



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:

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Chris Perri, Chair

6/4/2026

Date

ATTEST:

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Edan Cassidy, Secretary

6/4/2026

Date