



**SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY
(MGA)**

Thursday, May 18, 2017 - 7:00 p.m.
Simpkins Family Swim Center
979 17th Avenue, Santa Cruz, California

AGENDA

- 1. Call to Order**
- 2. Roll Call**
- 3. Public Comments**
- 4. Consent Agenda**
 - 4.1 Approve Minutes from March 16, 2017 Board Meeting (No Memo)
 - 4.2 Accept Engagement Letter from Auditor
 - 4.3 Adopt Records Retention Policy and Schedule
 - 4.4 Adopt Guidelines for Public Input during Meetings
- 5. General Business**
 - 5.1 Report from the MGA Working Group on Groundwater Sustainability Plan (GSP) Development and recommendations to:
 - A. Accept a preliminary process and schedule for the development of a Groundwater Sustainability Plan;
 - B. Form a Groundwater Sustainability Plan Development Committee (Committee), including establishing the interests to be represented on the Committee;
 - C. Conduct an application process and time frame for appointing non-MGA Board representatives to the Committee, including recommended application form and time frame, and appointment of a Board Nomination Committee to oversee the screening, interviewing and identification of appointees to recommend to the full MGA Board for appointment at the Board's September 15th meeting; and
 - D. Provide feedback to the MGA Working Group on the Draft GSP Development Committee charge and initial problem statement.
 - 5.2 Approve Annual Budget for Fiscal Year 2017-2018

6. Informational Updates from Directors and Staff

6.1 Treasurer's Report

6.2 Outreach Reports (No Memo)

6.3 Board Member Reports (No Memo)

6.4 Staff Reports (No Memo)

7. Adjournment

MGA BOARD OF DIRECTORS
THURSDAY, May 18, 2017
CONSENT AGENDA

All matters listed hereunder constitute a consent agenda, and will be acted upon by a single vote of the MGA Board of Directors and shall be separately recorded in the minutes of the meeting.

The consent agenda is used to approve non-controversial or routine matters by a single motion and vote of the board. Examples of such items may include, but are not limited to, approval of previous minutes, routine policies and procedures, conveyance of routine reports, and correspondence requiring no action. If any board member or member of the public want to discuss any item on the consent agenda, that item is removed from the consent agenda and considered immediately following agenda approval.

4. CONSENT AGENDA

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- 4.2 Accept Engagement Letter from Auditor
- 4.3 Adopt Records Retention Policy and Schedule
- 4.4 Adopt Guidelines for Public Input during Meetings



SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY
Draft Meeting Minutes
March 16, 2017

1. Call to Order

The meeting was called to order at 7:09 pm by Chair Jaffe.

2. Roll Call

Board Members Present: B. Jaffe, R. Marani, Z. Friend, J. Leopold, C. Mathews, D. Baskin, C. Abramson, J. Kerr, J. Kennedy, R. Bracamonte (Alternate for J. Benich)

Staff Present: J. Ricker, R. Menard, R. Duncan, D. Pruitt, J. Townsend, T. Carson, L. Strohm, S. Ryan

Board Members Absent: T. LaHue, J. Benich

Others Present: There were approximately 15 members of the public in attendance & three staff members from other agencies or public water systems: B. Lockwood (Pajaro Valley Water Management Agency), M. Mills (PureSource Water), and A. Peisch-Derby (Department of Water Resources).

Presentations

There were no presentations given during this meeting.

3. Oral Communications for Items Not on the Agenda

Public Comment: Martin Mills spoke on behalf of PureSource Water. As a local water supply provider, he asked to be notified early about rate increases that might affect his customers. He cited Assembly Bill 2874, noting that if the Santa Cruz Mid-County Groundwater Agency (MGA) increases fees all Public Utilities Commission must be notified. See Exhibit A.

Public Comment: Jerry Paul urged the group to look at his handout, and asked that the "Lochquifer Solution" be mentioned by name. He referenced the potential savings in his project, and closed by saying he would be happy to meet with anyone individually. See Exhibit B.

4. Administrative Items

4.1 Approve Meeting Schedule for 2017

Correction: should read November 16th instead of 17th in the memo.

MOTION: Ms. Mathews; Second: Mr. Kennedy. To approve the meeting schedule for 2017. Motion passed unanimously.

4.2 Approve Minutes from November 17, 2016 MGA Meeting

Mr. Duncan suggested an edit on p.5 of 120 for Item 5.2: “the working group will be temporary and not beholden to the Brown Act,” add “and made up of a minority of board members, and therefore not beholden...”

MOTION: Mr. Leopold; Second: Mr. Marani. To approve the meeting minutes from November 2016. Motion passed unanimously.

4.3 Adopt Conflict of Interest (COI) Code

Mr. Ricker reviewed the process of developing the COI Code which identifies designated positions that need to file Form 700s (e.g., board members, alternates, and executive team members). If adopted tonight, the COI Code will be transferred to the Santa Cruz County Board of Supervisors before being entered into the County Elections system. Mr. Ricker reviewed the steps for filing.

MOTION: Ms. Mathews; Second: Mr. Leopold. To adopt the proposed Conflict of Interest Code and direct the secretary to transmit it to the Santa Cruz County Board of Supervisors for approval. Motion passed unanimously.

4.4 Report on MGA Plan Development Working Group

Mr. Kennedy provided an update on the group’s work which began by focusing on areas of contention and/or interest. Agency staff will handle the technical aspects of the plan development. The working group will continue to develop the group charge, membership, and subcommittees. He asked for input and noted that the board and staff should be responsible for communications rather than the working group. Mr. Kerr concurred that outreach should be taken on elsewhere. He mentioned the need to incorporate various communications channels (e.g., broadcasting this meeting.). Mr. Leopold agreed, underscoring the need for developing an effective outreach strategy.

Ms. Menard suggested discussing the communications plan at May’s board meeting. Mr. Kennedy expressed the need for a simple narrative on the core elements of the planning process and what the MGA is required

to do. Mr. Leopold recommended involving the City of Capitola. Mr. Baskin raised concerns about the lack of a schedule for developing the GSP. He asked the working group to draft one and present it to the group.

Ms. Mathews suggested that the working group incorporate existing agency schedules. The working group will be dissolved in June, but will report out at July's board meeting. The goal is to provide enough direction to proceed with the formation of the GSA Working Group and GSP. The working group currently meets on the 1st & 3rd Fridays of each month.

Public Comment Becky Steinbruner: Encouraged the MGA to use simple language so the public can anticipate how decisions will affect them. She expressed her support for using video as an outlet, and asked for permission to film this meeting. Permission was granted. She applauded the group's efforts to bring in land use connections, and sees a disconnect between planning for future growth and water availability. She advocated for the public to be able to provide input throughout the process, and asked for a Prop 218 vote to be included for the Pure Water Soquel Creek process.

Public Comment: Request for physical signage for upcoming meetings, not just social media.

Public Comment: Jerry Paul's solution looks good.

Mr. Baskin asked when the GSP development schedule would be presented. Ms. Menard replied that the working group will bring a draft schedule to May's board meeting, and a draft charter in July.

MOTION: Mr. Baskin; Second: Mr. Leopold. To accept the working group's report and move forward with the scheduling option discussed above. Motion passed unanimously.

4.5 Approval of HydroMetrics Modeling Budget Reallocation

Mr. Williams was present from HydroMetrics WRI to answer questions. Mr. Duncan reviewed the budget reallocation details and importance of the modeling work. Mr. Marani expressed his discontent with going beyond the Not to Exceed amount in any MGA contracts. Mr. Duncan asked what remains to be accomplished; the impact of private pumping on the water budget. HydroMetrics is planning to bring the model to the group in July. The group discussed the legalities of the contract of the US Geolegical Surevey (USGS) contract. Mr. Duncan offered to look at the details. Mr. Baskin expressed his view that delivery should be done in a timely manner or without payment. Mr. Jaffe abstained as a USGS

employee, noting that the cost for this service is most likely below market rate. Mr. Kerr asked if this information is critical? Mr. Ricker replied that it is not essential, but could show how fast the saltwater interface is moving and in what direction.

Public Comment Becky Steinbruner: Asked when the group will get the information it needs. She questioned the validity of the increase in the price of providing quarterly reports, and the decision to hire Barry Hecht.

Brian Lockwood, Interim General Manager for the PVWMA, serves on the Technical Advisory Committee: Stated that this tool would be useful given the challenges inherent to tracking groundwater changes without being able to see where it is located. He recommended getting an estimate. Ms. Mathews expressed her understanding that this tool is foundational for future modeling, and suggested that the motion include a provision that the contract with USGS be clarified so the MGA does not pay for something that it does not receive.

MOTION: Ms. Mathews; Second: Mr. Baskin. To approve the HydroMetrics WRI budget request for \$107,070 for groundwater modeling. To seek a provision in the USGS contract regarding the note above. Abstentions: Mr. Jaffe, Mr. Bracamonte. Nays: Mr. Marani. Motion passed.

The group discussed parliamentary protocol for financial decisions that do not achieve consensus. Ms. Strohm noted that the Soquel Creek Water District does not consider modeling to be a capital expenditure. According to the JPA, expenses that are not capital expenditures do not require consensus. The motion passed therefore without issue.

4.6 Consideration of Funding Approval for Work to Locate Seawater Interface Offshore

Mr. Duncan provided an overview of the purpose of the funding consideration (e.g., locating the offshore freshwater-seawater interface via helicopter based data collection). He suggested collaborating with Stanford. Mr. Leopold suggested clarifying in future board memos whether or not funding requests are capital expenditures. Ms. Strohm clarified that paying for a service in this case is not a capital expenditure.

Mr. Ricker noted that the Danes are at the forefront of groundwater mapping given that their entire water supply is groundwater. This technology has been used by USGS in the Central Valley, is very effective, and would provide critical information. Mr. Leopold was inclined to support it. Mr. Bracamonte agreed, stating that the public has requested data so that decisions are not made in the dark. Mr. Ricker asked where

the \$100,000 would come from; unused funds in other categories. Mr. Kerr asked if the data could be integrated into the HydroMetrics model; yes.

Public Comment Becky Steinbruner: What would the geographic scope be? Does Dr. Rosemary Knight agree that this is a valuable tool? Mr. Jaffe responded that it would be within the purview of the subcommittee to figure out whether the tool is viable and valuable.

Public Comment: Can members of the public attend meetings with the Danish contingent? Mr. Leopold replied that the board and/or staff will decide whether those meetings will be open to the public.

Mr. Lockwood offered to convey this opportunity to the PVWMA in the hopes of sharing costs. The group agreed to limit the size of the subgroup to remain below a quorum. Mr. Jaffe will determine whether the meetings will be public, and clarify the role of public attendees as needed.

MOTION: Ms. Mathews; Second: Mr. Leopold. For the board chair to designate board members to join staff in meeting with Danish representatives from March 24th-31st. For the board chair to work with staff to form a subgroup to assess if the proposed work appears viable and, if so, approve funding up to \$100,000. Motion passed unanimously.

4.7 Preliminary Review of Fiscal Year 2017-2018 Budget

Mr. Carson provided an overview of the proposed budget for Fiscal Year 2017-2018. There will be a discussion about reducing the quarterly reports to semi annual reports before the budget is finalized. It is up to the board to decide how to proceed with unused amounts from the previous year.

Ms. Strohm offered that unspent funds can become part of the reserve to be spent the following year. One option would be to use the funds to reduce agency contributions next year. Mr. Leopold suggested identifying categories for reserves to keep budget flows steady over time. Ms. Menard suggested that the Executive Team develop an analysis of the pros and cons of designating reserve funds to present to the board in May.

Public Comment (Becky Steinbruner): asked for more information regarding the need to hire additional legal counsel since Ms. Pruitt is a lawyer. Mr. Ricker replied that the additional funds are intended to fund, if needed, legal expertise specific to water issues.

5. Information Items

5.1 MGA Recognized in Stanford University Report

Mr. Duncan acknowledged the presence of Amanda Peisch-Derby from the Department of Water Resources, and thanked DWR for being instrumental with the MGA's success to date.

5.2 Treasurer's Report

Ms. Strohm reviewed the latest financial figures. No questions.

5.3 Quarterly Monitoring Data Update

Mr. Ricker reflected that groundwater levels are generally improving. Mr. Williams agreed, and added that improvements were partially due to rainfall, and largely due to reductions in pumping. Water quality is generally stable. Wells must improve and maintain levels over time in order to achieve sustainability goals for the region. In the next five years saltwater intrusion should not be a factor. Mr. Duncan shared that early analyses indicates shifting pumping inland as an effective strategy as well.

6. Oral Reports

6.1 Outreach Reports

Sierra Ryan reported on website visitation (350 per month, half new visitors). The monthly email is currently going to 500 people. The MGA hosted a large water users meeting in January, where 45 people attended. Ms. Ryan noted that the group is planning to host a large stakeholder meeting in conjunction with a GSP kickoff in May or June.

6.2 Board Member Reports

Ms. Mathews reminded the group that April 22nd is Earth Day. The City of Santa Cruz, County of Santa Cruz, Water Conservation Coalition, and others will host events. There will also be a satellite "March for Science" starting at Santa Cruz City Hall. Contact Ms. Mathews with questions.

6.3 Staff Reports

Mr. Ricker provided a brief update on the GSA process for other basins in the area. The Santa Margarita Basin held a stakeholder meeting last month, and are currently forming a GSA. Their board will hopefully be established by July. Mr. Ricker noted that all basins must have a GSA by June 30th or the State Water Board will intervene. The county is currently seeking authorization to declare itself as the GSA for the West Santa Cruz Terrace and Purisima Highlands. Those basins are anticipated be reprioritized as low or very low, and as such will not require management under SGMA. The city supports this approach, considering that under SGMA the county is the default GSA in any case.

7. Adjournment

The group adjourned at 9:25 pm.

DRAFT



Assembly Bill No. 2874

CHAPTER 139

An act to add Section 10730.1 to the Water Code, relating to public utilities.

[Approved by Governor August 17, 2016. Filed with Secretary of State August 17, 2016.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2874, Beth Gaines. Groundwater sustainability agencies: fees.

Existing law, the Sustainable Groundwater Management Act, requires all groundwater basins designated as high- or medium-priority basins by the Department of Water Resources that are designated as basins subject to critical conditions of overdraft to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans by January 31, 2020, and requires all other groundwater basins designated as high- or medium-priority basins to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans by January 31, 2022, except as specified. The act authorizes any local agency or combination of local agencies overlying a groundwater basin to decide to become a groundwater sustainability agency for that basin, as prescribed.

The act authorizes a groundwater sustainability agency to impose fees, including, but not limited to, permit fees and fees on groundwater extraction or other regulated activity, to fund the costs of a groundwater sustainability program.

This bill would require a groundwater sustainability agency, before imposing or increasing a fee pursuant to this authority relating to a groundwater basin that includes a water corporation regulated by the Public Utilities Commission, to notify the Public Utilities Commission.

The people of the State of California do enact as follows:

SECTION 1. Section 10730.1 is added to the Water Code, to read:

10730.1. A groundwater sustainability agency, before imposing or increasing a fee pursuant to Section 10730 or 10730.2 relating to a groundwater basin that includes a water corporation regulated by the Public Utilities Commission, shall notify the Public Utilities Commission.

O

Remarkable Regional Water Supply Solution

- Santa Cruz Gets Huge New 2.1 Billion Gallon Water Supply for Free
- Soquel Creek Water District Families and Businesses Save \$100M (\$12,000 per family) From Being Added to Their Water Bills
- Scotts Valley, San Lorenzo Valley, Mt. Hermon and Others Get a Very Low-cost Aquifer Refill and Save \$ on Pumping
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- No Finance Charges Necessary; Huge Economic Benefits to the Region

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How can these remarkable claims be made? Mostly by using existing facilities intelligently.

1. Santa Cruz's Loch Lomond Reservoir isn't being used much now, because it is being kept very full, as insurance against future drought. The Lochquifer Alternative frees up the Loch by shifting the drought insurance storage job to the local aquifers, which have many times more storage space than the Loch does, because they have been overdrawn by wells for decades.
2. The freed-up Loch would be used to hold massive amounts of new water harvested from the San Lorenzo River in the rainy season, when the flow is often so high that fish tend to avoid it.
3. Water from the Loch would be treated to a high potable standard as it is presently (at the existing Graham Hill Water Treatment Plant), and distributed, not just to the City but also to the Soquel Creek Water District and other places--and not just in the winter, but throughout the entire year.
4. Recipients of this potable water would shut down their wells, so when Mother Nature puts water into the aquifers every year, her water stays there and the aquifers recharge.
5. Water from Loch Lomond would also be piped mostly downhill by gravity to do "dry times surface spreading" of water into the aquifers under the Scotts Valley-Felton-Lompico area. Major new water treatment facilities probably will not be required.
6. In critically dry years very little water would be taken from the river; instead the aforementioned wells would be robustly re-activated to provide potable water to the entire region.
7. Implementation mainly involves 4 projects: widen two existing pipelines, install a fish-friendly filtering well ("Ranney collector"), and coordinate a joint application for extended water rights for all in the region (rather than letting so much water just flow out to sea). Small additional pipelines would implement the dry-times surface spreading.
8. The \$100 Million Dollar Letter: Soquel Creek Water District can save about \$100M by abandoning their small but expensive, energy-squandering sewage-recycling scheme, and instead, offering to pay Santa Cruz to build Lochquifer, which would supply about 2.4 times more water at about 1/5th the cost. Santa Cruz will get a huge new water source at absolutely no cost.

For details and how to support the Lochquifer effort, visit Water For Santa Cruz County:

waterforsantacruz.com/Lochquifer

May 18, 2017

MEMO TO THE MGA BOARD OF DIRECTORS

Subject: Consent Agenda Item 4.2

Title: Accept Engagement Letter from Auditor

Attachments

1. Engagement Letter from Fedak & Brown LLP

Fedak & Brown LLP have provided an engagement letter for auditing services for the fiscal year ended June 30, 2017. In the letter they have outlined their audit responsibilities in conformity with auditing standards generally accepted in the United States of America and will perform the following services:

- Express an opinion on whether the basic financial statements of the Santa Cruz Mid-County Groundwater Agency are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles
- Report on the fairness of the required supplementary information required by the Governmental Accounting Standards Board
- Provide a report (that does not include an opinion), on internal control and compliance related to the financial statements as required by Governmental Auditing Standards
- Assist with the preparation of financial statements and related notes in conformity with U.S. generally accepted accounting principles

The engagement letter outlines the general audit procedures and management's responsibilities for establishing and maintaining effective internal controls and implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. Management's responsibilities include:

- The selection and application of accounting principles
- The preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles
- Compliance with applicable laws and regulations
- Ensuring the accuracy and completeness of all financial records and related information and making those records available for audit
- Adjusting the financial statements to correct material misstatements and confirming in a written representation letter that the effects of any uncorrected misstatements are immaterial, both individually and in the aggregate

Board of Directors

May 18, 2017

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- Designing and implementing programs and controls to prevent and detect fraud, and to inform the auditors about all known or suspected fraud
- Establishing and maintaining a process for tracking the status of audit findings and recommendations

The audit will begin in August 2017 and audited financial statements will be presented no later than December 2017. The cost for auditing services will not exceed \$5,904. The partner on the engagement will be Christopher Brown, who also serves as the audit partner for Soquel Creek Water District. Fedak & Brown LLP have provided audit services to Soquel Creek Water District since 2012.

Staff has requested Fedak & Brown make the following revisions to the engagement letter prior to signing:

- Address the engagement letter to Board of Directors of the Santa Cruz Mid-County Groundwater Agency rather than Soquel Creek Water District
- Change the title of Leslie Strohm to Treasurer rather than Finance and Business Services Manager

Possible Board Actions:

1. By MOTION, authorize the Treasurer to sign the audit engagement letter with noted revisions and engage the services of Fedak & Brown LLP for the 2016/17 audit.

By



Leslie Strohm

Treasurer

Santa Cruz Mid-County Groundwater Agency



Charles Z. Fedak, CPA, MBA
Christopher J. Brown, CPA, CGMA
Jonathan P. Abadesco, CPA

Fedak & Brown LLP
Certified Public Accountants

Item 4.2 - Attachment 1

Cypress Office:
6081 Orange Avenue
Cypress, California 90630
(657) 214-2307
FAX (714) 527-9154

Riverside Office:
4204 Riverwalk Pkwy. Ste. 390
Riverside, California 92505
(951) 977-9888

May 4, 2017

Board of Directors
Soquel Creek Water District
5180 Soquel Drive
Soquel, California 95073

Re: Engagement Letter for auditing services for the year ended June 30, 2017

Dear Ms. Leslie Strohm, Finance and Business Services Manager:

Enclosed is our Engagement Letter to perform auditing services for the Santa Cruz Mid-County Groundwater Agency for the year ended June 30, 2017. We look forward to working with you and the rest of the Agency staff.

Please sign this engagement letter and return it in the envelope provided at your convenience.

If you have any questions regarding this letter please let me know.

Cordially,

Christopher J. Brown, CPA, CGMA

Enclosures

CJB/rmm



Charles Z. Fedak, CPA, MBA
Christopher J. Brown, CPA, CGMA
Jonathan P. Abadesco, CPA

Fedak & Brown LLP
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UNDERSTANDING OF THE ENGAGEMENT

May 4, 2017

Board of Directors
Soquel Creek Water District
5180 Soquel Drive
Soquel, California 95073

Dear Ms. Leslie Strohm, Finance and Business Services Manager:

We are pleased to confirm our understanding of the services we are to provide the Santa Cruz Mid-County Groundwater Agency (Agency) for the year ended June 30, 2017. We will audit the financial statements of the business-type activities, including the related notes to the financial statements, which collectively comprise the basic financial statements of the Agency as of and for the year ended June 30, 2017. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Agency's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Agency's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- Management's Discussion and Analysis

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America, and will include tests of the accounting records of the Agency and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the Agency's financial statements. Our report will be addressed to the Agency's Board of Directors. We cannot provide assurance that unmodified opinions will be expressed.

Santa Cruz Mid-County Groundwater Agency

May 4, 2017

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Audit Objectives, continued

Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, agreements, and grant agreements, noncompliance with which could have a material effect on the basic financial statements as required by *Governmental Auditing Standards*. The report on internal control and on compliance and other matters will each include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware the Agency is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures - General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the basic financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the basic financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention.

Santa Cruz Mid-County Groundwater Agency

May 4, 2017

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Audit Procedures – General, continued

We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

We have advised the Agency of the limitations of our audit regarding the detection of fraud and the possible effect on the financial statements (including misappropriation of cash or other assets). We have offered to perform, as a separate engagement, extended procedures specifically designed to detect fraud and the Agency has declined to engage us to do so at this time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorney(s) as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures - Internal Control

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Agency's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will assist in preparing the financial statements and related notes of the Agency in conformity with U.S. generally accepted accounting principles based on information provided by you. The nonaudit service does not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the service in accordance with applicable professional standards. The other service is limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Santa Cruz Mid-County Groundwater Agency

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Management Responsibilities

Management is responsible for establishing and maintaining effective internal controls, including maintaining and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the basic financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, and contracts or grant agreements, or abuse that we report.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Management Responsibilities, continued

With regard to using the auditor's report, you understand that you must obtain our prior written consent to reproduce or use our report in bond offering official statements or other documents.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the constancy of other information in the electronic site with the original document.

Engagement Administration, Fees, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others.

In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We will schedule the engagement based in part on deadlines, working conditions, and the availability of your key personnel. We will plan the engagement based on the assumption that your personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations. If for whatever reason your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase over our original fee estimate.

We will provide copies of our reports to the Agency; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Fedak & Brown LLP, and constitutes confidential information. However, pursuant to the Agency given by law or regulation, we may be requested to make certain audit documentation available to various government agencies, a federal Agency providing direct or indirect funding, or the U.S. Government Accountability Office for the purpose of quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify the Agency of any such request. If requested, access to such documentation will be provided under the supervision of Fedak & Brown LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to these government agencies. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven years under California State Law after the report release date. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Santa Cruz Mid-County Groundwater Agency
May 4, 2017
Page 6

Engagement Administration, Fees, and Other, continued

We expect to begin our audit on August 2017 and to issue our reports no later than December 2017. Christopher Brown is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$5,904. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to the audit. Our invoices for these fees will be rendered each month as work progresses and are payable upon presentation. In accordance with our firm policies, work may be suspended if the Agency's account becomes 30 days or more overdue and may not be resumed until the Agency's account is paid in full. If we elect to terminate our services for nonpayment, our engagement will have been deemed to have been completed upon written notification of termination, even if we have not completed our report. The Agency will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from the Agency's personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with the Agency's management and arrive at a new fee estimate before we incur the additional costs.

Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms of and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

The Agency may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with the Agency regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

We appreciate the opportunity to be of service to the Agency and believe this letter accurately summarizes the significant terms of our engagement. If the Agency has any questions, please let us know. If the Agency agrees with the terms of our engagement described in this letter, please sign below and return it to us in the envelope provided. We have enclosed a copy for the Agency's files.

Very truly yours,

Fedak & Brown LLP

Fedak & Brown LLP

RESPONSE:

This letter correctly sets forth the understanding of Santa Cruz Mid-County Groundwater Agency.

By: _____

Title: _____

Date: _____

May 18, 2017

MEMO TO THE MGA BOARD OF DIRECTORS

Subject: Consent Agenda Item 4.3

Title: Adopt Records Retention Policy and Schedule

Attachments

1. Records Retention Policy and Schedule

Article 9.2 of the Bylaws of the Santa Cruz Mid-County Groundwater Agency (MGA) states that by June 30, 2017 the Board will review and adopt a Records Retention Policy and Schedule that specifies the retention period of different categories of materials. The proposed policy presents the manner and schedule by which the MGA will maintain records and information in accordance with accepted records management practices and standards.

The proposed is based upon the policy and schedule adopted by Soquel Creek Water District (District) in August 2014. It has been modified for applicability to the MGA. For example, the District's policy and schedule for departments such as Engineering and Operations and Maintenance have been removed as these are presently not applicable to the MGA. In general, the policy and schedule have been kept consistent with the District's with the intent of administrative efficiency and coherence.

Recommended Board Actions:

1. By MOTION, adopt the Records Retention Policy as attached.



By

Tim Carson
Program Director
Regional Water Management Foundation

Prepared on behalf of the MGA Executive Team:
John Ricker, Ralph Bracamonte, Rosemary Menard, Ron Duncan

**SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY
RECORDS RETENTION SCHEDULE**

Record Type Office Storage Legend Remarks

CATEGORY: Administration

Agency Correspondence Files Non Member Entity Member	2	5	E/D	Scan after 5 years in storage and destroy if files are prepared or received pursuant to statute; otherwise destroy w/o scanning. CY+2 years Government Code GC 60200-60203
Board of Directors Meeting Agendas Meeting Notices Back Up Agenda Material Committee Agendas Materials Meeting Recordings Minutes, Resolutions, Ordinances Inter-Agency Agreements	2		*E/D D *E/P/H	*Prepared by Statute CY+2 years GC 60200-60203 Erase 6 months after approval of minutes. (GC 54953.5 (b), Brown Act, requires retention of 30 days) *Scan, keep originals permanently GC 60200-60203, 34090

Note: This retention schedule is modeled upon the schedule adopted by Soquel Creek Water District in August 2014. References to Government Code (GC) are applicable to special districts and/or state guidelines as indicated. These GC are included herein for information purposes.

A=Active
CCP=Calif. Code of Civil Procedure
CL=Closed
E=Electronic File
P=Permanent

C=Confidential
CCR=Calif. Code of Regulations
CY=Current Year
GC=Calif. Government Code
S=Superseded

CA LC=Calif. Labor Code
CFR=Code of Federal Regulations
D=Destroy
H=Historical
T=Termination

**SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY
RECORDS RETENTION SCHEDULE**

Record Type **Office** **Storage** **Legend** **Remarks**

CATEGORY: Administration

Community Information General Correspondence, Reports, Photos, Slides, Diagrams, Drawings, Agency Publications	2	5	E/D E/P/H	GC 60200-60203 Historical
Conflict of Interest Forms Board Members	4	3	T/+3/D	Copies. Originals sent to County
Designated Employees	CY	3	T/+3/D	Copies. Non-electeds. Originals to County
Consultant Agreements, Reports	5	P	E/P/D	Keep at least one original copy of agreement.
Grants (includes application, agreement, correspondence, deliverables)	5	P	E/P/D	Keep at least one original copy of agreement. Note: Grant agreement may stipulate record retention requirements
Contracts (excluding those for land, building and improvements)		5	D	Expiration +5 years State Controller’s Guidelines (County Accounting & Procedures Committee) Note: construction contracts should be archived with the construction files and kept permanently
Corporate – General Joint Powers Authority and related Formation Records			E/P/H E/P/H	Keep permanently Keep permanently
Historical Information	S		E/D	Keep working copy in office until superseded
Rules & Regulations	S		E/D	
Policies & Procedures				

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**SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY
RECORDS RETENTION SCHEDULE**

Record Type **Office** **Storage** **Legend** **Remarks**

CATEGORY: Administration

Correspondence	CY	2	D	Destroy CY+2 GC 60200-60203
Directors' Files	Active	7	E/D	Scan and destroy after 7 years GC 60200-60203
Insurance Plans				Keep for full period of plan and for at least 1 year after its termination 29CFR1627.3
Lawsuits	Active	10	D	Destroy 10 yrs after settlement GC68152 <u>Exception:</u> eminent domain and real property actions affecting title or an interest in real property – keep permanently
Legal Opinions/Non-Confidential files	CY	5	E/D	GC34090
Liability Insurance Policies, Procedures, Premiums	Active		E/P	Scan & keep original permanently. CCP Secs. 337,338,343
Liability Insurance Small Claims Reports	Active	2	D	Destroy after 2 yrs GC60200-60203
Public Records Requests	CY	2	D	Destroy after 3 yrs GC34090

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Item 4.3 - Attachment 1

SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY
RECORDS RETENTION SCHEDULE

Record Type **Office** **Storage** **Legend** **Remarks**

CATEGORY: Accounting

Accounting – Source Documents Invoices (AR/AP) Purchase Orders Requisitions Receipts Bank Statements Bank Deposits Checks – Cancelled	1	5	D	Destroy after 5 years in storage Review before destroying for grant-related expenses or expenses subject to reimbursement under federal or state disaster relief. State Controller’s Guidelines Claims, warrant vouchers –keep 5 years if index or register kept. State Controller’s Guidelines GC 26907
Accounting – Journals Cash Receipt Registers Cash Disbursement Registers Accounts Receivable Register Accounts Payable Register Check Register General Journal Payroll Journal	1	7	D	Destroy provided audited financial statements are on file. State Controller’s Guidelines
Accounting – Ledgers Expenditure Revenue General	1	7	D	Destroy provided audited financial statements are on file. State Controller’s Guidelines

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**SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY
RECORDS RETENTION SCHEDULE**

Record Type **Office** **Storage** **Legend** **Remarks**

CATEGORY: Accounting

Accounting – Misc. Trial Balance	1	7	D	Destroy provided audited financial statements are on file. State Controller’s Guidelines
Accounting – Fixed Assets	1	5	F/P	Scan & destroy
Accounting – Statements Balance Sheet Profit & Loss	1	7	D	Destroy if dated at least 7 years prior to commencement of the current fiscal year (provided audited financial statements are on file). State Controller’s Guidelines
Audited Financial Statements			E/P	
Accounting – Other Documents Schedule of Investments (part of Board pkts –scanned) Inventory Records Lease/Purchase Records Depreciation Schedule Petty Cash Records Budgets Cancelled Bonds & Coupons	1	7	D	Destroy if dated at least 7 years prior to the commencement of the current fiscal year (provided audited financial statements are on file). State Controller’s Guidelines
	CY	P	P/H D	

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May 18, 2017

MEMO TO THE MGA BOARD OF DIRECTORS

Subject: Consent Agenda Item 4.4

Title: Adopt Guidelines for Public Input during Meetings

Attachments

1. MGA Guidelines for Public Input during Meetings

This item presents the process, procedures, and schedule for public input on MGA Board meetings. The proposed guidelines pertain to the submittal of written correspondence and informational materials for consideration by the Board, as well as public comment during board meetings. These guidelines are based upon and similar to the guidelines utilized by Soquel Creek Water District.

Recommended Board Action:

1. By MOTION, adopt the guidelines for public input during MGA meeting.

By



Ron Duncan
General Manager
Soquel Creek Water District

Guidance for Public Input during MGA Board Meetings

All information furnished to the MGA Board of Directors with this agenda is provided on the MGA website located here: <http://www.midcountygroundwater.org/committee-meetings>.

Submittal of Written Correspondence and Informational Materials

Submittal of written correspondence and/or informational materials (e.g., handouts) must be received by 5:00 pm on the Monday of the week prior to the scheduled board meeting (10 days prior to the meeting) to be included in the meeting materials for board review (commonly referred to as the board packet). Due to holidays and other factors there may be instances when even the above deadline is not adequate. Submittals received after the deadline but prior to the start of the board meeting will be included in the meeting materials for the next board meeting. Submittals received after the deadline may not have time to reach board members or be read by them prior to the consideration of an item. Materials may also be submitted in-person immediately preceding the start of a board meeting by giving those materials directly to the Board Chair.

Soquel Creek Water District serves as the designated administrative headquarters of the MGA. Written correspondence and materials may be directed to: Santa Cruz Mid-County Groundwater Agency, c/o Soquel Creek Water District, Attention: Karen Reese, 5180 Soquel Drive, Soquel, CA 95073.

Public Comments

At the outset of the meeting during the time set aside for public comment, members of the public can comment on any item as long as it is related to the subject matter of the MGA. Each speaker will be limited to a single presentation of up to three minutes. The maximum time set aside for public comment will be 15 minutes total for all speakers. Time limits may be increased or decreased at the Board Chair's discretion.

Comments may also be given during the remainder of the meeting pertaining to each agenda item. Each speaker will be limited to up to three minutes per agenda item. The maximum time set aside for public comment will be 15 minutes total for all speakers. Time limits may be increased or decreased at the Board Chair's discretion.

Those wishing to speak should come to the front of the room and be recognized by the Board Chair. Speakers must address the entire board and will not be permitted to engage in dialogue with board members. For items listed on the agenda, the board will deliberate and take action after speakers have concluded their remarks. Additional comments may be given at the Board Chair's discretion related to specific items listed on the agenda. Additional public comment will not be allowed during the board's deliberation unless the Board Chair specifically calls on someone in the audience.

Organized groups wishing to make a presentation are asked to contact Julia Townsend at jtownsend@cfsc.org or 831.662.2051 prior to the board meeting.

Disability Access

The meeting room is wheelchair accessible. Please contact Julia Townsend at jtownsend@cfsc.org or 831.662.2051 if you need assistance in order to participate in a public meeting or if you need the agenda and public documents modified as required by Section 202 of the Americans with Disabilities Act.

May 18, 2017

MEMO TO THE MGA BOARD OF DIRECTORS

Subject: Agenda Item 5.1

Title: Report from the MGA Working Group on Groundwater Sustainability Plan (GSP) Development and recommendations to:

- A. Accept a preliminary process and schedule for the development of a Groundwater Sustainability Plan;
- B. Form a Groundwater Sustainability Plan Development Committee (Committee), including establishing the interests to be represented on the Committee;
- C. Conduct an application process and time frame for appointing non-MGA Board representatives to the Committee, including recommended application form and time frame, and appointment of a Board Nomination Committee to oversee the screening, interviewing and identification of appointees to recommend to the full MGA Board for appointment at the Board's September 15th meeting; and
- D. Provide feedback to the MGA Working Group on the Draft GSP Development Committee charge and initial problem statement.

Attachments

1. November 2016 Charge to and Work Plan for the MGA Working Group on Development of the Groundwater Sustainability Plan;
2. Santa Cruz Mid-County Groundwater Agency Proposed Preliminary Schedule and Process for Development of the Groundwater Sustainability Plan;
3. Recommended Application for those wishing to be considered for appointment to the Groundwater Sustainability Plan (GSP) Development Committee
4. Recommended Charge and Initial Problem Statement for the GSP Development Committee

At its board meeting in November 2016, the MGA Board established a temporary working group to bring recommendations to the board regarding the development of the GSP. The board provided the working group with a Charge and Work Plan (see Attachment 1).

The working group has been meeting since December 2016 and provided an update report to the board at their March 16, 2017 meeting. In the last couple of months, the working group has made considerable progress on key elements of its work plan and is now prepared to make a series of recommendations to the board. The

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discussion that follows provides background and recommendations on the four major areas listed above.

A. Accept a preliminary process and schedule for the development of a Groundwater Sustainability Plan.

As part of the board's discussion at its March 16, 2017 meeting, the working group was asked to develop a schedule for the development of the GSP. Attachment 2 provides a preliminary proposed schedule and process for GSP development.

The schedule presented covers a two year period between July 1, 2017 and June 30, 2019, and leaves the final six months of 2019 for any final work that will need to be completed prior to submittal of the GSP to the state by its end of January of 2020 due date. It also shows the role of the proposed Groundwater Sustainability Plan Development Committee (GSP Development Committee or Committee). This Committee would be subject to the Brown Act and is described in more detail in section B of this memo.

A second element of Attachment 2 shows the relationships of the various board, GSP Development Committee, staff and consulting support resources that the working group anticipates being a part of the development of the GSP. While details of the interactions are not portrayed in the flow chart due to space limitations, the process diagram clearly shows the intended interactions between the Committee, board, staff, consulting groups, and working groups of various kinds meeting various needs.

As a general overview of the working group's thinking about the proposed process, it should be noted that the work has been divided into three phases:

- Phase 1 – GSP Development Committee Convening and Orientation;
- Phase 2 – GSP Issue Analysis; and
- Phase 3 – GSP Recommendations

Attachment 2 also provides some conceptual level details about how the Committee's work would actually occur, but the MGA Board should understand that the details proposed are likely to evolve over time.

The working group recommends that the board approve this schedule as a basic framework for the development of the GSP; recognizing that while the basic schedule needs to be met, changes to the process will inevitably occur over time. Realistically, the recommended Committee will need to be given the opportunity to understand and play at least some role in shaping the process.

B. Form a GSP Development Committee, including establishing the interests to be represented on the Committee.

During the work of the Soquel-Aptos Groundwater Management Committee's (SAGMC) Groundwater Sustainability Agency Formation Subcommittee (GSA Formation Subcommittee), the Subcommittee considered several possible approaches to meeting the Sustainable Groundwater Management Act's (SGMA) requirement for broad stakeholder engagement in the development and implementation of a GSP.

The agencies that formed the MGA Board purposefully included three positions on the board as a first step to meeting SGMA's requirements for stakeholder involvement. However, the GSA Formation Subcommittee recognized that even with those board positions, it would be desirable to expand the engagement of stakeholders in the GSP development process.

Under a grant provided by the State Water Resources Control Board, resources from California State University and Sacramento's Center for Collaborative Policy were made available to the SAGMC to create a Community Engagement Plan¹. As part of the GSA Formation Subcommittee's process, it considered a range of options to broaden the engagement of stakeholders in the development of the GSP. The recommendation included in the Community Engagement Plan was to create an advisory committee with expanded representation of key interests as well as MGA Board members. This committee would be tasked with working with staff and consultants to develop the GSP and provide the board with recommendations on how to address key policy issues that will need to be covered by the plan.

After considering the range of relevant stakeholders and interests to include in a committee to advise the board on the GSP, the MGA Working Group recommends that the board create a committee of 13 individuals representing the following interests:

¹ The Final Community Engagement Plan for the Santa Cruz Mid-County Groundwater Basin is available for review on the Mid-County Groundwater Basin's website at: http://www.midcountygroundwater.org/sites/default/files/uploads/Final%20Community%20Engagement%20Plan_2-19-16_v2.pdf

Interest Group	Number of Seats
MGA Member Agencies	4
MGA Board Member Private Well Owner Representative	1
Institutional User	1
Agricultural User	1
Business Interest	1
Environmental Interest	1
Small Water System Management	1
Water Utility Rate Payer	1
Representatives of the Community At Large	2
Total	13

These particular interests were chosen for inclusion in the GSP Development Committee by the MGA Working Group because they cover key user groups and interests. Tribal, state, and federal fish and wildlife agencies were not included because the working group provided for their involvement on an as needed basis through short term working groups that would operate during the planning process.

As an advisory committee to the MGA Board, the GSP Development Committee would be subject to the Brown Act, and all meetings would be publically noticed and open to the public.

The MGA Working Group recommends that the board approve the creation of an advisory committee to work on the development of the Groundwater Sustainability Plan, and specifically authorize the recommended number of seats and representation shown in the table above.

C. Conduct an application process and time frame for appointing non-MGA Board representatives to the Committee, including the recommended application form and time frame, and appointment of a Board Nomination Committee to oversee the screening, interviewing and identification of appointees to recommend to the full MGA Board for appointment at the Board's September 15th meeting.

The MGA Working Group has developed a recommended application process, application, and time frame for the selection and appointment of non-MGA Board member appointees² to the GSP Development Committee.

² MGA Member Agencies and the MGA Board members representing private well owners would each designate their own representatives to the GSP Development Committee. These appointees could be sitting Board members or alternates or other representatives as chosen by each of these five groups.

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May 18, 2017
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A proposed application for appointment of non-MGA Board member seats is included as Attachment 3. In putting the application together staff reviewed both the applications used by SAGMC to recruit Private Well Owner Representatives, as well as the City of Santa Cruz for those wishing to be considered for appointment to the various city advisory bodies (e.g., the Santa Cruz Water Commission).

To meet the timing included in the proposed process and schedule discussed in Item A above, the working group recommends that the board approve the GSP Development Committee application and open the application process effective on Monday, May 22nd or as soon as feasible thereafter. Applications would be accepted through Friday, July 21st.

To review applications, select individuals to be interviewed, and develop recommended appointees, the board would appoint a Nomination Committee that would need to be available to complete the necessary tasks between July 22nd and September 7th.

The MGA Working Group recommends that the board approve the application and time frame for applications to be received, and that it appoint a Nominating Committee to screen and interview applicants and develop recommendations to the full board for appointees to the GSP Development Committee for consideration at board's July 20, 2017 meeting.

D. Provide feedback to the MGA Working Group on the Draft GSP Development Committee charge and initial problem statement.

The purpose of providing the planned GSP Development Committee with a charge is to give the Committee a clear sense of its purpose, the resources it has to meet its purpose (including staff and consulting resources and support), and the time frame in which the necessary work must be completed. A well written charge supports effective expectation management for both parties.

Attachment 4 is a working draft of a charge for the GSP Development Committee. Included in the draft charge are statements designed to help the group focus its work on policy level issues rather than technical details. The GSP planning process will necessarily include lots of detailed technical analyses. These kinds of analyses are typically conducted to inform decision-making about policies, programs, projects or initiatives. The concept is for the Committee to have the information necessary to develop recommendations on key issues such as the following: what actions are needed to restore the basin to sustainability; what contribution are various water users making to the overdraft of the basin; and how should various classes of water

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users contribute to the costs incurred to establish and maintain sustainability for the basin?

In addition to the charge, the working group has prepared a draft of an initial problem statement to be provided to the Committee to help orient them to their task. It is expected that the Committee will evolve and refine the problem statement as it learns more about the how the groundwater basin operates, and the issues and actions that have contributed and are contributing to current conditions.

The working group recommends that the board review, discuss and provide feedback on both the draft charge and initial problem statement. The working group will then revise the charge and initial problem statement, and bring it to the board for review and action at the July 20th board meeting.

Possible Board Actions:

1. By MOTION, approve the working group's recommendations on the following:
 - A. Accept a preliminary process and schedule for the development of a Groundwater Sustainability Plan (GSP);
 - B. Form a GSP Development Committee, including establishing the interests to be represented on the Committee;
 - C. Conduct an application process and time frame for appointing non-MGA Board representatives to the Committee, including recommended application form and time frame, and appointment of a Board Nomination Committee to oversee the screening, interviewing and identification of appointees to recommend to the full MGA Board for appointment at the Board's September 15th meeting; and
 - D. Provide feedback to the MGA Working Group on the Draft GSP Development Committee charge and initial problem statement.
2. By MOTION, approve and/or modify some of the working group's recommendations.
3. By MOTION, take no action and provide direction to the working group to include revisions that would come back to the board for action in July.

By



Rosemary Menard
 Director
 Santa Cruz Water Department

Attachment 1

November 2016 Charge to and Work Plan for the MGA Working Group on Development of the Groundwater Sustainability Plan

1. Review of Working Group Charge and Work Plan

Desired Outcome: Understanding of and agreement about Working Group Charge and Work Plan

a. Charge

Review the state's recently adopted emergency regulations for the Groundwater Sustainability Plans and develop recommendations to the board on the following:

- i. A recommended scope of work and strategy, including a community engagement and involvement strategy and schedule for developing the GSP
- ii. A recommended resource strategy and budget for preparing the plan, including a recommended FY 2018 budget proposal for the planned work on the GSP in FY 2018
- iii. A recommended charge and membership for the proposed GSP Development Committee
- iv. Review and consider the content of on any technical work products that could influence the proposed structure of the GSP planning process, or the charge or recommended membership of the proposed GSP Development Committee

b. Work Plan

- i. Scope of work and strategy
 1. Identify the portions of the plan development work that would be completed by staff and those that would be the focus of the work of the proposed GSP Development Committee
 2. Schedule – Provide a preliminary report to the MGA Board at its January 19, 2017 meeting and any final recommendations at the March 16, 2017 meeting
- ii. A recommended resource strategy and budget for preparing the plan, including a recommended FY 2018 budget proposal for the planned work on the GSP in FY 2018
 1. Conduct a needs assessment and identify the resources necessary to support development of the plan, for example

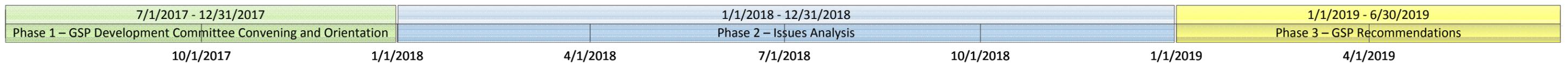
- additional services to support technical, policy, facilitation, or outreach work needed during the planning process; and create and recommend to the Board a proposed approach to provide said resources (e.g., through contracts or shared services)
2. Create and recommend to the MGA Board any RFP's for additional consulting resources and evaluate and recommend to the board any contracts for resources needed to support plan development
 3. Develop the GSP scope of work, schedule and budget for work expected to be done during FY 2017-2018 GSP development work
 4. Schedule for this element: Complete preliminary budget by March 16, 2017, and final budget by May 18, 2017
- iii. A recommended charge and membership for the proposed GSP Development Committee
1. Prepare for the MGA Board's consideration a draft charge for the GSP Development Committee as well as a recommendation for the GSP Development Committee's membership
 2. Develop and recommend to the board any additional working groups or other efforts focused on "getting ready" topics (e.g., water use data or community outreach and engagement efforts)
 3. Schedule for this element – complete by July 2017

Santa Cruz Mid-County Groundwater Agency Proposed Preliminary Schedule and Process for Development of the Groundwater Sustainability Plan

		End of Phase 1	End of Phase 2						End of Phase 3
MGA Board	<p>MGA Joint Meeting with GSP Development Committee for Convening, including providing Committee with their Charge</p>								
MGA Staff and GSP Consultant Team	<p>Process Planning/Facilitation Team (staff and consultants) Input to Phase 1 and Efforts for Phase 2</p> <p>Technical Team (staff and consultants) Input to Phase 1 work and prep for Phase 2 work</p>	<p>Process Planning/Facilitation Team Efforts for Phase 2, and prep work for Phase 3</p> <p>Technical Team Phase 2 work and prep for Phase 3 work</p>						<p>Process Planning/Facilitation Team Efforts for Phase 3</p> <p>Technical Team Phase 3 work</p>	
GSP Development Committee	<p>Phase 1 Convening and Orientation – Topics Include: Convening: Committee Charge and Procedures Four Orientation Sessions:</p> <ol style="list-style-type: none"> 1. Groundwater 101/SGMA 2. The state of the SCMCGB 3. Groundwater Modeling 4. Aspects of Sustainability 	<p>Phase 2 – Block A Discussion of the state of the basin with a focus on identifying key topics to be addressed in the plan. Review and refine problem statement (likely this will be a somewhat iterative process as the group becomes more familiar with the issues).</p>	<p>Phase 2 – Block B Presentation and discussion of initial problem specifics, including climate change impacts and range of alternate solutions, including costs.</p>	<p>Phase 2 – Block C Discussion of the 5 aspects of sustainability, with preliminary proposals from staff of minimum thresholds, and measurable objectives</p>	<p>Phase 2 – Block D More detailed discussion on specific solution and their consequences, and impact assessment for various types of basin users.</p>	<p>Phase 2 – Block E Round 2, Discussion and refinement of sustainability indicators, with proposed final minimum thresholds, measurable objectives, and representative monitoring wells</p>	<p>Phase 2 – Block F Round 2, Finalize problem statement including integrating final minimum thresholds, measurable objectives and representative monitoring wells for sustainability indicators.</p>	<p>Phase 3 – Block A Initial discussion on mechanisms to fund the recommended solutions and ongoing program implementation</p> <p>Phase 3 – Block B Final Recommendations on recommended solutions, and funding program for implementation and ongoing program operations</p>	
GSP Working Groups	<p>MGA Working Group – GSP Development Committee Convening and Orientation Process</p>	<p>As needed, Short Term (under 6 month duration) GSP Working Groups Potential topics include: surface water - groundwater interactions, impact analysis, revenue development strategy, etc.</p>						<p>GSP Working Groups – Program/Project Funding and other possible topics</p>	
Community Engagement and Outreach	<p>Ongoing Community Engagement and Outreach, Public Meetings etc. as needed</p>								

Key Milestones for GSP Development Committee to Report to (and request feedback from) the full MGA Board (not in chronological order)

- Problem Statement;
- Impact assessment based on groundwater pumping by different basin users;
- Results of work on sustainability Indicators – undesirable results/minimum thresholds; measurable objectives, representative monitoring wells;
- Perspectives on alternate solutions;
- Key results from groundwater modeling, including climate change;
- Program funding strategies and their pros and cons; and
- Recommendations related to ongoing MGA program implementation and agency operation.
- Additional items added as appropriate



10/1/2017

1/1/2018

4/1/2018

7/1/2018

10/1/2018

1/1/2019

4/1/2019

ATTACHMENT 3



SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY (MGA)

APPLICATION FOR APPOINTMENT TO THE GSP DEVELOPMENT COMMITTEE

Applications will be accepted from residents within the Santa Cruz Mid-County Groundwater Basin boundary. A boundary map of the basin is available at: www.midcountygroundwater.org

Application Deadline is 5:00 PM Pacific Time on July 21, 2017

NAME _____ DATE _____

RESIDENCE ADDRESS _____ CITY _____ ZIP _____

DAYTIME PHONE _____ EVENING PHONE _____ EMAIL _____

EMPLOYER _____ OCCUPATION _____

HAVE YOU PREVIOUSLY SERVED ON AN ADVISORY COMMITTEE? YES _____ NO _____ IF YES, Please list _____

ARE YOU PRESENTLY SERVING ON AN ADVISORY COMMITTEE? YES _____ NO _____ IF YES, Please list _____

PERSONAL REFERENCE (Optional) _____ PHONE _____

**GROUNDWATER SUSTAINABILITY PLAN
DEVELOPMENT COMMITTEE PURPOSE**

The Groundwater Sustainability Plan (GSP) Development Committee will analyze groundwater sustainability information and provide recommendations to the MGA Board on key policy issues that will form the Plan. Members will represent diverse interests within the Basin and deliberate as a committee on groundwater sustainability. They will establish objectives and thresholds for State mandated sustainability factors. They will evaluate various approaches to managing the Basin, including project funding and allocation of costs. The Committee will recommend strategies to achieve a sustainable groundwater basin by 2040.

Committee members will be selected to represent Sustainable Groundwater Management Act (SGMA) mandated groundwater interests. Please indicate your interest (check all that apply):

- | | |
|--|---|
| <input type="checkbox"/> Agricultural User | <input type="checkbox"/> Institutional User |
| <input type="checkbox"/> Small Water System Management | <input type="checkbox"/> Business Interest |
| <input type="checkbox"/> Environmental Interest | <input type="checkbox"/> Water Utility Rate Payer |
| <input type="checkbox"/> At Large Representatives (2) | |

GSP Development Committee members will work collaboratively with MGA staff and the MGA Board. Committee members will receive background information and training from MGA staff and from the MGA’s technical consultants. The planning process is likely to be iterative with provisional recommendations revised as sustainability data is compared between each of the State mandated sustainability factors. The time commitment is likely to vary, but is expected to require approximately 10 hours/month from July 2017 through July 2019.

Personal information on this form will become a matter of public record subject to disclosure under the California Public Records Act (California Government Code section 6250 et. seq.).

When are you available to attend committee meetings?

Weekday Mornings Weekday Afternoons Weekday Evenings

Supplemental Questions

(Attach additional sheets as needed, please do not exceed 4 pages total)

1) Why are you interested in participating in the Groundwater Sustainability Plan Development Committee?

2) Provide an example of a time you worked on a project that involved collaboration with other participants. Explain the purpose and results of your efforts.

Supplemental Questions (continued)

(Attach additional sheets as needed, please do not exceed 4 pages total)

3) Describe your qualifications and any experience you feel would help in your service on the Groundwater Sustainability Plan Development Committee.

4) Indicate which interest group(s) you would like to represent. Check as many as apply: Agricultural User, Small Water System Management, Institutional User, Business Interest, Environmental Interest, Water Utility Rate Payer, At Large Representative, Other (describe). Please explain your qualifications to represent the group(s) you have selected.

5) How did you hear about the GPS Development Committee opening? MGA Website MGA Board Meeting Community Advertisement Word of Mouth Other (explain) _____

I certify the information submitted is true, accurate, and complete.

Applicant's Signature

Application Deadline is 5:00 PM Pacific Time on July 21, 2017

Signed applications may be submitted electronically (via email) or hard copy to:

Santa Cruz Mid-County Groundwater Agency
Attn: Darcelle Pruitt
5180 Soquel Drive
Soquel, CA 95073
Email: dpruitt@cfsc.org

Attachment 4

DRAFT GSP Committee Charge (from the MGA):

The Groundwater Sustainability Plan Development Committee will provide guidance for the creation of the Groundwater Sustainability Plan. The Committee will analyze and provide recommendations to the MGA Board on key policy issues that will form the Plan. Final Plan recommendations are due at the MGA's July 2019 Board Meeting.

Committee members will represent diverse interest groups within the Basin. They will deliberate based on scientific data to understand current and projected basin conditions. The Committee will work collaboratively in an open and public process to ensure community concerns are addressed in the Plan.

The Committee will recommend strategies to the MGA Board to achieve a sustainable groundwater basin by 2040:

- Evaluate scientific information on the impacts to the Basin and assess various management approaches to reach sustainability,
- Consider the effect of changing climate and sea level on groundwater conditions,
- Establish objectives and thresholds for State mandated sustainability indicators,
- Analyze options and recommend supplemental water supply alternatives to meet projected demand,
- Promote public education about Plan decisions and the Basin's sustainability, and
- Recommend approaches to funding projects and allocation of project costs.

The Committee will make periodic reports to the MGA Board for input and feedback. They will report on key milestones in the development of the Plan, including: groundwater pumping impacts, key alternatives to reach groundwater sustainability, thresholds and measurable objectives for each sustainability indicator, possible program funding strategies, and recommendations for Plan implementation.

Problem Statement:

Our only source of drinking water in the Mid-County Basin is groundwater. Our Basin has been in overdraft for over 30 years. Lowered groundwater levels have allowed seawater intrusion and pose the threat of more widespread saltwater contamination if left unabated. Local streams are losing water flow, which adversely impacts aquatic ecosystems. We need to provide safe, reliable, and sufficient water resources to support our community and the natural environment.

May 18, 2017

MEMO TO THE MGA BOARD OF DIRECTORS

Subject: Agenda Item 5.2

Title: Approve Annual Budget for Fiscal Year 2017-2018

Attachment

1. Annual Budget for FY 2017/18 (table)

At the March 16, 2017 Board meeting the draft budget for Fiscal Year 2017/2018 (FY 17/18) for Santa Cruz Mid-County Groundwater Agency (MGA) budget was presented. Based upon Board direction at that meeting the proposed final budget for FY 17/18 was prepared (Attachment 1).

The modifications to FY 16/17 budget approved by the Board on March 16, 2017 are incorporated into the budget for FY 17/18. The total anticipated expenses for FY 17/18 are \$1,048,656. With the aid of \$91,500 in grants, the total anticipated expenses are reduced to **\$957,156**. This total is slightly higher, by \$13,650, than the total presented on March 16 and incorporates direction from the Board, updated FY 16/17 estimated actual expenses, and estimated expenses for FY 2017/18.

The budget for FY 16/17 is \$1,175,000, the total estimated projected expenses¹ for FY 16/17 is \$813,230; the unspent funds total \$361,770. At the March 16 meeting, the Board directed staff finalize the FY 17/18 annual budget and a recommendation for utilizing the FY 16/17 unspent “rollover” funds. The recommended approach is to apply all the unspent funds from FY 16/17 as a credit toward the FY 17/18. This approach reduces the contribution amount for each agency.

To date, no additional funding has been allocated to an operating reserve fund. For reference, Soquel Creek Water District’s minimum operating reserve fund target when combined with the rate stabilization reserve will approximate 40% of the operating costs in the District’s annual budget. The nature of the current work and functions of the MGA are not comparable in complexity or scale to the operations and services of the individual member agencies. The potential unanticipated costs currently facing the MGA are not comparable to those facing the individual member agencies. The FY 17/18 budget includes a 5% contingency (\$49,936) to cover unanticipated expenses. Many of the planned expenses in FY 17/18 are for consultant services and thus the Board has comparatively greater ability to manage costs over the course of the year compared to the individual member water utilities which face a greater range and scale of potential expenses. Based upon the planned

¹ The estimated projected total expenses for FY 16/17 is based upon the actual costs incurred to March 2017 and the estimated costs remaining in FY 16/17 which concludes June 30.

work to be conducted in FY 17/18 the proposed 5% contingency is deemed adequate. Any unanticipated costs that exceed the FY 17/18 total budget would have to be recouped by additional contributions by the member agencies.

An additional budgeting consideration is that the MGA's source of revenue (via annual funding contributions from the four member agencies) has a high degree of certainty that is quite different from the uncertainty the water utilities member agencies must account for in their fiscal policies and annual budgets. As such, instituting an operating reserve is unwarranted at this juncture. In the future, as the MGA transitions from the Groundwater Sustainability Plan (GSP) planning phase into the subsequent implementation phase, further evaluation and consideration of the need for an operating reserve fund is warranted.

Allocations

In the prior FY 16/17 budget, the MGA adopted the cost share allocations previously utilized by its precursor entity the Soquel Aptos Groundwater Management Committee (SAGMC) which were established at 70% for Soquel Creek Water District and 10% for the three other member agencies. In FY 17/18, there is no proposed change to these allocations. In the future, as additional information and data are available to inform and support a recalculation of the pro-rata cost share allocations, it is expected this will occur.

The below presents FY 17/18 budget total and the cost share total and the recommended contribution amounts.

FY 2017-18 Proposed Budget	\$ 1,048,656
County grant	\$ (91,500)
FY 2017-18 Proposed Budget (less County grant)	\$ 957,156
FY 2016-17 unspent "rollover" funds (estimate)	\$ (361,770)
FY 2017-18 Proposed Cost Share Total (estimate)	\$ 595,386
<i>Soquel Creek Water District (70%) (estimate)</i>	<i>\$ 416,769</i>
<i>Central Water District (10%) (estimate)</i>	<i>\$ 59,539</i>
<i>City of Santa Cruz (10%) (estimate)</i>	<i>\$ 59,539</i>
<i>County of Santa Cruz (10%) (estimate)</i>	<i>\$ 59,539</i>

The actual unspent rollover funds will be determined following the conclusion of the FY 16/17 fiscal year which ends June 30. The cost share total and agency contributions will not be the exact amounts presented above as these are projections.

Board of Directors
May 18, 2017
Page 3 of 3

Possible Board Actions:

1. By MOTION, approve the proposed Santa Cruz Mid-County Groundwater Agency (MGA) Planning Budget, and
2. By MOTION, approve crediting the unspent funds from FY 16/17 to reduce FY 17/18 contributions and reconfirm the intent for each agency allocation presented in this memo for Fiscal Year 2017/18.
3. By MOTION, take no action.



By

Tim Carson
Program Director
Regional Water Management Foundation

Prepared on behalf of the MGA Executive Team:
John Ricker, Ralph Bracamonte, Rosemary Menard, Ron Duncan

Table 1. MGA Annual Budget for FY 2017/18

Item	Note/Consultant	2016 - 2017 Budget As Approved May 2016	2016 - 2017 Budget Modifications	2016 - 2017 Budget As Amended March 2017	2016 - 2017 Estimated Actual	Rollover to 2017 - 2018	2017 - 2018 Budget	2017 - 2018 Budget Notes
Agency Administration								
Senior Planner	RWMF	\$ 148,500		\$ 148,500	\$ 81,500	\$ 67,000	\$ 148,500	
Administrative Program Associate	RWMF	\$ 30,000		\$ 30,000	\$ 18,500	\$ 11,500	\$ 30,000	
Program Director	RWMF	\$ 29,000		\$ 29,000	\$ 43,000	\$ (14,000)	\$ 43,000	
Expenses (conference attendance, print copies, misc. direct expenses)	RWMF	\$ -		\$ -	\$ 2,300	\$ (2,300)	\$ 2,000	
0.15 FTE – Treasurer	Leslie Strohm (SqCWD)	\$ 36,000		\$ 36,000	\$ 9,160	\$ 26,840	\$ 28,000	
Accounting and other software		\$ 1,500		\$ 1,500	\$ 600	\$ 900	\$ 1,500	
Annual Outside Audit		\$ 12,000		\$ 12,000	\$ -	\$ 12,000	\$ 12,000	
Office supplies at SqCWD (phone, computer, print copies, etc.)		\$ 10,000		\$ 10,000	\$ 2,600	\$ 7,400	\$ 5,200	
	<i>Subtotal</i>	\$ 267,000	\$ -	\$ 267,000	\$ 157,660	\$ 109,340	\$ 270,200	
Table 1 - Continued								
Legal Support								
Legal assistance with drafting bylaws and general support	SC County Legal Counsel - \$250/hr x 80 hrs	\$ 20,000		\$ 20,000	\$ 5,000	\$ 15,000	\$ 10,000	
Legal assistance and services for GSA/GSP guidance and possible conflict resolution	Brownstein Hyatt Farber Schreck	\$ 10,000		\$ 10,000	\$ -	\$ 10,000	\$ 10,000	
	<i>Subtotal</i>	\$ 30,000	\$ -	\$ 30,000	\$ 5,000	\$ 25,000	\$ 20,000	

Table 1. MGA Annual Budget for FY 2017/18

Item	Note/Consultant	2016 - 2017 Budget As Approved May 2016	2016 - 2017 Budget Modifications	2016 - 2017 Budget As Amended March 2017	2016 - 2017 Estimated Actual	Rollover to 2017 - 2018	2017 - 2018 Budget	2017 - 2018 Budget Notes
Hydrology Work								
Groundwater monitoring updates	HydroMetrics WRI	\$ 4,000		\$ 4,000	\$ 4,000	\$ -	\$ 5,000	Reduced frequency from 4x/yr (2016-17) to 2x/yr (2017-18) (\$4000) and as needed interpretation of anomalous data (\$1000). In 2017-18, added task for Hydrometrics to provide update to BOD.
Biennial groundwater monitoring report	HydroMetrics WRI	\$ 50,000		\$ 50,000	\$ 50,000	\$ -	\$ -	
Technical support for SGMA	HydroMetrics WRI	\$ 75,000	\$ (47,500)	\$ 27,500	\$ 27,500	\$ -	\$ 25,000	Board approved transfer (3/16/17) of \$47,500 to offset costs of Groundwater model increase (\$107k)
Groundwater model ¹	HydroMetrics WRI (excluding 70K from County grant)	\$ 286,000		\$ 286,000	\$ 286,000	\$ -	\$ 174,520	\$154,000 HydroMetrics WRI \$5,520 Balance Hydrologic TAC model review \$15,000 Rollover of USGS budget from FY16-17
Groundwater model	HydroMetrics WRI	\$ -	\$ 107,070	\$ 107,070	\$ 107,070	\$ -	\$ -	Board approved budget increased 3/16/17
Groundwater model ¹ - County grant not included in MGA cost share	County grant	\$ 70,000		\$ 70,000	\$ -	\$ 70,000	\$ 70,000	County grant is excluded from cost share
County stream gages	TBD	\$ 50,000		\$ 50,000	\$ 25,000	\$ 25,000	\$ 50,000	
Seawater Interface Offshore data collection	TBD	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ -	\$ -	Cost still to be determined, estimate is \$50k - 100k
	<i>Subtotal</i>	\$ 535,000	\$ 159,570	\$ 694,570	\$ 599,570	\$ 95,000	\$ 324,520	
GSP Development								
Technical support	\$10,000/month	\$ 120,000	\$ (59,570)	\$ 60,430	\$ 23,000	\$ 37,430	\$ 120,000	Board approved tranfer (3/16/17) of 59,570 to offset costs of Groundwater model increase (\$107k)
Public policy consulting and facilitation support	\$12,000/month	\$ 144,000	\$ (100,000)	\$ 44,000	\$ -	\$ 44,000	\$ 144,000	Transfer of \$100k in 2016-17 budget to offset cost of Seawater Interface Offshore data collection
Graphical support	TBD	\$ -		\$ -	\$ -	\$ -	\$ 50,000	
	<i>Subtotal</i>	\$ 264,000	\$ (159,570)	\$ 104,430	\$ 23,000	\$ 81,430	\$ 314,000	

Table 1. MGA Annual Budget for FY 2017/18

Item	Note/Consultant	2016 - 2017 Budget As Approved May 2016	2016 - 2017 Budget Modifications	2016 - 2017 Budget As Amended March 2017	2016 - 2017 Estimated Actual	Rollover to 2017 - 2018	2017 - 2018 Budget	2017 - 2018 Budget Notes
Outreach								
Translation services		\$ 5,000		\$ 5,000	\$ -	\$ 5,000	\$ 5,000	
Meeting advertising		\$ 4,000		\$ 4,000	\$ -	\$ 4,000	\$ 9,000	
Groundwater awareness week		\$ 2,000		\$ 2,000	\$ -	\$ 2,000	\$ 2,000	
Public meetings (food and space rental)		\$ 1,000		\$ 1,000	\$ 300	\$ 700	\$ 3,600	
Miscellaneous (brochure development, website, web videos, graphics for documents, etc.)		\$ 21,000		\$ 21,000	\$ 3,200	\$ 17,800	\$ 28,900	
Additional \$46,000 from County grant fund – not included in MGA cost share		\$ 46,000		\$ 46,000	\$ 24,500	\$ 21,500	\$ 21,500	Excluded from cost share. Brochure to private well owners; conservation audits to private well owners; well soundings
	<i>Subtotal</i>	\$ 79,000	\$ -	\$ 79,000	\$ 28,000	\$ 51,000	\$ 70,000	
	<i>Pre Subtotal</i>	\$ 1,175,000	\$ -	\$ 1,175,000	\$ 813,230	\$ 361,770	\$ 998,720	
	<i>10% Contingency</i>	\$ 117,500					\$ 49,936	5% Contingency (reduction from FY 16/17)
	Proposed Budget	\$ 1,292,500					\$ 1,048,656	
	Less County grant funded modeling	\$ (70,000)					\$ (70,000)	Less County grant funded modeling
	Less County grant funded outreach ²	\$ (70,000)					\$ (21,500)	Less County grant funded outreach
	Proposed Budget (less grants)	\$ 1,152,500					\$ 957,156	

Notes:

1. Initial 2016-17 budget line total (\$356k) included County grant (\$70k). 2017-18 budget presents these costs as separate budget lines.

Table 2. Agency Cost Share for MGA Annual Budget for FY 2017/18

FY 2017-18 Proposed Budget	\$ 1,048,656
County grant	\$ (91,500)
FY 2017-18 Proposed Budget (less County grant)	\$ 957,156
FY 2016-17 unspent "rollover" funds (estimate)	\$ (361,770)
FY 2017-18 Proposed Cost Share Total (estimate)	\$ 595,386
<i>Soquel Creek Water District (70%) (estimate)</i>	<i>\$ 416,769</i>
<i>Central Water District (10%) (estimate)</i>	<i>\$ 59,539</i>
<i>City of Santa Cruz (10%) (estimate)</i>	<i>\$ 59,539</i>
<i>County of Santa Cruz (10%) (estimate)</i>	<i>\$ 59,539</i>

Notes:

1. 2016-17 rollover funds are estimated based upon total to March 2017

May 18, 2017

MEMO TO THE MGA BOARD OF DIRECTORS

Subject: Agenda Item 6.1

Title: Treasurer's Report

Attachments

1. Treasurer's Report for the Period Ending April 30, 2017

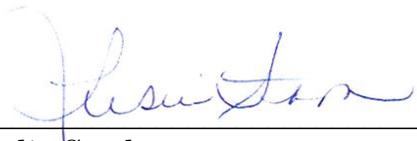
Attached is the Treasurer's Report for March and April 2017. The report contains three sections:

- Statement of Changes in Revenues, Expenses and Net Position
 - This interim financial statement provides information on the revenue that has been invoiced to the member agencies and the expenses that have been recorded as of April 30, 2017.
- Statement of Net Position
 - This interim financial statement details the cash balance at Wells Fargo Bank, the depository institution for the Santa Cruz Mid-County Groundwater Agency (MGA), the membership revenue still owed through accounts receivable, and the resulting net income as reported on the Statement of Changes in Revenues, Expenses and Net Position from the preceding page.
- Warrants
 - The list of warrants reflects all payments made by the MGA, either by check or electronic means, for the period covered by the Treasurer's Report.

The Treasurer's Report will be provided on a monthly basis according to statutory requirement and to promote transparency of the agency's financial transactions.

Possible Board Actions:

1. Informational, no motion necessary.

By 

Leslie Strohm
Treasurer
Santa Cruz Mid-County Groundwater Agency

Treasurer's Report

Santa Cruz Mid-County Groundwater Agency
For the period ended April 30, 2017



Prepared by
Leslie Strohm

Prepared on
May 5, 2017

Statement of Revenues, Expenses and Changes in Net Position

March - April, 2017

	Total
INCOME	
Total Income	
GROSS PROFIT	0.00
EXPENSES	
5100 Groundwater Management Services	25,721.78
5120 Grndwtr Mgmt - Groundwater Model	53,582.87
5300 Administrative Personnel Services	34,422.60
5317 Office Services - Bank Charges	18.35
5340 Computer Services	175.96
Total Expenses	113,921.56
NET OPERATING INCOME	-113,921.56
NET INCOME	\$ -113,921.56

Statement of Net Position

As of April 30, 2017

	Total
ASSETS	
Current Assets	
Bank Accounts	
1100 Wells Fargo Business Checking	763,821.54
Total Bank Accounts	763,821.54
Accounts Receivable	
1200 Accounts Receivable - Membership Revenue	25,250.00
Total Accounts Receivable	25,250.00
Total Current Assets	789,071.54
TOTAL ASSETS	\$789,071.54
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2100 Accounts Payable	68,539.68
Total Accounts Payable	68,539.68
Total Current Liabilities	68,539.68
Total Liabilities	68,539.68
Equity	
Retained Earnings	
Net Income	720,531.86
Total Equity	720,531.86
TOTAL LIABILITIES AND EQUITY	\$789,071.54

Warrants

March - April, 2017

Date	Transaction Type	Num	Name	Memo/Description	Clr	Amount
Check						
03/13/2017	Check		SVCCHRG	Service Charge	R	-18.35
						18.35
Bill Payment (Check)						
04/10/2017	Bill Payment (Check)	10020	Soquel Creek Water District (2)	0000260		-40.00
						-40.00
04/10/2017	Bill Payment (Check)	10021	Hydrometrics Water Resources, Inc.			-45,323.53
						-45,323.53