



SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY

AGENDA PACKET

REGULAR BOARD MEETING

9/18/2025 AT 6:00 P.M.

CAPITOLA LIBRARY, 2005 WHARF ROAD, CAPITOLA

The public may attend and provide public comment in person.

The meeting will also be publicly streamed (viewing only) via Zoom webinar:

<https://us06web.zoom.us/j/87303013406>

Webinar ID: 873 0301 3406; Webinar audio by phone +1 669 444 9171

Disability Access

The meeting room is wheelchair accessible. Please contact Sophia Sholtz at admin@midcountygroundwater.org or 831.662.2055 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



Groundwater is a vital resource, together let's protect it.

midcountygroundwater.org • 5180 Soquel Drive • Soquel, CA 95073

MGA Acronyms and/or Defined Terms

AF – Acre Foot

ACWA – Association of California
Water Agencies

ACWA JPIA – ACWA Joint Powers
Insurance Authority

ASR – Aquifer Storage and Recovery

Basin – Santa Cruz Mid-County
Groundwater Agency

BMP – Best Management Practices

City – City of Santa Cruz

CEQA – California Environmental
Quality Act

County – County of Santa Cruz

CWD - Central Water District

DWR – Department of Water
Resources

EIR – Environmental Impact Report

FY – Fiscal Year

GSA – Groundwater Sustainability
Agency

GSP - Groundwater Sustainability
Plan

IRWM – Integrated Regional Water
Management

JPA – Joint Powers Agreement

LAFCO – Local Agency Formation
Committee

MGA – Santa Cruz Mid-County
Groundwater Agency

MOA – Memorandum of Agreement

MOU – Memorandum of
Understanding

PWS – Pure Water Soquel

PV Water – Pajaro Valley Water
Management Agency

RCD – Resource Conservation District
of Santa Cruz County

RMP – Representative Monitoring
Points

RWMF – Regional Water
Management Foundation

RFP – Request for Proposals

RFQ – Request for Qualifications

SCWD – City of Santa Cruz Water
Department

SGMA – Sustainable Groundwater
Management Act

SGMI Grant – Sustainable
Groundwater Management
Implementation Grant

SMC – Sustainable Management
Criteria

SMGWA – Santa Margarita
Groundwater Agency

SqCWD – Soquel Creek Water
District

SWRCB – State Water Resources
Control Board

SWIP – Seawater Intrusion
Prevention

WASC – Water Supply Advisory
Committee

WY – Water Year



Groundwater is a vital resource, together let's protect it.

midcountygroundwater.org • 5180 Soquel Drive • Soquel, CA 95073

GUIDANCE FOR ORAL AND WRITTEN COMMUNICATIONS AND DISABILITY ACCESS

ORAL COMMUNICATIONS

MGA Board meeting agendas set aside time for oral communications regarding items not on the agenda but within the purview of the MGA. Oral communications are also heard during the consideration of an agenda item.

Anyone wishing to provide public comment should come to the front of the room to be recognized by the Board Chair. Individual comments are limited to three (3) minutes; a maximum time of 15 minutes is set aside each time for oral communications. The time limits may be increased or decreased at the Board Chair's discretion. Speakers must address the entire Board; dialogue is not permitted between speakers and other members of the public or Board members, or among Board members.

While the Board may not take any action based upon oral communications, an issue raised during oral communications may be placed on the agenda for a future Board meeting.

Organized groups wishing to make an oral presentation to the Board may contact Sophia Sholtz at 831-662-2055 or admin@midcountygroundwater.org, preferably at least two weeks prior to the meeting.

WRITTEN COMMUNICATIONS

Written communications to the Santa Cruz Mid-County Groundwater Agency (MGA) Board may be submitted as follows:

- Via email: comment@midcountygroundwater.org
- Via mail or hand delivery: MGA Board of Directors, c/o Emma Western, 5180 Soquel Drive, Soquel, CA 95073

Deadlines for Submittal:

- Written communications received by 4:00 p.m. on the Tuesday of the week prior to a regularly scheduled (Thursday) Board meeting will be distributed to the Board and made available on the MGA's [website](#) at the time the Agenda is posted.
- Written communications received after the 4:00 p.m. deadline will be posted on the MGA [website](#) and Board members informed of the communications at the earliest opportunity. Please note, communications received after 9:00 a.m. the day before the Board Meeting may not have time to reach Board members, nor be read by them prior to consideration of an item.
- Written communications received at a Board meeting will be distributed to Board members and posted on the MGA [website](#) at the earliest opportunity.

Any written communication submitted to the Board will be made available on the MGA website at <http://www.midcountygroundwater.org/committee-meetings> and constitutes a public record. Please do not include any private information in your communication that you do not want made available to the public.

DISABILITY ACCESS: Please contact Sophia Sholtz at admin@midcountygroundwater.org or 831-662-2055 for information or to request an accommodation.



Groundwater is a vital resource, together let's protect it.

midcountygroundwater.org • 5180 Soquel Drive • Soquel, CA 95073

SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY

Board of Directors Meeting

Thursday, September 18, 2025, at 6:00 p.m.

Capitola Branch Library, 2005 Wharf Road, Capitola

AGENDA

The public may attend and provide public comment in person.

The meeting will also be publicly streamed (viewing only) via Zoom webinar:

<https://us06web.zoom.us/j/87303013406>

Webinar ID: 873 0301 3406; Webinar audio by phone +1 669 444 9171

1. **Call to Order**
2. **Roll Call**
3. **Oral Communications Related to Items Not on the Agenda**
Issues within the purview of the Santa Cruz Mid-County Groundwater Agency. Guidelines attached.
4. **Consent Agenda** - pg. 6
 - 4.1 Approve June 12, 2025 Meeting Minutes
 - 4.2 Response to Board Direction related to a 2021 Security Breach at Kisters Water Resources, Inc.
 - 4.3 Approve Annual Statement of Investment Policy Fiscal Year 2025-26
 - 4.4 Approve Well Water Meter Agreement with Landowner (agricultural property at southern end of Sumner Avenue, Aptos)
5. **General Business** - pg. 38
 - 5.1 Receive Update on Sustainable Groundwater Management Act Compliance Funding Options Assessment
 - 5.2 Initiate solicitation for two Private Well Owner Director positions and Consideration of a Temporary Subcommittee to Recommend Private Well Owner Representatives for Board Appointment
 - 5.3 Establish a Policy to Review Applicable County of Santa Cruz Well Construction Permit Applications

6. Informational Updates - pg. 56

6.1 Treasurer's Report

6.2 Staff Reports

- GSP Implementation Status Update
- SGMI Grant Update

6.3 Selection of Geophysical Imaging Partners, Inc. to conduct a Geophysical Survey to Map Potential Saltwater Intrusion

7. Future Agenda Items

8. Written Communications and Submitted Materials

Written communications received by 4:00 p.m. on the Tuesday of the week prior to a regularly scheduled (Thursday) Board meeting will be distributed to the Board and made available on the MGA website at the time the Agenda is posted.

9. Adjournment

Next Board Meeting: December 11, 2025



Groundwater is a vital resource, together let's protect it.

midcountygroundwater.org • 5180 Soquel Drive • Soquel, CA 95073

SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY Board of Directors Meeting

Thursday, June 12, 2025, at 6:00 p.m.
Capitola Branch Library, 2005 Wharf Road, Capitola
Meeting webcast (via Zoom) for remote viewing.

MINUTES

1. Call to Order

The meeting was called to order at 6:04 pm by Chair Kennedy.

2. Roll Call

Directors present: (Alternates acting as voting Directors shown in *italics*)

Jon Kennedy (Chair) – Private Well Owner

Carla Christensen (Vice Chair) – Soquel Creek Water District

Jim Kerr (Secretary) – Private Well Owner

Curt Abramson – Private Well Owner

David Baskin – City of Santa Cruz

Bruce Jaffe – Soquel Creek Water District

Robert Marani – Central Water District

Susie O'Hara – City of Santa Cruz

Marco Romanini – Central Water District

Jillian Ritter – County of Santa Cruz

Alternates present as non-voting observers:

Robert Schultz – Private Well Owner

Member Agency Staff present:

Heidi Luckenbach – City of Santa Cruz

Melanie Mow Schumacher – Soquel Creek Water District

Sierra Ryan – County of Santa Cruz

Ralph Bracamonte – Central Water District

Supporting Staff and Consultants:

Tim Carson, Rob Swartz (remote), Sophia Sholtz – Regional Water Management Foundation (RWMF)
Ryan Aston (remote) – SCI Consulting Group (SCI)

3. Oral Communications Related to Items Not on the Agenda

Public comment: Becky Steinbruner commented and provided written documents associated with her comment.

4. Consent Agenda

- 4.1 Approve March 20, 2025 Meeting Minutes
- 4.2 Approve Contract with Montgomery & Associates for Planning and Technical Services for Groundwater Sustainability Plan Implementation and Reporting for Fiscal Year 2025-2026 (Year 1)
- 4.3 Approve Regional Water Management Foundation Sustainable Groundwater Management Implementation Grant Administrative Services for Fiscal Year 2025-2026 (Year 4)

MOTION: Director Baskin; Second: Director Kerr; to approve items 4.2 and 4.3 on the consent agenda. Motion passed unanimously.

MOTION: Director O'Hara; Second: Director Baskin; to approve the March 20, 2025 Board Minutes as amended with modifications identified by Director Jaffe on language changes. Director Romanini abstained from item 4.1. Motion passed unanimously.

5. General Business

5.1 Consider Proposed Annual Budget for Fiscal Year 2025-2026

Tim Carson reviewed the current Fiscal Year 2024-2025 (FY24-25) approved budget, the year-to-date actuals and the projected total income and expenses. He presented the proposed budget for FY25-26. The proposed budget is similar to the preliminary budget presented to the Board at the March 20, 2025 Board meeting.

The beginning reserves for FY24-25 are \$1.85 million (M) and are projected for FY25-26 to be \$1.46M. The projected ending reserves in the proposed FY25-26 budget are just over \$1M. Member Agency contributions are not proposed for FY25-26 in favor of continuing to draw down the reserves to 50% of annual operating expenses, in accordance with the Santa Cruz Mid-County Groundwater Agency (MGA)'s Reserves Policy.

Operating revenue consists of grant awards and Member Agency contributions. The projected operating revenue for FY24-25 is projected to be \$585,000 and the preliminary budget for FY25-26 is \$585,000. No Member Agency contributions are proposed for general operating expenses in FY25-26. Approximately \$85,000 in revenue is anticipated to cover expenses on the SGMI Grant administration (which is not reimbursed by the grant).

Total operating expenses in the proposed FY 25-26 budget are \$949,850. The projected totals for Operating Expenses for FY24-25 are approximately \$100,000 less than projected at the March Board meeting, primarily due to anticipated work that did not occur in FY24-25. The proposed Operating Expenses for FY25-26 are about \$47,000 higher than what was presented at the March Board Meeting.

The budget includes \$25,000 intended for continuing work on the Funding Options Assessment by SCI which will not conclude this fiscal year, and an additional \$75,000 set aside for Funding Options Implementation, which may be used following the conclusion of the Funding Options Assessment, upon direction from the Board.

Seawater intrusion investigations will continue through next Fiscal Year. Montgomery & Associates (M&A) will continue to provide a range of services in the study of seawater intrusion and groundwater quality, primarily in the Seascape area. This includes the potential of a land-based electromagnetic survey. The Board previously approved groundwater modeling work for FY25-26 through M&A for needed updates to the current groundwater model.

There were Director comments on the budget and a related discussion on the current contract with Kisters, which hosts the Agency's data management system, and ongoing concerns about the Kisters response following a 2021 security breach that impacted some of its servers and clients (the MGA was not impacted). The Board directed staff to return at the next meeting to provide information on legal and practical considerations on continuing with Kisters or potentially seeking another vendor. There was also discussion on the Agency's current total reserves and its Reserve policy.

Public comment: Becky Steinbruner commented.

MOTION: Director O'Hara; Second: Director Jaffe; to approve the proposed budget for Fiscal Year 2025-2026 with additional direction to staff to return at the next meeting with an analysis of current opportunities and constraints of the current Kisters contract. Motion passed unanimously.

5.2 Receive Update on Sustainable Groundwater Management Act Compliance Funding Options Assessment

Tim Carson provided an overview on the Funding Options Assessment that SCI Consulting Group (SCI) is currently conducting. He provided background on why the Agency is conducting the funding assessment at this time. He noted that the approved Groundwater Sustainability Plan stated that Member Agencies would fund agency operations through 2025 but would evaluate equitable long-term funding needs and mechanisms for 2026 and beyond.

Ryan Aston, SCI, presented the Funding Options Assessment process and the anticipated outcomes. SCI will evaluate potential funding strategies based upon the local Basin characteristics and provide a robust analysis of funding options. SCI will develop a technical memorandum that summarizes potential MGA-specific options; the memorandum is intended to inform future Board decisions on funding approaches. He noted that completing the funding options assessment does not commit the Board to acting on a specific funding approach nor does it commit the Board to the timing of taking any action.

Rob Swartz reviewed Basin groundwater use and users, highlighting an estimated yearly use of 5,100 acre-feet per year, with about 80% of the estimated extraction being from metered extraction by MGA member agencies. The remaining groundwater extraction is from non de minimis users, including small water systems, commercial, institutional, and agricultural users, and de minimis domestic users. The Basin differs from many other basins in the state that must comply with the Sustainable Groundwater Management Act (SGMA) in that it has limited agricultural uses and a high density of domestic wells.

Tim Carson described the current funding allocation of a 70/10/10/10 percent split between Soquel Creek Water District, City of Santa Cruz Water Department, Central Water District, and the County of Santa Cruz, respectively. This allocation has its origins in the Soquel-Aptos Groundwater Management Committee, the predecessor of the MGA. This split was based on estimated groundwater usage in the Basin with the County's portion based upon the estimated de minimis domestic use at that time. The MGA's Joint Powers Agreement states that the Board will from time to time review the proportional share of contributions from the Member Agencies. The estimated Agency funding needs to comply with SGMA over the next 5 years averages approximately \$525,000 per year.

Ryan Aston presented on the funding mechanism legal frameworks fees established by the California Water Code (i.e., §10730 and 10730.2) and alternative approaches (e.g., special taxes; benefit assessments; development impact fees). He presented background information on common fee methods.

There was Director comment and discussion. Directors provided staff with direction on additional information they would like to see as the assessment continues, including information on how other basins are assessing fees for SGMA compliance and how projected growth and potential impact fees factor into long-term funding in the Basin.

Public comment: Multiple public comments were received on the item.

6. Informational Updates

6.1 Treasurer's Report

The Treasurer's Report can be found in the Agenda Packet for review.

No questions or comments were received on the item.

6.2 Staff Reports

- **GSP Implementation Status Update**

The GSP Implementation Status Update table can be found in the Agenda Packet for review.

No questions or comments were received on the item.

- **SGMI Grant Update**

The SGMI Grant Update can be found in the Agenda Packet for review.

No questions or comments were received on the item.

- **Other**

No questions or comments were received on this item.

7. Future Agenda Items

No questions or comments were received on this item.

8. Written Communications and Submitted Materials

Written communications can be found at the MGA website.

9. Adjournment

Next Board Meeting: September 18, 2025

SUBMITTED BY:

Sophia Sholtz
*Regional Water Management
Foundation*

Jim Kerr
*Santa Cruz Mid-County Groundwater
Agency*

September 18, 2025

MEMO TO THE MGA BOARD OF DIRECTORS

Subject: Agenda Item 4.2

Title: Response to Board Direction related to a 2021 Security Breach at Kisters Water Resources, Inc.

Attachment(s):

1. January 19, 2022 statement from Kisters
2. April 3, 2023 MGA letter to Kisters

Recommended Board Action: No action necessary. This memorandum is in response to Board direction to provide an analysis of current opportunities and constraints associated with completing the remaining 2 years on the Kisters contract.

Background

Kisters Water Resources, Inc (Kisters), a multi-national corporation founded in Germany, was competitively selected in 2020 to develop a joint data management system (DMS) for the Santa Cruz Mid-County Groundwater Agency (MGA) and Santa Margarita Groundwater Agency (SMGWA). Kisters was subsequently retained for ongoing hosting and maintenance of the DMS. Part of the consideration in awarding the contract to Kisters was that both the City of Santa Cruz and the Soquel Creek Water District use the Kisters platform for their water-related data management.

As Kisters works for both groundwater sustainability agencies (GSAs), the County, as a member agency of each GSA, administers its contract and entered into Revenue Agreements with both GSAs to reimburse costs. The MGA Board approved the current Revenue Agreement on March 20, 2025. Both the Contracts and Revenue Agreements are set to expire on June 30, 2027.

During MGA Board discussion of the Fiscal Year 2025-2026 budget on June 20, 2025, Director Romanini expressed concern regarding the status of security measures used by Kisters to protect client data. Security concerns stem from a January 19, 2022 statement from Kisters (see attached statement) that a serious and complex cyber-attack was launched against the company on November 10, 2021. These attacks did not impact the Kisters North America servers that host the MGA DMS.

Following the statement from Kisters, no additional information was provided to MGA regarding the status and measures related to data security. At the prompting of the MGA Board, Sierra Ryan sent a letter via e-mail to Kisters on April 3, 2023 (see attached letter)

expressing concern about the lack of communication and requesting information on Kisters' efforts to both recover from and prevent future security breaches. A Kisters representative responded on April 4, 2023 that they were willing to meet, but only to discuss steps that Kisters had taken to increase security. While staff did meet with Kisters representatives on multiple occasions regarding improvements to the DMS build subsequent to sending the letter, no further response was received to the items outlined in the letter. Staff reminded Kisters of the letter on a call and resent it via email on March 1, 2024. Kisters acknowledged an action item to follow-up on the MGA security concerns, but a response was not submitted.

On June 20, 2024, Director Romanini requested under the Future Agenda Items that the Board receive an update on the initial MGA request to explain the recovery and prevent future security breaches. MGA staff again asked for an update from Kisters following the Board meeting. Kisters responded via e-mail in July 2024 that it did not intend to publish an official document detailing the cyber incident. Kisters indicated they have documents that testify to the steps taken to rebuild its systems and offered to provide those to a client willing to execute a non-disclosure agreement (NDA). Kisters outlined that its security measures include maintaining ISO 27001 certification, and SOC2 Type I, and SOC2 Type II audits. Kisters offered to provide the audits under an NDA. MGA staff felt the response was adequate, so it did not press the issue further, as the time and cost of setting up an NDA outweighed any remaining concerns.

In adopting the Fiscal Year 2025-2026 budget at the June 12, 2025 MGA Board meeting, the Board provided additional direction to staff to return at the next meeting with an analysis of current opportunities and constraints associated with completing the remaining 2 years on the Kisters contract.

Discussion

Based on the actions taken by the Board in March 2025, the County has already renewed the Kisters contract and paid for the 2025-26 hosting and maintenance. Therefore, it is effectively too late to make any changes to the Kisters contract for this year.

The Board could consider a competitive process to search for other vendors at end of Fiscal Year 2025-2026. Staff do not believe this action is advisable due to the following reasons:

- 1) County staff from the Information Services Department were provided the Kisters security certifications, which are available on their website, and stated that Kisters has the common security certifications: <https://www.kisters.net/soc2-type2-bsi-c5-type2-attestations/>
- 2) Though they were slow to respond to the letter, Kisters was willing to provide detailed security information under an NDA.
- 3) Kisters contract with the County requires Cyber liability insurance with limits of not less than \$1,000,000 per occurrence, and \$2,000,000 in the aggregate.
- 4) The data stored in the DMS is also stored in other locations and is not of a sensitive nature.

- 5) Kisters, as a multinational corporation, must meet strict security requirements in order to do business in more than 30 countries.
- 6) The cost of building the DMS was over \$100,000, grant-funded, and is state-mandated. The cost of hiring a new vendor to build a new system would likely be a similar amount but without the grant funding. There would be additional costs incurred for Senior Planner and staff time to implement a new DMS.
- 7) The Kisters DMS is also supporting the SMGWA, which does not share the concerns of the MGA and would not likely see a benefit to switching vendors at this stage.
- 8) While staff have not always been happy with the roll-out of the DMS and the lack of responsiveness regarding the security breach, the system is currently working to meet the needs of the MGA so there is no other motivation to search for a different vendor.
- 9) Staff time is limited and the process to do a competitive selection process before it is necessary would distract from other priorities.

Recommended Board Action:

1. No action necessary. This memorandum is in response to Board direction to provide an analysis of current opportunities and constraints associated with completing the remaining 2 years on the Kisters contract.

Submitted by:

Sierra Ryan
Water Resources Program Manager
County of Santa Cruz

Rob Swartz
Senior Planner
Regional Water Management Foundation

On behalf of the MGA Executive Staff

Melanie Mow Schumacher, General Manager, Soquel Creek Water District
Ralph Bracamonte, District Manager, Central Water District
Heidi Luckenbach, Water Director, City of Santa Cruz
Sierra Ryan, Water Resources Program Manager, County of Santa Cruz



Statement on the cyber-attack on KISTERS AG

Dear Business Partner,

on 10 November 2021, we were subject to a serious and complex cyber-attack, which significantly impacted our organisation, our staff and our clients and partners who rely on our services.

Since the attack, we have worked hard to restore our systems and services. Supported by external experts, we have ensured that every step of our recovery process has been carried out with the utmost diligence to ensure by all means that all our systems are free from any artefacts of the attack.

Within that process we have

- set up our internal network infrastructure from scratch;
- re-installed all IT systems, including servers, workstations and laptops, from scratch;
- installed a new mail server in the Microsoft Azure Cloud;
- re-installed all KISTERScloud systems and re-imported client data from backup after multiple automatic security scans;
- re-installed all servers that are used to connect to client systems for remote maintenance.

Furthermore, we are examining the complete source code of our solutions restored from the backup for signs of compromise using automatic and visual inspection methods. The process will be completed by the end of January, and no manipulation has been detected so far. Our customers operating our software solutions on-premise with advanced security monitoring have also not identified any compromise from the cyberattack as of to date.

We are pleased to announce that we are now able to provide our services and solutions to our customers and partners again. It has always been our goal to ensure a high level of security based on standards and state-of-the-art best practices, and we will continue to improve the security of our systems wherever possible.

We thank you for your continued support and trust and look forward to further successful co-operation.

Aachen, 19.01.2022

Klaus Kisters
CEO, KISTERS Group

April 3, 2023

Dear KISTERS Representatives:

I am writing on behalf of some Board members of the Mid-County Groundwater Agency (MGA) and Santa Margarita Groundwater Agency (SMGWA), collectively the Agencies, following the KISTERS AG's communications during 2022 regarding the November 2021 data breach at your company. Specifically, I would like to share the observations and concerns expressed by parties within the Agencies regarding KISTERS' response.

By way of background, in response to a request from the Agencies, in January 2022 the Agencies received a letter (dated 19.01.2022), signed by Klaus Kisters, informing them of a data breach that occurred on 10 November 2021. That letter characterized the breach as "a serious and complex cyber-attack, which significantly impacted our organization, our staff and our clients and partners." To-date, the Agencies have received no further communications from KISTERS regarding this attack. That said, there have been a few updates posted to the KISTERS website (for example, a press release titled "Full speed ahead" posted on 1 April 2022, which states that KISTERS "has returned to normal operations in almost all areas" <https://www.KISTERS.de/en/news-events/news/full-speed-ahead/>). The Agencies have learned from the website that this was, at least in part, a ransomware attack on KISTERS.

The Agencies' overarching concern relates to the relatively infrequent and incomplete communications from KISTERS about this attack and KISTERS' efforts to both recover from it and to prevent future breaches. Given the frequency with which such attacks take place, we are regrettably all too familiar with other companies' efforts to communicate with their stakeholders. In our estimation, KISTERS has fallen short of industry best practices in this regard.

We are left with a number of still-open questions and concerns, including:

- Has KISTERS yet fully recovered from the attack?
- Does KISTERS plan to provide more-complete information about the nature and extent of the attack (beyond "complex cyber-attack" and "ransomware"), and if so, when?
- When will KISTERS provide more-complete information about the implications of the attack for KISTERS' customers?
- Does KISTERS intend to provide a thorough, detailed report on the measures that KISTERS has taken to recover from this attack and prevent future attacks? For example, while KISTERS refers to its implementation of ISO 27001, we observe that 27001 is a management and implementation framework; it does not constitute specific security methods, practices, and standards.
- What are KISTERS' plans for implementing data-security practices and policies?
- What is KISTERS' status regarding recent and ongoing security audits? When will KISTERS report those audit results to their customers?

- What will be KISTERS' communications strategy in the event of a future breach? For example, will KISTERS implement industry best practices (such as those outlined by the US FTC here: <https://www.ftc.gov/business-guidance/resources/data-breach-response-guide-business>)?

While the Agencies' staff is skilled and experienced in their areas of expertise, the Agencies have no in-house IT staff. The Agencies rely on KISTERS to provide a functional, safe, and secure system. In this, I expect the Agencies are similar to many, if not most, of KISTERS' customers. Further, the Agencies, as government entities, operate on behalf of the public. The Agencies develop and store information that is personal and important to our stakeholders; as such, they rely on a relationship of good will and trust with those stakeholders and the public. The Agencies expect all of their business partners to embrace their respective responsibility to support and enhance that good will and trust. Frequent, transparent communications about issues as they arise and are resolved is critical to maintaining those key values. We hope that, in the future, KISTERS will do a better job of keeping its customers informed about such breaches, their impacts, and the company's recovery efforts.

I look forward to hearing from you soon about KISTERS' ongoing efforts to recover from this breach and prevent future occurrences.

Best Regards,

Sierra Ryan, on behalf of members of the Santa Margarita and Santa Cruz Mid-County Groundwater Agencies

September 18, 2025

MEMO TO THE MGA BOARD OF DIRECTORS

Subject: Agenda Item 4.3

Title: Approve Annual Statement of Investment Policy Fiscal Year 2025-26

Attachment(s):

1. Annual Statement of Investment Policy Fiscal Year 2025-26

Recommended Board Action: Approve and adopt the Annual Statement of Investment Policy Fiscal Year 2025-26

Background

Investment laws require all local agencies to develop an Annual Investment Policy and submit it to the legislative body of the local government for approval at a public meeting. The Investment Policy serves as the foundation for setting and achieving program objectives, defining rules, establishing benchmarks, reducing the exposure to liability of both the Executive Staff and Board, and is considered an important document to rating agencies for determining credit ratings. California Government Code (CGC) contains specific provisions regarding the types of investments and practices permitted after considering the broad requirements of preserving principal and maintaining liquidity before seeking yield. These provisions are intended to promote the use of reliable, diverse, and safe investment instruments to better ensure a prudently managed portfolio worthy of public trust.

Discussion

The California Debt & Investment Advisory Commission (CDIAC) was created by the California Legislature to assist public agencies in the management of public debt and the investment of public funds. Each year, CDIAC staff convenes a working group of public- and private-sector professionals to support its efforts to revise and update the *Local Agency Investment Guidelines*. The 2025 Guidelines reflect any statutory changes adopted by the Legislature and signed by the Governor effective January 1, 2025. State Senate Bill 882 (SB 882), the Local Government Omnibus Act of 2023, amended Government Code section 53601 to clarify limitations imposed on public investment in a privately issued mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond (“mortgage pass-through and asset-backed securities”) that are not issued or guaranteed by a public agency. The MGA has not

incorporated that language into the 2025-26 Draft Investment Policy because the Agency does not invest in these types of securities.

The attached Draft Investment Policy was prepared in accordance with CDIAC 2025 Local Agency Investment Guidelines. The draft policy was also compared to the most recent “model policy” of the Association of Public Treasurers of the United States and Canada (APTUS&C).

Recommended Board Action:

1. By MOTION, approve and adopt the Annual Statement of Investment Policy Fiscal Year 2025-26

Submitted by:

Leslie Strohm

Treasurer

Santa Cruz Mid-County Groundwater Agency

On behalf of the MGA Executive Staff

Melanie Mow Schumacher, General Manager, Soquel Creek Water District

Ralph Bracamonte, District Manager, Central Water District

Heidi Luckenbach, Water Director, City of Santa Cruz

Sierra Ryan, Water Resources Manager, County of Santa Cruz

ANNUAL STATEMENT OF INVESTMENT POLICY

Effective from July 1, 2025 to June 30, 2026

This statement is submitted to the Santa Cruz Mid-County Groundwater Agency (“MGA” or “Agency”) Board of Directors to comply with Section 53646 of the California Government Code. It is intended to provide a guideline for the prudent investment of surplus cash reserves and to outline a policy for maximizing the efficiency of the Agency’s cash management.

1.0 Policy

It is the policy of the MGA to invest public funds in a manner which will provide the highest investment return with the maximum security, while meeting the daily cash flow demands of the Agency and conforming to all state and local statutes governing the investment of public funds, such as the Government Code of California Section 53601, et. seq. (Appendix A & B).

2.0 Scope

This investment policy applies to all financial assets of the MGA as accounted for in the annual audited financial report. This policy applies to all funds under the Treasurer’s span of control unless specifically exempted by statute or ordinance. The MGA accounts for its operations as an enterprise fund.

2.1 Funds

General Reserve Fund (Wells Fargo Bank)
West Coast Community Bank (WCCB) Money Market Account
IntraFi Investment Account through WCCB

3.0 Prudence

As an investment standard, any investment shall be made with “judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence would exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.”¹ All transactions shall be undertaken in the best interest of the MGA, and certainly not in the interest of broker-dealers.

- 3.1 The standard of prudence to be used by investment officials shall be the “prudent person” and/or “prudent investor” standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an

¹ Prudent Person Rule set forth in the California Uniform Prudent Investor Act.

individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments. (Appendix D)

4.0 Objective

The primary objectives, in priority order, of the Santa Cruz Mid-County Groundwater Agency investment activities shall be:

- 4.1 **Safety:** Safety of principal is the foremost objective of the investment policy. Investments of the MGA shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, the Agency will diversify its investments by investing funds among a variety of securities offering independent returns and financial institutions.
- 4.2 **Liquidity:** The MGA's investment portfolio will remain sufficiently liquid to enable the Agency to meet all operating requirements which might be reasonably anticipated.
- 4.3 **Return on Investments:** The MGA's investment portfolio shall be designed with the objective of attaining a benchmark rate of return throughout budgetary and economic cycles, commensurate with the Agency's investment risk constraints and the cash flow characteristics of the portfolio.

5.0 Delegation of Authority

Authority to manage the MGA's investment program is derived from the Government Code of the State of California, Section 53600 et seq. The authority to invest public funds is expressly delegated to the Board of Directors for the subsequent redelegation to the Executive Staff. Under the express supervision of the Executive Staff, daily management responsibility has been delegated to the Treasurer who shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures should include reference to: safekeeping, wire transfer agreements, banking service contracts and collateral/depository agreements. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and with the unanimous approval of the Executive Staff.

6.0 Ethics & Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Delegates and investment officials shall disclose to the Executive Staff any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further

disclose any large personal financial/investment positions that could be related to the performance of the MGA, particularly with regard to the time of purchases and sales.

7.0 Authorized Financial Dealers and Institutions

The Treasurer will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained as needed of approved security brokers/dealers selected by credit worthiness who are authorized to provide investment services in the State of California. These may include “primary” dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule - Appendix E). No public deposit shall be made except in a qualified public depository as established by state laws.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Treasurer with the following: audited financial statements, proof of National Association of Security Dealers certification, trading resolution, proof of state/province registration, certification of having read the MGA’s investment policy. An annual review of the financial condition and registrations of qualified bidders will be conducted by the Treasurer. A current audited financial statement is required to be on file for each financial institution or broker/dealer in which the Agency invests.

8.0 Authorized & Suitable Investments

From the governing body perspective, special care must be taken to ensure that the list of instruments includes only those allowed by law and those that local investment managers are trained and competent to handle.

The MGA is empowered by statute to invest in the following types of securities:

1. Government securities and debt obligations issued by the U.S. Government or its agencies and are the highest quality investments available in terms of safety and liquidity. Among these are U.S. Treasury Bills and Notes; Federal Agency investments such as Government National Mortgage Association (Ginnie Mae); Federal National Mortgage Association (Fannie Mae); Federal Land Bank (FLB); and Federal Farm Credit Banks; State of California bonds and California local agency bonds. These investments are, however, subject to the prohibition against inverse floaters, range notes, interest-only strips derived from a pool of mortgages, and securities that could result in zero-interest accrual in Section 53601.6 (exempting mutual funds). The MGA will require safekeeping documentation of the treasury instruments in an acceptable safekeeping account in the MGA’s name. All interest will be deposited into the account or accounts that will best ensure the preservation of capital.
2. Certificates of Deposit (CD) must be fully insured by the Federal Deposit Insurance Corporation (FDIC), National Credit Union Administration (NCUA), Securities Investor Protection Corporation (SIPC), or fully collateralized to 110%

of market value of principal and accrued interest for governmental securities and 150% of market value of principal and accrued interest for first mortgage collateral. Further to be considered by the Agency:

- a. The issuer must be a nationally or state-chartered bank, savings association, federal association, state or federal credit union, or a federally or state-licensed branch of a foreign bank with a branch in California.
- b. It must have been in existence at least five years.
- c. Eligibility for deposits shall be limited to those financial institutions that maintain a rating equivalent to Moody's or Standard & Poor's rating of "A" or higher.

Funds invested through a CD Placement Service are not subject to (a), (b), or (c) above, however each individual CD will be limited to the amount that is fully insured by the FDIC, NCUA, SIPC, or fully collateralized as discussed above.

The maximum to be invested with any one institution will be up to the federally insured amount with the exception of:

1. The MGA's Wells Fargo Bank Account No. XXXXXXX698 designated to be the Agency's Depository.
2. The State Local Agency Investment Fund (LAIF) or other LAIF-like Local Agency Pool, if applicable.

Interest earned on all accounts will be paid monthly unless the principal sum is under the federally insured maximum and deposited into the account or accounts that will best ensure the preservation of capital.

The MGA does not buy stocks; it does not speculate; it does not deal in futures, options, or security loan agreements; it does not invest or place funds in other than the areas outlined above.

9.0 Investment Pools/Mutual Funds

A thorough investigation of the pool/fund is required prior to investing, and on a continual basis. There shall be a questionnaire developed which will provide the following information:

- A description of eligible investment securities, and a written statement of investment policy and objectives.
- A description of interest calculations and how it is distributed, and how gains and losses are treated.
- A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
- A description of who may invest in the program, how often, and what size deposit and withdrawal are allowed.
- A schedule for receiving statements and portfolio listings.
- Whether reserves, retained earnings, etc. are utilized by the pool/fund.

- A fee schedule, and when and how it is assessed.
- Whether the pool/fund is eligible for bond proceeds and/or whether it will accept such proceeds.

10.0 Collateralization

Collateralization will be required on any Certificate of Deposit not fully insured by the Federal Depositary Insurance Corporation (FDIC), National Credit Union Administration (NCUA) or Securities Investment Protection Corporation (SIPC). In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 110% of market value of principal and accrued interest for governmental securities and 150% of market value of principal and accrued interest for first mortgage collateral.

Collateral will always be held by an independent third party with whom the entity has a current written custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the MGA and retained. The right of collateral substitution is granted.

11.0 Safekeeping and Custody

All security transactions entered into by the MGA shall be conducted on a delivery-versus-payment (DVP) basis and held in safekeeping pursuant to a safekeeping agreement. Securities will be held by a third-party custodian designated by the Treasurer and evidenced by safekeeping receipts.

12.0 Diversification

The MGA will diversify its investments by security type and institution. No more than 50% of the Agency's total investment portfolio may be invested in a single security type or with a single financial institution other than U.S. Treasury securities and authorized investment pools. The maximum allowable percentage for each type of security is set forth as follows:

Security	Maximum % of Portfolio	Maximum Maturity	
U.S. Treasury & Agency Securities	100%	5 years	
State of CA & CA Agency Securities	100%	5 years	
Local Agency Pools	100%	N/A	
Bankers Acceptances	40%	180 days	No more than 30% of the surplus funds may be in Bankers Acceptances in any one commercial bank
Commercial Paper – Non-Pooled Funds	25%	270 days	No more than 10 percent of the agency's money may be invested in any one issuer's commercial paper.
Negotiable Certificate of Deposit	30% (combined with placement service CDs)	5 years	Subject to conflict of interest limitation

CD Placement Service	30%	5 years	
Medium Term Corporate Notes	30%	5 years	"A" Rating
Mutual Funds	20%	N/A	No more than 10% of surplus funds may be invested in any one mutual fund; 2 or more "AAA" ratings
Collateralized Mortgage Obligations	20%	5 years	"AA" Rating
Money Market Funds	20%	N/A	

Source: California Government Code Sections 53601 & 53635 (a-n)

Note: The government code requires that specific criteria for the selection of both mutual funds and money market funds be met.

13.0 Maximum Maturities

To the extent possible, the MGA will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the MGA will not directly invest in securities maturing more than one year from the date of purchase, with the exception of government securities and debt obligations issued by the US Government or its agencies. Government securities may be purchased for a period not to exceed three years.

Reserve funds may be invested in securities exceeding three years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

Section 53601 provides that the maximum term of any investment authorized under this section, unless otherwise stated, is five years as measured from the settlement date to final maturity. However, the governing body may grant express authority to make investments either specifically or as a part of an investment program approved by the governing body that exceeds this five-year maturity limit. Such approval must be issued no less than three months prior to the purchase of any security exceeding the five-year maturity limit. No security may be purchased with a forward settlement date exceeding 45 days from the time of the investment.

14.0 Internal Control

The Treasurer shall establish an annual process of independent review by an external auditor. This independent analysis shall review internal control, account activity and compliance with policies and procedures.

15.0 Performance Standards

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

15.1 Market Yield (Benchmark): The MGA's investment strategy is passive. Given this strategy, the basis used by the Treasurer to determine whether market yields are being

achieved shall be the 6-month U.S. Treasury Bill and the Federal Funds rate. These indices are considered benchmarks for low-risk investment transactions and therefore comprise a minimum standard for the portfolio's rate of return.

16.0 Reporting

In accordance with Section 53646(b) (1-4) of the Government Code of California, the Treasurer shall provide to the Board of Directors quarterly investment reports, which provide a clear picture of the status of the current investment portfolio. The report may include comments on the fixed income markets and economic conditions, discussions regarding restrictions on percentage of investment by categories, possible changes in the portfolio structure going forward and thoughts on investment strategies if applicable.

Schedules in the quarterly report will include the following:

- A listing of individual securities held at the end of the reporting period by authorized investment category to include investment type, issuer, maturity, par value, and dollar amount invested.
- Average life and final maturity of all investments listed.
- Market Value as of the date of the report.
- Percentage of the Portfolio represented by each investment category.

17.0 Investment Policy Adoption

The Santa Cruz Mid-County Groundwater Agency's Investment Policy shall be ***adopted*** by the MGA's Board of Directors. The policy shall be reviewed annually by the Board of Directors no later than the first Board Meeting each fiscal year of the year to which it applies, or in the event of meeting cancellation the next regularly scheduled Board Meeting after, and any modifications made thereto must be approved by the Board of Directors.

Glossary

Agencies: Federal agency securities or State agency securities.

Asked: The price at which securities are offered.

Bankers' Acceptance (BA): A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

Benchmark: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

Bid: The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

Bond Proceeds: The money paid to the issuer by the purchaser or underwriter of a new issue of municipal securities. These monies are used to finance the project or purpose for which the securities were issued and to pay certain costs of issuance as may be provided in the bond contract.

Broker: A broker brings buyers and sellers together for a commission.

Certificate of Deposit (CD): A time deposit with a specific maturity evidenced by a certificate. Large denomination CD's are typically negotiable.

CD Placement Services: A large sum of money is deposited into one bank that in turn places the funds in CDs issued by other banks in the same network in increments less than the current FDIC maximum so that both principal and interest are eligible for complete FDIC protection.

Collateral: Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

Coupon: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

Credit Risk: The risk of loss due to failure of the issuer of a security.

Custodian: A Bank or other financial institution that keeps custody of stock certificates and other assets.

Dealer: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

Debenture: A bond secured only by the general credit of the issuer.

Delivery versus Payment/Receipt: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

Discount: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

Discount Securities: Non-interest-bearing money market instruments that are issued at discount and redeemed at maturity for full face value, e.g. U.S. Treasury Bills.

Diversification: Dividing investment funds among a variety of securities offering independent returns.

Farm Credit System (FCS): Nationwide cooperative system of banks and associations providing credit to farmers, agricultural concerns, and related businesses. The system is comprised of the Banks for Cooperatives, which makes loans to farmer-owned marketing, supply, and service cooperatives, and rural utilities; the **Farm Credit Banks**, which make short and intermediate term farm loans secured by real estate; and the Federal Farm Credit Banks Funding Corp., which acts as a conduit through which the FCS issues debt in the credit markets. The Farm Credit Banks were created by merger of the old Federal Intermediate Credit Banks, making intermediate term farm loans, and the **Federal Land Banks**. The Farm Credit System, originally capitalized by the federal government, is now self-funding and owned by its member-borrowers.

Federal Credit Agencies: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g. S & L's, small business firms, students, farmers, farm cooperatives, and exporters.

Federal Deposit Insurance Corporation (FDIC): A federal agency that insures bank deposits, currently up to \$250,000 per deposit.

Federal Funds Rate: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

Federal Home Loan Banks (FHLB): Government sponsored wholesale banks (currently 12 regional banks) which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

Federal National Mortgage Association (FNMA or Fannie Mae): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

Federal Open Market Committee (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

Federal Reserve System: The central bank of the United States created by Congress and consisting of a seven-member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

Government National Mortgage Association (GNMA or Ginnie Mae): Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. The security holder is protected by the full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FMHA mortgages. The term "pass-throughs" is often used to describe Ginnie Maes.

Liquidity: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. Short-term securities, such as Treasury bills that are easily sold to other investors at relatively narrow spreads between bid and asked quotes, and in reasonably large trading volumes, are said to be highly liquid.

Local Agency Investment Fund (LAIF): The aggregate of all funds from local State of California agencies that are placed in the custody of the State Treasurer for investment and reinvestment.

Market Risk: Market value fluctuations due to overall changes in the general level of interest rates.

Market Value: The price at which a security is trading and could presumably be purchased or sold.

Maturity: The date upon which the principal or stated value of an investment becomes due and payable.

Money Market: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

National Credit Union Administration (NCUA): Independent federal agency established by federal law in 1970 to charter and supervise federal credit unions.

Offer: The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

Open Market Operations: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

Par Value: The amount of principal that must be paid at maturity. Also referred to as the face amount of a bond, normally quoted in \$1,000 increments per bond.

Portfolio: Combined holding of more than one stock, bond, commodity, real estate investment, cash equivalent, or other asset. The purpose of a portfolio is to reduce risk by diversification.

Primary Dealer: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC) registered securities broker-dealers, banks, and a few unregulated firms.

Principal: The face value or par value of a debt instrument, or the amount of capital invested in a given security.

Prudent Person Rule: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state – the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

Qualified Public Depositories: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

Rate of Return: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

Safekeeping: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

Secondary Market: A market made for the purchase and sale of outstanding issues following the initial distribution.

Security: A document indicating ownership or creditorship, a stock certificate or bond.

Securities & Exchange Commission: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

Securities Investor Protection Corporation (SIPC): Nonprofit, government sponsored membership corporation chartered in 1970 to protect the customer of insured broker-dealers, up to \$500,000 per account.

SEC Rule 15C3-1: See Uniform Net Capital Rule.

Structured Notes: Notes issued by Government Sponsored Enterprises (FHLB, FNMA, SLMA, etc.) and Corporations that have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

Student Loan Marketing Association (SLMA): Publicly traded corporation established in 1972 to increase the availability of student loans by purchasing loans in the secondary market. The corporation, also known as Sallie Mae, guarantees college education loans under the federal Guaranteed Student Loan Program, and under the Health Education Assistance Program.

Time Deposits: Interest bearing deposits at a savings institution that has a specific maturity date.

Treasury Bills: A non-interest-bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

Treasury Bonds: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than ten years.

Treasury Notes: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to ten years.

Trustee or trust company or trust department of a bank: A financial institution with trust powers which acts in a fiduciary capacity for the benefit of the bondholders in enforcing the terms of the bond contract.

Uniform Net Capital Rule: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one-reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

Yield: The rate of annual income return on an investment, expressed as a percentage. (a) Income Yield is obtained by dividing the current dollar income by the current market price for the security. (b) Net Yield or Yield to Maturity is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

References*

- A. Government Code of California Section 53600-53609
- B. Government Code of California Section 53630-53649
- C. Probate Code of California Section 16045-16054 The Prudent Investor Rule
- D. Securities & Exchange Commission Rule 15C3-1 (Uniform Net Capital Rule)

*Documents available upon request

September 18, 2025

MEMO TO THE MGA BOARD OF DIRECTORS

Subject: Agenda Item 4.4

Title: Approve Well Water Meter Agreement with Landowner (agricultural property at southern end of Sumner Avenue, Aptos)

Attachment(s):

1. Draft Well Water Meter Agreement

Recommended Board Action: Authorize the Board Chair to Execute a Well Water Meter Agreement with Landowner (agricultural property at southern end of Sumner Avenue, Aptos).

Background

Santa Cruz Mid-County Groundwater Agency (MGA) adopted Policy No. 10 requiring the registration, metering, and reporting for certain non-de minimis groundwater users (Meter Policy) on June 20, 2024. While the Sustainable Groundwater Management Act (SGMA) authorizes MGA to cause all expenses associated with the purchase and installation of a meter be borne by the well owner, the MGA Board has expressed a desire to provide assistance in offsetting these expenses to willing well owners. To date, the landowner associated with 4 adjacent parcels used for agricultural purposes at the southern end of Sumner Avenue in Aptos has expressed an interest in receiving assistance with offsetting the cost of complying with the Meter Policy.

Discussion

Regional Water Management Foundation (RWMF) staff researched other agencies that have adopted meter programs and worked closely with the landowner and MGA legal counsel to identify an appropriate mechanism and agreement between MGA and the landowner in complying with the Meter Policy. RWMF staff also researched meters that would conform with Meter Policy standards. Upon consulting with the landowner, MGA legal counsel, and MGA Executive Staff, it was determined that it would be appropriate and most efficient to have MGA purchase the meter and provide it to the landowner who would have responsibility for installing and maintaining the meter. The attached draft meter agreement has been reviewed by MGA legal counsel and a landowner representative. The term of the agreement is for 5 years, which is the reasonable expected minimum operating life of the meter. The agreement also specifies liquidated damages of \$1,882 in the event of material default by the landowner, which is the purchase price of the meter.

Recommended Board Action:

1. By MOTION, Authorize the Board Chair to Execute a Well Water Meter Agreement with Landowner (agricultural property on Sumner Avenue, Aptos)

Submitted by:

Rob Swartz

Senior Planner

Regional Water Management Foundation

On behalf of the MGA Executive Staff

Melanie Mow Schumacher, General Manager, Soquel Creek Water District

Ralph Bracamonte, District Manager, Central Water District

Heidi Luckenbach, Water Director, City of Santa Cruz

Sierra Ryan, Water Resources Manager, County of Santa Cruz



Groundwater is a vital resource, together let's protect it.

midcountygroundwater.org • 5180 Soquel Drive • Soquel, CA 95073

Well Water Meter Agreement

This Well Water Meter Agreement (Agreement) is made as of the date executed below, by and between the Santa Cruz Mid-County Groundwater Agency (Agency) and Saiyanna Charitou, Elias H. Xanthus and Kaliopé K. Xanthus, Trustees, of the Elias H. and Kaliopé K. Xanthus 2000 Trust, SilverCreek Yuba I, LLC and SCP Woodland, LLC (together, as tenants in common) (Landowner) (together the Parties).

WHEREAS, the Sustainable Groundwater Management Act (SGMA) of 2014 mandates local management of groundwater basins to ensure their long-term sustainability; and,

WHEREAS, the Agency has adopted a policy requiring the measurement of groundwater extraction by certain users as an important component of measuring progress towards sustainability; and,

WHEREAS, the Parties desire to coordinate to accomplish the aim of groundwater sustainability and responsible private well usage under those aims; and,

WHEREAS, Landowner is the owner of that certain real property located Santa Cruz County known as Assessor's Parcel Numbers 054-261-27, 054-261-28, 054-261-29, 054-261-30; and,

NOW THEREFORE, for valuable consideration that the Parties deem sufficient, the Parties do agree as set forth according to the following terms and conditions.

AGREEMENT

1. Landowner agrees that all water production from the well referenced in this agreement shall be measured using the Flow Meter.
2. To accomplish this, Agency agrees to provide a flow meter ("Flow Meter") that meets minimum accuracy requirements to Landowner.
3. The Landowner agrees to be responsible for ensuring that the Flow Meter be installed in compliance with meter manufacturer instructions and specifications. Landowner further agrees that the Flow Meter shall be installed within 15 days of receipt from the Agency.
4. Meter reads by the Landowner shall take place at least annually that includes the meter volume reading shall be provided to the Agency at BasinPOC@midcountygroundwater.org no later than October 31st of each calendar year.
5. Landowner shall provide to Agency the name, telephone number, and address of a current contact for the property and update information if there is a change of contact.



Groundwater is a vital resource, together let's protect it.

midcountygroundwater.org • 5180 Soquel Drive • Soquel, CA 95073

6. Landowner shall report any Flow Meter or Flow Meter appurtenance damage or malfunction to Agency within fifteen (15) working days after discovery of such damage or malfunction and work with the Agency as needed to restore proper functioning of the meter.
7. This Agreement shall take effect on the date that it is signed by both Landowner and Agency, and it shall remain in effect until the earlier of 5 years, termination by mutual written agreement of the parties, or failure and removal of the Flow Meter.
8. This agreement shall bind all heirs, successors, agents and employees of either party. Neither Landowner nor Agency shall assign this agreement without the prior written consent of the other party.
9. To further the aims of paragraph 5 above, Landowner agrees to notify Agency when property has been sold, and to furnish agency with the name and address, if different from the subject property, of new Landowner.
10. The individual signing this agreement represents that he/she is authorized to act on behalf of the Landowner in this matter.
11. Liquidated Damages for Default. The Parties acknowledge and agree that in the event of a material default by the Landowner of its obligations under this Agreement, it would be impracticable and extremely difficult to determine the actual damages suffered by the Agency. The Parties agree that a reasonable estimate of the damages the Agency would incur, including administrative costs and the loss of the asset, is the cost of the meter itself.

Therefore, should the Landowner commit a material default of this Agreement that remains uncured for a period of 30 days, Landowner shall pay to the Agency, as liquidated damages for the cost of the Flow Meter and not as a penalty, the sum of \$1,882.00 for the digital Flow Meter.

Executed this ____ day of _____, 20__.

SANTA CRUZ MID-COUNTY GROUNDWATER
AGENCY:

Board Chair

LANDOWNER:

(Print Name)

APPROVED AS TO FORM:

Michael J. De Smidt
Agency Counsel

September 18, 2025

MEMO TO THE MGA BOARD OF DIRECTORS

Subject: Agenda Item 5.1

Title: Receive Update on Sustainable Groundwater Management Act Compliance
Funding Options Assessment

Attachment(s):

1. Table 1: Summary of GSAs Funding Approaches

Recommended Board Action: Provide direction to staff and consultant on key considerations as the funding options assessment proceeds.

Background

Since the inception of Santa Cruz Mid-County Groundwater Agency (MGA), the expenses associated with Sustainable Groundwater Management Act (SGMA) compliance have been borne by the four MGA member agencies with grant funding from the Department of Water Resources. The MGA Groundwater Sustainability Plan identifies the four MGA member agencies as the source of funding for SGMA regulatory compliance through 2025 and states that MGA will further evaluate funding mechanisms for ongoing compliance from 2026 and beyond. Examples of ongoing activities that are required to comply with SGMA include, but are not limited to, annual reporting and periodic evaluations of the Groundwater Sustainability Plan, MGA administration, Basin monitoring and data reporting, and maintaining a Data Management System.

In March 2024, the Department of Water Resources published a guidance document titled: [Funding SGMA Implementation](#) that presents an overview of common funding mechanisms available to Groundwater Sustainability Agencies (GSAs) for SGMA implementation and presents the general process that agencies may consider when developing a funding mechanism and rate structure. The guide includes information intended to support GSAs in the selection and development of self-funding streams. It states that there is no “one size fits all” approach – a GSA should assess approaches based upon its specific Basin characteristics and considerations. In October 2024, following a competitive selection process, the MGA engaged SCI Consulting Group (SCI) to conduct a funding options assessment.

In December 2024, the MGA Board received an introductory presentation from SCI on the assessment process and considerations. The goals of the funding options assessment are to: 1) identify MGA funding needs; 2) identify community preferences and stakeholder perspective on funding; 3) identify an appropriate legal framework under SGMA for

collecting funding; and 4) recommend long-term funding options available to MGA for SGMA compliance. A recording of the presentation and discussion is available at: [Meeting 12-12-2024](#). The item begins at 57:38 of the recording.

A public workshop for private domestic users of groundwater was held on March 17, 2025 to get their input and perspectives on a potential fee on private domestic users for SGMA compliance-related costs. A recording of the public meeting is available at: [Meeting 3-17-2025](#).

At the March 2025 Board meeting, SCI provided an update on progress to date and a summary of public comments received at the workshop. The Board directed the staff and consultant to return in June with a more comprehensive overview of the funding assessment process prior to conducting any further outreach. A recording of the presentation and discussion is available at: [Meeting 3-20-2025](#). The item can be found at 1:24:55 of the recording.

At the June 2025 Board meeting, the RWMF and SCI provided additional background on the history of the current method, the expected funding needs of MGA over the next 5 years, and additional information of what is known about other private users of groundwater in the Basin. A recording of the presentation and discussion is available at: [Meeting 6-12-2025](#). The item can be found at 37:55 of the recording.

At the June meeting, the Board directed staff to return with information on how other GSAs are approaching funding for SGMA compliance. Attached to this item is a table of some of the known GSAs that have fees in place. The summary table includes information compiled and presented by Catherine Hansford, Hansford Economic Consulting, in July 2023 during a session of the Groundwater Resources Association of California's Groundwater 101 Week; the table includes additional information and updates by SCI and RWMF. The GSAs are sorted by total 2024 groundwater extraction in acre-feet, from lowest to highest.

SCI is on track to complete a memorandum later this year that will present a broad summary of potential options and considerations on funding strategies to meet the cost of complying with the state-mandated requirements of SGMA in the years ahead. The funding options assessment and memorandum are intended as a tool to inform the Board as it considers various strategies. Any potential Board action to continue evaluation, development, or implement a long-term funding approach would come at a future date once the Board has considered the memorandum and thoroughly considered its options.

Discussion

The Board will receive an update on the funding options assessment. This will include:

- Follow-up on questions raised at the June 12, 2025 Board meeting;
- A summary and examples of how other Groundwater Sustainability Agencies are approaching funding to comply with SGMA;
- An overview of the topics to be covered in a funding options memorandum expected in December 2025.

Recommended Board Action:

1. By MOTION, provide direction to staff and consultant on key considerations as the funding options assessment proceeds.

Submitted by:

Rob Swartz

Senior Planner

Regional Water Management Foundation

On behalf of the MGA Executive Staff

Melanie Mow Schumacher, General Manager, Soquel Creek Water District

Ralph Bracamonte, District Manager, Central Water District

Heidi Luckenbach, Water Director, City of Santa Cruz

Sierra Ryan, Water Resources Manager, County of Santa Cruz

Table 1. Summary of GSAs Funding Approaches
Draft data compiled by Hansford Economic Consulting, SCI Consulting Group and Regional Water Management Foundation.

Name	Authority	Rates	Approach to De Minimis Users	Notes	Total Groundwater (GW) in 2024 in acre-feet (AF)	Urban GW (AF)	Ag GW (AF)	Industrial GW (AF)	Other GW (AF)
Petaluma Valley GSA	Water Code 10730 (Prop 26)	\$44.70 per AF	Charged	Rate equalized with Santa Rosa Plain GSA rate by Sonoma County contribution. Without contribution, rate would be \$315.84 per AF.	2,701	11	1,104	292	1,294
Mound Basin GSA	Water Code 10730 (Prop 26)	\$97 per AF	Not Applicable - No known De Minimis uses	No fee report publicly available. Resolution states the fee is applicable regardless whether the GW is derived from native or augmented supply.	3,454	545	1,998		911
Carpinteria GSA	Water Code 10730.2 (Prop 218)	\$79 per AF	Exempt	This fee was updated in 2024 from an initial parcel fee.	4,547	982	3,565		
Ukiah GSA	Water Code 10730 (Prop 26)	The regulatory fee structure has two components. The Part 1 Fee is a \$4.07 per acre per year fee paid by all property owners in the Ukiah Valley Basin. The Part 2 Fee is paid by four groundwater user groups: Group 1 – Public Water Systems \$0.1352 per 1,000 gallons extracted; Group 2 – Crop Land \$32.75 per cropped acre (properties classified as Group 2 due to possession of a medium, large or nursery cannabis license issued by Mendocino County are capped at 1 acre); Group 3 – Improved Properties \$34.67 per acre of entire parcel (residential properties are capped at 0.5 acres); Group 4 – All Other \$0.00.	Charged	De minimis users are regulated.	6,352	1,992	3,865		495 (rural domestic and other small systems)
Sonoma Valley GSA	Water Code 10730 (Prop 26)	\$44.70 per AF	Charged	Rate equalized with Santa Rosa Plain GSA rate by Sonoma County contribution. Without contribution, rate would be \$139.67 per AF.	6,572	179	3,888		2,505
Upper San Luis Rey GMA	Water Code 10730.2 (Prop 218)	Rate 1 - \$ 300 per well. Rate 2 - \$24.59 per AF.	Charged	Budget elements split between two rates: management contract applied to well fee; remainder of budget applied to extraction fee.	10,772		8,453		2,319 (residential & commercial)
Santa Rosa Plain GSA	Water Code 10730 (Prop 26)	\$44.70 per AF	Charged		17,898	4,035	4,951		8,912
Indian Wells Valley GSA	Water Code 10730 (Prop 26)	\$105 per AF	Exempt	De minimis users have to register their wells but are exempt from the fee. This fee for admin. Costs.	20,840	6,190	8,760	2,810	3,080
	Water Code 10730.2 (Prop 218)	\$2,130 per AF	Exempt	Basin Replenishment Fee for a Groundwater Augmentation Project and Shallow Well Mitigation Project.					
Cuyama Basin GSA	Water Code 10730 (Prop 26)	\$12 per AF	Exempt	Non-commercial State & Fed lands exempt and de minimis users. Defined De Minimis User for Commercial as 1.5 ac-ft/yr or less.	33,800	200	33,600		
Wyandotte GSA	Water Code 10730.2 (Prop 218)	\$1.16 per non-irrigated acre, \$7.39 per irrigated-surface water acre, and \$11.40 per irrigated-GW acre	Charged	Any land unbillable on the tax roll is not billed	33,900	300	32,800		800 (rural res)
Fillmore and Piru Basins GSA	Water Code 10730 (Prop 26)	\$12 per AF	Exempt		34,036	3,005	31,031		
Pajaro Valley Water	ACT 760. Pajaro Valley Water Management Agency (1984 ch 257) Cal Uncod Water Deer Act 760 (2024) Use Prop 26/Prop 218 Process in Adopting Fees/Updates	Management Fee - collected on all residential parcels at \$18 per year and all commercial parcels at \$20 per year. Augmentation Charge - on extraction of groundwater from wells within agency boundaries: Metered Users outside delivered water zone \$323 per AF. Metered Users inside delivered water zone \$452 per AF. Unmetered Users (rural residential) \$152 per AF (note that residents are billed for an estimated 0.5 AF per year).	Charged	Fees shown were effective 12/1/24. Will increase 12/1/25.	42,681	7,024	33,655	548	1,454 (unmetered residential)
Merced Irrigation-Urban GSA	Water Code 10730 (Prop 26)	\$6.48 per Ag. Acre, other uses range - highest is \$16.84 for Apartments per Acre	Charged	De minimis users are regulated.	46,358	46,358	510,782		12,658
Salinas Valley Basin GSA (includes 6 subbasins)	Water Code 10730 (Prop 26)	TIER 1 - \$13.83 per Cropped Acre; \$5.32 per connection TIER 2 - \$0 for FY26.	Exempt	Split of costs between Ag and Municipal users based on historical annual pumping.					

Table 1. Summary of GSAs Funding Approaches
Draft data compiled by Hansford Economic Consulting, SCI Consulting Group and Regional Water Management Foundation.

Name	Authority	Rates	Approach to De Minimis Users	Notes	Total Groundwater (GW) in 2024 in acre-feet (AF)	Urban GW (AF)	Ag GW (AF)	Industrial GW (AF)	Other GW (AF)
Tri-County Water Authority GSA	Water Code 10730.2 (Prop 218)	\$10.00 per AF	Exempt	Crop-type analysis used to estimate water use until all wells are metered. Found a note for extraction above 2 acre-feet, so assume de minimis exempt.	110,600	100	90,700		8,500 (for export)
Cosumnes Groundwater Authority	Flexible fee type; most agencies using Water Code 10730 (Prop 26).	Rate 1 - \$10 per irrigated acre (agriculture). Rate 2 - \$5.98 per AF (water systems). Rate 3 - \$35 per groundwater-using parcel (all parcels).	Charged	Budget elements split between various user classes to produce three different rates.	120,200	4,800	104,400	11,000	
Solano Groundwater Authority	Water Code 10730.2 (Prop 218)	\$2.79 per Acre	Charged	Charges based on the calendar year. Same rate set for years 2023-2027. Excluded all parcels not assessable on the tax roll.	148,410	26,730	121,680		
Corning Subbasin GSA	Water Code 10730.2 (Prop 218)	\$0.93 per non-irrigated acre, \$6.14 per irrigated-surface water acre, and \$14.60 per irrigated-GW acre	Charged	Any land unbillable on the tax roll is not billed	152,600	2,300	149,500		1,800 (rural res)
Sacramento Central Groundwater Authority GSA	Water Code 10730.2 (Prop 218)	\$2.53 per parcel & \$3.44 per AF	Charged	Excludes a fee on remediation extraction.	178,000	41,700	108,000	28,300 (remediation)	
Vina GSA	Water Code 10730 (Prop 26)	Rate 1 - \$12.62 per parcel (all parcels). Rate 2 - \$4.22 per croppped acre (ag). Rate 3 - \$0.96 per developed parcel (de minimis)	Charged	Switched from Prop 218 to Prop 26 in 2025.	243,300	2,200	218,300		3,000 (rural res)
Mid-Kings River GSA	Water Code 10730.2 (Prop 218)	\$25 per acre for fixed compliance costs. \$95 per acre-foot to fund projects (e.g., well mitigation).	Exempt	Excludes parcels less than 2 acres.	355,055	24,031	322,942		8,032 (rural domestic)
East Turlock Subbasin GSA	Water Code 10730.2 (Prop 218) (1 - Operational Assessment)	Rate 1 - \$1.54 per non-irrigated parcel acre Rate 2 - \$17.75 per irrigated parcel acre	Charged	Assessment covers operational costs.	363,000	32,500	330,500		
	Water Code 10730.2 (Prop 218) (2 - GW Use Fee)	Tiered rate structure, AF charges - consumptive use (ET).	Exempt	Fee covers PMA costs.					
Madera County GSAs (Madera subbasin, Chowchilla subbasin and Delta-Mendota subbasin)	Water Code 10730 (Prop 26)	\$22.45 per Irrigated Acre	Exempt	Excludes de minimis users - defined as rural residential users. Irrigated acres are determined by the Assessor.	536,400	25,200	511,200		
	Water Code 10730.2 (Prop 218)	per Enrolled Acre (\$246 Madera, \$203 Chowchilla, \$138 Delta Mendota)	Exempt	Chowchilla successful protest, Madera and Delta Mendota fees under injunction (never charged) because farmers say it is a tax, not a fee.					
Colusa Groundwater Authority - Colusa Subbasin portion in Colusa County	Water Code 10730.2 (Prop 218)	\$1.00 per acre	Charged	Any land unbillable on the tax roll is not billed	562,100	11,000	535,000		16,100 (managed wetlands)
Glenn County Groundwater Authority - Colusa Subbasin portion in Glenn County	Water Code 10730.2 (Prop 218)	\$0.61 per non-irrigated acre, \$2.91 per irrigated-surface water acre, and \$6.83 per irrigated-GW acre, and \$3.68 per acre in urban area parcels for FY25/26	Charged		562,100	11,000	535,000		16,100 (managed wetlands)
Merced Subbasin GSA	Water Code 10730.2 (Prop 218)	\$24.94 per Irrigated Parcel Acre; \$26.61 per acre for all lands subject to water rights application payment.	Exempt	Phase 1 funding mechanism for 4 years. Excludes parcels 2 acres or smaller. Maj problems with 1st yr implementation on tax roll (had to re-do).	569,798	46,358	510,782		12,658
McMullin Area GSA (in Kings Basin)	Water Code 10730.2 (Prop 218)	\$19.00 per Acre	Exempt	Excludes parcels 2 acres or smaller.	1,256,556	150,474	1,100,042		6,040
Kings River East GSA (in Kings Basin)	Water Code 10730 (Prop 26)	\$1.45 per acre-foot (AF)	Exempt	Fee was for 3 years to develop the GSP.					
North Fork Kings GSA (in Kings Basin)	Prop 218 (weighted votes)	\$10 per Acre	Charged	Increasing the fee would require ballot process again.					
South Fork Kings GSA (in Kings Basin)	Prop 218 (weighted votes)	\$9.80 per Acre cap.	Exempt	Prop 218 passed 2/29/24. City of Lemoore pays directly for the area within City limits. Remainder is property tax assessment.					

September 18, 2025

MEMO TO THE MGA BOARD OF DIRECTORS

Subject: Agenda Item 5.2

Title: Initiate solicitation for two Private Well Owner Director positions and Consideration of a Temporary Subcommittee to Recommend Private Well Owner Representatives for Board Appointment

Attachment(s):

1. Draft Application Form

Recommended Board Action(s): 1) Establish a temporary subcommittee to screen and nominate candidates for the appointments of two (2) Directors to represent Private Well Owners; and 2) nominate Board members and/or Member Agency staff to participate on the temporary committee; and, 3) provide direction, as needed, on the procedure, considerations, and timing for the appointment of Directors representing Private Well Owners.

Background

The Santa Cruz Mid-County Groundwater Agency's (MGA or Agency) Joint Powers Agreement (Agreement) established that the Agency shall be governed by an 11-member Board of Directors that includes representatives of private well owners residing within the boundaries of the Agency, referred to as the Private Well Owner (PWO) Directors. The Board includes three (3) PWO Directors and one (1) Alternate Director. The current PWO Directors' terms are staggered such that two directors' terms expire in January 2026 (Directors Abramson and Kennedy) and the two directors' terms expire in January 2028 (Director Kerr and Alternate Director Schultz). To fill the upcoming openings for the two Directors, the Board should consider initiating a public notification and nomination procedure so that the appointments are completed prior to January 2026.

Discussion

The Agency's Bylaws (Article 2) set forth a procedure for the appointment of Directors representing Private Well Owners. It established procedure is as follows:

2.2.1 Notification. The Board shall issue formal notification of the opportunity to apply for the appointment to the Board as Directors representing the interests of private well owners ("PWO").

I. The notification shall include a description of the work of the Agency, the desired characteristics and skills of Directors representing the interests of

private well owners and the screening criteria to be used in evaluating applications received, as well as the timeline for decision-making on appointees.

II. The Board shall use a variety of print media, electronic and other formal and informal communication mechanisms in this notification, and the period of notification will cover, at a minimum, 10 working days.

III. A standardized application will be required as part of each applicant's submittal.

IV. Applications submitted by hand delivery, mail or electronically must be received in the Agency's principal office (the Soquel Creek Water District) by the close of the filing period.

2.2.2 Screening and Interviews. A subcommittee of the Board, with Member Agency staff participation as appropriate, shall screen applications using the set of screening criteria included in the notification described in 2.2.1. The subcommittee shall hold interviews with the top candidates from the screening process and develop recommendations for the full Board's consideration.

2.2.3 Nomination. The subcommittee of the Board involved with screening and interviewing candidates shall nominate candidates for appointment to the Director positions representing private well owners.

2.2.4 Appointment. Appointment of Directors representing private well owners shall be made by a majority vote of the Member Agency Directors in compliance with Section 6.3.5 of the Agreement.

2.2.5 Term. The term of appointment shall be four (4) years, unless otherwise established by a majority vote of the Member Agency Directors, and such term shall continue until a successor is duly appointed by the Board. The term effective date shall be determined by resolution of the Board. At the expiration of the term of a PWO Director or Alternate, the Board may (i) elect to initiate the appointment procedure for a PWO Director or Alternate under section 2.2 of the Bylaws; or (ii) appoint a PWO Director or Alternate in a different manner, subject to Board approval by a majority vote of the Member Agency Directors participating in voting.

Temporary Subcommittee of the Board

Per Article 12 of the Agreement, the Board may establish temporary Board Committees. No committee or participant on such committee shall have any authority to act on behalf of the Agency except as duly authorized by the Board.

Temporary Board Committees will have a specific charge and operational duration not to exceed six months and are not subject to the Brown Act unless they include more than six Directors as Committee members. All Board Committees will provide regular updates to the full Board about their activities and the progress of their work.

It is estimated this proposed temporary subcommittee would operate from September 19 to December 10. Staff from the Regional Water Management Foundation will support the subcommittee on meeting planning, logistics, materials, and related support. It is anticipated that approximately two to three meetings of the subcommittee will be held during the process.

The subcommittee is tasked with developing application materials, determining the screening criteria and timeline. The subcommittee may also consider the nomination procedure and may provide recommendations on changes to the procedure for Board consideration in future appointments of PWO Board Directors.

The subcommittee will determine the final timeline. A preliminary timeline is provided below for consideration.

Preliminary Timeline

Estimated schedule (2025)	Activity
September 18	Board authorizes formation of the temporary subcommittee and appoints subcommittee members
September <i>(to be determined)</i>	Meeting #1 of subcommittee; review/finalize application materials, screening criteria and timeline
October 1 <i>(tentative)</i>	Issue notification of the opportunity to apply
October 29 <i>(tentative)</i>	Application deadline (specific date to be determined)
Early November	Meeting #2 of subcommittee; review applications; initiate interviews (as needed)
November <i>(to be determined)</i>	Applicant interviews; finalize recommendations. Meeting #3 of subcommittee (as needed)
December 11	Board to consider subcommittee recommendations for Directors' appointments

Recommended Board Action(s):

1. BY MOTION, establish a temporary committee to screen and nominate candidates for the appointments of two (2) Directors to represent private well owners; and,
2. BY MOTION, nominate Board members and/or Member Agency staff to participate on the temporary committee; and,
3. BY MOTION, provide initial direction, as needed, on the procedure, considerations, and timing for the appointment of Directors representing Private Well Owners.

Submitted by:

Tim Carson

Program Director

Regional Water Management Foundation

On behalf of the MGA Executive Staff

Melanie Mow Schumacher, General Manager, Soquel Creek Water District

Ralph Bracamonte, District Manager, Central Water District

Heidi Luckenbach, Water Director, City of Santa Cruz

Sierra Ryan, Water Resources Program Manager, County of Santa Cruz

Santa Cruz Mid-County Groundwater Agency

Application for Private Well Owner Representative - Director

First Name:	Last Name:	
Mailing Address:		
City:	Zip Code:	
Phone:		
Email Address:		
Current or Past Occupation/Profession:		
Community Interests and Activities:		
<p>Do you own, manage, or are served by a private or shared domestic well; a small private water system well; or an irrigation well used for commercial, industrial, institutional, recreational, or agricultural purposes within the Basin*?</p> <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No, I receive all my water from a municipal water supplier.</p> <p>If you answered no to the above question, you are not eligible to be a Private Well Owner representative.</p> <p>*Interactive Map searchable by address on the Department of Water Resources GSA Map Viewer: SGMA Interactive Map. If you are having trouble with this link, contact admin@midcountygroundwater.org</p>		
Identify the type of private well configuration best describes you as a groundwater user: (Check all that apply)		
<input type="checkbox"/> Private well for domestic use (single family home)	<input type="checkbox"/> Shared private well for domestic use (up to 4 homes)	<input type="checkbox"/> Small water system with 5-14 connections Name of water provider:
<input type="checkbox"/> Small water system with 15-199 connections Name of water provider:	<input type="checkbox"/> Private Well for commercial, institutional, industrial, or recreational uses Please describe:	<input type="checkbox"/> Private well for agricultural use Please describe:
<input type="checkbox"/> Other. Please describe:		
<p>Is your well used for irrigation? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes, please estimate how many acres that you irrigate.</p>		

Application for MGA Private Well Owner Representative - Director (continued):

Why are you interested in serving on the Board of Directors of this Agency?

Describe your knowledge of the Basin's groundwater sustainability issues as well as knowledge of the issues faced by private well, small water system, or mutual water company/system:

Application for MGA Private Well Owner Representative - Director (continued):

Describe your qualities/skills/characteristics that would make you an effective representative of private well owners in the Basin:

Describe your prior community engagement or service (e.g., Board member or volunteer) and/or prior participation in multi-party or community collaborative processes:

Application for MGA Private Well Owner Representative - Director (continued):

Are you able to commit to attending regular board meetings? Currently, the Board meets quarterly (4x/year) in the evening (starting at 6pm) at the Capitola Branch Library. Meetings are typically 1.5 to 3 hours long.

☐ Yes

☐ No

Have you previously attended a meeting of the MGA Board of Directors?

☐ Yes

☐ No

Have you read the [Executive Summary](#) of the Groundwater Sustainability Plan?

☐ Yes

☐ No

If not selected for the current opening, would you like this application to be considered for the next opening (note: the next solicitation is anticipated to occur in approximately two years)?

☐ Yes

☐ No

When there is a future opening, do you have a preference to serve as a Director or Alternate Director?

☐ Director

☐ Alternate Director

☐ Either

September 18, 2025

MEMO TO THE MGA BOARD OF DIRECTORS

Subject: Agenda Item 5.3

Title: Establish a Policy to Review Applicable County of Santa Cruz Well Construction Permit Applications

Attachment(s):

1. Draft Well Construction Permit Application Review Policy
2. County of Santa Cruz Well Permit Application Review Form

Recommended Board Action: Approve and adopt Well Construction Permit Application Review Policy.

Background

Santa Cruz County Environmental Health recently completed an update to the County Well Ordinance. The update became effective July 21, 2025, and includes Santa Cruz County Code sections 7.70 and 7.73 along with a supporting Resource Protection Policy. The updates can be found at:

<https://sceh.com/NewHome/Programs/WaterResources/WellOrdinanceUpdate.aspx>.

The update was completed with input from a broadly represented Technical Advisory Committee (TAC). The TAC met four times in six months, with smaller subsets of interest groups meeting with County staff in between and after the full TAC meetings. The Santa Cruz Mid-County Groundwater Agency (MGA) was represented on the TAC by Rob Swartz.

As a courtesy to water purveyors and Groundwater Sustainability Agencies (GSA), the County will provide applications for well construction permits for review for wells that are located within the jurisdiction of a groundwater sustainability agency. The GSA may elect to review permits and can provide any comment, request additional information, or identify any other requirements that must be met for the construction and use of the proposed well within its jurisdiction. County Environmental Health will review GSA requests but is not obligated to respond to them. Well permits can only be denied if they fail to meet the requirements set forth in Santa Cruz County Code chapter 7.70. Only the County, not the GSA, has the authority to approve a well construction permit.

Note that MGA had previously adopted Policy No. 7 (Police for Reviewing Well Permits under Executive Order N-7-22) in response to the Governor's drought declaration. Policy No. 7 was no longer in effect after Executive Order N-3-24 removed Santa Cruz County from the

drought declaration on September 5, 2024. There were no permit applications received for review by MGA when the policy was in effect.

Discussion

The MGA will have 10 business days from receipt of a well construction permit application from the County to conduct an optional review. To complete the review in a timely manner, the attached Well Construction Permit Application Review Policy authorizes the MGA Member Agency Executive Staff to appoint a reviewer of the application and establishes a procedure for the review and response. A response to the application review will be submitted to the County using the attached form provided by the County. MGA Member Agencies will also receive applications for wells located within their respective jurisdictional areas for independent review.

Recommended Board Action:

1. Approve and adopt Well Construction Permit Application Review Policy.

Submitted by:

Rob Swartz

Senior Planner

Regional Water Management Foundation

On behalf of the MGA Executive Staff

Melanie Mow Schumacher, General Manager, Soquel Creek Water District

Ralph Bracamonte, District Manager, Central Water District

Heidi Luckenbach, Water Director, City of Santa Cruz

Sierra Ryan, Water Resources Program Manager, County of Santa Cruz



Groundwater is a vital resource, together let's protect it.

midcountygroundwater.org • 5180 Soquel Drive • Soquel, CA 95073

Policy No.: 11	Policy Title: Policy for Reviewing Well Construction Permit Applications
Adopted Date: 09/18/2025	Approval Resolution No.: None
Policy Description: This policy guides the procedure for review of well construction permit applications received from the County of Santa Cruz	

PURPOSE AND APPLICABILITY

Santa Cruz Mid-County Groundwater Agency (MGA) establishes the Policy for Reviewing Well Construction Permit Applications. This policy governs the review of applications for well construction permits received through the County of Santa Cruz that are within the MGA jurisdictional area.

Effective July 21, 2025, the County of Santa Cruz released final adopted versions of Santa Cruz County Code (SCCC) Chapter 7.70, SCCC Chapter 7.73, and an associated Resource Protections Policy. As a Groundwater Sustainability Agency (GSA), the MGA will receive well permit applications forwarded by the County of Santa Cruz. The applications will be received electronically via e-mail to the administrator account for the MGA. MGA has ten (10) business days to provide any comment, request additional information, or identify any other requirements that must be met for the construction and use of the proposed well within its jurisdiction (SCCC 7.70.030(G)).

The Policy for Reviewing Well Permits is limited to the review of applications received from Santa Cruz County Environmental Health within the jurisdictional area of the MGA. The County provides a form to the MGA to use for the response.

POLICY

The MGA shall review all well construction permit applications received from the County. The Agency Executive Staff will designate one or more application reviewer(s) (each, a "Reviewer"). The designated Reviewer will be updated over time, as needed. The role of the Reviewer is to review, evaluate and consider the application based upon the interests of the MGA and the Basin's Groundwater Sustainability Plan.

Upon receipt of an application, it will be promptly provided to the Executive Staff and the Reviewer. The Reviewer shall review the application and respond within ten (10) business days as specified by the County. The process is as follows:

- 1) If the Reviewer determines there are no concerns related to the application, the Reviewer will notify the Executive Staff and will complete and submit the County-provided form;

or

- 2) If the Reviewer determines there are concerns about the application, the Reviewer will notify the Executive Staff within five (5) business days from receipt of the application. The Reviewer will work with at least one Executive Staff member to develop comments, or identify additional information needed, or specify any other requirements that must be met for the construction and use of the proposed well within its jurisdiction ("Response"). At least one member of the Executive Staff shall approve the Response prior to submittal to the County. A summary of the Response to the County will be provided to the MGA Board as an informational item at a regular meeting of the Board.



County of Santa Cruz

Health Services Agency – Environmental Health



701 Ocean Street, Room 312, Santa Cruz, CA 95060
(831) 454-2022 TDD/TTY - Call 711 <http://www.sccch.org>
Environmentalhealth@santacruzcountyca.gov

REVIEW OF PERMIT APPLICATION FOR WELL CONSTRUCTION PERMIT

This review is offered as a courtesy to water purveyors and Groundwater Sustainability Agencies. Well permits can only be denied if they fail to meet the requirements set forth in [Santa Cruz County Code chapter 7.70](#). If you would like to request additional information, modifications to the proposal, or denial of the permit, please provide a detailed explanation. Environmental Health will review requests but may not accept them

Assessor's Parcel Number: _____

Site Address: _____

Property Owner's Name: _____

Mailing Address: _____

Reviewing District/Agency: _____

The application made to the County for a Well Construction Permit on the identified property has been reviewed:

We have no comments related to this application.

We have the following comments:

District/agency review performed by: _____

Title of reviewer: _____

Date of review: _____

September 18, 2025

MEMO TO THE MGA BOARD OF DIRECTORS

Subject: Agenda Item 6.1

Title: Treasurer's Report

Attachment(s):

1. Treasurer's Report for the Period Ending August 31, 2025

Recommended Board Action: No action required, informational report only.

Attached is the Treasurer's Report for June through August 2025. These reports contain 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 the period ending date.
- Statement of Net Position
 - This interim financial statement details the cash balance at Wells Fargo Bank, the investment funds at West Coast Community Bank and the IntraFi Investment Account, the membership revenue still owed through accounts receivable, if any, prepaid expenses such as insurance, outstanding grant receivables or liabilities, and the resulting net income as reported on the Statement of Changes in Revenues, Expenses and Net Position.
- 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 at each board meeting according to statutory requirement and to promote transparency of the agency's financial transactions.

Recommended Board Action:

1. No action required, informational report only.

Submitted by:

Leslie Strohm

Treasurer

Santa Cruz Mid-County Groundwater Agency

Treasurer's Report

Santa Cruz Mid-County Groundwater Agency
For the period ended June 30, 2025



Prepared by

Leslie Strohm, Treasurer

Prepared on

September 8, 2025

Statement of Revenues, Expenses and Changes in Net Position

June 2025

	Total
INCOME	
Total Income	
GROSS PROFIT	0.00
EXPENSES	
5100 Groundwater Management Services	78,255.91
5110 Grndwtr Mgmt - Groundwater Monitoring	14,078.56
5300 Administrative Personnel Services	45,474.95
5315 Office Services	86.40
5317 Office Services - Bank Charges	32.00
5340 Computer Services	651.15
5415 Outreach Services	2,293.63
5510 GSP Consulting Services	1,819.00
5515 Audit & Accounting Services	1,500.00
5520 Legal Services	2,193.75
5600 Pass-through Grant Expenses	296,277.25
Total Expenses	442,662.60
NET OPERATING INCOME	-442,662.60
OTHER INCOME	
4300 Interest Revenue	282.14
4401 Grant Revenue - DWR SGMI Grant	426,038.10
4410 Grant Admin Revenue	71,095.81
Total Other Income	497,416.05
NET OTHER INCOME	497,416.05
NET INCOME	\$54,753.45

Statement of Net Position

As of June 30, 2025

		Total
ASSETS		
Current Assets		
Bank Accounts		
1100 Wells Fargo Business Checking		667,571.64
1110 WCCB Business Money Market Account		5,250.14
1120 IntraFi Investment Account		795,000.00
Total Bank Accounts		1,467,821.78
Accounts Receivable		
1210 Accounts Receivable - Misc		71,095.81
1220 Accounts Receivable - Grants		1,116,498.30
Total Accounts Receivable		1,187,594.11
Other Current Assets		
1400 Prepaid Expenses		1,894.32
Total Other Current Assets		1,894.32
Total Current Assets		2,657,310.21
TOTAL ASSETS		\$2,657,310.21
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
2100 Accounts Payable		165,136.95
2110 Accounts Payable - Grants		775,099.75
Total Accounts Payable		940,236.70
Total Current Liabilities		940,236.70
Total Liabilities		940,236.70
Equity		
3100 Retained Earnings		1,899,103.88
Net Income		-182,030.37
Total Equity		1,717,073.51
TOTAL LIABILITIES AND EQUITY		\$2,657,310.21

Warrants

June 2025

Date	Transaction Type	Num	Name	Memo/Description	Clr	Amount
Bill Payment (Check)						
06/27/2025	Bill Payment (Check)	10448	Santa Cruz Mid-County Groundwater Agency		R	-800,000.00
						-800,000.00
06/26/2025	Bill Payment (Check)	10447	Errol L Montgomery & Associates Inc	GSP Annual Report, Technical Support, Model Simulations	R	-31,335.58
						-31,335.58
Expense						
06/30/2025	Expense		West Coast Communtiy Bank		R	-32.00
				Return Check Charge		32.00
06/05/2025	Expense	US0046RA1H	Google - Online Payments	G Suite Subscription	R	-86.40
				Google Payment - G Suit		86.40

Treasurer's Report

Santa Cruz Mid-County Groundwater Agency
For the period ended August 31, 2025



Prepared by

Leslie Strohm, Treasurer

Prepared on

September 8, 2025

Statement of Revenues, Expenses and Changes in Net Position

July - August, 2025

	Total
INCOME	
Total Income	
GROSS PROFIT	0.00
EXPENSES	
5315 Office Services	86.40
5317 Office Services - Bank Charges	-32.00
5345 Professional Organizations	1,613.07
5355 Insurance	381.25
Total Expenses	2,048.72
NET OPERATING INCOME	-2,048.72
OTHER INCOME	
4300 Interest Revenue	5,638.71
Total Other Income	5,638.71
NET OTHER INCOME	5,638.71
NET INCOME	\$3,589.99

Statement of Net Position

As of August 31, 2025

	Total
ASSETS	
Current Assets	
Bank Accounts	
1100 Wells Fargo Business Checking	892,167.02
1110 WCCB Business Money Market Account	5,018.16
1120 IntraFi Investment Account	800,902.69
Total Bank Accounts	1,698,087.87
Accounts Receivable	
1220 Accounts Receivable - Grants	426,038.10
Total Accounts Receivable	426,038.10
Total Current Assets	2,124,125.97
TOTAL ASSETS	\$2,124,125.97
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2100 Accounts Payable	107,185.22
2110 Accounts Payable - Grants	296,277.25
Total Accounts Payable	403,462.47
Total Current Liabilities	403,462.47
Total Liabilities	403,462.47
Equity	
3100 Retained Earnings	1,717,073.51
Net Income	3,589.99
Total Equity	1,720,663.50
TOTAL LIABILITIES AND EQUITY	\$2,124,125.97

Warrants

July - August, 2025

Date	Transaction Type	Num	Name	Memo/Description	Clr	Amount
Bill Payment (Check)						
07/30/2025	Bill Payment (Check)	10449	ACWA/JPIA	Cyber Liability Insurance		-100.00
						-100.00
07/30/2025	Bill Payment (Check)	10450	SCI Consulting Group	Evaluate Fee Alternatives, Update Parcel Database		-4,838.00
						-4,838.00
07/30/2025	Bill Payment (Check)	10451	County of Santa Cruz (County Counsel)	Legal Services		-2,193.75
						-2,193.75
07/30/2025	Bill Payment (Check)	10452	Soquel Creek Water District (2)	Quickbooks, Mailchimp, Zoom, Google Voice, Soquel Creek Accounting Services FY 2024- 25		-8,824.88
						-8,824.88
07/30/2025	Bill Payment (Check)	10453	Errol L Montgomery & Associates Inc	Annual Report, Evaluate Seawater Intrusion, MGA Model		-42,095.10
						-42,095.10

Date	Transaction Type	Num	Name	Memo/Description	Clr	Amount
07/30/2025	Bill Payment (Check)	10454	City of Santa Cruz Water Dept	SGMI Grant Inv 11 Payment		-34,107.00
						-34,107.00
07/30/2025	Bill Payment (Check)	10455	Soquel Creek Water District (2)	SGMI Grant Inv 11 Payment		-444,715.50
						-444,715.50
Expense						
07/07/2025	Expense	US00476	Oot Google - Online Payments	G Suite Subscription	R	-86.40
				Google Payment - G Suit		86.40

September 18, 2025

MEMO TO THE MGA BOARD OF DIRECTORS

Subject: Agenda Item 6.2.1

Title: GSP Implementation Status Update

Attachment(s):

1. Excerpt from Senate Bill 105

Recommended Board Action: No action required, informational report only.

The intent of this memorandum is to provide status updates on Groundwater Sustainability Plan (GSP) implementation activities not covered elsewhere on the Board agenda.

Well Registration and Metering Program – Following Board adoption of the policy requiring well registration, metering, and reporting for non-de minimis groundwater users, Regional Water Management Foundation (RWMF) staff has continued to work with well owners to implement the policy. Based on the latest information, it is estimated that 5 wells are subject to the policy. RWMF sent reminders through the MGA Basin Point of Contact email reminding the 5 well owners of the requirement begin taking an initial groundwater extraction measurement on September 30.

Seawater Intrusion Investigation – RWMF and M&A staff are coordinating on the seawater intrusion investigation in the Seascapes area. The investigation includes planned additional geophysical investigation to characterize the potential advancement of high salinity water in the subsurface near Seascapes this fall. Additional water quality data is also being collected in September in all depth intervals of the monitoring wells on Dolphin Drive near Sumner Avenue, at the end of Sumner Avenue, and at the Seascapes municipal well location. A summary of findings from the study is expected in early 2026.

Small Groundwater Sustainability Agency Coalition – Rob Swartz is participating in the Small Groundwater Sustainability Agency Coalition (Coalition) to increase awareness of the challenges that small groundwater basins encounter in complying with the Sustainable Groundwater Management Act (SGMA). The Coalition is developing a memorandum of understanding (MOU) for the participating agencies to continue funding support for the Coalition. MGA's potential contribution for the current fiscal year was included in the MGA budget approved in June 2025. Approval of the MOU is expected to be on the December 2025 MGA Board agenda.

As an indication of the successful education efforts of the Coalition, the recently released Senate Bill (SB) 105 includes a request to appropriate \$3.5 million from Proposition 4 for small GSAs (under 10,000 acre-feet of annual groundwater extraction) to support SGMA

project implementation. That funding is expected to be administered through the Department of Water Resources' SGMA Implementation Grant program. An excerpt from SB105 is attached.

Recommended Board Action:

1. No action required, informational report only.

Submitted by:

Rob Swartz
Senior Planner
Regional Water Management Foundation

SEC. 143. *Item 3860-102-6093 is added to Section 2.00 of the Budget Act of 2025, to read:*

3860-102-6093—For local assistance, Department of Water Resources, payable from the Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Fund 30,000,000

Schedule:

- (1) 3230-Continuing Formulation of the California Water Plan 30,000,000

Provisions:

- 1. The amounts appropriated in this item may be used for local assistance or state operations.
- 2. Of the amounts appropriated in this item, \$28,000,000 shall be allocated for projects related to groundwater storage, groundwater banking, groundwater recharge, or instream flow projects that support the conjunctive use of groundwater and surface water supplies.
- 3. Of the amounts appropriated in Provision 2, \$3,500,000 shall be for grants to groundwater sustainability agencies that pump less than 10,000 acre-feet annually.
- 4. Of the amounts in Provision 2, \$6,500,000 shall be available for the Underrepresented Communities, California Tribes, and Small Farmers Groundwater Technical Assistance Program at the Department of Water Resources.
- 5. Of the amounts appropriated in this item, \$1,000,000 shall be allocated to the Urban Streams Restoration Program pursuant to Section 7048 of the Water Code.
- 6. Of the amounts appropriated in this item, \$1,000,000 shall be allocated to the Riverine Stewardship Program pursuant to Section 7049 of the Water Code.
- 7. The amounts appropriated in this item shall be available for encumbrance or expenditure until June 30, 2028.
- 8. The amounts appropriated in this item may be transferred to the Water Resources Revolving Fund for direct expenditure in such amounts needed to meet operational needs.

Santa Cruz Mid-County Groundwater Agency

Sustainable Groundwater Management Act Implementation Grant (Agreement #4600014636)

Update: September 2025

1. Project: Cunnison Lane Groundwater Well Lead: Soquel Creek Water District Grant Award: \$1,734,560 Status: Well construction completed; Treatment Plant designs underway.	Activities to Date: Cunnison Lane Groundwater Well construction completed in fall 2024. Design of the raw water pipeline connection between Cunnison Lane groundwater well and the treatment facility was completed in December 2024. Geotechnical and topographic surveys in support of water treatment plant (WTP) design were completed. WTP design is moving toward 90% design submittal.
2. Aquifer Storage & Recovery (ASR), Beltz Wellfield Lead: City of Santa Cruz Grant Award: \$1,650,000 Status: Underway.	<p>Activities to Date: Grant funded activity includes completing designs to convert two existing groundwater production wells to ASR wells (Beltz Well 8 and 12) to enable the injection of excess surface water, treated to drinking water standards, into Basin aquifers.</p> <p>Beltz 12: The City's consultant, Carollo Engineers Inc., completed designs. The City awarded the construction bid to South Valley Companies in February 2025 and construction began in July 2025. Construction includes site improvements needed for a functional ASR well including the installation of pumps, motors, piping, water quality treatment infrastructure, and other improvements.</p> <p>Beltz 8: Carollo submitted the 90% design package to the City for review in May 2025. City staff returned comments in June 2024. Carollo is finalizing 100% designs and specifications.</p>
3. Park Avenue Transmission Main Improvements Lead Agency: Soquel Creek Water District Grant Award: \$740,440 Status: Completed	Grant funded activity was completed in 2024.
4. Technical Development of GSP Group 1 & 2 Projects Leads: Soquel Creek WD & City of Santa Cruz Grant Award: \$1,900,000 Status: Underway	<p>Activities to Date:</p> <p>Task 1: Develop Objectives and Project Components to Analyze (Led by District). Brown and Caldwell (BC) serves as lead consultant working with District, City, and others on the development and evaluation of alternatives and costs. This task is complete.</p> <p>Task 2: Groundwater Modeling (Led by City). Montgomery and Associates (M&A) serves as lead consultant working with City, District, BC, and hydraulic</p>

continued

4. Technical Development of GSP Group 1 & 2 Projects

Leads: Soquel Creek WD & City of Santa Cruz

Grant Award: \$1,900,000

Status: Underway

modeling consultant Akel Engineering. Completed activities include substantial completion of modeling within selected project alternative tracks (Pure Water Soquel (PWS), Aquifer Storage & Recovery (ASR), and transfers using machine-learning guided optimization. This process was used to narrow down thousands of scenarios under the project alternative tracks to four that represent different ways PWS, ASR, and transfers could be implemented. A technical memorandum (TM) summarizing this work has been completed and the four selected scenarios are further analyzed under Tasks 4-7. This task is complete.

Task 3: Hydraulic Modeling (Led by District). Akel Engineering serves as lead consultant working with District, City, and M&A. Akel completed the hydraulic modeling component of the Study and prepared a TM summarizing this work. This task is complete.

Task 4: Water Quality and Regional Compatibility/Optimization (Led by District). BC serves as lead consultant on water quality component. This work included modeling selected projects for potential distribution system water quality impacts and to identify additional water quality studies or treatment needed for project implementation. BC completed this component and summarized the results in a TM. This task is complete.

Task 5: Economic and Financial Analysis/ Modeling (Led by District). BC serves as lead consultant with subconsultants performing specialized evaluations of the selected projects for cost and economic impacts. This TM has been completed. This task is complete.

Task 6: Needs Assessment (Led by District). BC serves as lead consultant with subconsultants performing specialized evaluations of the selected projects for social, environmental, regulatory, legal & institutional needs. This TM has been completed. This task is complete.

Task 7: Develop Final Report with Recommendations and Implementation Workplan (Led by District). The draft Optimization Study Report was reviewed by District, City, and the Regional Water Management Foundation. BC is currently finalizing the report which will be completed in September.

5. Sustainable Groundwater Management

Evaluation & Planning

Leads: MGA & County of Santa Cruz

Grant Award: \$1,575,000

Status: Underway

GSP Implementation activities underway: 2025 groundwater model improvements; streamflow and groundwater monitoring; non-de minimis groundwater usage metering program; coordination with SCI and the Member Agencies on assessing long-term funding options for SGMA compliance.

The first GSP Periodic (5-Year) Evaluation was completed and submitted to DWR in January 2025. Water Year 2024 Annual Report was completed and submitted to DWR in March 2025. Global Imaging Partners analyzed prior AEM data (2017 and 2022) and available alternatives for additional analysis of existing seawater intrusion in the Seascap area.

M&A continues an evaluation of seawater intrusion in the Seascap area, evaluation of the Basin monitoring network, SGMA GSP reporting, and groundwater model improvements.

Trout Unlimited continues streamflow monitoring, data collection and reporting, associated shallow groundwater monitoring, data collection, and reporting.

SCI Consulting continues work on an assessment of long-term funding options for SGMA compliance.

RWMF staff continues GSP Implementation activities including: coordination with MGA member agency staff on GSP Projects and Management Actions; coordination with member agencies and consultants (M&A, SCI, Trout Unlimited, GIP, other) to support GSP implementation efforts; coordination of Basin monitoring of shallow wells and streamflow; support groundwater metering program and well registration; planning and coordination on seawater intrusion assessment and data evaluation; coordination with small GSAs on SGMA implementation and compliance costs; meeting coordination and facilitation with MGA Member Agency staff; support for monitoring data and Data Management System (WISKI) and online portal. Supported outreach activities including website content updates, and e-blast newsletters.

September 18, 2025

MEMO TO THE MGA BOARD OF DIRECTORS

Subject: Agenda Item 6.3

Title: Selection of Geophysical Imaging Partners, Inc. to conduct a Geophysical Survey to Map Potential Saltwater Intrusion

Attachment(s):

1. Professional Services Agreement with Geophysical Imaging Partners.

Recommended Board Action: No action required, informational report only.

Background

In 2017, to evaluate seawater intrusion Soquel Creek Water District engaged the firm Ramboll to conduct an investigation to identify the saltwater-freshwater interface using an airborne electromagnetic (AEM) geophysical survey along the coast of the Mid-County Groundwater Basin. Max Halkjaer served the lead role on the interpretation and analyses of the AEM survey data.

In 2022, the Department of Water Resources conducted AEM surveys in high- and medium-priority groundwater basins throughout California, including Basins in Santa Cruz County. The flightlines of 2017 and 2022 AEM surveys were not identical, however there are some areas where the surveys overlapped or were in close proximity.

In December 2024, the MGA Executive Team approved the sole source selection of Geophysical Imaging Partners (GIP) to evaluate the 2017 and 2022 AEM investigations with a focus on saltwater intrusion in the area from Rio Del Mar to La Selva Beach to investigate the presence of increasing chlorides in the Seascape area. Mr. Halkjaer, previously of Ramboll, is now a partner with GIP and was determined to be uniquely qualified to conduct an evaluation of the two surveys. The objective of the investigation was to ensure that the two datasets were processed using the same procedures and techniques to ensure the data were comparable. In March 2025, an amendment to the agreement added an additional task to consider available alternatives for additional analysis. The processing of the data was successfully completed at a cost of \$9,800. The data will be incorporated into the report on the current seawater intrusion investigation.

In August 2025, Regional Water Management Foundation staff identified an opportunity to collect additional geophysical data to help support the seawater intrusion study on property recently acquired by the Land Trust Santa Cruz County for salamander habitat. This

property is part of the area covered by previous AEM surveys that were included in the processing recently completed by GIP.

MGA currently has a Sustainable Groundwater Management Implementation Grant funding activities through December 31, 2025, that will help fund the geophysical study. Based upon the unique qualifications and past experience of Mr. Halkjaer/GIP with the specialized AEM data interpretation and analyses and familiarity based up prior work in the MGA Basin, the MGA Executive Staff approved the sole source selection on August 18, 2025, for GIP to perform the study.

Discussion

The MGA's Procurement Policy authorizes the MGA Executive Staff to approve procurements up to \$50,000. Justification for sole source procurement and a copy of the executed contract are to be provided to the Board at its next meeting. The selection of GIP is justified as sole source procurement based upon the following:

1. The goods or services are unique due to the specialized skill or experience of the consultant and
2. The goods or services are required to match, integrate, or be compatible with services from a consultant who previously satisfactorily provided services to the MGA or a Member Agency.

The not-to-exceed budget for the proposed work is \$24,965. A copy of the Professional Services Agreement with GIP is attached.

Recommended Board Action:

1. No action required, informational report only.

Submitted by:

Tim Carson
Program Director
Regional Water Management Foundation



Groundwater is a vital resource, together let's protect it.

midcountygroundwater.org • 5180 Soquel Drive • Soquel, CA 95073

PROFESSIONAL SERVICES AGREEMENT

PSA 2025-2 Geophysical Imaging Partners, Inc. (FY25-26)

sTEM Geophysical Survey to Map Potential Saltwater Intrusion

This AGREEMENT for Professional Services ("Agreement") is made and entered into this 2nd day of September, 2025, by and between the SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY, a joint powers authority ("Agency"), and GEOPHYSICAL IMAGING PARTNERS, INC, a corporation authorized to do business in California ("Consultant") (collectively, the "Parties").

RECITALS

- A. Agency requires the professional services of a qualified consultant to conduct a geophysical survey using a stationary time-domain electromagnetic (sTEM) method to map potential saltwater intrusion in coastal areas in Santa Cruz County, California.
- B. Consultant has the necessary experience in providing professional services and advice, and selection of Consultant is expected to achieve the desired results in an expedited fashion.
- C. Consultant has submitted a proposal to Agency and has affirmed its willingness and ability to perform such work.

NOW, THEREFORE, in consideration of these recitals and the mutual covenants contained herein, the Parties agree as follows:

AGREEMENT

1. **Scope of Services.** Agency retains Consultant to perform, and Consultant agrees to render, those services ("Services") that are defined in attached Exhibit A ("Scope of Services"). In the event of a conflict between the provisions of Exhibit A and the terms of this Agreement, the terms of this Agreement shall prevail. Agency shall have the right to modify the Scope of Services to delete tasks in whole or in part.
2. **Compensation.** Agency shall pay to Consultant on a time and expenses basis for the completion of the work and services described herein, which sum shall include all reasonable costs or expenses incurred by Consultant, payable as set forth in Exhibit B ("Budget").
 - 2.1. Consultant shall provide Agency with a monthly statement, as services warrant, of fees earned and expenses as set forth in Exhibit B. The statement shall generally describe the services performed, including the name and job title of the individual performing the work, the hours worked, the applicable rate or rates, the basis for the calculation of fees, and a reasonable itemization of costs. Pre-approval of travel expenses not identified in Exhibit B is required. For reimbursement, mileage claims must include the name of the individual submitting the claim, the point-to-point destination of travel, the date(s) of travel, and the task number.
 - 2.2. All statements shall be submitted via email to admin@midcountygroundwater.org.
 - 2.3. **Payment by Agency shall be conditioned upon and subject to Consultant's satisfactory completion of work or appropriate phases or tasks as described in Exhibit A, Scope of Services.**
 - 2.4. Except as expressly provided in this Agreement, Consultant shall not be entitled to nor

- receive from Agency any additional consideration, compensation, salary, wages or other type of remuneration for services rendered under this Agreement.
- 2.5. Prior to beginning work under the Agreement, Consultant will provide Agency with a W-9 form. Agency shall not withhold any Federal or State income taxes or Social Security tax from any payments made by Agency to Consultant under the terms and conditions of this Agreement. Payment of all taxes and other assessments on such sums is the sole responsibility of Consultant.
- 2.6. Agency will not be required to pay any workers' compensation insurance or unemployment contributions on behalf of Consultant or its employees or subcontractors. Consultant agrees to reimburse Agency within thirty (30) days for any tax, retirement contribution, social security, overtime payment, unemployment payment or workers' compensation payment which Agency makes on behalf of Consultant or any agent, employee, or subcontractor of Consultant for work done under this Agreement. At the Agency's election, Agency may deduct the reimbursable amount from any balance owing to Consultant.
3. **Term.** The term of this Agreement shall be from September 2, 2025 to December 31, 2025, unless earlier terminated as provided herein. Consultant shall perform its services in a prompt and timely manner within the term of this Agreement. The Parties may, by mutual, written consent, extend the term of this Agreement if necessary to complete the Project. Extensions will be based upon a satisfactory review of Consultant's performance, Agency needs, and appropriation of funds by Agency. The Parties will prepare a written amendment indicating the effective date and length of the extended Agreement.
4. **Schedule.** Consultant will adhere to specific milestones or timelines for performance set forth in Exhibit C ("Schedule").
 - 4.1. Agency in its discretion may grant reasonable extensions of time for the performance of such services occasioned by unusually lengthy reviews of Consultant's work product or other unavoidable delays occasioned by circumstances; provided, further, that such unavoidable delay will not include strikes, lockouts, work stoppages, or other labor disturbances conducted by, or on behalf of, Consultant's officers or employees.
 - 4.2. Consultant acknowledges the importance to Agency of Agency's project schedule and agrees to use its best professional efforts to meet the schedule. Agency understands that Consultant's performance must be governed by sound practices.
5. **Insurance.** Consultant, at its sole cost and expense, for the full term of this Agreement (and any extensions thereof), shall obtain and maintain, at minimum, compliance with all of the insurance coverage(s) and requirements as set forth in Exhibit D, attached hereto.
6. **Termination.**
 - 6.1. Either Party may terminate this Agreement upon tendering thirty (30) days written notice to the other party.
 - 6.2. Termination for Cause. Agency may, in its sole discretion, immediately terminate this Agreement if Consultant fails to adequately perform the services required hereunder, fails to comply with the terms or conditions set forth herein, or violates any local, state or federal law, regulation or standard applicable to its performance hereunder. Termination will be effective immediately upon notification.
 - 6.3. Termination Without Cause. Agency may terminate this Agreement without cause and for the convenience of the Agency upon at least thirty (30) calendar days advance written notice which states the effective date of the termination. Such termination is without penalty to or further obligation of Agency.
 - 6.4. Termination Due To Cessation Of Funding. Agency shall have the right to terminate this Contract without prior notice to Consultant in the event that State or Federal funding for this Agreement ceases prior to the ordinary term of the Contract. Termination will be effective immediately upon notification.

- 6.5. **Compensation Upon Termination.** In the event this Agreement is terminated, Consultant shall be entitled to compensation for uncompensated services provided pursuant to the terms and conditions set forth herein through and including the effective date of such termination; however, the total will not exceed the lump sum fee payable under this Agreement. Agency will make a determination of final payment based upon the value of the work product delivered to Agency and the percentage of the Services performed. Notwithstanding the foregoing, this provision shall not limit or reduce any damages owed to Agency due to a breach of this Agreement by Consultant.
- 6.6. Within ten (10) days of termination Consultant will assemble the work product without charge and put it in order for proper filing and closing and deliver it to Agency.
7. **Grant Requirements.** Should the Agency obtain or intend to seek grant funding for the Services, Exhibit E, Grant Requirements, will be attached hereto. If included in the Agreement, Consultant will comply with the Grant Requirements listed in Exhibit E.
8. **Prevailing Wages.** If the Services under this Agreement, or any portion thereof, are being performed as part of an applicable public works or maintenance project, Consultant shall comply with all applicable prevailing wage laws as set forth in the California Labor Code and shall require its sub consultants to comply with such laws. It shall be Consultant's sole responsibility to comply with all applicable registration and labor compliance requirements.
9. **Required Licenses, Certificates, and Permits.** Any licenses, certificates, or permits required by the federal, state, county, or municipal governments for Consultant to provide the Services described in Exhibit A must be procured by Consultant and be valid at the time Consultant enters into this Agreement. Further, during the term of this Agreement, Consultant must maintain such licenses, certificates, and permits in full force and effect. Licenses, certificates, and permits may include but are not limited to driver's licenses, professional licenses, or certificates and business licenses. Such licenses, certificates, and permits shall be procured and maintained in force by Consultant at no expense to Agency.
10. **Key Personnel.** With regard to Consultant's performance of the Services, Consultant shall not remove, replace, substitute or otherwise change any person identified in this Agreement as key personnel without prior written consent of the Agency. In the event Consultant desires to remove, replace, substitute or otherwise change key personnel, Consultant shall notify the Agency in writing of proposed change and shall work with the Agency to ensure the proposed change results in personnel acceptable to the Agency with comparable competency, experience, and professionalism to the personnel being replaced. Key personnel pursuant to this Agreement are identified in Exhibit B (Budget). Additional key personnel may be identified and added to the Agreement by Agency.
11. **Office Space, Supplies, Equipment, etc.** Unless otherwise provided in this Agreement, Consultant shall provide such office space, supplies, equipment, vehicles, reference materials, and telephone service as necessary for Consultant to provide the services under this Agreement.
12. **Defense and Indemnification.** To the fullest extent permitted by law, Consultant shall defend (with counsel reasonably approved by Agency), indemnify and hold Agency, its officials, officers, employees, agents, and volunteers free and harmless from any and all claims, demands, causes of action, suits, actions, proceedings, costs, expenses, liability, judgments, awards, decrees, settlements, loss, damage, or injury of any kind, in law or equity, to property or persons, including wrongful death, (collectively, "Claims") in any manner arising out of, pertaining to, or incident to any alleged acts, errors or omissions, or willful misconduct of Consultant, its officials, officers, employees, subcontractors, consultants, or agents in connection with the performance of the Services, including without limitation the payment of all consequential damages, expert witness fees, attorneys' fees, and other related costs and expenses. Consultant's obligations to indemnify, defend, hold Agency

harmless shall not apply where Claims were caused by the sole negligence or willful misconduct of Agency. Notwithstanding the foregoing, to the extent the Services are subject to Civil Code Section 2782.8, the above indemnity shall be limited, to the extent required by Civil Code Section 2782.8, to Claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of Consultant. Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by Agency, its officials, officers, employees, agents, or volunteers.

The Parties expressly agree that this section shall survive the expiration or early termination of the Agreement.

13. Status of Consultant. All acts of the Consultant and its officers, employees, agents, representatives, subcontractors, and all others acting on behalf of Consultant relating to the performance of this Agreement shall be performed as independent contractors and not as agents, officers, or employees of Agency. Consultant, by virtue of this Agreement, has no authority to bind or incur any obligation on behalf of Agency.

14. Standard of Performance. While performing the Services, Consultant will exercise the reasonable professional care and skill customarily exercised by reputable members of Consultant's profession practicing in the Northern California Area and will use reasonable diligence and best judgment while exercising its professional skill and expertise.

15. Subcontracting. Consultant will not subcontract any portion of the Services without prior written approval of an authorized representative of Agency. If Consultant subcontracts any of the Services, Consultant agrees to be fully responsible to Agency for the acts and omissions of Consultant's subcontractor and of the persons either directly or indirectly employed by the subcontractor, as Consultant is for the acts and omissions of persons directly employed by Consultant. Nothing contained in this Agreement will create any contractual relationship between any subcontractor of Consultant and Agency. Consultant will be responsible for payment of subcontractors. Consultant will bind every subcontractor and every subcontractor of a subcontractor by the terms of this Agreement applicable to Consultant's work unless specifically noted to the contrary in the subcontract and approved in writing Agency.

16. Other Consultants. Agency reserves the right to employ other consultants in connection with the Services.

17. Records and Audit. Consultant shall prepare and maintain all writings, documents, and records prepared or compiled in connection with the performance of this Agreement (collectively, "records") for at least four (4) years, unless a longer period of time is required by state or federal law, in which event Consultant shall retain its records for the time required by such laws. Any authorized representative of Agency shall have access to any records for the purposes of an audit, evaluation, examination, or compiling excerpts and transcripts during the period such records are to be maintained by Consultant.

18. Ownership of Work Product. All documents, drawings, and work product ("Work") prepared or produced by Consultant under this Agreement shall become and remain the property of Agency, except as otherwise approved in writing by Agency. Consultant shall retain intellectual property rights in the Work, except Consultant shall grant Agency a nonexclusive, perpetual, and transferable license in all Work protected by intellectual property rights, and Agency may reproduce the Work, prepare derivative works based on the Work, and build improvements depicted in or relating to the Work.

19. Copyrights. Consultant agrees that all copyrights that arise from the Services will be vested in Agency and Consultant relinquishes all claims to the copyrights in favor of Agency.

20. Notices. If either party shall desire or is required to give notice to the other under the Agreement, such notice shall be given in writing, via email and concurrently delivered by personal delivery or prepaid first class mail to the respective parties as set forth below. A party must provide written notice to the other of any change to the information below before the change is effective.

Agency: Santa Cruz Mid-County Groundwater Agency Attention: Administrator 5180 Soquel Drive Soquel, CA 95073 admin@midcountygroundwater.org Phone: (831) 204-0008	Consultant: Geophysical Imaging Partners Inc. Attention: Ahmad Ali Behroozmand 261 Gladys Dr. Pleasant Hill, CA 94523 ahmad@geophysicalimaging.com Phone: (415) 430-7173
--	---

21. Conflict of Interest. All participants are subject to state and federal conflict of interest laws. Consultant warrants that by execution of this Agreement that Consultant and its agents, employees, and subcontractors have no interest, present or contemplated, which would conflict in any manner with the performance of work and Services required under this Agreement. Consultant further warrants that neither Consultant, nor Consultant's agents, employees, and subcontractors have any ancillary real property, business interests, or income that shall be affected by this Agreement or, alternatively, that Consultant shall file with Agency an affidavit disclosing this interest. Failure to comply with these laws, including business and financial disclosure provisions, may result in the contract being declared void.

22. General Compliance with Laws. Consultant will keep fully informed of federal, state, and local laws, ordinances and regulations which in any manner affect those employed by Consultant, or in any way affect the performance of the Services by Consultant. Consultant will at all times observe and comply with these laws, ordinances, and regulations and will be responsible for the compliance of Consultant's Services with all applicable laws, ordinances, and regulations.

23. Discrimination and Harassment Prohibited. Consultant will comply with all applicable federal, state, and local laws and regulations prohibiting discrimination and harassment.

24. Waiver of Default. Waiver of any default by either party to this Agreement shall not be deemed to be waiver of any subsequent default. Waiver or breach of any provision of this Agreement shall not be deemed to be a waiver of any other or subsequent breach and shall not be construed to be a modification of the terms of this Agreement unless this Agreement is modified as provided below.

25. Severability. If any portion of this Agreement or application thereof to any person or circumstance shall be declared invalid by a court of competent jurisdiction or if it is found in contravention of any federal, state, or local statute, ordinance or regulation the remaining provisions of this Agreement or the application thereof shall not be invalidated thereby and shall remain in full force and effect.

26. Claims and Lawsuits. Consultant acknowledges that if a false claim is submitted to Agency by Consultant, it may be considered fraud and Consultant may be subject to criminal prosecution. Consultant acknowledges that California Government Code section 12650 et seq., the False Claims Act applies to this Agreement and provides for civil penalties where a person knowingly submits a false claim to a public entity. These provisions include false claims made with deliberate ignorance of the false information or in reckless disregard of the truth or falsity of information. If Agency seeks

to recover penalties pursuant to the False Claims Act, it is entitled to recover its litigation costs, including attorneys' fees. Consultant acknowledges that the filing of a false claim may subject Consultant to an administrative debarment proceeding as the result of which Consultant may be prevented to act as a Consultant on any public work or improvement for a period of up to five (5) years. Consultant acknowledges disbarment by another jurisdiction is grounds for Agency to terminate this Agreement.

- 27. Jurisdiction and Venue.** Any action at law or in equity brought by either of the Parties for the purpose of enforcing a right or rights provided for by this Agreement will be tried in a court of competent jurisdiction in the County of Santa Cruz, State of California, and the Parties waive all provisions of law providing for a change of venue in these proceedings to any other county.
- 28. Successors and Assigns.** It is mutually understood and agreed that this Agreement will be binding upon the Parties and their respective successors. Neither this Agreement nor any part of it nor any monies due or to become due under it may be assigned by Consultant without the prior consent of Agency, which will not be unreasonably withheld.
- 29. Construction.** Headings or captions to the provisions of this Agreement are solely for the convenience of the Parties, are not part of this Agreement, and shall not be used to interpret or determine the validity of this Agreement. Any ambiguity in this Agreement shall not be construed against the drafter, but rather the terms and provisions hereof shall be given a reasonable interpretation as if both Parties had in fact drafted this Agreement.
- 30. Entire Agreement.** This Agreement supersedes any and all other agreements, either oral or in writing, between any of the Parties herein with respect to the subject matter hereof and contains all the agreements between the Parties with respect to such matter.
- 31. Authority.** The individuals executing this Agreement and the instruments referenced in it on behalf of Consultant each represent and warrant that they have the legal power, right, and actual authority to bind Consultant to the terms and conditions of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the day and year first written above. This Agreement may be executed in one or more counterparts by the Parties hereto. All counterparts shall be construed together and shall constitute one agreement. A signature reproduced electronically, by facsimile or .pdf shall be treated as an original signature.

<div><div><div>SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY:</div><div><div>Signed by:</div><div><div><div>By: <u>Melanie Mow Schumacher</u></div><div>C095C3C6C16A409...</div></div><div>Melanie Mow Schumacher General Manager Soquel Creek Water District</div></div><div>Santa Cruz Mid-County Groundwater Agency 5180 Soquel Drive Soquel, CA 95073</div></div></div></div>	<div><div><div>GEOPHYSICAL IMAGING PARTNERS INC.:</div><div><div>Signed by:</div><div><div><div>By: <u>Ahmad Ali Behroozmand</u></div><div>8FA7E45270D745D</div></div><div>Ahmad-Ali Behroozmand Senior Geophysicist</div></div><div>Geophysical Imaging Partners Inc. 261 Gladys Dr. Pleasant Hill, CA 94523</div></div></div><div><div><div><u>92-1554382</u></div><div>Federal Tax I.D. Number</div></div></div></div>
<div><div><div>APPROVED AS TO FORM:</div><div><div>Signed by:</div><div><div><div>By: <u>Michael De Smidt</u></div><div>96695487029749A...</div></div><div>Michael J. De Smidt Agency Counsel</div></div></div></div></div>	

EXHIBIT A

SCOPE OF SERVICES

Consultant will conduct an estimated two-day geophysical survey in the area between the San Andreas Road to the west and Highway 1 to the east and along the beachfront between Seascape Resort and Manresa State Beach in Santa Cruz County, California.

The survey will include stationary time-domain electromagnetic (TEM) method, using sTEM, from TEMCompany, and provide point measurements down to depths of 200-300 meters at the proposed sTEM sounding locations in Figure 1. Consultant will make efforts to conduct measurements at as many locations as possible during the two survey days.



Figure 1. Proposed sTEM sounding locations (green squares).

Project Deliverables:

1. Raw data, including files extracted from the instruments and supporting configuration files.
2. A GERDA Firebird database containing the acquired data, processed data, and the inverted model results.
3. ArcGIS layers, which include:
 - 3.1. Layout: ArcGIS shape files (*.shp) containing general information about the surveyed area (AOI, well locations etc.) and location of the collected data.
 - 3.2. Georeferenced TIFF files for mean resistivity slices
 - 3.3. Model Sections: ArcGIS shape files (*.shp) providing location information for the vertical sections presented in this report.
4. Google Earth KMZ files.
5. The project report, delivered as a PDF file, containing basic interpretations of the data based on Consultant's general understanding of the geological and hydrogeological settings in the study area, with specific correlations to data provided by Agency.

EXHIBIT B

BUDGET

The project will be invoiced on a time-and-materials basis for the Services in Exhibit A in an amount not to exceed \$24,965. Key personnel associated with the budgeted services include Max Halkjaer and Ahmad-Ali Behroozmand.

Cost Estimates	Price (USD)
Data collection (including travel time) and processing 85 hrs @ \$215	\$18,275
Preparation of results and reporting 23 hrs @ \$215	\$4,945
Direct costs (car rental, hotel, software)	\$1,100
Online coordination meetings 3 hrs @ \$215	\$645
Total (USD)	\$24,965

Should the proposed plan require adjustments, Consultant and Agency will discuss modifying the budget accordingly.

EXHIBIT C
SCHEDULE

Consultant will complete mobilization, surveys, and demobilization by October 15, 2025.

Consultant will share initial inversion results via a virtual meeting with Agency within 2-3 weeks after demobilization.

The final project deliverables will be provided to Agency within 4-8 weeks after demobilization.

The final invoice will be submitted no later than December 31, 2025.

EXHIBIT D

INSURANCE

Without limiting Consultant's responsibility for injury or damage, as aforesaid, Consultant will at its sole cost and expense keep in force at all times during the performance of this contract, public liability insurance. Said insurance will be to limits not less than those shown below and shall be Commercial General and Auto Liability Insurance covering all operations and use of automobiles, including coverage for completed operations and for contractual liability (liability assumed under "an insured" Contract).

A. Coverage - Coverage shall be at least as broad as the following:

1. **Commercial General Liability (CGL)** - Insurance Services Office (ISO) Commercial General Liability Coverage (Occurrence Form CG 00 01) including products and completed operations, property damage, bodily injury, personal and advertising injury with limit of at least two million dollars (\$2,000,000) per occurrence or the full per occurrence limits of the policies available, whichever is greater. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (coverage as broad as the ISO CG 25 03, or ISO CG 25 04 endorsement provided to Agency) or the general aggregate limit shall be twice the required occurrence limit.
2. **Automobile Liability** - Insurance Services Office (ISO) Business Auto Coverage (Form CA 00 01), covering Symbol 1 (any auto) or if Consultant has no owned autos, Symbol 8 (hired) and 9 (non-owned) with limit of one million dollars (\$1,000,000) for bodily injury and property damage each accident.
3. **Workers' Compensation Insurance** - as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease. Waiver of Subrogation: The insurer(s) named above agree to waive all rights of subrogation against Agency, its elected or appointed officers, officials, agents, authorized volunteers and employees for losses paid under the terms of this policy which arise from work performed by the Named Insured for Agency; but this provision applies regardless of whether or not Agency has received a waiver of subrogation from the insurer.
4. **Professional Liability** - (Also known as Errors & Omissions) Insurance appropriate to the Consultant profession, with limits no less than \$1,000,000 per occurrence or claim, and \$2,000,000 policy aggregate.

If Claims Made Policies:

- a. The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.
- b. Insurance must be maintained, and evidence of insurance must be provided for at least three (3) years after completion of the contract of work.
- c. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the contract effective date, Consultant must purchase "extended reporting" coverage for a minimum of three (3) years after completion of contract work.

If Consultant maintains broader coverage and/or higher limits than the minimums shown above, Agency requires and shall be entitled to the broader coverage and/or higher limits maintained by Consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to Agency.

B. Other Required Provisions - The general liability policy must contain, or be endorsed to contain, the following provisions:

1. **Additional Insured Status** - Agency, its directors, officers, employees, and authorized volunteers are to be named as additional insureds (at least as broad as ISO Form CG 20 10 10 01), with respect to liability arising out of work or operations performed by or on behalf of Consultant including materials, parts, or equipment furnished in connection with such work or operations.
 2. **Primary Coverage** - For any claims related to this project, Consultant's insurance coverage shall be primary at least as broad as ISO CG 20 01 04 13 as respects to Agency, its directors, officers, employees, and authorized volunteers. Any insurance or self-insurance maintained by Agency its directors, officers, employees, and authorized volunteers shall be excess of Consultant's insurance and shall not contribute with it.
- C. **Notice of Cancellation** - Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to Agency.
- D. **Self-Insured Retentions** - Self-insured retentions must be declared to and approved by Agency. Agency may require Consultant to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or Agency.
- E. **Acceptability of Insurers** - Insurance is to be placed with insurers having a current A.M. Best rating of no less than A-: VII or as otherwise approved by Agency.
- F. **Verification of Coverage – Prior to the commencement of work under this Agreement, all certificates, amendatory endorsements or copies of the applicable policy language effecting coverage as required by Exhibit E are to be submitted to the Agency.** However, failure to obtain the required documents prior to the work beginning shall not waive Consultant's obligation to provide them. Agency reserves the right to require complete, certified copies of all required insurance policies, including policy Declaration pages and Endorsement pages. Consultant shall provide all renewal certificates, amendatory endorsements, or copies of the applicable policy language effecting coverage required by this clause throughout the term of the Agreement.
- G. **Subconsultants** - Consultant shall require and verify that all subconsultants maintain insurance meeting all the requirements stated herein, and Consultant shall ensure that Agency its directors, officers, employees, and authorized volunteers are an additional insured on Commercial General Liability Coverage.
- H. **Safety** - In the performance of this contract Consultant shall comply with all applicable federal, state and local statutory and regulatory requirements including, but not limited to California Department of Industrial Relations (Cal/OSHA) regulations; and the U.S. Department of Transportation Omnibus Transportation Employee Testing Act, related to their scope of work and operations. In case of conflict in regulations, the most stringent shall apply.

EXHIBIT E

GRANT CONDITIONS

Funding for this project is supported in part by a grant award from Department of Water Resources, Sustainable Groundwater Management Act Implementation Grant Agreement Number 4600014636, to the Agency. The Agency and/or Agency Member Agencies, including Soquel Creek Water District, City of Santa Cruz, County of Santa Cruz may receive grant funding for services to be performed by the Consultant and its contractors or subcontractors (collectively, "Consultant"). To comply with the standard conditions of the Agreement, the Consultant agrees to the following requirements.

ACCOUNTING AND DEPOSIT OF FUNDING DISBURSEMENT: The Consultant shall maintain books, records, and other documents pertinent to their work in accordance with generally accepted accounting principles and practices. This is consistent with Grant Agreement Standard Condition D1a.

AUDITS: Pursuant to Government Code §8546.7, the Consultant shall be subject to the examination and audit by the State for a period of three (3) years after final payment under this Grant Agreement with respect to all matters connected with this Grant Agreement, including but not limited to, the cost of administering this Grant Agreement. All records of the Consultant and its contractors or subcontractors shall be preserved for this purpose for at least three (3) years after receipt of the final disbursement under this Agreement. This is consistent with Grant Agreement Standard Condition D5.

CONFLICT OF INTEREST: The Consultant is subject to State and Federal conflict of interest laws. Failure to comply with these laws, including business and financial disclosure provisions, will result in the application being rejected and any subsequent contract being declared void. Other legal action may also be taken. Applicable statutes include, but are not limited to, Government Code, §1090 and Public Contract Code, §10410 and §10411, for State conflict of interest requirements. This is consistent with Grant Agreement Standard Condition D13.

DRUG-FREE WORKPLACE CERTIFICATION: The Consultant hereby certify, under penalty of perjury under the laws of State of California, compliance with the requirements of the Drug-Free Workplace Act of 1990 (Government Code §8350 et seq.) and have or will provide a drug-free workplace. This is consistent with Grant Agreement Standard Condition D16.

ADDITIONAL INSURED: The Consultant and its contractors or subcontractors shall name the State, its officers, agents, and employees as additional insured on their liability insurance for activities undertaken pursuant to this Agreement. This is consistent with Grant Agreement Standard Condition D22.

INSPECTION OF PROJECT BY STATE: The State shall have the right to inspect the work being performed at any and all reasonable times during the term of the Grant Agreement. This right shall extend to any subcontracts. This is consistent with Grant Agreement Standard Condition D25.

LABOR CODE COMPLIANCE: The Consultant and its contractors or subcontractors agrees to be bound by all the provisions of the Labor Code regarding prevailing wages and shall monitor all contracts subject to reimbursement from this Agreement to assure that the prevailing wage provisions of the Labor Code are being met. Current Department of Industrial Relations (DIR) requirements may be found at: <http://www.dir.ca.gov/lcp.asp>. For more information, please refer to DIR's Public Works Manual at: <http://www.dir.ca.gov/dlse/PWManualCombined.pdf>. The Consultant affirms that it is aware of the provisions of section 3700 of the Labor Code, which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance, and the Consultant affirms that it will comply with such provisions before commencing the performance of the work under this Agreement and will make its contractors and subcontractors aware of this provision. This is consistent with Grant Agreement Standard Condition D26.

NONDISCRIMINATION: During the performance of this Agreement, the Consultant and its contractors or subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex (gender), sexual orientation, race, color, ancestry, religion, creed, national origin (including language use restriction), pregnancy, physical disability (including HIV and AIDS), mental disability, medical condition (cancer/genetic characteristics), age (over 40), marital status, and denial of medial and family care leave or pregnancy disability leave. The Consultant and its contractors or subcontractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. The Consultant and its contractors or subcontractors shall comply with the provisions of the California Fair Employment and Housing Act (Government Code §12990) and the applicable regulations promulgated there under (Cal.Code of Regs, Title 2, §11000 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing the California Fair Employment and Housing Act are incorporated into this Agreement by reference. The Consultant and its contractors or subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement. The Consultant shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Grant Agreement. This is consistent with Grant Agreement Standard Condition D27.

INELIGIBLE PROJECT COST: Costs that are not eligible for reimbursement include, but are not limited to the following items:

- A. Purchase of equipment not an integral part of a project.
- B. Travel and per diem costs, except for mileage. Mileage reimbursement will be at the State travel amounts that are current as of the date costs are incurred. Note, mileage will be calculated from local destination start and end point.
- C. Meals, food items, or refreshments.
- D. Generic overhead or markup (e.g., 10% mark-up on sub-contractor labor, materials, supplies).

This prohibition applies to the Consultant and any subcontract or sub-agreement for work on the Project that will be reimbursed pursuant to this Agreement. This is consistent with Grant Agreement Paragraph 7.