



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Submitted on:
(COB Stamp)

Department Name: PW/Water Agency
Department No.: 054
Agenda Date: February 24, 2026
Placement: Administrative Agenda
Estimated Time:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Directors, Water Agency
FROM: Department Director: Chris Sneddon, Public Works Director
Contact: Walter Rubalcava, Deputy Director – Water Resources
SUBJECT: **Santa Ynez River Valley Groundwater Basin Eastern Management Area
Groundwater Sustainability Agency Request for Extension of Loan Repayment
Terms and Waiver of Interest**

County Counsel Concurrence

As to form: Yes

Other Concurrence:

As to form: N/A

Auditor-Controller Concurrence

As to form: N/A

Recommended Actions:

That the Board of Directors, Water Agency:

- a) Approve postponement of repayment of the Water Agency's \$100,000 contribution to the Santa Ynez River Valley Groundwater Basin Eastern Management Area Groundwater Sustainability Agency until Fiscal Years 2027 – 2030 and waive any associated interest; and
- b) Determine that these actions are not subject to California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15378(b)(5), as it is an administrative action that will not result in direct or indirect changes to the environment, and 15306 as information collection which does not result in serious or major disturbance to an environmental resource.

Summary Text:

This item is on the agenda to approve delaying repayment of the Board of Directors of the Water Agency's Fiscal Year (FY) 2024 – 2025 \$100,000 contribution to the Santa Ynez River Valley Groundwater Basin Eastern Management Area Groundwater Sustainability Agency (EMA GSA) until FY 2027 – 2030 and waive any associated interest. The original repayment terms in the EMA GSA Joint Exercise of Powers Agreement (Attachment A) called for repayment no later than December 2026. However, the groundwater pumping fee imposed by the EMA GSA in June 2025 will not

generate sufficient funds to both operate the EMA GSA and repay the member agencies on that timeframe. Therefore, the EMA GSA requested that the member agencies extend the payback period (Attachment B). Section 14.3 of the Joint Exercise of Powers Agreement specifies that “any contributing member may elect to waive interest or extend the repayment date upon which interest accrues.” Staff recommends waiving interest to provide the GSA financial flexibility and avoid potential future requests for additional loans. The other three contributing member agencies, the City of Solvang, the Santa Ynez River Water Conservation District, and the Santa Ynez River Water Conservation District, Improvement District No. 1, have approved postponement of repayment of their contributions without interest. The EMA GSA will repay each of the member agencies annually (\$25,000 per year) starting in FY 2027 and ending in FY 2030.

Discussion:

The primary reason for this request is to allow the EMA GSA to sufficiently fund its operating cost requirements, meet its financial performance targets, and comply with cost-of-service principles over a five-year budgetary timeframe. Delaying the repayment of the loan contributions and waiving interest will also allow the EMA GSA to fund an annual operating contingency and build an operating reserve so that the EMA GSA can continue to maintain local control, fund projects and/or management actions, and maintain compliance with the California Sustainable Groundwater Management Act (SGMA).

Background:

The EMA GSA recently finalized a Prop. 218 process and adopted a groundwater extraction fee to fund the EMA GSA’s operating and administration costs. Prior to the enactment of this groundwater extraction fee, the member agencies that make up the EMA GSA made several loan contributions to financially support the agency. Repayment would include \$400,000 total that the EMA GSA has received in member agency contributions. The Water Agency contributed \$100,000 of that amount. Further details on the repayment schedule are available in the Groundwater Extraction Fee Rate Study Report (Attachment C).

In July 2024, a Joint Exercise of Powers Agreement was executed by the Santa Barbara County Water Agency, the City of Solvang, the Santa Ynez River Water Conservation District, and the Santa Ynez River Water Conservation District, Improvement District No. 1, creating a public entity known as the EMA GSA. The EMA GSA is governed by a Board consisting of a Director from each of the member agencies and an Agricultural Director specifically representing the agricultural interests of the EMA.

Fiscal and Facilities Impacts:

The revised repayment schedule will be incorporated into the Water Agency budget for FYs 2026-27 through 2029-30. There is no net fiscal impact this fiscal year because it will be offset by higher than budgeted property tax revenue.

No General Fund monies were or will be utilized as part of this action.

Special Instructions:

Direct the Clerk of the Board to email a copy of the minute order to Christina Lopez at clopez@countyofsb.org.

Attachments:

Attachment A– Copy of Joint Exercise of Powers Agreement for the Santa Ynez River Valley Basin Eastern Management Area Groundwater Sustainability Agency

Attachment B – Copy of letter from the EMA Executive Director Requesting Extension of Loan Repayment Terms

Attachment C – Santa Ynez River Valley Groundwater Basin Eastern Management Area Groundwater Sustainability Agency 2025 Rate Study Report

Contact Information:

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