



SANTA MARGARITA GROUNDWATER AGENCY

AGENDA PACKET

REGULAR BOARD MEETING

5/28/2026 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/83362792908>

Webinar ID: 833 6279 2908; 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: May 28, 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/83362792908> Webinar ID: 833 6279 2908; Phone (669) 444-9171.

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
- 1.2 Additions/Deletions to the Agenda
- 1.3 Oral Communications on Matters Not on the Agenda

2. CONSENT

- 2.1 [Approval of Minutes – February 26, 2026, Board of Directors Meeting](#)
Recommendation: Approve the minutes of the February 26, 2026, Board Meeting.

3. PRESENTATIONS

- 3.1 [Groundwater Sustainability Program Update](#)
Recommendation: Receive a presentation of highlights of current groundwater sustainability program efforts.

4. GENERAL

- 4.1 [Proposed Budget for Fiscal Year 2027](#)
Recommendation: Approve the Proposed Budget for Fiscal Year 2027.
- 4.2 [Update on the Groundwater Sustainability Plan Periodic Evaluation and Amendment](#)
Recommendation: Receive recommendations and provide direction on the Groundwater Sustainability Plan Periodic Evaluation and Amendment

4.3 [Amendment to Professional Services Agreement with Errol L. Montgomery & Associates \(Year 4\)](#)
Recommendation: Approve an amendment to the Professional Services Agreement with Errol L. Montgomery and Associates to provide Hydrogeologic Support Services in Fiscal Year 2026 - 2027 in an amount not-to-exceed \$150,110.

4.4 [Initiate Solicitation to Fill the Vacancy for Well Owner Alternate Representative](#)
Recommendation: Appoint an ad hoc committee of three Directors to facilitate the appointment process to fill the vacancy for the Well Owner Alternate Director.

5. STAFF REPORTS

- 5.1 [Financial Report for the Period July 1, 2025, through March 31, 2026](#)
- 5.2 [Santa Margarita Basin GSP Implementation Activities Status Report](#)
- 5.3 Informational update from legal counsel

6. DIRECTORS REPORTS

Reports from Meetings, Conferences, and Educational Opportunities

7. FUTURE ITEMS

Invitation for Board requests for future agenda items

8. INFORMATIONAL ITEMS

9. EVENTS CALENDAR

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, SCOTT'S 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: 2/26/2026
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

Vice Chair Largay, acting as Chair, called the meeting to order at 6:04 p.m.

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

Bryan Largay (Vice Chair) – San Lorenzo Valley Water District
Edan Cassidy (Secretary) – Well Owner Representative
Doug Engfer – City of Santa Cruz (remote)
Manu Koenig – County of Santa Cruz
Wade Leishman – Scotts Valley Water District
Monica Martinez – County of Santa Cruz (remote, “Just Cause” exemption per SB707)
Bob Russ – San Lorenzo Valley Water District
Greg Wimp – City of Scotts Valley

Directors Absent:

Chris Perri (Chair) – Scotts Valley Water District
Dale Pollock – Mount Hermon Association

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

Krista Jett – City of Scotts Valley (remote)

SMGWA Member Agency Executive Staff:

Jason Lillion – General Manager, San Lorenzo Valley Water District
David McNair – General Manager, Scotts Valley Water District

Other:

Teresa Rein – SMGWA legal counsel; Rein & Rein
Tim Carson, Rob Swartz, Sophia Sholtz – Regional Water Management Foundation (RWMF)
Pete Dennehy – Project Manager, Montgomery & Associates (remote)

1.2 Additions/Deletions to the Agenda

None.

1.3 Oral Communications on Matters Not on the Agenda

None.

1.4 Acknowledge Appointments from Member Agencies

Acting Chair Largay welcomed Director Russ as the new representative of the San Lorenzo Valley Water District and Alternate Director Jett as the new representative of the City of Scotts Valley. Chair Largay also acknowledged Alternate Director Layng's move from Director to Alternate Director and Alternate Director Stiles' return to the Board. Chair Largay thanked former Alternate Directors Smolley, Lind, and Ekwall for their service in 2025.

2. CONSENT

2.1 Approval of Minutes from 10/23/2025 Meeting

2.2 Annual Reimbursements Disclosure

MOTION: E. Cassidy/M. Koenig moved to approve the Consent Agenda.

AYES: E. Cassidy, F. Cheap, D. Engfer, M. Koenig, B. Largay, W. Leishman, M. Martinez, B. Russ, G. Wimp.

NOES: None.

ABSTAIN: None.

3. PRESENTATIONS

No presentations.

4. GENERAL

4.1 Groundwater Sustainability Plan Annual Report Water Year 2025

R. Swartz presented on the Draft Annual Report for Water Year 2025 (WY25). WY25 had lower than average rainfall measured at precipitation gages in Boulder Creek and Scotts Valley. Runoff measured at the Big Trees Gage on the San Lorenzo River was just under 60% of average.

The total water use in WY2025 was 3,709 acre-feet (AF), with the third-lowest groundwater use in the period of record at 2,383 AF. The Change in Groundwater Storage was calculated by the Groundwater Model at a decrease of 1,640 AF.

Group 1 Projects and Management Actions (PMAs), notably the Scotts Valley Water District (SVWD) Low Impact Development (LID), SVWD Recycled Water, and San Lorenzo Valley Water District (SLVWD) Conjunctive Use programs contributed to reduction in use or in-lieu recharge in WY2025. WY2025 saw continuing work on Group 2 projects including the SLVWD Conjunctive Use program and the SVWD/City of Santa Cruz intertie, which is expected to be completed in 2026.

R. Swartz presented on the Sustainable Management Criteria (SMC). SMC #1 Chronic Lowering of Groundwater Levels; SMC #2 Reduction of Groundwater in Storage, SMC #3 Groundwater Quality Degradation, SMC #4 Surface Water Depletion.

WY2025 experienced a Minimum Threshold (MT) exceedance for one well in SMC #1, but is not yet an undesirable result, which requires a two-year MT exceedance for that SMC. An undesirable result was experienced for SMC #2 due to groundwater extraction from the Lompico Aquifer exceeding its MT volume, but it is not expected to continue in 2026.

Directors asked follow-up questions of R. Swartz.

No public comment.

MOTION: E. Cassidy/W. Leishman move to accept Groundwater Sustainability Plan Annual Report for Water Year 2025 and authorize submittal to Department of Water Resources.

AYES: E. Cassidy, F. Cheap, D. Engfer, M. Koenig, B. Largay, W. Leishman, M. Martinez, B. Russ, G. Wimp.

NOES: None.

ABSTAIN: None.

4.2 Update on Groundwater Sustainability Plan Periodic Evaluation

R. Swartz presented on the Periodic Evaluation (PE) Update. The California Department of Water Resources (DWR) has created a framework by which to complete the PE, which involves addressing six topic areas to address: current groundwater conditions, new information collected, status of PMAs, review of the Monitoring Network, GSP implementation and outreach, and any Recommended Corrective Actions (RCAs) from the DWR GSP approval letter.

R. Swartz suggested that the Board form an ad hoc committee to meet monthly to guide the PE with the goal to present concrete suggestions at the next Board meeting in May.

Key areas that staff and consultants believe should be reviewed with the ad hoc committee in the potential GSP amendment are: PMAs, the Monitoring Network, GSP Implementation, and RCAs. Regarding the PMAs, currently there are 20 projects addressed in the GSP in 3 distinct groups. Staff would review with the Executive Team and the ad hoc committee to decide which of these projects are feasible and potentially remove the ones that are not. There are monitoring wells that may be added to the Monitoring Network; additionally, SMGWA is using an extensive Stream Monitoring Network that is not explicitly required by SGMA, so its utility should be reviewed. Finally, the ad hoc committee should review the current GSP desire that all non-de minimis users install a meter on their wells.

Finally, there are four RCAs that were suggested by DWR when the original GSP was submitted. These four RCAs must be addressed in the GSP amendment. RCA #1 suggests that the GSA evaluate beneficial uses and users of the Monterey Formation and evaluate monitoring in the Monterey Formation to find and fill any data gaps that may exist. RCA #2: In the current GSP, there is a condition that there would not be an undesirable result regarding groundwater levels if there was a drought year. DWR is requiring the removal of that drought year condition. RCA #3: suggests a revision of the definition of an undesirable result for water quality to encompass

exceedances noted in the basin, regardless of whether they stem from pumping and ensuring that all constituents of concern are considered. RCA #4: involves removing the drought condition in the undesirable results definition for interconnected surface water (ISW) and considering DWR guidelines on ISW when they are released.

No public comment.

MOTION: E. Cassidy/M. Koenig move to direct staff to initiate the preparation of an amendment to the GSP

AYES: E. Cassidy, F. Cheap, D. Engfer, M. Koenig, B. Largay, W. Leishman, M. Martinez, B. Russ, G. Wimp.

NOES: None.

ABSTAIN: None.

The board and the public discussed potential members of the ad hoc committee.

MOTION: E. Cassidy/B. Russ move to establish an ad hoc GSP amendment committee and appoint committee members: F. Cheap, B. Russ, B. Largay, C. Perri, D. Engfer and Erica Rubio.

AYES: E. Cassidy, F. Cheap, D. Engfer, M. Koenig, B. Largay, W. Leishman, M. Martinez, B. Russ, G. Wimp.

NOES: None.

ABSTAIN: None.

4.3 Preliminary Budget for Fiscal Year 2027

T. Carson presented the approved budget from the current Fiscal Year (FY2026), the projected expenses and revised FY2026 budget, and the preliminary budget for FY2027 as shown in the budget table in the Board packet.

He reviewed the Beginning Reserves and the reserves designations. The revised and projected FY2026 budget increases Beginning General Reserves by \$63,584 from the approved budget; this is because the expenses in prior fiscal year were less than previously projected. The Beginning Reserves for the designated funds amounts (GSP Periodic Evaluation and Funding Evaluation) did not change. The GSP Periodic Evaluation reserve will be drawn down in both FY2026 and 2027 as work proceeds.

Operating revenue consists of contributions from the three Member Agencies as well as the City of Santa Cruz and Mount Hermon Association (MHA). In FY2026, contributions totaled \$451,790; contributions were partially offset (reduced) with the drawdown of General Reserves. The preliminary Operating Revenue in FY2027 is estimated at \$403,468; a decrease of 13% from the prior year.

Operating expenses in the preliminary FY2027 budget total \$523,805; a 21% decrease from the prior fiscal year. The decrease is mainly due to work wrapping up on the Periodic Evaluation and GSP Amendment by the end of 2026. The current year-to-date expenses are slightly less

(~5%) than budgeted. The Technical Services budget line item was presented in more detail showing the GSP-related, Data Management, and Basin Monitoring costs.

The preliminary FY2027 Agency contributions total are presented in the Agenda Report. These are preliminary estimates that will be reviewed and revised, if needed, in the budget proposed to the Board in May.

Directors inquired about administrative budget relative to the other Operating Expenses. Staff clarified that the administrative budget currently includes both administrative support tasks as well as the GSP implementation, coordination and planning support from the RWMF. Staff suggested that the budget presented to the Board at its next meeting in May 2026 split the administrative tasks and the GSP implementation/planning tasks into separate budget categories. Directors inquired about the methodology and history of determining the cost share amongst the contributing agencies. It was noted these contributions have changed since the Agency was initially formed in 2017; initially it was the three member agencies based upon the general proportional share of pumping in the Basin. In 2022, an ad hoc committee recommended a cost share allocation methodology that expanded to include Mount Hermon Association and the City of Santa Cruz. Annual contributions are by mutual agreement of the contributing agencies via the annual budget approval process. Legal counsel noted that SGMA sets forth formal processes with public hearings in the event a Groundwater Sustainability Agency were to impose fees on users. Directors had questions about various budget line items and Agency funding.

No public comment.

4.4 Appointment of Well Owner Alternate Representative

T. Carson described the process for nominating a Well Owner Representative Alternate. In the event of Well Owner Director vacancy, the Well Owner Alternate, if willing, fills the vacancy and serves out the term of the departing Director. When Director Hutchison resigned in September 2025, then-Alternate Director Cheap agreed to fill the vacancy. He was appointed by the Board in October 2025. At that Board meeting, an ad hoc committee was formed to oversee the public solicitation process for a new Well Owner Representative Alternate.

There were two eligible candidates that applied, Erica Rubio and Raymond Martin. In accordance with the Bylaws, applicants may self-nominate by reaching agreement among themselves to have one applicant voluntarily withdraw their application. The applicants met with each and committee members and agreed to self-select. Mr. Martin voluntarily withdrew his application, leaving Mrs. Rubio as the only remaining applicant. Appointment of any person to fill a Well Owner vacancy is subject to the approval of the Board and the unanimous approval of the Member Directors participating in voting.

No public comment.

MOTION: E. Cassidy/F. Cheap move to 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.

AYES: E. Cassidy, F. Cheap, D. Engfer, M. Koenig, B. Largay, W. Leishman, B. Russ, G. Wimp.

NOES: None.

ABSTAIN: None.

4.5 Accept Audited Financial Report for Fiscal Year Ended June 30, 2025

T. Carson presented on the unmodified opinion provided by the independent auditor, Nigro & Nigro. Director Leishman commented that his interactions with Nigro & Nigro as a director for Scotts Valley Water District have been very positive, their staff are very responsive and have done an excellent job.

No public comment.

MOTION: W. Leishman/M. Koenig move to accept the Santa Margarita Groundwater Agency Audited Financial Report for the Fiscal Year Ended June 30, 2025.

AYES: E. Cassidy, F. Cheap, D. Engfer, M. Koenig, B. Largay, W. Leishman, B. Russ, G. Wimp.

NOES: None.

ABSTAIN: None.

5. ADMINISTRATIVE

5.1 Annual Election of Officers

The Board discussed nominations.

MOTION: E. Cassidy/M. Koenig move to appoint C. Perri as Chair, B. Russ as Vice Chair, and E. Cassidy as Secretary.

AYES: E. Cassidy, F. Cheap, D. Engfer, M. Koenig, B. Largay, W. Leishman, B. Russ, G. Wimp.

NOES: None.

ABSTAIN: None.

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

Agency Counsel T. Rein presented updated Brown Act requirements effective January 1, 2026.

6. STAFF REPORTS

6.1 Financial Report for the Period July 1, 2025, through December 31, 2025

No questions or comments on this item.

6.2 Santa Margarita Basin GSP Implementation Activities Status Report

No questions or comments on this item.

6.3 Annual Status Report on Board Fair Political Practices Commission Compliance and Other Requirements

No questions or comments on this item.

7. DIRECTORS REPORTS

None.

8. FUTURE ITEMS

None.

9. INFORMATIONAL ITEMS

9.1 ACWA-JPIA President's Special Recognition Award

10. EVENTS CALENDAR

10.1 ACWA Spring Conference - Sacramento

ADJOURN

Meeting adjourned at 8:38 p.m.

APPROVED BY:

Chris Perri, Chair

Date

ATTEST:

Edan Cassidy, Secretary

Date

AGENDA REPORT

Santa Margarita Groundwater Agency

To: Board of Directors
Date: May 28, 2026
Item: Presentations 3.1
Subject: **Groundwater Sustainability Program Update**

SUMMARY

Recommendation: Receive a presentation of highlights of current groundwater sustainability program efforts.

Fiscal Impact: No direct impact from this action. Activities described in this update are either provided in-kind by member agencies or have been approved by separate Board actions.

BACKGROUND

The Groundwater Sustainability Plan (GSP) for the Santa Margarita Groundwater Basin (Basin) was adopted by the Santa Margarita Groundwater Agency Board of Directors on November 17, 2021. The GSP was approved by the Department of Water Resources (DWR) on April 27, 2023. The GSP identifies a monitoring and reporting program, areas of monitoring needing improvements (i.e., data gaps), implementation of projects and management actions, and other administrative activities needed to fully implement the GSP. This suite of activities represents the Basin's Groundwater Sustainability Program.

DISCUSSION

A summary of the hydrologic and groundwater conditions for Water Year 2026 as of spring 2026 will be provided to the Board.

Rob Swartz is participating in the Small Groundwater Sustainability Agency (GSA) Coalition (Coalition) to increase awareness of the challenges that small groundwater basins encounter in complying with the Sustainable Groundwater Management Act (SGMA). Mr. Swartz is also participating in a Coalition working group to explore ways to reduce SGMA reporting expenses. The working group met with DWR representatives on March 26, 2026. DWR held a Proposition 4 funding webinar on April 30, 2026. Discussed on the webinar was a set-aside program for Small GSAs intended to offset some of the SGMA compliance expenses for basins extracting less than 10,000 acre-feet per year. Mr. Swartz will report on the meetings to the Board.

Submitted by,

Rob Swartz, Senior Planner
Regional Water Management Foundation

Attachment(s): None

AGENDA REPORT

Santa Margarita Groundwater Agency

To: Board of Directors
Date: May 28, 2026
Item: Agenda Report 4.1
Subject: **Proposed Budget for Fiscal Year 2027**

SUMMARY

Recommendation: Approve the Proposed Budget for Fiscal Year 2027.

Fiscal Impact: The proposed Fiscal Year 2027 Operating Expenses total \$504,220. The proposed Operating Revenue contributed from the Member and represented agencies totals \$319,220. The proposed use of General Reserves totals 127,162.

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). On February 26, 2026, the Board of Directors reviewed the revised budget for FY2026 and the preliminary budget for FY 2026-2027 (FY2027). The attached table presents the projected totals for FY2026 and the proposed budget for FY2027.

DISCUSSION

The proposed budget for FY2027 is based on activities that support the implementation of the Groundwater Sustainability Plan (GSP) and administration of the Agency.

Beginning Reserves: The projected beginning cash reserves for FY2027 total \$293,290. The beginning reserve amount is the surplus of revenue collected from prior years over the actual expenses incurred. It includes general reserves and a designated fund for the completion of the Groundwater Sustainability Plan Periodic Evaluation and Amendment. The designated fund for consultant support to conduct an evaluation of long-term funding mechanisms has been incorporated into General Reserves as there is no longer an intent to conduct that evaluation at this time. In May 2024, the Board approved a Reserve Policy that established maintaining general reserves at 20% of the annual operating expenses budget. In FY2027, the drawdown of General Reserves will fund, in part, Operating Expenses.

Operating Revenue: Operating revenue for FY2027 is proposed to be \$319,220; a reduction of 29% from the prior year. Revenue consists of contributions from the Members Agencies as well as the City of Santa Cruz and Mount Hermon Association. Annual contribution amounts are informed by the projected operating expenses for the fiscal year and reserve amounts. In FY2027, designated reserves are proposed to be drawn down by an estimated \$63,000 to fund work on the GSP Periodic Evaluation and Amendment.

Operating Expenses: Operating expenses in FY2026 are projected to be \$557,394 and in FY2027 are projected to be \$504,220; a decrease of 18%. Key budget items in the major expense categories are as follows:

Administrative Services: Administrative services are provided by the Regional Water Management Foundation (RWMF). Tasks include work such as: Board meeting preparation, coordination, and support; coordination and communications; contract management and oversight. This work is performed by the RWMF per the agreement approved by the Agency with the County of Santa Cruz. Treasurer Services are provided by Scotts Valley Water District. Starting in FY2027, General Administrative expenses also are included in this category. Prior to FY2027, these were presented as their own category. These include: insurance; membership fees; supplies and equipment; software licenses; meetings; trainings; banking fees; and, other business expenses. Starting in FY2026 is a membership contribution toward a statewide coalition of small GSAs collaboratively working to increase the State’s awareness of the challenges faced by small GSAs in implementing the Sustainable Groundwater Management Act (SGMA), particularly the cost of compliance. The contribution supports coalition management and coordination, legislative advocacy, and education.

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, is summarized in the table below.

	FY2026 Approved	FY2026 Revised & Projected	FY2027 Proposed (May)
Technical Services			
<i>GSP Planning & Implementation Coordination</i>	\$120,000	\$120,000	\$115,220
<i>GSP Periodic (5-Yr) Evaluation & Amendment</i>	\$162,162	\$132,000	\$110,000
<i>GSP Annual Report</i>	\$40,016	\$39,000	\$45,000
<i>Other Professional Services; Monitoring Equipment</i>	\$16,000	\$16,000	\$16,000
<i>Data Mgmt. System (DMS) Support</i>	\$16,000	\$13,394	\$25,000
<i>Basin Monitoring - Stream Monitoring</i>	\$62,000	\$50,000	\$0
<i>Funding Mechanisms Evaluation</i>	\$25,000	\$0	\$0
Subtotal	\$441,178	\$370,394	\$311,220

GSP Planning & Implementation Coordination: Planning support includes work to support GSP implementation, planning, and coordination activities to comply with SGMA. This work is performed by the RWMF staff, principally the Senior Planner, per the agreement approved by the Agency with the County of Santa Cruz. Note, prior to FY2027, all RWMF staff support was captured under Administrative Coordination budget category. FY2026 is presented in the table above to facilitate comparisons between years.

GSP Periodic (5-Yr) Evaluation: The Basin's first GSP Periodic Evaluation is underway and must be submitted to Department of Water Resources (DWR) by January 3, 2027. The FY2026 approved budget established a reserve designation of \$195,000 that set aside funds for the Periodic Evaluation and a potential GSP amendment. In February 2026, the Board recommended amending the GSP; that work is underway and will be completed in the next fiscal year. Montgomery & Associates (M&A) is leading the Periodic Evaluation with support from the RWMF and Agency staff. The proposed FY2027 budget includes \$115,000 to complete the Periodic Evaluation and GSP amendment.

GSP Annual Report: Annual reporting to DWR by April 1st on the GSP implementation is a requirement under SGMA. M&A will lead the completion of the Annual Report with support from the RWMF and Member Agency staff. M&A will compile, format and submit the monitoring data to the SMGA portal.

Other Professional Services; Monitoring Equipment: The Agency has data loggers in multiple monitoring wells. This budget includes potential equipment replacement and consulting support for SGMA-related data collection as needed.

Data Management System (DMS) Support: A DMS is required under SGMA. The Agency funds ongoing maintenance, hosting, and technical support services provided by KISTERS through an existing agreement with the County of Santa Cruz. This is fifth and final year of the agreement with KISTERS. Staff will assess the DMS and services from KISTERS for future Agency needs and SGMA compliance and report to the Board for future consideration.

Basin Monitoring - Stream Monitoring: Streamflow monitoring is not proposed in FY2027. Prior stream data collection by the Agency and Member Agencies adequately established an understanding of the Basin's contribution to stream baseflow during the dry season and under varying wet and dry conditions. The Member Agencies and the City of Santa Cruz will continue stream monitoring at various locations throughout the Basin. The Agency could resume stream monitoring in the future based upon Basin conditions and as warranted based upon the sustainability indicators established in the GSP. For example, monitoring could resume if a groundwater level in a monitoring well dropped below its minimum threshold.

Funding Mechanisms Evaluation: In FY2025, the Board approved funds for consulting support to evaluate viable funding options for long-term compliance with SGMA. That work was put on hold pending further assessment of the need. This work is not proposed to proceed at this time.

Ending Reserves: The projected ending cash reserves for FY2026 total \$293,290 and includes general reserve, the GSP Periodic Evaluation and Amendment designated reserve (\$63,000) which is anticipated to be fully used in FY2027, and the previously created designation for the Funding Mechanisms Evaluation (\$25,000) which is proposed to rollover into the beginning General Reserve for FY2027. The projected ending cash reserves for FY2027 total \$103,128, which is 20% of total operating expenses.

Agency Contributions: The proposed budget includes agency contributions for operating revenue. The table below presents the proposed contribution total and the amounts for each contributing agency in FY2027.

FY2027 Proposed Agency Contributions	
Scotts Valley Water District	\$148,012
San Lorenzo Valley Water District	\$101,086
County of Santa Cruz	\$39,796
Mount Hermon Association	\$14,365
City of Santa Cruz	\$15,961
Total	\$319,220

Submitted by,

Tim Carson, Program Director
Regional Water Management Foundation

John Dillon, Treasurer
Santa Margarita Groundwater Agency

Attachment(s): Fiscal Year 2027 Budget Table

**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 Proposed	INCREASE (DECREASE) OVER PRIOR YEAR BUDGET	% CHANGE OVER PRIOR YEAR BUDGET
Beginning Reserves							
Beginning General Reserves	\$ 314,724	\$ 142,229	\$ 115,310	\$ 178,894	\$ 230,290	\$ 114,980	
GSP Periodic (5-Year) Evaluation	\$ -	\$ 195,000	\$ 195,000	\$ 195,000	\$ 63,000	\$ (132,000)	
Funding Mechanism Evaluation	\$ -	\$ 25,000	\$ 25,000	\$ 25,000	\$ -	\$ (25,000)	
Total Beginning Reserves	\$ 314,724	\$ 362,229	\$ 335,310	\$ 398,894	\$ 293,290	\$ (42,020)	-13%
Operating Revenue							
Agency Contributions							
Scotts Valley Water District	\$ 239,629	\$ 166,905	\$ 209,480	\$ 209,480	\$ 148,012	\$ (61,468)	
San Lorenzo Valley Water District	\$ 164,681	\$ 113,990	\$ 143,067	\$ 143,067	\$ 101,086	\$ (41,981)	
County of Santa Cruz	\$ 66,790	\$ 44,876	\$ 56,323	\$ 56,323	\$ 39,796	\$ (16,527)	
Mount Hermon Association	\$ 13,256	\$ 16,199	\$ 20,331	\$ 20,331	\$ 14,365	\$ (5,966)	
City of Santa Cruz	\$ 25,492	\$ 17,998	\$ 22,589	\$ 22,589	\$ 15,961	\$ (6,628)	
Department Water Resources Grants	\$ 184,643	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Operating Revenue	\$ 694,491	\$ 359,968	\$ 451,790	\$ 451,790	\$ 319,220	\$ (132,570)	-29%
Operating Expenses							
Administrative							
Administrative Services ¹	\$ 193,450	\$ 182,523	\$ 245,000	\$ 245,000	\$ 129,600	\$ (115,400)	-39%
Treasurer Services	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ -	
General Administrative ²					\$ 15,400	\$ 15,400	
Professional Contract Services	\$ 148,656	\$ 121,354	\$ 359,178	\$ 288,394	\$ 349,220	\$ (9,958)	-3%
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	\$ 250,394	\$ 311,220	\$ (9,958)	
General Administrative²	\$ 8,783	\$ 9,427	\$ 14,000	\$ 14,000	<i>see above</i>		
Monitoring Network Improvements	\$ 286,097	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Operating Expenses	\$ 646,986	\$ 323,303	\$ 628,178	\$ 557,394	\$ 504,220	\$ (109,958)	-18%
Ending Reserves							
General Reserve ³	\$ 362,229	\$ 178,894	\$ 126,084	\$ 205,290	\$ 103,128		
GSP Periodic Evaluation & Amendment ⁴	\$ -	\$ 195,000	\$ 32,838	\$ 63,000	\$ -		
Funding Mechanisms Evaluation ⁵	\$ -	\$ 25,000	\$ -	\$ 25,000	\$ -		
Total Ending Reserves	\$ 362,229	\$ 398,894	\$ 158,922	\$ 293,290	\$ 103,128	\$ (72,700)	-46%

Notes:

- Starting in FY2027 - SGMA Planning and GSP Implementation Services are included under Technical Services
- Starting in FY2027 - General Administrative costs (e.g., Insurance; Small GSA coalition dues; Supplies & Equipment; Software & Licenses; Meetings; Travel & Trainings; Banking Fees;
- Reserve Policy establishes the General Reserves target level at 20 percent of the annual operating budget.
- GSP Periodic (5-Year) Evaluation is included in Technical Services budget, Reserves will be utilized for work in FY2026 & 2027
- Funding Mechanisms Evaluation is included in Technical Services budget; rolled into General Reserves in FY2027

AGENDA REPORT

Santa Margarita Groundwater Agency

To: Board of Directors
Date: May 28, 2026
Item: Agenda Report 4.2
Subject: **Update on the Groundwater Sustainability Plan Periodic Evaluation and Amendment**

SUMMARY

Recommendation: Receive recommendations and provide direction on the Groundwater Sustainability Plan Periodic Evaluation and Amendment.

Fiscal Impact: No direct impact from this action. Activities described in this update have been approved by separate Board actions in May 2025 and May 2026 to adopt the annual Agency budgets to fund the required work.

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. Recommended corrective actions (RCA) from DWR's GSP review must be addressed with the 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](#).

On January 30, 2026, Regional Water Management Foundation (RWMF) and Montgomery & Associates (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 at its February 26, 2026 meeting, staff published a 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. At the February meeting, the Board directed staff to begin preparing a GSP amendment and appointed an ad hoc committee to review and discuss key components of an amendment that would be brought to the Board for consideration. These key areas include:

1. Revised definitions of sustainable management criteria
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 of non-de minimis private wells, long-term approach to SGMA compliance funding)

DISCUSSION

The ad hoc committee met three times (March 26, April 15, April 28) to receive and discuss staff recommendations on the key issue areas. Staff will provide a description of these key areas and draft GSP amendment recommendations for the Board to consider at its May 28 meeting. One item that the ad hoc did not consider is revising the GSP Sustainability Goal. Staff believe that it is appropriate to update the Sustainability Goal given that sustainable management criteria are being updated to address the DWR RCA. The original GSP Sustainability Goal and a draft revision are attached.

Submitted by,

Rob Swartz, Senior Planner
Regional Water Management Foundation

Attachment(s): Sustainability Goal

Sustainability Goal

Recommended Draft Revised Sustainability Goal for 2026 GSP:

The Basin sustainability goal is to achieve and maintain groundwater conditions that support beneficial uses and users and sustain the long-term health of the Basin's community, economy, and environment.

This goal will be achieved by:

- Monitoring and managing groundwater conditions to meet established sustainable management criteria.
- Maintaining groundwater levels sufficient to protect domestic and municipal supply wells
- Supporting continued groundwater contributions to streamflow and groundwater dependent ecosystems, where applicable.
- Maintaining groundwater quality for current and future beneficial uses.
- Implementing adaptive management strategies, including expanding conjunctive use and drought response measures, to enhance drought resilience and long-term supply reliability.

Sustainability Goal from the 2021 GSP:

- Implement the Sustainable Groundwater Management Act (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, utilizing 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.

AGENDA REPORT

Santa Margarita Groundwater Agency

To: Board of Directors
Date: May 28, 2026
Item: Agenda Report 4.3
Subject: **Amendment to Professional Services Agreement with Errol L. Montgomery and Associates (Year 4)**

SUMMARY

Recommendation: Approve an amendment to the Professional Services Agreement with Errol L. Montgomery and Associates to provide Hydrogeologic Support Services in Fiscal Year 2026 - 2027 (Year 4) in an amount not-to-exceed \$150,110. Authorize the General Manager of Scotts Valley Water District to execute the amended Agreement.

Fiscal Impact: The total amount of Hydrogeologic Support Services in the Fiscal Year 2026 - 2027 Budget is up to \$150,110.

BACKGROUND

In October 2023, the Board approved the selection of Montgomery & Associates (M&A) following a Request for Qualifications (RFQ) process to provide Hydrogeologic Support Services (HSS). The intent of the RFQ was to procure hydrogeological and related consulting services for an estimated 3-year period, with two optional 1-year extensions for a total of up to 5 years dependent on continued successful performance of authorized work. The requested services and associated budget would be subject to annual approval by the Santa Margarita Groundwater Agency (Agency). Services in Fiscal Year 2025 - 2026 (FY2026) included preparation of the Groundwater Sustainability Plan (GSP) Periodic Evaluation, the amended GSP, GSP Annual Reporting to the Department of Water Resources (DWR). This would be Amendment 4.

SUMMARY OF PROPOSED SERVICES

For FY2027, the proposed scope of work and budget for hydrogeologic support for the GSP implementation includes the following tasks:

1. Prepare Water Year (WY) 2026 Annual Report
2. Upload annual groundwater level data to the DWR (2x/year, June and December).
3. Update Projected Simulations with Basin Groundwater Flow Model ("Basin Model")
4. Prepare GSP Periodic Evaluation
5. Prepare GSP Amendment

The scope and level of effort on Tasks 1 and 2 are similar to prior years. The scope for Tasks 3 through 5 are unique to this first Periodic Evaluation and GSP Amendment. Task 3 updates the Groundwater Model simulations to assess how changes to projected water use and management in the Basin align with the GSP – this work is necessary for the GSP Amendment. The updated model results will be included in the

GSP Amendment and will help SMGWA demonstrate its ability to manage the Basin sustainably with projected future water demands and climate through the planning horizon in 2042 and implementation horizon in 2072. Tasks 3 through 5 culminate in deliverables due to DWR in January 2027. Task 6 includes M&A staff attendance and participation in Board meetings. The proposed approach for each task is described in the attached proposal from M&A.

A summary of the tasks and budget for FY2026 is provided below.

Description	Amount
Task 1. Prepare WY 2026 Annual Report	\$39,024
Task 2. Upload WY 2026 Groundwater Level Data to SGMA Portal	\$5,200
Task 3. Projected Simulations with Basin Groundwater Model	\$47,368
Task 4. Prepare Periodic Evaluation	\$19,056
Task 5. Prepare GSP Amendment	\$33,150
Task 6. Meetings	\$6,312
Total	\$150,110

The estimated tasks schedule is provided below.

Description	Start	End
Task 1. Prepare WY 2025 Annual Report	Nov-2026	Mar-2027
Task 2. Upload WY 2025 Groundwater Level Data to SGMA Portal	Dec-2026	Jun-2027
Task 3. Projected Simulations with Basin Groundwater Model	Jul-2026	Aug-2026
Task 4. Prepare Periodic Evaluation ¹	Jul-2026	Dec-2026
Task 5. Prepare GSP Amendment ¹	Jul-2026	Dec-2026
Task 6. Meetings	Jul-2026	Dec-2026

Note: 1. Tasks continue from FY2026.

Submitted by,

Tim Carson, Program Director
Regional Water Management Foundation

Attachment(s): Montgomery & Associates Proposed Services Fiscal Year 2026 - 2027
Hydrogeologic Support dated May 14, 2025

May 14, 2026

Santa Margarita Groundwater Agency
Rob Swartz
rswartz@cfsc.org

SUBJECT: SCOPE AND COST FOR FISCAL YEAR 2027 HYDROGEOLOGIC SUPPORT

Dear Mr. Swartz:

Montgomery & Associates (“M&A”) is pleased to provide this scope and budget to provide Fiscal Year 2027 (July 2026-June 2027; “FY2027”) hydrogeologic support for the Santa Margarita Groundwater Agency’s (“SMGWA”) Groundwater Sustainability Plan (“GSP”) implementation for the Santa Margarita Basin (“Basin”). The scope of work includes the following tasks:

1. Prepare Water Year (“WY”) 2026 Annual Report
2. Upload annual groundwater level data to the Department of Water Resources (“DWR”) Sustainable Groundwater Management Act Portal (“SGMA Portal”)
3. Update Projected Simulations with Basin Groundwater Flow Model (“Basin Model”)
4. Prepare GSP Periodic Evaluation
5. Prepare GSP Amendment

The scope and level of effort on Tasks 1 and 2 are similar to prior years. The scope for Tasks 3 through 5 are unique to this first Periodic Evaluation and GSP Amendment. Tasks 3 through 5 culminate in deliverables due to DWR in January 2027. The proposed approach for each task is described below.

TASK 1. WY2026 ANNUAL REPORT

M&A will collaborate with SMGWA Representatives and Regional Water Management Foundation (“Staff”) to prepare the WY2026 Annual Report. The division of labor between M&A and Staff will be similar to the WY2025 Annual Report process.

TASK 1.1. OBTAIN AND EVALUATE MONITORING DATA

M&A will compile precipitation and groundwater conditions data to prepare tables and figures required by the GSP Regulations. Technical components for this task include:

- Update precipitation charts.
- Determine water year type based on the City of Santa Cruz water year classification system.
- Compile groundwater level and quality data for generating report tables, graphs, and maps for all wells in the GSP monitoring network. M&A assumes the data are uploaded to the County of Santa Cruz Water Information System (“WISKI DMS”) by SMGWA member agencies and Staff.
- Generate groundwater elevation contour maps for each principal aquifer in the Basin illustrating seasonal high and low groundwater levels in spring and fall.
- Prepare groundwater elevation hydrographs showing well location, water year type, and progress towards achieving Sustainable Management Criteria (“SMC”). M&A will use templates and scripts already set up for previous SMGWA annual reports in Grapher® to automate hydrograph generation.
- Compile groundwater quality data collected from public supply wells in tabular format. Only constituents of concern identified in the GSP will be evaluated. Although chemographs for all water quality representative monitoring point constituents of concern will be produced automatically using Grapher®, only select chemographs with notable changes in concentration will be included in the Annual Report.
- Compare monitoring well data in tabular format for comparison to SMC for streamflow depletion, chronic lowering of groundwater levels, and degradation of groundwater quality sustainability indicators.

TASK 1.2. QUANTIFY WATER USE

M&A will compile and evaluate groundwater extraction, surface water diversion, recycled water use, and total water use data. Technical components for this task include:

- Download annual groundwater extraction data for supply wells from the WISKI DMS, gather surface water diversion data from San Lorenzo Valley Water District and City of Santa Cruz, and recycled water use from Scotts Valley Water District. Similar to prior years, Staff will gather and provide water supply data from agencies to M&A.
- Prepare tables and figures summarizing groundwater, surface water, recycled water, and total water use. Tables will include the water use type, sector, measurement method, and

measurement accuracy as required by GSP Regulations. Figures will include a map showing groundwater extractions by location and volume and graphs showing water use over time by sector and water year type.

- Evaluate extractions by aquifer unit group to assess progress toward achieving SMC for the groundwater in storage sustainability indicator.

TASK 1.3. ESTIMATE CHANGE OF GROUNDWATER IN STORAGE

M&A will estimate annual change of groundwater in storage by updating the Basin numerical groundwater flow model (Basin Model) with precipitation, runoff, and water use data for WY2026. M&A will summarize change of groundwater in storage for each principal aquifer in tables, maps, and graphs required by GSP Regulations.

TASK 1.4. PREPARE ANNUAL REPORT

M&A will collaborate with Staff to prepare the WY2026 Annual Report. M&A will prepare the tables, graphs, and maps discussed in Tasks 1.1 through 1.3 above and narrative descriptions of groundwater conditions compared to SMC. M&A assumes that Staff will prepare the executive summary, progress updates on projects and management actions, and describe other GSP implementation tasks.

The deliverable will be prepared as two draft Word documents followed by a final PDF. A complete Staff Draft will be delivered mid to late-January 2027. The report will be revised to address comments received and submitted as a draft for member agency review in mid-February. Member agency comments will be addressed and the report will be included in the meeting packet for approval by the SMGWA Board of Directors in late-February 2027. If there are Board of Directors comments to incorporate, these will be made to the final version to be uploaded to the SGMA Portal. Similar to last year, M&A assumes Staff will prepare and present WY2026 Annual Report findings to the SMGWA Board of Directors and upload the final report and elements guide to the Sustainable Groundwater Management Act (“SGMA”) Portal.

Task 1 Deliverables: Staff Draft, Board Draft, and Final WY2026 Annual Report

TASK 2. COMPILE AND UPLOAD GROUNDWATER LEVEL DATA TO SGMA PORTAL

Groundwater level data are required to be uploaded to the SGMA Portal for all wells in the GSP monitoring network. Groundwater level data uploads are required by July 1 and January 1 of each year. Data for the uploads will be extracted from the WISKI DMS and will be compiled in the required format for importing into the SGMA Portal. M&A assumes all groundwater level data will be uploaded to the WISKI DMS by the member agencies by November 14, 2026 for the fall upload and May 15, 2027 for the spring upload – 2 weeks prior to DWR’s submittal deadlines for SGMA Portal.

Task 2 Deliverables: Forward to Staff each DWR acknowledgment of successful groundwater level data uploads to the SGMA Portal

TASK 3. GROUNDWATER MODEL PROJECTED SIMULATION UPDATES FOR GSP AMENDMENT

M&A will collaborate with Staff to update projected simulations with the Basin Model for the GSP Amendment. The updated simulations will be used to assess how changes to projected water use and management in the Basin align with the GSP. The updated model results will be included in the GSP Amendment and will help SMGWA demonstrate its ability to manage the Basin sustainably with growing water demands and changing climate through the planning horizon in 2042 and implementation horizon in 2072.

TASK 3.1 UPDATE PROJECTED BASELINE SIMULATION

The Current Basin Model is updated through WY2025 for the prior Annual Report. However, projected model runs in the GSP are not updated routinely. M&A will update the Projected Baseline Simulation, which is a projection of future conditions with no additional projects, to align with the Current Basin Model. The following steps will be taken to update the Projected Baseline Simulation:

- Update starting groundwater levels and boundary flows in the Projected Baseline Simulation to match the end of the Current Basin Model (October 1, 2025).
- Refine pumping locations and volumes to better match current and projected future conditions:
 - Scotts Valley Water District (“SVWD”) installed 2 new supply wells and plans to phase out 2 active supply wells. M&A will revise SVWD pumping locations and volumes to align with planned operations.
- Projected simulations for the GSP assumed SVWD demands will increase 0.3% per year to keep up with growing population per the 2015 Urban Water Management Plan (“UWMP”). M&A will update the annual pumping rates in the Projected Baseline Simulation to reflect a lesser 0.14% increase per year to align with the 2025 UWMP.
- Projected simulations for the GSP assumed San Lorenzo Valley Water District (“SLVWD”) demand will increase 0.18% per year. M&A understands that this assumption is still valid for the Projected Baseline Simulation.
 - Other small water systems and industrial uses have changed since the GSP. M&A will update the Projected Baseline Simulation to align with water use in the WY2025 Annual Report.
 - M&A will not update domestic well locations as the number, location, and water use of domestic supply wells is still relatively accurate in the Current Basin Model given that little rural growth is happening or projected in the Basin.
 - M&A will not recalibrate the model.

TASK 3.2 UPDATE CONJUNCTIVE USE PROJECT SIMULATION

M&A will review and refine the Projected Conjunctive Use Model simulations in the GSP. The update will align the Projected Conjunctive Use simulations with the Projected Baseline Simulation developed in Task 3.1 and address revised timelines for project implementation. As part of this task, M&A will coordinate with Staff to adjust the volume and place of use for available surface water to align with the project stakeholders mutual understanding of the project. The model results will be documented in the 2027 GSP Amendment and will help evaluate the need for the project to achieve sustainability.

TASK 3.3 PREPARE WATER BUDGETS

M&A will update projected water budgets for the GSP Amendment to align with revised projected model runs. Water budgets will be prepared for the Projected Baseline and Conjunctive Use Simulations. The historical and current water budgets are being revised in the GSP Amendment to change the timeframes covered by each budget, so this update will complete the GSP Amendment for the water budget section by including updated projected water use information. We will not revise the projected water budget for the purified water recharge project simulation, which was included in the GSP as this project is not actively being pursued.

TASK 4. PREPARE GSP PERIODIC EVALUATION

M&A and Staff will continue to collaborate on preparing a Periodic Evaluation to submit in FY2027. Most of the supporting work on the Periodic Evaluation was completed in FY2026. An Ad-Hoc committee draft of the Periodic Evaluation will be completed in mid-July 2026. M&A will address comments from the Ad-Hoc Committee and prepare a Board Draft for the August 2026 Board of Directors Meeting.

Task 4 Deliverable: Periodic Evaluation Ad-Hoc Draft, Board Draft, and Final (markup and clean versions of each)

TASK 5. PREPARE AMENDED GSP

M&A and Staff will collaborate to prepare and submit a GSP Amendment in FY2027 to update the GSP for addressing DWR's Recommended Corrective Actions, incorporate changes to monitoring networks, revise SMC, and update projects and management actions. Work on the GSP Amendment began in the prior fiscal year, FY2026. The GSP Amendment and Periodic Evaluation will be transmitted together for review. An Ad-Hoc committee draft of the Amended GSP will be completed in mid-July 2026. M&A will address comments from the Ad-Hoc Committee and prepare a Board Draft for the August 2026 meeting. The Amended GSP will be available for a 30-day public comment period. A final GSP Amendment will be prepared that considers all remaining comments received. The Amended GSP will be submitted as a marked up (i.e. "Red Line") and final version for ease of reviewing by DWR and interested members of the public.

Task 5 Deliverables: GSP Amendment Ad-Hoc Draft, Board and Public Review Draft, and Final (markup and clean versions of each)

TASK 6. MEETINGS

M&A will meet with Staff at least monthly to report on progress and coordinate efforts. M&A will plan to attend Ad-Hoc Committee and Board of Directors meetings to receive feedback and be available for questions, but assume that Staff will present and lead the meetings. M&A will participate in all meetings remotely.

SCHEDULE AND COST ESTIMATE

Our estimated cost to complete the scope of work outlined above is \$150,110, including \$44,224 for the Annual Report and Semi-Annual groundwater level data uploads and \$105,886 for the Periodic Evaluation and GSP Amendment. The FY2027 total cost for the Periodic Evaluation and GSP Amendment work is \$237,040. The breakdown of budget corresponding with each task is included in Table 1; a schedule is provided as Figure 1.

We look forward to continuing our work with the SMGWA over the next fiscal year. Please contact us if you have any questions on this scope and budget.

Sincerely,
MONTGOMERY & ASSOCIATES



Georgina King, P.G., C.Hg.
Principal Hydrogeologist
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Pete Dennehy, P.G., C.Hg.
Senior Hydrogeologist
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Table 1. Proposed Budget for FY2027 Hydrogeologic Support

Santa Margarita Groundwater Agency FY2027 Hydrogeologic Support		Principal Hydrogeologist	Senior Hydrogeologist/ Project Manager	Modeler	Staff Geologist/GIS	Technical Editor	Total Professional Fees	Expenses	Total Estimated Fees
		GK	PD						
WY 2026 Annual Report		\$295	\$247	\$221	\$201	\$98			
Task 1. Prepare WY 2026 Annual Report									
1.1	Obtain and Evaluate Monitoring Data	4	8	0	16	0	\$ 6,372	\$ -	\$ 6,372
1.2	Quantify Water Demand and Supply	4	8	0	12	0	\$ 5,568	\$ -	\$ 5,568
1.3	Estimate Change of Groundwater in Storage	2	2	24	8	0	\$ 7,996	\$ -	\$ 7,996
1.4	Prepare Annual Report	8	32	0	40	8	\$ 19,088	\$ -	\$ 19,088
	Subtotal	18	50	24	76	8	\$ 39,024	\$ -	\$ 39,024
Task 2. Upload WY 2026 Groundwater Level Data to SGMA Portal		4	0	0	20	0	\$ 5,200	\$ -	\$ 5,200
Total		22	50	24	96	8	\$ 44,224	\$ -	\$ 44,224
2027 Periodic Evaluation and Amendment									
Task 3. Update Baseline and Conjunctive Use Projected Basin Model									
3.1	Update Baseline Model	8	12	48	12	0	\$ 18,344	\$ -	\$ 18,344
3.2	Update Conjunctive Use Project Model	8	16	48	12	0	\$ 19,332	\$ -	\$ 19,332
3.3	Update Water Budgets for GSP Amendment	4	8	16	12	6	\$ 9,692	\$ -	\$ 9,692
	Subtotal	20	36	112	36	6	\$ 47,368	\$ -	\$ 47,368
Task 4. Prepare Periodic Evaluation									
4.1	Prepare Draft for Exec Team Review, Address Comments and Prepare Board Draft	8	16	0	24	16	\$ 12,704	\$ -	\$ 12,704
4.2	Prepare Final for Exec Team Review Based on Board and Public Comment on Draft, Address Comments and Prepare Board Final	4	8	0	12	8	\$ 6,352	\$ -	\$ 6,352
	Subtotal	12	24	0	36	24	\$ 19,056	\$ -	\$ 19,056
Task 5. Prepare GSP Amendment									
5.1	Prepare Draft Amended GSP for Board Review, Address Comments	12	24	0	48	16	\$ 20,684	\$ -	\$ 20,684
5.2	Finalize Public Draft Amended GSP	2	8	0	4	4	\$ 3,762	\$ -	\$ 3,762
5.3	Address Public Comments Received and Prepare Final Draft Amended GSP for Board	4	8	0	4	4	\$ 4,352	\$ -	\$ 4,352
5.4	Finalize Amended GSP	4	8	0	4	4	\$ 4,352	\$ -	\$ 4,352
	Subtotal	22	48	0	60	28	\$ 33,150	\$ -	\$ 33,150
Task 6. Meetings		8	16	0	0	0	\$ 6,312	\$ -	\$ 6,312
Total		84	174	136	228	66	\$ 69,592	\$ -	\$ 150,110

AGENDA REPORT

Santa Margarita Groundwater Agency

To: Board of Directors
Date: May 28, 2026
Item: Agenda Report 4.4
Subject: **Initiate Solicitation to Fill the Vacancy for Well Owner Alternate Representative**

SUMMARY

Recommendation: Appoint an ad hoc committee of three Directors to facilitate the appointment process to fill the vacancy for the Well Owner Alternate Director.

Fiscal Impact: There will be costs to the Agency to conduct the solicitation and selection process for an applicant to fill the vacancy for the Well Owner Alternate Director.

BACKGROUND

Well Owner Alternate Director Erica Rubio resigned from the Board on March 18, 2026. Director Rubio was appointed to the Board as an Alternate Director on February 26, 2026. The Second Amended Bylaws (Bylaws) (Section 2.3) establish a procedure for appointments of Well Owner Directors (attached).

DISCUSSION

The Well Owner Alternate Director position is vacant. The Bylaws state that the Board shall appoint an ad hoc committee (Committee) of three (3) Directors to facilitate the appointment process. At least one (1) of the members of the Committee shall be a Member Agency representative, and the Board shall give preference to then-serving Well Owners to fill the remaining two (2) Committee positions. The Agency is to publicly notice the opportunity for individuals to submit an application to serve as a Well Owner to fill a vacancy.

The Committee, with staff support from the Regional Water Management Foundation, will carry out the process, including finalizing application materials, noticing the opportunity to apply, coordinating the application process, evaluating applications and attending meeting(s) with the applicants.

A draft summary of the process for the Well Owner Alternate Director appointment is attached.

Submitted by,

Tim Carson, Program Director
Regional Water Management Foundation

Attachment(s):
1. Procedure for Appointment of Well Owners (Bylaws Section 2.3)
2. Application Coversheet
3. Draft Application

2.3 PROCEDURE FOR APPOINTMENT OF WELL OWNERS.

2.3.1 Under section 6.3.7 of the Agreement, Well Owners shall be nominated and approved by the procedure described in these Bylaws.

2.3.2 At minimum, one (1) of the two (2) Well Owner Directors shall be from an Individual Water System. If one (1) of two (2) Well Owner Directors is from a Small Water System, then the preference in choosing a Well Owner Alternate shall be given to an Individual Water System representative.

2.3.3 Any person meeting the requirements of section 2.3.2 and the following qualifications may apply to serve as a Well Owner (individually, an “**Applicant**”). At a minimum, an Applicant shall (a) be an owner of a private well located within the boundaries of the Agency, a tenant leasing property with a private well located within the boundaries of the Agency, or a representative of a small public water system with a well located within boundaries of the Agency; (b) be at least 18 years of age; and (c) exhibit high standards of integrity, commitment, and good judgment; (collectively, 2.3.3 (a)-(c) shall be the “**Qualifications**”). Once appointed, a Well Owner shall meet the Qualifications for the duration of his or her service as a Well Owner.

2.3.4 If a Well Owner position becomes vacant for any reason, including death, permanent disability, inability to perform his or her responsibilities, resignation, removal, or failure to meet the Qualifications, the following process shall apply:

2.3.4.1 In the event of Well Owner Director vacancy, the Well Owner Alternate shall fill the vacancy as a Director if the Well Owner Alternate is willing to serve as a Director, subject to compliance with section 2.3.2 of these Bylaws. The Well Owner Alternate who fills a vacancy under this section shall serve as a Director for the remainder of the term of the departing Well Owner Director.

2.3.4.2 If a Well Owner Director vacancy is not filled under section 2.3.4.1, or if a Well Owner position remains vacant, the Board shall appoint an ad hoc committee of three (3) Directors of the Agency to facilitate the appointment process (“**Committee**”). At least one (1) of the members of the Committee shall be a Member Director, and the Board shall give preference to then-serving Well Owners to fill the remaining two (2) Committee positions.

2.3.4.2.1 The Committee shall provide or cause to be provided a notice of the opportunity for individuals to submit an application to serve as a Well Owner to fill a vacancy. The notice may include a description of the work of the Agency, the minimum qualifications of a Well Owner, the desired characteristics and skills of a Well Owner, criteria to be used in evaluating applications received, as well as deadlines and the timeline for decision-making on appointees. The notice shall also inform Applicants that if there are more Well Owner Applicants than the number of positions available, the Applicants will have the opportunity to self-nominate a Well Owner by reaching agreement among themselves by having some Applicants voluntarily withdraw their applications so that the remaining number of applications is the same as the number of

vacant positions. To encourage participation, a variety of print media, electronic or other formal and informal communication mechanisms may be utilized, and the period of notice shall cover, at a minimum, ten (10) working days.

2.3.4.2.2 The Committee shall be given the names and contact information of all Applicants. The Applicants shall be informed that they have at least twenty (20) days but no more than forty (40) days (“**Deadline**”) to meet and/or confer and endeavor to seek agreement on which Applicants elect to voluntarily withdraw their applications and which Applicants will be recommended to fill the vacant positions. Committee members are encouraged to attend the meetings of the Applicants. The Committee may recommend the rejection of an application if the Applicant fails to meet the Qualifications or if an Applicant fails to attend a meeting of Applicants called for the purpose of nominating an Applicant to fill a vacancy.

2.3.4.2.3 An Applicant may withdraw his application prior to the Deadline by sending a written request to the Principal Office by mail, email or facsimile.

2.3.4.2.4 If by the Deadline, the number of Applicants equals the number of vacancies, then the applications shall be forwarded to the Board for consideration, provided the Applicants meet the Qualifications.

2.3.4.2.5 If no applications are forwarded to the Board under section 2.3.4.2.4, then the Committee shall report its findings and forward all of the applications of the Applicants to the Board. The Board may then appoint any Applicant to fill each vacant Well Owner position.

2.3.4.2.6. If a Well Owner position remains vacant after the conclusion of the forgoing process, the Board may appoint any person meeting the requirements of section 2.3.3.

2.3.5. Notwithstanding anything to the contrary herein, the final appointment of any person to fill a Well Owner vacancy shall be subject to the approval of the Board and the unanimous approval of the Member Directors participating in voting.

Now Accepting Applications: Well Owner Alternate on the Board of Directors

Deadline to Apply: Wednesday, June 24, 2026

The [Santa Margarita Groundwater Agency](https://www.smgwa.org) (Agency or SMGWA) is seeking a volunteer to fill **one opening for the Well Owner Representative Alternate Director** on the Agency Board. The Agency is seeking candidates that are passionate about our community's future and the sustainability of the Basin. The time commitment is estimated to average about 5 – 10 hours per quarter, including evenings. The term is for 3 years. The Board currently meets on the fourth Thursday of the month on a quarterly basis (February, May, August, October) beginning at 6:00 p.m. in Scotts Valley. Application forms are available on the website ([SMGWA.org](https://www.smgwa.org)).

Eligibility

To be eligible, applicants must either own, manage, or be served by: 1) a private or shared domestic well; 2) a small water system well; or 3) an irrigation well used for commercial, industrial, institutional, recreational, or agricultural purposes. This well must be located within the Santa Margarita Groundwater Basin. A map of the Basin is available at: www.smgwa.org/Maps. All applications will be reviewed for eligibility.

About the Agency

The SMGWA is a Groundwater Sustainability Agency formed as a Joint Powers Authority in 2017 under California's Sustainable Groundwater Management Act (SGMA) of 2014. The Agency is responsible for groundwater management in the Basin. As required by SGMA, the Agency is responsible for developing and implementing a Groundwater Sustainability Plan (GSP) to achieve sustainability in the Basin by 2042. The Agency Board adopted the initial Basin GSP in November 2021. As required by SGMA, the Basin GSP was approved by the California Department of Water Resources in April 2023. Current priorities are focused on the five-year GSP periodic evaluation as required by SGMA and implementing GSP projects that will result in long-term Basin sustainability.

Private Well Owners in the Basin

Private wells owners are individuals or businesses with a groundwater well operated independently of any water agency that supplies water for domestic use, livestock, irrigation, or commercial use. A well serving up to four residential connections is considered a private domestic well. There are roughly 1,100 parcels served by private domestic wells. There are 13 small water systems that rely upon groundwater to serve approximately 1,000 residents. To ensure that the concerns and interests of well owners in the Basin are represented, the Board of Directors includes seats reserved for private well owners or small public water systems located in the Basin.

Board Composition

To ensure broad representation of Basin interests, the Board is composed of representatives of groundwater users. The governing Board of the SMGWA includes 11 members:

- Two directors from each of the Joint Powers Authority member agencies (Scotts Valley Water District, San Lorenzo Valley Water District, and County of Santa Cruz), each of whom are appointed by their respective elective bodies. Each agency has one alternate director.
- One director each from the City of Scotts Valley, the City of Santa Cruz, and Mount Hermon Association. Each agency has one alternate director.
- Two representatives of private well owners or small public water systems within the boundaries of the Agency. An alternate director is also appointed.

Board Responsibilities

The Board of Directors oversees and directs the following efforts to be carried out by the Agency:

- Adopt rules, regulations, policies, bylaws and procedures for the effective operation of the Agency.
- Approve the annual budget and fiscal audits of the Agency.
- Approve actions necessary for the Agency to exercise all its powers, including those granted through SGMA, as identified in the Joint Exercise of Powers Agreement.
- Direct and approve actions necessary for successful implementation of the Basin GSP.
- Receive and authorize submission of annual reports on GSP implementation progress and oversee and approve five-year assessments of the GSP.
- Review data and coordinate groundwater pumping to the extent possible to meet demand and avoid exacerbating undesirable impacts.
- Undertake ongoing and comprehensive efforts to collect, maintain, and share groundwater data with respect to water levels and quality.
- Undertake cooperative research and resource management initiatives that are regional in scope and disseminate information resulting from these activities.
- Recommend joint efforts to the respective governing bodies which are of regional benefit, such as conjunctive use, recharge within shared portions of the Basin, etc.
- Jointly pursue groundwater management studies, hydrological modeling and technical studies and pursue grants available from the State of California planning or projects.
- Communicate with their constituencies and represent the viewpoints and concerns of the constituencies that they represent, while acting in the interest of the overall Basin.

Role of the Alternate Director

The Alternate Director serves as back-up to the two Well Owner Directors on the Board. If a Well Owner Director is unable to attend a Board meeting, the Alternate can participate as the acting (voting) Director. In the event of a Well Owner Director vacancy (for example, in the event of a resignation) the Alternate Director may fill the vacancy of the departing Director if the Well Owner Alternate is willing to do so. The Alternate Director may not participate in Board meeting discussions if the two Well Owner Directors are present and participating. The Alternate Director is expected to regularly attend Board meetings and maintain regular communications with the two Well Owner Directors.

Desired Candidate Characteristics, Qualities, and Skills

The Agency is seeking candidates that can effectively represent the interests of community members reliant upon water from private domestic wells or small water systems in the Basin and are willing to educate the community, Board members, and the Agency about the water interests of the constituents they represent. An ideal candidate will have a demonstrated ability to work with others in a collaborative setting. They will have knowledge and experience that will benefit the Agency and the implementation of the GSP. They will have the means and motivation to communicate with the community they are representing. Candidates with current knowledge of the Basin and its needs or who are committed to learning about the Basin, the Agency, and the GSP are preferred. The Agency is seeking candidates that are open to learning about, and working with, people whose interests may conflict with their own and are willing to make educated compromises that are respectful of competing viewpoints. All Board

members agree to operate under the Guiding Principles outlined by the SMGWA Board and adhere to the Code of Conduct, Bylaws, and Joint Powers Authority that outline the goals and operation of the Agency.

Selection Process

Private well owners may choose their representative by a method of self-selection. Upon the close of the application period, if there are more eligible applicants than the number of positions available, the applicants will be notified of the opportunity to act as a group to nominate the candidate by reaching agreement among themselves for applicants to withdraw their applications so that the remaining number of applications is the same as the number of positions available. Applicants shall be given the names and contact information of the other applicants and shall be allowed at least twenty (20) days but no more than forty (40) days to meet and confer and seek agreement on which applicant shall become the group representative. Withdrawal of an application may be done electronically by email, or by submitting a request to withdraw signed by the applicant at the Agency office. If after 40 days, the number of applications is greater than the number of positions available, then the Board may make the selection and appointment as described in the Bylaws (Section 2.3).

Board Committee Evaluation and Board Approval

A Board Committee has been formed to facilitate the solicitation and appointment process as set forth in its Bylaws. The Committee may recommend the rejection of an application if the applicant fails to meet the qualifications or if an applicant fails to attend a meeting of applicants called for the purpose of nominating an applicant to fill the vacancy. If the applicants do not self-select a candidate, then the Committee will report its findings and forward all the applications to the Board for consideration.

Appointment

Appointment the Well Owner Representative Alternate shall be made by a unanimous vote of the Member Agency Directors in compliance with Section 6.3.7 of the Joint Powers Agreement. If the well owner applicants have self-nominated their candidate, as described above, the Board appoints that candidate assuming they are eligible for the position. The appointment is anticipated to occur at the next regularly scheduled meeting of the Board.

Application Deadline and Appointment Timeline

- June 1: Open application period and publicly notify opportunity to apply
- June 24: Close application period. Applications must be received by **5PM on Wednesday, June 24, 2026**
- June 29 – August 8: Applicant meeting and self-selection period
- August 27: Appointment of new Well Owner Representative Alternate at the Agency Board meeting

Application Submittal

Please submit applications via email to admin@smgwa.org. You may also submit by mail or hand deliver to Scotts Valley Water District, 2 Civic Center Dr, Scotts Valley, CA, 95066. Scotts Valley Water District, a member of the Santa Margarita Groundwater Agency, serves as the principal office for the Agency.

Questions

Please direct questions about the application via email to admin@smgwa.org or by phone at (831) 216-8414.

Information and Reference Documents

- Website: www.smgwa.org
- Meeting information: Agendas, Meeting Packets, Presentations, Recordings ([Meeting Dashboard](#))
- Guiding Principles: [Guiding Principles](#)
- Code of Conduct: [Code of Conduct](#)
- Bylaws: [Bylaws](#)
- Joint Exercise of Powers Agreement (JPA): [Joint Exercise of Powers Agreement](#)
- Groundwater Sustainability Plan: www.smgwa.org/GroundwaterSustainabilityPlan
- Guide to the [Ralph M. Brown Act](#)
- [Understanding Our Water Educational Series](#) (Recordings)
- Santa Margarita Groundwater Agency - [Private Well Owners](#)

Application for Well Owner Representative - Alternate Director

First Name:		Last Name:	
Mailing Address:			
City:		Zip Code:	
Phone:			
Email Address:			
Current or Past Occupation/Profession:			
Community Interests and Activities:			
<p>Do you own, manage, or are served by a private or shared domestic well; a small private water system well; or an irrigation well used for commercial, industrial, institutional, recreational, or agricultural purposes within the Basin*?</p> <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No, I receive all my water from a municipal water supplier.</p> <p>If you answered no to the above question, you are not eligible to be a Well Owner representative.</p> <p>*Interactive Map searchable by address on the Department of Water Resources GSA Map Viewer: Santa Margarita Basin 3-027</p>			
Identify the type of private well configuration best describes you as a groundwater user: (Check all that apply)			
<input type="checkbox"/> Private well for domestic use (single family home)	<input type="checkbox"/> Shared private well for domestic use (up to 4 homes)	<input type="checkbox"/> Small water system with 5-14 connections Name of water provider:	
<input type="checkbox"/> Small water system with 15-199 connections Name of water provider:	<input type="checkbox"/> Private Well for commercial, institutional, industrial, or recreational uses Please describe:	<input type="checkbox"/> Private well for agricultural use Please describe:	
<input type="checkbox"/> Other. Please describe:			
<p>Is your well used for irrigation? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes, please estimate how many acres that you irrigate.</p>			

Application for SMGWA Well Owner Representative - Alternate Director (continued):

Why are you interested in serving on the Board of Directors of this Agency?

Describe your knowledge of the Basin's groundwater sustainability issues as well as knowledge of the issues faced by private well, small water system, or mutual water company/system:

DRRAFT

Application for SMGWA Well Owner Representative - Alternate Director (continued):

Describe your qualities/skills/characteristics that would make you an effective representative of private well owners in the Basin:

Describe your prior community engagement or service (e.g., Board member or volunteer) and/or prior participation in multi-party or community collaborative processes:

DRAFT

Application for SMGWA Well Owner Representative - Alternate Director (continued):

<p>Are you able to commit to attending regular board meetings? Currently, the Board meets quarterly (4x/year) in the evening (starting at 6pm) at Scotts Valley Water District. Meetings are typically 1.5 to 3 hours long.</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>Do you understand and agree to adhere to the Board's Guiding Principles and Code of Conduct policies?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>Do you acknowledge and agree to comply with the following legally required obligations applicable to California public officials?</p> <p>These obligations include:</p> <ul style="list-style-type: none">• Filing Form 700: Statement of Economic Interests upon appointment, annually during service, and upon leaving office• Completing mandatory trainings for public officials (ethics training (AB 1234); fiscal and financial training (SB 827)). These trainings will be made available at no charge to Directors. <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>Have you previously attended a meeting of the SMGWA Board of Directors?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>Have you read the Executive Summary of the Groundwater Sustainability Plan?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>If not selected for the current opening, would you like this application to be considered for the next opening (note: the next solicitation is anticipated to occur in approximately two years)?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>When there is a future opening, do you have a preference to serve as a Director or Alternate Director?</p> <p><input type="checkbox"/> Director <input type="checkbox"/> Alternate Director <input type="checkbox"/> Either</p>

AGENDA REPORT

Santa Margarita Groundwater Agency

To: Board of Directors
Date: May 28, 2026
Item: Staff Report 5.1
Subject: **Financial Report for the Period July 1, 2025 – March 31, 2026**

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 March 31, 2026

Santa Margarita Groundwater Agency
FY25-26 Budget vs. Actuals
July 2025 - March 2026

	Actual	Budget	Total over Budget	% of Budget
Income				
Billable Expense Income	451,790.00	451,790.00	0.00	100.00%
Total Income	\$ 451,790.00	\$ 451,790.00	\$ 0.00	100.00%
Gross Profit	\$ 451,790.00	\$ 451,790.00	\$ 0.00	100.00%
Expenses				
51000 Administrative Services			0.00	
51100 Administrative Staff	143,296.68	183,749.99	-40,453.31	77.98%
51200 Treasury Administration		0.00	0.00	
Total 51000 Administrative Services	\$ 143,296.68	\$ 183,749.99	-\$ 40,453.31	77.98%
52000 Professional Contract Services			0.00	
52100 Legal Services	4,612.50	7,500.00	-2,887.50	61.50%
52200 Outreach Services	7,933.13	15,000.00	-7,066.87	52.89%
52400 Audit Services	3,500.00	8,000.00	-4,500.00	43.75%
52500 Technical Services	126,268.08	240,883.51	-114,615.43	52.42%
Total 52000 Professional Contract Services	\$ 142,313.71	\$ 271,383.51	-\$ 129,069.80	52.44%
53000 General Administrative Expenses			0.00	
53100 Insurance	1,807.50	1,500.00	307.50	120.50%
53200 Membership Fees	5,945.00	4,950.00	995.00	120.10%
53300 Supplies & Equipment		0.00	0.00	
53400 Software & Licenses	2,217.00	1,575.00	642.00	140.76%
53500 Meetings		0.00	0.00	
53600 Travel, Training & Seminars		0.00	0.00	
53700 Banking Fees		150.00	-150.00	0.00%
53800 Other Business Expenses		900.00	-900.00	0.00%
Total 53000 General Administrative Expenses	\$ 9,969.50	\$ 9,075.00	\$ 894.50	109.86%
54100 Monitoring Network Enhancement	237.41		237.41	
Total Expenses	\$ 295,817.30	\$ 464,208.50	-\$ 168,391.20	63.73%
Net Operating Income	\$ 155,972.70	-\$ 12,418.50	\$ 168,391.20	
Net Income	\$ 155,972.70	-\$ 12,418.50	\$ 168,391.20	

Friday, May 15, 2026 04:52:00 PM GMT-7 - Accrual Basis

Santa Margarita Groundwater Agency

Balance Sheet - FY25-26

As of Mar 31, 2026

	TOTAL
<hr/>	
Assets	
Current Assets	
Bank Accounts	
Checking	633,692.03
Total for Bank Accounts	\$633,692.03
Accounts Receivable	
Accounts Receivable (A/R)	0.00
Total for Accounts Receivable	\$0.00
Other Current Assets	
Undeposited Funds	0.00
Total for Other Current Assets	\$0.00
Total for Current Assets	\$633,692.03
Fixed Assets	
Other Assets	
Total for Assets	\$633,692.03
<hr/>	
Liabilities and Equity	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable (A/P)	77,508.59
Total for Accounts Payable	\$77,508.59
Credit Cards	
SCCB Credit Card	1,317.00
Total for Credit Cards	\$1,317.00
Other Current Liabilities	
Accrued Expenses	0.00
Total for Other Current Liabilities	\$0.00
Total for Current Liabilities	\$78,825.59
Long-term Liabilities	
Total for Liabilities	\$78,825.59
Equity	
Retained Earnings	398,893.74
Net Income	155,972.70
Opening Balance Equity	0.00
Total for Equity	\$554,866.44
Total for Liabilities and Equity	\$633,692.03
<hr/>	

Santa Margarita Groundwater Agency

Check Detail Report FY24-25

July 1, 2025-March 31, 2026

TRANSACTION ID	TRANSACTION DATE	TRANSACTION TYPE	NUM	NAME	DESCRIPTION	CLEARED	AMOUNT
1225	07/17/2025	Bill Payment (Check)	1422	Miller Maxfield	May 2025 - Public Outreach Services	Reconciled	-1,412.50
1226	07/17/2025	Bill Payment (Check)	1423	Rein & Rein, APC	Legal services- May 2025	Reconciled	-990.00
1227	07/17/2025	Bill Payment (Check)	1424	Errol L Montgomery & Associates Inc.	WY2024 GSP Annual Report - May 2025	Reconciled	-4,705.50
1228	07/17/2025	Bill Payment (Check)	1425	Balance Hydrologics	Bean Creek real-time gauge - service through 6/21/25	Reconciled	-4,099.73
1229	07/17/2025	Bill Payment (Check)	1426	cbec eco engineering	Streamflow monitoring - Jun 2025	Reconciled	-5,380.50
1250	07/31/2025	Bill Payment (Check)	1434	Nigro & Nigro PC	Audit Service for FY 2025 -Interim	Reconciled	-4,000.00
1257	07/31/2025	Bill Payment (Check)	1438	Errol L Montgomery & Associates Inc.	WY2024 GSP Annual Report - July 2025	Reconciled	-1,978.00
1260	08/07/2025	Bill Payment (Check)	1428	cbec eco engineering	Streamflow monitoring - Jul 2025	Reconciled	-3,294.50
1262	08/07/2025	Bill Payment (Check)	1429	Errol L Montgomery & Associates Inc.	WY2024 GSP Annual Report - June 2025	Reconciled	-4,168.50
1263	08/07/2025	Bill Payment (Check)	1430	ACWA-JPIA	FY 25-26 Cyber Liability Insurance	Reconciled	-100.00
1261	08/13/2025	Bill Payment (Check)	1427	Miller Maxfield	June 2025 - Public Outreach Services	Reconciled	-1,325.00
1264	08/13/2025	Bill Payment (Check)	1431	County of Santa Cruz - Enviro Health	FY 25-Q4 (Apr-Jun) - RWMF Services	Reconciled	-43,289.49
1252	09/03/2025	Bill Payment (Check)	1435	cbec eco engineering	Streamflow monitoring - Aug 2025	Reconciled	-3,118.50
1246	09/11/2025	Bill Payment (Check)	1432	Rein & Rein, APC	Legal Services - 06/01 - 06/30/2025	Reconciled	-202.50
1248	09/11/2025	Bill Payment (Check)	1433	Rein & Rein, APC	Legal Services - 07/01 - 07/31/2025	Reconciled	-225.00
1253	09/11/2025	Bill Payment (Check)	1436	SVWD	FY 24-25 Treasurer Service	Reconciled	-10,000.00
1255	09/11/2025	Bill Payment (Check)	1437	Balance Hydrologics	Bean Creek real-time gauge - service through 7/19/25	Reconciled	-1,000.90
1259	09/11/2025	Bill Payment (Check)	1439	Miller Maxfield	Aug 2025 - Public Outreach Services	Reconciled	-587.50
1269	10/03/2025	Bill Payment (Check)	1440	Errol L Montgomery & Associates Inc.	WY2024 GSP Annual Report - August 2025	Reconciled	-2,298.00
1271	10/03/2025	Bill Payment (Check)	1441	Rein & Rein, APC	Legal Services - 08/01 - 08/31/2025	Reconciled	-753.75
1280	11/14/2025	Bill Payment (Check)	1442	cbec eco engineering	Streamflow monitoring - Sep 2025	Reconciled	-6,809.00
1281	11/14/2025	Bill Payment (Check)	1443	Miller Maxfield	Sep 2025 - Public Outreach Services	Reconciled	-450.00
1282	11/14/2025	Bill Payment (Check)	1444	Rein & Rein, APC	Legal Services - 09/01 - 09/30/2025	Reconciled	-697.50
1283	11/14/2025	Bill Payment (Check)	1445	Errol L Montgomery & Associates Inc.	WY2024 GSP Annual Report - September 2025	Reconciled	-2,001.50
1290	11/26/2025	Bill Payment (Check)	1446	ACWA-JPIA	FY25-26 Auto & General Liability	Reconciled	-1,507.50
1291	11/26/2025	Bill Payment (Check)	1447	Rein & Rein, APC	Legal Counsel - October 2025	Reconciled	-1,282.50
1292	11/26/2025	Bill Payment (Check)	1448	Errol L Montgomery & Associates Inc.	WY2024 GSP Annual Report - October 2025	Reconciled	-2,001.50
1293	11/26/2025	Bill Payment (Check)	1449	Errol L Montgomery & Associates Inc.	WY2024 GSP Annual Report - October 2025	Reconciled	-4,993.50
1299	12/12/2025	Bill Payment (Check)	1451	County of Santa Cruz - Enviro Health	FY25-26 Q1 Admin	Reconciled	-56,285.29
1300	12/12/2025	Bill Payment (Check)	1452	Errol L Montgomery & Associates Inc.	WY2024 GSP Annual Report - Nov 2025	Reconciled	-1,131.00
1301	12/12/2025	Bill Payment (Check)	1453	cbec eco engineering	Streamflow monitoring - Nov 2025	Reconciled	-2,986.50
1308	12/31/2025	Bill Payment (Check)	1455	Rein & Rein, APC	Legal Services - 11/01 - 12/31/2025	Reconciled	-348.75
1316	12/31/2025	Bill Payment (Check)	1459	Errol L Montgomery & Associates Inc.	WY2025 Annual Report - Dec 2025	Reconciled	-8,513.50
1317	12/31/2025	Bill Payment (Check)	1460	Errol L Montgomery & Associates Inc.	WY2025 Annual Report - Dec 2025	Reconciled	-7,697.50
1312	01/23/2026	Bill Payment (Check)	1456	cbec eco engineering	Streamflow monitoring - Dec 2025	Reconciled	-7,388.50

Santa Margarita Groundwater Agency

Check Detail Report FY24-25

July 1, 2025-March 31, 2026

TRANSACTION ID	TRANSACTION DATE	TRANSACTION TYPE	NUM	NAME	DESCRIPTION	CLEARED	AMOUNT
1313	01/23/2026	Bill Payment (Check)	1457	ACWA	2026 Affiliate Membership	Reconciled	-3,445.00
1314	01/23/2026	Bill Payment (Check)	1458	Balance Hydrologics	Bean Creek real-time gauge - service through 12/20/25	Reconciled	-704.25
1336	03/05/2026	Bill Payment (Check)	1462	Balance Hydrologics	Bean Creek real-time gauge service - through 01/17/26	Reconciled	-1,714.25
1338	03/05/2026	Bill Payment (Check)	1463	Nigro & Nigro PC	Audit Services for FYE 2025 - Final	Reconciled	-3,500.00
1344	03/05/2026	Bill Payment (Check)	1466	Press Banner	Public Notice - Intent to Begin an Amendment to GSP	Reconciled	-251.88
1340	03/06/2026	Bill Payment (Check)	1464	Errol L Montgomery & Associates Inc.	WY2025 Annual Report - Jan 2026	Reconciled	-28,074.50
1342	03/06/2026	Bill Payment (Check)	1465	Pacific Policy Group	Small Groundwater Association Coalition - Jan 1, 2026 - Jun 30, 2026	Reconciled	-2,500.00
TOTAL							\$237,213.79

Santa Margarita Groundwater Agency
Credit Card Activity FY25-26
July 1, 2025-March 31, 2026

Transaction date	Name	Description	Amount
07/27/2025	EvoGov, Inc.	July 2025 web hosting	75.00
8/27/2025	EvoGov, Inc.	August 2025 web hosting	75.00
09/27/2025	EvoGov, Inc.	September 2025 web hosting	75.00
10/27/2025	EvoGov, Inc.	October 2025 web hosting	75.00
11/27/2025	EvoGov, Inc.	November 2025 web hosting	75.00
12/07/2025	In-Situ, Inc	Monitoring equip - Data Cable	237.41
12/18/2025	DOCUSIGN, INC	DocuSign Annual License	300.00
12/27/2025	EvoGov, Inc.	December 2025 web hosting	75.00
1/27/2026	EvoGov, Inc.	January 2026 web hosting	75.00
2/27/2026	EvoGov, Inc.	February 2026 web hosting	75.00
3/4/2026	Intuit Quickbooks	Annual Quickbooks License	1,242.00
03/27/2026	EvoGov, Inc.	March 2026 web hosting	75.00
TOTAL			\$2,454.41

Tuesday, May 12, 2026 07:23 PM GMTZ

Santa Margarita Groundwater Agency

A/P Aging Summary

As of March 31, 2026

	CURRENT	1 - 30	31 - 60	61 - 90	91 AND OVER	TOTAL
cbec eco engineering	1,307.25					\$1,307.25
County of Santa Cruz - Enviro Health	54,683.59					\$54,683.59
Errol L Montgomery & Associates Inc.	19,419.00					\$19,419.00
Miller Maxfield	2,031.25					\$2,031.25
Rein & Rein, APC	67.50					\$67.50
TOTAL	\$77,508.59	\$0.00	\$0.00	\$0.00	\$0.00	\$77,508.59

**Santa Margarita Basin Groundwater Sustainability Plan
Implementation Activities Status Report
May 28, 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, FY 2026 and is proposed for FY 2027.
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 and will consider the FY 2027 on May 28, 2026. 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 covered monitoring for 2023, 2024, and 2025. No dry season monitoring is proposed for 2026, so cbec (now Verdantas) is wrapping up 2025 reporting and may assist with site decommissioning under the contract that runs through June 30, 2026. The contract is eligible for an extension of up to 2 years should SMGWA determine a need to monitor the streams in the future. 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. The support agreement is eligible for up to 5 years, and the Board will consider authorizing Year 4 tasks on May 28, 2026.
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. The Basin model has also been updated to support the GSP Amendment. This includes an updated current and future conditions assessment based on more recent groundwater extraction that has declined relative to prior to SGMA passage. Staff reviewed a well permit application for a single home domestic well in February 2026. This was the first well permit reviewed under the SMGWA Well Construction Permit Application Review Policy adopted in August 2025. Staff had no concerns associated with the permit.

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

4. Monitoring and Reporting
<ul style="list-style-type: none"> • Spring 2026 groundwater level data collected in late April to early May and uploaded into DMS and to be uploaded to the SGMA Portal by the July 1, 2026 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. The GDE field monitoring approach was evaluated as part of GSP Periodic Evaluation and the work was suspended by the County for spring 2026. • DWR confirmed the WY24 annual report determined to be complete on July 18, 2025. WY25 annual report approved by Board on February 26, 2026 and posted to SGMA web portal on March 6, 2026.
5. 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 April 2026. • 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 April 2026. 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 was considered during the GSP Periodic Evaluation. The site was determined to not be a data gap, and it will no longer be monitored.
6. 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. Kisters completed an update to the WISKI system to a newer version on May 20, 2026. • Member agency and RWMF staff continue to upload data to the DMS site.
7. 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.