



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

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

Bob Russ (Vice Chair) – San Lorenzo Valley Water District

Edan Cassidy (Secretary) – Well Owner Representative

Frank Cheap – Well Owner Representative

Doug Engfer – City of Santa Cruz

Bryan Largay – San Lorenzo Valley Water District

Dale Pollock – Mount Hermon Association

Greg Wimp – City of Scotts Valley (late arrival at 6:01pm)

Rae Spencer-Hill – County of Santa Cruz

Ruth Stiles – Scotts Valley Water District

Directors Absent:

Manu Koenig – County of Santa Cruz

Monica Martinez – County of Santa Cruz

Wade Leishman – Scotts Valley Water District

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

Krista Jett – City of Scotts Valley (Remote via Zoom)

SMGWA Member Agency Executive Staff:

Jason Lillion – General Manager, San Lorenzo Valley Water District (Remote via Zoom)

David McNair – General Manager, Scotts Valley Water District

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

Other:

Teresa Rein – SMGWA legal counsel; Rein & Rein

John Dillon – SMGWA Treasurer; Finance and Customer Service Manager, Scotts Valley Water District

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

Heidi Luckenbach – Water Director, City of Santa Cruz
3 members of the public

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 February 26, 2026

MOTION: D. Engfer/E. Cassidy moved to approve the Consent Agenda.

AYES: E. Cassidy, F. Cheap, D. Engfer, B. Largay, C. Perri, D. Pollock, B. Russ, G. Wimp, R. Spencer-Hill

NOES: None.

ABSTAIN: R. Stiles

3. PRESENTATIONS

3.1 Groundwater Sustainability Program Update

R. Swartz presented on the Groundwater Sustainability Program. Rainfall by May at Boulder Creek is typically about 50 inches, and 38 inches has been recorded this year (about 76% of average). The San Lorenzo River flow in early May at Big Trees was recorded at 72 cubic feet per second. He reviewed groundwater water level data from early spring 2026 at representative monitoring wells in the shallow, unconfined Santa Margarita aquifer as well as the deeper confined aquifers in the Monterey formation and the Lompico/Butano aquifer subareas. There are no major concerns as water levels remain well above the minimum thresholds established in the Groundwater Sustainability Plan.

The California Department of Water Resources (DWR) is in the process of developing tools to aid in a portal-based data reporting system to help reduce the cost of compliance with the Sustainable Groundwater Management Act (SGMA). The draft release of these tools is expected by early fall of 2026 with full availability expected for the next annual report due April 1, 2027. The Small Groundwater Sustainability Agency (GSA) Coalition has been working with DWR to test these tools and explore other ways to further reduce costs of compliance.

DWR is working on an accelerated funding schedule (expected to be available in the next six to nine months) for the \$3.5M set-aside for Small GSA compliance funding, with a larger pool of \$320M for SGMA implementation funding likely becoming available in early 2027.

Directors asked questions on the competitiveness of future implementation grants and the fund release schedule.

4. GENERAL

4.1 Proposed Budget for Fiscal Year 2027

T. Carson presented the projected expenses for the current Fiscal Year (FY2026) and the proposed budget for FY2027 as shown in the budget table in the Board packet. The proposed FY2027 Operating Expenses total \$504,220. The proposed Operating Revenue consists of contributions from the Member and represented agencies that totals \$319,220, a reduction of 29% from the prior year. The proposed use of General Reserves totals \$127,162. The proposed budget continues to draw down Agency reserves consistent with Board's approved policy to maintain General Reserves at 20% of the annual operating revenue. The projected ending cash reserves for FY2026 totals \$158,922.

He reviewed the proposed Operating Expenses budget categories (Administrative, Professional Contract Services) – expenses are approximately 18% less than the prior fiscal year. He reviewed the Technical Services proposed for FY2027 which are about \$75,000 less than FY2026 due to ending stream monitoring and not proceeding with the funding mechanisms evaluation. Stream and salmonid monitoring will still occur in the Basin through the Member Agencies, but staff and the Groundwater Sustainability Plan (GSP) ad hoc committee recommend that the SMGWA discontinue its own independent stream monitoring and proceed with a revised Basin monitoring approach proposed in the 2027 GSP Periodic Evaluation.

Directors asked questions about technical services.

One public comment asking about stream monitoring.

MOTION: E. Cassidy/B. Russ move to approve the Proposed Budget for Fiscal Year 2026–2027.
AYES: E. Cassidy, F. Cheap, D. Engfer, B. Largay, C. Perri, D. Pollock, B. Russ, G. Wimp, R. Stiles, R. Spencer-Hill
NOES: None.
ABSTAIN: None.

4.2 Update on the Groundwater Sustainability Plan Periodic Evaluation and Amendment

R. Swartz presented on GSP Periodic Evaluation (PE) and proposed GSP amendments recommended by the ad hoc Committee for Board consideration. When DWR approved the GSP in 2021, it gave the Agency several Recommended Corrective Actions (RCAs) to be addressed in the first PE. The Board received updates on proposed amendments to: definitions for sustainable management criteria; projects and management actions; GSP monitoring program; and other GSP implementation activities.

Directors discussed and commented on a proposed GSP amendment groundwater sustainability goal, which is required under SGMA.

E. Rubio made a public comment.

MOTION: E. Cassidy/D. Pollock move to receive recommendations and provide direction on the Groundwater Sustainability Plan Periodic Evaluation and Amendment
AYES: E. Cassidy, F. Cheap, D. Engfer, B. Largay, W. Leishman, C. Perri, D. Pollock, B. Russ, G. Wimp, R. Stiles, R. Spencer-Hill

NOES: None.
ABSTAIN: None.

4.3 Amendment to Professional Services Agreement with Errol L. Montgomery & Associates (Year 4)

T. Carson presented the proposed amended agreement with Montgomery & Associates for Year 4 services. Proposed services are similar to previous years and include tasks to complete work in support of the Water Year 2026 Annual Report, compiling and uploading groundwater level data to the SGMA portal, groundwater modeling, and work on the GSP PE. The budget for this work is not-to-exceed \$150,110.

No public comment.

MOTION: E. Cassidy/D. Engfer move to 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.

AYES: E. Cassidy, F. Cheap, D. Engfer, B. Largay, W. Leishman, C. Perri, D. Pollock, B. Russ, G. Wimp, R. Stiles, R. Spencer-Hill

NOES: None.

ABSTAIN: None.

4.4 Initiate Solicitation to Fill the Vacancy for Well Owner Representative Alternate

After Board discussion, E. Cassidy, C. Perri, and F. Cheap were nominated to serve on the Well Owner Representative Alternate Solicitation Committee.

No public comment.

MOTION: B. Russ/R. Stiles move to appoint an ad hoc committee of three Directors to facilitate the appointment process to fill the vacancy for the Well Owner Representative Alternate.

AYES: E. Cassidy, F. Cheap, D. Engfer, B. Largay, W. Leishman, C. Perri, D. Pollock, B. Russ, G. Wimp, R. Stiles, R. Spencer-Hill

NOES: None.

ABSTAIN: None.

5. STAFF REPORTS

5.1 Financial Report for the Period July 1, 2025, through March 31, 2026

No questions or comments on this item.

5.2 Santa Margarita Basin GSP Implementation Activities Status Report

R. Swartz reported that the first application for a well construction permit was received and approved by the Agency since the County of Santa Cruz' new well permitting application process became effective in July 2025.

No questions or comments on this item.

5.3 Informational update from legal counsel

T. Rein presented on SB 827 which expands on the training requirements for Local Officials and members of legislative bodies. Financial and Fiscal training is required of Directors as of January 1, 2026.

No questions or comments on this item.

6. DIRECTORS REPORTS

None.

7. FUTURE ITEMS

None.

8. INFORMATIONAL ITEMS

None.

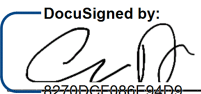
9. EVENTS CALENDAR

None.

ADJOURN

Meeting adjourned at 7:58 p.m.

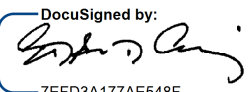
APPROVED BY:

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Chris Perri, Chair

8/28/2026

Date

ATTEST:

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Edan Cassidy, Secretary

8/28/2026

Date