



Santa Margarita Groundwater Agency

Board of Directors Meeting

Date: 5/22/2025

Time: 6:00 p.m.

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

Minutes

1. CONVENE

1.1 CALL TO ORDER AND ROLL CALL

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

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

Chris Perri (Chair) – Scotts Valley Water District

Bryan Largay (Vice-chair) – San Lorenzo Valley Water District

Edan Cassidy (Secretary) – Well Owner Representative

Doug Engfer – City of Santa Cruz

Manu Koenig – County of Santa Cruz (remote via Zoom)

Alina Layng – San Lorenzo Vally Water District

Wade Leishman – Scotts Valley Water District

Monica Martinez – County of Santa Cruz

Dale Pollock – Mount Hermon Association

Frank Cheap – Well Owner Representative

Directors Absent:

Cara Hutchison – Well Owner Representative

Allan Timms – City of Scotts Valley

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

Bill Ekwall – Scotts Valley Water District

SMGWA Member Agency Executive Staff:

David McNair – General Manager, Scotts Valley Water District

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

Other:

Teresa Rein – SMGWA legal counsel; Rein & Rein

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

Heidi Luckenbach – Water Director, City of Santa Cruz (online via Zoom)

1.2 Additions/Deletions to the Agenda

None.

1.3 Oral Communications on Matters Not on the Agenda

None.

2. CONSENT

2.1 Approval of Minutes from 2/27/2025 Meeting

MOTION: E. Cassidy/W. Leishman moved to approve the Minutes.
AYES: E. Cassidy, M. Koenig, B. Largay, A. Layng, W. Leishman, M. Martinez, C. Perri
NOES: None.
ABSTAIN: D. Engfer, D. Pollock

3. PRESENTATIONS

3.1 Groundwater Sustainability Program Update

R. Swartz gave background information on: long term groundwater extraction, spring water levels, and streamflow. There is now 40 years of collected data that can inform the Groundwater Sustainability Plan (GSP) and its progress in the Basin. When looking at decadal averages, the most recent decade of groundwater use is 25% lower than the previous decade, and 40% lower than the highest decade of use from 1994 through 2004.

R. Swartz reviewed hydrographs from four shallow monitoring wells in the Santa Margarita sandstone aquifer; three of which report higher groundwater levels than both the Minimum Threshold (MT) and the Measurable Objective (MO), and one of which is higher than the MT but does not meet the MO. The MO is the aspirational goal required from the Sustainable Groundwater Management Act (SGMA) and is not associated with consequences from the California Department of Water Resources (DWR) if it is not met within a certain time frame. The MT is the “stop sign” from which sustainability is measured and is required for compliance.

R. Swartz also reviewed hydrographs from monitoring wells in deeper Lompico aquifer, Butano aquifer, and Monterey formation. Similar to the shallow monitoring wells, three of the deeper wells show groundwater levels above both the MT and MO, and one well shows groundwater levels above the MT, but not the MO.

The Water Year 2025 dry season flow measurements began at flow monitoring sites across the Basin on April 30. R. Swartz shared spring flows compared to previous years at the following locations: San Lorenzo River above Love Creek, San Lorenzo River at Big Trees, Zayante Creek at Woodwardia, and Bean Creek at Mount Hermon. R. Swartz indicated that the San Lorenzo River at Big Trees site, monitored year-round by the United States Geological Survey, seems to be a good indicator for relative health of the Basin as a whole, and may provide an opportunity to reduce future costs by monitoring at that location alone. Newell Creek is the only regulated creek in that it is controlled by releases from Loch Lomond reservoir. R. Swartz pointed out that

a high flow anomaly from 2024 was due to planned maintenance activities at Loch Lomond by the City of Santa Cruz.

R. Swartz reported on positive conversations between the Small Groundwater Sustainability Agency Coalition, of which the Santa Margarita Groundwater Sustainability Agency is a member, and both CA legislature representatives and DWR representatives in an effort to reduce SGMA compliance costs.

4. GENERAL

4.1 Appointment of Well Owner Alternate Representative

The Agency received applications from two eligible applicants. Per the Bylaws, the applicants were provided an opportunity to meet and self-select which applicant would seek appointment. After meeting during the self-selection period, E. Stanojevic voluntarily withdrew her application, leaving Francis (Frank) Cheap as the remaining Well Owner Representative Alternate applicant.

As the motion to appoint Frank Cheap was effective immediately, once appointed he took a seat at the Director’s table and voted on all subsequent matters.

The Board made comments. E. Stanojevic made public comments.

MOTION: E. Cassidy/D. Engfer move to ratify the appointment of Francis Cheap as the Well Owner Representative Alternate on the Santa Margarita Groundwater Board of Directors for a three (3) year term effective immediately.

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

NOES: None.

ABSTAIN: None.

4.2 Proposed Budget for Fiscal Year 2026 (FY2026)

T. Carson presented the proposed Fiscal Year (FY2026) budget, which remains similar to the preliminary budget presented to the Board at its February meeting.

The projected beginning cash reserves for FY2026 total \$335,310. Reserves include designations for the 5-year GSP Periodic Evaluation (GSP PE) and a funding mechanisms evaluation. There are no changes to the total beginning reserves outlined at the February meeting, though there has been an update to the allocation of the reserve designations – most notable an increased cost estimate for the GSP PE based upon updated estimates as well as the likelihood that SMGWA will pursue a GSP amendment in addition to its 5-year PE.

Operating revenue for FY2026 is proposed to be \$451,790 and consists entirely of contributions from the Member Agencies as well as the City of Santa Cruz and Mount Hermon Association. Agency contributions remained at the amounts as presented in February.

Operating expenses in FY2025 are projected to be \$386,000 and in FY2026 are projected to be \$628,178. Expenses include the administrative and planning services from the RWMF; professional services including legal, outreach, audit and technical services. Technical services is the largest sub-category amount and includes consultant support for the GSP PE, GSP Annual Report, Data Management System, stream monitoring, and the funding mechanisms evaluation. The increased operating expenses in FY2026 (+ 28%) are mainly due to costs related to the GSP PE.

The projected ending cash reserves for FY2026 totals \$158,922 and includes \$126,084 in general reserves and \$32,838 for the GSP PE and Amendment anticipated to be used in FY2027.

Directors asked questions and discussed the cost of the GSP PE, the Funding Mechanisms evaluation, and potential avenues to reduce costs to the Basin.

- MOTION:** W. Leishman/M. Martinez move to approve the Proposed Budget for Fiscal Year 2026.
- AYES:** E. Cassidy, D. Engfer, M. Koenig, B. Largay, A. Layng, W. Leishman, M. Martinez, C. Perri, D. Pollock, F. Cheap
- NOES:** None.
- ABSTAIN:** None.

4.3 Amendment to Professional Services Agreement with Errol L. Montgomery and Associates

T. Carson gave an overview of the Professional Services Agreement with Errol L. Montgomery & Associates. In 2023, following a competitive selection process, the Board elected to enter into a contract with Montgomery & Associates for Hydrogeologic Support Services including preparation of the Annual Report and the semi-annual groundwater level data uploads to the SGMA portal.

The amended Scope of Work (SOW) presented to the Board includes the GSP PE, including recommendations to address the corrective actions called out by DWR on the GSP submitted by SMGWA in January 2022, preparation of the GSP PE, and if necessary, the preparation of an amendment to the GSP. The current schedule of work outlines the GSP PE being completed and coming to the Board for approval by December 2026, for submittal to DWR by January of 2027.

Directors commented on the cost to the Agency and potential ways to lower GSP PE total costs.

- MOTION:** E. Cassidy/D. Engfer move to approve and authorize the Scotts Valley Water District General Manager to execute an amendment to the Professional Services Agreement with Errol L. Montgomery and Associates to provide Hydrogeologic Support Services in FY 2026 in an amount not-too-exceed \$202,178.
- AYES:** E. Cassidy, D. Engfer, M. Koenig, B. Largay, A. Layng, W. Leishman, M. Martinez, C. Perri, D. Pollock, F. Cheap
- NOES:** None.
- ABSTAIN:** None.

5. STAFF REPORTS

5.1 Financial Report for the Period January 1, 2025, through March 31, 2025

No questions or comments on this item.

5.2 Santa Margarita Basin GSP Implementation Activities Status Report

R. Swartz noted that this item is intended as an informational tool for Board members to keep up to date on current Basin activity and that the table is organized to be consistent with the implementation section of the GSP.

There were no questions or comments on this item.

6. DIRECTORS REPORTS

Director Pollock reported that, due to an error by the water quality testing laboratory used by MHA, one of their production wells tested positive for perchlorate. After contacting other neighboring agencies, re-testing water from the suspected well, and working with the State Water Resources Control Board, it was confirmed to be an error by the lab processing the original water sample.

Director Largay reported that a Director for the San Lorenzo Valley Water District (SLVWD) has resigned, and that the SLVWD is currently recruiting for a new Director.

Chair Perri reported out from the Association of California Water Agencies Groundwater Committee meeting.

7. FUTURE ITEMS

None.

8. STAFF REPORTS

None.

9. EVENTS CALENDAR

None.

ADJOURN

7:10 p.m. meeting adjourned.

APPROVED BY:

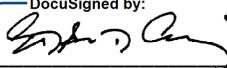
DocuSigned by:

Chris Perri, Chair

9/2/2025
Date

Santa Margarita Groundwater Agency
Meeting Minutes 5/22/2025

ATTEST:

DocuSigned by:


Edan Cassidy, Secretary

9/2/2025

Date