



# Santa Margarita Groundwater Agency

## Board of Directors Meeting

**Date:** 2/27/2025

**Time:** 6:00 p.m.

**Location:** Santa Margarita Community Room, 2 Civic Center Drive, Scotts Valley, CA

### Minutes

#### 1. CONVENE

##### 1.1 CALL TO ORDER AND ROLL CALL

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

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

Chris Perri (Chair) – Scotts Valley Water District

Bryan Largay (Vice-chair) – San Lorenzo Valley Water District (*late arrival at 7:03pm*)

Edan Cassidy (Secretary) – Well Owner Representative

Cara Hutchison – Well Owner Representative

Manu Koenig – County of Santa Cruz

Alina Layng – San Lorenzo Valley Water District

Wade Leishman – Scotts Valley Water District

*Rae Spencer-Hill – County of Santa Cruz*

*Susie O'Hara – City of Santa Cruz*

**Directors Absent:**

Dale Pollock – Mount Hermon Association

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

Doug Engfer – City of Santa Cruz (remote via Zoom)

Allan Timms – City of Scotts Valley (remote via Zoom)

**Agency Staff:**

David McNair – General Manager, Scotts Valley Water District

Sierra Ryan – Water Resources Program Director, County of Santa Cruz

Nick Kurns – SMGWA Treasurer; Finance & Cust. Service Mngr., Scotts Valley Water District

Heidi Luckenbach – Water Director, City of Santa Cruz

**Other:**

Teresa Rein – SMGWA legal counsel; Rein & Rein

Tim Carson, Rob Swartz, Sophia Sholtz – Regional Water Management Foundation (RWMF)

##### 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

New to the Board:

Director/County Supervisor Monica Martinez – County of Santa Cruz

Alternate Director/City Councilmember Susie O’Hara – City of Santa Cruz

Alternate Director Rae Spencer-Hill – County of Santa Cruz

Previous Alternates now Directors:

Director Cara Hutchison – Well Owner Representative

Director Alina Layng – San Lorenzo Valley Water District

Director Wade Leishman – Scotts Valley Water District

Director Alan Timms – City of Scotts Valley

Returning to the Board after absence:

Alternate Director Bill Ekwall – Scotts Valley Water District

Alternate Director Donna Lind – City of Scotts Valley

## 2. **CONSENT**

### 2.1 Approval of Minutes from 10/24/2024 Meeting

### 2.2 Annual Reimbursements Disclosure

**MOTION:** E. Cassidy/M. Koenig moved to approve the Minutes and Annual Reimbursements Disclosure.

**AYES:** E. Cassidy, C. Hutchison, M. Koenig, A. Layng, W. Leishman, C. Perri, R. Spencer-Hill, S. O’Hara

**NOES:** None.

**ABSTAIN:** None.

## 3. **PRESENTATIONS**

### 3.1 Groundwater Sustainability Program Update

R. Swartz gave background information on: the Groundwater Sustainability Plan (GSP) including Sustainable Management Criteria (SMC); Groundwater Monitoring of the various aquifers of the Santa Margarita Groundwater Basin (Basin) and the Basin Monitoring Network; Surface Water Monitoring including Dry Season Monitoring; Department of Water Resources updates including the Small Groundwater Sustainability Agency (GSA) Coalition and areas being explored to reduce the cost of compliance for small Basins with the California Department of Water Resources (DWR); and Coordination with the Santa Cruz Mid-County Groundwater Basin.

In response to questions, R. Swartz explained that the Dry Season Monitoring Wells record data every 15 minutes; this interval is suitable for analysis. In response to a question about the frequency of data collection and lifespan of the batteries in the well, R. Swartz responded that irrespective of the frequency of measurement collection, the data loggers usually need to be replaced before the battery runs out.

In response to a question about the Low Impact Development (LID) projects, C. Perri, R. Swartz, and D. McNair collaboratively responded with background on the LID projects monitored by the Scotts Valley Water District.

C. Perri gave appreciation to S. Ryan for her work on the Small GSA Coalition with DWR.

#### 4. GENERAL

##### 4.1 Groundwater Sustainability Plan Annual Report Water Year 2024 (WY24)

R. Swartz presented on the Annual Report required to be submitted to DWR as a part of compliance with the Sustainable Groundwater Management Act (SGMA). He presented on the hydrology of the Basin for the year and noted that the Basin received 85-90% of average rainfall in WY24. Despite receiving lower than average rainfall, the Basin experienced above-average runoff for WY24.

WY24 had the lowest groundwater use in period of record at 2,346 acre-feet per year (AF/year), down 50% from the long-term average of 3,868 AF/year. The model used to measure groundwater storage calculated a decrease in storage of 260 AF.

R. Swartz also presented the three groups of Projects and Management Actions as a part of the GSP implementation. Group 1 Projects have been implemented and will continue. These projects include San Lorenzo Valley Water District (SLVWD) and Scotts Valley Water District (SVWD) water efficiency rebate programs which save approximately 1 AF/year each; SVWD LID programs which achieve recharge at approximately 28 AF/year; and SVWD Recycled Water program which saves approximately 150 AF/year. The active SLVWD conjunctive use program impact can be estimated by working with SLVWD to monitor when they switch from surface water use during the wet season to groundwater use during the dry season.

Group 2 Projects are new to the Basin primarily concerning operations of SLVWD and the SVWD, including an engineering feasibility study for the SLVWD conjunctive use program during the Summer of 2025, and the SVWD/City of Santa Cruz (CiSC) Intertie, to be completed at the end of 2025/early 2026, which will serve as an emergency supply and creates opportunities for additional conjunctive use programs.

Group 3 Projects are backup projects that may be implemented in the future if current projects are not sufficient to bring the Basin into sustainability.

R. Swartz presented on: SMC #1, Chronic Lowering of Groundwater Levels, over the past four years, which have continued to improve; SMC #2, Reduction of Groundwater in Storage, three of the four formations in the Basin are already meeting the measurable objectives and one has met the 2027 interim milestone; SMC #3, Groundwater Quality Degradation, for all primary drinking water standards (health-based concerns), the Basin has met the minimum threshold, for the secondary drinking water standards (aesthetic concerns) the Basin has not met the minimum threshold, but has not met the definition for an undesirable result; SMC #4 Surface Water Depletion, ensures that groundwater levels are not being reduced such that surface

waters (streams, creeks) are being depleted to recharge the Basin, both locations that are being monitored are above minimum thresholds.

**MOTION:** E. Cassidy/S. O'Hara move to accept the Groundwater Sustainability Plan Annual Report for Water Year 2024 and authorize submittal to Department of Water Resources.

**AYES:** E. Cassidy, C. Hutchison, M. Koenig, A. Layng, W. Leishman, C. Perri, R. Spencer-Hill, S. O'Hara

**NOES:** None.

**ABSTAIN:** None.

#### 4.2 Preliminary Budget for Fiscal Year 2026 (FY2026)

T. Carson presented the approved current Fiscal Year (FY2025) budget, the projected expenses and revised FY2025 budget, and the proposed budget for FY2026 as shown in the budget tables in the Board packet.

He reviewed the Beginning Reserves and the reserves designations, noting that the FY2025 Revised and Projected budget increases GSP Periodic Evaluation (PE) reserve designation from \$125,000 to \$175,000 due to an improved understanding of the expected level of effort based on the Santa Cruz Mid-County Groundwater Agency's (MGA) recent completion of its GSP PE. The expected level of effort for the Santa Margarita Groundwater Basin GSP PE is less than that of the MGA, however the SMGWA may also pursue a GSP amendment, which the MGA did not do, which would incur additional expense.

Operating revenue consists of contributions from the three Member Agencies as well as the CiSC and Mount Hermon Association (MHA). In FY2025, contributions totaled \$359,968; contributions were partially offset (reduced) with the drawdown of General Reserves. The Board approved a Reserve Policy in May 2024 that established a Reserve target level (20%) of annual Operating Revenue. The proposed Operating Revenue in FY2026 is \$451,770; this is an increase of 26% over the prior FY due to the projected increase in expenses as work on the GSP PE initiates.

Operating expenses in the preliminary FY2026 budget total \$576,000. This is an increase of \$85,426 or 17% over FY2025. The FY2025 year to date expenses are less than anticipated as consultant costs so far are less than budgeted. The RWMF's Administrative Coordination and Planning services is under budget. In addition, the FY2025 budget includes \$25,000 for a consultant to evaluate long-term funding mechanisms; this evaluation has not yet begun, and staff recommends that amount be transferred into a designation for FY2026. Professional Contract Services increases in FY2026 over the FY2025 approved budget principally due to the Periodic Evaluation that is due January of 2027. The Technical Services budget line item is presented in more detail showing the GSP-related, Data Management, and Basin Monitoring costs which increase from FY2025 to 2026 by \$93,250. R. Swartz and S. Ryan continue to participate in the Small-GSA Coalition which advocates to bring down SGMA-related compliance costs for small GSAs like SMGWA and MGA.

The preliminary FY2026 Member Agency contributions 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.

Director Engfer had submitted a written question prior to the Board meeting asking if in FY2027, the SMGWA would have to submit both the GSP PE and the Annual Report, T. Carson responded that the SMGWA will have to submit both. There was another question about whether the administrative cost estimates, given the difference between the budget and the actual, were based on conservative estimates of potential work, which T. Carson confirmed.

#### 4.3 Agreement for Planning and Administrative Services and Data Management System

S. Ryan gave an overview of the County of Santa Cruz' (County) contracts with KISTERS for data management system services and the RWMF for administrative and planning support. KISTERS and RWMF provide similar services for both GSAs. The County, a Member Agency of both SMGWA and the MGA, serves as the contracting entity with KISTERS and RWMF on behalf of both GSAs. The County has a revenue agreement with each GSA.

Under its purchasing guidelines, the County may contract for up to three years, with the option to extend services for up to an additional two years. Both contracts with KISTERS and the RWMF began on July 1, 2022 and are set to expire on June 30, 2025. The services are still needed by both GSAs. The County can elect to extend the terms of the contracts or initiate a new competitive selection process. Before proceeding, the County is seeking input and approval from the Boards of the SMGWA and the MGA.

S. Ryan reported that she requested updated cost estimates from both organizations for the potential to renew the contracts for an additional two-year period. The Executive Team recommends that the Board renew both revenue agreements with the County for an additional two years. S. Ryan was asked if there was an analysis of the benefits conferred to the SMGWA due to the economy of scale that is possible due to the collaboration of both GSAs on the KISTERS and RWMF contracts. She responded that a primary benefit was in the increased quality of candidates that would not otherwise be willing to work a part-time job, and highlighted R. Swartz' contributions to both GSAs.

Directors made additional comments on the benefits provided by the current relationship between the GSAs and the RWMF. In response to Director questions, S. Ryan reported that the RWMF bills for work performed for each GSA, so each agency is charged for services rendered. She also confirmed that in the case of the Board pursuing a DMS contract with a different vendor, KISTERS would return the data currently in their system.

**MOTION:** M. Koenig/S. O'Hara move to approve and authorize the Scotts Valley Water District General Manager to execute an agreement with the County of Santa Cruz for administrative and planning services, and data management system (DMS) hosting and maintenance, in the amount not to exceed \$546,408 for Fiscal Years 2026 and 2027.

AYES: E. Cassidy, C. Hutchison, A. Layng, W. Leishman, C. Perri, R. Spencer-Hill, S. O'Hara  
NOES: None.  
ABSTAIN: B. Largay

#### 4.4 Treasurer and Auditor Appointments

T. Carson offered appreciation to N. Kurns for his service to the Board in advance of his departure from both his position with the Scotts Valley Water District and as the Treasurer for the Board. T. Carson noted that a new appointment for Treasurer was necessary, and that according to the Bylaws, both the Treasurer and the Auditor must be from the same agency.

The Executive Team recommended that John Dillon, Interim Finance and Customer Service Manager for the Scotts Valley Water District be appointed as the new Treasurer for the SMGWA.

Directors had some clarifying questions that were answered by T. Carson.

**MOTION:** M. Koenig/S. O'Hara move to appoint John Dillon, Interim Finance and Customer Service Manager of Scotts Valley Water District as the Treasurer, and David McNair, General Manager of the Scotts Valley Water District as the Auditor of the Santa Margarita Groundwater Agency effective Feb. 28, 2025.

AYES: E. Cassidy, C. Hutchison, B. Largay, A. Layng, W. Leishman, C. Perri, R. Spencer-Hill, S. O'Hara  
NOES: None.  
ABSTAIN: None.

#### 4.5 Board Vacancy – Well Owner Alternate Representative

T. Carson informed the Board of the procedures taken upon the resignation of Well Owner Director J. Koopman on February 12, 2025. In accordance with the Bylaws, the Well Owner Alternate Director, C. Hutchison, was offered and agreed to serve as a Director for the remainder of the term, which ends on February 29, 2027. As a result, the Well Owner Alternate Director is now vacant. The Agency must publicly notice the opportunity for eligible applicants to apply to fill the vacancy. The Board is to appoint a temporary (ad hoc) Committee of three Directors to facilitate the appointment process.

Directors E. Cassidy, C. Hutchison, and C. Perri volunteered to participate on the ad hoc committee to facilitate the appointment process to fill the vacancy for the Well Owner Alternate Director.

**MOTION:** E. Cassidy/R. Spencer-Hill move to form a temporary committee of Directors E. Cassidy, C. Hutchison, and C. Perri to begin the solicitation process to fill the vacancy for the Well Owner Alternate Director.

AYES: E. Cassidy, C. Hutchison, B. Largay, A. Layng, W. Leishman, C. Perri, R. Spencer-Hill, S. O'Hara  
NOES: None.

ABSTAIN: None.

## 5. ADMINISTRATIVE

### 5.1 Annual Election of Officers

After Board deliberation, Director Perri was nominated and elected as Chair, Director B. Largay was elected as Vice Chair, and E. Cassidy was elected as Secretary. All elections were unanimous.

## 6. STAFF REPORTS

### 6.1 Financial Report for the Period July 1, 2024, through December 31, 2024

After a question regarding budget variances, N. Kurns explained that in the Administrative Staff, the estimated actuals column looks to be trending low. The estimated actuals column is calculated by summing the actual costs incurred to date and 50% of the budget. It is anticipated that the Administrative Staff line item will come in under budget for FY2025.

Technical Services (TS) is also trending under projected budget, but it's estimated that there will be TS expenses in the next few months that will put that line item near expected values by the FY2025 close.

### 6.2 Santa Margarita Basin GSP Implementation Activities Status Report

R. Swartz noted that the GSP has a section that outlines the intended implementation. The intent of the table included in this staff report is to track activities included in that GSP section.

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

Directors received the current status of their Fair Political Practices Commission Form 700 submissions. There were no questions or concerns.

## 7. DIRECTORS REPORTS

None

## 8. FUTURE ITEMS

None.

## 9. STAFF REPORTS

### 9.1 ACWA-JPIA President's Special Recognition Award

## 10. EVENTS CALENDAR

### 10.1 ACWA Spring Conference Monterey May 13-15, 2025

### 10.2 Introduction to Groundwater, Watersheds, and Groundwater Sustainability Plans

Short online course by University of California Agriculture and Natural Resources Extension  
Thursdays April 3, 17, May 1, 15, 29, 2025; 9:00 a.m. – 12:00 p.m. PDT

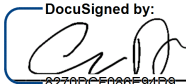
## ADJOURN

Santa Margarita Groundwater Agency  
Meeting Minutes 2/27/2025

7:41 p.m. meeting adjourned.

APPROVED BY:

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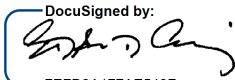
Chris Perri, Chair

6/13/2025

Date

ATTEST:

DocuSigned by:



Edan Cassidy, Secretary

6/4/2025

Date