PROPOSED SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY 5-YEAR FUNDING FRAMEWORK

June 18, 2026

Overview of Funding Needs

The estimated average annual operating cost for SGMA compliance activities, including a GSP periodic evaluation and potential GSP amendment, is $687,000 per year over the 5-year period beginning July 1, 2026.

MGA will continue to pursue grant funding for both SGMA compliance costs and projects that benefit the Basin. MGA will continue to participate in the Small GSAs Coalition to advocate for regulatory relief and additional funding support to reduce SGMA compliance costs. Still, the primary source of funding is anticipated to be provided by the Member Agencies contributions.

Proposed Cost Allocation (FY 2026–2031)

For the 5-year period July 1, 2026 through June 30, 2031, the proposed proportional cost allocation is as follows:

- Central Water District = 10%
- City of Santa Cruz = 25%
- County of Santa Cruz = 10%
- Soquel Creek Water District = 55%

These percentages reflect the combined allocation of administrative and technical program costs.

Basis for Allocation

- Administrative Costs: Allocated equally (25% per agency) to reflect the equal benefit from the shared administration and governance of the MGA as a Groundwater Sustainability Agency.
- Technical Costs: Weighted toward the coastal portions of the Basin to reflect higher expenditures that are incurred due to seawater intrusion and the associated monitoring, data collection and management, planning, analyses, modeling, and SGMA related costs.

Key Policy and Planning Provisions

Cost Reduction Target: Identify opportunities to reduce average annual costs by approximately 20% (to ~$550,000) by the end of the five-year period.

Organizational Efficiency: Evaluate structural and operational efficiencies, including potential updates to the Joint Powers Agreement and Bylaws.

Allocation Adjustments: As needed, re-evaluate the cost allocation formula for any unanticipated single expense of $100,000 or greater not included in the approved budget.

In-Kind Contributions: Identify and quantify member agency in-kind contributions related to SGMA compliance for consideration in the next funding period.

Non-De Minimis Pumpers: Continue to evaluate potential SGMA compliance costs attributable to non-de minimis pumpers and whether a future fee structure is warranted.

De Minimis Pumpers: No fees are proposed at this time; this may be revisited if new information indicates a material impact on basin conditions or program costs.