

Legal and Engineering Expenses are budgeted 19% less than FY 2024-25. Budget line items were re-evaluated resulting in the reduction. Should issues arise regarding mandated Cachuma water releases to river for the endangered steelhead trout, State Water releases used for improving downstream water quality, and Cachuma Project modified winter storm operations, there may be a need for additional legal or engineering expertise which could be funded through contingencies. The District's staff are tracking the expected Biological Assessment (BA) by the US. Bureau of Reclamation. It is unclear when it will be available for review.

Sustainable Groundwater Management Act (SGMA). The District will continue to participate in the SGMA activities in the Basin. All three Groundwater Sustainability Agencies (GSAs) transitioned to Joint Power Authorities (JPA) at the end of 2023 and have begun implementation of their respective Groundwater Sustainability Plans. Two of the three GSAs have hired outside staff, which no longer necessitates District Staff support for administration. District staff will continue to provide administrative support to the CMA and to the Proposition 68 Grant.

It is not expected that any independent cash revenue will be generated by the GSAs until the second half of FY 2025-2026. Therefore, additional loans from the JPA member agencies, including the District are likely. The Budget figure of \$225,000 represents an estimate of the expected loan contributions from the District to the three GSAs. These contributions are subject to repayment as per the terms of loan share agreements.

Contingencies for FY 2025-26 are set at the same amount as FY 2024-2025: \$50,000.

RESERVES:

The District goal of \$2.0 million in total reserves will be substantially met. Of this amount, \$1.6 million is earmarked for legal and engineering services mostly surrounding the activities of others seeking to restrict water rights in the watershed, and their actions resulting in negative consequences on water rights. The remaining \$400,000 is for other contingencies, such as unexpected large expenditures.

For FY 2024-25, no transfers out of reserves are expected.

A final budget will be available for the Board's consideration at the June regular meeting.