Minimis Metering Program
<ul style="list-style-type: none"> RWMF communicated with the Quail Hollow Quarry in 2024 to improve estimates of its water use. The quarry estimates its current use at 32 acre-feet per year. RWMF in process of confirming outdoor water use for three mobile home parks in Scotts Valley that have water features.
6. Address Data Gaps
<ul style="list-style-type: none"> Construction of the monitoring network of seven shallow wells completed in August 2023. The shallow wells were partially funded through a Sustainable Groundwater Planning Grant awarded in 2020. Data downloaded from loggers in October 2025. The County of Santa Cruz identified a domestic well owner in the Weston Road area that is allowing County staff to collect groundwater spring and fall groundwater level measurements. First measurement was collected on May 10, 2024 and latest reading collected in October 2025. The Weston Road area was an identified monitoring data gap in the GSP. Request for construction of a deep monitoring well in the Butano Formation at Vine Hill Elementary School submitted to the Department of Water Resources Technical Support Services Program on September 26, 2023. DWR provided update on August 28, 2025 that the request is still being evaluated. Conducted dry season monitoring in 2024 and 2025 at a location on Carbonera Creek. The creek had been identified as a potential monitoring data gap in the GSP. The need for continued site monitoring will be considered during the periodic evaluation of the GSP.
7. Data Management System (DMS)
<ul style="list-style-type: none"> Initial development of DMS with a public web portal, in coordination with the neighboring Mid-County Groundwater Basin and the County of Santa Cruz, has been completed. Member agency and RWMF staff continue to upload data to the DMS site. In 2024, RWMF assisted member agency staff in reviewing and updated extensive water quality for wells in the DMS.
8. Evaluate, Prioritize, and Refine Projects and Management Actions
<ul style="list-style-type: none"> Member agencies progressing on their respective projects. Updates on progress were collected from agencies as part of WY25 GSP Annual Report preparation. Scotts Valley Water District and the City of Santa Cruz gave the Board an update on their intertie project status on October 23, 2025.

STAFF REPORT

Santa Margarita Groundwater Agency

To: Board of Directors
Date: February 26, 2026
Item: Staff Report 6.3
Subject: Annual Status Report on Board Fair Political Practice Commission Compliance and Other Requirements

Name		Form 700 Filing Due 4/1/2026	Form 700 Filing Due 4/1/2025	AB: 1234 Ethics Current [‡]
Board Members				
Edan Cassidy	WO	Filed	Filed	
Frank Cheap	WO	Need to File	N/A	Not Current
Doug Engfer	CISC	Filed	Filed	
Manu Koenig	CoSC	Filed	Filed	
Bryan Largay	SLVWD	Filed	Filed	
Wade Leishman	SVWD	Need to File	Filed	
Monica Martinez	CoSC	Need to File	Filed	
Chris Perri	SVWD	Filed	Filed	
Dale Pollock	MHA	Filed	Filed	Not Current
Bob Russ	SLVWD	Need to File	N/A	
Greg Wimp	CISV	Need to File	Filed	Not Current

[‡]Ethics training
current until
12/31/2026

Alternates				
Bryan Hayes	MHA	Filed	Filed	Not Current
Krista Jett	CISV	Need to File	N/A	
Alina Layng	SLVWD	Filed	Filed	
Susie O'Hara	CISC	Need to File	Filed	
Rae Spencer-Hill	CoSC	Need to File	Filed	
Ruth Stiles	SVWD	Need to File	N/A	Not Current
Vacant	WO	N/A	N/A	N/A

Executive Staff				
David McNair	SVWD	Filed	Filed	N/A

NOTE: This page was prepared and finalized with the packet on Thursday, February 19 and will not reflect changes made after final preparation was completed on that date.



YOUR BEST PROTECTION

12/3/2025

ACWA JPIA

P. O. Box 619082
Roseville, CA
95661-9082

phone
916.786.5742
800.231.5742

www.acwajpia.com

Core Values

- People
- Service
- Integrity
- Innovation

Santa Margarita Groundwater Agency (S075)
2 Civic Center Drive
Scotts Valley, CA 95066

General Manager:

Each year at Fall Conference, the JPIA recognizes members that have a Loss Ratio of 20% or less in either of the Liability, Property, or Workers' Compensation programs (loss ratio = total losses / total premiums).

The members with this distinction receive the "**President's Special Recognition Award**" certificate for each Program that they qualify in.

The JPIA is extremely pleased to present Santa Margarita Groundwater Agency with this special recognition and commends the District on the hard work in reducing claims.

Congratulations to you, your staff, Board, and District. Keep up the good work!

The JPIA wishes you the best in 2026.

Sincerely,

Melody McDonald
President

Enclosure: President's Special Recognition Award(s)

President's Special Recognition Award

*The President of the
ACWA JPIA
hereby presents Special Recognition Award to*

Santa Margarita Groundwater Agency

In recognition of outstanding performance in the Liability program, demonstrated by maintaining exceptionally low claim costs relative to contributions during the period 10/01/2021 - 09/30/2024 announced at the ACWA JPIA Board of Director's meeting held in San Diego, California.



Melody McDonald, President



December 01, 2025



'26 Spring Conference

May 5 – 7, 2026
Sacramento, CA



The **ACWA Conference** brings California’s water leaders together to address **today’s challenges and shape the future**. Through intentional dialogue, discussion forums and informational sessions spanning state and federal policy, finance, legal issues and more, the conference is the **premier destination for those committed to caring for California’s water resources now and for generations to come**.

Register at acwa.com/events/acwaconf-spring26.

Register for ACWA Conference

ADVANTAGE	By April 3	After April 3	STANDARD	By April 3	After April 3
Full Registration <i>Buy 5 and receive 1 free*</i>	\$999	\$1,099	Full Registration <i>Buy 5 and receive 1 free*</i>	\$1,475	\$1,575
One-Day: Tues / Thurs	\$495	\$595	One-Day: Tues / Thurs	\$775	\$875
One-Day: Wed	\$595	\$695	One-Day: Wed	\$885	\$985

For full pricing details, visit the ACWA website. *Cannot combine with other discounted registrations.

Advantage rate - Special pricing for our Public Agency Members, Affiliates & Associates.

Standard rate - Open to all water professionals and interested attendees.

Preliminary Agenda At-A-Glance

Day 1 | Tuesday

 May qualify for continuing education credits.

- 9:30 AM **Committee Meeting & Education Session** 
Groundwater Committee
- 10:45 AM **Committee Meetings**
Energy Committee | Water Management Committee
- 11:45 AM **Networking Lunch**
- 11:45 AM **Taskforce Meetings**
Outreach Taskforce | Headwater Taskforce
- 1:00 PM **Committee Meetings & Education Session** 
Agriculture Committee | Local Government Committee
- 2:15 PM **Committee Meetings & Education Session** 
Water Quality Committee | Communications Committee | Finance Committee
- 3:30 PM **Committee Meetings**
Legal Affairs Committee | Federal Affairs Committee | Membership Committee
- 4:00 PM **New Member Mixer**
- 4:15 PM **Spotlight Session in the Exhibit Hall**
- 5:00 PM **Welcome Reception in the Exhibit Hall**

Day 2 | Wednesday

- 7:30 AM **Continental Breakfast**
- 8:30 AM **Welcome Keynote & Opening Address**
- 10:30 AM **Program**  & **Spotlight Sessions**
- 11:45 AM **Networking Lunch**
- 1:30 PM **Water Talk**
- 2:30 PM **Program Sessions** 
- 3:45 PM **Region Meetings**
- 3:00 PM **Spotlight Sessions**
- 5:00 PM **Networking Reception in the Exhibit Hall**

Hotel Information

Hyatt Regency

1209 L St., Sacramento

Room Rate: \$249/night + taxes & fees

Sheraton Grand

1230 J St., Sacramento

Room Rate: \$234/night + taxes & fees

Note: Conference registration is required to book at the ACWA group rate. A reservation link will be provided in your registration confirmation email.

Day 3 | Thursday

- 7:30 AM **Continental Breakfast**
- 8:30 AM **Grand Prize Drawing in the Exhibit Hall**
- 9:00 AM **Program Sessions** 
- 10:30 AM **Closing Keynote & Awards Presentation**
- 12:00 PM **Lunch & Learn Program Sessions**

Visit acwa.com/events/acwaconf-spring26 for full agenda and to register.