



Sacramento Central Groundwater Authority Board of Directors Regular Meeting

**April 16, 2026, 9:00 AM
Rancho Cordova City Council Chambers
2729 Prospect Park Drive
Rancho Cordova, CA 95670**

NOTE: Directors Brett Ewart and Barbara Evoy will be participating remotely from 2480 S Glebe Rd, Arlington, VA 22206, and 5315 Lower Honoapiilani Road, Lahaina, HI 96761, respectively, pursuant to the Brown Act.

Members of the public may attend in person, remotely via Zoom, or by phone.

Please click the link below to join the meeting:

<https://zoom.us/j/99572742894>

Or Telephone: US: +1 669 900 6833

Meeting ID: 995 7274 2894

Passcode: 965654

Remote public participation is for convenience only and not required by law. If the remote connection offered via Zoom link or by phone fails for any reason, the meeting may be paused while a fix is attempted, and the meeting may continue at the discretion of the Board chairperson.

1. Convene

- 1.1. Call to Order and Roll Call**
- 1.2. Pledge of Allegiance**
- 1.3. Closed Session Report (None)**
- 1.4. Additions or Deletions to the Agenda**
- 1.5. Public Comments**

2. Presentations

Items either originate from outside parties or are informative in nature.

2.1. Omochumnee-Hartnell Water District (OHWD) Annexation Plan: Michael Wackman, Omochumnee-Hartnell Water District

2.2 Water Forum Update: Ashlee Casey, Water Forum
[Factsheet included in packet](#)

3. Administrative (None)

Items are informational in nature and do not include an agenda report.

4. Consent

Items are routine in nature, may include agenda reports, and be approved in one motion.

4.1. Minutes of the February 2025 Regular Board Meeting

[Minutes included in packet](#)

Recommendation: Approve minutes of the February 11, 2026 Board meeting

4.2. Annual Report Water Year (WY) 2025

[Agenda report included in packet](#)

[Link to Annual Report WY 2025](#)

Recommendation: Receive and file the South American Subbasin Annual Report for Water Year (WY) 2025.

5. Public Hearing (None)

Items include an agenda report with recommendations, an oral staff report or presentation.

6. Business

Items are complex in nature, considered individually, and each item includes an agenda report with recommendations and an oral staff report or presentation.

6.1. Financial Policy

[Agenda report included in packet](#)

[Summary of Changes SCGA Financial Policy](#)

[Resolution 2026-02 included in packet](#)

[Financial Policy included in packet](#)

Recommendation: Adopt Resolution 2026-02 establishing a Financial Policy.

6.2. Financial Report February 2026

[Agenda report included in packet](#)

[SCGA Financial Report 2026-02-28 included in packet](#)

Recommendation: Receive and file financial report for the period ending February 28, 2026.

6.3. Budget FY 2027 Draft

[Agenda report included in packet](#)

[Budget FY 2027 Draft included in packet](#)

Recommendation: Discuss and provide input.

6.4. GSP 2027 Periodic Evaluation

[Agenda report included in packet](#)

[Presentation GSP 2027 Periodic Evaluation Status included in packet](#)

Recommendation: Discuss and provide input.

7. Staff Reports

7.1. General Manager Update (Oral)

7.2. Water Bank Working Group Report

[Memorandum included in packet](#)

7.3. Ad Hoc Committee Report (Oral)

7.4. SASb GSA Update (Oral)

8. Directors' Reports

Opportunity for members of the Board of Directors to provide oral reports on matters related to the agency.

9. Written Correspondence (None)

Letters, Emails

10. Closed Session (None)

11. Report on Closed Session (None)

12. Future Items

- County Drought Plan
- Harvest Water Update

13. Meetings and Event Calendar

- ACWA Spring Conference, Sacramento, May 5-7
- SGMA Implementation Summit, Clovis, June 2-4
- GRA Western Groundwater Conference, Palm Springs, September 28-30

14. Adjournment

The next regular meeting of the Sacramento Central Groundwater Authority Board of Directors is scheduled for June 18, 2026.

Accommodations under the ADA

Pursuant to the Americans with Disability Act (ADA), any person in need of any type of special equipment, assistance or accommodations in order to effectively participate at this meeting is asked to make a request to email or phone no later than 5 p.m. two business days prior to the meeting.

Agenda Posting

The agenda was posted in accordance with the Ralph M. Brown Act and AB 2647, and the agenda packet is made available at the meeting.



Water Forum 2050

A Regional Commitment to Water Reliability and a Healthy River

A New Agreement for Addressing Threats from Climate Change

The lower American River is a crown jewel of the Sacramento region. It provides drinking water to nearly 2 million people, supports 43 fish species, protects communities from flooding, and offers recreation for thousands of residents. But climate change is putting all of this at risk:

- Hotter temperatures and more frequent droughts reduce river flows and water quality
- Changes in snowpack and runoff threaten surface water supplies
- Increased demand strains local sources
- External claims on American River water are likely to grow
- Regulations are evolving, requiring new tools and strategies

To meet these challenges, Water Forum members are finalizing a new, forward-looking agreement—Water Forum 2050—to guide regional action for the next 25 years.

The Water Forum

- *A collaborative venue for diverse interests to address complex water issues.*
- *A regional voice in state and federal water policy.*
- *Crucial for navigating climate change impacts on the region’s water supplies and lower American River environment.*
- *Unmatched contributions to enhancing and investing in the lower American River environment.*
- *An essential foundation for sustainable water management.*

For more than 25 years, the Water Forum has brought together business leaders, environmental advocates, water providers, community groups, and local governments to protect the Sacramento region’s water supply and the lower American River. This unique partnership helps resolve conflicts, invest in sustainable water solutions, and protect one of the region’s most valuable natural assets—the lower American River.

As a result of the original Water Forum Agreement, signed in 2000, the region has advanced major infrastructure projects with broad regional support. The Water Forum has also improved the health of the lower American River through its habitat program, enhanced scientific understanding gained through monitoring activities, and developed and implemented a Flow Management Standard. This alignment of regional priorities has fostered a culture of trust and transparency among diverse interests, enabling the region to respond more quickly to crises—such as extended drought—without high levels of conflict.

Water Forum Coequal Objectives: *Provide a reliable and safe water supply for the region’s economic health and planned development through to the year 2050; and Preserve the lower American River’s fishery, wildlife, recreational, and aesthetic values.*

Water Forum 2050

A Roadmap for Resilience: Five Program Areas

Water Forum 2050 is organized into five key program areas. Each supports the coequal objectives and provides a framework for action, collaboration, adaptation, and accountability over the next 25 years.

American River Flows and Operations

Focuses on protecting flows and water temperatures in the lower American River to support fish and ecosystem health while maintaining regional water supply reliability.

- Implements a Flow Management Standard for dam operations and river health
- Advocates for flexible flood operations that also support water storage and temperature management
- Promotes partnerships with federal agencies to support the coequal objectives in managing Folsom Reservoir

American River Corridor Health

Builds on past success to enhance habitat, restore natural resources, and balance human and environmental needs in the lower American River corridor.

- Coordinates habitat enhancement, monitoring, and adaptive management
- Leverages local, state, and federal funding
- Navigates the unique challenges of managing an urban Wild and Scenic River

Regional Water Supply Sustainability

Supports regional water providers in managing surface and groundwater supplies to improve long-term water security and reduce pressure on the river.

- Provides tools and principles for surface water, groundwater, and demand management
- Coordinates “Dry Time Actions” to safeguard supply and river health during drought
- Promotes demand management and water efficiency

American River Climate Adaptation Program (ARCAP)

ARCAP offers a better way for the region to manage water as climate conditions become more extreme. It enhances the five Program Areas by voluntarily linking agencies, infrastructure, and policies—creating a truly regional water system where water is managed by agencies to be available when and where it’s needed, and cold water is preserved in the American River for fish and future supply is protected.

The program centers on identifying, evaluating, and directing additional volumes of regionally developed water—called ARCAP water—through conservation, groundwater recharge, upstream reservoir operations, and shifts in supply sources. The goal of ARCAP will be for the water to be stored and managed for use during critically dry periods, providing benefits when they’re needed most: reducing river temperatures, supporting fish and wildlife, and helping avoid shortages for communities across the region.

ARCAP enhances the five Program Areas by voluntarily linking agencies, infrastructure, and policies so that water is available when and where it’s needed, and cold water is preserved in the American River for fish and future supply.

Science, Monitoring, & Decision Support

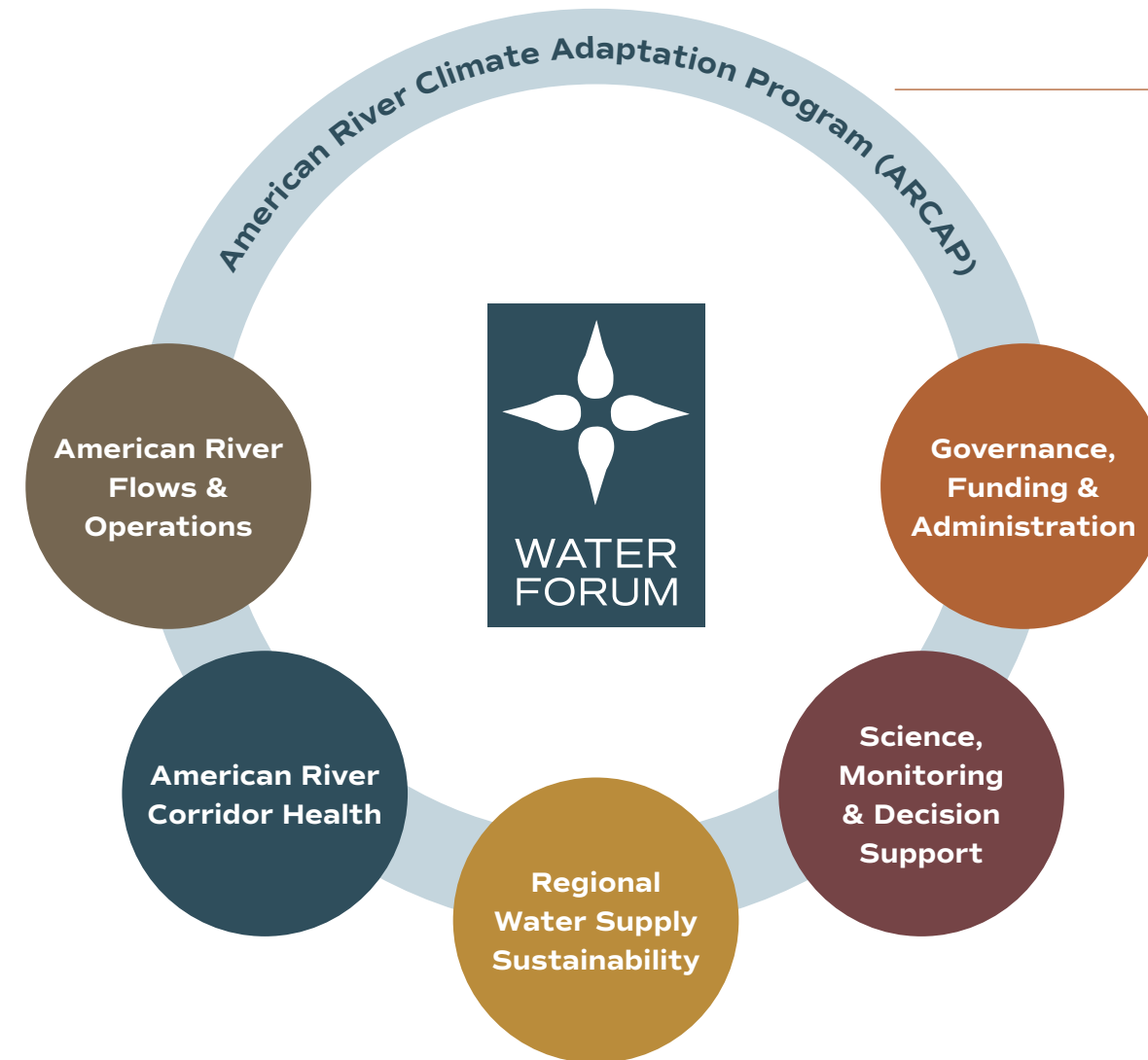
Provides the scientific foundation for Water Forum programs and supports adaptive management of the lower American River and regional water resources.

- Tracks progress toward the coequal objectives through measurable indicators
- Collects and analyzes data to guide habitat enhancement, flow, and water management decisions
- Shares findings through public reports, symposia, and partnerships

Governance, Funding, & Administration

Provides a path for the Water Forum to remain an effective, well-resourced, and transparent organization.

- Defines roles, responsibilities, and representation of members
- Establishes cost-sharing, budgeting, and progress tracking
- Maintains a structure that supports public engagement and accountability



Support the Water Forum 2050 Agreement

Help carry forward more than 25 years of collaboration, problem-solving, and progress. By approving the Water Forum 2050 Agreement, your organization can play a vital role in protecting the Sacramento region's water future—setting the course for reliable water supplies, a healthy lower American River, and a resilient response to climate change for decades to come.



Invested in Our Future

The following are involved in negotiating Water Forum 2050

Business Caucus

AKT Development*
Associated General Contractors*
North State Building Industry Association*
Sacramento Association of Realtors*
Sacramento Metropolitan Chamber of Commerce*
Sacramento Regional Builders Exchange (SRBX)
Green Acres Nursery & Supply

Environmental Caucus

Environmental Council of Sacramento*
Friends of the River*
Save the American River Association*
Sierra Club Mother Lode Chapter*

Public Caucus

American River Flood Control District
American River Parkway Foundation
City of Rancho Cordova
City of Sacramento*
League of Women Voters, Sacramento County *
Placer County
Sacramento Area Council of Governments
Sacramento Area Flood Control Agency (SAFCA)
Sacramento County*
Sacramento Regional Parks
Sacramento Valley Conservancy
Sacramento Municipal Utility District*

Water Caucus

California American Water*
Carmichael Water District*
Citrus Heights Water District*
City of Folsom*

City of Roseville*
City of Sacramento*
East Bay Municipal Utility District
El Dorado Irrigation District*
El Dorado Water Agency*
Fair Oaks Water District*
Golden State Water Company*
Orange Vale Water Company*
Placer County Water Agency*
Regional Water Authority*
Sacramento Suburban Water District*
Sacramento County Water Agency*
San Juan Water District*

**Denotes an organization that was a signatory to the 2000 agreement.*

For more information contact
Ashlee Casey, Water Forum Executive Director,
at acasey@waterforum.org or (916) 715-4629.

1330 21st Street Suite 103 | Sacramento | CA 95811



Sacramento Central Groundwater Authority Board of Directors Regular Meeting

**February 11, 2026, 9:00 AM
Rancho Cordova City Council Chambers
2729 Prospect Park Drive
Rancho Cordova, CA 95670**

1. CONVENE

1.1 Call to Order and Roll Call

Chair Kamilos called the meeting to order at 9:00 A.M.

Directors present: Shoaib Ahrary (Elk Grove); Albert Stricker (Rancho Cordova); Brett Ewart (Sacramento); Chris Hunley (County of Sacramento); Bruce Kamilos (EGWD/Florin RCD); Ken Oneto (Agricultural Interests); David Trask (Agricultural Residential); Barbara Evoy (Conservation Landowners - remote participation under SB 707); Janet Grisanti (Public Agencies Self-Supplied); Evan Jacobs (California-American Water Company); Jose Ramirez (Sacramento Area Sewer District); Sean Twilla (Golden State Water Company).

Directors absent: City of Folsom; Commercial/Industrial Self-Supplied.

Staff Present: Piret Harmon (Executive Director), Valerie Kincaid (Counsel), D (RGS).

Note: Director Barbara Evoy participated remotely pursuant to SB 707, confirming no individuals over age 18 were present at her remote location and that her camera remained on throughout the meeting.

1.2 Pledge of Allegiance

Chair Kamilos led the Pledge of Allegiance.

1.3 Closed Session Report (None)

1.4 Additions or Deletions to the Agenda

There were no additions or deletions to the agenda.

1.5 Public Comments

No public comments were received.

2. PRESENTATIONS

2.1 Aerojet Coordination Update (Geoff Rader, Regional Water Quality Control Boards)

Geoff Radar from the Regional Water Quality Control Board provided an overview of the Aerojet Superfund site, including contaminants, remediation activities, and monitoring systems.

Directors discussed coordination between Aerojet operations and SCGA's SGMA responsibilities, particularly monitoring, data interpretation, and implications for the five-year GSP evaluation. The Board expressed interest in continued technical coordination.

No public comment was received.

Item was informational only; no action taken.

2.2 Watershed Resilience Pilot Project (Jim Pfeiffer, Regional Water Authority)

Regional Water Authority (RWA) Executive Director Jim Pfeiffer presented an update on a DWR-funded watershed resilience effort, including climate projections, watershed coordination, and recharge opportunities.

Directors noted the importance of aligning SCGA work with regional efforts and potential funding opportunities.

No public comment was received.

Item was informational only; no action taken.

3. ADMINISTRATIVE

3.1 Board of Directors Meeting Schedule 2026

Staff presented a proposed update to the 2026 regular meeting schedule, changing the meetings from the second Wednesday to the third Thursday of even-numbered months at 9:00 A.M. to better accommodate staff schedules and facility availability. The revised schedule for 2026 is: April 16, June 18, August 20, October 15, and December 17.

Directors asked clarifying questions.

No public comment was received.

MOTION: Ahrary/Trask to approve the updated 2026 regular meeting schedule as presented.

AYES: Shoaib Ahrary; Albert Stricker; Brett Ewart; Chris Hunley; Bruce Kamilos; Ken Oneto; David Trask; Barbara Evoy; Janet Grisanti; Evan Jacobs; Jose Ramirez; Sean Twilla.

NOES: None

ABSTAIN: None

ABSENT: City of Folsom; Commercial/Industrial Self-Supplied.

4. CONSENT

4.1 Minutes of the Board December 2025 Regular Meeting

Recommendation: Approve minutes of the December 10, 2025, Board of Directors meeting.

Staff presented the draft December 10, 2025 minutes. Directors acknowledged minor corrections to the draft, including previously noted edits to terminology and acronyms.

No public comment was received.

MOTION: Ahrary/Jacobs to approve the minutes of the December 10, 2025, Board of Directors meeting, subject to the noted corrections.

AYES: Shoaib Ahrary; Albert Stricker; Brett Ewart; Chris Hunley; Bruce Kamilos; Ken Oneto; David Trask; Barbara Evoy; Janet Grisanti; Evan Jacobs; Sean Twilla.

NOES: None

ABSTAIN: Jose Ramirez

ABSENT: City of Folsom; Commercial/Industrial Self-Supplied.

MOTION PASSED.

4.2 Agreement for Financial Audit Services

Recommendation: Approve and authorize the Executive Director to execute the agreement with Richardson & Company for Financial Audit Services for FY 2026, FY 2027, and FY 2028 in an amount not to exceed \$37,400.

Executive Director Harmon summarized the proposed agreement with Richardson & Company for multi-year financial audit services, including scope, schedule, and total not-to-exceed cost. Directors asked clarifying questions.

No public comment was received.

MOTION: Hunley/Trask to approve the agreement with Richardson & Company for

financial audit services and authorize the Executive Director to execute the agreement.

AYES: Shoaib Ahrary; Albert Stricker; Brett Ewart; Chris Hunley; Bruce Kamilos; Ken Oneto; David Trask; Barbara Evoy; Janet Grisanti; Evan Jacobs; Jose Ramirez; Sean Twilla.

NOES: None

ABSTAIN: None

ABSENT: City of Folsom; Commercial/Industrial Self-Supplied.

MOTION PASSED.

5. PUBLIC HEARINGS (NONE)

6. BUSINESS

6.1 Records Management Policy and Records Retention Schedule
Recommendation: Adopt Resolution 2026-01 establishing a Records Management Policy.

Executive Director Harmon presented a new policy establishing procedures for record retention and management, replacing outdated provisions.

Board supported modernization efforts and requested inclusion of legal counsel signature blocks in future policies.

No public comment was received.

MOTION: Ahrary/Hunley to adopt Resolution 2026-01 establishing a Records Management Policy.

AYES: Shoaib Ahrary; Albert Stricker; Brett Ewart; Chris Hunley; Bruce Kamilos; Ken Oneto; David Trask; Barbara Evoy; Janet Grisanti; Evan Jacobs; Jose Ramirez; Sean Twilla.

NOES: None

ABSTAIN: None

ABSENT: City of Folsom; Commercial/Industrial Self-Supplied.

MOTION PASSED.

6.2 Financial Report December 2025
Recommendation: Receive and file financial report for the period ending December 31, 2025.

Tim Jones presented the Financial Report for the period ending December 31, 2025 indicating revenues on track, expenditures below budget due to timing, and a strong cash position.

No public comment was received.

MOTION: Ewart/Hunley to receive and file the Financial Report for the period ending December 31, 2025.

AYES: Shoaib Ahrary; Albert Stricker; Brett Ewart; Chris Hunley; Bruce Kamilos; Ken Oneto; David Trask; Barbara Evoy; Janet Grisanti; Evan Jacobs; Jose Ramirez; Sean Twilla.

NOES: None

ABSTAIN: None

ABSENT: City of Folsom; Commercial/Industrial Self-Supplied.

MOTION PASSED.

6.3 Annual Report Water Year (WY) 2025

Bryan Thoreson from GEI Consultants presented draft Annual Report summarizing groundwater conditions and SGMA compliance indicators.

Directors discussed groundwater trends, monitoring network considerations, and coordination with Aerojet-related data.

No public comment was received.

Item was informational only; no action taken.

6.4 Work Plan FY 2027

Executive Director Harmon presented a draft work plan outlining key activities, including GSP evaluation, policy development, fee study, and coordination with SASb partners. Directors emphasized early cost communication, prioritization of key efforts (including water banking and governance), and engagement with stakeholders.

No public comment was received.

Item was informational only; no action taken.

6.5 Sloughhouse Resource Conservation District Withdrawal from South American Subbasin

Executive Director Harmon staff reported on Sloughhouse RCD's withdrawal as a GSA, resulting in an unmanaged area.

Board discussed implications for governance, potential SCGA role, cost considerations, and need for a long-term strategy. DWR noted no immediate action required but

highlighted future risks.

Public comment was received.

Item was informational only; no action taken.

7. STAFF REPORTS

7.1 Executive Director Update (Oral)

Update included Domestic Well Advisory Committee participation challenges, regional coordination efforts, and ongoing discussions with DWR regarding governance.

No public comment was received.

7.2 Water Bank Working Group Report (Oral)

Note: This item was taken prior to Item 6 pursuant to an agenda adjustment.

John Woodling from GEI Consultants summarized discussions on water banking, including costs, pre-banked water, sustainability considerations, and governance.

Board emphasized need for clear rules, equitable benefits, and protection of basin sustainability.

No public comment was received.

7.3 Ad Hoc Committee Report (Oral)

Executive Director Harmon reported ongoing review of SCGA founding documents for alignment with SGMA.

No public comment was received.

7.4 SASb GSA Update (Oral)

Executive Director Harmon provided a brief update on coordination among GSAs and ongoing work supporting the 2027 GSP evaluation.

No public comment was received.

8. DIRECTORS' REPORTS

Director Trask thanked Executive Director Harmon for her engagement with the Domestic Well Advisory Committee and her proactive efforts to address the concerns of domestic well owners and rural residents. No additional reports were provided.

No public comment was received.

9. WRITTEN CORRESPONDENCE

None.

10. CLOSED SESSION (None)

11. REPORT ON CLOSED SESSION (None)

12. FUTURE ITEMS

No public comment was received.

13. MEETINGS AND EVENT CALENDAR

Board received upcoming meeting and conference schedule.

No public comment was received.

14. ADJOURN

The meeting was adjourned at 11:54 A.M

APPROVED BY:

B. Kamilos, Chair

Date

ATTEST:

Denise Silva, Clerk of the Board

Date

Sacramento Central Groundwater Authority
Board of Directors

AGENDA REPORT

MEETING DATE: April 16, 2026

AGENDA ITEM: 4.2

SUBJECT: Annual Report Water Year (WY) 2025

RECOMMENDATION: Receive and file the South American Subbasin Annual Report for Water Year (WY) 2025

BACKGROUND:

The Sustainable Groundwater Management Act (SGMA) requires Groundwater Sustainability Agencies (GSAs) to prepare and submit an annual report to the California Department of Water Resources (DWR) by April 1 of each year for each groundwater basin subject to SGMA. The annual report documents groundwater conditions, management actions, and progress toward sustainability during the applicable water year.

SCGA, as the GSA and Plan Manager for the Sacramento Valley – South American Subbasin, is responsible for preparing and submitting the annual SGMA report for the Subbasin. Although SCGA serves as the Plan Manager for the Sacramento Valley – South American Subbasin, multiple GSAs have respective management areas within the Subbasin. In its role as lead agency, SCGA notified the other GSAs when the Draft WY 2025 Annual Report was nearing completion and offered to share the draft with their respective Boards for review and input prior to finalization and submittal to DWR.

DISCUSSION:

Overall, WY 2025 conditions in the South American Subbasin remain stable. The report indicates that groundwater conditions continue to meet the Basin’s Sustainable Management Criteria and do not reflect the occurrence of significant and unreasonable undesirable results.

Key highlights from WY 2025 include:

- Water Supply and Use

Groundwater continues to be a primary supply source, supplemented by surface

water diversions. Total water use and extraction patterns remain within expected ranges.

- Groundwater Levels

Groundwater levels remained above minimum thresholds in the majority of monitoring wells, with conditions avoiding undesirable results as defined in the GSP.

- Groundwater Storage

The basin experienced a net increase in groundwater storage, reflecting relatively favorable hydrologic conditions and recharge during recent water years.

- Land Subsidence

Subsidence remains minimal and within acceptable thresholds, with no impacts on beneficial uses identified.

- Groundwater Quality

Monitoring results indicate no exceedances of established thresholds for key constituents (nitrate and specific conductance), and no undesirable results were identified.

- Plan Implementation Progress

Implementation of key projects and management actions continues, including advancement of the Sacramento Regional Water Bank and Harvest Water Program. Coordination among GSAs and stakeholder engagement efforts also continue to support effective SGMA implementation.

The Annual Report reflects continued progress in implementing the GSP and maintaining basin conditions to meet the sustainable management criteria. The report was submitted to DWR by the statutory deadline of April 1, 2026.

FISCAL IMPACT:

No direct impact from this action.

CEQA DETERMINATION:

Not applicable.

ATTACHMENT(S):

[Annual Report WY 2025](#)

PREPARED BY:

Piret Harmon
Executive Director

Sacramento Central Groundwater Authority
Board of Directors

AGENDA REPORT

MEETING DATE: April 16, 2026
AGENDA ITEM: 6.1
SUBJECT: Financial Policy
RECOMMENDATION: Adopt Resolution 2026-02 establishing a Financial Policy.

BACKGROUND:

The Sacramento Central Groundwater Authority (SCGA) maintains financial management practices to support implementation of its Groundwater Sustainability Plan and ongoing agency operations.

Chapter 5 of the SCGA Policies and Procedures Manual currently governs fiscal operations; however, these provisions are limited in scope and do not fully reflect the current scale, complexity, and evolving responsibilities of the agency.

To address this gap, staff have prepared a comprehensive Financial Policy to provide an updated, consolidated framework for fiscal management that aligns with current regulatory requirements, professional standards, and SCGA operational needs.

DISCUSSION:

The proposed Financial Policy (Policy) establishes a clear and consistent framework for managing SCGA financial activities and ensuring long-term fiscal stability. The Policy incorporates best practices for public agency financial management and is designed to support transparency, accountability, and effective decision-making.

The Policy includes the following key components:

- Roles and Responsibilities

Defines the respective roles of the Board, Executive Director, Treasurer, and staff in financial oversight, budgeting, contracting, and reporting.

- Budgeting and Financial Planning

Establishes standards for development, adoption, and amendment of the annual

operating budget, including alignment with the Board-approved work plan and multi-year financial considerations.

- Revenue Management

Provides guidance for establishing and administering funding mechanisms that are reliable, equitable, and consistent with state law.

- Expenditure Controls

Establishes principles for expenditure oversight, avoidance of operating deficits, and appropriate use of funds.

- Fund Balance and Reserves

Defines expectations for maintaining adequate reserves, including a target operating reserve to manage revenue variability and unforeseen expenditures.

- Grants Administration

Provides guidance for evaluating, pursuing, and managing grant funding, including consideration of long-term fiscal impacts and cash match requirements.

- Fiscal Monitoring and Reporting

Requires regular financial reporting to the Board and development of longer-term financial forecasts to support planning and policy decisions.

- Accounting, Auditing, and Internal Controls

Ensures compliance with Generally Accepted Accounting Principles (GAAP) and establishes expectations for internal controls, audits, and financial reporting.

- Investment Practices

Establishes prudent investment standards consistent with California Government Code to safeguard public funds while maintaining liquidity and yield.

- Procurement:

Provides guidance for procurement of services and supplies, including the use of qualifications-based selection for professional services.

The Policy is intended to serve as a foundational governance document for SCGA financial management and will replace or supersede relevant sections of the existing Policies and Procedures Manual.

Future updates to detailed procedures (e.g., accounting procedures and internal processes) will be maintained administratively and updated as needed to support implementation of this Policy.

FISCAL IMPACT:

No fiscal impact.

CEQA DETERMINATION:

Not applicable.

ATTACHMENT(S):

Summary of Changes SCGA Financial Policy
Resolution 2026-02
Exhibit A Financial Policy

PREPARED BY:

Piret Harmon
Executive Director

Sacramento Central Groundwater Authority (SCGA)

Financial Policy Update

Summary of Major Changes

Overall Structure

Prior: Financial provisions embedded in Policy Manual.

New: Standalone comprehensive Financial Policy.

Takeaway: Modernized, policy-driven framework.

Purpose & Objectives

Prior: Limited articulation.

New: Clear focus on fiscal stability, transparency, accountability.

Takeaway: Establishes guiding principles.

Roles & Responsibilities

Prior: Distributed, less explicit.

New: Clearly defined roles (Board, ED, Treasurer, staff).

Takeaway: Improved accountability.

Budgeting & Planning

Prior: Annual budget required.

New: Detailed process + link to work plan + 5-year forecasting.

Takeaway: Stronger planning and visibility.

Revenue Policy

Prior: Focus on fees/assessments compliance.

New: Emphasizes reliability, equity, predictability.

Takeaway: Strategic revenue approach.

Expenditures & Deficit Management

Prior: Procedural controls.

New: Policy guidance + corrective actions if deficits projected.

Takeaway: Stronger fiscal discipline.

Reserves

Prior: 20% minimum reserve.

New: ~3 months operating reserve + use/replenishment guidance.

Takeaway: More flexible and practical.

Grants

Prior: Limited guidance.

New: Full lifecycle management.

Takeaway: Supports expanded grant funding.

Financial Monitoring

Prior: Basic reporting.

New: Regular reports + trend analysis + forecasts.

Takeaway: Better Board oversight.

Investments

Prior: Basic authority.

New: Full investment policy (safety, liquidity, yield).

Takeaway: Major enhancement.

Internal Controls

Prior: Basic safeguards.

New: Comprehensive control framework.

Takeaway: Stronger risk management.

Procurement

Prior: Detailed transactional rules.

New: Policy-based approach.

Takeaway: Simplified and modernized.

Policy vs Procedures

Prior: Mixed together.

New: Separation of policy and operations.

Takeaway: Governance best practice.

Flexibility

Prior: Formal amendments required.

New: Executive Director can make non-substantive updates.

Takeaway: More adaptable framework.

RESOLUTION NO. 2026-02

**OF THE BOARD OF DIRECTORS OF THE SACRAMENTO CENTRAL GROUNDWATER AUTHORITY
ESTABLISHING A FINANCIAL POLICY**

WHEREAS:

- 1) The Sacramento Central Groundwater Authority ("SCGA") is a public agency formed to carry out groundwater sustainability and related governance responsibilities;
- 2) SCGA is responsible for managing public funds and implementing financial practices consistent with applicable federal, state, and local laws, including provisions of the California Government Code governing budgeting, accounting, investments, and financial reporting;
- 3) The Board of Directors desires to establish a comprehensive and consistent framework for financial management that supports fiscal stability, transparency, accountability, and the effective and efficient conduct of SCGA operations; and
- 4) The Financial Policy aligns with applicable legal requirements and recognized professional standards and best practices for public agency financial management, and provides a framework for managing revenues, expenditures, reserves, investments, grants, budgeting, procurement, and financial reporting.
- 5) The Financial Policy is intended to replace and supersede relevant provisions of the SCGA Policies and Procedures Manual; to the extent of any conflict, the Financial Policy shall govern.

THEREFORE, BE IT RESOLVED, by the Sacramento Central Groundwater Authority Board of Directors that:

1. The Financial Policy is established as set forth in Exhibit A, attached hereto.
2. The Financial Policy is effective immediately.
3. The Executive Director is authorized to implement and administer the Financial Policy, and to make non-substantive administrative updates as needed to reflect changes in law, accounting standards, or organizational structure, in consultation with Legal Counsel.

Passed and adopted this 16th day of April, 2026 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Bruce Kamilos, Chair

Date

ATTEST:

Denise Silva
Clerk of the Board of Directors
Sacramento Central Groundwater Authority
County of Sacramento, State of California

Date

APPROVED AS TO FORM:

Valerie Kincaid
Legal Counsel
Sacramento Central Groundwater Authority

Date

Exhibit A: Financial Policy

SACRAMENTO CENTRAL GROUNDWATER AUTHORITY

Financial Policy

1. Purpose

The purpose of this Financial Policy is to ensure that the Sacramento Central Groundwater Authority (SCGA) maintains sound fiscal management practices that:

- Comply with applicable federal, state, and local laws and regulations.
- Support fiscal stability and the effective and efficient conduct of operations.
- Provide transparency and accountability in financial management.
- Ensure reliable, equitable, and predictable revenue streams to support SCGA operating and project costs.
- Protect SCGA creditworthiness and financial position.

This Policy establishes the framework SCGA uses to manage revenues, expenditures, reserves, investments, grants, budgeting, procurement, and financial reporting.

2. Rules and Guidance

This Policy is adopted pursuant to, and shall be interpreted consistently with:

- The SCGA Joint Powers Agreement and any Board-adopted governance documents.
- California Government Code provisions governing local agency fiscal management, investments, and procurement.
- Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB).
- Standards established by the American Institute of Certified Public Accountants (AICPA) and the Government Finance Officers Association (GFOA).
- Applicable state laws relating to financial management, auditing, and reporting for local agencies.
- Relevant administrative, legal, and regulatory requirements associated with groundwater management.

If any provision of this Policy conflicts with mandatory legal requirements, such legal requirements shall control.

3. Roles and Responsibilities

3.1 Board of Directors

The Board of Directors adopted this Policy and shall approve any necessary amendments to the Policy. The Board is responsible for:

- Approving the annual operating budget.
- Adopting fees and assessments.
- Approving contracts for services or supplies over \$50,000.
- Approving grant applications with cash match requirements.
- Authorizing use of reserves.
- Reviewing and approving regular financial reports.

3.2 Executive Director

The Executive Director provides overall oversight of SCGA financial management program and is responsible for:

- Ensuring implementation of the Policy.
- Preparing and presenting the annual operating budget to the Board.
- Undertaking periodic program and operational reviews for efficiency and effectiveness.
- Executing contracts within authorized limits.
- Seeking Board approval for grant applications.
- Preparing regular financial reports for Board review.

3.3 Treasurer

The Treasurer is responsible for:

- Investing available cash in accordance with this Policy.
- Maintaining a list of approved financial institutions.
- Periodically reviewing the investment portfolio for compliance with state law.
- Filing applicable financial disclosures as required by the Fair Political Practices Commission.
- Establishing and maintaining internal controls over investments.

3.4 Staff and Consultants

All SCGA staff and consultants involved in financial activities must:

- Comply with this Policy and applicable procedures.
- Maintain accurate and complete financial records.
- Protect confidential or sensitive financial information.
- Follow internal control procedures and authorization requirements.

4. Financial Management Standards

4.1 Operating Budget

General

The operating budget shall support the implementation of the Board approved work plan and provide a clear picture of the available resources and their use.

Format

The budget shall provide a complete financial plan for the ensuing fiscal year. The budget shall show in detail all revenues, carry-over fund balances and reserves, and expenditures for the ensuing fiscal year. The total of proposed expenditures shall not exceed the total of estimated revenues and carryover unrestricted fund balance. The budget shall be organized in an activity/task level format and show line-item details as necessary.

Process

Budget development begins in February after the prior year's audited annual financial statements are completed. The ending fund balances from the preceding year serve as the beginning balances for the current year. Using this information as a starting point, staff develop projections for revenues and expenditures for the remainder of the current fiscal year.

At the beginning of the budget process, staff determine how much potential funding is available in the budget year and beyond through revenue sources such as member and GSA contributions, special assessments, and state grants. This effort is central to determining cash flows for the budget year and is based, in part, on Board adopted contribution rates and fees.

Once the revenues for the budget year have been established, staff begin aligning expenditures with the available resources and their respective expenditure requirements. The expenditures baseline consists of professional consulting services, audit and other fiscal services, and overhead. The Authority executes multi-year contracts with many of its consultants who provide technical, operational, and administrative services. As such, staff work with each vendor to determine priority tasks so that the costs of those tasks can be incorporated into the budget.

The budget process is fluid. Staff continually monitor regional factors with potential implications to the Agency and Program. Pursuing funding is a strategic effort that, when successful, often requires timely planning to ensure the funds are spent according to law and contractual requirements.

During the budget hearing in April, the Board and members of the public may ask questions, make comments, or provide direction to staff. If any substantive budget revisions are required in response to comments, they will be incorporated into the final

budget which will be presented to the Board in June for its consideration and adoption. If there are material changes to the budget after its adoption, the Executive Director will confer with the finance team to determine if budget amendments are needed. As necessary, the adopted budget will be amended accordingly and presented to the Board for consideration and adoption.

Over the longer term, if Board direction leads to significant new projects or responsibilities, staff will work to identify financial resources to fund the increased workload. Staff monitors grant opportunities to offset the cost of existing or new initiatives.

Budget Calendar

Date	Activity
February	Staff begin developing estimates for revenue and expenditures for the remainder of the current year based on actual year-to-date information. Staff also begin developing expenditure projections for the budget year and beyond.
March	Staff work with the Treasurer finalize the draft budget.
April	Executive Director/Treasurer present draft budget to Board. Comments and desired changes are noted.
May	Prepare Final Budget and staff report. Incorporate recommended changes from April meeting. Updated revenue projections are provided by the Executive Director.
June	Executive Director/Treasurer present Final Budget with a staff report and resolution to the Board for adoption.
Subsequent to June	The Executive Director may recommend amendments to the Final Budget after adoption if revenues or expenditures do not materialize as planned subsequent to the adopted budget.

4.2 Revenues

General

SCGA shall implement and maintain funding mechanisms consistent with state law that assure a reliable, equitable, and predictable revenue stream to support SCGA’s operating and project costs.

Revenue Estimates

SCGA shall use a conservative, objective, and analytical approach when preparing revenue estimates. The process may include analysis of probable economic changes and their

impact on revenues, historical collection rates, and trends in revenues.

Revenue Collection and Administration

SCGA shall pursue to the full extent allowed by state law all overdue fees and assessments.

4.3 Expenditures

General

SCGA shall assure fiscal stability, and the effective and efficient conduct of operations, by identifying necessary operational requirements, establishing appropriate service levels and careful expenditure oversight.

Funding Basis

SCGA shall operate on a fiscal year basis with the period starting July 1 and ending June 30. Expenditures shall be budgeted and controlled so as not to exceed revenues and unrestricted fund balance carried over from a prior year. In evaluating the level of appropriations for activities/task, staff shall determine the essential services that support the SCGA and its objectives and activities, which are self-supported by dedicated revenues. The Executive Director may transfer appropriations between activities and tasks, within a specific fund; however, Board approval is required for the utilization of reserves. Appropriations, which are encumbered by approved agreements shall continue in force until expended, revised, or cancelled.

Avoidance of Operating Deficits

SCGA shall take immediate corrective actions if at any time during the fiscal year expenditure and revenue estimates are such that an operating deficit (i.e. expenditures exceed revenues and unrestricted fund balance) is projected. Corrective actions can include expenditure reductions, fee increases, or use of reserves. Expenditure deferrals into the following fiscal year and short-term loans or use of one-time revenue sources shall be avoided to balance the budget, unless necessary.

Review

SCGA's Executive Director shall undertake periodic program and operational reviews for efficiency and effectiveness. Privatization and contracting with other governmental agencies shall be evaluated as an alternative approach to service delivery.

4.4 Fund Balance and Reserves

General

SCGA shall maintain a fund balance at a level sufficient to protect its creditworthiness and financial position from unforeseeable shortfalls.

Operating Reserve

SCGA shall strive to maintain an operating reserve sufficient to cover any anticipated shortfall in its revenue stream or unforeseen expenditure increases. SCGA shall endeavor to budget for a reserve account equal to at least three months' revenue as projected in the annual operating budget to meet changing operational requirements and economic uncertainties during the fiscal year.

Use of Operating Reserve

The operating reserve shall be used only for its designated purpose, emergencies and non-recurring expenditures. Should such use reduce the reserve balance below the appropriate level, restoration recommendations shall accompany the decision to utilize said reserve.

4.5 Grants

General

SCGA may seek, apply for and effectively administer federal, state and local grants that address current priorities and policy objectives.

Guidelines

SCGA shall apply, and facilitate the application by others, for only those grants that are consistent with the objectives approved by the Board. The potential for incurring ongoing costs shall be considered prior to applying for a grant.

Indirect Costs

SCGA shall recover full indirect costs unless the funding agency does not permit it. SCGA may waive or reduce indirect costs if doing so shall significantly increase the effectiveness of the grant,

Review

All grant submittals shall be reviewed for their cash match requirements, their potential impact on the operating budget, and the extent to which they meet Board objectives. The Executive Director shall seek Board approval prior to submission of any grant application. If there are cash match requirements, the source of funding shall be identified prior to grant application. An annual report on the status of grant programs and their effectiveness shall also be prepared.

4.6 Fiscal Monitoring

General

Staff shall prepare and present to the Board regular reports that analyze and evaluate SCGA's financial performance and economic condition.

Status and Performance Reports

Periodic reports comparing expenditures and revenues to current budget, noting the status of fund balances, and outlining any remedial actions necessary to maintain an appropriate

financial position shall be prepared for review by the Board.

Forecast of Revenues and Expenditures

A longer term (five-year) forecast of revenues and expenditures, to include a discussion of major trends affecting SCGA's financial position, shall be prepared in anticipation of the annual budget process. The forecast shall examine critical issues such as economic conditions and the outlook for the upcoming budget year. The document provides insight into the anticipated financial position and communicates potential problem areas requiring Board attention.

4.7 Accounting, Auditing and Financial Reporting

General

Accounting, auditing and financial reporting shall comply with prevailing local, state, and federal regulations, as well as current professional principles and practices as promulgated by authoritative bodies.

Accounting Principles

Accounting practices and financial reporting shall conform to generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants (AICPA), and the Government Finance Officers Association (GFOA).

Reporting

SCGA shall issue an annual audited financial report in conformity with GAAP.

4.8 Internal Controls

General

Staff shall establish and maintain an internal control structure designed to provide reasonable assurance that assets are safeguarded and that the possibilities for material errors in financial records, and fraud and misappropriation, are minimized.

Authorization

Staff shall prepare, implement and maintain appropriate procedures to ensure that financial transactions and activities are properly recorded, reviewed and authorized. The procedures shall ensure that adequate safeguards exist over the access and use of financial assets and records.

Separation of Duties

Duties shall be adequately separated to reduce, to an acceptable level, the opportunities for any person to be able to perpetrate and conceal errors or irregularities in the normal course of assigned duties.

Independent Checks

Independent reviews and audits shall be made on staff performance to ensure compliance with established procedures and proper valuation of recorded amounts.

Costs and Benefits

Internal control systems and procedures must have an apparent benefit in terms of reducing and/or preventing losses. The cost of implementing and maintaining any control system should not exceed the expected benefits derived from that system.

4.9 Investments

General

SCGA shall invest public funds in such a manner as to comply with state and local laws; ensure prudent money management; and provide for daily cash flow requirements.

Scope

The following applies to all investable funds identified in the annual financial report.

Objectives

The primary investment objectives, in order of priority, are:

- Safety - Investments shall be undertaken in a manner that seeks to ensure the preservation of principal in the overall portfolio shall and to mitigate credit and market risks.
- Credit risk - defined as the risk of loss due to failure of the issuer of a security, shall be mitigated by investing in issuers that carry the direct or implied backing of the U.S. Government. The portfolio shall be diversified so that the failure of any one issuer does not harm the capital base and cash flow.
- Market risk - defined as market value fluctuations due to overall changes in the general level of interest rates, shall be mitigated by limiting the maximum maturity of any one security to five years, structuring the portfolio based on historic and current cash flow analysis eliminating the need to sell securities prior to maturity and avoiding the purchase of long-term securities for the sole purpose of short-term speculation.
- Liquidity - maintaining a sufficiently liquid investment portfolio to meet all reasonably anticipated operating needs.
- Yield - seek investments with a market rate of return throughout budgetary and economic cycles.

Delegation of Authority

SCGA's Treasurer is assigned the responsibility of investing available cash. The Treasurer is required to annually file applicable financial disclosures as required by the Fair Political Practices Commission. The management responsibility of the investment program may be

delegated to other individuals who may establish appropriate procedures consistent with this Policy.

Ethics and Conflicts of Interest

Individuals involved in investment activities must refrain from personal business activity that conflicts with proper execution of this Policy or impairs their ability to make impartial decisions.

Authorized Financial Institutions

The Treasurer shall maintain a list of approved financial institutions authorized to provide investment services to the SCGA.

The Treasurer may conduct a periodic review of the financial institution's financial condition.

Authorized and Suitable Investments

Investments are governed by the California Government Code Sections 53600 et seq. Within the context of the limitations, the following investments are authorized, as further limited herein:

United States Treasury Bills, Bonds, and Notes or those for which the full faith and credit of the United States are pledged for payment of principal and interest. There is no percentage limitation of the portfolio that can be invested in this category, although a five-year maturity limitation is applicable.

Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

Local Agency Investment Fund (LAIF), which is a State of California managed investment pool, may be used up to the maximum permitted by California State Law.

Negotiable Certificates of Deposit issued by nationally or state-chartered banks (FDIC insured institutions) or state or federal savings institutions. Purchases of negotiable certificates of deposit may not exceed 30% of total portfolio. Principal and accrued interest on these investments must not exceed the \$250,000 FDIC insurance limit. A maturity limitation of five years is applicable.

Time deposits or placement service deposits, non-negotiable and collateralized in accordance with the California Government Code, may be purchased through banks or savings and loan associations. Effective January 1, 2026, the maximum percentage of the investment portfolio made pursuant to Government Code Section 53635.8 is limited to 30 percent of the portfolio.

Money market funds administered for or by trustees, paying agents and custodian banks

contracted by SCGA may be purchased as allowed under California Government Code. Only funds holding U.S. Treasury or Government agency obligations can be used.

The following table presents the limits, by instrument,

Authorized Investment Type	Government Code	Maximum Maturity	Maximum in Portfolio	Maximum Investment in One Issuer
Treasury Obligations (bills, notes, & bonds)	53601(b)	5 Years	100%	N/A
US Government Agency and Federal Agency Securities	53601(f)	5 Years	100%	N/A
Local Agency Investment Fund (LAIF)	16429.1	Upon Demand	As permitted by LAIF	N/A
Negotiable Certificates of Deposit	53601(i)	5 Years	30%	N/A
Placement Service Deposits	53601.8 53635.8	5 Years	30%	N/A

Review of Investment Portfolio

The Treasurer shall periodically review the investment portfolio to ensure that all investments comply with California state law. The Treasurer shall establish procedures to report any major and critical incidents of noncompliance identified through the review of the portfolio.

Collateralization

Full collateralization shall be required on two types of investments: non-negotiable certificates of deposit and investments tied to pooled investment funds such as the Local Agency Investment Fund (LAIF). Collateralization requirements may be waived for any portion of the deposit that is covered by Federal Deposit Insurance.

Diversification

Investments within the portfolio shall be diversified or deposited in an investment pool to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions, or maturities. To support diversification, no more than 5% of the portfolio may be invested in the securities of any one issuer, regardless of security type, excluding U.S. Treasuries, federal agencies, and pooled investments such as LAIF, money market funds, or local government investment pools.

Internal Controls

The Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure assets are protected from loss, theft, fraud or misuse. Separation of functions between the Treasurer and other designated staff is designed to provide an ongoing internal review to prevent the potential for converting assets or concealing transactions.

4.10 Procurement of Services and Supplies

General

Professional and consulting services are of a technical and professional nature, and, due to the nature of the services to be provided, do not fall within the “low bid” competitive bidding process.

When considering the acquisition of outside services, the SCGA shall consider the consultant’s demonstrated experience and competence, insurability, understanding of the scope of work, financial ability, resources to perform the work, willingness to cooperate with the SCGA’s representatives and other consultants, and proposed methods to ensure timely and acceptable performance and management of the work. An award of a contract shall be made to a qualified consultant whose proposal shall be most advantageous to SCGA, with price and other factors considered. The selection for professional services shall be based on demonstrated competence and on the professional qualifications necessary for the satisfactory performance of the services required, pursuant to Government Code Section 4526.

Selection of the successful vendor of supplies or equipment shall be based on the proposal that is most advantageous to SCGA, with price and other factors considered.

Contracting authority - \$50,000 or Less

The Executive Director may, by negotiated contract or purchase order, enter into contracts for services or supplies in the amount of \$50,000 or less, provided there are funds in the approved budget for such services or supplies. The Executive Director shall inform the Board of such contracts as soon as practicable.

Contracting authority - Over \$50,000

The Executive Director, after seeking written proposals and Board approval, may enter into contracts for services or supplies of more than \$50,000 provided there are funds in the approved budget for such services or supplies.

Exceptions

SCGA is not required to obtain competitive proposals in the following circumstances:

- When competitive procurement would fail to produce an advantage and when the procurement process is undesirable, impractical, or impossible. Examples include situations when the services or supplies are to be performed in partnership with

other public agencies or nonprofit organizations; or are to be paid for with private dollars.

- When the services or supplies are either: (i) available from only one source, or (ii) unique due to the specialized skill or experience of the contractor, consultant or supplier, or (iii) proprietary in nature.
- When the services or supplies are required to match, integrate or be compatible with an existing project or program and the work.
- When the services or supplies are obtained by cooperative procurements or “piggyback” on the procurement process of another agency. SCGA shall have the authority to join with other public jurisdictions in cooperative purchasing plans, programs or pricing agreements. SCGA may also contract for services and supplies at a price established by competitive procurement by another public jurisdiction in substantial compliance with that public agency’s competitive procurement process. SCGA may also contract with any federal, state, municipality or other public agency.

Renewals or Extensions

The Executive Director may amend, extend or renew contracts for services or supplies with existing contractors, consultants or suppliers without seeking competitive proposals, provided the total not to exceed amount of the contract with the amendment, extension or renewal is less than \$50,000, and further provided there are funds in the approved budget for such services or supplies.

Amendments, extensions or renewals for services or supplies of more than \$50,000 shall be approved by the Board.

Compliance with Policy

This Financial Policy shall be reviewed periodically by the Board and updated, revised or refined as deemed necessary.

Policy Information and Version History

Policy Title	Financial Policy
Approved By	SCGA Board of Directors
Resolution No.	
Effective Date	
Review Cycle	Every three years or as needed
Replaces	Chapter 5, SCGA Policy Manual

Version History

Version	Date	Summary of Changes
1.0		Initial adoption of Financial Policy (replacement of Chapter 5, SCGA Policy Manual).

**Sacramento Central Groundwater Authority
Board of Directors**

AGENDA REPORT

MEETING DATE: April 16, 2026
AGENDA ITEM: 6.2
SUBJECT: Financial Report February 2026
RECOMMENDATION: Receive and file financial report for the period ending February 28, 2026.

BACKGROUND:

Previously, financial services for the Sacramento Central Groundwater Authority (SCGA) were conducted by the County of Sacramento. As of July 1, 2025, the Authority has established its own banking and accounting structure, with funds now held at Five Star Bank.

DISCUSSION:

The SCGA prepares regular financial updates comparing the budget to actual revenues and expenditures, as well as account balances. This report covers the period ending February 28, 2026.

FISCAL IMPACT:

No impact from this action.

CEQA DETERMINATION:

Not applicable.

ATTACHMENT(S):

SCGA Financial Report February 28, 2026

PREPARED BY:

Piret Harmon
Executive Director

SCGA Bi-Monthly Financial Report

Period Ending February 28, 2026

Budget to Actuals

FY 2026 (accrual basis)				
Description	Adopted Budget	Actuals	Ratio Actual/Budget	Comment
Revenues				
Member Contributions	\$ 744,517	\$ 744,517	100.00%	Good
Fee Assessment	\$ 188,891	\$ 95,907	50.77%	First or two installments.
GSA Contributions	\$ 164,920	\$ 164,920	100.00%	Good
Grant Funding	\$ -	\$ -	0.00%	No grant funding
Interest/Other	\$ 50,000	\$ 44,079	88.16%	Good
Total Revenues	\$ 1,148,329	\$ 1,049,423	91.39%	
Expenditures				
Management Services	\$ 290,000	\$ 161,522	55.70%	RGS
Technical Services	\$ 934,600	\$ 405,970	43.44%	GEI and County
Financial Services	\$ 127,220	\$ 67,723	53.23%	County, MGO, and TTJ
Legal Services	\$ 40,000	\$ 25,998	65.00%	PKW
Insurance	\$ 6,205	\$ 3,792	61.11%	GSRMA
Other Operating	\$ 16,000	\$ 1,574	9.84%	Subscriptions
Total Expenditures	\$ 1,414,025	\$ 666,578	47.14%	
Net Increase (decrease)	\$ (265,696)	\$ 382,845		
Beginning Fund Balance	\$ 1,325,918	\$ 1,315,287		Actual beginning fund balance per June 30, 2025 audited financial statements
Ending Fund Balance	\$ 1,060,222	\$ 1,698,132		
Fund Reserve	\$ 282,805	\$ 282,805		
Ending Fund Balance L	\$ 777,417	\$ 1,415,327		

Receivables

Total outstanding accounts receivable amount to \$147,837 – GSA contributions for FY 2026:

- \$ 38,109 Northern Delta Groundwater Sustainability Agency
- \$ 85,417 Omochumne Hartnell Water District
- \$ 24,311 Sloughouse Resource Conservation District

The above receivables were billed in December 2025. Staff are actively working with each agency to collect the outstanding balance in a timely manner. Since we moved to a new financial institution and have requested that all payments occur via ACH, additional effort has been required to establish new payment information and processes.

Cash

The agency began January with a cash balance of \$1,753,281 and ended February with a cash balance of \$1,688,217.

All funds are held at Five Star Bank and receive a LAIF-equivalent interest rate except for \$60,000 in operating funds that earn 1.25 percent interest. Total interest earned during January and February was \$11,829. The current interest rate on investable funds (money market) is 3.826%.

Account Registers

The tables below show the transaction details in the operating and money market accounts during January and February 2026. Notable observations are as follows:

- A. Monthly vendor invoices for technical services have increased over the last few months as the GSP Periodic Evaluation continues moving forward.

The operating and money market accounts work in conjunction with one another to maintain the desired \$60,000 balance in the operating account. The bank automatically sweeps funds between accounts to maximize investment income.

1010 Cash Accounts: Operating - 5422				
Date	Memo	Payment	Deposit	Reconciliation Status
01/31/2026	GEI December 2025 services	53,938.00		Reconciled
01/31/2026	RGS December 2025 services	20,000.00		Reconciled
01/31/2026	TTJ Consulting December 2025 services	4,440.00		Reconciled
01/31/2026	Sweep from MM to DDA		500.00	Reconciled
01/31/2026	Sweep from MM to DDA		472.32	Reconciled
01/31/2026	Sweep from MM to DDA		78,378.00	Reconciled
01/31/2026	Sweep from MM to DDA		2,772.00	Reconciled
01/31/2026	Sweep from MM to DDA		75.00	Reconciled
01/31/2026	GSA contribution County of Sacramento		17,083.00	Reconciled
01/31/2026	Streamline web support January	500.00		Reconciled
01/31/2026	County engineering services	472.32		Reconciled
01/31/2026	PKW December services	2,772.00		Reconciled
01/31/2026	QB subscription	75.00		Reconciled
01/31/2026	Microsoft subscription	10.80		Reconciled
01/31/2026	Sweep to MM from DDA	17,072.20		Reconciled
02/28/2026	Sweep from MM to DDA		500.00	Reconciled
02/28/2026	Fee assessment collected by County		80,495.85	Reconciled
02/28/2026	Teeter fee assessment collected by County		1,787.00	Reconciled
02/28/2026	Sweep from MM to DDA		116,784.55	Reconciled
02/28/2026	Sweep from MM to DDA		75.00	Reconciled
02/28/2026	Streamline monthly premium	500.00		Reconciled
02/28/2026	Sweep from DDA to MM	80,495.85		Reconciled
02/28/2026	Sweep from DDA to MM	1,787.00		Reconciled
02/28/2026	GEI January services	89,065.00		Reconciled
02/28/2026	RGS January services	20,000.00		Reconciled
02/28/2026	RGS travel reimbursement	1,419.55		Reconciled
02/28/2026	TTJ Consulting January services	6,300.00		Reconciled
02/28/2026	QuickBooks monthly premium	75.00		Reconciled

1020 Cash Accounts: Money Market - 5430				
Date	Memo	Payment	Deposit	Reconciliation Status
01/31/2026	Sweep from MM to DDA	500.00		Reconciled
01/31/2026	Sweep from MM to DDA	472.32		Reconciled
01/31/2026	Sweep from MM to DDA	78,378.00		Reconciled
01/31/2026	Sweep from MM to DDA	2,772.00		Reconciled
01/31/2026	Sweep from MM to DDA	75.00		Reconciled
01/31/2026	Sweep to MM from DDA		17,072.20	Reconciled
01/31/2026	January interest		5,717.49	Reconciled
02/28/2026	Sweep from MM to DDA	500.00		Reconciled
02/28/2026	Sweep from MM to DDA	116,784.55		Reconciled
02/28/2026	Sweep from MM to DDA	75.00		Reconciled
02/28/2026	Sweep from DDA to MM		80,495.85	Reconciled
02/28/2026	Sweep from DDA to MM		1,787.00	Reconciled
02/28/2026	contribution		24,309.00	Reconciled
02/28/2026	February interest		5,111.68	Reconciled

Sacramento Central Groundwater Authority
Board of Directors

AGENDA REPORT

MEETING DATE: April 16, 2026
AGENDA ITEM: 6.3
SUBJECT: Budget FY 2027 Draft
RECOMMENDATION: Discuss and provide input.

BACKGROUND:

The Sacramento Central Groundwater Authority (SCGA) annually adopts a work plan and budget to guide implementation of the Groundwater Sustainability Plan (GSP) and agency operations.

As part of the FY 2027 planning process, staff are presenting a draft budget in advance of formal adoption to provide the Board with an opportunity to review key assumptions, funding needs, and overall fiscal direction. This early engagement is intended to align the budget with Board priorities and the draft FY 2027 Work Plan.

The FY 2027 Work Plan and Budget will be refined based on Board input and brought back for formal consideration and adoption at the June 2026 Board meeting.

DISCUSSION:

The draft FY 2027 Budget reflects the anticipated financial requirements to support the activities outlined in the draft Work Plan for the period July 1, 2026 through June 30, 2027. The budget is structured to align resources with SCGA's core functions, including SGMA compliance, governance and policy updates, coordination with subbasin partners, and participation in regional initiatives.

Key considerations reflected in the draft budget include:

- **Alignment with Work Plan Priorities:**
Funding is organized to support major program areas identified in the draft FY 2027 Work Plan, including GSP implementation, periodic evaluation, policy and governance updates, and stakeholder coordination.
- **Revenue Assumptions:**
The budget incorporates anticipated funding sources, including member

contributions and other potential revenue streams, and reflects the need for a sustainable and equitable funding structure.

- **Expenditure Planning:**
Expenditures are based on current service levels, existing contractual obligations, and anticipated support needs for technical, administrative, and programmatic activities.
- **Transition and Planning Year:**
FY 2027 is expected to function as a transition year, with a focus on updating governance documents, advancing a comprehensive fee study, and refining SCGA's long-term financial framework. As such, the budget reflects a degree of flexibility to accommodate outcomes of these efforts.

The purpose of this agenda item is to provide the Board an opportunity to review the draft budget, identify priorities or concerns, and provide direction on funding assumptions and expenditure levels.

Staff will incorporate Board feedback and return with a refined FY 2027 Budget and Work Plan for formal consideration and adoption in June 2026.

FISCAL IMPACT:

No direct impact from this action.

CEQA DETERMINATION:

Not applicable.

ATTACHMENT(S):

Budget FY 2027 Draft

PREPARED BY:

Piret Harmon
Executive Director

**Sacramento Central Groundwater Authority
Fiscal Year 2026/27 (FY 2027) Budget**

DRAFT

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Letter of Transmittal

June 18, 2026

I am pleased to submit the Fiscal Year 2026–2027 (FY 2027) Budget for the Sacramento Central Groundwater Authority (SCGA) for your review and consideration. The budget is presented for adoption prior to the start of the fiscal year and is balanced, with projected revenues and available fund balance sufficient to meet anticipated expenditures.

The FY 2027 budget reflects an important transition for the SCGA. We have completed the first phase of the Sustainable Groundwater Management Act (SGMA) implementation and are preparing for the next stage of long-term groundwater management.

This year's budget differs from prior years. Rather than focusing on new programs or projects, FY 2027 is centered on redefining responsibilities, objectives, and revenue sources. Key activities include amending the Joint Powers Agreement, revising the South American Subbasin Memorandum of Understanding, commissioning a comprehensive fee study, and conducting a Board strategic planning process to define priorities for the next three to five years. These efforts will clarify SCGA's authorities, role, and financial capacity and will provide the framework needed for future implementation decisions.

Because these foundational actions will determine both the scope of the SCGA's future activities and the revenue available to support them, the budget does not include a multi-year financial forecast. A long-term financial plan would not be reliable until the Board establishes the SCGA's governance and funding structure. Following completion of this work, staff anticipate presenting an implementation-phase budget beginning in FY 2028 that will include multi-year projections and program-level priorities.

In addition to these planning efforts, SCGA will continue to fulfill its ongoing responsibilities under SGMA, including required reporting, coordination with partner Groundwater Sustainability Agencies within the South American Subbasin, and communication with stakeholders and the public.

This budget is intended to provide the Board with the resources needed to make informed policy decisions before committing the SCGA to long-term financial obligations. The approach ensures that future groundwater management actions are guided by clear direction, equitable funding, and coordinated regional management.

I would like to thank the Board and our partner agencies for their continued guidance and collaboration. Staff look forward to discussing the proposed budget with you and receiving your direction.

Respectfully submitted,

Budget Introduction and Executive Summary

Budget Improvements for FY 2026/27

For FY 2027, the SCGA continued improving and expanding budget content pursuant to excellence in financial planning, fiscal integrity, and transparency. In addition, this budget incorporates many of the best practices established by the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Awards Program. The GFOA program was established in 1984 to encourage and assist local and State governments in preparing budget documents of the very highest quality that reflect the guidelines established by the National Advisory Council on State and local Budgeting. Budgets meeting all GFOA criteria excel as a policy document, financial plan, operating guide, and communication tool.

The following improvements are a subset of the overall improvements:

- Added a new section that includes recently updated, Board approved, financial and records management policies.
- Expanded the discussion around current initiatives.
- Enhanced the description and methods for developing estimates for each revenue source.

Budget Overview

The SCGA receives funding from multiple sources; member contributions, SASb MOU Cost Share contributions, assessment fees, State grants, and interest income.

The final budget contains three years of data – prior year actual amounts identified as "FY 25/26 Actual," current year amounts identified as "FY 25/26 Estimate", and the budget year amounts, reported as "FY 26/27 Proposed." The FY 25/26 Estimate is based on nine months of actual accounting data (modified accrual basis), while the remainder of the fiscal year is based on estimates.

Total budgeted revenues for FY 26/27 are expected to be \$1 million, a decrease of \$143,000 from the prior year. Expenditures for FY 26/27 are budgeted to be \$1.09 million, a decrease of \$325,000 from the prior year. Please see Budget and Work Plan section of this document for more information regarding the proposed changes.

Consolidated Budget - General Fund*						
Description	FY 24/25 Actuals	FY 25/26 Budget	FY 25/26 Estimate	FY 26/27 Proposed	Change from FY 25/26	Change in Percent
Revenues						
Member Contributions	\$ 744,977	\$ 744,517	\$ 744,517	\$ 726,739	\$ (17,778)	-2.4%
SASb MOU Cost Share	\$ 48,348	\$ 164,920	\$ 152,765	\$ 43,274	\$ (121,646)	-73.8%
Assessment	\$ 186,263	\$ 188,891	\$ 192,300	\$ 185,000	\$ (3,891)	-2.1%
Interest	\$ 66,911	\$ 50,000	\$ 56,000	\$ 50,000	\$ -	0.0%
Total Revenues	\$ 1,046,499	\$ 1,148,328	\$ 1,145,582	\$ 1,005,013	\$ (143,315)	-12.5%

Expenditures						
Technical Services	\$ 872,633	\$ 934,600	\$ 800,000	\$ 403,000	\$ (531,600)	-56.9%
Administrative Services	\$ 1,144	\$ 290,000	\$ 269,000	\$ 300,000	\$ 10,000	3.4%
Financial Services	\$ 18,169	\$ 127,220	\$ 100,000	\$ 119,400	\$ (7,820)	-6.1%
Legal Services	\$ 31,188	\$ 40,000	\$ 50,000	\$ 40,000	\$ -	0.0%
IT Services	\$ -	\$ -	\$ -	\$ 12,000	\$ 12,000	100.0%
Communication Services	\$ -	\$ -	\$ -	\$ 20,000	\$ 20,000	100.0%
Other Professional Services	\$ -	\$ -	\$ -	\$ 30,000	\$ 30,000	100.0%
Fee Study	\$ -	\$ -	\$ -	\$ 150,000	\$ 150,000	100.0%
Monitoring Equipment	\$ -	\$ 16,000	\$ 8,700	\$ -	\$ (16,000)	-100.0%
Insurance	\$ 10,692	\$ 6,205	\$ 3,792	\$ 5,200	\$ (1,005)	-16.2%
Travel and Training	\$ -	\$ -	\$ 3,000	\$ 6,000	\$ 6,000	100.0%
Dues and Subscriptions	\$ -	\$ -	\$ 2,000	\$ -	\$ -	100.0%
Miscellaneous	\$ 299	\$ -	\$ -	\$ 3,000	\$ 3,000	100.0%
Total Expenditures	\$ 934,125	\$ 1,414,025	\$ 1,236,492	\$ 1,088,600	\$ (325,425)	-23.0%

Net Increase (decrease) in Fund Balance	\$ 112,374	\$ (265,697)	\$ (90,910)	\$ (83,587)	\$ 182,110	
Beginning Fund Balance	\$ 1,202,912	\$ 1,315,286	\$ 1,315,286	\$ 1,224,376		
Ending Fund Balance	\$ 1,315,286	\$ 1,049,589	\$ 1,224,376	\$ 1,140,789	\$ 91,200	
Operating Reserve	\$ -	\$ 287,082		\$ 251,253		
Ending Fund Balance Less Reserve	\$ -	\$ 762,507		\$ 889,536		

* The SCGA reports a single fund - the General Fund

Strategic Planning Objectives and Strategies

The SCGA's mission is to manage, protect and sustain the groundwater resources of the basin in Sacramento County, south of the American River, consistent with the Water Forum Agreement and the Sustainable Groundwater Management Act (SGMA) for the benefit of water users within the basin, and to coordinate with other management entities and activities through the region.

To achieve its goals and objectives, the SCGA has identified the following seven areas to focus its efforts on:

- Sustainable Groundwater Management Act (SGMA) compliance and basin planning
- Governance and legal
- Policy and administration
- Funding and finance
- Board strategic planning
- Public engagement and transparency
- Projects and programs

SGMA Compliance and Basin Planning

The SCGA is currently developing its Groundwater Sustainability Plan (GSP) Periodic Evaluation. This effort is undertaken at least every five years after the plan is initially adopted, to determine if the basin is on track to reach sustainability, that the models and assumptions are still valid, to identify new problems, and management actions needed to address them.

Since this is the first such periodic evaluation since inception of the SGMA, the effort will determine if the original assumptions were too optimistic, how much groundwater pumping must be reduced/changed, and whether the basin needs any major plan revisions. The effort is being performed by a contractor who expects the update to be completed in the spring of 2027.

Governance and Legal

The Joint Powers Authority Agreement (JPA) has been in effect since 2006 when SCGA was created. Since then, it has been amended three times with only minor revisions. However, this year the agreement is undergoing a comprehensive update to reflect changing membership in the GSA and its boundaries, as well as to better align it with current legal and program requirements.

As part of this effort, SCGA will revise the SASb GSP implementation MOU to reflect the changes in membership. Sloughhouse Resource Conservation District is withdrawing from the GSA, and the Omochumne-Hartnell Water District is in the annexation process and changing its boundaries.

Policy and Administration

In 2006 when the SCGA was created, an MOU was executed with the County of Sacramento to provide a broad spectrum of fiscal and administrative services since the SCGA does not have any employees. That arrangement was in place through June 2025. However, in July 2025 the SCGA discontinued using County services and became organizationally/administratively independent. As a result, a new set of policies and procedures were necessary to establish a framework to ensure legal and fiscal compliance.

Since this is a significant undertaking, the project has been broken down into subtasks. In FY 2025-26, new fiscal and records management policies were approved by the Board. However, the effort will continue through FY 27 as the agency continues updating the following policies:

- Rules of procedures
- Board of Directors
- Officers and employees

- Assessments, fees, and charges
- Dispute resolution
- Conflict of interest
- Ethics

This is an ongoing effort to ensure that the SCGA is fully compliant with all fiscal, legal, and regulatory requirements.

Funding and Finance

The SGMA assigns GSA's many core statutory responsibilities. The fund them, the agency needs to develop an equitable long-term funding mechanism to ensure full compliance. Although the initial GSP has been completed, there are many ongoing responsibilities which consist of the following:

- Achieve and maintain groundwater sustainability.
- Monitor groundwater conditions.
- Prepare annual reports.
- Periodically evaluate and update the GSP.
- Regulate and manage groundwater use.
- Coordinate with other agencies and GSAs.
- Public engagement and transparency.

SCGA has a workplan in place that is regularly updated to ensure that the necessary funding and resources are in place to fully comply with its responsibilities in a timely manner.

Board Strategic Planning

The Board will focus its strategic priorities in the budget year and beyond by advancing long-term groundwater sustainability while maintaining strong governance, financial stability, and stakeholder engagement. It will also support projects and management actions that protect groundwater levels, improve recharge opportunities, strengthen monitoring and data collection, and ensure progress toward avoiding undesirable results. Furthermore, the Board will emphasize sound fiscal planning to sustain operations, leverage state, and federal funding opportunities, and invest in strategic infrastructure and science needed to manage the basin effectively.

Through proactive communication and stakeholder engagement, the Board aims to build long-term public trust while ensuring that groundwater resources remain reliable and resilient for communities, agriculture, and ecosystems across the basin.

Public Engagement and Transparency

SCGA is committed to providing meaningful opportunities for stakeholders and the public to participate in groundwater management decisions. This includes conducting open and accessible board meetings, maintaining publicly available groundwater data and reports, and actively engaging groundwater users, local governments, environmental interests, and community members in discussions regarding basin conditions, management actions, and long-term sustainability goals. This commitment to transparency and engagement ensures that groundwater management actions reflect community input while remaining aligned with regulatory expectations and oversight from agencies such as the California Department of Water Resources.

Projects and Programs

To ensure that regional water supply and groundwater projects align with the SASb framework and long-term sustainability goals, projects will be coordinated with the GSP and sustainability indicators established under the SGMA. This includes early consultation with the relevant GSAs, assessing whether proposed projects improve groundwater recharge, reduce pumping impacts, and confirming that project operations are consistent with basin modeling, monitoring networks, and management actions. Regional collaboration, transparent data sharing, and periodic review with oversight agencies such as the California Department of Water Resources help ensure that investments support the SASb strategy while advancing measurable progress toward long-term groundwater sustainability across the basin.

Factors Affecting Financial Condition

A strategic approach to long-term planning is vital in navigating the financial landscape where an agency's revenue hinges on effective collaboration with member agencies and GSAs. Forecasting budgets with scenario analysis, establishing reserve funds, managing costs effectively, maintaining a varied revenue portfolio, advocating for funding support, having contingency plans, and continuously adapting strategies to handle financial fluctuations is a key objective of SCGA.

Numerous factors impact SCGA's financial condition. Although member agencies, SASb MOU Cost Share, and assessments provide a stable revenue base, the following factors are, in part, among the challenges on the horizon.

- **Authority Boundary Changes** – Omochumne Hartnell Water District is pursuing annexation of a portion of the current SCGA area in southwestern Sacramento County. This change is slated to begin in FY 26/27, resulting in decreased contributions to SCGA.
- **Departure of the Sloughhouse Resource Conservation District from the GSA** – the agency will no longer contribute to the SASb MOU Cost Share.
- **Lack of Escalation of Parcel and Groundwater Fee** – Although the fee study completed in 2021 projected annual inflationary increases in the fee amount, the Board has approved holding the fee constant at the initial level.

- **Policy and Regulatory Changes:** Changes in government policies, regulations, or legislative priorities may increase implementation, compliance, and litigation costs.
- **Grant Availability and Competition:** The availability of discretionary grants and the level of competition for those grants, especially if state or federal funding support is necessary, can directly influence the Agency's ability to secure funding. Changes in government and regional priorities, budget allocations, and the number of applicants competing for grants can all affect grant success rates.
- **Economic Conditions:** Restrictions on groundwater usage can impact agriculture, and other industries, potentially reducing local economic activity. Additionally, governments may reduce discretionary spending during economic downturns, leading to decreased funding.
- **Public Support and Advocacy:** Public support, community engagement, and advocacy efforts influence funding decisions.

The SCGA continues to monitor national, regional, and local trends as it carries out its mission to effectively manage SASb groundwater resources. This endeavor will continue to require strategic collaboration with stakeholders and the public. The Board and staff remain committed to protecting regional groundwater assets.

Budget and Work Plan

How the Budget is Organized

This budget is structured to serve as a comprehensive financial, operational, and strategic planning tool for the Sacramento Central Groundwater Authority (SCGA). It begins with a Letter of Transmittal and Budget Introduction and Executive Summary that outlines the agency's priorities, funding context, and overall fiscal outlook for FY 26/27. The main body includes detailed sections on revenue and expenditure categories, strategic goals, fiscal policies, and organizational structure.

Who Uses this Budget

The budget is intended for use by a wide range of audiences:

- Governing Board members use it to set priorities, authorize spending, and monitor progress.
- SCGA staff use it to guide daily operations, manage consultant contracts, and ensure compliance with grant and policy requirements.
- Member agencies, funding partners, and the public use it to understand how public resources are being invested, and what milestones are being pursued.

How to Interpret the Budget

The budget is both a narrative and a financial document. Narrative sections provide the context, strategy, and policy framework for each area of spending, while the accompanying financial tables show actual, estimated, and proposed figures over a multi-year horizon. Together, they illustrate not only how much the SCGA plans to spend, but why those expenditures are necessary, how they align with funding sources, and how they contribute to the agency's strategic goals. Readers are encouraged to review the narrative and financial information together to gain a full understanding of the agency's priorities, constraints, and delivery approach.

FY 26/27 Budget

The SCGA reports a single fund – the General Fund. The General Fund supports the agency's operating activities and project costs such as the GSP Periodic Evaluation. The following table provides three years of fiscal information – actual amounts for FY 24/25, estimated amounts for FY 25/26, and proposed amounts for the budget year FY 26/27.

Consolidated Budget - General Fund*						
Description	FY 24/25 Actuals	FY 25/26 Budget	FY 25/26 Estimate	FY 26/27 Proposed	Change from FY 25/26	Change in Percent
Revenues						
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Expenditures						
Technical Services	\$ 872,633	\$ 934,600	\$ 800,000	\$ 403,000	\$ (531,600)	-56.9%
Administrative Services	\$ 1,144	\$ 290,000	\$ 269,000	\$ 300,000	\$ 10,000	3.4%
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Ending Fund Balance	\$ 1,315,286	\$ 1,049,589	\$ 1,224,376	\$ 1,140,789	\$ 91,200	
Operating Reserve	\$ -	\$ 287,082		\$ 251,253		
Ending Fund Balance Less Reserve	\$ -	\$ 762,507		\$ 889,536		

* The SCGA reports a single fund - the General Fund

The budget takes into consideration all anticipated operating costs for FY 26/27 including an assessment fee study with an expected periodic cost of \$150,000. All

assumptions in this budget are based on regional priorities, compliance requirements, and any known internal and external constraints. The process is dynamic in nature, requiring continuous monitoring throughout the year.

Operating and project costs are based, in part, on prior year baseline information that has been updated to reflect expectations in the budget year – FY 26/27. Authority staff monitor the budget throughout the year to ensure that spending is within the adopted amounts and that revenues are trending as expected.

Overall, the SCGA is expecting revenues of \$1 million in the budget year versus \$1.15 million in the current year – a 12.5% decrease. The primary cause is that the SASb MOU Cost Share total was reduced to \$195,000 in FY 26/27 from \$657,050 in the prior year. Since SCGA incurs almost 78% of the total Cost Share, the other members contributions total about 22% of the total. Therefore, their fair share of the budget year's estimate is much lower. In addition, Sloughhouse Resource Conservation District (SRCD) left the GSA in FY 25/26 eliminating its contribution to the SASb MOU Cost Share. Therefore, offsetting the decrease, SRCD's 3.7% contribution was equitably shared by each of the other members.

Most of SCGA's revenue is received early in the fiscal year – in particular, member contributions. The SASb MOU Cost Share contributions are due mid-year and the assessment installments, which are billed and collected by the County of Sacramento, are due in January and May. Each of the estimates for the primary revenue sources is developed by staff and adopted through Board or Executive Committee resolutions prior to June. Member Contributions are billed in July, and payments are normally received by the end of the first quarter of the fiscal year.

Current year and budget year Member Contributions and Assessment are expected to remain about the same – \$21,000 (-4.5%) decrease. Interest income is expected to be unchanged.

Total budgeted expenditures are projected to decrease 23% to a total of \$1.09 million in FY 26/27 compared to total budgeted expenditures of \$1.41 million in FY 25/26. Actual expenditures are estimated at \$1.24 million for FY 25/26. The variances are as follows:

- **Technical Services** – Expected to decrease by \$531,000 (-56.9%), significant share of the costs in current year were to complete the GSP Periodic Evaluation, budgeted at \$512,000.
- **IT Services** – Previously reported under technical services, these services are now reported separately for clarity and transparency.
- **Communication Services** – New for the budget year.
- **Other Professional Services** – New for the budget year.
- **Fee Study** – New for the budget year. The last fee study was completed in 2021.
- **Travel and Training** – New for the budget year.

The budgeted ending fund balance is expected to increase by \$91,000 to \$1.14 million over the prior year budgeted ending fund balance.

Explanation of Revenue Sources

In September 2014, Governor Brown signed legislation known as the Sustainable Groundwater Management Act (SGMA) requiring medium and high priority groundwater basins to be sustainably managed by local agencies called Groundwater Sustainability Agencies (GSAs). In 2016, SCGA became the official GSA for its designated area within the South American Groundwater Subbasin (SASb). Sustainability is achieved through the development and implementation of a Groundwater Sustainability Plan (GSP). Early in the program, the SCGA applied for grants to cover most of the costs of developing the GSP. However, the costs of staffing the GSA, administration of the GSP, operations, and long-term monitoring, assessment, and reporting required additional funding to meet the State of California Department of Water Resources (DWR) compliance requirements and carry out related groundwater management actions. The costs associated with the unfunded law are as follows:

- Maintaining a Groundwater Database Management System.
- Monitoring and improving the monitoring network.
- Annual reporting.
- Response to Department of Water Resources review.
- Evaluation and assessment of the GSP on five-year intervals.
- Filling data gaps and improving the groundwater model.
- Overseeing and coordinating projects.
- Public outreach.
- GSA administration.

To fund these costs, SCGA relies on revenue from multiple sources

- Member contributions.
- SASb MOU Cost Share contributions.
- Annual assessments for well owners.
- State grants.
- Interest income.

Member contributions – Member contributions are remitted by the six municipal water suppliers that hold seats on the Board of Directors. Members are charged a rate per customer connection and a rate per acre-foot of groundwater extracted. The rate is comparable to that charged to landowners outside of the service area of the member agencies.

Below are the most recent calculations:

	Pumping - Acre Feet*	Rate	
SCWA	10,901	\$3.44	\$37,501
Cal-Am	16,733	\$3.44	\$57,560
GSWC	8,082	\$3.44	\$27,802
EGWD	4,160	\$3.44	\$14,312
City of Sac	1,400	\$3.44	\$4,816
Total	41,276	\$3.44	\$141,992

* Three-year average

	Number of Connections	Rate	
SCWA	62,186	\$2.51	\$156,087
Cal-Am	36,218	\$2.51	\$90,907
GSWC	15,534	\$2.51	\$38,990
EGWD	13,258	\$2.51	\$33,278
City of Sac	96,086	\$2.51	\$241,176
Folsom	9,685	\$2.51	\$24,309
Total	232,967		\$584,747

SCWA	\$193,588
Cal-Am	\$148,468
GSWC	\$66,792
EGWD	\$47,589
City of Sac	\$245,992
Folsom	\$24,309
Total	\$726,739

SASb MOU Cost Share contributions – Regional Groundwater Sustainability Agencies (GSAs) entered into a memorandum of understanding (MOU) to coordinate management and share costs of SGMA implementation in the South American Subbasin SASb. The Sacramento Central Groundwater Authority serves as the administrator for the SASb. Annually, the GSA managers develop a budget for the shared costs of SASb management, which is then approved by the Subbasin Executive Committee.

SASb MOU Cost Share

Sac County	5,257.59
OHWD	26,287.95
NDGSA+ RD551	11,728.47
SCGA	151,725.99
Total	195,000.00

Sustainable Groundwater Management Act (SGMA) Fees

In June 2017, the SCGA Board began hearings to discuss a process for equitably assessing and collecting fees from all beneficiaries of sustainable management of the

SASb. In April 2021, the Board approved a draft Groundwater Fee Study and authorized staff to mail notification to affected parcel owners, consistent with the election process of Proposition 218. In June of 2021, the Board adopted the fee study. Annually, the Board adopts the assessment fee for the budget year.

The fee includes a per parcel charge as well as a charge for each acre of groundwater extracted. The groundwater use on larger agricultural parcels is estimated based on crop types and climate data. For rural residential parcels and other unirrigated lands, a standard two-acre-foot groundwater charge is assessed. Residential parcels served by water systems that are not represented by the SCGA Board are assessed for one acre-foot of groundwater use. In FY 26/27, approximately 8,900 parcels will be assessed a fee on their Sacramento County property tax bill.

State Grants

Periodically, the SCGA applies for State grants that align with its priorities in terms of eligible projects and their respective timing. The grants are administered by the California Department of Water Resources. The SCGA does not plan to apply for any State grants in FY 26/27 nor does it have any remaining funding for grants awarded in prior years.

Interest

The SCGA's investable cash balance fluctuates year by year as do interest rates. Interest income is immaterial to the overall revenue stream. However, cash balances over the last several years have been higher than usual and interest rates have stabilized at 3.5-4% over the last two years leading to increased interest income.

Explanation of Expenditure Categories

The SCGA is supported by consultants who perform all administrative, operational, technical, and fiscal services. The consultants are retained through a competitive procurement process.

Technical Services

This category reflects expenditures for specialized services, engineering and hydrogeology, obtained via contract to support rate studies, modeling, and Groundwater Sustainability Plan (GSP) Periodic Evaluation.

Management Services

This category consists primarily of the contract for the Executive Director but may include other services such as records management, Board support, website maintenance, and other organizational needs.

Financial Services

This category includes the annual financial audit, accounting and treasury services, and ad hoc financial reporting and compliance.

Legal Services

Legal counsel provides direction regarding policies, contracts, and holding public meetings.

IT Services

Website operations, cybersecurity, and IT software support needed to ensure reliable, secure and compliant delivery of SCGA's programs and public facing information.

Communication Services

Stakeholder outreach, public engagement and transparency efforts, including website content, meeting materials and communications needed to maintain informed participation.

Other Professional Services

Activities to review and consider changes to governance and organizational structure and documents.

Fee Study

A comprehensive evaluation and update of SCGA's funding structure, including existing revenue sources such as assessments, member contributions, and cost-share agreements. The study will assess the adequacy, equity, and legal defensibility of current funding mechanisms, while identifying opportunities to streamline revenue collection, improve administrative efficiency, and increase transparency for stakeholders. The outcome will be an implementable funding framework aligned with SCGA's ongoing SGMA responsibilities and long-term financial sustainability.

Monitoring Equipment - TBD

Insurance

The SCGA carries general liability, cyber liability, and crime insurance through Golden State Risk Management Authority.

Travel and Training

Staff and Board participate in trainings, workshops, and professional forums to maintain regulatory compliance, stay current with groundwater management practices, and support effective governance.

Dues and Subscriptions – Recurring fees for Microsoft licenses, DocuSign, Zoom SharePoint and QuickBooks.

Miscellaneous – Office and administrative supplies

Work Plan

SGMA Compliance and Basin Planning

A central priority for FY 26/27 is maintaining compliance with SGMA requirements and continuing the implementation of the Groundwater Sustainability Plan (GSP). A primary activity will be the completion and publication of the basin's Periodic Evaluation (PE), which assesses progress toward sustainability goals and determines whether amendments to the GSP are necessary. Early in the fiscal year, staff will release the draft PE and any proposed GSP amendments for review.

Following the release of the draft, the Authority will conduct public outreach and coordinate with partner agencies to gather input and refine the document. This process ensures transparency and allows stakeholders to provide feedback on basin conditions, modeling updates, and progress toward sustainability indicators. After review and revisions, the final PE and any GSP amendments will be completed and submitted to the California Department of Water Resources (DWR).

In addition to the periodic evaluation process, staff will continue ongoing monitoring and data management activities needed to track groundwater levels, subsidence, and other sustainability indicators. These efforts support adaptive management of the basin and ensure that SCGA remains compliant with state reporting requirements.

Governance and Legal

The workplan includes several activities focused on maintaining effective governance and legal compliance for the Authority. These activities include preparing and managing board meetings, maintaining governing documents, and ensuring compliance with state transparency requirements such as open meeting laws and public records obligations.

Staff will also continue to support SCGA's legal and administrative framework by reviewing policies and agreements and ensuring that contracts and interagency arrangements are appropriately maintained. This program area ensures that the governance structure remains transparent, accountable, and consistent with statutory requirements.

Policy and Administration

Administrative management is another important component of the FY 26/27 workplan. Tasks in this area focus on maintaining operational effectiveness, including document management, internal procedures, and administrative coordination among member agencies.

Staff will maintain administrative systems that support the SCGA's activities, including records management, reporting, and general organizational operations. This work

ensures that the agency can efficiently implement its programs while maintaining strong internal controls and documentation practices.

Securing and managing financial resources is essential to supporting long-term groundwater sustainability efforts. In FY 26/27, the agency will continue implementing its financial management framework, including annual budgeting, financial monitoring, and reporting to the governing board.

The SCGA will also pursue opportunities for state and federal grant funding to support groundwater monitoring, planning, and project implementation. Staff will coordinate with regional partners to identify funding opportunities that align with basin priorities and sustainability goals. Additionally, financial planning will support the continued implementation of GSP activities and preparation for future capital or programmatic investments.

Board Strategic Planning

FY 26/27 activities also include efforts to support the Board's strategic planning initiatives. These efforts are intended to help guide the SCGA's long-term priorities and ensure that programs and investments align with basin sustainability objectives.

Strategic planning activities may include reviewing the agency's mission and priorities, evaluating program effectiveness, and identifying emerging challenges related to groundwater management. These discussions will help inform future policy direction, resource allocation, and long-term program development.

Coordination and Stakeholder Engagement

Regional coordination and stakeholder engagement remain essential to effective groundwater management. In FY 26/27, staff will continue collaborating with local agencies, water providers, and community stakeholders within the South American Subbasin.

Public engagement activities may include stakeholder meetings, informational updates, and opportunities for public input on major planning documents such as the Periodic Evaluation. These efforts promote transparency and help ensure that groundwater management decisions consider the perspectives of water users, local governments, and the broader community.

Coordination with neighboring groundwater sustainability agencies and regional water management efforts will also continue to ensure consistency across planning initiatives and promote integrated water management strategies.

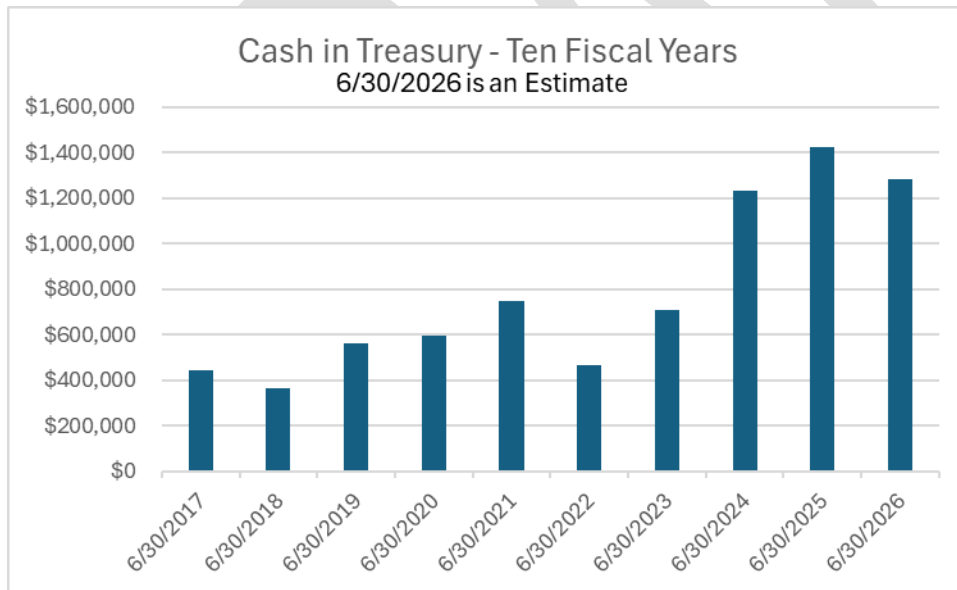
Projects and Programs

The workplan also supports the evaluation and advancement of groundwater sustainability projects and programs that may help achieve basin sustainability goals. These projects may include groundwater recharge initiatives, water supply reliability improvements, monitoring enhancements, and other actions identified through the GSP implementation process.

During FY 26/27, staff will continue evaluating project opportunities, coordinating with partner agencies, and identifying funding sources that can support implementation. These activities help translate the planning framework established in the GSP into tangible actions that improve groundwater conditions over time.

Cash Balances

The following graph shows the SCGA's cash balances over a 10-year period. The agency carefully monitors cash inflows and outflows to ensure adequate cash is on hand to meet operating expenditures. Some of the revenue comes in later in the fiscal year, so the agency needs to maintain \$300,000 to \$400,000 in cash to ensure that funds are available to pay invoices as they come due. As the graph shows, cash balances vary from year to year but have trended higher more recently. The higher balance was necessary to cover the cost of the GSP periodic update, estimated at about \$512,000. The cash balance is expected to decrease slightly by the end of the current year.



Budget Process

Budget Development Process

Budget development begins in February after the prior year's audited annual financial statements are completed. The ending fund balances from the preceding year serve as the beginning balances for the current year. Using this information as a starting point,

staff develop expectations for revenues and expenditures for the remainder of the current fiscal year.

At the beginning of the budget process, staff will determine how much potential funding is available in the budget year. This effort is central to determining cash flows for the budget year and is based, in part, on Board adopted contribution rates and fees.

Once the revenues for the budget year have been established, staff begin aligning expenditures with the available resources and their respective expenditure requirements. The expenditure baseline consists of consulting services, audit and other fiscal services, and overhead. SCGA executes multi-year contracts with many of its consultants who provide technical, operational, and administrative services. As such, staff collaborate with each vendor to determine priority tasks so that the costs of those tasks can be incorporated into the budget.

The budget process is fluid. Staff continually monitor regional factors with potential implications to the Agency and Program. Pursuing funding is a strategic effort that, when successful, often requires timely planning to ensure the funds are spent according to law or contractual requirements.

During the budget hearing in April, the Board or members of the public may ask questions, make comments, or provide direction to staff. If any substantive budget revisions are required in response to comments, they will be incorporated into the final budget which will be presented to the Board in June for its consideration and adoption.

If there are material changes to the budget after its adoption, the Executive Director will confer with the finance team to determine if budget amendments are needed. As necessary, the adopted budget will be amended accordingly and presented to the Board for consideration and adoption.

Over the longer term, if Board direction leads to significant new projects or responsibilities, staff will work to identify financial resources to fund the increased workload. Staff monitors grant opportunities to offset the cost of existing or new initiatives.

Budget Calendar

Date	Activity
February	Staff begin developing estimates for revenue and expenditures for the remainder of the current year based on actual year-to-date information. Staff also begin developing expenditure projections for the budget year and 5-year financing plan.
March	Staff work with the Treasurer finalize the draft budget.
April/May	Executive Director/Treasurer present draft budget to Board. Comments and desired changes are noted.
May	Prepare Final Budget and staff report. Incorporate recommended changes from April meeting. Updated revenue projections are provided by the Executive Director.
June	Executive Director/Treasurer present Final Budget with a staff report and resolution to the Board for adoption.
Subsequent to June	The Executive Director may recommend amendments to the Final Budget after adoption if revenues or expenditures do not materialize as planned subsequent to the adopted budget.

Basis of Budgeting

All budgetary information is reported using the modified accrual basis of accounting like the fund financial statements found in the audited financial statements. This method recognizes revenue when it becomes measurable and available, while expenditures are recognized when the obligation to pay them is incurred. The SCGA's cut off for financial reporting purposes is 90 days after the fiscal year ends – September 30.

Financial Policies

Board of Directors

The Board provides fiscal oversight and establishes the Authority's financial direction. Primary responsibilities include:

- Adopting and amending financial policies
- Approving the annual operating budget
- Establishing fees and assessments
- Approving contracts exceeding \$50,000
- Approving grant applications requiring a cash match
- Authorizing the use of reserves
- Reviewing periodic financial reports

Through these actions, the Board ensures that SCGA maintains sound fiscal practices and long-term financial sustainability.

Executive Director

The Executive Director is responsible for implementing the Board's financial policies and managing the Authority's day-to-day fiscal operations. Responsibilities include:

- Preparing and presenting the annual operating budget
- Overseeing financial administration and internal controls
- Executing contracts within delegated authority
- Pursuing grant opportunities consistent with Board priorities
- Monitoring financial performance and operational efficiency
- Providing financial reports and analysis to the Board

Treasurer

The Treasurer oversees the Authority's investment program and ensures compliance with applicable investment laws. Responsibilities include:

- Investing available cash in accordance with policy and California law
- Monitoring investment performance and risk
- Maintaining a list of approved financial institutions
- Ensuring appropriate financial disclosures and internal controls

Budgeting and Financial Planning

The annual operating budget serves as the Authority's primary financial planning document and supports implementation of the Board-approved work plan.

The budget presents anticipated revenues, expenditures, and available fund balances for the fiscal year. SCGA operates on a fiscal year beginning July 1 and ending June 30.

Key budgeting principles include:

- Total expenditures may not exceed projected revenues plus available unrestricted fund balance.
- Budget development begins following completion of the prior year's audited financial statements.
- Revenue estimates are based on member contributions, assessments, grants, and other available funding sources.
- Expenditures are aligned with available resources and operational priorities.

The Board reviews the proposed budget during a public meeting and adopts the final budget prior to the beginning of the fiscal year. If significant changes occur during the fiscal year, budget amendments may be presented to the Board for approval.

SCGA also evaluates longer-term funding needs and monitors grant opportunities to support future projects and program requirements.

Revenue and Expenditure Management

SCGA maintains funding mechanisms designed to provide reliable and equitable revenue streams necessary to support its operations and groundwater sustainability initiatives.

Revenue projections are developed using conservative assumptions and analysis of historical trends, economic conditions, and anticipated funding changes. The Authority will pursue collection of overdue fees and assessments consistent with applicable law.

Expenditures are managed to ensure fiscal stability and efficient operations. Spending priorities focus on core program functions, technical consulting services, administrative support, and compliance with groundwater sustainability responsibilities.

If projected expenditures exceed available revenues, corrective actions may include reducing expenditures, adjusting revenues, or utilizing reserves with Board approval.

Fund Balance and Reserve

Maintaining adequate reserves is essential for financial stability and risk management. SCGA seeks to maintain an operating reserve equal to at least three months of projected operating revenues. The reserve provides financial protection against revenue shortfalls, unexpected expenditures, or economic fluctuations.

Operating reserves may be used for emergencies or non-recurring expenditures when approved by the Board. If reserves fall below the target level, a plan should be developed to restore them over time.

Grants Management

Grant funding is an important tool for supporting regional groundwater sustainability projects and reducing financial impacts on local agencies and stakeholders. SCGA may pursue federal, state, or local grants that align with Board priorities and program objectives.

Before applying for grant funding, staff evaluate:

- Alignment with Board priorities

- Financial impacts on the Authority
- Required matching funds
- Potential long-term operational obligations

The Executive Director must obtain Board approval before submitting grant applications, particularly when cash matching funds are required. Staff provide periodic updates regarding the status and effectiveness of grant-funded programs.

Fiscal Monitoring and Financial Reporting

Ongoing financial monitoring supports transparency, accountability, and informed decision-making by the Board.

Staff prepare periodic financial reports that include:

- Comparisons of actual revenues and expenditures to the adopted budget
- Current fund balance status
- Analysis of financial trends
- Identification of potential financial risks

SCGA also prepares long-range financial forecasts, typically covering a five-year period. These forecasts help identify economic trends, funding risks, and emerging program needs that may influence future budgets.

Accounting, Auditing, and Internal Controls

SCGA maintains accounting practices and financial reporting systems consistent with Generally Accepted Accounting Principles (GAAP) and other professional standards applicable to public agencies.

The Authority prepares annual audited financial statements, which provide independent verification of financial accuracy and compliance with applicable standards.

Internal control systems are maintained to safeguard assets, ensure accurate financial records, and reduce the risk of fraud or misuse of funds. Key elements include:

- Proper authorization of financial transactions
- Separation of duties
- Accurate financial recordkeeping
- Independent review and auditing

These controls help ensure the integrity of SCGA's financial management practices.

Investment Management

Public funds are invested in accordance with California Government Code requirements to ensure prudent financial management.

The investment program is guided by four primary objectives, in order of priority:

1. Safety – Preservation of principal.
2. Liquidity – Ability to meet operational cash needs.
3. Diversification – Managing risk through a balanced portfolio.
4. Yield – Achieving a reasonable return consistent with safety and liquidity.

Authorized investments include U.S. Treasury securities, federal agency securities, the California Local Agency Investment Fund (LAIF), certificates of deposit, and qualified money market funds. Investments may not exceed a five-year maturity limit, and portfolio diversification limits are applied to reduce risk.

The Treasurer is responsible for managing the investment portfolio and ensuring compliance with all applicable laws and policy requirements.

Procurement and Contracting

SCGA procures professional services, equipment, and supplies necessary to carry out its programs and operations.

Professional services are selected based on qualifications, expertise, and ability to perform the required work rather than lowest cost alone.

Contracting authority is structured as follows:

- Contracts up to \$50,000: May be executed by the Executive Director if funds are available in the approved budget.
- Contracts exceeding \$50,000: Require written proposals and approval by the Board.

Contract amendments, renewals, or extensions above this threshold must also be approved by the Board.

Policy Review

The Financial Policy is periodically reviewed to ensure it remains current and effective. The Board reviews the policy every three years or as needed and may adopt revisions to reflect changes in law, financial conditions, or organizational needs.

Records Retention Policies

Legal Authority and Policy Framework

The Records Management Policy is implemented consistent with California laws governing public records and local agency record retention. Key legal authorities include:

- The California Public Records Act, which governs public access to agency records.
- California Government Code provisions addressing retention and destruction of local agency records.
- Applicable state laws related to the creation, preservation, and accessibility of public records.
- The SCGA Joint Powers Agreement and other governance documents.

Roles and Responsibilities

Effective records management requires coordinated responsibilities among the Board, Executive Director, and staff.

Board of Directors

The Board of Directors establishes the Authority's records management framework by:

- Adopting the Records Management Policy.
- Approving amendments to the policy or retention schedule.
- Authorizing destruction of records when required by law.
- Ensuring the Authority maintains transparency and legal compliance in records management.

The Board's oversight ensures that the Authority's records practices support accountability and public trust.

Executive Director

The Executive Director is responsible for administering the records management program and ensuring implementation of the policy. Responsibilities include:

- Overseeing compliance with records management requirements.
- Ensuring records are properly classified and maintained.
- Supervising implementation of the retention schedule.
- Coordinating responses to Public Records Act requests.
- Recommending policy updates when needed.

The Executive Director may designate staff or consultants to assist in carrying out records management functions.

Staff and Consultants

Staff and consultants responsible for records must:

- Follow the requirements of the Records Management Policy.
- Maintain records accurately and securely.
- Protect confidential or sensitive information.
- Comply with retention schedules and disposition procedures.

Proper adherence to these responsibilities helps maintain reliable documentation of the Authority's operations.

Records Classification and Organization

SCGA records are organized according to record categories or "record series," which group records based on their function, purpose, or subject matter. Examples may include:

- Administrative and governance records.
- Financial and accounting records.
- Legal and contractual records.
- Personnel records.
- Technical and groundwater management records.
- Grant and project records.

Each record series has an associated retention period established in the Records Retention Schedule. SCGA's retention periods reflect legal requirements, operational needs, and historical value.

Records Storage and Protection

SCGA maintains records in both physical and electronic formats. The policy requires that all records be stored in a manner that ensures:

- Accessibility for authorized personnel.
- Protection from loss, damage, or unauthorized access.
- Compliance with legal and regulatory requirements.

Electronic records must be maintained using reliable systems that protect data integrity and ensure long-term accessibility. Where appropriate, electronic records may serve as the official record copy.

Records Retention

The Records Retention Schedule establishes the length of time that each category of records must be maintained before they may be archived or destroyed.

Retention periods are designed to ensure that records remain available:

- For legal and regulatory compliance.
- To support financial audits and administrative review.
- To document agency decisions and operations.
- To preserve historically significant information.

Some records are retained permanently due to their legal, operational, or historical significance. Examples often include governing board actions, major agreements, and key policy documents.

Records Destruction and Disposition

Records may be destroyed when their retention period has expired and they are no longer required for administrative, legal, or operational purposes.

Destruction must occur in accordance with applicable law and only after confirmation that:

- The required retention period has been met.
- The records are not subject to litigation, audit, or investigation.
- The records are not subject to a pending Public Records Act request.

When required by law, the destruction of records must be authorized by the Board of Directors.

Records containing confidential or sensitive information must be destroyed in a secure manner to prevent unauthorized disclosure.

Public Access and Transparency

SCGA is committed to transparency and public accountability in accordance with the California Public Records Act.

The Authority will provide public access to records upon request unless the records are exempt from disclosure under applicable law. Requests for records are processed in accordance with statutory timelines and procedures.

Maintaining well-organized records systems improves the Authority's ability to respond efficiently to public information requests and supports public trust in agency operations.

Electronic Records and Modern Recordkeeping

As government operations increasingly rely on digital systems, SCGA recognizes the importance of effective electronic records management.

Electronic records must be:

- Maintained in reliable systems.
- Protected from unauthorized modification or deletion.
- Accessible throughout the required retention period.

Where feasible, electronic storage may reduce physical storage needs and improve efficiency in records retrieval and management.

Policy Administration and Review

The Records Management Policy is reviewed periodically to ensure that it remains consistent with current laws, technology, and organizational practices.

Updates to the policy or retention schedule may be recommended by staff and adopted by the Board of Directors as needed.

Regular review helps ensure that SCGA's records management practices remain effective, compliant, and responsive to the Authority's operational needs.

Authority Overview

Authority Background

In August 2006, the Sacramento Central Groundwater Authority (Authority) was established pursuant to the Joint Exercise of Powers Act (California Government Code Section commencing with Section 6500) by agreement of the County of Sacramento, the City of Rancho Cordova, the City of Folsom, the City of Elk Grove, and the City of Sacramento. Its purpose is to regulate groundwater by a collaborative process composed of stakeholders in a portion of the South American Subbasin and to develop and implement a Groundwater Sustainability Plan (GSP) to promote the sustainable use of groundwater resources for uses in the public interest and for the common benefit of all water users within the County of Sacramento.

The boundaries of the SCGA encompass the portion of the Sacramento Valley South American Subbasin (Basin 5-21.65) bounded on the north by the American River; bounded on the south by the Consumnes River to the intersection with State Highway 99, Grant Line Road to the intersection with Jackson Highway, and the southern boundary of Keifer Landfill; on the west by the Sacramento River and Interstate 5, and on the east by the Sacramento County Urban Services Boundary. See map below.

The Governing Body of the SCGA consists of 14 members representing the following interests:

- One (1) elected member of the governing body, or designee thereof, of each of the following public agencies:
 - The County of Sacramento
 - The City of Elk Grove
 - The City of Folsom
 - The City of Rancho Cordova
 - The City of Sacramento
 - The Sacramento Area Sewer District
 - The Florin Resource Conservation District/Elk Grove Water District
- One member of the governing body, or designee thereof, of each of the following private water purveyors or investor-owned utilities:
 - The California American Water Company
 - The Golden State Water Company
- One representative of the agricultural interests within the boundaries of the SCGA
- One representative of the agricultural-residential groundwater users within the boundaries of the SCGA
- One representative of the commercial/industrial self-supplied groundwater users within the boundaries of the SCGA
- One representative of the conservation landowners within the boundaries of the SCGA
- One representative of the public agencies that are self-supplied groundwater users within the boundaries of the SCGA

Authority Organizational Chart

Governing Board

Chair – Bruce Kamilos, Elk Grove Water District/Florin Resource Conservation District

Vice Chair - Shoaib Ahray – City of Elk Grove

Treasurer – Sean Twilla – Golden State Water Company

Authority Staff

Executive Director (contract)

Piret Harmon

General Counsel (contract)

Valerie Kincaid

Fiscal Services (contract)

Timothy Jones

Glossary

Adopted Budget – approved annual budget establishing the legal authority to spend in specific accounts.

Audit – systematic collection of sufficient and competent evidential matter needed to attest to the fairness of management's assertions in the financial statements, or to evaluate whether management has efficiently and effectively fulfilled its responsibilities.

Balanced Budget – refers to a budget in which beginning fund balance and revenues are greater than or equal to the total appropriations and fund transfers.

Beginning/ending Fund Balance – total accumulation of resources available in a fund from the prior/current year after payment of the prior/current year's expenditures. Not necessarily cash on hand.

Board – the Governing Board of the Sacramento Central Groundwater Authority

Budget – plan of financial operation consisting of proposed/approved appropriations for specified purposes and the proposed/approved means of financing them.

Budget Calendar – schedule of key dates and milestones that a government follows in the preparation and adoption of its budget.

Expenditures – authorized spending such as employee salaries and benefits, professional services, and capital construction costs.

Final Budget – presented during the June Board meeting and adopted if there are not any material changes needed.

Fiscal Year – the SCGA's fiscal year is July 1 through June 30.

Fund – group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The SCGA reports only one fund – the General Fund.

Fund Balance – total amount remaining after current appropriations and other financing uses are subtracted from the sum of the beginning fund balance, revenues, and other financing sources.

General Fund – fund used to administer the GSA. The SCGA reports only this fund.

Modified accrual basis of accounting - recognizes revenue when it becomes measurable and available, while expenditures are recognized when the obligation to pay them is incurred.

Reserve – portion of a fund's balance that is available for appropriation but has been reserved for economic uncertainties.

Resolution – written motion adopted by the Governing Board.

Revenues – income received from various sources including intergovernmental taxes and fees, grants, and other contributions.

SASb – South American Subbasin

SCGA – Sacramento Central Groundwater Authority

SGMA – Sustainable Groundwater Management Act

Sacramento Central Groundwater Authority

Board of Directors

AGENDA REPORT

MEETING DATE: April 16, 2026

AGENDA ITEM: 6.4

SUBJECT: GSP 2027 Periodic Evaluation

RECOMMENDATION: Discuss and provide input

BACKGROUND:

The Sustainable Groundwater Management Act (SGMA) requires Groundwater Sustainability Agencies (GSAs) to complete and submit a periodic evaluation of their Groundwater Sustainability Plans (GSPs) at least every five years. The first periodic evaluation for the South American Subbasin is due to the California Department of Water Resources (DWR) by January 27, 2027.

As the GSA and Plan Manager for the South American Subbasin, the Sacramento Central Groundwater Authority (SCGA) is responsible for coordinating preparation of the 2027 Periodic Evaluation in collaboration with the other GSAs in the basin. The evaluation assesses new information, groundwater conditions relative to Sustainable Management Criteria (SMC), implementation status of projects and management actions, and whether updates or amendments to the GSP are warranted.

SCGA initiated the periodic evaluation process in late 2025, including a public launch meeting in December 2025 and ongoing coordination with partner GSAs and stakeholders.

DISCUSSION:

Staff and consultants are providing a status update on progress toward completion of the GSP 2027 Periodic Evaluation, building on prior updates shared with the Board and SASb Executive Committee.

The periodic evaluation will determine whether a GSP revision or amendment is necessary. Based on current information, implementation is on track, and no major

deficiencies have been identified; however, additional analysis and Board input will inform this determination.

The purpose of this agenda item is to provide the Board an opportunity to receive a status update, ask questions, and provide input on key policy, technical, and implementation considerations as work progresses toward the January 2027 deadline.

FISCAL IMPACT:

No direct impact from this action.

CEQA DETERMINATION:

Not applicable.

ATTACHMENT(S):

Presentation GSP 2027 Periodic Evaluation Status

PREPARED BY:

Piret Harmon
Executive Director

Bryan Thoreson
Technical Consultant

SCGA BOARD MEETING

GSP 2027 Periodic Evaluation Progress
April 16, 2026



Agenda – GSP 2027 Periodic Evaluation Progress

- Review 2027 Periodic Evaluation Requirements
- New Information Collected
- Groundwater Conditions Relative to Sustainable Management Criteria
- Status of Projects and Management Actions
- Basin Setting Based on New Information or Changes In Water Use
- Assess Monitoring Networks
- GSA Authorities and Enforcement Actions
- Outreach, Engagement, and Coordination
- Summary Since GSP Submitted
- Periodic Evaluation Status Summary
- Questions

Requirements for the GSP 2027 Periodic Evaluation

- Required Every 5 Years
- Due January 27, 2027
- New Information
- Groundwater Conditions Relative to Sustainable Management Criteria (SMCs)
- Status of Projects and Management Actions (PMAs)
- Basin Setting Changes Due to New Information?

What is required in a Periodic Evaluation?

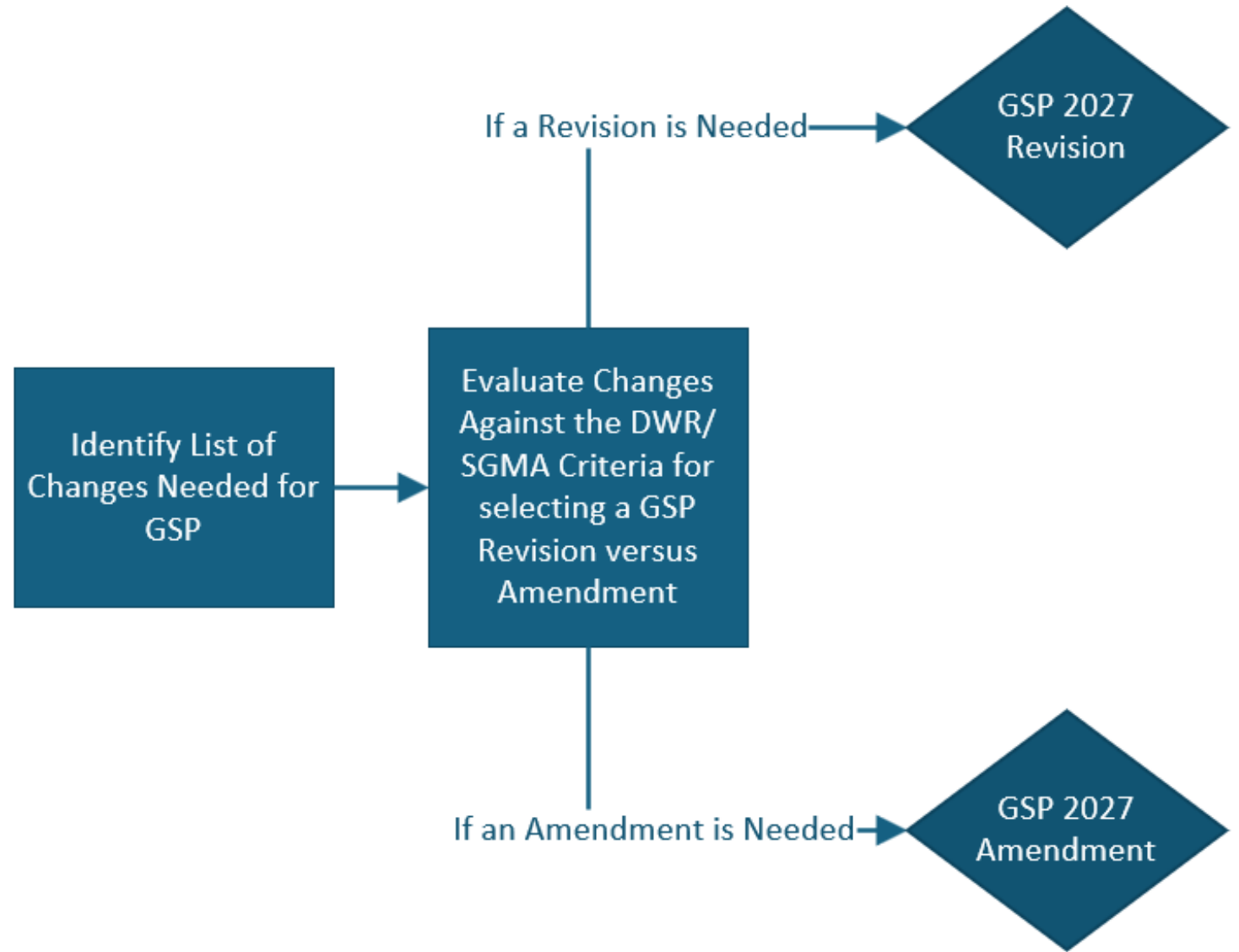
The Periodic Evaluation is a GSA's written assessment of its GSP implementation. The assessment is meant to evaluate whether their groundwater sustainability program is meeting the basin's sustainability goal and continues to meet the requirements of SGMA and the GSP Regulations.

- **New Information Collected:**
 - Description of any new information, including significant new data, acquired during the evaluation cycle
- **Groundwater Conditions Relative to Sustainable Management Criteria:**
 - Are conditions on track to meet the interim milestones.
 - Have there been minimum threshold exceedances?
- **Status of Projects and Management Actions:**
 - Summarize the GSA implementation activities related to projects and management actions.
 - How have these GSA activities helped the agency achieve the sustainability goal for the basin?
- **Basin Setting Based on New Information or Changes in Water Use:**
 - Explain the major cause of any significant new changes in the understanding of the basin setting, such as changes attributed to water use and supply, climate variations, successes and failures of projects and management actions, or significant new information and data that causes changes in model assumptions and results.



Process for Revising or Amending GSP

GSA's Make Determination



New Information Collected

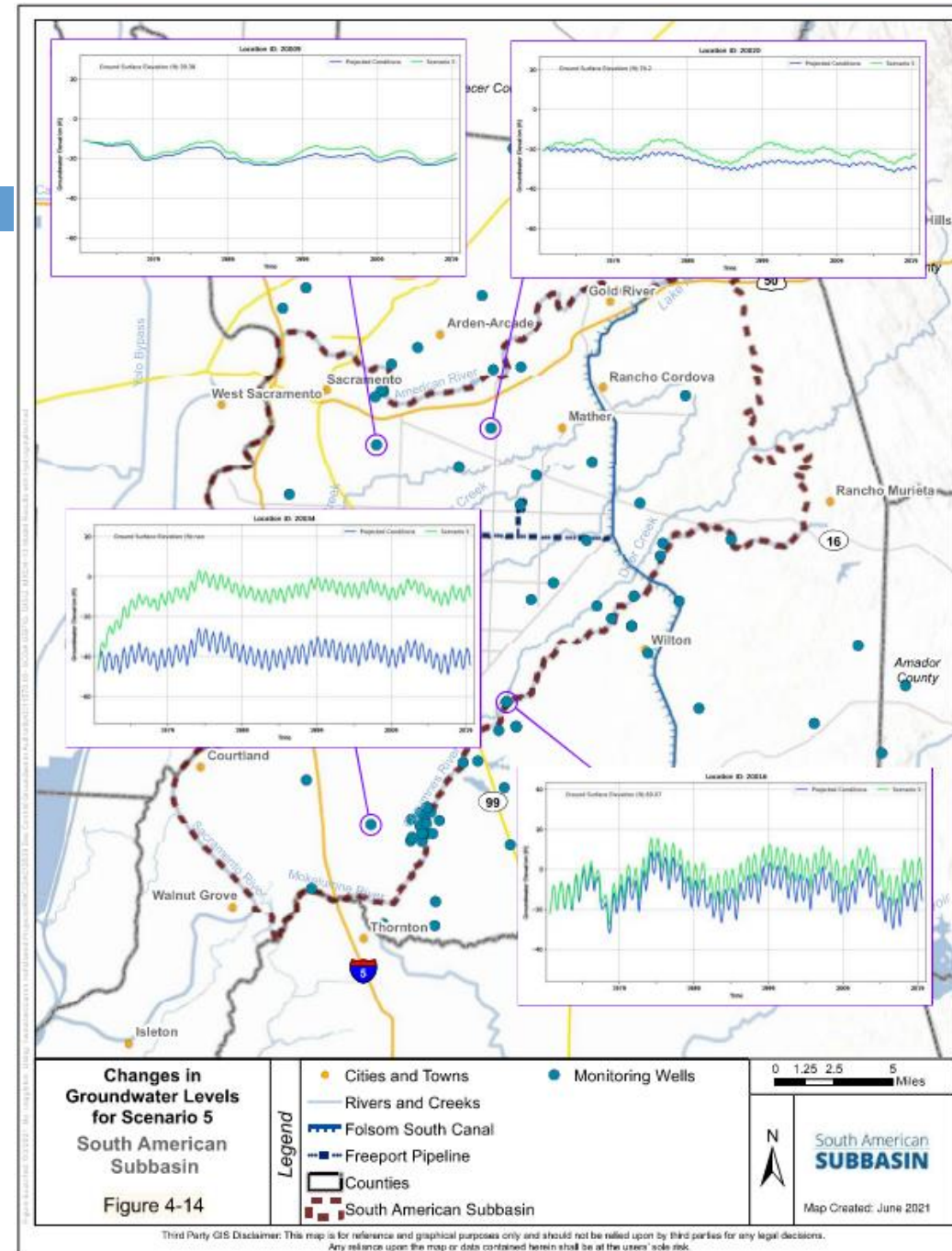
- Work Completed / Information Compiled:
 1. Airborne Electromagnetic Survey: Update Hydrogeologic Conceptual Model
 2. Aquifer Recharge Potential Maps
 3. SB522 Domestic Well Vulnerability
 4. American River Watershed Resilience Pilot Project
 5. Voluntary Monitoring Program
 6. Domestic Well Inventory
 7. DWR BMPs and Guidance Documents
 8. American River Basin Study
 9. Aerojet superfund water quality (WQ) and pumping capture zones
 10. 5 years of additional water and land use data
- Work Remaining:
 - Incorporate information into draft report

Groundwater Conditions Relative to Sustainable Management Criteria

- Key Result: No Occurrence of Undesirable Results
- Work in Progress:
 - Water Level and Storage
 - Water Quality (WQ)
 - Subsidence
 - Interconnected Surface Water (ISW)
- Work Remaining:
 - Complete analyses
 - Incorporate into draft report

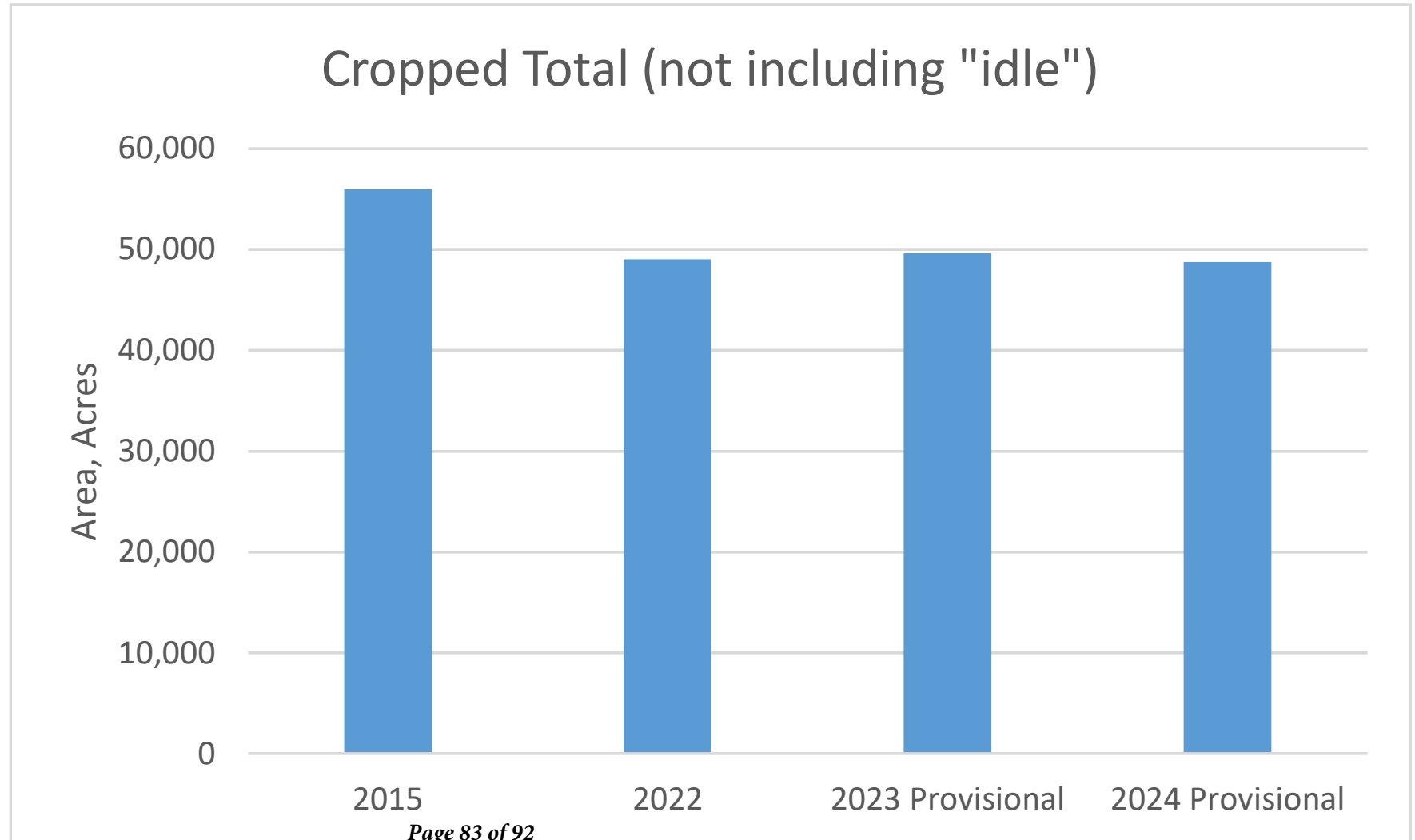
Status of Projects And Management Actions

- **Key Result: Implementation of PMAs on Schedule**
 - Harvest Water - on schedule
 - Conjunctive Use - on schedule
 - OHWD Recharge - on schedule
 - Flood Diversion for Groundwater Recharge—New
- **Work Remaining:**
 - Incorporate results from prior water years with 2025 update
 - Complete domestic well vulnerability analysis
 - Incorporate into draft report



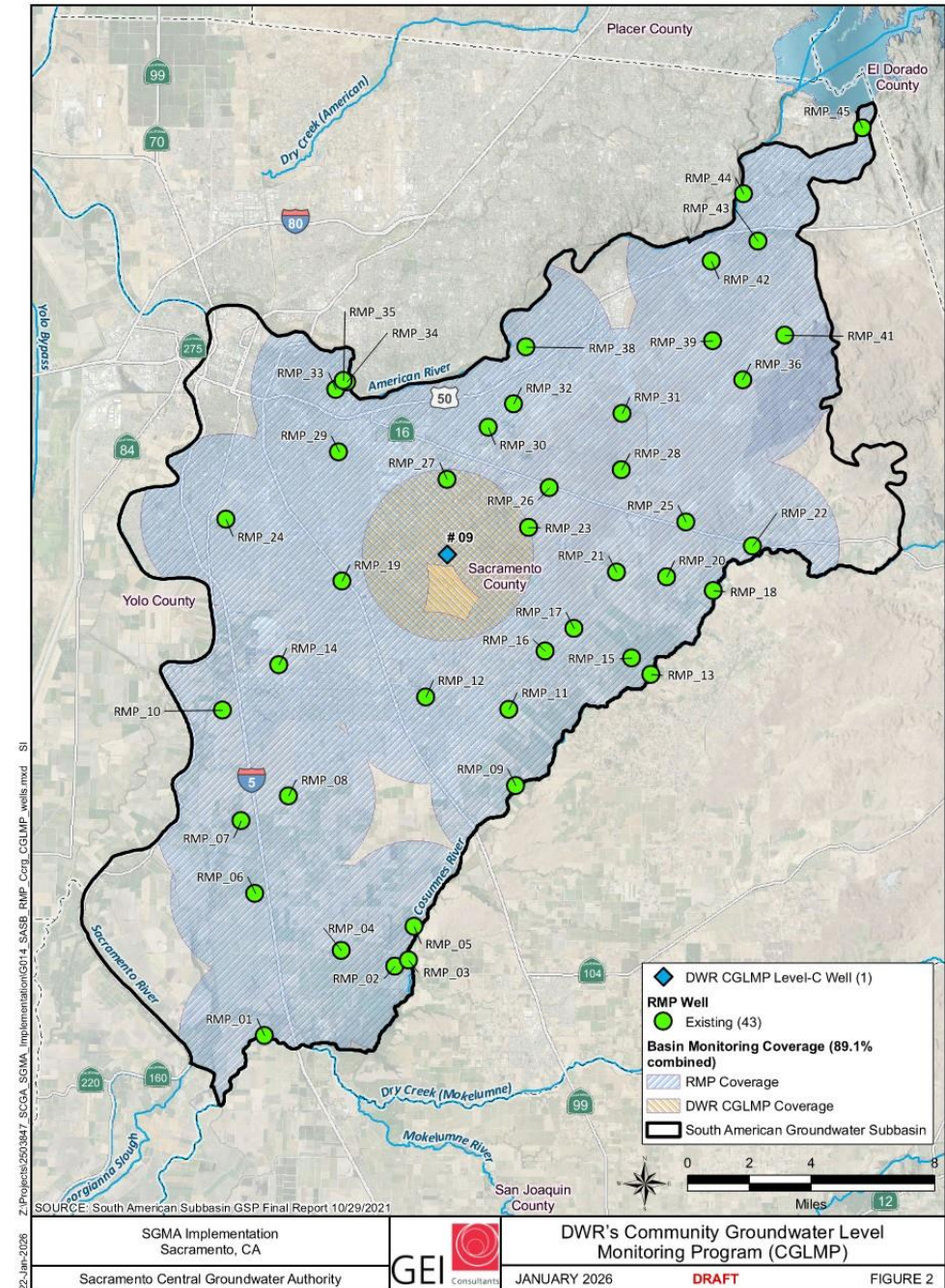
Basin Setting Based on New Information including Changes In Water Use and Changes in Land Use

- **Key Result:** No major changes in Basin Setting
- Cropped Total not including “idle” approximately 7,000 acres less than in 2015
- Work Remaining:
 - Incorporate annual water balances since GSP submittal into draft report



Assess Monitoring Network--Summary

- **Key Result: Monitoring Network meets DWR BMP requirements**
- **DWR Best Management Practices:**
 - 4 monitoring wells per 100 square miles (for basins with annual pumping > 10,000 acre-feet/year per 100 square miles)
 - At least 16 monitoring wells
- **South American Subbasin Monitoring Network:**
 - 43 monitoring wells (not including 2 destroyed)
 - Monitoring coverage of 88.6%
- **Recommendation to improve monitoring coverage to 89.1%**
- **Work Remaining:**
 - Complete WQ and ISW analysis
 - Incorporate into draft report



GSA Authorities and Enforcement Actions

- **GSA Authorities:**
 - Well permit review per Executive Order (EO) up until the EO was rescinded
- **Enforcement Actions:**
 - None required
- **Work Remaining:**
 - Incorporate description into draft report

Outreach, Engagement, and Coordination

SASb Executive Committee Meetings

- October 27, 2025
- February 23, 2026

Three (3) Dedicated Public Meetings

- Launch December 18, 2025
- April 21, 2026
- June 2026

Outreach, Engagement and Coordination

- North American Subbasin—February meeting
- Cosumnes Subbasin—February meeting
- Solano and Yolo—meetings upcoming
- Remaining work
 - Public meeting April 21, 2026
 - Report presentation to public in June
 - Coordination with Solano and Yolo GSAs

Summary Since GSP Submitted in 2022

- No undesirable results:
 - Groundwater levels
 - Groundwater storage
 - Groundwater quality
 - Land subsidence
 - Integrated Surface Water
- Projects and Management Actions on schedule
- Basin storage increased
- Average groundwater extractions for industrial and municipal and agricultural (including AgRes) have been 75% of annual sustainable yield projected in GSP (CoSANA model)
- Annual Reports submitted on time
- Water Year 2023 and 2024 annual report reviews completed and “The Department has determined that for the period of time covered in the annual report, it appears the GSP continues to be implemented in a manner consistent with achieving the Subbasin’s sustainability goal as described in the GSP.”

Periodic Evaluation Status Summary

Report Section	Status	Remaining Work--Draft Report by end of May
1. Develop and Summarize New Information	New information collected and reviewed; summary in progress	Incorporate into draft report
2. Groundwater Conditions Relative To Sustainable Management Criteria	Analysis nearly complete	Complete WQ and ISW analysis and incorporate into draft report
3. Status of Projects and Management Actions	Information collected and reviewed; analysis nearly complete	Complete domestic well vulnerability analysis and incorporate into draft report
4. Basin Setting Based On New Information or Changes In Water Use	Analysis nearly complete	Incorporate into draft report
5. Monitoring Networks	Analysis nearly complete	Complete WQ and ISW analysis and incorporate into draft report
6. GSA Authorities and Enforcement Actions	Information collected and reviewed	Incorporate into draft report
7. Outreach, Engagement, and Coordination with Other Agencies	Public meeting - Dec 18, 2025 Meetings with NASb and Cosumnes GSA technical staff	Public meeting April 21, 2026 Report presentation to public in June 2026 Coordination with Solano and Yolo GSAs

QUESTIONS

Sacramento Central Groundwater Authority

Board of Directors

STAFF REPORT

MEETING DATE: April 16, 2026
AGENDA ITEM: 7.2
SUBJECT: Water Bank Working Group Report

MEMORANDUM:

Staff, in coordination with Regional Water Authority (RWA) and participating agencies, have continued to review the items of interest that SCGA's has identified related to the Sacramento Regional Water Bank.

Importantly, a substantial portion of the items have now been resolved, and many of the remaining items have been clarified as falling within the authority of the Groundwater Sustainability Agencies (GSAs), including SCGA and SGA, to address through future guidance, policy development, or SGMA implementation actions.

The remaining active items are increasingly focused and can be grouped into three primary themes:

1. Accounting Framework (Previously Banked Water and Transactions)

Ongoing discussions center on how water is quantified, tracked, and validated, including:

- Previously Banked Water (PBW) analysis
- Accounting rules (e.g., leave-behind, substitution, recycled water credits)
- Reported data

These items are largely technical in nature and, in several cases, depend on additional analysis or documentation from RWA.

2. Operational Definitions and Rules

A number of items reflect the need for clearer and more consistent definitions, including:

- Establishment and oversight of baseline conditions
- Clarification of what constitutes a Water Bank action
- Definition of recovery and how it applies to local versus transferred use

- Consideration of storage capacity and potential competition for storage space

Many of these issues have been clarified as policy questions that GSAs will need to evaluate and, where appropriate, address through future guidelines or policy decisions.

3. Reporting, Transparency, and SGMA Alignment

Remaining discussions also focus on ensuring GSAs have sufficient information to meet SGMA requirements, including:

- Sufficiency and timing of reporting for Annual Reports and Periodic Evaluations
- Alignment of reporting cycles (fiscal year vs. water year)
- Transparency in how Water Bank activities are documented and communicated

Several of these items are time-sensitive and will continue to be refined to support upcoming SGMA reporting obligations.

Next Steps

- Continue targeted discussions with RWA on remaining technical and reporting items
- Coordinate with partner GSAs to define roles, expectations, and potential policy responses
- Identify where SCGA may need to develop guidance or formal policies to address Water Bank interactions with SGMA implementation

PREPARED BY:

Piret Harmon
Executive Director