

**MONTECITO
GROUNDWATER
BASIN
GROUNDWATER
SUSTAINABILITY
AGENCY**



**FISCAL YEAR 2024
BUDGET**

ADOPTED JUNE 27, 2023

MISSION STATEMENT

"The Montecito Groundwater Basin Groundwater Sustainability Agency's mission is to ensure a reliable and sustainable groundwater supply for the community through effective basin management pursuant to the Sustainable Groundwater Management Act."



MONTECITO GROUNDWATER BASIN
GROUNDWATER SUSTAINABILITY AGENCY

Board of Directors

Brian Goebel, President

Ken Coates, Vice President

Cori Hayman

Tobe Plough

Floyd Wicks

This budget was prepared under the direction of:

General Manager/Board Secretary

Nicholas Turner

Staff Contributors

Adam Kanold, Assistant General Manager / Engineering Manager

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RESOLUTION 10

RESOLUTION NO. 10

RESOLUTION OF THE BOARD OF DIRECTORS OF THE MONTECITO GROUNDWATER BASIN GROUNDWATER SUSTAINABILITY AGENCY ADOPTING A BUDGET FOR FISCAL YEAR 2024

WHEREAS, the Montecito Groundwater Basin Groundwater Sustainability Agency ("Montecito GSA") is organized and existing under and pursuant to the Sustainable Groundwater Management Act ("SGMA") and was declared by the California Department of Water Resources ("DWR") as the exclusive Groundwater Sustainability Agency for the Montecito Groundwater Basin ("Basin") in late 2018; and

WHEREAS, the mission of the Montecito GSA is to ensure a reliable and sustainable groundwater supply for the community through effective basin management pursuant to the SGMA; and

WHEREAS, pursuant to SGMA, the Montecito GSA is required to develop and implement a Groundwater Sustainability Plan ("GSP") for the Basin [Water Code §10727]; and

WHEREAS, on May 19, 2023, following a public review and hearing process, the Montecito GSA Board of Directors adopted its GSP for the Basin and subsequently submitted it to DWR for review; and

WHEREAS, the GSP includes and supports the Montecito GSA's Sustainability Goal which is to prevent undesirable results and optimize long-term use of the groundwater basin for the benefit of all stakeholders; and

WHEREAS, the Montecito GSA undertook a *5-year Financial Plan and Fee Study* which was adopted in June 2020; and

WHEREAS, the Montecito GSA prepares and adopts an annual budget that provides a financial plan to assist with the implementation of the Agency's necessary programs, projects and work plan for the fiscal year; and

WHEREAS, Agency management prepared a budget for Fiscal Year 2024 that estimates expenses and revenues from all sources required for Agency operations including: basin monitoring and reporting; execution of various GSP defined Baseline Projects and Management Actions; and funding of various Agency administrative expenses; and

WHEREAS, Agency management has determined that the Fiscal Year 2024 budget is consistent with the operative June 2020 *5-year Financial Plan and Fee Study* and proposes a balanced budget which, if implemented, will ensure that the District's revenue will be sufficient to fund all of the Agency's planned expenses; and

WHEREAS, the proposed Fiscal Year 2024 budget has been reviewed and considered by the Board of Directors at a Budget Workshop held on June 13, 2023, and feedback received has been incorporated herein; and

WHEREAS, it has been determined to be in the best interest of the Agency to adopt the Fiscal Year 2024 budget for the continued sound financial operation of the Agency;

NOW THEREFORE BE IT RESOLVED by the Board of Directors of Montecito Groundwater Basin Groundwater Sustainability Agency as follows:

1. The certain documents referred to as the "Montecito Groundwater Basin Groundwater Sustainability Agency Fiscal Year 2024 Budget" and all schedules, exhibits, and policies contained therein which are incorporated herein by this reference and included as Attachment "A", are hereby adopted as the annual budget of the Agency for the fiscal year beginning on July 1, 2023, and ending June 30, 2024.
2. That the amounts stated in the proposed budget shall become and thereafter be assigned to the departments, activities, and purposes stated therein and said monies are hereby authorized to be expended for the purposes and objects specific in said budget, subject to applicable California law, and the authority granted by the Montecito GSA Board concerning the authority of officers to execute contracts and instruments.

PASSED AND ADOPTED by the Board of Directors of the Montecito Groundwater Basin Groundwater Sustainability Agency this 27th day of June 2023, by the following roll call vote:

AYES: Coates, Goebel, Hayman, Plough, Wicks

NOES:

ABSENT:

ABSTAIN:

APPROVED:


Brian Goebel, President

ATTEST:


Nicholas Turner, Secretary

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INTRODUCTION



LETTER OF TRANSMITTAL

To the Board of Directors and Stakeholders of the Montecito Groundwater Basin:

We are pleased to present for your consideration, the Fiscal Year 2024 budget for the Montecito Groundwater Basin Groundwater Sustainability Agency (Agency). Since April 2023, Agency Staff have collaborated on this budget. Together with the Board of Directors, Staff has gone through an extensive review and analysis of the operational and capital project needs that support the implementation of the Groundwater Sustainability Plan (GSP) and continued Basin management.

The budget identifies and estimates financial resources and expenditures. It also serves as a policy document to guide management actions for Fiscal Year 2024. The budget provides sound financial management, efficient operations, achievable goals and objectives and transparent reporting.

The budget reflects the Agency's mission to ensure a reliable and sustainable groundwater supply for the community through effective basin management pursuant to the Sustainable Groundwater Management Act.

AGENCY & BUDGET OVERVIEW



AGENCY AND BUDGET OVERVIEW

HISTORY

The purpose of a Groundwater Sustainability Agency (GSA) is to implement and fulfill the requirements of the California Sustainable Groundwater Management Act (SGMA) as set forth in Water Code §§10720-10737.8.

The Montecito Water District (MWD) adopted Resolution 2169 on July 24, 2018, thereby giving notice to the California Department of Water Resources (DWR) of its intention to become the GSA for the Montecito Groundwater Basin (Basin) pursuant to the SGMA. In November 2018, the DWR declared MWD as the exclusive GSA for the Basin.

In February 2019, the DWR finalized its groundwater basin reprioritization process designating the Montecito Groundwater Basin from a “very low” priority to a “medium” priority, thereby mandating compliance with the SGMA. The Montecito Groundwater Basin Groundwater Sustainability Agency (Agency) was formed after the Board of Directors’ adoption of Resolution 1, on April 29, 2019.

In accordance with SGMA, the Montecito Groundwater Basin Groundwater Sustainability Agency shall reasonably and equitably manage the Basin to protect and enhance the health of the Basin. The powers of the Agency are as set forth in the SGMA and advisory and decision-making responsibilities are vested in the Board of Directors (Board). The term “Director(s)” shall mean the elected and/or appointed representatives of Montecito Water District, who also serve as the Directors of the Agency. The Agency’s Board generally reserves unto itself the right to delegate by ordinance and resolution such powers as are appropriate and permissible by law. In general, SGMA requires all groundwater basins designated as medium and high priority, per Bulletin 118 issued by the DWR, to be sustainably managed by a GSA by 2040.

GOVERNANCE

The Agency is governed by a five-member Board of Directors (Board) elected by the registered voters of MWD to four-year terms. The Board is responsible for setting Agency policy. Terms begin and end in December of the applicable year.

Current Directors and their respective terms are as follows:

BOARD OF DIRECTORS



Brian Goebel
President
2022-2026



Ken Coates
Vice President
2022-2026



Cori Hayman
Director
2022-2026



Charles T.
Plough Director
2020-2024



Floyd Wicks
Director
2020-2024

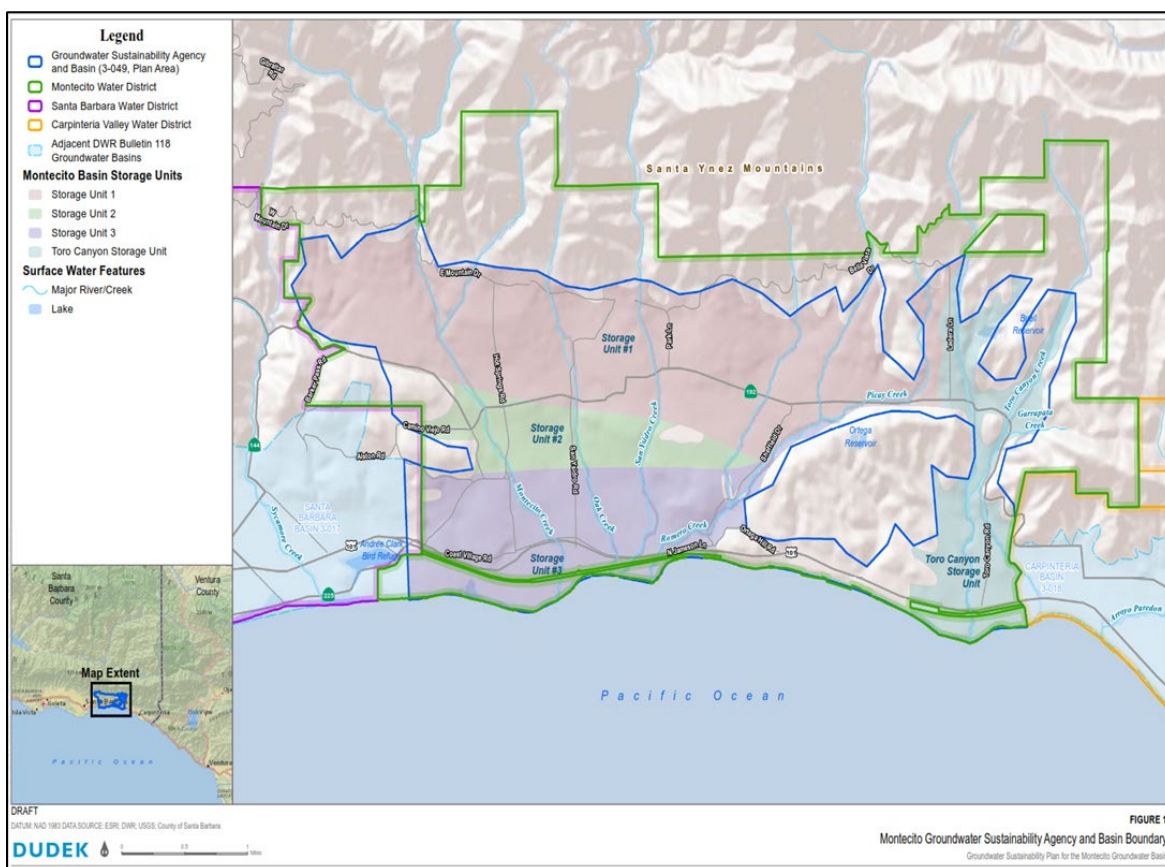
MONTECITO GROUNDWATER BASIN

The Basin is in the southern coastal portion of Santa Barbara County bounded to the north by the Santa Ynez Mountains coastal range, to the south by the Pacific Ocean, to the west by the City of Santa Barbara and to the east of the Carpinteria Valley. The Basin includes the unincorporated communities of Montecito and Summerland, a small portion of the Carpinteria Valley on its eastern boundary and a small portion of the City of Santa Barbara on its western boundary.

The Basin encompasses an area of about 6,145 acres or 9.6 square miles and is segmented into 4 hydrogeological storage units. These units are defined by regional faulting that transect the Basin.

Groundwater is relied upon for residential use, along with some commercial and agricultural uses. Available data suggests that there are approximately 450 public and private groundwater wells that pump from the Basin. Groundwater levels reached near historic low levels during the recent decade long drought (2012-2022) but are rebounding following the 2022/23 near historic wet winter.

The Basin, its storage units, and its relationship with MWD and neighboring water districts are shown below.



GROUNDWATER SUSTAINABILITY PLAN

SGMA mandates that critically over-drafted basins must reach sustainability by 2040, while high- and medium- priority basins have until 2042, or 20 years post-implementation for reprioritized basins. The Agency adopted the GSP for the Basin on May 19, 2023, and submitted it on June 22, 2023, to DWR for review and approval within 2 years. Since the Basin was reprioritized as a medium-priority basin by DWR, it must achieve sustainability within 20 years from Groundwater Sustainability Plan (GSP) adoption, by 2043.

The development of the GSP was an intensive 5-year effort that resulted in a substantially increased understanding of the Basin. Based on available data and analysis, the Agency has determined that the Basin is not currently experiencing undesirable results as defined by SGMA. The GSP's Sustainability Goal is to prevent undesirable results and optimize long-term use of the groundwater basin for the benefit of all stakeholders. This will be achieved through a collaborative, knowledge-based process informed by locally-defined quantitative criteria, ongoing monitoring and modeling, and incremental, data-supported management actions as needed to prevent seawater intrusion and ensure sustainable groundwater levels, storage, and quality.

During the first 5 years of GSP implementation the Agency will continue to focus its efforts on knowledge acquisition, data gathering and analysis, and vigilant monitoring. Incremental management actions will be taken only if Sustainable Management Criteria (SMCs) demonstrate they are necessary. Specifically, in FY 2024 the Agency will focus on data gathering and monitoring projects and management actions that are not capital intensive due to limited funding.

The Agency considers the interests of all beneficial uses and users of groundwater as it develops and implements the GSP for the long-term sustainable management of groundwater for the Basin.

SGMA defines sustainable groundwater management as “the management and use of groundwater in a manner that can be maintained during the planning and implementation horizon without causing undesirable results.” Undesirable results are defined as any of the following:

- Chronic lowering of Groundwater levels
- Significant and unreasonable reduction in Groundwater Storage
- Significant and unreasonable degradation of water quality
- Land subsidence due to collapsing of aquifer pore space.
- Surface water depletions that have significant and unreasonable impacts on beneficial uses

- Seawater Intrusion

Several of these undesirable results are of concern in the Basin including significant and unreasonable reduction in groundwater storage and seawater intrusion.

FINANCIAL PLAN AND GSA FEE

In June 2019, the Agency initiated development of a 5-year Financial Plan and Fee Study (Study) to establish groundwater basin fees that fairly and reasonably recover operating, administrative, and regulatory costs from properties which overlie the Basin. The Study dated May 6, 2020, was prepared by Raftelis, an independent financial consultant, and set forth the methodology for charging a basin fee, to be known as the Montecito GSA Groundwater Sustainability Fee (Fee).

The Fee is based on the total acreage of a parcel overlying the Basin. Individual charges are determined by multiplying the acreage overlying the Basin by the fee per acre. The adopted fees are for Fiscal Years (FY) 2021 through 2025 and are shown in Table 2. Each fiscal year begins July 1 and ends June 30 of the following calendar year. All government property and property belonging to public agencies are excluded from the Fee.

Table 2: Fee per Acre per Year (FY 2021 through FY 2025)

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Fee per acre	\$194.00	\$194.00	\$194.00	\$120.00	\$120.00

The Fee complies with the requirements of the California Constitution and other applicable California law, including the SGMA. The data upon which the Fee is based, in the form of the Study, was made available to the public 45 days prior to a public meeting on Fee adoption. In accordance with the requirements of Section 6 of Article XIID of the California Constitution and Government Code 53755, a public hearing was held by the Agency's Board of Directors on the proposed Fee on June 24, 2020. On June 24, 2020, the Agency Board of Directors, following public comment and the tallying of legal written protests, approved Resolution No. 4 adopting a 5-year schedule of the Fee.

The parcel fees are submitted for collection to the County of Santa Barbara with the Agency receiving revenues twice per year typically in December and April.

MWD COST RESPONSIBILITY

As the public water purveyor supplying potable water to properties overlying the Basin, and that directly benefit from its groundwater extractions, MWD was determined responsible for a share of the Agency's operating, administrative, and regulatory costs based on its average annual groundwater extractions as a percentage of total groundwater pumped annually from the Basin. Total groundwater pumped from the Basin was estimated at 2,422 AF in 2017 pursuant to a 2016 Groundwater Basin Recharge Feasibility Study (Feasibility Study) conducted by the consultant Dudek on behalf of MWD. Private pumpage estimates of 2,001 AFY were based on the Feasibility Study and the 2017 DWR Groundwater Basin Reprioritization Process. MWD production records for the same time period reflects 421 AF.

As shown in Table 3, MWD's proportionate share of total groundwater extraction was determined to be 17.4%. Therefore, MWD is responsible for an equivalent percentage of all Agency costs, net of grant funding if any. The cost responsibility is rounded to the nearest tenth of one percent.

Table 3: MWD Cost Responsibility

	Groundwater Extraction (AF)	% Share
MWD Production	421	17.4%
Private Pumpage	2,001	82.6%
Total Estimated Pumping	2,422	100%

The Agency's discussion with MWD in determining the cost share is specific to MWD's cost responsibility. The groundwater pumping estimates used to derive the cost responsibility do not imply a basis for determining MWD's prescriptive right to Basin water.

MWD REPAYMENT

Prior to Fiscal Year 2021 the Agency's operating costs were funded solely by MWD. MWD tracked expenditures related to all SGMA activities beginning in 2016, through GSA formation in 2019. The total expenditures incurred by MWD over this period were \$841,915. This amount was included in the 2020 Fee Study and was reimbursed to MWD equally over a three- year period, from FY 2021 through FY 2023. As of the end of FY2023, the Agency has fully reimbursed MWD for these past SGMA related expenses and no further repayments are required.

RESERVE FUND

In addition to the estimated operating expenses, the Agency has an established cash reserve. Water Code Sections 10730(a) and 10730.2(a)(1) explicitly authorize a prudent cash reserve. Reasonable and achievable reserves are a financial tool to aid in cash flow timing and unforeseen expenditures. Generally, a reserve for operations targets a specific percentage of annual operating costs or days of cash on hand. The reserve target is influenced by several factors, including the timing of expenses and infrequency in revenue disbursements to the Agency throughout the Fiscal Year. Given the infrequency of revenue and the monthly recurrence of many expenses, the Board has established a cash reserve target of approximately six months of operating expenses. As of the end of FY2023, the reserve is fully funded in the amount of \$825,000.

FY 2024 BUDGET



UNDERSTANDING THE BUDGET & BUDGET PROCESS

THE BUDGET

This budget is a foundational financial document that projects revenues and expenditures including capital projects for this period.

The purpose of the budget plan is to match resources with the needs of the Agency. The budget provides for the general operation of the Agency for a one-year period; including expenditures and the revenues to fund them.

The financial projections included in this Fiscal Year (FY) 2024 budget cover the period beginning July 1, 2023, and ending June 30, 2024.

THE BUDGET PROCESS & SCHEDULE

APRIL/MAY: Agency Staff generate a preliminary budget based on the draft final GSP and the Agency's anticipated needs during FY2024.

JUNE: A Budget Workshop was held on June 13, 2023. Following the workshop, Board input was incorporated into the proposed FY2024 Budget. Final review and adoption of the FY 2024 Budget by the Board of Directors took place on June 27, 2023, via Resolution 10.

BUDGET AMENDMENTS

The Agency's Board does not formally amend the budget after approval. The General Manager has authority to enter into contracts and agreements for budgeted projects and expend funds up to \$100,000 for budgeted items. Expenditures in excess of \$100,000 require approval of the Board. The General Manager may make emergency purchases in excess of \$100,000, but emergency purchases must be ratified by the Board at the next regular Board meeting. An emergency, as defined by Administrative Code §1508A, is "an unforeseen crisis or incident which requires immediate action and the acquisition of goods or services to forestall a shutdown of essential services; to avoid a threat to public health, safety, or welfare; or to avoid serious damage to property." The Board ratifies all Agency disbursements and changes in authorized positions at regular Board meetings.

BUDGETING BASIS

The Agency operates as a governmental fund and utilizes the accrual basis of accounting for budgeting and financial reporting in accordance with GAAP and GASB. Under the accrual basis of accounting, revenues are recognized in the period in which earned, and expenses in the period in which incurred. Additionally, the Agency also budgets for capital expenditures and debt service principal payments. The Agency's accounting is managed by MWD using fund accounting. Each fund is self-balancing set of accounts established to record the financial position and results pertaining to a specific activity or agency. Funds may be created to track activity for specific grants, projects or reserves. Agency funds are not subject to appropriation.

FY 2024 BUDGET SUMMARY



OVERVIEW

The FY 2024 budget anticipates \$1.87M in revenue, and \$966,665 in operating, non-operating and capital expenditures. The spending plan reflects the expenses necessary to conduct Agency operations, and the first year of GSP implementation. GSP implementation, as outlined in the Agency's adopted GSP includes continued basin monitoring, required annual reporting, and execution of various defined Baseline Projects and Management Actions. The Baseline Projects and Management Actions are planned over the first 5 years of GSP implementation and will be pursued as authorized by the Board and subject to available funding. The FY 2024 budget focuses on monitoring and reporting and does not include capital expenditures.

The spending plan projects a surplus of approximately \$907,120. The surplus is primarily attributable to \$1.09M of Prop 68 SGM Round 1 Grant Funding Reimbursements. The reimbursements are paid out through DWR for expenses incurred during FY2023 and will offset the prior fiscal year deficit.

Additionally, the spending plan projects approximately \$500,000 in unassigned funds at the end of FY 2024. These funds are from surplus from prior fiscal years. The Board has opted to hold these funds during FY2024 and the first year of GSP implementation, until a better understanding of expenses is known for future years of GSP implementation.

REVENUE

Revenue includes Parcels Fees, MWD Cost Share, Prop 68 SGM Round 1 Grant Funding Reimbursements, Interest Revenue, and Recharge Rebates. Table 4 shows the Agency's anticipated revenues for FY 2024.

Table 4: Revenues

Groundwater Sustainability Agency FY2023/2024 Adopted Budget	FY 2021-2022 AUDITED FINANCIALS	FY 2022-2023 BUDGET	FY 2022-2023 FORECAST	FY 2023-2024 ADOPTED BUDGET
REVENUE				
Parcel Fees: Prop 218 Fee	1,082,231.00	1,052,012.83	1,045,543.74	649,958.02
MWD Cost Share	235,925.00	219,364.00	-	139,503.00
Prop 68 SGM Round 1 Grant Funding Reimbursements	80,000.15	1,161,349.38	164,551.35	1,096,323.94
Other: Interest Revenue	61.00	3,200.00	-	-
Recharge Rebates	-	-	-	(12,000.00)
Total Revenue	1,398,217.15	2,435,926.21	1,210,095.09	1,873,784.96

PARCEL FEES: PROP 218 FEE

The Prop 218 Parcel Fee charges will be submitted in July 2023 for collection by the County of Santa Barbara with the Agency receiving revenues twice per year, typically in December and April. The fee revenue is collected from owners of parcels that overlay the Basin (excluding parcels owned by government and public agencies). The FY 2024 budgeted revenue for the Prop 218 Parcel Fee for is \$649,958.02. Estimated revenue from the fourth year of the Parcel Fee (FY2024) is reduced from FY 2023 as the adopted Parcel Fee reduces from \$194/acre to \$120/acre, as shown in Table 2.

MWD COST SHARE

As the sole municipal water provider with properties directly benefiting from groundwater extraction, MWD is responsible for its proportional share of the Agency's costs based on estimated groundwater extractions. This proportion was determined by the 2020 Rate Study and established to be 17.4% (rounded to the nearest tenth percent) of all future cost, net of grants. The FY 2024 budgeted revenue for the MWD cost share is \$139,503. Estimated revenue from the fourth year of the MWD Cost Share (FY2024) is less than year 3 (FY 2023) as the Cost Share reduces proportionally to the Parcel Fee reduction in years 4 and 5.

PROP 68 SGM GRANT FUNDING

In 2020, the Agency received a \$2.1 million grant through the Proposition 68 Sustainable Groundwater Management (SGM) Round 1 Grant Program to help fund the development of the GSP for the Basin. This Proposition authorized \$100 million for competitive grants for projects to develop and implement GSPs and projects in accordance with groundwater planning requirements established under Division 6, commencing with §10000, Water Code §79775. DWR formed the SGM Grant Program to provide funding for sustainable groundwater planning and implementation projects through a competitive grant solicitation process, including the development of GSPs. The Agency's receipt of this grant reduced the total revenue requirement through FY 2023 by \$1.63 million.

The Agency is projecting revenue from Prop 68 SGM Round 1 Grant reimbursements in the amount of \$1,096,324 for work performed in FY 2023.

Grant reimbursable expenses are reported to DWR on a quarterly basis. The grant reimbursements are disbursed to the Agency approximately 3 to 4 months after submission.

The Agency does not anticipate receipt of additional grant funding for GSP implementation in FY 2024. The Agency continuously monitors for available grant funding and plans to pursue opportunities should they arise.

OTHER: INTEREST REVENUE

There is no Interest Revenue estimated for the FY 2024.

RECHARGE REBATES

Rebates from the Baseline Project for Stakeholder Incentives for recharge projects on residential properties are treated as negative revenue. Approximately \$12,000 in rebates are estimated to be disbursed in FY2024 by the Agency. This amount is estimated to provide rebates to between 3-4 residential recharge projects in the Basin.

EXPENSES

Planned FY 2024 expenses are consistent with the 5-year financial plan and Fee Study (2020 Fee Study) prepared by Raftelis, dated May 6, 2020, and adopted by the Board of Directors on June 24, 2020.

OPERATING EXPENSES

Planned operating expenditures are separated into two categories consisting of operating and non-operating expenses. Operating expenses are costs that the Agency incurs to perform its primary activities to manage the Basin. Non-operating expenses are costs that are not directly required for those activities.

The Agency shares staffing with MWD. Based on historical activity, staffing expenses such as salaries and benefits are allocated between the Agency and MWD on a percent basis. The percentage of staffing allocated to the Agency is then distributed among Agency departments based on duties performed. The Agency's allocation of staffing is shown in Table 5.

Table 5: Staffing Allocation

Employee Type	% Time Allocation to GSA
GSA Groundwater Specialist	100%
General Manager	20%
Engineering Manager	10%
Business Manager	10%
Public Information Officer	15%
Administrative Assistant	5%
GSA Intern	100%

Operating expenditures are categorized by department and are described in Table 6.

Table 6: Operating Expenses

Groundwater Sustainability Agency FY2023/2024 Adopted Budget	FY 2021-2022 AUDITED FINANCIALS	FY 2022-2023 BUDGET	FY 2022-2023 FORECAST	FY 2023-2024 ADOPTED BUDGET
OPERATING EXPENDITURES				
ADMINISTRATION	(302,135.53)	(400,436.77)	(328,403.22)	(206,389.32)
Engineering Salaries (GEN)	-	(23,856.04)	(40,809.91)	(229,026.68)
Monitoring	(343,023.55)	(186,676.70)	(263,868.86)	(216,815.17)
Reporting (Outside Services)	-	-	-	(50,785.00)
P&MA: Upgrade RMP Well Network	-	-	-	(18,784.00)
P&MA: Basin Numerical Model (Outside Services)	(64,973.08)	(25,183.00)	(14,872.50)	(12,600.00)
P&MA: Well Registry	-	-	-	(29,500.00)
P&MA: Voluntary Private Well Metering	(45,710.72)	(95,100.00)	(40,609.94)	(20,000.00)
P&MA: Recharge Rebates	-	-	-	(3,000.00)
P&MA: Evaluate Groundwater/Surface Water Interactions				(75,000.00)
Grant Administration	(35,276.03)	(107,326.00)	(77,765.79)	-
GSP Development	(68,260.17)	(157,682.00)	(151,062.50)	-
SWI Network Expansion (equip existing wells)	-	(25,500.00)	-	-
Install Weather Stations	-	(10,000.00)	(8,255.47)	-
ENGINEERING	(557,243.55)	(631,323.74)	(597,244.97)	(655,510.84)
PUBLIC INFORMATION	(35,895.95)	(33,729.04)	(37,839.36)	(30,018.53)
LEGAL	(29,186.00)	(37,500.00)	(54,424.00)	(65,000.00)
Total Operating Expenses	(924,461.03)	(1,102,989.55)	(1,017,911.55)	(956,918.69)

ADMINISTRATION

The Administration department expenses for FY 2024 are estimated to be \$206,389, which include overhead related to department staff salaries and benefits, office space, utilities, equipment, fuel, software subscriptions, and liability insurance.

ENGINEERING

Engineering department expenses for FY 2024 are budgeted to be \$655,511 and include department staff salaries and benefits, and numerous engineering related tasks associated with GSP implementation including basin monitoring and reporting.

Engineering Department Salaries

Expenses of \$229,027 are estimated for department salaries and benefits. This amount excludes work performed on specific engineering tasks.

Monitoring

Expenses of \$216,815 are budgeted for FY 2024 for monitoring Basin conditions. Monitoring includes collecting data from defined Representative Monitoring Points (RMP). Groundwater levels and quality will be monitored at each RMP, including for seawater intrusion.

Groundwater recharge from creek flow is a significant component of the Basins water budget. Regional creek flow is intermittent and extremely variable, which presents challenges for

estimating recharge. Currently stream monitoring is being conducted on four creeks in the Basin at 12 locations. Monitoring includes the use of installed equipment and monthly manual measurements. Stream flow monitoring, to be performed by a consultant, is budgeted for \$160,000 and is included within the overall monitoring budget. This amount assumes the upcoming water year (October 2023 -September 2024) will present average rainfall conditions. Should hydrologic conditions be drier or more wet, the required monitoring and associated budget may require modification.

Reporting

Expenses of \$50,785 are budgeted for the development of the Agency's first GSP annual report, which is required by DWR. This report will incorporate data collected on basin conditions from 2020 through 2023 and is due on or before April 1, 2024. The Agency will coordinate with a consultant to generate this report.

Baseline Project: Upgrade RMP Network

Expenses of \$18,784 are budgeted for upgrading several wells in the RMP network with high resolution logging units. This equipment will allow for hourly groundwater level data to be collected.

Baseline Project: Basin Numerical Model

An update to the Agency's Basin Numerical Model is planned for FY 2024. This update will be prepared in coordination with the development of the GSP annual report. It will involve updating the model with observed groundwater levels from 2020 through 2023 and calculating changes in groundwater storage. The budget for this work is \$12,600.

Baseline Project: Well Registry

Expenses of \$29,500 are estimated for FY 2024 to develop a Groundwater Well Registry (Registry). The Registry will allow the Agency to collect well information from all private wells in the Basin. Data collected for the Registry may include construction logs, groundwater use type, groundwater extraction estimates, and date of well construction. The Registry is a critical element in the Agency's sustainable management of the Basin. Development of the Registry may extend into FY 2025.

Baseline Project: Voluntary Private Well Metering

A reasonable understanding of Basin extractions is important for sustainable management. The purpose of this program, which was originally implemented in 2021, is to encourage private wells owners to volunteer to participate in a program to meter private groundwater extractions. The Agency is proposing to cover all expenses associated with the installation of a flow meter on a private well(s) for purposes of monitoring groundwater extractions, level and/or quality to enhance the understanding of the Basin. Expenses of \$20,000 are estimated for FY 2024 and will be incurred from the installation of meter equipment and associated appurtenances on an estimated 5 private wells.

Baseline Project: Recharge Rebates

Expenses of \$3,000 are estimated for the Agency Staff to design and administer the groundwater recharge rebate program. This will be the first year of the program and the Agency is estimating between 3 to 4 rebates for FY 2024.

Baseline Project: Evaluate Groundwater/Surface Water Interactions

The adopted GSP for the Basin contains defined Sustainable Management Criteria (SMC) for DWR defined Sustainable Indicators. The Sustainable Indicator for the Interaction between Surface Water and Groundwater does not yet have defined SMCs due to a lack of available data. A Baseline Project defined in Chapter 4 of the GSP is to evaluate the interaction between Surface Water and Groundwater. Data collection and defining SMCs for this Sustainable Indicator prior to the required 5-year update of the GSP is necessary for regulatory compliance and is critical to the continued management of the Basin. Expenses for this project are budgeted at \$75,000 and would involve an evaluation of the possible means and methods for data collection and SMC development for this Sustainable Indicator. Data quantity, quality, cost, and regulatory requirements will be considered in this evaluation.

PUBLIC INFORMATION

The Public Information department expenses for FY 2024 are estimated to be \$30,019 which include department staff salaries and benefits, and ongoing public outreach for SGMA and GSP implementation, and to encourage stakeholder involvement.

LEGAL

Expenses of \$65,000 are estimated to be incurred for general and special legal services.

Non-Operating Expenses

Planned non-operating expenditures are shown in Table 7.

Table 7: Non-Operating Expenses

Groundwater Sustainability Agency FY2023/2024 Adopted Budget	FY 2021-2022 AUDITED FINANCIALS	FY 2022-2023 BUDGET	FY 2022-2023 FORECAST	FY 2023-2024 ADOPTED BUDGET
NON OPERATING EXPENSES				
Director Compensation	(1,705.60)	(7,480.00)	(7,500.00)	(7,246.08)
Travel Expenses	(735.15)	(1,375.00)	(2,437.29)	(2,000.00)
Professional Training	(690.00)	(500.00)	-	(500.00)
Reimbursement of MWD's past GSA Expenses	227,503.85	(280,638.39)	(280,638.39)	-
Total Non Operating Expenses	224,373.10	(289,993.39)	(290,575.68)	(9,746.08)

Non-operating expenses of \$9,746 are estimated for FY 2024, which include Agency Director compensation, travel expenses, and training. Board member compensation was calculated assuming 4 full board meetings and 10 committee meetings per year.

The reimbursement of MWD's past GSA expenses was designed to reimburse MWD for prior GSA related costs. The reimbursement total amount (\$841,915) was calculated from expenses MWD paid on behalf of the GSA from FY 2016 through FY 2020. The reimbursement of these costs was made to MWD in equal installments over a three-year period. No expenses are budgeted for FY 2024 because the Agency repaid MWD the total reimbursement amount in FY 2023.

Expense Assumptions

1. Zero-Based Budgeting

Methodology in which all expenses are justified for each new period.

2. GSP Implementation

The FY 2024 Budget represents year 1 of GSP Implementation.

3. Baseline Projects and Management Actions

The FY2024 Budget incorporates limited Baseline Projects and Management Actions as defined in Chapter 4 of the GSP due to limited funding.

4. Cost of Living Adjustment (COLA)

Determined using the Social Security Method, based on the U.S. Bureau of Labor Statistics Consumer Price Index for All Urban Consumers (CPI-U), Los Angeles-Long Beach-Anaheim, CA report for the 12-month period ending on March 31. COLA for FY 2024 is 4.83%. This COLA applies to all positions and excludes the General Manager.

5. Parcel Fee Administration

The Parcel Fee Administration is handled by NBS Government Finance Group.

6. Legal

Legal expenses shown in the Budget are a combination of regular and special legal counsel.

CAPTIAL EXPENDITURES

The Baseline Projects and Management Actions, as defined in the adopted GSP for the Basin are planned over the first 5 years of GSP implementation and will be pursued as authorized by the Board and subject to available funding. The FY 2024 budget focuses on monitoring and reporting and does not include capital expenditures.

RESERVES

The Agency has established a Board Committed reserve to aid in inconsistent cash flow timing and unforeseen expenditures pursuant to Water Code Sections 10730(a) and 10730.2(a)(1) which explicitly authorizes a prudent cash reserve. The reserve target is influenced by several factors including the timing of expenses and infrequency in revenue disbursements to the Agency throughout the Fiscal Year. Given the infrequency of revenue and the monthly recurrence of many expenses, the Board has established a cash reserve target of approximately six months of operating expenses, averaged over the first three Fiscal Years. To smooth the impact of the reserve on the new parcel fee, the Board elected to fund the reserve over three years beginning in FY 2021. Agency Reserves were funded in full as of the end of FY 2023.

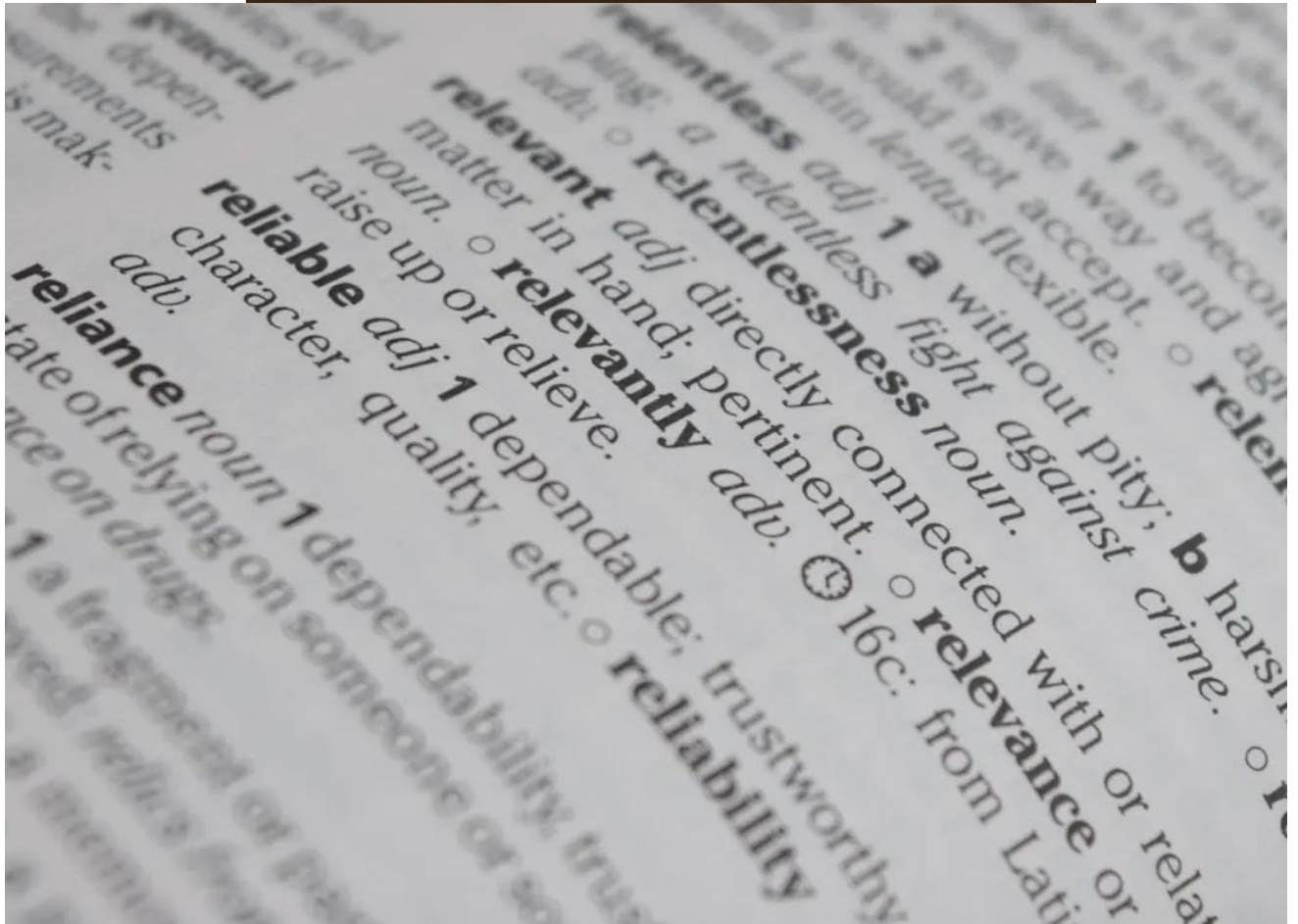
SURPLUS/DEFICIT

The spending plan projects a surplus of approximately \$907,120. The surplus is primarily attributable to \$1.09M of Prop 68 SGM Round 1 Grant Funding Reimbursements. The reimbursements are paid out through DWR for expenses incurred during FY2023 and will be used to offset the forecasted FY 2023 deficit.

Table 8: FY2024 Budget Summary Table

Groundwater Sustainability Agency FY2023/2024 Adopted Budget	FY 2021-2022 AUDITED FINANCIALS	FY 2022-2023 BUDGET	FY 2022-2023 FORECAST	FY 2023-2024 ADOPTED BUDGET
Total Revenue	1,398,217.15	2,435,926.21	1,210,095.09	1,873,784.96
Total Expenses	(749,176.15)	(1,932,982.94)	(2,046,133.11)	(966,664.77)
Net Fund Impact	649,041.00	502,943.27	(836,038.02)	907,120.19

GLOSSARY



TERMINOLOGY & DEFINITIONS

ACRE-FOOT (AF): A unit of measure equivalent to one acre covered by one foot of water (equal to 325,851 gallons or 435.6 hundred cubic feet of water).

ACCOUNT: A financial tool for tracking revenues, expenditures and other financial transactions.

ACCRUAL BASIS: The method of accounting that recognizes income when earned and expenses when incurred regardless of when cash is received or disbursed.

APPROPRIATION: a sum of money or total of assets devoted to a special purpose.

BALANCED BUDGET: A budget in which the expenditures incurred during a given period are matched by revenues.

BASIN: Montecito Groundwater Basin

BUDGET: A financial plan that identifies anticipated revenues, projected expenses, and establishes the amount of funding allocated for each.

DEFICIT: The excess of expenditures over revenues during an accounting period.

GOVERNMENTAL FUND: Primarily supported through fees and assessments.

EXPENDITURE: Decrease in net financial resources. Represents the actual payment for goods and services or the accrual thereof.

FISCAL YEAR: A twelve-month time period signifying the beginning and ending period for recording financial transactions. The Agency's Fiscal Year begins July 1 and ends June 30 of the subsequent year.

FUND: An accounting entity with a set of self-balancing accounts for recording the financial transactions of specific activities for a governmental organization.

OPERATING EXPENDITURES: Costs relating to labor, materials, repairs, equipment, and other costs required for daily operation of a department or fund.

PROGRAM: An activity or group of similar activities organized as a subunit of a department for planning and performance measurement purposes.

REVENUE: Income received through such sources as taxes, fines, fees, grants or service charges which can be used to finance operations or capital assets.

SURPLUS: The excess of revenues over expenditures during an accounting period.

ACRONYMS AND ABBREVIATIONS

AF	Acre Feet
AFY	Acre Feet per Year
Agency	Montecito Groundwater Basin Groundwater Sustainability Agency
Basin	Montecito Groundwater Basin (DWR Basin Number 3049)
Board	Board of Directors
COLA	Cost of Living Adjustment
CY	Calendar Year
DWR	California Department of Water Resources
FY	Fiscal Year
GFOA	Government Finance Officers Association
GSP	Groundwater Sustainability Plan
GSA	Groundwater Sustainability Agency
MWD	Montecito Water District
P&MA	Baseline Projects and Management Actions
RMP	Representative Monitoring Point
SGM	Sustainable Groundwater Management
SGMA	Sustainable Groundwater Management Act
SMC	Sustainable Management Criteria
SI	Sustainability Indicator
WY	Water Year