

RESOLUTION NO. 13

RESOLUTION OF THE BOARD OF DIRECTORS OF THE MONTECITO GROUNDWATER BASIN GROUNDWATER SUSTAINABILITY AGENCY ADOPTING A BUDGET FOR FISCAL YEAR 2025

WHEREAS, the Montecito Groundwater Basin Groundwater Sustainability Agency (“Agency”) 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 Agency 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 Agency developed 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 Agency Board of Directors (“Board”) adopted a GSP for the Basin and subsequently submitted it to DWR for review [Water Code §10727.8]; and

WHEREAS, the GSP includes and supports the Agency’s Sustainability Goal which is to prevent undesirable results and optimize long-term use of the groundwater basin for the benefit of all stakeholders [Water Code §10727.2 and Water Code §10727.4]; and

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

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

WHEREAS, the Agency prepared a budget for Fiscal Year 2025 that estimates revenues and expenses from all sources required for operations; and

WHEREAS, the Fiscal Year 2025 budget is consistent with the June 2020 *5-year Financial Plan and Fee Study* and proposes a balanced budget which, if implemented, will ensure that the Agency’s revenue will be sufficient to fund all planned expenses and reserve fund balances; and

WHEREAS, the proposed Fiscal Year 2025 budget has been reviewed by the Board of Directors at a Budget Workshop held on April 11, 2024, and feedback received has been incorporated into the Fiscal Year 2025 budget; and

WHEREAS, it has been determined to be in the best interest of the Agency to adopt the Fiscal Year 2025 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 2025 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, 2024, and ending June 30, 2025.
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 14th day of May 2024, by the following roll call vote:

AYES: Coates, Goebel, Hayman, Plough, Wicks

NOES:

ABSENT:

ABSTAIN:

APPROVED:



Brian Goebel, Board President

ATTEST:



Nicholas Turner, Board Secretary

ATTACHMENT "A"
TO
RESOLUTION NO. 13
FISCAL YEAR 2025 BUDGET

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MONTECITO
GROUNDWATER
BASIN
GROUNDWATER
SUSTAINABILITY
AGENCY



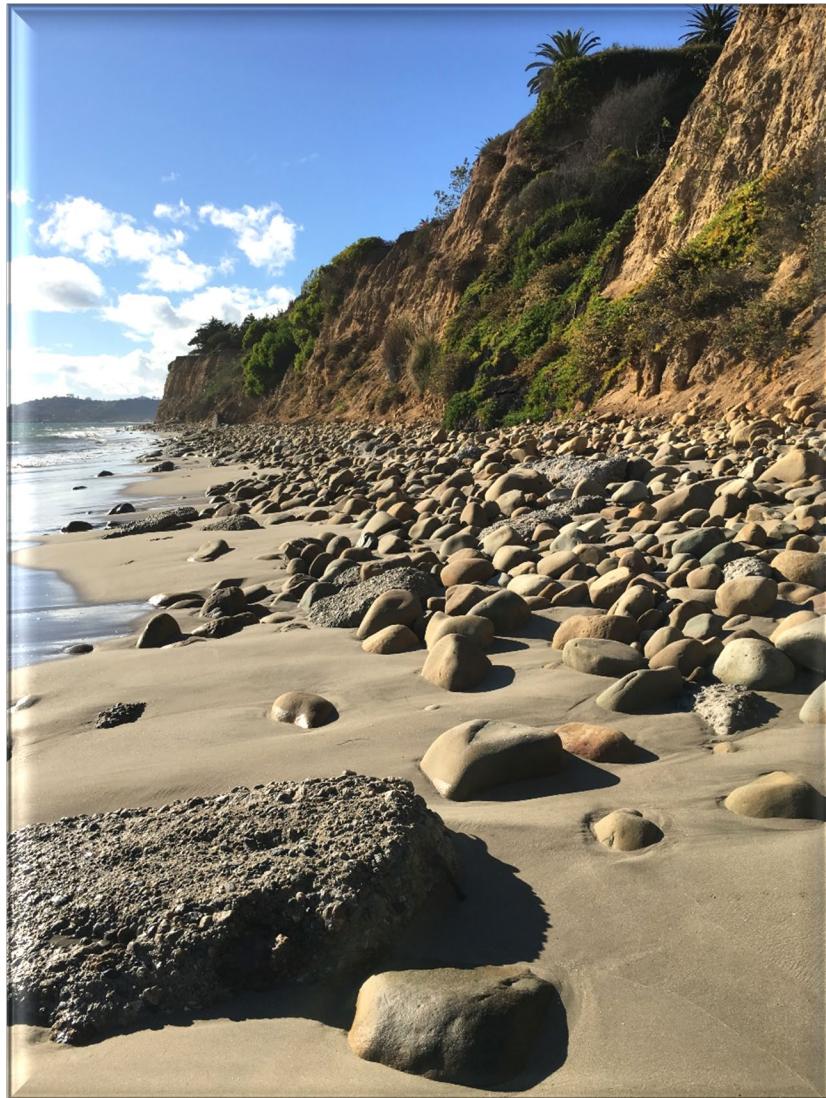
FISCAL YEAR 2025
BUDGET



ADOPTED MAY 14, 2024

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

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WHEREAS, it has been determined to be in the best interest of the Agency to adopt the Fiscal Year 2025 budget for the continued sound financial operation of the Agency;

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1. The certain documents referred to as the "Montecito Groundwater Basin Groundwater Sustainability Agency Fiscal Year 2025 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, 2024, and ending June 30, 2025.
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.

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NOES:

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Brian Goebel, Board President

ATTEST:



Nicholas Turner, Board 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 the Fiscal Year 2025 budget for the Montecito Groundwater Basin Groundwater Sustainability Agency (Agency). This budget was prepared by Agency Staff in collaboration with the Board of Directors. An extensive review and analysis were performed of the operational and capital needs of the Agency which supports the continued implementation of the Groundwater Sustainability Plan (GSP) and ongoing Basin management.

The budget serves as a policy document to guide management actions for Fiscal Year 2025. 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 Sustainable Groundwater Management Act (“SGMA”) enacted in 2014 requires all high and medium priority non-adjudicated groundwater basins, as designated in Bulletin 118 issued by the California Department of Water Resources (“DWR”), to be managed by groundwater sustainability agencies and that such management be accomplished pursuant to groundwater sustainability plans (“GSP”). The requirements of the 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 DWR of its intention to become the Groundwater Sustainability Agency (GSA) for the Montecito Groundwater Basin (Basin) pursuant to the SGMA. In November 2018, the DWR declared MWD the exclusive GSA for the Basin.

In February 2019, the DWR finalized its groundwater basin reprioritization process designating the Basin as “medium” priority, thereby mandating compliance with the SGMA. The MWD formed Montecito Groundwater Basin Groundwater Sustainability Agency (Agency) on April 29, 2019, through the Board of Directors’ adoption of Resolution 1, a founding resolution of the Agency. Except for the sharing resources such as staffing and office space, as memorialized in Resolution 12, the Agency operates as a separate legal entity from MWD.

In accordance with the SGMA, the Agency shall reasonably and equitably manage the Basin to protect and enhance its health. The authorities of the Agency are granted pursuant to the SGMA legislation and advisory and decision-making responsibilities are vested in the Board of Directors (Board or Directors). The term “Director(s)” shall mean the elected and/or appointed representatives of MWD, 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.

The SGMA requires all groundwater basins designated as medium and high priority be sustainably managed by a GSA by 2040, or 20 years following reprioritization. Between 2019 and 2023, the Agency developed the GSP for the Basin. After years of extensive data gathering, analysis, and modeling, the GSP concluded that the Basin is in relatively good health and that it is not currently experiencing undesirable results as defined by the SGMA. The GSP revealed areas in which the Agency would benefit from additional information to gain an even better understanding of the Basin and to assist in its future monitoring and management.

Following a four-year process involving expert consultants and significant public involvement, the Agency adopted its GSP for the Basin on May 19, 2023. The adopted GSP was subsequently submitted to DWR on June 22, 2023, for review. As of the beginning of FY2025, the DWR review remains ongoing and may take up to 2 years. Immediately following adoption, the Agency began implementation of the GSP which focuses on additional data gathering, monitoring, and reporting.

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 located 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 primarily for residential use, 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 and 2023/2024 wet winters.

The Basin, its storage units, and its relationship with MWD and neighboring public agencies are shown in Figure 1.

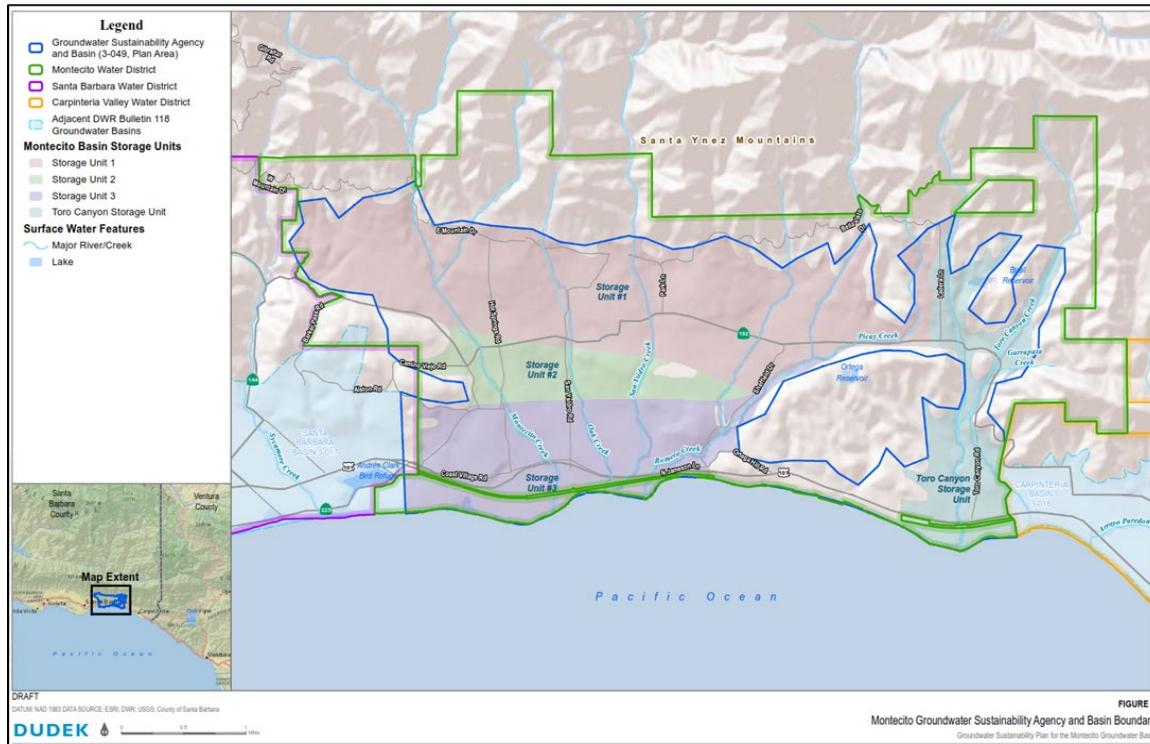


Figure 1: Montecito Groundwater Basin Boundary

GROUNDWATER SUSTAINABILITY PLAN

SGMA mandates high- and medium- priority basins be sustainability managed by 2042, or 20 years following reprioritization. The Agency adopted the GSP for the Basin on May 19, 2023, and subsequently submitted it to DWR on June 22, 2023, for review and approval. This review and approval is expected within 2 years. With reprioritization having occurred in 2019, the Basin must achieve sustainability by 2043.

The development of the GSP for the Basin as an intensive 4-year effort that resulted in a substantially enhanced understanding of the Basin. Consistent with the findings in the GSP, 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. In FY 2025, which is year 2 of GSP implementation, the Agency's focus will be on data gathering and implementing monitoring projects and management actions which are not capital intensive.

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

FINANCIAL PLAN AND GSA FEE

In June 2020, the Agency adopted a 5-year Financial Plan and Fee Study (Study) that established groundwater basin fees for fiscal years (FY) 2021 to 2025 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 sets forth the methodology for charging a basin fee, 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. The adopted fees 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 and its adoption comply with the requirements of the California Constitution and other applicable California law, including the SGMA.

The Fee is assessed annually by the Santa Barbara County Assessor's office Department of Audit on each parcel overlying the Basin and 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. A 2016 Groundwater Basin Recharge Feasibility Study (Feasibility Study), prepared by Dudek estimated total groundwater pumped from the Basin at 2,422-acre feet per year (AFY) for 2017 and private pumping at 2,001 AFY. MWD production records for the same period indicate 421 AFY.

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

Pumper	Estimated Groundwater Extraction (AFY)	% Share
MWD	421	17.4%
Private	2,001	82.6%
Total	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.

RESERVE FUND

In addition to the estimated operating expenses, the Agency has an established Rate Stabilization Fund. Water Code Sections 10730(a) and 10730.2(a)(1) explicitly authorize prudent cash reserves. 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.

Based on the infrequent revenue disbursements and the monthly recurrence of expenses, the Board has established a target for the Rate Stabilization Reserve of \$500,000 for FY2025. This target represents approximately six months of operating expenditures and is reduced from the prior year reserve target of \$825,000. This reduced reserve better aligns with the Agency's operating and cash flow needs. The Rate Stabilization Reserve target was adopted by the Board via Resolution 14 on May 14, 2024.

FY 2025 BUDGET



UNDERSTANDING THE BUDGET & BUDGET PROCESS

THE BUDGET

This budget is a foundational financial document that projects revenues and expenditures including capital projects for FY 2025. This FY 2025 budget covers the period beginning July 1, 2024, and ending June 30, 2025.

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 BUDGET PROCESS & SCHEDULE

FEBRUARY: A preliminary budget was developed based on the Agency's anticipated needs, consistent with the GSP, for FY2025.

MARCH: The preliminary budget was presented to the Agency's Finance Committee at its meeting of March 25, 2024, and committee feedback was incorporated.

APRIL: A Budget Workshop with the Board was held on April 11, 2024. Following the workshop, Board input was incorporated.

MAY: Final review and adoption of the FY 2025 Budget by the Board of Directors took place on May 14, 2024, via Resolution 13.

BUDGET AMENDMENTS

The Agency's Board may formally amend the budget after adopted.

Pursuant to the Agency's policy concerning the authorities of officers to execute contracts and instruments, the General Manager has authority to enter into contracts and agreements for budgeted studies and projects and expend funds up to \$200,000. Expenditures in excess of \$200,000 require approval of the Board. The General Manager may make emergency purchases and contract for work in excess of \$200,000, but emergency purchases require advance concurrence of the Board President and subsequently must be ratified by the Board at its next regular meeting. 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, if any. The Agency's accounting is managed by MWD using fund accounting. Each fund is a 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 2025 BUDGET SUMMARY



OVERVIEW

The FY 2025 budget anticipates \$811,959 in revenue, and \$1.04M in expenditures. The spending plan reflects the expenses necessary to conduct Agency operations, and the second 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. These 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 2025 budget focuses on continued data acquisition, monitoring and reporting and does not include capital expenditures.

The spending plan projects expenditures in excess of revenue by approximately \$228,537. This is attributable to the implementation of various projects and management actions necessary to advance the Agency's understanding of the Basin and to assist in its future monitoring and management. The Agency is projected to have sufficient unassigned funds, inclusive of the \$500,000 reserve target, to fully cover the deficit. With the transfer of unassigned funds into the operating account to cover the deficit, the FY 2025 budget is balanced.

Additionally, the spending plan projects approximately \$500,000 in unassigned funds at the end of FY 2025. These funds are surplus from prior fiscal years. These unassigned funds are available for use at the Board's discretion.

REVENUE

Planned revenue for FY 2025 includes Parcels Fees, MWD Fee Payment, and interest revenue as shown in Table 4.

Table 4: Revenues

Groundwater Sustainability Agency Preliminary BUDGET For Fiscal Year Ending June 30, 2025	FYE 2024 ADOPTED	FYE 2024 FORECAST	FYE 2025 PRELIM	FAVORABLE (UNFAVORABLE)	% OF DRAFT VS FORCAST
	BUDGET		BUDGET		
REVENUE					
Parcel Fees: Prop 218 Fee	649,958	657,444	649,958	(7,486)	-1%
MWD Fee Payment	139,503	139,501	139,501	-	0%
Prop 68 SGM Round 1 Grant Funding Reimbursements	1,096,324	1,096,325	-	(1,096,325)	-100%
Other: Interest Revenue	-	3,333	22,500	19,167	n/a
Total Revenue	1,885,785	1,896,603	811,959	(1,084,644)	-101%

PARCEL FEES: GROUNDWATER SUSTAINABILITY FEE

The schedule of Parcel Fees, referred to as the “Montecito GSA Groundwater Sustainability Fee”, is submitted annually in July to the Santa Barbara County Assessor. The Agency typically receives revenue from the County Assessor twice per year, a portion in December and the remainder the following April. The Fee is collected from all parcels that overlie the Basin, excluding parcels owned by government and public agencies, and is based on acreage. The Fee for FY 2025 is \$120/acre, as shown in Table 2. The planned total Fee revenue for FY 2025 is \$649,958.

MWD FEE PAYMENT

As the sole municipal water provider overlying the Basin and with customers directly benefiting from groundwater use, MWD is responsible for a share of the Agency’s costs. This share is based on MWD’s estimated groundwater extractions compared to estimated total Basin extractions. MWD share was determined in the 2020 Fee Study to be 17.4% of all future costs, net of grants. The FY 2025 budgeted revenue for the MWD Fee Payment is \$139,501.

GRANT FUNDING

The Agency does not anticipate receipt of grant funding in FY 2025. The Agency continuously monitors for available grant funding and intends to pursue opportunities should they arise.

OTHER: INTEREST REVENUE

Interest Revenue is estimated at \$22,500 for FY 2025 based on an assumed invested fund balance of \$500,000.00 and interest rate of 4.5%.

EXPENSES

Planned expenses for FY 2025 are consistent with the 2020 Fee Study.

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.

Pursuant to Resolution No. 12, the Agency shares resources with MWD including staffing. Based on historical activity, staffing expenses such as salaries and benefits are allocated between the Agency and MWD on a percentage 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 Agency
General Manager	20%
Assistant General Manager	10%
Business Manager	10%
Groundwater Specialist	100%
Public Information Officer	15%
Administrative Assistant	5%
Intern	100%

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

Table 6: Operating Expenses

Groundwater Sustainability Agency Preliminary BUDGET For Fiscal Year Ending June 30, 2025	FYE 2024 ADOPTED	FYE 2024 FORECAST	FYE 2025 PRELIM	FAVORABLE (UNFAVORABLE)	% OF DRAFT VS FORCAST
OPERATING EXPENSES		BUDGET	BUDGET		
ADMINISTRATION	(206,389)	(198,705)	(272,093)	7,685	-4%
ENGINEERING	(677,033)	(644,141)	(653,224)	(88,953)	13%
PUBLIC INFORMATION	(30,019)	(31,265)	(32,689)	(1,424)	5%
LEGAL	(65,000)	(30,929)	(40,000)	(9,071)	14%
Total Operating Expenses	(978,441)	(905,039)	(998,006)	(91,763)	9%

ADMINISTRATION

The Administration department expenses for FY 2025 are estimated to be \$272,093, which includes all administrative duties including management and finance. The department includes costs associated with office space, utilities, equipment, fuel, subscriptions, and insurance. Additionally, extraordinary administrative costs such as a 2025 Fee Study are included in this department.

ENGINEERING

The Engineering department expenses for FY 2025 are budgeted to be \$653,224 and include all engineering related duties such as data acquisition, Basin monitoring, and annual reporting. The Engineering department expenses are further detailed in Table 7.

Table 7: Engineering Expenses

Groundwater Sustainability Agency FY2024/2025 Unaudited PROJECTCOSTS Preliminary BUDGET	FYE2024 BUDGET	FYE2024 FORCAST	FY 2025		% OF DRAFT VS FORCAST
			DRAFT	FAVORABLE (UNFAVORABLE)	
G02 Reporting (Outside Services)	60,307	60,218	57,000	(3,218)	5%
G03 RMP Monitoring	54,920	66,360	137,132	70,772	-129%
G06 Stream Monitoring	160,130	159,431	125,000	(34,431)	22%
G03/G06 Monitoring	215,050	225,791	262,132	36,341	-17%
Total Reporting & Monitoring	275,357	286,008	319,132	33,124	-12%
Projects & Management Actions					
P&MA: G04 Basin Numerical Model	12,600	9,000	140,000	131,000	1040%
P&MA: G05 Voluntary Private Well Metering	20,000	8,712	15,000	6,288	31%
P&MA: G10 Upgrade RMP Well Network	18,784	14,624	-	(14,624)	-78%
P&MA: G11 Well Registry	29,500	26,537	42,340	15,803	54%
P&MA: G12 Recharge Rebates	15,000	14,559	15,000	441	3%
P&MA: G13 Evaluate Groundwater/Surface Water Interactions	75,000	78,313	15,000	(63,313)	-84%
Total Projects & Management Actions	170,884	151,746	227,340	75,594	44%
Total Project Costs	446,241	437,754	546,472	108,718	-24%
General Engineering				106,752	106,752
Total Engineering Expenses	446,241	437,754	653,224	215,470	-48%

Annual Reporting

Expenses of \$57,000 are budgeted for the development of the Agency's second GSP annual report, which is required by DWR. This report will incorporate data collected on basin conditions for Water Year (WY) 2024 (October 1, 2023 – September 30, 2024) and is due on or before April 1, 2025. The Agency will coordinate with a consultant to prepare the annual report.

Monitoring

Expenses of \$262,132 are budgeted for FY 2025 for continued monitoring of Basin conditions. Monitoring includes collecting data using the Agency's defined monitoring well networks,

individual wells referred to as Representative Monitoring Points (RMP). Groundwater levels and water quality, including for potential seawater intrusion will be monitored at various RMPs.

Streamflow is a significant contributor to Basin recharge and is an important component of the Basin water budget. Streamflow over the Basin is intermittent, and flows are highly variable, which presents challenges for estimating recharge. Streamflow monitoring will continue on four creeks that traverse the Basin at nine locations. Monitoring includes the use of installed equipment and monthly manual measurements. Stream flow monitoring will be performed by a consultant and is budgeted for \$137,132. This budgeted amount assumes WY 2025 will present average rainfall conditions. Should hydrologic conditions differ, the required monitoring and associated budget may require modification.

Baseline Project: Basin Numerical Model

An update of the Agency's Basin Numerical Model, a groundwater and surface water computer model, is planned for FY 2025. This update will occur in coordination with the preparation of the GSP annual report. The model update involves updating both the surface water and groundwater portions and integrating the two. The model will be updated with the latest streamflow data and observed groundwater levels. The intent of this project is to develop a well constrained model that will aid in the estimation of changes in groundwater storage in the Basin. The model update will be prepared by a consultant and has a budget of \$140,000.

Baseline Project: Well Registry

In April 2024, the Agency instituted a well registration program (Registry). The expenses associated with the implementation of the Registry in FY 2025 are \$42,340. The Registry allows the Agency to collect well information from all groundwater wells in the Basin. Data to be collected for the Registry includes current owner and operator contact information and well status and, if known, well construction information, and extraction estimates. This additional information will help refine model estimates, improve the understanding of groundwater conditions, and inform Basin management.

Baseline Project: Voluntary Private Well Metering

A reasonable understanding of Basin extractions is important for sustainable management. The purpose of this stakeholder incentive program, which was originally implemented in 2021, is to encourage private well owners to volunteer to participate in the Agency's groundwater monitoring 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 Basin conditions. The budget for the voluntary private well metering program is \$15,000, which will

cover the cost of installing meter equipment and associated appurtenances on an estimated 5-10 private wells.

Baseline Project: Recharge Rebates

In April 2024, the Agency adopted a Rebate Program to provide funding for small scale projects on private property that encourage infiltration of localized runoff into the Basin such as raingardens and the conversion of impermeable surfaces to permeable surfaces. The budget for this stakeholder incentive program is \$15,000.

Baseline Project: Evaluate Groundwater/Surface Water Interactions

The GSP for the Basin contains defined Sustainable Management Criteria (SMC) for the Sustainable Indicators (SI) defined by DWR. The SI for the Interaction between Surface Water and Groundwater does not yet have defined SMCs due to a lack of available data. The GSP includes a Baseline Project to acquire the necessary data to define the SMCs for this SI in the 5-year update of the GSP. In FY 2024 the Agency began development of an Interconnected Surface Water Compliance Plan (ISW Plan). This work is projected to be completed in early FY 2025. Expenses budgeted in FY 2024 for completion of the ISW Plan will carry forward into FY 2025 in the amount of \$15,000. Additional expenses relating to defining SMCs for this SI are not included in this Budget but may be added later in FY2025, subject to the findings of the ISW Plan and Board direction.

PUBLIC INFORMATION

The Public Information department expenses for FY2025 are estimated to be \$32,626 which include ongoing public outreach for SGMA and GSP implementation, and to encourage stakeholder involvement.

LEGAL

Expenses of \$40,000 are estimated to be incurred for general and special legal services.

Depreciation

Depreciation expense of \$30,000 is projected during FY2025 on two monitoring wells completed during FY2024. One well is located on the Santa Barbara County property and the other on Montecito Sanitary District property.

Non-Operating Expenses

Planned non-operating expenditures are shown in Table 8.

Table 8: Non-Operating Expenses

Groundwater Sustainability Agency Preliminary BUDGET For Fiscal Year Ending June 30, 2025	FYE 2024	FYE 2024	FYE 2025	FAVORABLE	% OF
	ADOPTED	FORECAST	PRELIM	(UNFAVORABLE)	DRAFT VS
	BUDGET	BUDGET	BUDGET	BUDGET	FORCAST
NON OPERATING EXPENSES					
Director Compensation	(7,246)	(5,973)	(9,990)	(4,017)	55%
Travel Expenses	(2,000)	(667)	(2,000)	(1,333)	67%
Professional Training	(500)	(347)	(500)	(153)	31%
Reimbursement of MWD's past GSA Expenses	-	-	-	-	0%
Total Non Operating Expenses	(9,746)	(6,986)	(12,490)	(5,504)	56%

The non-operating expenses of \$12,490 include Agency Director compensation, travel expenses, and training. Board member compensation was calculated assuming 6 full board meetings and 14 committee meetings per year. This is an increase from FY 2024 as several additional board and committee meetings are planned for FY 2025 due to the planned 2025 Fee Study.

Budget Assumptions

1. Zero-Based Budgeting

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

2. Baseline Projects and Management Actions

The FY2025 Budget incorporates Baseline Projects and Management Actions as defined in Chapter 4 of the GSP. No capital projects are budgeted.

3. 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 2025 is 3.3%. This COLA applies to all positions and excludes the General Manager.

CAPITAL 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 2025 budget focuses on data acquisition,

monitoring and reporting and does not include capital expenditures. Depending on the results of the ISW Plan, the Board may elect to direct funds to capital projects later in FY 2025.

RESERVES

The Agency has an established Board Committed Stabilization Reserve to aid with cash flow 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 throughout the Fiscal Year. The Board established reserve target, adopted in Resolution No. 14, is \$500,000 which is approximately six months of operating expenses.

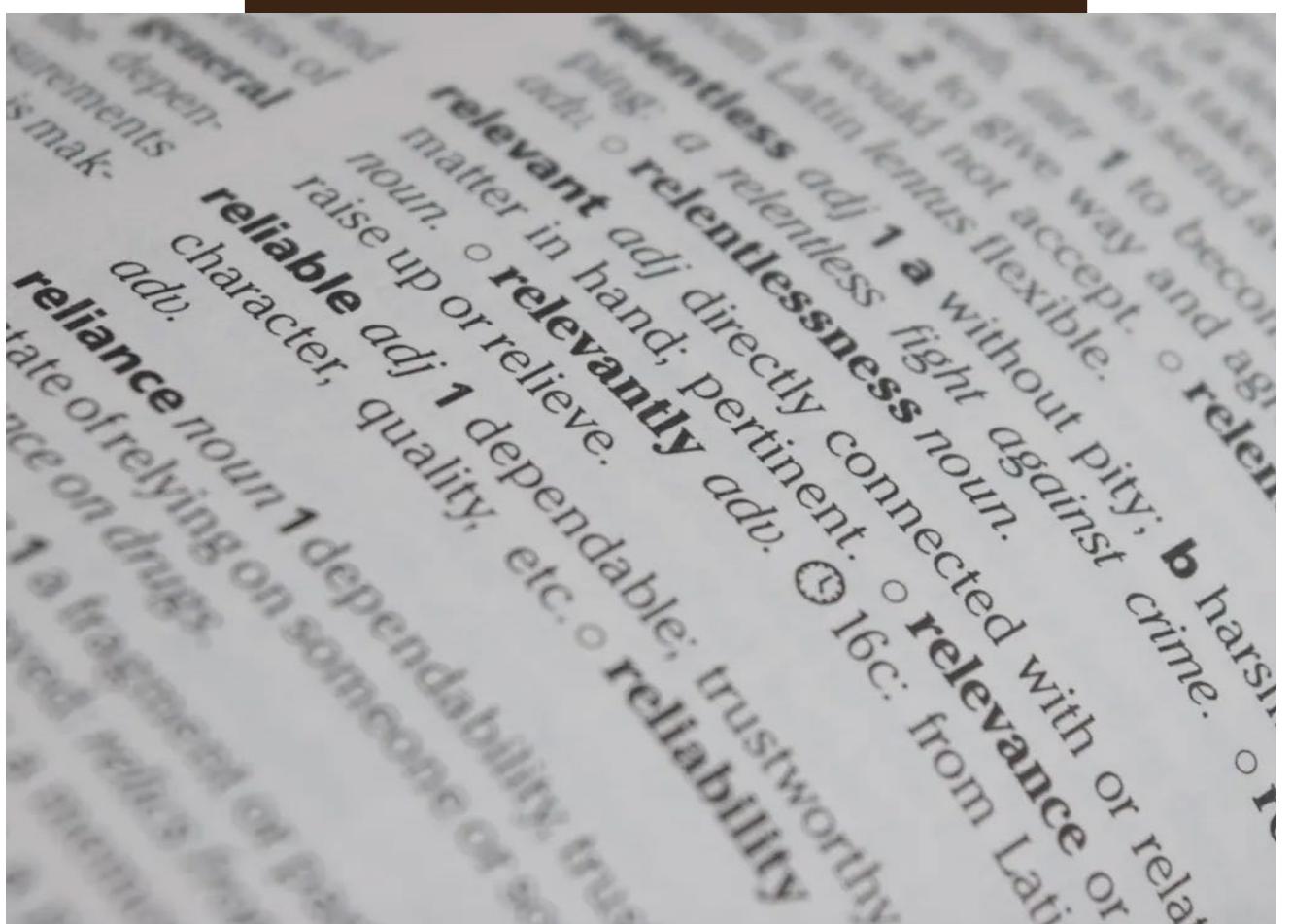
SURPLUS/DEFICIT

The spending plan projects expenditures in excess of revenue by approximately \$228,537. This is attributable to the implementation of various projects and management actions necessary to advance the Agency's understanding of the Basin and to assist in its future monitoring and management. The Agency is projected to have sufficient unassigned funds, in addition to the \$500,000 reserve target, to fully cover the deficit.

Table 9: FY2025 Budget Summary Table

Groundwater Sustainability Agency Preliminary BUDGET For Fiscal Year Ending June 30, 2025	FYE 2024 ADOPTED BUDGET	FYE 2024 FORECAST	FYE 2025 PRELIM BUDGET	FAVORABLE (UNFAVORABLE)	% OF DRAFT VS FORCAST
REVENUE					
Total Revenue	1,885,785	1,896,603	811,959	(1,084,644)	-101%
Total Operating Expenses	(978,441)	(905,039)	(998,006)	(91,763)	9%
Operating Net Surplus / (Deficit)	907,344	991,564	(186,047)	(1,176,407)	-130%
Operating Net Surplus / (Deficit) after Depreciation	907,344	991,564	(216,047)	84,220	9%
Total Non Operating Expenses	(9,746)	(6,986)	(12,490)	(5,504)	56%
Net Surplus / (Deficit) Before Capital Expenditures	897,598	984,577	(228,537)	78,716	9%
Total Capital Expenditures	-	(27,555)	-	27,555	n/a
Total Expenditures	(988,187)	(939,581)	(1,040,496)	(100,915)	10%
Fund Impact After Capital Expenditures	897,598	957,022	(228,537)	(1,185,559)	-132%
Stabilization Reserve - From Reserve/(To Reserve)	(897,598)	(957,022)	228,537	1,185,559	-132%
Net Fund Impact	0	0	0	(0)	

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.

FUND BALANCE: Fund balances are classified as non-spendable, restricted, committed, assigned and unassigned. Restricted fund balances have external restrictions. Committed and assigned funds are Board directed purpose constraints with committed funds having a constraint imposed by formal action of the Board. Unassigned funds are unrestricted and available for ordinary expenditures.

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
GASB	Governmental Accounting Standards Board
GAAP	Generally Accepted Accounting Practices
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