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SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY (MGA)

Board of Directors Remote-Access Meeting Thursday, June 16, 2022 at 6:00 p.m.

Meeting held remotely in compliance with Assemble Bill 361

Webcast (audio and video)

<https://us06web.zoom.us/j/86854171608?pwd=eUdnOEpFS1M0ckQrOXl4MDZob0xqQT09>

To dial in by phone:

+1 720 707 2699 US (Denver)

Find your local number: <https://us06web.zoom.us/j/86854171608?pwd=eUdnOEpFS1M0ckQrOXl4MDZob0xqQT09>

Meeting ID: 868 5417 1608

Passcode: 016346

AGENDA

- 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 (MGA). Guidelines attached.
- 4. Consent Agenda (Page 4)**
 - 4.1 Approve March 17, 2022 Board Meeting Minutes (no memo)

5. General Business (Page 11)

- 5.1 Consider Board Resolution No. 22-02 to Authorize Remote Meeting
- 5.2 Approve Annual Budget for Fiscal Year 2022-2023
- 5.3 Authorize Execution of a Revenue Agreement Between MGA and County of Santa Cruz
- 5.4 Authorize Execution of a Contract with Regional Water Management Foundation for Grant Administration Services for the Sustainable Groundwater Management Implementation Grant
- 5.5 Authorize Execution of a Contract with Montgomery & Associates for Fiscal Year 2022-2203
- 5.6 Authorize License Agreements for Access to Streamflow Monitoring Sites
- 5.7 Approve Process to Respond to the Recent Santa Cruz Civil Grand Jury Report on Water

6. Informational Updates (Page 104)

- 6.1 Treasurer's Report
- 6.2 Staff Reports

7. Future Agenda Items

8. Written Communications and Submitted Materials

All written communications from the public received by the MGA are posted on the [Board Meetings](#) page of the MGA website.

9. Adjournment

Potential Special Board Meeting: August 18, 2022

Next Regularly Scheduled Board Meeting: September 15, 2022



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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 Laura Partch at 831-662-2053 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 Olin, 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 Laura Partch at admin@midcountygroundwater.org or 831-662-2053 for information or to request an accommodation.



SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY
Board of Directors Remote-Access Meeting
Thursday, March 17, 2022

DRAFT MINUTES

1. Call to Order

The meeting was called to order at 6:00 p.m. by Chair LaHue.

2. Roll Call

Directors present: Bruce Jaffe, Jon Kennedy, Jim Kerr, Manu Koenig, Tom LaHue, Donna Meyers, and Marco Romanini. Alternate Directors present: Doug Engfer, Robert Schultz, and Allyson Violante.

Directors absent: Curt Abramson, David Baskin, Zach Friend, and Rob Marani.

Staff present: Ralph Bracamonte, Ron Duncan, Heidi Luckenbach, Sierra Ryan, Leslie Strohm, Tim Carson, and Laura Partch.

Others present: Approximately six members of the public.

3. Oral Communications

None.

4. Consent Agenda

- 4.1 Approve December 16, 2021 Board Meeting Minutes (no memo)
- 4.2 Acknowledge Member Agency Board Appointments

MOTION: Director Jaffe; Second, Director Kennedy. To approve the consent agenda. Motion passed unanimously by roll call vote; Director Meyers abstained on Agenda Item 4.1.

5. General Business

- 5.1 Consider Board Resolution No. 22-01 Authorizing Remote Meetings in Compliance with Assembly Bill 361

Staff noted that the California state of emergency regarding COVID-19 remains in place, as does the County Health Officer recommendation for social distancing and remote meetings for legislative bodies, so the Santa Cruz Mid-County Groundwater Agency (MGA) Board of Directors has the option under AB 361 to pass the draft resolution and meet remotely on June 16th, 2022. If the Board passes the resolution to meet remotely in June, it will need to meet remotely. Staff is looking into locations for in-person meetings.

No public comment.

MOTION: Director Romanini; Second, Director Jaffe. To adopt Resolution 22-01, authorizing the June 16, 2022 Board meeting to be held virtually in accordance with Government Code § 54953(e). Motion passed unanimously by roll call vote.

5.2 Approve Submittal of the Santa Cruz Mid-County Basin Water Year 2021 Annual Report to the Department of Water Resources

Georgina King of Montgomery & Associates summarized the Third Annual Report on the Santa Cruz Mid-County Basin (Basin), required by the Department of Water Resources (DWR) and due on April 1, 2022. The information is included in a [Board Presentation](#) and at minutes 12:40 to 38:00 in the [video recording](#) of the meeting.

Ms. King noted that new data will be available for subsequent reports and the 5-year Groundwater Sustainability Plan (GSP) update, given the addition of one deep well and several stream gages, as well as the impact from the Soquel Creek Water District's (District) Pure Water Soquel project (PWS) and the City of Santa Cruz's (City) Aquifer Storage and Recovery project (ASR).

Will the ASR exchange between the City and District remain at the same volume in the coming years?

- The volume will vary dependent on conditions.
- In 2019, the average was about 400,000 gallons a day in Service Area 1. An exchange at that level could happen again, but it depends on both the amount of water available and if the water can be delivered to the service area.

Was there anything unexpected reflected in the Annual Report?

- No. The presentation did not include the depletion of interconnected surface waters, which was a decline of about half a foot. Last year more wells had levels above the minimum thresholds, this year they were below, which had to do with the limited amount of rainfall. There were no big changes and it looks very similar to the last few years. It will be exciting to see the impact of injection from PWS.

Will that be included in the 5-year update?

- There will only be a few years of new data by the 5-year update, so changes may not be made until the 10-year update, but there are many unknowns.

MOTION: Director Engfer; Second, Director Kennedy. To receive the Santa Cruz Mid-County Basin Water Year 2021 Annual Report (Third Annual Report), and approve the submittal of a transmittal letter from the MGA Basin Point of Contact and the Third Annual Report to DWR in accordance with California Code of Regulations, Tit. 23, § 353.4 and § 356.2. Motion passed unanimously by roll call vote.

5.3 Review Budget for Fiscal Year 2021-22 and Consider Preliminary Budget for Fiscal Year 2022 – 2023

Staff reviewed the Board packet information on the mid-year budget, anticipated expenses through the remainder of the fiscal year, and the projected budget for the next fiscal year, primarily through Table 1 Budget Summary and Table 2 Operating Expenses.

The administration budget will be used in full this year, with a slight increase for next year. Administration and planning services are currently out to bid by the County of Santa Cruz (County) for the next three fiscal years. The contract award will come to the County Board of Supervisors in June for approval.

Legal fees are less than budgeted in Fiscal Year (FY) 2021-22, but are kept at the same amounts in case needed next year. Management and Coordination includes technical work by Montgomery & Associates for Sustainable Groundwater Management Act (SGMA) technical support, separate from GSP annual reporting, Monitoring Network Expansion, or Data Management System. The projected total is less than anticipated as revisions to the GSP were not required by DWR and the minor revisions recommended by DWR will be addressed in the 5-year update.

There were no Groundwater Model Simulations unrelated to the annual report in FY 2021/22. Moving forward, Groundwater Model Simulations will be budgeted for specific projects and management actions.

Staff Support includes miscellaneous staff support, including Regional Water Management Foundation (RWMF) programmatic support for GSP implementation (e.g., metering program, Basin monitoring network). This amount is constant for the next budget.

Monitoring shows the biggest difference between the proposed and projected budgets since work that was previously expected to occur this year will happen next year. In the next fiscal year, construction activities to expand the Basin monitoring network (currently out to bid) will be completed, streamflow monitoring will be expanded, and the Groundwater Extraction Metering Program will shift from planning to implementation. While AEM surveys are budgeted for next year, timing is subject to change based on state surveys.

SGMA Planning and Coordination provides additional staff support for next year. The County RFP for Groundwater Sustainability Agency (GSA) Administration and Planning includes adding a senior planner for planning and coordination.

Table 2 identifies funding included in the current Sustainable Groundwater Planning grant (SGWP Grant) and in the anticipated Sustainable Groundwater Management Implementation grant (SGMI Grant).

The total amount of the SGMI Grant is \$7.6 million, with \$2.8 million anticipated for Member Agency led components in FY 2022-23. The MGA will serve as Grantee, with grant funds passing through the MGA to the Member Agencies. The Member Agencies will lead their respective projects/tasks and will contract for the work. The Member Agencies will submit eligible incurred expense for grant reimbursement from DWR via the MGA. Finalized details on the SGMI Grant award and sub-grantee agreements with the Member Agencies are anticipated to be before the Board in June.

In Table 1, Budget Summary, Member Agency contributions resumed in FY 2021-22 and increased slightly to \$312,000 for FY 2022-23. There is a change to the 5-Year GSP Evaluation (2025) Reserve. While the approach had been for the Member Agencies to contribute each year to cover the cost of the 5-year update, it is now anticipated that the SGMI Grant will cover the cost of the 5-year update. For this year, the \$75,000 will roll over to the general reserve.

The SGWP Grant is expected to end the middle of the next fiscal year, and so \$200,000 in retention funds is identified under operating revenue for FY 2022-23. If grant completion is delayed, the retention will not be released until later. This uncertainty played a part in the decision to continue Member Agency contributions for the next fiscal year.

No public comment.

No recommendations made or Board action taken.

5.4 Nomination of a Board Member to Serve on County Drought Response Working Group in Response to Senate Bill 552

Staff reported Senate Bill 552 (SB 552), passed in September 2021, is intended to cover wells and water systems serving between 1 and 1,000 connections. It includes requirements for small water systems, including groundwater level monitoring, backup water supply sources, metering, fire flow requirements, and continuous operation during power outages. Some requirements will start as soon as next year.

The law provides a separate set of requirements for counties, primarily the creation of a standing body to develop a plan for water systems with 15 or fewer connections and domestic wells within a county's jurisdiction. This body is to develop a plan for the

consolidation of water systems and domestic wells, a domestic well mitigation program, emergency response, plan implementation, funding, and required data.

SB 552 is one of three pillars of groundwater sustainability, the others being SGMA, which focuses on pumping in geographically defined basins, and regional supply planning for bigger-picture water management, resiliency, and water supply during droughts (which SGMA exempts). The intent of SB 552 is to focus on those left behind by regional bodies within each county beyond the jurisdiction of GSAs.

The County's Water Advisory Commission will be assuming responsibility for implementation of SB 552. The Commission is seeking to create a Drought Response Working Group to, at a minimum, create a plan. The working group will include six public agency positions, including three Water Advisory Commission members and a representative from each of the local GSAs (with preference for a private well owner representative), one environmental justice/affordability representative, and two at-large representatives. The work of this group will be the first phase in a longer-term project, and will look at near-term parameters, include Climate Action and Adaptation Strategy, as well as longer-term needs, in coordination with DWR.

This may be an opportunity for Santa Cruz County and the region to come up with a draft plan that DWR may use as a template to assist other agencies.

No comments.

MOTION: Director Kerr; Second, Director Meyers. To nominate MGA Director Jon Kennedy to participate in the Santa Cruz County Water Advisory Commissions Drought Response Working Group. Motion passed unanimously by roll call vote.

6. Informational Updates

6.1 Treasurer's Report

No questions, comments.

6.2 Oral Reports

6.2.1 Update on Sustainable Groundwater Management Implementation Grant Round 1 Proposal

At its meeting in March, the Board approved a resolution to apply for the SGMI Grant funds and to create a temporary Board committee for the development of the grant proposal. The committee met twice in January to review and select projects, and a grant proposal was submitted to DWR in mid-February. The committee needed to identify projects totaling \$10 million, with an expected award of \$7.6 million. The Board packet includes some of the

materials submitted to DWR, as well as additional information on the committee process. Project Information Forms were not required as part of the application, but assisted staff and the Board committee in identifying relevant information from the GSP. Using the scoring criteria, projects were ranked by importance to the Basin and meeting the goals of the GSP.

Within the grant proposal, the Sustainable Groundwater Management Evaluation and Planning project will assist with SGMA compliance, planning and implementation for the 5-year update, and the annual report. In the discussion of the budgets, Staff indicated that the costs for these items are expected to be funded through this grant.

The SGMI Grant runs through June 2025. DWR has indicated it is ready to develop the Grant Agreement. The proposed amount (\$10 million) will be reduced to the amount available (\$7.6 million), so the project costs will be adjusted.

DWR plans to issue its funding award recommendations in the spring. The MGA will then develop sub-grantee agreements with MGA Member Agencies for their respective projects and/or tasks.. DWR anticipates moving fairly quickly; ideally final information will be available by the June Board meeting.

Staff thanks the Board committee members for their help in developing the proposal.

6.2.2 Update on Monitoring Network Development

Balance Hydrologics has worked over the past year to identify locations for seven shallow monitoring wells and six stream gages. The County is taking the lead on the construction of the shallow wells, and issued a request for sealed bids that closes April 12th. All of the monitoring wells will be located within the County right of way. The stream gage locations include some already in use and also some new locations. Staff is working with legal counsel to develop access licenses required for some of the stream gages. The plan is to install the stream gages by May since they are intended for the dry season.

6.2.3 Update on Request for Proposals Process for Planning and Administrative Services

The County has also taken the lead on issuing an RFP for planning and administrative services to both MGA and the Santa Margarita Groundwater Agency under a three-year contract for services.

6.2.4 County Revenue Agreement: Data Management System; Basin Monitoring Network Improvements; and Administrative and Planning Staff Support

A FY 2022-23 revenue agreement with the County will come to the Board in June and is expected to cover the following: 1) well construction costs, 2) planning and administrative

services for the MGA, and 3) ongoing maintenance and hosting expenses for the Data Management System (DMS) by KISTERS.

6.2.5 Update on Data Management System

The Board packet included a statement from KISTERS on the cyber-attack and outlined precautions to prevent an attack in the future. DMS development is moving forward and is expected to be completed in June. There will be ongoing costs for maintenance and hosting, but ongoing costs will be lower with the completion of the DMS.

6.2.6 Update on Non-*De Minimis* Groundwater Metering Program

Staff has been working with Geosyntec and the Board Metering Committee on this program. It is estimated that 30 to 40 parcels will need to be metered. Other parcels that are already metered will need to start reporting. In order to get feedback from the community, there will be two public meetings in April, one in-person meeting and one via video. Letters about the meetings will be sent in April to all the identified properties, as well as to the owners in case they live at different locations.

6.2.7 Reminder for Filing Form 700 Statements – Due April 1st

7. Future Agenda Items

8. Written Communications and Submitted Materials

9. Adjournment

The meeting adjourned at 7:40 p.m.

Next Board Meeting: June 16, 2022

June 16, 2022

MEMO TO THE MGA BOARD OF DIRECTORS

Subject: Agenda Item 5.1

Title: Consider Board Resolution No. 22-02 to Authorize Remote Meeting

Attachment(s):

1. Draft Santa Cruz Mid-County Groundwater Agency Board Resolution No. 22-02
2. County Health Officer Recommendation of Social Distancing and Remote Meetings for Legislative Bodies

Possible Board Actions:

1. Adopt Resolution 22-02 authorizing the next Board meeting, whether a regularly scheduled meeting or a special meeting, to be held virtually in accordance with Government Code § 54953(e).
 2. Take no action and conduct an in-person meeting at the next Board meeting, whether regularly scheduled or a special meeting.
-

Background:

On December 16, 2021, the Santa Cruz Mid-County Groundwater Agency (MGA) Board of Directors adopted Resolution No. 2021-03 to authorize a remote meeting under Assembly Bill (AB) 361, now codified at Government Code §54953(e). Since the Board meets quarterly, the Board decided to act in substantial compliance by adopting, at each Board meeting, a resolution authorizing a virtual meeting at the following Board meeting, upon making the following findings:

1. The legislative body has reconsidered the circumstances of the state of emergency, and
2. Any of the following circumstances exist:
 - a. The state of emergency continues to directly impact the ability of the members to meet safely in person, or
 - b. State or local official continue to impose or recommend measures to promote social distancing.

Discussion:

Governor Newsom's Proclamation of State of Emergency in response to the COVID-19 pandemic issued March 4, 2020, remains in effect. Likewise, the September 30,

2021 Santa Cruz County (County) Health Officer recommendation for social distancing and continued remote meetings for legislative bodies remains active.

Possible Board Actions:

1. By MOTION and roll call vote, adopt Resolution 22-02, authorizing the next meeting of the Board, whether a regularly scheduled meeting or a special meeting, to be held virtually in accordance with Government Code § 54953(e).
2. Take no action and conduct an in-person meeting at the next Board meeting, whether regularly scheduled or a special meeting.



By _____
Tim Carson
Program Director
Regional Water Management Foundation



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DRAFT RESOLUTION NO. 22-02

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY ADOPTING FINDINGS PURSUANT TO ASSEMBLY BILL 361 TO AUTHORIZE TELECONFERENCE MEETINGS AS A RESULT OF THE CONTINUING COVID-19 PANDEMIC STATE OF EMERGENCY AND RECOMMENDATIONS FOR SOCIAL DISTANCING

WHEREAS, the Board of Directors of the Santa Cruz Mid-County Groundwater Agency (“MGA Board”) is committed to providing public access to its meetings as required by the Ralph M. Brown Act (“Brown Act”) (Cal. Gov. Code § 54950 *et seq.*); and

WHEREAS, the MGA Board is a legislative body under the Brown Act as defined under Government Code Section 54952(b); and

WHEREAS, on September 16, 2021, Governor Newsom signed Assembly Bill 361 (“AB 361”) as urgency legislation effective immediately that amended Government Code Section 54953 to permit legislative bodies subject to the Brown Act to continue to meet under modified teleconferencing rules provided they comply with specific requirements set forth in the statute; and

WHEREAS, pursuant to AB 361 and Government Code Section 54953(e)(1)(A), a legislative body may meet under the modified teleconferencing rules during a proclaimed state of emergency, and where local officials have imposed or recommended measures to promote social distancing; and

WHEREAS, on March 4, 2020, Governor Newsom issued a Proclamation of State of Emergency in response to the COVID-19 pandemic, which remains in effect; and

WHEREAS, on September 30, 2021, Santa Cruz County Public Health Officer Dr. Gail Newel strongly recommended that legislative bodies in Santa Cruz County continue to engage in physical/social distancing by meeting via teleconference as allowed by AB 361 and confirmed that she will regularly review and reconsider this recommendation and notify the public when it is no longer recommended; and

WHEREAS, pursuant to AB 361 and Government Code Section 54953(e)(3), a legislative body can continue to hold such teleconference meetings provided it has reconsidered the circumstances of the state of emergency and determined either that the state of emergency continues to directly impact the ability of the members to meet safely in person or that local officials continue to recommend measures to promote social distancing; and

WHEREAS, on December 16, 2021, the MGA Board held its initial teleconference meeting under AB 361; and

WHEREAS, the MGA Board has reconsidered the circumstances of the current state of emergency and finds that the COVID-19 pandemic continues to directly impact the ability of members of the public to participate safely in person and further finds that the Santa Cruz County Public Health Officer continues to recommend measures to promote social distancing; and

WHEREAS, in the interest of public health and safety, and due to the emergency caused by the spread of COVID-19, the MGA Board deems it necessary to utilize the modified teleconferencing rules set forth in AB 361;

NOW, THEREFORE, the Board of Directors of the Santa Cruz Mid-County Groundwater Agency resolves as follows:

Section 1. Recitals. The recitals set forth above are true and correct and are incorporated into this Resolution by reference.

Section 2. Acknowledgement of Governor's Proclamation of a State of Emergency. The MGA Board has reconsidered the state of emergency proclaimed by the Governor of the State of California and finds that the state of emergency continues to directly impact the ability of the MGA Board and members of the public to meet safely in person.

Section 3. Acknowledgement of Local Health Order Promoting Social Distancing. The MGA Board determines that a local health order related the need for social distancing related to the COVID-19 pandemic remains in effect.

Section 4. Remote Teleconference Meetings. The MGA Board is authorized to carry out the intent and purpose of this Resolution by conducting open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.

Section 5. Effective Date of Resolution. This Resolution shall take effect immediately upon adoption and shall be effective until the next meeting of the MGA Board, whether regularly scheduled or a special meeting, at which time the MGA Board will reconsider the circumstances of the COVID-19 state of emergency and, if necessary, adopt subsequent findings to continue holding teleconference meetings in accordance with Government Code Section 54953(e)(3).

Passed and adopted at a meeting of the Santa Cruz Mid-County Groundwater Agency on June 16, 2022, by the following vote:

AYES: Directors
NOES: Directors (or None)
ABSENT: Directors (or None)
ABSTAIN: Directors (or None)

APPROVED:

Thomas R. Lahue
Board Chair

ATTEST:

Jim Kerr
Board Secretary



County of Santa Cruz

HEALTH SERVICES AGENCY

POST OFFICE BOX 962, 1080 Emeline Ave., SANTA CRUZ, CA 95061-0962

TELEPHONE: (831) 454-4000 FAX: (831) 454-4488 TDD: Call 711

Public Health Division

HEALTH OFFICER RECOMMENDATION FOR SOCIAL DISTANCING (CONTINUED REMOTE MEETINGS FOR LEGISLATIVE BODIES)

COVID-19 disease prevention measures endorsed by the Centers for Disease Control and Prevention include vaccinations, facial coverings, increased indoor ventilation, handwashing, and physical/social distancing (particularly indoors). Since early in the COVID-19 pandemic, local legislative bodies such as boards, commissions, committees, and councils have successfully held public meetings remotely via teleconferencing. I strongly recommend continued use of teleconference meetings as a social distancing measure to help control transmission of the COVID-19 virus. Public meetings bring together many individuals, from multiple households, in a single indoor space for an extended period of time. Utilizing teleconferencing options for public meetings is an effective and recommended social distancing measure to facilitate legislative business and participation in public affairs while at the same time helping to prevent the spread of COVID-19.

This recommendation is intended to satisfy the provision of the Brown Act (specifically, Government Code Section 54953(e)(1)(A)), which allows local legislative bodies in the County of Santa Cruz to use teleconferencing to enable remote meetings under specified circumstances. I will continue to evaluate this recommendation on an ongoing basis and will communicate when it is appropriate to withdraw the recommendation.

Gail Newel, MD

Health Officer of the County of Santa Cruz

Dated: September 30, 2021

June 16, 2022

MEMO TO THE MGA BOARD OF DIRECTORS

Subject: Agenda Item 5.2

Title: Approve Annual Budget for Fiscal Year 2022-2023

Attachment(s):

1. Table 1. Budget Summary
2. Table 2. Operating Expenses

Recommended Board Action: Approve the proposed MGA Budget for Fiscal Year 2022-2023.

Attached Tables 1 and 2 present the projected totals for Fiscal Year 2021-2022 (FY 21/22) and the proposed budget for Fiscal Year 2022-2023 (FY 22/23). The proposed FY 22/23 budget is generally consistent with the preliminary budget presented in March with substantive changes noted in this memo.

BEGINNING RESERVES

The projected beginning cash reserves for the MGA for FY 22/23 total \$1,585,720. The beginning reserves amount is the surplus of revenue collected from the prior year over the actual expenses incurred during that year.

OPERATING REVENUE

Operating revenue consists of grant awards and Member Agency contributions.

Sustainable Groundwater Planning Grant (SGWP Grant)

Total: \$2,000,000; Years: 2018 - 2022

This grant funded the development of the Groundwater Sustainability Plan (GSP) and will continue to fund initial implementation efforts through October 2022. Grant reimbursements received through FY 21/22 total approximately \$1.33 million. The remainder of the SGWP Grant, which includes Department of Water Resources (DWR) retention of 10% (\$200,000), will be received at the completion of the grant in FY 22/23.

Sustainable Groundwater Management Implementation Grant (SGMI Grant)

Total: \$7,600,000; Years: 2022 – 2025

This grant will fund planning activities and the implementation of projects and management actions identified in the GSP. As the Grant Agreement with DWR is still being finalized, the amounts in the FY 22/23 budget are estimates.

Member Agency Contributions – Revenue collected from Member Agencies is based on a percentage allocation of the projected operating expenses for the fiscal year. In FY 21/22, the total revenue contribution was \$300,000. In FY 22/23, the proposed upfront total revenue contribution is \$312,000. In addition, revenue for SGMI Grant administration will be contributed via quarterly invoices to Soquel Creek Water District and the City of Santa Cruz for the grant administration costs related to their respective SGMI Grant funded projects.

OPERATING EXPENSES

Operating Expenses are presented in the budget categories listed below. Categories and/or tasks that differ from the preliminary budget proposed at the March 17, 2022 meeting are described in the narrative below.

- Administration
- Legal Support – No changes to the budget proposed in March
- Management and Coordination
- Monitoring
- GSP Reporting
- Outreach and Education

Budget Category: Administration

FY22/23: The proposed budget is \$140,000, which is \$30,000 less the preliminary budget because some tasks, including SGWP Grant administration, are now in the Sustainable Groundwater Management Act (SGMA) Planning and Coordination budget task. This change was made for consistency with the Santa Cruz County contract for Groundwater Sustainability Agency (GSA) Administration and Planning Support.

Budget Category: Management and Coordination

Technical Work: SGMA Support

FY 22/23: The budget amount of \$27,410 for this task is higher than the budget estimate. Montgomery & Associates (M&A) work will include coordination with the GSA's Senior Planner; SGMA Program Developments and DWR consultation; and miscellaneous SGMA support.

Planning Activities & Implementation Coordination

FY 22/23: The Regional Water Management Foundation (RWMF) will support GSP Implementation Coordination and Planning Activities as part of the new contract with the Santa Cruz County to support the MGA and the Santa Margarita Groundwater Agency. In the March budget, funding for this work was presented under the “SGMA Planning and Coordination” budget category. These staff support costs were moved to the Management and Coordination budget category as they are distinct from the GSP Reporting budget category and better align with the budget framework presented in the GSP (Section 5).

Staff Support

FY 22/23: The March budget proposed \$30,000 for staff support on SGMA implementation. The revised June budget eliminates this as a separate budget item since RWMF staff support will be provided through budget line/tasks as described immediately above.

SGMI Grant Administration

FY 22/23: This proposed budget includes the estimated cost (\$140,000) to provide grant administration for the new SGMI grant.

Budget Category: Monitoring

Monitoring Network Improvements (stream gauges and shallow groundwater wells)

The amounts for FY 21/22 and 22/23 were updated from the March budget reflect the timing of construction of the shallow groundwater wells which will occur in FY 22/23, not in FY 21/22.

Data Coordination & Data Management System

FY 22/23: The proposed amounts are similar to those proposed in the March budget.

Groundwater Extraction Metering Program

FY 22/23: The proposed amount for implementing the non-*de minimis* groundwater metering program increased from \$25,000 to \$45,000. The additional funding to support this program is available through the SGMI Grant.

Budget Category: GSP Reporting

In the March budget, this budget category was titled SGMA Planning and Coordination, and included the cost for staff support as well as the GSP reporting. The budget category has been retitled “GSP Reporting” as the Planning and

Implementation Staff Support task is now included within Management and Coordination.

FY 22/23: The proposed budget was increased by approximately \$24,000 from the March budget. As proposed, M&A will evaluate the need for model recalibration for Basin groundwater in advance of the 5-Year GSP update.

Budget Category: Outreach and Education

FY 22/23: The proposed budget was increased from \$5,000 to \$12,500.

ENDING RESERVES

General Reserves

The general reserves at the end of FY 21/22 are projected to be \$1,585,720. The actual ending reserves funds will be determined following the conclusion of the financial statement audit for the fiscal year ending June 30, 2022. As proposed, the general reserves at the end of FY 22/23 totals \$1,571,140.

Member Agency Contribution

No change from the March budget. The table below presents the proposed contribution total and the amounts for each member agency in FY 22/23.

FY 2022/23 Proposed Agency Contribution Total	\$312,000
FY 2022/23 Proposed Cost Share Total	
Soquel Creek Water District (70%)	\$218,400
Central Water District (10%)	\$31,200
City of Santa Cruz (10%)	\$31,200
County of Santa Cruz (10%)	\$31,200


Member Agency Lead Project & Management Activities - SGMI Grant

Budget Tables 1 and 2 present the estimated amounts in FY 22/23 for the *Member Agency Lead Project & Management Activities* funded by the SGMI Grant. DWR awarded the \$7.6 million SGMI Grant in May 2022. MGA representatives and DWR are still finalizing the scope of work, budget and schedule in the Agreement. As reported in March, four of the grant funded components will be led by Member Agencies. The respective Member Agency will lead the contracting and management of their components. The MGA will enter into sub-grantee agreements with the respective Member Agencies. The Member Agencies will be reimbursed in arrears via the MGA for eligible expenses submitted to and approved by DWR as part of the quarterly grant reporting process. The preliminary estimate for the total amount of

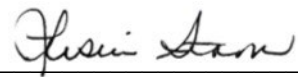
expenses on these components in FY 22/23 is \$2.8 million. The MGA will reimburse the Member Agencies as soon as the grant funds are received from DWR.

Recommended Board Action:

1. BY MOTION, approve the proposed MGA Budget for Fiscal Year 2022-2023.

By 

Tim Carson, Program Director
Regional Water Management Foundation

By 

Leslie Strohm, Treasurer
Santa Cruz Mid-County Groundwater Agency

On behalf of the MGA Executive Staff
Ron Duncan, General Manager, Soquel Creek Water District
Ralph Bracamonte, District Manager, Central Water District
Rosemary Menard, Water Director, City of Santa Cruz
Sierra Ryan, Water Resources Manager, County of Santa Cruz

Table 1. BUDGET SUMMARY

SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY
BUDGET SUMMARY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RESERVES
FISCAL YEAR 2021/2022 AND PRELIMINARY FISCAL YEAR 2022/23 BUDGET

	2020/21 ACTUALS	2021/22 BUDGET	2021/22 PROJECTED TOTALS	2022/23 PROPOSED BUDGET	INCREASE (DECREASE) OVER PRIOR YEAR BUDGET	% CHANGE OVER PRIOR YEAR BUDGET
Beginning Reserves						
Beginning Cash Reserves	\$ 1,740,890	\$ 1,538,993	\$ 1,524,460	\$ 1,585,720	\$ 46,727	3%
Total Beginning Reserves	\$ 1,740,890	\$ 1,538,993	\$ 1,524,460	\$ 1,585,720	\$ 46,727	3%
Operating Revenue						
Agency Contributions	\$ -	\$ 300,000	\$ 300,000	\$ 312,000	\$ 12,000	4%
Agency Contributions - SGMI Grant Administration				\$ 82,950		
Grant Funds (Received)						
DWR Planning (SGWP) (2018 - 2022)	\$ 106,000	\$ 196,387	\$ 112,000	\$ 466,190	\$ 269,803	137%
DWR Planning (SGWP) (2018 - 2022) Retention Release				\$ 200,000		
DWR SGM Implementation (SGMI) (2022 - 2025) ¹	\$ -	\$ -	\$ 0	\$ 50,000	\$ 50,000	-
Total Operating Revenue	\$ 106,000	\$ 496,387	\$ 412,000	\$ 1,111,140	\$ 331,803	67%
Operating Expense						
Administration	\$ 147,121	\$ 170,000	\$ 170,000	\$ 140,000	\$ (30,000)	-18%
Legal	\$ 5,125	\$ 20,000	\$ 15,000	\$ 20,000	\$ -	0%
Management & Coordination	\$ 28,558	\$ 63,230	\$ 17,500	\$ 294,000	\$ 230,770	365%
Monitoring	\$ 80,949	\$ 470,945	\$ 156,740	\$ 561,460	\$ 90,515	19%
GSP Reporting						
GSP Annual Report & Related Data Reporting	\$ 59,785	\$ 71,800	\$ 65,500	\$ 77,560	\$ 5,760	8%
GSP 5-Year Update Groundwater Modeling	\$ -	\$ -	\$ -	\$ 20,200	\$ 20,200	100%
Outreach & Education	\$ 892	\$ 15,000	\$ 1,000	\$ 12,500	\$ (2,500)	-17%
Total Operating Expense	\$ 322,430	\$ 810,975	\$ 425,740	\$ 1,125,720	\$ 314,745	39%
Ending Reserves						
Contingency		81,098	81,098	112,572	\$ 31,475	
5-Year GSP Evaluation (2025) Reserve		75,000	75,000	75,000	-	
General Reserve	1,524,460	1,068,308	1,429,623	1,383,568	315,261	30%
Total Ending Reserves	\$ 1,524,460	\$ 1,224,405	\$ 1,585,720	\$ 1,571,140	\$ 346,735	28%
Member Agency Lead Project & Management Activities						
SGM Implementation (SGMI) Grant Components				\$ 2,800,000		

Notes:

1. Operating Revenue on Grant Funds for the DWR Implementation (Anticipated 2022 - 2025) only includes MGA led activities, not Member Agency led activities

Table 2. OPERATING EXPENSES

SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY
OPERATING EXPENSES
FISCAL YEAR 2021/2022 AND PRELIMINARY FISCAL YEAR 2022/23 BUDGET

	2020/21 ACTUALS	2021/22 BUDGET	2021/22 PROJECTED TOTALS	2022/23 PROPOSED BUDGET	INCREASE (DECREASE) OVER PRIOR YEAR BUDGET	% CHANGE OVER PRIOR YEAR BUDGET	Comments
Operating Expense							
Administration	\$ 147,121	\$ 170,000	\$ 170,000	\$ 140,000	\$ (30,000)	-18%	SGWP Grant Admin shifted to Mgmt. & Coordination
Legal	\$ 5,125	\$ 20,000	\$ 15,000	\$ 20,000	\$ -	0%	
Management & Coordination							
Technical Work: SGMA Support	\$ 13,465	\$ 18,230	\$ 5,000	\$ 27,410	\$ 9,180		
Technical Work: GW Model Simulations	\$ -	\$ 15,000	\$ -	\$ -	\$ (15,000)		
Planning Activities & Implementation Coordination	\$ 15,093	\$ 30,000	\$ 12,500	\$ 126,590	\$ 96,590		FY 22/23 partially included in SGMI Grant
SGMI Grant Administration				\$ 140,000			
subtotal	\$ 28,558	\$ 63,230	\$ 17,500	\$ 294,000	\$ 230,770	365%	
Monitoring: Network Expansion, Data Collection, Analysis & Management							
Monitoring Network Improvements (stream gauges, groundwater wells)	\$ 13,924	\$ 371,945	\$ 55,700	\$ 296,160	\$ (75,785)		Funded by SGWP Grant
Monitoring: Streamflow	\$ 19,437	\$ 5,000	\$ 10,000	\$ 50,000	\$ 45,000		FY 22/23 included in SGMI Grant
Monitoring: AEM Surveys				\$ 150,000	\$ 150,000		Included in SGMI Grant
Data Coordination & Data Management System	\$ 47,588	\$ 29,000	\$ 41,280	\$ 20,300	\$ (8,700)		FY 22/23 included in SGMI Grant
Groundwater Extraction Metering Program	\$ -	\$ 65,000	\$ 49,760	\$ 45,000	\$ (20,000)		FY 22/23 included in SGMI Grant
subtotal	\$ 80,949	\$ 470,945	\$ 156,740	\$ 561,460	\$ 90,515	19%	
GSP Reporting							
GSP Annual Report & Related Data Reporting (M&A)	\$ 59,785	\$ 71,800	\$ 65,500	77,560	5,760		FY 22/23 included in SGMI Grant
GSP 5-Year Update Groundwater Modeling (M&A)				20,200	20,200		
subtotal	\$ 59,785	\$ 71,800	\$ 65,500	\$ 97,760	\$ 25,960	36%	
Outreach & Education	\$ 892	\$ 15,000	\$ 1,000	\$ 12,500	\$ (2,500)	-17%	
Total Operating Expense	\$ 322,430	\$ 810,975	\$ 425,740	\$ 1,125,720	\$ 314,745	39%	
Member Agency Lead Project & Management Activities							
SGM Implementation (SGMI) Grant Components				\$ 2,800,000			Estimated amount

June 16, 2022

MEMO TO THE MGA BOARD OF DIRECTORS

Subject: Agenda Item 5.3

Title: Authorize Execution of a Revenue Agreement Between MGA and County of Santa Cruz

Attachment(s): None

Recommended Board Action: Authorize the Board Chair to execute an amendment to the current agreement with the County of Santa Cruz for monitoring, administrative and planning services, and data management system (DMS) hosting and maintenance, in the amount not to exceed \$1,321,179 for a three-year period and authorize the General Manager of Soquel Creek Water District to sign the related purchase order(s).

Background:

Since the formation of the MGA, the County has acted as the lead for contracts to monitor depletion of interconnected surface water, and activities covering both the MGA and the Santa Margarita Groundwater Agency (SMGWA). In these cases, the County has signed and executed agreements and paid invoices from the vendors, and then sought reimbursement from the MGA through a Revenue Agreement (RA). The last RA was executed on April 13, 2021 and is set to expire December 31, 2022.

The existing RA includes the work of Balance Hydrologics, Inc. to install stream gages and oversee the construction of seven new shallow monitoring wells in the Basin. As this work is not yet complete, the County is proposing to extend the timeline and scope of the existing RA, rather than developing a new one. The proposed end date will be extended to June 30, 2025 to encompass the entire duration of the Regional Water Management Foundation contract.

The contracts led by the County on behalf of the MGA are as follows:

- 1) Balance Hydrologics Inc. for stream gage deployment, ratings curve development, shallow well design, and construction oversight. The current amount in the RA will remain unchanged at \$164,975.20
- 2) Kisters Water Resources Inc. to build, host, and maintain the regional Data Management System (DMS). The current RA of \$96,715 will be increased by \$47,500 to cover the MGA's share of three years of DMS hosting and maintenance. The total anticipated cost of Kisters' services over the next three

years is \$95,000 which is split between the MGA and SMGWA. The total in the RA Amendment will be \$144,215.

- 3) Storesund Construction to install seven shallow monitoring wells throughout the Mid-County Basin. The bid for the work is \$229,442 and there is an additional contingency of \$23,000 for a total in the RA of \$252,442.
- 4) The Regional Water Management Foundation to provide administrative and planning services on behalf of the MGA and SMGWA. As presented in their proposal, the total amount of the contract is \$1,519,094 over the three-year period. This contract is split between the two GSAs, so the contribution of the MGA is expected to be up to \$759,547.

Discussion:

The County Board of Supervisors has approved the contracts described above. Before any funds outside of the existing RA are spent, the County requires the RA to be amended to guarantee reimbursement of such funds. All current costs associated with the contracts are included in the MGAs 2023 budget. Many of the costs will also be reimbursed by the grant funds the MGA has received.

Recommended Board Action:

1. By MOTION, authorize the Board Chair to execute an amendment to the current agreement with the County of Santa Cruz for monitoring, administrative and planning services, and data management system (DMS) hosting and maintenance, in the amount not to exceed \$1,321,179 for a three-year period and authorize the General Manager of Soquel Creek Water District to sign the related purchase order(s).

By 

Sierra Ryan
Water Resources Manager
County of Santa Cruz

On behalf of the MGA Executive Staff

Ron Duncan, General Manager, Soquel Creek Water District
Ralph Bracamonte, District Manager, Central Water District
Rosemary Menard, Water Director, City of Santa Cruz
Sierra Ryan, Water Resources Manager, County of Santa Cruz

June 16, 2022

MEMO TO THE MGA BOARD OF DIRECTORS

Subject: Agenda Item 5.4

Title: Authorize the Execution of a Contract with Regional Water Management Foundation for Grant Administration Services for the Sustainable Groundwater Management Implementation Grant

Attachment(s):

1. Regional Water Management Foundation Proposal Letter with Scope of Work, Budget, Schedule

Recommended Board Action:

Authorize the Executive Staff of the Member Agencies to finalize contract negotiations, and authorize the Board Chair to execute a contract with the RWMF for a total amount not to exceed \$380,000 for the Scope of Services in Attachment 1, and authorize the General Manager of Soquel Creek Water District to sign a purchase order for the RWMF in an amount not to exceed \$140,000 for services in Fiscal Year 2022-2023 (Year 1).

Background:

At the December 16, 2021, meeting of the Santa Cruz Mid-County Groundwater Agency (MGA) Board of Directors, the Board directed Executive Staff to evaluate the administrative needs of the MGA, determine the appropriate method for meeting those needs, and select a consultant to enter into a contract to begin July 1, 2022. Staff noted that, in an effort to increase efficiencies and cost savings for both the MGA and the Santa Margarita Groundwater Agency (SMGWA), there was interest in hiring a consultant for a multi-year contract to provide administrative support services for both Groundwater Sustainability Agencies (GSAs).

County of Santa Cruz Request for Proposal for GSA Administrative and Planning Services

At the Board meeting on March 17, 2022, staff informed the Board that the County of Santa Cruz (County) had issued a Request for Proposal for GSA Administrative and Planning Services (County RFP) for services in support of both MGA and SMGWA. The County RFP identified the need for a contractor to provide all facets of administrative support to both GSAs to advance their efforts under the Sustainable Groundwater Management Act (SGMA) to achieve groundwater sustainability

through programmatic planning and coordination efforts as set out in the two Groundwater Sustainability Plans (GSPs).

The main categories of work required under the County RFP were as follows:

- Administration
- GSP Implementation Coordination
 - Grant Administration
- Outreach
- Contract Management and Oversight
- Planning Activities in support of SGMA

Under GSP Implementation Coordination, the County RFP specifically identified at Item 4 “Administering grant funds once received including developing funding agreements, preparing and processing grant reports and invoices.”

Regional Water Management Awarded Contract by County

The RWMF submitted the sole response to the RFP. The RWMF proposal was recommended for funding by the MGA and SMGWA representatives and the contract was approved by the County Board of Supervisors on June 7, 2022. The RWMF proposal specifically included administrative services for the active GSP implementation grants already underway for each agency. The RWMF proposal also provided an option task to provide additional grant administration for grants subsequently awarded to either agency.

The contract awarded by the County did not include the RWMF’s proposed options for additional grant administration. As a result, that contract does not provide grant administrative services for the \$7.6 million dollar SGMI Grant awarded to the MGA in May by the Department of Water Resources (DWR).

Discussion:

RWMF Scope of Work and Cost Estimate for SGMI Grant Administration

The RWMF submitted to the MGA a proposal for Grant Administration Services for the SGMI Grant (Attachment 1). The proposed scope of work includes two tasks: Task 1. Grant Administration and Coordination, and Task 2. Grant Reporting and Compliance.

As noted in Attachment 1, the SMGI Grant includes five components, most of which include multiple individual projects and tasks. Each component, project and/or task

has its own estimated start and end date, with all work under the grant completed by April 30, 2025, and all requests for funds submitted by June 30, 2025.

The RWMF proposed compensation for SGMI Grant Administration through the term of the grant, is approximately 5% of the grant award, is \$380,000. Additional detail is provided in Attachment 1.

MGA Procurement Policy Options

The MGA Procurement Policy §6.5, *Sole Source Procurement*, provides that competitive procurement is required “unless it is determined and documented that the requirements of sole source procurements are satisfied.” For procurements over \$50,000 requiring Board approval, written justification for sole source procurement must be included in the Board meeting materials in advance of the meeting at which the contract is approved. Among the acceptable justifications for sole source procurement under § 6.5(d) is if the MGA can “piggyback” on the competitive procurement process of another local agency previously used to obtain the desired services.

The County recently followed its competitive procurement processes by releasing the RFP for GSA Planning and Administrative Services. As noted above, under GSP Implementation Coordination, that RFP specifically identified at Item 4 “Administering grant funds once received including developing funding agreements, preparing and processing grant reports and invoices.” The RWMF was the sole entity to submit a proposal in response to the County RFP and was awarded the contract.

In light of the above, Executive Staff recommends that the MGA enter into a separate contract with RWMF for the administration of the SGMI Grant through the sole-source procurement exception set out in the MGA Procurement Policy.

Cost Share for SGMI Grant Administration

The grant administration costs for components to be implemented by a Member Agency (Soquel Creek Water District, City of Santa Cruz) will be equitably allocated proportional to the grant award provided to the respective Member agency. The grant administration costs for Component 5, which contains items common to all the MGA member agencies and is led by the MGA and County of Santa Cruz, will be reimbursed by the grant.

Recommended Board Action:

1. BY MOTION, authorize the Executive Staff of the Member Agencies to finalize contract negotiations, and authorize the Board Chair to execute a contract with the RWMF for a total amount not to exceed \$380,000 for the Scope of Services in Attachment 1, and authorize the General Manager of Soquel Creek Water District to sign a purchase order for the RWMF in an amount not to exceed \$140,000 for services in Fiscal Year 2022-2023 (Year 1).



By _____
Ron Duncan
General Manager
Soquel Creek Water District

On behalf of the MGA Executive Staff
Ron Duncan, General Manager, Soquel Creek Water District
Ralph Bracamonte, District Manager, Central Water District
Rosemary Menard, Water Director, City of Santa Cruz
Sierra Ryan, Water Resources Manager, County of Santa Cruz

REGIONAL WATER MANAGEMENT FOUNDATION

a subsidiary of Community Foundation Santa Cruz County

June 3, 2022

Santa Cruz Mid-County Groundwater Agency

Member Agency Executive Staff: Ron Duncan, Rosemary Menard, Ralph Bracamonte, Sierra Ryan

5180 Soquel Drive

Soquel, CA 95073

Re: Proposed Grant Administration Services for the Santa Cruz Mid-County Groundwater Agency's Sustainable Groundwater Management Implementation Grant

Dear Executive Staff:

The Regional Water Management Foundation (RWMF) is pleased to present this scope of work and cost estimate for grant administration services to the Santa Cruz Mid-County Groundwater Agency (MGA) for the Sustainable Groundwater Management Implementation Grant (Grant) awarded by the Department of Water Resources (DWR) under the Sustainable Groundwater Management Act (SGMA).

The \$7.6 million dollar award Grant will fund multiple projects and studies grouped into five components that will be implemented by the MGA and three of its Member Agencies, identified in the Grant as Local Project Sponsors (LPS). The LPS agencies are Soquel Creek Water District (SqCWD), City of Santa Cruz Water Department (City) and County of Santa Cruz Environmental Health Services (County). Most of the components include multiple individual projects and/or tasks. The components and lead agencies are presented below.

#	Title	Lead Agency
1	Cunnison Lane Groundwater Well	SqCWD
2	Aquifer Storage and Recovery, Beltz Well 10	City of Santa Cruz
3	Park Avenue Transmission Main/Bottleneck Improvements	SqCWD
4	Technical Development of Group 1 and 2 Projects	SqCWD and City
5	Sustainable Groundwater Management Evaluation and Planning	MGA and County

The RWMF's proposed scope of work and schedule are based on the MGA's Sustainable Groundwater Management Implementation Grant application, draft Grant agreement, the estimated schedule for completion, the state's Grant program guidelines, and prior experience administering grants from DWR.

SCOPE OF WORK

Task 1. Grant Administration and Coordination

The RWMF will administer the Grant agreement and work with the Member Agencies to ensure that all Grant requirements are satisfied during the term of the Grant. RWMF will serve as the primary liaison between the MGA as Grantee and DWR for all communications regarding the Grant. RWMF will also serve as the primary point of contact for Grant coordination between the MGA and LPS agencies. RWMF will provide guidance to each LPS agency on Grant requirements. RWMF will work with the MGA and LPS agencies to draft any required amendments to the Grant, and will submit any draft amendment to DWR on behalf of the MGA. RWMF will assist with the MGA maintaining the required Grant files throughout the term of the Grant.

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RWMF will use electronic invoice tracking (Excel spreadsheets) to monitor the status of Grant funds through the term of the Grant. RWMF will also track the submission of deliverables required by the Grant.

As needed or upon request, the RWMF will conduct check-in meetings during the term of the Grant, either in-person by phone/Zoom, with LPS agency staff and/or an identified point of contact for the MGA.

Task 2. Grant Reporting and Compliance

Quarterly Reports

RWMF will host a kick-off meeting at the start of the Grant with the staff from the LPS agencies to review Grant reporting, invoicing, and compliance requirements. RWMF will provide a schedule for the submission of invoices and deliverables by LPS agencies to RWMF for timely processing by RWMF and submittal to DWR.

RWMF staff will prepare the quarterly reports required under the Grant and obtain MGA review and approval prior to the submission of the quarterly reports to DWR. Quarterly Reports include the following:

Invoicing: For each quarter, LPS agencies will submit to RWMF all invoices for Grant reimbursement along with supporting back-up documentation (e.g., consultant invoices, labor certifications, receipts, etc.). RWMF will review all invoices and related materials for completeness, errors and consistency to ensure that the documentation adequately supports the Grant reimbursement request. RWMF will annotate and compile all invoices for submittal to DWR in a format provided by DWR.

Progress Report: For each quarter, RWMF will use a progress report template provided by DWR in MS Word for the reporting. RWMF will assist with reporting but the LPS agency staff (or its consultants) will be principally responsible for generating the content of the reports and providing updates on the status of Grant tasks, the Grant schedule, any obstacles to completion, and anticipated work in the following reporting period. Reports will meet generally accepted professional standards for technical reporting and the requirements outlined in the DWR Grant agreement.

Deliverables: For each quarter, LPS agencies will submit to RWMF any deliverable required by the Grant completed that quarter. RWMF will compile all deliverables received from the LPS agencies for inclusion in the quarterly report.

Final Report

RWMF staff will assist in the preparation of the final report required under the Grant. LPS agency staff (or its consultants) will be principally responsible for generating the content of the final report. RWMF staff will coordinate the MGA review of the draft report and obtain approval prior to the submission of the final report to DWR.

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Compliance

The Grant includes Exhibit H, *State Audit Document Requirements and Cost Share Guidelines for Grantees*. RWMF will support the MGA in tracking the required files for Grant compliance. The lead Member Agencies are responsible on their respective components for informing their contractors/consultants of the applicable Grant requirements and requesting copies of the required compliance documentation. The Member Agencies are to provide these documents RWMF for the Grant files.

As the grantee, the MGA will receive the reimbursement payments from the State of California. The MGA treasurer/finance staff are responsible for maintaining the financial records required by Exhibit H (i.e., the receipt of reimbursement payments from the state, documentation of bank deposits, etc.) as well as general financial management related to the Grant funds. The MGA treasurer/finance staff will provide financial documents required by Exhibit H to RWMF for the Grant files.

SCHEDULE

The scope of work and cost estimate included in this proposal are based upon the current estimated schedule in the draft Grant Agreement between DWR and the MGA from July 2022 through the close out of the Grant in June 2025.

COMPENSATION

The estimated cost to provide the administration services over the term of the grant is \$380,000. Based upon prior experience administering complex, multi-year DWR grants that include multiple components/projects and multiple implementing agencies – the costs to administer those grant has been approximately 5 – 7% of the total grant award. The proposed costs is 5% of the award. The cost estimate includes 12 quarterly reporting cycles based upon the schedule in the draft Grant Agreement. If the Grant is completed sooner than June 2025, and there are fewer quarterly Grant reporting cycles, the overall cost of the Grant administration would, accordingly, be less.

The estimated annual cost of the Grant administration by category and fiscal year are presented in Table 1. The cost is Year 1 is slightly higher to reflect one-time activities related to the grant kick-off meeting, developing reporting templates, and initial coordination/meetings with DWR and the Member Agency staff. Table 2 presents the estimated costs by major cost category and employee type; these costs are estimated and the actual costs will be based upon the actual time worked by category by personnel.

The RWMF appreciates this opportunity to support the MGA and its Member Agencies in advancing collaborative water management strategies to promote local groundwater sustainability.

Best regards,



Tim Carson
Program Director

REGIONAL WATER MANAGEMENT FOUNDATION

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Table 1. Estimated Costs by Fiscal Year

	Fiscal Year 2022/23	Fiscal Year 2023/24	Fiscal Year 2024/25	Total
Grant Administration Services	\$136,799	\$121,599	\$121,599	\$379,996

Table 2. Grant Administration Estimated Costs by Task and Position

The annual estimated cost by task and position are presented below. Services are provided on a time (hours worked) and materials basis. The actual hours by task and position may vary from the estimated hours, however the cost will not exceed the total below without written authorization of the MGA.

Task Description	Position title	QUARTERLY REPORTING			Subtotal Cost
		Program Director	Administrative Officer	Program Associate	
1. Grant Administration and Coordination	Hourly Rate ¹	\$145	\$90	\$75	
		Estimated Staff Hours By Task			
	Subtotal Hrs.	300	1258	380	
	Subtotal Cost	\$43,452	\$113,220	\$28,504	\$185,176
2. Reporting and Invoicing		Estimated Staff Hours By Task			
	Subtotal Hrs.	220	1258	655	
	Subtotal Cost	\$31,900	\$113,220	\$49,150	\$194,270
				Labor Total	\$379,446
				Expenses Total	\$550
				Total	\$379,996

Notes:

1. Rate sheet provided. Rate shown is the mid-rate by job classification.

June 16, 2022

MEMO TO THE MGA BOARD OF DIRECTORS

Subject: Agenda Item 5.5

Title: Authorize Execution of a Contract with Montgomery & Associates For Fiscal Year 2022-2023

Attachment(s):

1. Montgomery & Associates Scope, Budget, and Schedule, dated May 31, 2022

Recommended Board Action: Authorize the Board Chair to execute a contract with Errol L. Montgomery and Associates, Inc. for the Scope of Services in Attachment 1, and authorize the General Manager of Soquel Creek Water District to sign the associated purchase order for a total amount not to exceed \$137,190.

At its meeting on November, 19, 2020, the Santa Cruz Mid-County Groundwater Agency (MGA) Board of Directors approved MGA Contract No. 2020-4, a multi-year Professional Services Agreement with Errol L. Montgomery and Associates, Inc. (M&A) to provide Planning and Technical Services for Groundwater Sustainability Plan (GSP) Implementation and Reporting for the Santa Cruz Mid-County Groundwater Basin (Basin).

Proposed Scope or Work and Cost

The proposed services in Fiscal Year 2022-23 total \$137,190. The Scope of Work is outlined below, and additional detail is provided in Attachment 1

Task 1. Year 4 GSP Annual Report (\$68,560)

Preparation of the Year 4 Annual Report includes the following tasks:

- Task 1.1. Obtain and Evaluate Monitoring Well Data
- Task 1.2. Quantify Water Demand and Supply
- Task 1.3. Extend Basin Model to Estimate Change of Groundwater in Storage
- Task 1.4. Prepare Annual Report
- Task 1.5. Prepare for and Present Annual Report to Board of Directors
- Task 1.6. Upload Annual Report and Required Tables to SGMA Portal

Task 2. SGMA Technical Support (\$39,430)

The following subtasks are items Member Agency staff and M&A anticipate will be needed in the fiscal year:

- Task 2.1. Coordinate with Senior Planner
- Task 2.2. Data Management System
- Task 2.3. Coordinate with Monitoring Network Expansion Consultants
- Task 2.4 SGMA Program Developments and DWR Consultation
- Task 2.5 Miscellaneous SGMA Support
- Task 2.6 Plan FY 2023-24 Tasks and Budget

Task 3. Upload Groundwater Level Data to SGMS Portal (\$9,000)

Task 4. GSP 5-Year Update Groundwater Modeling (\$20,000)

The GSP 5-year update will require an update and potential recalibration of the Basin Model. M&A will develop a plan to update the model before compiling data, entering new data into the model, and evaluating the need for model recalibration in Spring 2023.

Staff Recommendation:

The Executive Staff unanimously recommends that the Board approve the proposed services from M&A for FY 2022-23.

Recommended Board Action:

1. BY MOTION, Authorize the Board Chair to execute a contract with Errol L. Montgomery and Associates, Inc. for the Scope of Services in Attachment 1 and authorize the General Manager of Soquel Creek Water District to sign the associated purchase order for a total amount not to exceed \$137,190.

By 

Tim Carson
Program Director
Regional Water Management Foundation

On behalf of the MGA Executive Staff
Ron Duncan, General Manager, Soquel Creek Water District
Ralph Bracamonte, District Manager, Central Water District
Rosemary Menard, Water Director, City of Santa Cruz
Sierra Ryan, Water Resources Manager, County of Santa Cruz



May 31, 2022

Santa Cruz Mid-County Groundwater Agency
c/o Mr. Tim Carson
Regional Water Management Foundation
7807 Soquel Drive
Aptos, CA 95003

SUBJECT: SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY PLANNING AND TECHNICAL SERVICES FOR GSP IMPLEMENTATION AND REPORTING SCOPE, BUDGET, AND SCHEDULE – MGA CONTRACT NO. 2020-4, AMENDMENT 2

Dear Mr. Carson:

Montgomery & Associates (M&A) is grateful for the opportunity to provide a scope and budget for ongoing technical services to the Santa Cruz Mid-County Groundwater Agency (MGA). As per request, this letter contains scope, budget, and schedule for Amendment 2 that covers Fiscal Year 2022/2023 and will be part of a Master Services Agreement (MGA Contract No. 2020-4). This second amendment includes planning and technical services for Groundwater Sustainability Plan (GSP) implementation and reporting. The scope of work is summarized in 4 main tasks. Details of each task and subtasks are provided in the subsections below. Table 1 provides a breakdown of budget that corresponds to each task/subtask.

TASK 1. YEAR 4 GSP ANNUAL REPORT

The Annual Report must be submitted to California Department of Water Resources (DWR) by April 1, 2023. A draft Annual Report will be prepared by M&A and provided to MGA member agency staff for review by mid-February 2023. Based on comments received by late February 2023, M&A will compile the Annual Report for MGA Board approval at the March 2023 board meeting. M&A will compile and provide a final draft Annual Report to MGA a week prior to the board meeting for inclusion in the board meeting packet. The final Annual Report will incorporate suggestions from the MGA Board. The Annual Report schedule is summarized on Figure 1.

TASK 1.1. OBTAIN AND EVALUATE MONITORING WELL DATA

M&A will obtain and evaluate groundwater level and quality data from the GSP monitoring network. Data collection and analysis required to compile the Annual Report technical components include the following:

- Request and obtain groundwater level and quality data collected in the previous water year from all wells in the GSP monitoring network.

- Prepare groundwater elevation contour maps for each principal aquifer in the basin illustrating, at a minimum, the seasonal high and seasonal low groundwater conditions in Water Year 2022.
- Compile hydrographs of groundwater elevations and water year type using historical data to the greatest extent available through September 30, 2022.
- Summarize groundwater quality in tables for the degradation of groundwater quality and seawater intrusion sustainability indicators.
- Compare groundwater conditions data to sustainable management criteria (SMC) to describe GSP implementation progress. Summary tables will compare recent measured groundwater data to interim milestones, measurable objectives, and minimum thresholds for the seawater intrusion, streamflow depletion, chronic lowering of groundwater levels, and groundwater quality indicators.

If there is enough time and budget remaining, M&A will prepare groundwater level and quality trend maps that are not required by DWR, but will provide MGA member agencies useful information for managing the Basin.

TASK 1.2. QUANTIFY WATER DEMAND AND SUPPLY

M&A will compile data and develop estimates for groundwater extraction, water demand, and supplemental water supply. The technical components, tables, and figures required for the Annual Report include the following:

- Request and obtain groundwater extraction data from all metered wells in the GSP monitoring network. Estimates of non-municipal extractions are based on model input developed in Task 1.3
- Prepare tables and figures summarizing groundwater extraction through Water Year 2022 by water use sector, method of measurement, and accuracy of measurement.
- Develop a map showing locations and volumes of groundwater extraction in Water Year 2022.
- Compile a table summarizing surface water supply used for groundwater recharge or in-lieu use in Water Year 2022. This table will include both surface water transfer from City of Santa Cruz to Soquel Creek Water District and injection associated with the City of Santa Cruz aquifer storage and recovery program.
- Compile a table summarizing total water use in Water Year 2022 by water use sector, water source type, method of measurement, and accuracy of measurement.
- Summarize net groundwater pumping by aquifer unit group and compare to the SMC for the groundwater in storage indicator.

TASK 1.3. EXTEND BASIN MODEL TO ESTIMATE CHANGE OF GROUNDWATER IN STORAGE

M&A will update the Basin numerical model developed in GSFLOW (Basin Model) through Water Year 2022. The Basin Model is used to estimate the annual change of groundwater in storage. The Basin Model update primarily involves updating climate, extraction, injection, and return flow input data. The Basin Model outputs are used to prepare the following technical components of the Annual Report:

- Change in groundwater in storage maps for each principal aquifer in the basin.
- Table of annual change in groundwater in storage by principal aquifer.
- A graph depicting water year type, groundwater use, the annual change in groundwater in storage, and the cumulative change in groundwater in storage for the basin based on historical data to the greatest extent available through September 30, 2022.

TASK 1.4. PREPARE ANNUAL REPORT

M&A will prepare the Year 4 GSP Annual Report for Water Year 2022. The report will include technical components described in the tasks above, an executive summary, and a progress update on GSP implementation. The progress update will compare groundwater conditions to SMC, provide updates on projects and management action implementation, and describe changes to the monitoring network.

TASK 1.5. PREPARE FOR AND PRESENT ANNUAL REPORT TO BOARD OF DIRECTORS

M&A will prepare and present Year 4 GSP Annual Report findings to the MGA Board of Directors at its March 2023 meeting. We assume the meeting will take place in-person and that a M&A representative will attend and present to the Board.

TASK 1.6. UPLOAD ANNUAL REPORT AND REQUIRED TABLES TO SGMA PORTAL

M&A will upload the Annual Report and required tables (Part A through E) to the DWR SGMA Portal.

TASK 2. SGMA TECHNICAL SUPPORT

The subtasks presented under this SGMA Technical Support task are items that member agency staff and M&A anticipate will be needed over the fiscal year.

TASK 2.1 COORDINATE WITH SENIOR PLANNER

M&A will coordinate with the MGA-contracted planner hired to implement the GSP. It is anticipated that tasks M&A will coordinate on with the senior planner will be related to planning for the first 5-year update due January 2025, applying for grants to fund GSP implementation, and planning for projects and management actions.

TASK 2.2. DATA MANAGEMENT SYSTEM

M&A will provide limited support to agencies uploading data to the WISKI Data Management Systems (DMS).

TASK 2.3. COORDINATE WITH MONITORING NETWORK EXPANSION CONSULTANTS

M&A will support, as needed, Balance Hydrologics who is contracted by the MGA to expand the monitoring network in accordance with the Basin's GSP's implementation plan. M&A understands that monitoring well locations, approximate depths, and drilling methods have been finalized and that MGA selected a drilling contractor to begin well installations in July 2022. M&A coordination with the monitoring network expansion team will focus on 3 main areas: assisting with monitoring well screen interval selection, obtaining well construction data for inclusion in the SGMA Portal monitoring module, and providing input on data collection plans for interconnected surface water.

TASK 2.4. SGMA PROGRAM DEVELOPMENTS AND DEPARTMENT OF WATER RESOURCES CONSULTATION

As M&A attends regular meetings of various organizations around the state where SGMA developments and DWR support of GSAs are discussed with DWR staff, we will continue to provide SGMA related updates to the MGA. Meetings attended may include: Association of California Water Agencies (ACWA) groundwater committee meetings, Northern California Water Association (NCWA) Task Force meetings, Groundwater Resource Agency of California (GRA) meetings, and DWR workshops. We will ensure the MGA benefits from those meetings by preparing and sharing meeting notes; time spent preparing these notes will be split with other GSAs we provide the same materials to. Meeting travel and attendance costs will be split amongst those GSAs for which we are contracted to provide such services.

TASK 2.5. MISCELLANEOUS SGMA SUPPORT

M&A will support the MGA Executive Team on additional miscellaneous SGMA technical tasks, as needed, including providing grant support.

TASK 2.6. PLAN FY2022/2023 TASKS AND BUDGET

In Spring 2023, M&A will work with the MGA Executive Team to plan the FY2023/2024 budget. Continuing tasks anticipated for WY2023/2024 include preparing Year 5 GSP Annual Report (similar to Task 1), coordination with the Senior Planner (similar to Task 2.1), addressing DWR Corrective Actions on the GSP (similar to Task 2.3), tracking SGMA and DWR program developments (similar to Task 2.5), and uploading groundwater level data to the SGMA Portal (Task 3). Tasks that may need to be added to the WY2023/2024 scope are preparing the GSP 5-year update including potential structural updates to the groundwater model, modeling of MGA-directed projects or management actions, and evaluating preliminary data from the monitoring network expansion, particularly data related to interconnected surface water.

TASK 3. UPLOAD GROUNDWATER LEVEL DATA TO SGMA PORTAL

Groundwater level data from wells in the SGMA monitoring network must be uploaded to the SGMA portal by July 1 and January 1 of each year. The January 1 upload will include groundwater level data compiled for the 2022 Annual Report and will be uploaded in December 2022. The July 1 upload will be completed in June 2023. Both uploads require coordination with member agency staff to ensure all data are uploaded to the WISKI DMS prior to M&A

downloading groundwater level data and compiling it in the format required for the SGMA Portal upload.

TASK 4. GSP 5-YEAR UPDATE GROUNDWATER MODELING

The GSP 5-year update will require an update and potential recalibration of the Basin Model. M&A will develop a plan to update the model before compiling data, entering new data into the model, and evaluate the need for model recalibration in Spring 2023.

We look forward to continuing our work with the MGA and member agency staff over the next fiscal year. Please contact us if you have any questions on this scope and budget for MGA Contract No. 2020-4, Amendment 2.

Sincerely,
MONTGOMERY & ASSOCIATES



Georgina King, P.G., C.Hg.
Principal Hydrogeologist
gking@elmontgomery.com



Cameron Tana, P.E.
Principal Hydrologist
ctana@elmontgomery.com

Table 1. Proposed Budget for MGA Contract No. 2020-4, Amendment 2

Fiscal Year 2022/2023 Santa Cruz Mid-County Groundwater Agency Planning and Technical Services For GSP Implementation and Reporting		Principal Hydrologist	Principal Hydrogeologist	Hydrogeologist	Modeler	Staff Scientist	Technical Editor	Surface Water Hydrologist	Aquatic Biologist	Total Prof. Fees	Travel Expenses	Subconsultant Markup 10%	Total Estimated Fees & Markup
		CT	GK	NB	PW	LM	CF	BK	MP				
Professional Billing Rates through June 2023		\$225	\$215	\$170	\$130	\$115	\$85	\$200	\$145				
Task 1. Year 4 GSP Annual Report													
1.1	Obtain and Evaluate Monitoring Well Data	4	16	8	64	48	0	0	0	\$19,500	\$0	\$0	\$19,500
1.2	Quantify Water Demand and Supply	4	20	0	4	16	0	0	0	\$7,600	\$0	\$0	\$7,600
1.3	Extend Basin Model to Estimate Change of Groundwater in Storage	10	8	0	80	10	0	0	0	\$15,500	\$0	\$0	\$15,500
1.4	Prepare Annual Report	10	24	0	80	24	8	0	0	\$21,300	\$0	\$0	\$21,300
1.5	Prepare for and Present Annual Report to Board of Directors	4	10	0	4	0	0	0	0	\$3,600	\$160	\$0	\$3,760
1.6	Upload Annual Report and Required Tables to SGMA Portal	0	4	0	0	0	0	0	0	\$900	\$0	\$0	\$900
	Subtotal	32	82	8	232	98	8	0	0	\$68,400	\$160	\$0	\$68,560
Task 2. SGMA Technical Support													
2.1	Coordinate with Senior Planner	16	40	0	0	0	0	0	0	\$12,200	\$0	\$0	\$12,200
2.2	Data Management System	0	16	0	0	16	0	0	0	\$5,300	\$0	\$0	\$5,300
2.3	Coordinate with Monitoring Network Expansion Consultants	4	16	0	0	0	0	8	4	\$6,500	\$0	\$220	\$6,720
2.4	SGMA Program Developments and DWR Consultation	4	6	0	0	0	0	0	0	\$2,200	\$280	\$0	\$2,480
2.5	Miscellaneous SGMA Support	16	20	0	0	0	0	2	1	\$8,400	\$0	\$60	\$8,460
2.6	Plan FY2022/2023 Tasks and Budget	8	8	0	0	0	0	2	2	\$4,200	\$0	\$70	\$4,270
	Subtotal	48	106	0	0	16	0	12	7	\$38,800	\$280	\$350	\$39,430
Task 3. Upload Groundwater Level Data to SGMA Portal		0	16	0	16	30	0	0	0	\$9,000	\$0	\$0	\$9,000
Task 4. GSP 5-Year Update Groundwater Modeling		24	16	0	80	8	0	0	0	\$20,200	\$0	\$0	\$20,200
Total		104	220	8	328	152	8	12	7	\$136,400	\$440	\$350	\$137,190

Figure 1. Schedule for Year 4 GSP Annual Report (Task 1)

Santa Cruz Mid-County Groundwater Agency Planning and Technical Services For GSP Implementation and Reporting	2022				2023												
	December				January					February				March			
	Week of	5	12	19	26	2	9	16	23	30	6	13	20	27	6	13	20
Weeks from start	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
Task 1. Year 4 GSP Annual Report																	
1.1. Obtain and Evaluate Monitoring Well Data																	
1.2. Quantify Water Demand and Supply																	
1.3. Extend Basin Model to Estimate Change of Groundwater in Storage																	
1.4. Prepare Annual Report																	
Draft Report for Member Agency Staff Review											MGA Draft						
Incorporate Comments into Board Draft																	
1.5. Prepare for and Present Annual Report to Board of Directors															Board Packet	Board Mtg	
Finalize Report																	
1.6. Upload Annual Report to SGMA Portal																	
Annual Report Upload Deadline is April 1, 2023																	
Fall 2022 Groundwater Level Data Upload Deadline in January 1, 2023																	

June 16, 2022

MEMO TO THE MGA BOARD OF DIRECTORS

Subject: Agenda Item 5.6

Title: Authorize License Agreements for Access to Streamflow Monitoring Sites

Attachment(s):

1. Sample Landowner License Agreement

Recommended Board Action: Authorize the Board Chair to sign four Landowner License Agreements on behalf of the MGA.

Background:

The approved Groundwater Sustainability Plan (GSP) for the Mid-County Groundwater Basin calls for new stream gage deployment as part of the monitoring network enhancement. Stream flow, when paired with shallow monitoring wells, refines our understanding of the Depletion of Interconnected Surface Water indicator. Using the locations identified in the GSP and in coordination with the locations for the shallow monitoring wells, Balance Hydrologics selected five sites for stream gage installation. One of these sites is on Santa Cruz County Parks property, one is at an elementary school, and three are on private residential parcels.

Discussion:

The MGA is fortunate to have private landowners that are willing to grant access for the installation and ongoing monitoring of stream gages. Using the County License Agreement template, which was modified by the MGA's legal counsel, staff created License Agreements that guarantee access to the MGA and its consultants to the stream gages and provides protection to the landowners against any damages. If approved, these agreements will be executed between the MGA and the three residential landowners, as well as the elementary school.

Staff is seeking Board authorization to proceed with these agreements to allow the stream gage deployment to take place as soon as possible.

Recommended Board Action:

1. BY MOTION, authorize the Board Chair to sign four Landowner License Agreements on behalf of the MGA.

Board of Directors

June 16, 2022

Page 2 of 2



By _____

Sierra Ryan

Water Resources Manager

County of Santa Cruz

On behalf of the MGA Executive Staff

Ron Duncan, General Manager, Soquel Creek Water District

Ralph Bracamonte, District Manager, Central Water District

Rosemary Menard, Water Director, City of Santa Cruz

Sierra Ryan, Water Resources Manager, County of Santa Cruz

SAMPLE LICENSE AGREEMENT

THIS LICENSE AGREEMENT (the “Agreement,” is made as of the date of the last party to sign this Agreement (the “Effective Date”), by and between [NAME] (“Licensor”), and the Santa Cruz Mid-County Groundwater Agency, a joint powers authority (“Licensee”) (collectively, the “parties”).

BACKGROUND

WHEREAS, Licensee seeks to increase its monitoring of surface water flow throughout the Mid-County Groundwater Basin to better understand the condition of water resources in Santa Cruz County, including the connection between surface water and groundwater; and

WHEREAS, Licensee desires to enter into this Agreement to install streamflow monitoring equipment in Soquel Creek on Licensor’s property located at [ADDRESS] (the “Premises”), which includes the installation, monitoring, and maintenance of sensors to measure and record water level and water flow; and

WHEREAS, a third-party vendor will perform the installation, monitoring, and maintenance of the Equipment. The designation of “Licensee” henceforth under this Agreement shall include the Santa Cruz Mid-County Groundwater Agency as Licensee and its employees, agents, invitees, assignees, consultants, contractors, and subcontractors;

NOW, THEREFORE, in consideration of the Premises and the mutual covenants and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

1. **Grant of License.** Licensor hereby grants to Licensee a revocable, non-exclusive license to access and use the Premises for the installation, monitoring, and maintenance of streamflow monitoring equipment (the “Equipment”). A description of the Equipment is attached as **Exhibit A** and incorporated by reference.
2. **Term.** The initial term of this Agreement shall be ten (10) years, commencing on the Effective Date of this Agreement (“Term”). The parties may amend this Agreement to add an additional term and such amendment shall be in a writing executed by Licensor and Licensee.

3. **Consideration.** Licensors shall charge no fee to Licensee for access and use of the Premises and agrees to allow such access and use of the Premises for the ultimate benefit of Santa Cruz County residents to better understand the condition of water resources in the Mid-County Groundwater Basin.

4. **Access and Use of Premises.**

4.1 Licensee has a revocable, non-exclusive license to access and use the Premises for the installation, monitoring, and maintenance of the Equipment. No other rights are granted herein.

4.2 Licensors makes no warranties, implied or otherwise, as to the fitness of the Premises for Licensee's intended use. Licensee has inspected the Premises and accepts the same "AS IS" and agrees that Licensors is under no obligation to perform any work or provide any materials to prepare the Premises for Licensee.

4.3 Licensors agrees that Licensee's Equipment shall be considered Licensee's personal property.

4.4 Licensee shall not permit the Equipment to interfere with Licensors's enjoyment, maintenance, or operation of the Premises.

4.5 Licensors reserves the right to lease and/or license other portions of the Premises to other parties.

4.6 Licensee shall not access or use any portion of the Premises in a manner that is prohibited by local, state, or federal law and that is unrelated to installation, monitoring, or maintenance of the Equipment.

4.7 Licensee shall be entitled to access the Premises during weekday business hours, exclusive of holidays. The Licensee will provide two (2) days advanced notice before accessing the Premises. In an emergency that consists of the imminent threat of injury to persons or damage to property or the need to immediately repair or restore the Equipment, Licensee will have access to the Premises, using their own access capabilities.

5. **Installation and Maintenance.**

5.1 Licensee shall keep and maintain the Premises in the same condition over the Term of this Agreement as when the Premises were initially accessed, reasonable wear and tear and damage by the elements excepted.

5.2 Licensee shall be responsible for the physical installation, replacement, and/or removal of the Equipment.

5.3 Licensee shall maintain the Equipment in good condition and repair and in compliance with all applicable laws and safety requirements and within industry-accepted safety standards. Licensors assumes no responsibility for the licensing, operation, and/or maintenance of the Equipment. Licensee shall comply with all applicable federal, state, and local laws and regulations regarding the operation of the Equipment.

5.4 Licensee shall obtain and thereafter maintain all licenses, permits, and approvals necessary for the installation, monitoring, and maintenance of the Equipment. Licensee shall install, maintain, operate, repair, and replace the Equipment in compliance with such licenses, permits, approvals and all applicable laws.

6. Termination. This Agreement may be terminated by either party upon thirty (30) days' written notice. In addition to any and all other rights or remedies provided in this Agreement or which Licensors may have at law, in equity, or otherwise, in the event that Licensee fails to comply with any obligations imposed upon Licensee hereunder, Licensors shall have the right, after three (3) days' notice to Licensee of any such non-compliance and Licensee's failure to remedy same within such period (or if such non-compliance cannot be remedied within such three (3) day period, Licensee's failure to commence a cure within such period and diligently thereafter pursue such cure to completion), to terminate this Agreement on the date specified by Licensors in such notice ("Termination Date"). Upon termination, Licensee shall remove the Equipment from the Premises within ten (10) days of the Termination Date. In performing such removal, Licensee shall restore the Premises to as good a condition as they were prior to the installation or placement of the Equipment, reasonable wear and tear and damage by the elements excepted.

7. Assignment. Licensee will assign this license to the County of Santa Cruz ("County") for the sole purpose of installing the Equipment. This initial assignment to the County will be for a limited right-of-entry for the County or its employees, agents, contractors, and subcontractors to install the Equipment and depart the Premises. Other than this initial assignment to the County for the installation of the Equipment, Licensee shall not assign this Agreement without the written consent of Licensors obtained prior to the assignment. Any such assignment without Licensors' prior written consent shall be void.

8. Insurance, Indemnification and Waiver.

8.1 Licensee, at its own cost and expense, shall maintain Commercial General Liability Insurance having a minimum limit of liability of \$2,000,000 aggregate, with a combined limit of

\$1,000,000 for bodily injury and/or property damage for any one occurrence. Licensee shall also carry, at its expense, Commercial Automobile coverage of \$1,000,000.

8.2 Licensee agrees to indemnify, defend and hold Licensors and all owners of the Premises (the "Licensor Indemnitees") harmless from and against injury, loss, damage or liability (or any claims in respect of the foregoing), costs or expenses (including reasonable attorneys' fees and court costs) which may be imposed upon or incurred by or asserted against the Licensor Indemnitees occurring during the Term of this Agreement or after the expiration date hereof when Licensee may have been given access to or possession of all or any part of the Premises, arising from any negligence or other act or omission on the part of Licensee; provided that the foregoing is not intended to require Licensee to indemnify Licensor for Licensor's breach of this Agreement or for the gross negligence or willful misconduct of the Licensor Indemnitees or Licensor's employees, agents, contractors or representatives. Licensee and Licensor each hereby waive any claim that they may have against the other party with respect to any consequential, punitive, special or incidental damages, or lost profits.

This Section shall survive the expiration or earlier termination of this Agreement.

9. Hazardous Substances. Licensee agrees that it will not use, generate, store, or dispose of any Hazardous Material on, under, around, or within the Premises in violation of any federal, state, or local law or regulation. As used in this paragraph, "Hazardous Material" shall mean hazardous or radioactive material, polychlorinated biphenyls, friable asbestos, or other hazardous waste substances as defined by the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, or by any other applicable federal, state, or local law concerning environmental safety.

10. Utilities. Licensee will not require use of electricity or other utilities for the Equipment.

11. Notices. All notices, demands, requests, and other correspondence shall be in writing either personally delivered or mailed, via certified mail, return receipt requested, or sent by email to the following addresses:

Licensors:

[NAME]

[ADDRESS]

[PHONE]

[EMAIL ADDRESS]

Licensee:

Santa Cruz Mid-County Groundwater Agency

Attn: Tim Carson

7807 Soquel Drive

Aptos, CA 95003

(831) 662-2050

tcarson@cfsc.org

12. Miscellaneous.

12.1 If any term of this Agreement is found to be void or invalid, such invalidity shall not affect the remaining terms of this Agreement, which shall continue in full force and effect.

12.2 This Agreement shall be governed by and interpreted in accordance with the laws of the State of California and proper venue for any litigation hereunder shall be in the courts of Santa Cruz County without regard to the principles of conflict of laws thereunder.

12.3 This Agreement constitutes the entire agreement and understanding of the parties and supersedes all offers, negotiations and other agreements. There are no representations or understandings of any kind not set forth herein. Any amendment to this Agreement must be in writing and executed by both parties.

12.4 If either party to this Agreement institutes any action or proceeding in court to enforce or interpret any provision of this Agreement or for damages by reason of an alleged breach of any provisions of this Agreement, the prevailing party shall be entitled to recover from the losing party reasonable attorneys' fees and costs, including without limitation reasonable expert witness fees.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth above.

LICENSOR:

LICENSEE:

Property Owner

Santa Cruz Mid-County Groundwater Agency

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT

A

Licensee's equipment list

The proposed streamflow gage will include a sensor to measure water level and create a continuous record of flow past the site. The gage will include a staff plate (used to manually observe water depth) and the sensor will be enclosed in a stilling well (a 2 in. pipe) secured to the stream bank (**Figure 1**).

Specific equipment to be installed includes:

- In-Situ Rugged Troll 200 sensor, approximately 6 in. long
- 2 in. PVC pipe, approximately 4 ft. long
- Staff plate, approximately 4 ft. long
- Length of 2x4 wood, approximately 4 ft. long
- Up to 3 T-posts, approximately 4 ft. long
- Up to 4 lengths of ¼ in. rebar, approximately 4 ft. long
- Miscellaneous hardware



Figure 1. Example of a streamflow gage

EXHIBIT B

“The Property” site map

[Figure 2. Approximate location of streamflow gage]

[Figure 3. Approximate location of proposed streamflow gage within the Santa Cruz Mid-County Basin]

June 16, 2022

MEMO TO THE MGA BOARD OF DIRECTORS

Subject: Agenda Item 5.7

Title: Approve Process to Respond to the Recent Santa Cruz Civil Grand Jury Report on Water

Attachments:

1. Our Water Account Is Overdrawn Beyond Conservation: Achieving Drought Resilience
2. Response Packet provided by the Grand Jury

Recommended Board Actions:

1. Authorize Member Agency Executive Staff to draft the response to the Grand Jury report.
2. Authorize Member Agency Executive Staff to schedule an MGA Board meeting in August 2022 for the Board to review and approve the response.

Background:

The Santa Cruz Civil Grand Jury (Grand Jury), although a part of the judicial system, is an independent body with three functions:

- To examine all aspects of city and county governments and special districts by initiating its own investigations;
- To serve as ombudsman for the citizens of the cities and county; and
- To publish its investigative findings and recommendations to improve governmental operations.

To accomplish this, the Grand Jury reviews and evaluates operations, procedures, methods, and systems used by governmental agencies to determine whether they comply with the stated objectives of the agency and if their operation can be made more efficient and effective.

On May 22, 2022, the Grand Jury released a report entitled *Our Water Account Is Overdrawn Beyond Conservation: Achieving Drought Resilience (Report)*. The focus of the Report is on water management in north Santa Cruz County. Key themes include the need to look beyond water conservation for water supply resiliency and the critical role of inter-agency collaboration in achieving drought security. The MGA as well as the Santa Margarita Groundwater Agency, the City of Santa Cruz Water

Department, and the Soquel Creek Water District are specifically commended by the Grand Jury for their collaborative work.

The Report includes twelve (12) Findings and three (3) Recommendations. The Board of Directors of the MGA is listed as a Required Respondent to six (6) of the Findings and all of the Recommendations. The items to respond to are specific and must be provided by August 22, 2022.

Discussion:

As a Required Respondent, the Board must provide a written response to the Report using the forms provided by the Grand Jury. This response must be approved by the Board during a public meeting and submitted by August 22, 2022. Since the next regularly scheduling meeting of the MGA Board meeting is in mid-September, we propose a special meeting of the Board in mid-August. The MGA is not required to adopt any of the Recommendations in the Report. Should the MGA disagree with the Findings, or choose not to adopt the Recommendations, the Board must provide an explanation.

Staff is proposing to work within the Staff Working Group, which includes staff from the Member Agencies, and in partnership with the Santa Margarita Groundwater Agency, to develop the response. The report specifically highlights the need for collaboration, so we believe it is critical that the two named Groundwater Sustainability Agencies are aligned. Board members wishing to provide individual guidance can work with their respective staff members. The MGA Counsel will also review the response.

A potential date for the Board meeting is Thursday, August 18. Staff want to ensure that at least seven (7) Directors and/or Alternate Director will be available to participate on the selected date to ensure a quorum is present.

Recommended Board Actions:

1. BY MOTION, authorize Member Agency Executive Staff to draft the response to the Grand Jury report.
2. BY MOTION, authorize Member Agency Executive Staff to schedule an MGA Board meeting in August 2022 for the Board to review and approve the response.

Board of Directors

June 16, 2022

Page 3 of 3

A handwritten signature in blue ink that reads "Sierra Ryan". The signature is written in a cursive, flowing style.

By _____

Sierra Ryan

Water Resources Manager

County of Santa Cruz

On behalf of the MGA Executive Staff

Ron Duncan, General Manager, Soquel Creek Water District

Ralph Bracamonte, District Manager, Central Water District

Rosemary Menard, Water Director, City of Santa Cruz

Sierra Ryan, Water Resources Manager, County of Santa Cruz



Santa Cruz Civil Grand Jury

701 Ocean Street, Room 318-I, Santa Cruz, CA 95060
(831) 454-2099 <grandjury@scgrandjury.org>

Our Water Account Is Overdrawn Beyond Conservation: Achieving Drought Resilience

Summary

Santa Cruz County faces a water crisis. Periodic and sustained drought has become a fact of life. If we don't achieve drought resilience—and make meaningful progress toward achieving it soon—the results may prove to be catastrophic. This report examines our current water situation and proposes achievable steps that can be taken toward drought resilience by our County water districts, city water departments, and groundwater basin agencies. With these steps, residents, businesses, and farms can thrive and avoid economic hardship during times of drought.

We will highlight the important work that is currently planned or completed. This work demonstrates that our water agencies have the means to create a water capture, storage, and transfer system that will go far toward solving our current crisis. Solid, innovative drought plans for drought resilience exist, but are nearly invisible to the public. This consistent lack of transparency has made water a very charged topic, especially with regard to population growth. Residents need to know the facts when deciding issues.

The County has the means to achieve drought resilience. What's been missing is urgency and tightly integrated, cross-agency collaboration to accelerate this work. Although considerable interagency collaboration has been demonstrated, it has not resulted in the leadership needed to turn plans into action. The time to act is now.

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Background

“When the well’s dry, we know the worth of water.” —Benjamin Franklin

Water is the lifeblood of our community; it is essential for residents, businesses, and agriculture. Santa Cruz County relies on several large water suppliers, many smaller water suppliers, and thousands of private wells in rural areas. Agriculture uses about half our water, mostly in South County. For a quick snapshot, see Appendix A.

Santa Cruz County is one of a few counties in California that does not receive any water from outside the County. All of Santa Cruz’s water is locally sourced from rainfall.

Some of our County supply comes from surface water in rivers and creeks; much more comes from groundwater pumped from aquifers. These groundwater basins are replenished by rainwater. Figure 1 shows the primary water supply resources in the County.



Figure 1. **Major Santa Cruz County Water Sources**
(Source: Santa Cruz County Grand Jury)

Ensuring a consistent water supply for all residents during multi-year droughts is an ongoing challenge. During the years 2012–2015, California suffered the worst drought in almost 450 years.^[1] Santa Cruz County combated the drought through various actions, including implementing a first-time, state-mandated 25% reduction of urban water use.^[2] Since that time, only a small amount of dry season storage has been added.

Climate Change Is Accelerating Water Supply Risks

Santa Cruz County has a Mediterranean climate, with cool, rainy winters and warm, dry summers. Water usage is much higher in the summer, driven mostly by landscaping and agricultural needs. Santa Cruz County has two main rivers—the San Lorenzo River and the Pajaro River—and numerous creeks. River flow varies highly from year to year. Over the last 100 years, the maximum flow in the San Lorenzo River of 91 billion gallons of

water occurred in 1983, and the least flow of three billion gallons occurred in 1977. The average flow is about 30 billion gallons per year.^[3]

The City of Santa Cruz and its neighbors within the City's water service area use less than three billion gallons of water a year (see Table 1 in Appendix A), which is no more than a tenth of the San Lorenzo River's average annual flow. Water storage for the City of Santa Cruz and some neighboring communities is provided by Loch Lomond Reservoir, which can hold about a year's worth of water usage by the City and its neighbors.^[4] Water is diverted from the San Lorenzo River to Loch Lomond Reservoir during the rainy season and this stored water supplements the dry season river flow during the summer months. The water not diverted to Loch Lomond Reservoir or sent to the water treatment plant flows unused to Monterey Bay because we have nowhere to store it. Maintaining high levels at Loch Lomond Reservoir, shown in Figure 2, as a reserve is a critical part of the City's water supply planning.

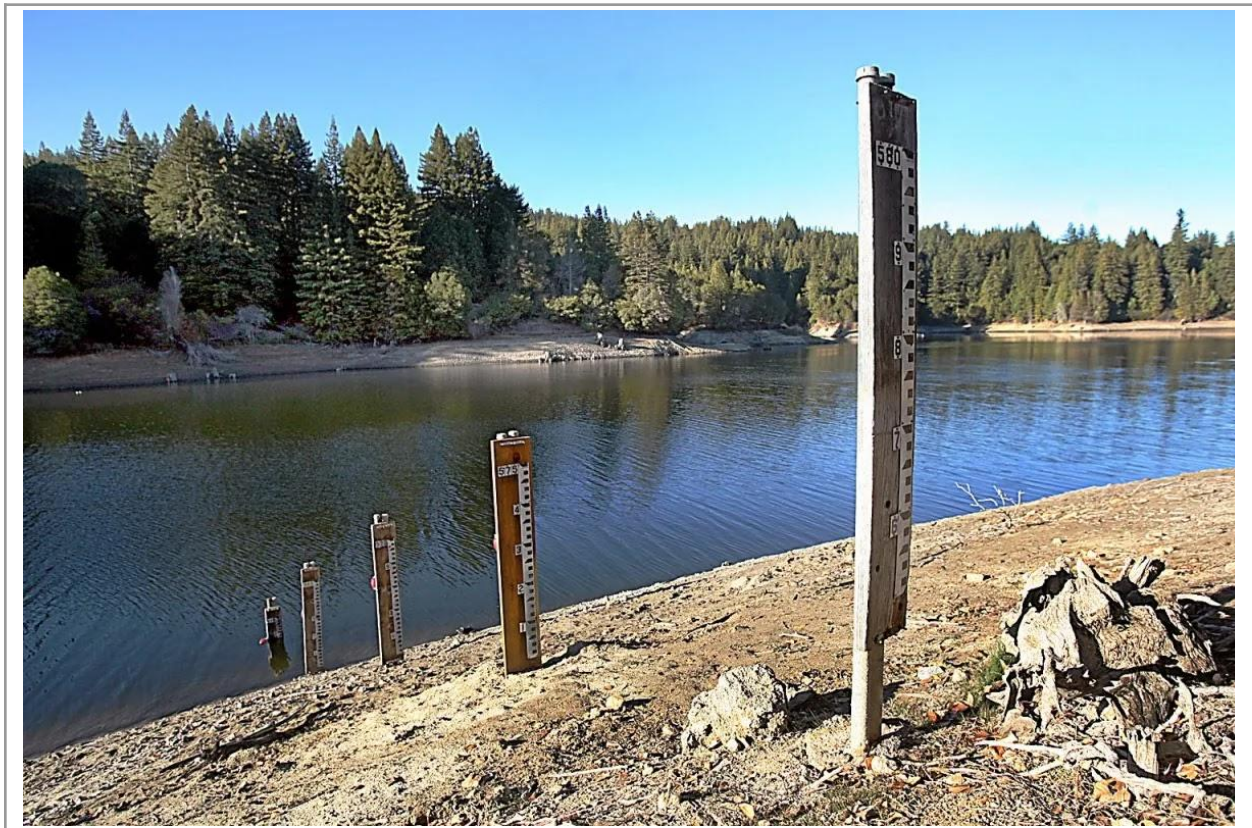


Figure 2. Half Empty or Half Full? Loch Lomond Reservoir, 2015
(Credit: Photo Courtesy of the *Santa Cruz Sentinel*)

In California, climate change has resulted in higher year-to-year rainfall variability. This means we have both more frequent drought years and more frequent high-rainfall years. We are also experiencing fewer, heavier storms. This results in more runoff, with less rainfall reaching the aquifers. In mid-County, only about 5 percent of the rainfall replenishes our aquifers.^[5] Population growth and expanded agriculture have increased groundwater pumping. This has caused chronic water shortages and critical

groundwater overdrafts. Unless replenishment of the aquifers improves, this shortage will only worsen with future extended and severe droughts.

Because there is insufficient storage to address periodic droughts, the County's water agencies have responded by stressing conservation. This has been extremely successful but is reaching practical limits. For example, in the City of Santa Cruz gross daily per capita water use declined from about 127 gallons in 2000 to 70 gallons—almost half—in 2015.^[6] Conservation measures continue to reduce water usage to less than 50 gallons per person in 2020, one of the lowest levels in California.^[7]

During normal rainfall years, the water supply mostly meets County water needs. During droughts, however, demand exceeds supply in parts of the County, resulting in a deficit, particularly through pumping groundwater basins. In the worst case, the projected deficit can reach 1.2 billion gallons in a year.^[8] Over many years, this has led to chronic overdrafting of the basins. The lowering of the groundwater level causes saltwater intrusion to occur near the coast.

Drought Costs Everyone—a Lot!

The entire County lacks an economic impact report on the effects of a sustained drought. However, drought's economic effects are visible to all.^[9]

The City of Santa Cruz has developed the “2020 Water Shortage Contingency Plan”^[10] that details drought contingency allocations. A Stage 5 drought reduces allocations to 60 percent of normal (40% cut), while the less severe Stage 4 drought limits allocations to 79 percent of normal (21% cut). Stage 4 is somewhat less severe than the 25 percent cut mandated during the 2012–2015 drought.^[2] See Appendix B for more detail.

Encouraging the City to avoid Stage 5 cutbacks should be a high priority for all businesses in the City. Water users should keep in mind that drought contingency fees kick in during droughts. Water infrastructure needs to be paid for whether the pipes are full or not.

The County depends heavily on tourism and the Transient Occupancy Taxes generated to support the general fund. The area's tourist and restaurant businesses are highly dependent on workers from across the County. Since a Stage 5 drought would limit tourist-oriented commercial water usage, many of those workers could be put out of work. Stage 5 restrictions will cause revenue drops for both the County and City of Santa Cruz.

Beyond the economic impact, our quality of life matters too. From the last sustained drought we remember watching our gardens wilt, driving cars we could not wash, and flushing toilets only when absolutely necessary. Santa Cruz County is a less desirable place to live when our water use is severely restricted. Water-wise appliances, native plant landscaping, and other conservation measures are now normal for our residents, but further cuts in the water supply will adversely impact daily living for all of us.

Forty Years of Single-Agency Efforts Have Shown Limited Results

Recognition of recurring water shortages in our County goes back decades. Originally, a second reservoir at Zayante was planned to store San Lorenzo River water. Due to cost and environmental concerns, it was never built. At the time, the City of Santa Cruz believed they could provide an adequate water supply through several smaller projects.^[11]

In the 1980s, seawater intrusion into the Mid-County aquifers that underlie much of Soquel and Capitola was detected. This intrusion was due to overdrafting, meaning more water was being pumped from the groundwater basin than was being replenished by rainfall, which results in lowering the groundwater level. Monitoring wells were drilled to track the extent of the intrusion and conservation measures were promoted.^[12] Figure 3 illustrates the saltwater intrusion relationship between local aquifers and Monterey Bay.

The focus of conservation was to reduce the demand on the system, and has been very successful. The Mid-County and Santa Margarita groundwater agencies have been chartered to achieve sustainability of the groundwater basin. We have been told that sustainability means, “Don’t make anything worse.” This sentiment refers to critical basin metrics, including groundwater level, groundwater storage reduction, land subsidence, water quality degradation, and seawater intrusion. Sustainability is not the same as resilience, which enlarges supply. For more detail on groundwater sustainability laws, see the section titled, “Laws That Drive Water Agency Actions.”

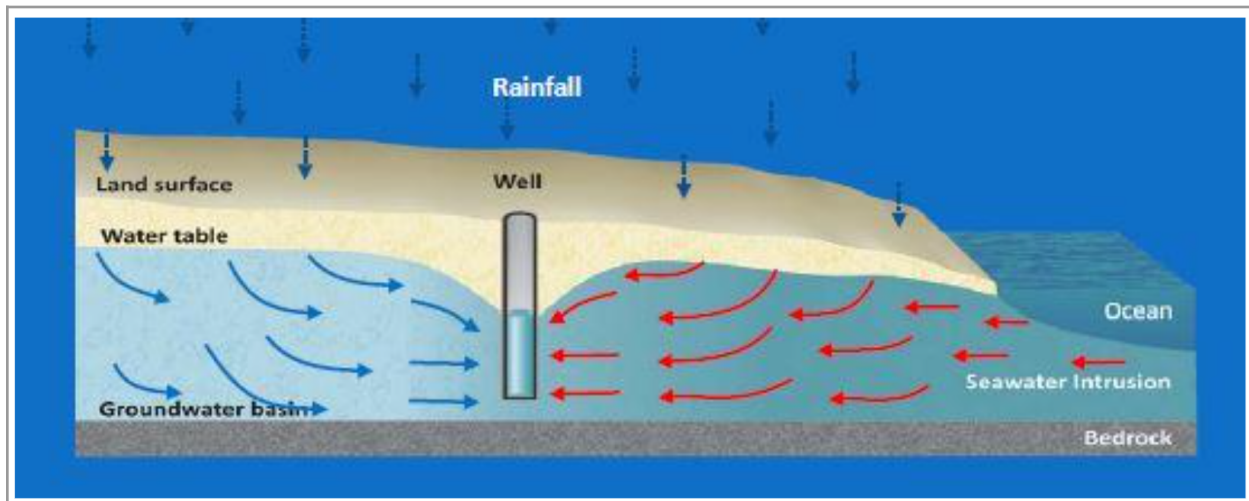


Figure 3. **Saltwater Intrusion Process**^[13]

In 2010, planning began on a desalination plant that would serve the City of Santa Cruz and neighboring communities. The City of Santa Cruz discontinued the plan in 2016 after significant objections were heard from the local community. These objections included high setup and operational costs, insufficient evaluation of alternatives, the need for a more regional approach, a greater focus on conservation, and the likelihood of drought scenarios needing further analysis.^[14]

In the early 2000s, investigations began into the possibility of taking water from the San Lorenzo River during the winter, treating it, and storing it in the neighboring groundwater

basins which have lots of “headroom” due to overdrafting. This stored water would both replenish the basins and provide water that could be returned to the City of Santa Cruz during droughts. The concept of integrated management of surface and groundwater to maximize water storage and availability under changing climate conditions is referred to as conjunctive use. This concept has finally reached the demonstration phase, 20 years later.

The State funded a planning grant through the Integrated Regional Water Management Act (see “Laws,” next section) to study the feasibility of conjunctive water use in Santa Cruz County. The grant funding produced a major report in 2015 that indicated that injecting treated water from the San Lorenzo River into the neighboring groundwater basins and recovering it for later use is feasible.^[15] Integrated Water Resources Management funds were applied to this work because conjunctive use binds local water agencies together to improve the reliability of the regional water supply. Further evaluation, captured in reports from the Santa Cruz Water Supply Advisory Committee, indicate that groundwater storage can equal the three billion gallons stored in Loch Lomond Reservoir.^[4] When at capacity, this groundwater supply could deliver a maximum of one billion gallons in a single year, which is one third of the total capacity of Loch Lomond Reservoir.^[16]

However, water rights are a significant barrier to conjunctive use. The City of Santa Cruz is restricted from transferring San Lorenzo River water to neighboring water agencies. Modifying the water rights requires State Water Resources Control Board approval, and obtaining this approval requires an exhaustive Environmental Impact Report (EIR).^[17] Work on revision of the water rights *alone* began in 2013 and was only completed in late 2021.^[18] With the EIR complete, the change in water rights can be approved by the State. That will allow vastly more flexible water-sharing options between the districts serving the City of Santa Cruz, Mid-County, and North County. Most important among these options is efficiently capturing rainy season flow from the San Lorenzo River to recharge local aquifers.

As stated earlier, wildlife protection is an important aspect of water management. The EIR discusses the potential impacts of conjunctive use on local fish like coho salmon and steelhead trout, which are a threatened species. These fish need sufficient flow for adults to swim upstream during the spawning season, and for the juvenile fish to hatch and swim downstream to the ocean. The conjunctive use described in the EIR would divert water from the San Lorenzo River only during the winter months when sufficient river flow is not an issue. Conjunctive use may help protect the fish by allowing more flexibility in limiting diversions from the river during periods of low flow. For more detail on fish protection, consult the EIR.^[18]

Laws That Drive Water Agency Actions

The State of California has enacted legislation aimed at protecting and preserving its water resources while providing adequate water supply to residents, businesses, and agriculture. The laws guiding our water agencies’ ability to deliver a resilient water supply, and some background on local effects, are listed here:

California Environmental Quality Act (CEQA) of 1970. This law requires that state and local agencies disclose and evaluate the significant environmental impacts of proposed projects and adopt all feasible mitigation measures to eliminate those impacts or at least minimize them. Capital improvement projects such as those described in this report require an Environmental Impact Report (EIR). Feedback from local agency leaders indicates that detailed plans may trigger a CEQA requirement which would be expensive and time-consuming. Many of the plans reviewed for this report deliberately lacked any specificity that might require an EIR. Addressing that problem is outside the scope of the grand jury.

Urban Water Management Planning Act of 1983. The Act promotes efficient water use and conservation. It requires large water suppliers providing water for municipal purposes to prepare and submit an Urban Water Management Plan to the California Department of Water Resources every five years. In response to the expected effects of climate change, recent amendments to the Act require local water agencies to plan for five consecutive drought years.

Integrated Water Resources Management (IWRM) Act of 2002. The Act aims to improve water supply reliability and water quality. It encourages water supply agencies and local governments to work together to more effectively manage water resources regionally.

Sustainable Groundwater Management Act (SGMA) of 2014. This legislation aims to prevent further degradation of the State's essential groundwater supply. It directs the California Department of Water Resources to identify groundwater basins where "continuation of present water management practices would probably result in significant adverse overdraft-related environmental, social, or economic impacts." These identified basins are designated as critically overdrafted, and the Act requires that they be sustainable by 2040. Twenty-one groundwater basins have been designated as critically overdrafted in California. Two of them are in Santa Cruz County. The responsible groundwater management agencies are described in Appendix A.

Scope and Methodology

As residents of Santa Cruz County, we see the impact of drought and share a high level of concern about adequate water supplies. We wanted to understand how water is sourced, stored, and distributed to customers, the limitations inherent in the current water infrastructure, and what can be done to provide a more resilient water supply. We looked at the existing and planned physical infrastructure, the charters of the responsible water agencies, and finally, at the barriers to achieving real drought resilience.

This report focuses on North County where the water storage problem has a solution within reach. South County, the small and minor water suppliers, individual wells, and agriculture areas are not included in this investigation. The limited scope of this report does not diminish the need to address drought resilience in those areas.

This investigation report describes the infrastructure that collects, treats, and distributes water. Our intent is to provide enough information that residents can see the big

picture—that drought resilience is achievable and that population growth need not threaten our access to sufficient water. We also address the systemic barriers to achieving that goal. We had hoped that a succinct drought resilience document already existed, but found only massive documents—some more than 1,000 pages long—sprinkled with disconnected nuggets of useful information.

The investigation included:

- Interviewing local water agencies
- Reviewing reports and plans describing current and future local water infrastructure
- Researching local water agency charters, collaborations, conflicts, and overlaps
- Seeking out best practices from integrated water management
- Considering options for improving county-wide water supply planning and execution
- Examining barriers to achieving county-level drought resiliency

Definitions

This report relies on many information sources that vary in terminology usage. In some cases, terms have specific legal meanings, but this gets lost in everyday conversation. The following terms will be used consistently in this report:

Critically overdrafted groundwater basin: A basin is subject to critical overdraft when continuation of present water management practices would probably result in significant adverse overdraft-related environmental, social, or economic impacts.^[19]

Conjunctive use: The concept of integrated management of surface water and groundwater to maximize water storage and availability under changing climate conditions is referred to as conjunctive use.^[15]

Groundwater sustainability: The development and use of groundwater resources to meet current and future beneficial uses without causing unacceptable environmental or socioeconomic consequences.^[20]

Drought resilience: Groundwater sustainability supports drought resilience, but is not equivalent. Resilience requires storage, recycling, or other methods that bank water or draw it from other areas so that drastic water service reductions are *not* required when severe droughts occur.

Water rights: A water right is a legal entitlement authorizing water to be diverted from a specified source and put to beneficial, non-wasteful use. Current water rights prevent excess water from the San Lorenzo River being sent to the neighboring water agencies, which means that it is discharged into Monterey Bay.

Water augmentation strategy: Augmentation is the process of adding water to an existing source water supply (such as a reservoir, lake, river, wetland, or groundwater basin). The added water may be treated or purified in transit as required by water quality regulations. The goal is to capture water to be used later.

In-lieu recharge: This recharge method indirectly enables aquifers to refill with water by utilizing surface water “in-lieu” of pumping groundwater. The substitution thereby retains an equal amount of water in the groundwater basin. This approach is also termed passive recharge or resting wells. The limitation of this approach in Santa Cruz County is that surface water is most available during the winter, when pumping is less because water usage is less. Active Storage and Recharge, defined below, recharges aquifers when excess surface water is available. The recharge volumes can far exceed simply avoiding pumping.

Aquifer storage and recovery: Aquifer storage and recovery is a water resources management technique for actively storing water underground during wet periods for recovery when needed, usually during dry periods. This approach typically relies on injection wells to push water into the aquifer. The timeframe can range from months to decades.

Investigation

This section describes the key water sources and delivery system elements. Our goal was to understand and report on the capabilities and limitations of the current system, with a focus on agency silos and opportunities for improving resilience.

The City of Santa Cruz Existing Surface-Water System

The City of Santa Cruz water system is the largest in the County, serving close to 100,000 people. The system includes capturing water from the San Lorenzo River or from Loch Lomond Reservoir, moving the water to the treatment plant, treating the water, and distributing it to customers. We describe the system in some detail because it is relevant to the conjunctive use described later in this report. We include a brief description of the water treatment plant because it also contributes to conjunctive use. Figure 4 shows the key elements of the system.

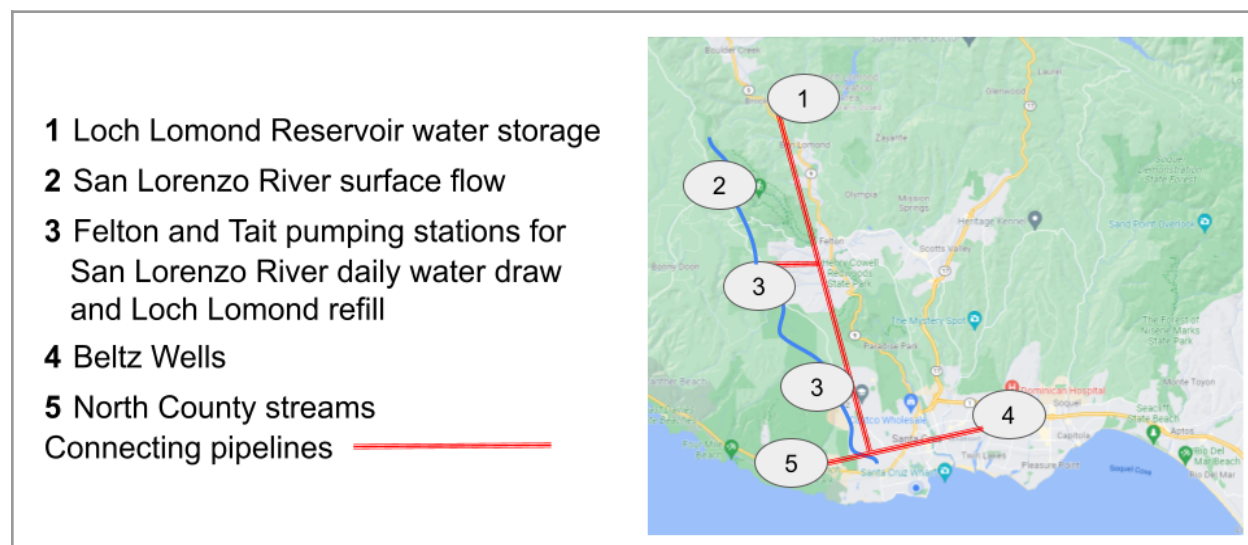


Figure 4. **City of Santa Cruz Water Supply**
(Source: Santa Cruz County Grand Jury)

The following are the key elements of the City of Santa Cruz water supply:

- *Sourcing water.* The City gets the vast majority of drinking water from the San Lorenzo River. This source is augmented by streams and springs in North County and groundwater wells near Tait Street and 41st Avenue. Newell Creek is an indirect surface water source because it feeds Loch Lomond Reservoir.^[21]
- *Moving surface water.* The City relies on pumping stations and pipelines.
 - North County stream water travels to the City's Graham Hill Water Treatment Plant by pipeline.
 - San Lorenzo River water is pumped uphill from the Felton Diversion facility to Loch Lomond Reservoir. From there it flows to the Graham Hill plant.
 - River water is also pumped directly to the Graham Hill plant from the Tait Street Diversion.^[22]
- *Storing water.* Loch Lomond Reservoir is the City's only large water storage reservoir. It has capacity roughly equivalent to the water used by the City in one year.^[23] During the rainy season, there is excess pump capacity to push water to Loch Lomond Reservoir. Water from Loch Lomond supplies the City during low river flow dry months.
- *Treating water.* The Graham Hill Water Treatment Plant prepares water prior to use by customers. Treatment includes eliminating cloudiness in the surface water sources, which is frequent during high-flow winter months.
- *Sharing water with other districts.* The City water system connects to the Soquel Creek Water District. This connecting pipeline was used to transfer water to the Soquel Creek Water District during the pilot demonstration of Aquifer Storage in 2017.^[24]
- *Sewage treatment.* The Santa Cruz Wastewater Treatment facility near Neary Lagoon treats water so it can be safely dumped into the ocean. The plant receives untreated sewage from the City of Santa Cruz along with the City of Scotts Valley and communities such as Capitola in the Mid-County region.^[25] The plant's treated water will be redirected to saltwater intrusion control wells in the Pure Water Soquel project (described in the next section). This requires additional purification.^[26]

Santa Margarita Groundwater Sources

The Santa Margarita Groundwater Basin (**SMGB**) is a groundwater basin largely contained between Highways 9 and 17, and bounded by Boulder Creek and Lompico in the north and Mount Hermon communities in the south. The SMGB is overseen by the Santa Margarita Groundwater Agency, described in Appendix A. Because of successful conservation efforts, demand and supply have been in balance in the SMGB for the last ten years.^[27]

The Scotts Valley Water District and the Mount Hermon Association get their water from the SMGB. This basin also supplies 13 small water systems and more than 1,100 individual well users. The San Lorenzo Valley Water District receives about half its water from the SMGB.

Finally, 40–50 percent of the flow of the San Lorenzo River leaks into the river from aquifers of the SMGB as the river passes through the Santa Cruz Mountains. The City of Santa Cruz, while reporting that it receives 95 percent of water from the surface, benefits greatly from the same aquifers that the Scotts Valley and San Lorenzo Valley Water districts depend on.^[28]

Santa Cruz Mid-County Groundwater Sources

The Santa Cruz Mid-County Basin (**MCB**) is a groundwater basin that underlies parts of the cities of Santa Cruz and Capitola, and unincorporated parts of Santa Cruz County, including Soquel, Aptos, and La Selva Beach. The Soquel Creek Water District and the Central Water District obtain all their water from the Santa Cruz Mid-County Basin.^[29]

The MCB is overseen by the Santa Cruz Mid-County Groundwater Agency (**MGA**), described in Appendix A. The MCB is designated as in “critical overdraft” because of seawater intrusion at several wells located close to the coast, and a lowering of groundwater levels at wells further inland. A well that is contaminated by saltwater may not be recoverable and may need to be abandoned. Saltwater intrusion still occurs in spite of significant conservation efforts led by the MGA and implemented by the residents.^[30]

The district had been working on achieving a sustainable water supply for several years before the Groundwater Sustainability Plan (**GSP**) was produced. The Pure Water Soquel project, which is intended to prevent further seawater intrusion into the basin, is currently under construction. See the next section, “Agency Collaboration: Pure Water Soquel.”

Agency Collaboration: Pure Water Soquel

The Soquel Creek Water District does not have sufficient water to meet the demands of residents in this service area. All of the supply comes from groundwater pumping and the water quality is at risk from saltwater intrusion. Simply put, the district needs more water to stay afloat. The joint project between the Soquel Creek Water District and the Santa Cruz Water District^[26]—Pure Water Soquel—is a groundwater replenishment and seawater intrusion prevention project. It will provide close to 500 million gallons of recycled water annually to push back the saltwater intrusion along the coast using injection wells.^[31] It is currently under construction with completion expected in 2022 and production starting in 2023.

The Santa Cruz Wastewater Treatment Facility (Neary Lagoon) supplies water for this project. The plant currently treats wastewater in order to discharge it into the ocean. A new pipeline will transfer a portion of this water to the Soquel Creek Water District’s water treatment facility in Capitola for further purification and reuse. The treatment plant ties to existing pipelines that connect to injection wells near the coast which aim to block saltwater intrusion.^[32]

Completing this project will reduce the degree of overdraft in the Mid-County Basin and protect against further seawater intrusion. Importantly, this project demonstrates successful large-scale collaboration between local agencies. It also accelerates the use of recycled water in the County, similar to the use of recycled water from Watsonville to address saltwater intrusion in South County. This use of recycled water is described in the following section titled, “Agency Spotlight: Pajaro Valley College Park Project.” Figure 5 illustrates the evolution of groundwater pumping practices and their relationship to seawater intrusion, which the Pure Water Soquel project is designed to address.

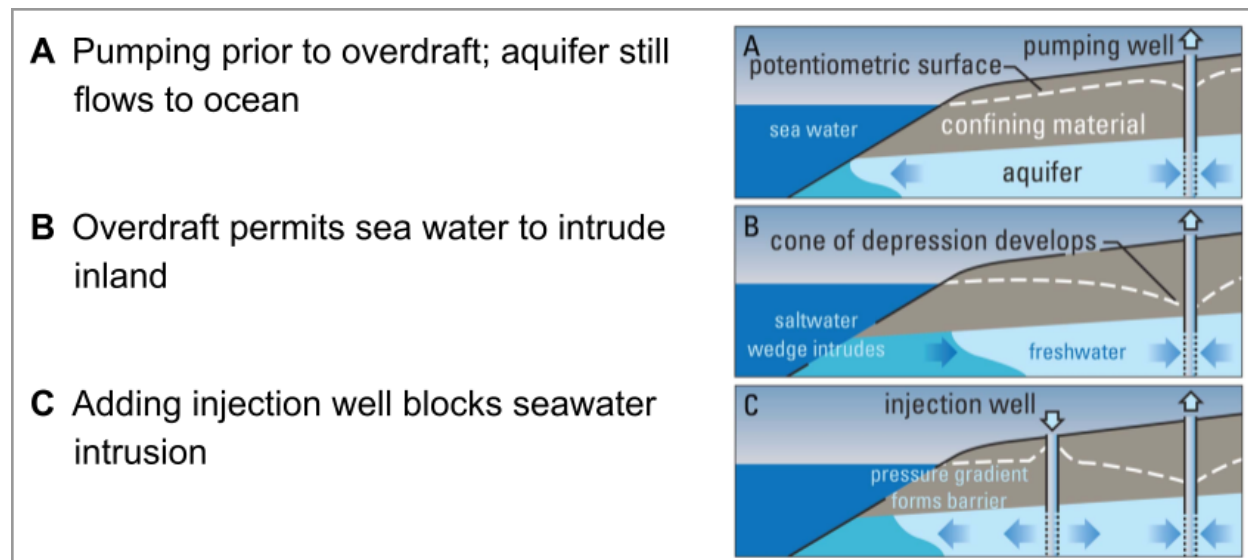


Figure 5. **Stemming the Flow of Seawater Intrusion**^[33]

The Pure Water Soquel project, while a significant step toward basin sustainability, does not build a reserve within the aquifer. More water from the Santa Cruz Wastewater Treatment Plant is available than is being used by the Pure Water Soquel project. That excess water currently flows to the ocean.

The City of Santa Cruz Water Augmentation Strategy

“But if we get to three, four, five dry years in a row the system is just simply not designed to accommodate that.”

—Rosemary Menard

Director, City of Santa Cruz Water Department^[34]

The City has been exploring conjunctive use for many years. Treated water from the San Lorenzo River could be transferred to the San Lorenzo Valley Water District, the Scotts Valley Water District, and the Soquel Creek Water District, initially to allow them to “rest” their wells. This treated water would allow for passive recharge of those districts’ aquifers,^[35] and also be available to those districts to actively inject additional water into the overdrafted Mid-County Basin and the Santa Margarita Basin. The injected water would recharge the aquifer, and allow the City to get some of this water back during times of drought.^[36]

Eventually, the reserve described above would contain roughly one year's worth of water that could be transferred back to the City. The recharged aquifers would effectively become a second "strategic reserve" of water for the City similar in size to Loch Lomond Reservoir. The water would come from improved rainy season water capture and transport. As mentioned previously, in average and rainy winters, total flow far exceeds the actual usage by the City. Figure 6 illustrates the relative volumes.

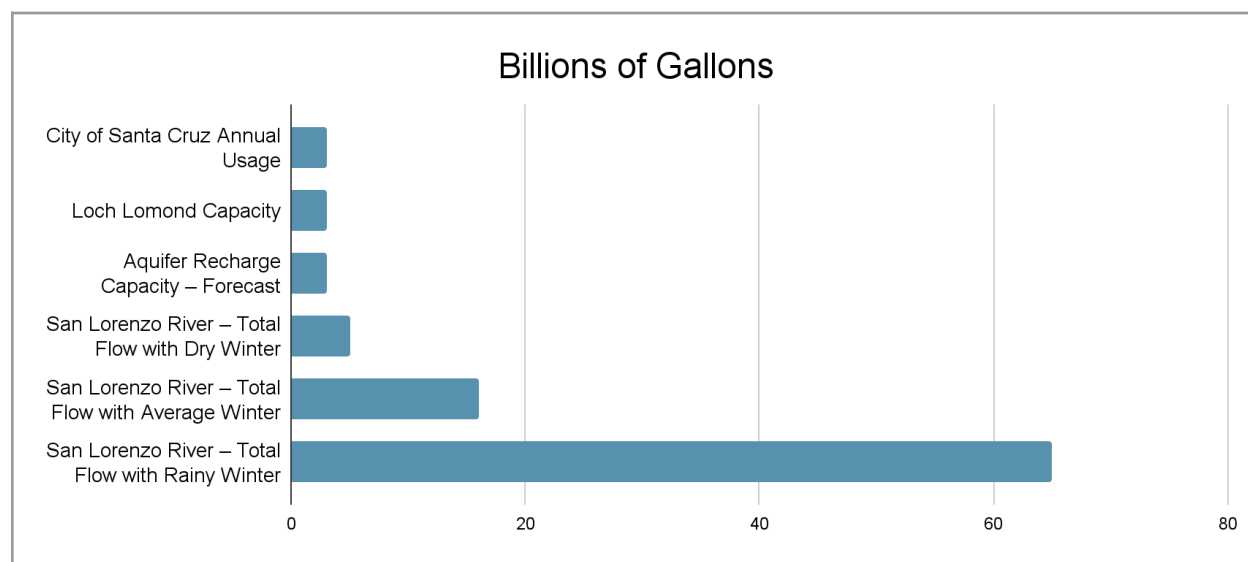


Figure 6. **San Lorenzo River Flow and Local Needs**
(Source: Santa Cruz County Grand Jury)

Current water rights limit the City's flexibility in how San Lorenzo River water can be used. For instance, during the rainy season, the City has pumping capacity to push water to nearby districts where it can be stored. However, current rights do not allow this action because it is not an authorized beneficial use.^[37]

Another water rights issue is that water pumped from the San Lorenzo River, but not directly used by the City, must be sent to Loch Lomond Reservoir. If Loch Lomond is full, then the excess pumping capacity cannot be used. The issue is not the *amount* of water that the City has rights to; it is that the City has very limited flexibility in *how to use* the water. Water flowing to the ocean during the winter rainy season far exceeds amounts that could be redirected to groundwater reserves.^[37]

Changing the City's water rights to allow water transfers to the neighboring water districts is a major undertaking which required an Environmental Impact Report under California Environmental Quality Act rules. The report has been completed and was published in November 2021.^[18] The California Department of Water Resources is expected to approve the EIR in 2022. These are the components of the City of Santa Cruz Water Augmentation Strategy as described in the EIR:

- *Give the City more flexibility to move and store water from existing sources.* This component requires adjusting the City's water rights so that unused rainy season water that the City has rights to can actually be used to increase water storage.^[38]

Specific elements of the revised rights include moving water from the Graham Hill Water Treatment Plant to the neighboring water districts and storing this water in groundwater reservoirs.

- *Develop groundwater storage near Capitola and Scotts Valley.* This component includes injection wells, recovery wells, and pre-injection treatment.^[39] Testing and qualifying the groundwater storage aquifers for quality and capacity has been conducted for both locations.
- *Establish two-way transport to the storage areas.* Pipeline costs have not been published, however laying groundwater pipes is a well-understood engineering and construction project.
- *Obtain water to store from existing pumping stations.* Current upgrade plans for the Felton Diversion, Tait Street Diversion, and the Graham Hill Water Treatment Plant include capacity to push water to the storage sites. They also include upgraded initial treatment so that winter storm water can be redirected to ground storage. This water movement will not interfere with fishery conservation because those issues generally arise during low water periods. This has been documented in the city water rights application materials.^[38]
- *Set new water-sharing agreements with adjacent agencies.* The Mid-County Groundwater Agency and the Santa Margarita Groundwater Agency are responsible for groundwater management in the locations that the city plans to use. Collaboration amongst the agencies is underway and being worked in parallel with the water rights revision.^[40]

Bottom line for the City: Completing this project will provide City residents with a much more drought-resilient water supply—in essence, a *strategic reserve*. Coupled with the conservation measures already embraced by City residents, the City of Santa Cruz will be much better prepared for recurring droughts.

Contribution to drought resilience at the County level: While not called out by local agencies, the Grand Jury believes the following appear to be opportunities to broaden the value of the augmentation project.

- The project could extend access to the previously described strategic reserve for Santa Cruz Mountains residents. Early discussions have been held to connect the City of Santa Cruz and the Scotts Valley water distribution systems. With this connection, water could be supplied to the San Lorenzo Valley Water District through the existing emergency connecting pipeline. The reserve approach appears to be extendable over time; this would further leverage the value of aquifer recharge infrastructure investments.
- The documented contention for groundwater aquifer space between the City of Santa Cruz and the Soquel Creek Water District demonstrates the importance of the Mid-County aquifers. While short term, there is rework to address this contention on both Pure Water Soquel and the City of Santa Cruz aquifer recharge projects. In the long term this effort benefits both districts.^[41]

- The Mid-County Groundwater Agency and the City of Santa Cruz share pipeline capacity that could be used to recharge the Mid-County aquifers beyond the Capitola area. The extra capacity could be used to recharge the aquifers so Mid-County residents gain a reserve beyond the legal requirements for sustainability. Such additional work would maximize recharge and resilience for the Mid-County aquifers.

Agency Spotlight: Pajaro Valley College Lake Project

Aquifers along the coast in the Pajaro Valley region are heavily overdrafted. Resting wells used by local agriculture helps to slow the rate of saltwater intrusion but does not reverse the intrusion.^[42] The Pajaro Valley College Lake Project shows local expertise and serves as an example of approaches that can be applied in North County and Mid-County.

Project

The project extends the use of College Lake, a seasonal lake in the Pajaro Valley near Watsonville. By raising the maximum lake level with a small adjustable dam, commonly known as a weir, additional water can be stored. Besides storage, a pipeline has been built to transport water from the lake to the Pajaro Valley Coastal Distribution System, which already receives recycled wastewater from the City of Watsonville. The project adds to the surface water resource available for farming. Wells in the area can be rested, which aids in countering saltwater intrusion.

Annual water transfer capability

College Lake can store up to 600 million gallons, approximately 20 percent of Loch Lomond Reservoir. It can deliver between 600 to 750 million gallons in typical years, with a maximum of one billion gallons. Monthly usage of water varies from five million gallons to 150 million gallons.

History of College Lake

Historically, College Lake formed naturally during the wet season. Since 1920, draining has been authorized to free up the land for farming. Making the water available to the Coastal Distribution System has been discussed for many years and was documented in 2014.^[43] However, the project is still not complete. This delay reflects the slow pace of water project development when only a single agency with limited resources is responsible for its execution.

Contribution to drought resilience at the County level

As with the Pure Water Soquel project, this project's end goal is to gain supplemental water in order to rest the wells that are at risk for saltwater intrusion. In the same way as the Pure Water Soquel project, the College Lake project does not optimize water use to reflect water availability.

Wet weather surplus simply overflows into Monterey Bay. There are opportunities to:

- Use wet weather surplus for active injection in threatened agricultural areas
- Apply surplus in areas that are not directly threatened to improve groundwater levels
- Transfer water to adjacent districts if additional surplus exists or a water emergency arises.

The Role of Wastewater Recycling

As previously mentioned, wastewater recycling is practiced in both South County and Mid-County. In both cases, the water is used to counter saltwater intrusion. Direct potable reuse is another emerging option. Less than half of the wastewater from the City of Santa Cruz Wastewater Treatment Facility (Neary Lagoon) will be used by the Pure Water Soquel project. The remainder of the wastewater will still be available to improve drought resilience, for instance, in countering saltwater intrusion.

There are other examples of wastewater recycling in California. Orange County Water District's Groundwater Replenishment System (GWRS) became operational in 2008. It has since produced more than 365 billion gallons of drinking water from wastewater.^[44]

Additionally, Santa Clara Valley Water District expects to produce eight billion gallons of potable water from wastewater per year beginning in 2025, with a target of increasing production to 15 billion gallons per year.^[45]

Limitations on Resilience Posed by District and Agency Charters

As mentioned previously, Santa Cruz County lacks external water resources. Multiple independent agencies, as well as individual well owners, share groundwater and surface resources. While there is meaningful cooperation and collaboration among agencies, periodically district-centric objectives and strategies come into conflict. During interviews on district priorities, phrases such as “protect our districts” surfaced. However, water in Santa Cruz County need not be viewed as a zero-sum game.

This report points to many opportunities for collaborations that share water and improve water security for all residents. Unfortunately, there is no oversight agency or organizational structure in place to resolve conflicts and ensure that outcomes serve the greater good of the entire County. The end result is delay. Decades are spent on seemingly straightforward and beneficial projects, such as:

- Projects addressing saltwater intrusion have been a multi-district issue since the 1980s.
- The Santa Cruz City Water Department, along with the San Lorenzo Valley Water District and the Scotts Valley Water District, has been evaluating San Lorenzo River water-sharing since the early 2000s.

Collaboration is not the same as leadership. Our interviewees made it clear that an agency taking a leadership position would imply they had the funding to implement projects. Individual water districts are not tasked with a county-wide focus and they lack

both the funds and authority to address this void in leadership. The groundwater agencies are chartered only for aquifer sustainability. As discussed previously, sustainability is only one component of drought resilience. With no consistently funded leadership, the districts cannot align for the greater good.

Achieving a Resilient Future

While Santa Cruz County's water resources are vulnerable to unpredictable climatic conditions, there is a clear path forward to drought resilience. The key to creating a resilient water future for Santa Cruz County residents is storing more of the surface water that falls as rain during the winter. The overdrawn condition of the Mid-County and Santa Cruz Mountains aquifers has created ample headroom for stashing surface water during the rainy season. Only a small percentage of the San Lorenzo River's rainy season flow is captured. The vast majority flows into Monterey Bay.

If Santa Cruz County is to attain water security in the presence of climate change and droughts, developing a strategy to capture, move, and store our rainy season surplus is essential. We found there are well-documented proposals for capturing and storing excess rainy season surplus water to provide water security for the future. The problem is execution. Management of the County's water is controlled by numerous independent agencies. While these agencies share a common goal of providing their own customers with abundant clean water, they are not resourced or chartered to plan, fund, and build a cohesive water capture and supply infrastructure to deliver regional drought resiliency. Examples of district-centric execution are well-documented in the previous sections. Notably:

- Pure Water Soquel: Saltwater intrusion and well resting
- College Lake: Wet season water capture and distribution

Specific benefits of adopting a more integrated and regional agency structure include:

- Improving credibility when requesting grant funds for large infrastructure projects such as pipelines. These projects all improve flexibility and resiliency but are expensive to build.
- Improving flexibility and reaction time when moving water across district boundaries. This change can provide better service to residents as well as protection against saltwater intrusion.
- Simplifying the planning and project execution: this is necessary to make full use of recycled water, such as could be sourced from Watsonville and Santa Cruz.

In short, it is time to recognize that the medley of collaboration and cooperation at the interdistrict level has not delivered resiliency. Figure 7 shows the current set of connecting pipelines between districts.



Figure 7. Interdistrict Water Supply Connecting Pipelines
(Source: Santa Cruz County Grand Jury)

It is time to move toward a more integrated set of agencies that can achieve the following:

- Create a wet-weather runoff capture system, strategic aquifer-based water reserve, and a robust connecting pipeline fabric between districts to optimize water use.
- Demonstrate broad consensus to strengthen the case for major infrastructure funding from state and federal sources.
- Embrace innovative approaches to improving resilience. For example, establishing a continuous chain of saltwater intrusion protection wells along the existing railway right of way. This change could leverage recycled wastewater from Santa Cruz and Watsonville.
- Deliver County residents water security that will support economic prosperity despite expected droughts.

Figure 8 shows the key elements required to achieve drought resilience. It is based on proposals that have existed for years but have not yet been addressed as a unit. The approval of the EIR opens the door for this work to be done.

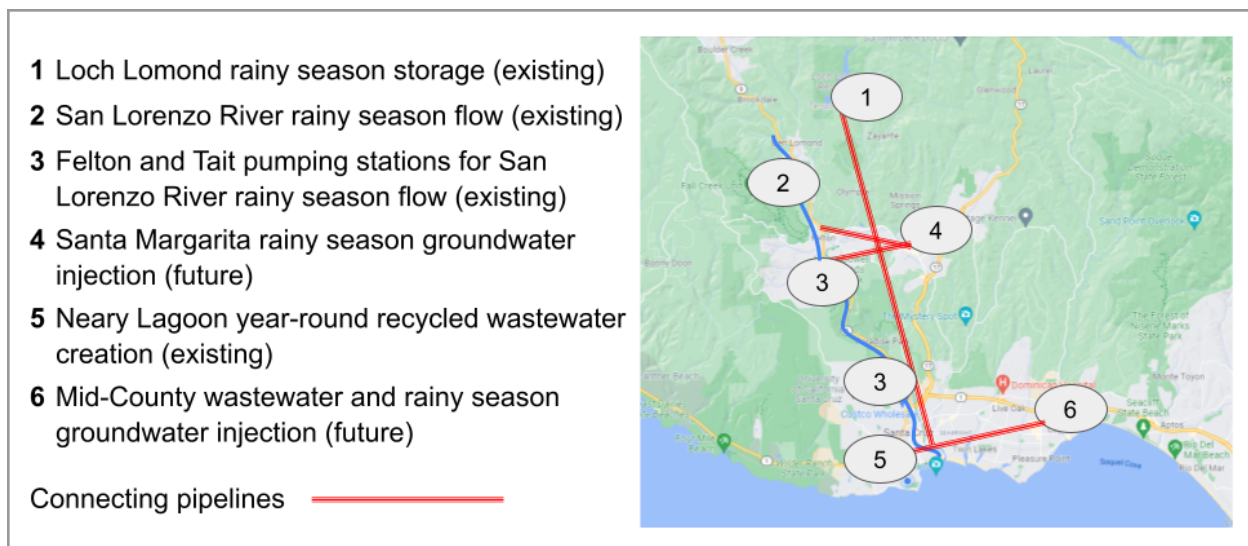


Figure 8. **Drought Resilience Components**
(Source: Santa Cruz County Grand Jury)

The Mid-County and North County regions both have groundwater management agencies. The City of Santa Cruz is a member of each agency. Each agency is a Joint Powers Authority (**JPA**) and both are currently chartered to only address aquifer sustainability. As such, any activity to support drought resilience is currently out of scope.

The agreements forming these JPAs can be amended by the member agencies that formed them. A new amendment could be added to support drought resilience. Such a move could upgrade drought-resilience proposals (such as the City of Santa Cruz Water Augmentation Strategy) to the regional level. This revision is not a complex process requiring state-level approval.^[46] The Amendment form appears as Appendix D.

Conclusion

Severe, multi-year droughts are part of our future. Conservation is not sufficient because the reduced water supply during Stage 5 droughts will cause severe economic hardship across residences, businesses, and farms. The existing patchwork of agencies has not shown vision and initiative to knit their individual plans together. Some of the most ambitious plans are barely known to the public.

The most critical next step is delivering major new water storage by reclaiming unused aquifer space in Mid-County and North County. This step creates the strategic groundwater reserve described in the City of Santa Cruz Water Rights Project and Augmentation Strategy. Beyond storage, a fabric of pipelines should be created to enable water sharing between districts. Figure 9 identifies the elements of an integrated approach.

A Unified Approach to Achieving Drought Resilience <ul style="list-style-type: none"> • Single point of leadership • Integrated planning and collaboration • Coordinated development • Published goals and governance • Straightforward public communications 			
Multiple Water Sources <ul style="list-style-type: none"> • Rainwater to aquifer • Rainwater to surface flow • Surface flow to reservoir and aquifer recharge • Recycled wastewater 	Multiple Water Uses <ul style="list-style-type: none"> • Customers • Reservoir refill • Active and passive aquifer recharge • Recycled wastewater • Counter saltwater intrusion 	Diversified Storage <ul style="list-style-type: none"> • Surface reservoirs • Sustainable aquifers • Aquifer recovery beyond sustainability 	Transport and Redirection <ul style="list-style-type: none"> • Interdistrict water sharing • Passive and active aquifer storage and recovery • Recycled wastewater transport

Figure 9. **A Unified Approach to Achieving Drought Resilience**
(Source: Santa Cruz County Grand Jury)

Consistent access to water through drought resilience supports County residents and the economy. The combination of surface and groundwater storage, wastewater recycling, and pipelines will deliver the drought resilience that the County requires to thrive and prosper. Now is the time for agencies to work together to deliver drought resilience to residents.

Findings

Findings describe the “so what” of the facts evaluated by the Grand Jury. They provide support for the Recommendations.

Current Situation

- F1.** If extended drought conditions lead the City of Santa Cruz to execute Stage 5 of its Water Shortage Contingency Plan, it will have extreme economic impacts on all residents throughout the County.
- F2.** There is an urgent need to create a county-wide drought-resilient water storage and delivery infrastructure.
- F3.** Interdistrict water-sharing plans spanning North County and Mid-County that could benefit all residents have existed since 2015 and deserve to be accelerated.

Elements of a Solution

- F4.** Establishing a strategic groundwater reserve, as described in documents from the City of Santa Cruz, is a well-understood and achievable first step.
- F5.** The City of Santa Cruz’s completion of the water rights revision project is a critical element of enabling district collaboration in support of county-level drought resilience.

- F6.** Limited interdistrict water transfers have been achieved and serve as proof of concept.
- F7.** Existing City of Watsonville and City of Santa Cruz wastewater resources are only partially utilized to address passive well resting and saltwater intrusion issues.

Agency Capabilities

- F8.** Each agency described in this report communicates well with neighboring agencies, but collaboration is limited and narrow in scope.
- F9.** Agency communications to the public emphasize conservation and sustainability while downplaying agency planning to achieve drought resilience.
- F10.** The individual water supply districts lack funding, resources, and charters to develop county-centric drought-resilience infrastructure.
- F11.** The Groundwater Sustainability Management agencies lack the charters, staff, and resources to plan or execute a county-wide drought-resilience strategy.
- F12.** There is no county-level agency chartered to plan, propose, or build regional district-spanning drought-resilience infrastructure.

Recommendations

Recommendations reflect the “now what?” conclusions drawn by the Grand Jury, and are based on the Findings. They frame expectations for how the agencies can improve their service to County residents.

- R1.** By December 31, 2022, the Boards of the Santa Margarita Groundwater Management Agency and the Mid-County Groundwater Management Agency should extend their charters to include and proactively deliver drought-resilience project planning and execution. (F1–F6, F8–F12)
- R2.** By December 31, 2022, local water districts should jointly publish an integrated drought-resilience action plan that includes essential infrastructure improvements, estimated costs and schedule to complete improvements that will deliver drought resilience to the Mid-County Groundwater Basin, the City of Santa Cruz, and the Santa Margarita Basin by December 31, 2029. Agencies to respond are the San Lorenzo Water District, the Scotts Valley Water District, the City of Santa Cruz Water Department, the Soquel Creek Water District, the Santa Margarita Groundwater Management Agency, and the Mid-County Groundwater Management Agency. (F1–F6, F8–F10, F12)

- R3.** By December 31, 2022, local water districts should jointly publish an integrated recycled wastewater action plan that specifies the infrastructure improvements, expected costs, and construction schedule that will fully utilize existing wastewater sources by December 31, 2026. Responding agencies are the Scotts Valley Water District, the City of Santa Cruz Water Department, the Soquel Creek Water District, the Central Water District, the Mid-County Groundwater Management Agency, the Pajaro Valley Water Management Agency, and the City of Watsonville Water Division. (F1, F6–F9, F12)

Commendations

- C1.** The City of Santa Cruz Water Department, the Santa Margarita Groundwater Agency, and the Mid-County Groundwater Agency have shown strong collaboration and innovation toward partially defining the water reserve plan.
- C2.** The Soquel Creek Water District and the City of Santa Cruz Water Department have shown strong collaboration to deliver the Pure Water Soquel project.

Required Responses

Responses are the opportunity for agency boards and leaders to advise County residents on how or whether they will address the Findings and Recommendations. Those responses can guide residents to better understand the priorities and values of those boards and their leaders. The Grand Jury will publish those responses later this year and may do a followup report in three years.

<i>Required Respondent</i>	<i>Findings</i>	<i>Recommendations</i>	<i>Respond Within/ Respond By</i>
City Council, City of Santa Cruz	F1, F3, F4, F5, F6, F7, F8, F9, F10, F11, F12	R1, R2, R3	90 Days August 22, 2022
Board of Directors, Mid-County Groundwater Management Agency	F6, F8, F9, F10, F11, F12	R1, R2, R3	90 Days August 22, 2022
Board of Directors, Santa Margarita Groundwater Management Agency	F8, F9, F10, F11, F12	R1, R2	90 Days August 22, 2022
Board of Directors, Scotts Valley Water District	F2, F3, F4, F6, F8, F9, F10, F11, F12	R1, R2, R3	90 Days August 22, 2022
Board of Directors, San Lorenzo Valley Water District	F2, F3, F4, F6, F8, F9, F10, F11, F12	R1, R2	90 Days August 22, 2022

Board of Directors, Soquel Creek Water District	F1, F2, F3, F4, F5, F6, F7, F8, F9, F10, F11, F12	R1, R2, R3	90 Days August 22, 2022
Board of Directors, Pajaro Valley Water Management Agency	F6, F9	R3	90 Days August 22, 2022
City Council, City of Watsonville	F6, F9	R3	90 Days August 22, 2022

Invited Responses

<i>Invited Respondent</i>	<i>Findings</i>	<i>Recommendations</i>	<i>Respond Within/ Respond By</i>
Director, City of Santa Cruz Water Department	F1, F2, F3, F4, F5, F6, F7, F8, F9, F10, F11, F12	R1, R2, R3	90 Days August 22, 2022
Point of Contact, Mid-County Groundwater Management Agency	F2, F4, F6, F7, F8, F9, F10, F11, F12	R1, R2, R3	90 Days August 22, 2022
Point of Contact, Santa Margarita Groundwater Management Agency	F2, F3, F4, F8, F9, F10, F12	R1, R2	90 Days August 22, 2022
General Manager, Scotts Valley Water District	F1, F2, F4, F7, F8, F9, F10, F11, F12	R1, R2, R3	90 Days August 22, 2022
District Manager, San Lorenzo Valley Water District	F1, F2, F3, F4, F8, F9, F10, F11, F12	R1, R2	90 Days August 22, 2022
General Manager, Soquel Creek Water District	F1, F2, F3, F4, F6, F7, F8, F9, F10, F11, F12	R1, R2, R3	90 Days August 22, 2022
Executive Officer, Santa Cruz County Local Area Formation Commission	F10, F11, F12,	R1	90 Days August 22, 2022
General Manager, Pajaro Valley Water Management Agency	F6, F9, F12	R3	90 Days August 22, 2022
Operations Supervisor, City of Watsonville Water Department	F6, F9, F12	R3	90 Days August 22, 2022

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Disclaimer

This report was issued by the Grand Jury with the exception of one juror who disclosed a perceived conflict of interest. This juror was excluded from every aspect of the investigation, including interviews, deliberations, and the writing and approval of this report.

Appendix A—Who Is Involved with Water in Santa Cruz County?

Residents of Santa Cruz County obtain water from a variety of sources—from city water departments to private wells. The geography and rural nature of the County has generated fragmented water delivery and management agencies. This report considers only the larger agencies that are within the oversight granted to the jury.

Water Delivery Agencies

Water is provided to the residents of Santa Cruz County by five large (greater than 1,000 connections), four small (200–1,000 connections), and 115 minor water suppliers. Additionally, there are some 8,000 private wells. Each of these suppliers effectively operates independently, although there is significant communication and cooperation among the agencies. As described in the Background section, water is sourced from rivers and creeks (surface flow), and groundwater basins underlying much of the County. Table 1 catalogs the major water suppliers and the sources of their water. This table is based on a more comprehensive version found in the *Santa Cruz County Water Resources Management Status Report for 2020* (page 24)^[47] and repeated in Appendix B.

It is immediately apparent from the table that most of the County's water comes from groundwater. The City of Santa Cruz Water Department is the exception, obtaining nearly all of its water from surface flow, specifically the San Lorenzo River and creeks in the northern part of the County. In contrast, the City of Watsonville and the Soquel Creek Water District get their water from groundwater. Overall, the County receives about 75 percent of its water from groundwater and 25 percent from surface water.

Groundwater Management Agencies

Under the Groundwater Sustainability Act, groundwater management agencies are charged with achieving groundwater sustainability. Capital projects are generally undertaken by the individual water agencies to support the objectives of the groundwater management agency.

Santa Margarita Groundwater Agency (SMGWA). The SMGWA operates through a Joint Powers Authority (JPA), with members from the San Lorenzo Water District, the Scotts Valley Water District, and Santa Cruz County. Under the SGMA, the Groundwater Sustainability Plan for the Santa Margarita Groundwater Basin was completed ahead of the statutory requirement in November 2021.^[48]

Mid-County Groundwater Agency. The MGA operates through a Joint Powers Authority, with members from Santa Cruz County, the City of Santa Cruz, the Soquel Creek Water District, and the Central Water District.^[49] The State designated the Mid-County Basin as being critically overdrafted in 2015. Under the SGMA, this designation required production of the *Santa Cruz Mid-County Groundwater Sustainability Plan* by January 2020.^[49] This plan was produced by the MGA and is intended to achieve and maintain groundwater stability over a 50-year planning and implementation horizon.

Table 1. Water Sources and Water Agencies

Entity	Population	Annual Usage (Billion Gallons)	Water Source (percentage)	
			Ground	Surface / (Other)
Santa Cruz City Water Department	97,417	2.7	5	95
Watsonville City Water Service	65,966	2.3	100	0
Soquel Creek Water District	40,632	1.1	97	3
San Lorenzo Valley Water District	23,700	0.6	53	47
Scotts Valley Water District	10,709	0.4	87	13 (recycled)
Other Residential Water Districts	16,017	0.8	80	20
Private Wells	21,000	0.8	100	0
Total Residential / Commercial	275,441	8.8 Billion Gallons	6.2 Billion Gallons	2.6 Billion Gallons
Pajaro Agriculture		7.2	92	17 (recycled)
Mid- and North County Agriculture		0.8	90	10
Total Agricultural Billion Gallons		8.0	7.5	0.5
Total Annual Surface and Groundwater Usage Billion Gallons		16.8	13.7	3.1

Source: *Pajaro Valley Water Management Agency (PVWMA)*. The PVWMA operates independently and is responsible for agricultural water delivery in its service region. The Pajaro Valley Basin is rated as “critically overdrafted.” Under the SGMA, this designation required production of a Groundwater Sustainability Plan by January 2020. This plan was produced by the PVWMA and is intended to achieve and maintain groundwater stability over a 50-year planning and implementation horizon. ^[50]

The Other Players

The following are several local and state agencies that shape local projects and agencies and could contribute to developing county-wide drought resilience.

Resource Conservation District (RCD). In the area of drought resilience, the RCD has programs in South County that help farmers develop percolation systems. Percolation systems assist with groundwater recharge. These programs appear to be available

when requested by farmers. The agency does not seem to be participating with water districts directly on drought resilience.

Local Agency Formation Commission (LAFCO). LAFCO provides guidance when new special-purpose districts are formed. They also review district performance on a five-year cycle. All of the water supply districts and groundwater management agencies were formed under LAFCO guidance.

California Department of Water Resources (DWR). The DWR oversees execution of state laws that affect water delivery. This oversight includes approving the Water Supply Contingency plans and Groundwater Sustainability Management plans created by local agencies. The DWR is authorized to step in and manage groundwater basins if the local agencies do not meet state requirements.

Appendix B—Water By the Numbers

Table 2. Water Use in Santa Cruz County, 2020
(data for smaller systems is from 2019)

Water Supplier	Connections	Population	Water Use (acre-feet /year)	Ground Water	Surface Water	Recycled Water	Imported from Outside County
Santa Cruz City Water Department	24,561	97,417	8,375	5.0%	95.0%		
Watsonville City Water Service	14,855	65,966	7,201	100.0%	0.0%		
Soquel Creek Water District	14,479	40,632	3,312	96.7%	3.3%		
San Lorenzo Valley Water District	7,900	23,700	1,953	53.0%	47.0%		
Scotts Valley Water District	3,807	10,709	1,339	87.0%		13.0%	
Central Water District	823	2,706	411	100.0%			
Big Basin Water Company	605	1,694	205	37.0%	63.0%		
Mount Hermon Association	494	2,850	155	100.0%			
Forest Lakes Mutual Water Company (Felton)	326	1,076	40	100.0%			
Smaller Water Systems (5–199 connections.)	2,616	7,691	1,552	91.0%	6.0%		3.0%
Individual Users*	8,000	21,000	2,400	95.0%	5.0%		
Pajaro Agriculture (Santa Cruz County-only)**†			22,250	92.0%	1.0%	7.2%	
Mid- and North-County Agriculture*			2,400	90.0%	10.0%		
Totals	78,466	275,441	51,593	78%	19%	3%	0.1%
Summary by Water Source (acre-feet/year)				40,027	9,788	1,776	47
Summary of Non-Agricultural Use (acre-feet/year)			26,943	17,397	9,326	174	47

* Values are estimates. ** Includes a small number of water systems.

† Recycled water source is the City of Watsonville.

Source: Santa Cruz County Water Resources Management Status Report for 2020 (page 24)^[47]

Drought Stages and Water Consumption Reduction for the City of Santa Cruz

The following chart shows how business use of water is cut back as drought severity increases.

Sample Business Allocation Example

Customer Class	Normal Demand (Million Gallons) Jun-Nov	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
		Delivery (%)	Delivery (%)	Delivery (%)	Delivery (%)	Delivery (%)
		Volume (MG)	Volume (MG)	Volume (MG)	Volume (MG)	Volume (MG)
Business	297	95%	90%	85%	79%	60%
Total Business Use		282	267	252	234	178

Source: *Updated Interim Water Shortage Contingency Plan* (Table 12, page 23), City of Santa Cruz Water Department, February 5, 2021.^[10]

Appendix C—Supporting Reports

Key Documents

The Grand Jury reviewed the major published documents from numerous water agencies to determine how they plan to improve drought resilience. Most available plans are written to support the application for grants from state and other agencies. These agencies specify the content and the format of the documents. Typically, these plans intentionally lack the specificity that would require preparing an Environmental Impact Report. These documents are updated, usually on a five-year schedule. Progress from the previous plan is often required in each update.

Local Hazard Mitigation Plan. This class of document is not a plan to mitigate local hazards such as drought. Rather, it is a catalog of local hazards, with commentary on how they could be addressed. It is in place so agencies can apply for grants to address issues as they arise, or to receive state or federal funds after a disaster.

Water Shortage Contingency Plan. This documents how water restrictions are applied during drought conditions. It reflects local priorities for residential and commercial use and agriculture.

Groundwater Sustainability Plan. This plan is a requirement of the Sustainable Groundwater Management Act (SGMA, 2014), and it documents current groundwater supplies, usage patterns, and approaches to maintain the current aquifer levels. Recovery beyond the current depleted state is not addressed. Both the Santa Cruz Mid-County Groundwater Agency and the Santa Margarita Groundwater Agency have Groundwater Sustainability plans.


Urban Water Management Plan. This is a requirement under the Urban Water Management Act. The Scotts Valley Water District and the San Lorenzo Valley Water District prepared a joint Urban Water Management Plan. The cities of Santa Cruz and Watsonville and the Soquel Creek Water District have these plans.

Santa Cruz Water Rights Project Environmental Impact Report 2021. The EIR is required to address the necessary changes to the historical water rights on the San Lorenzo River. The current rights do not allow sending surplus water to neighboring water districts.

Final Report, Conjunctive Use and Water Transfers Phase II—(Task 6), 2015. This report documents the results of studies conducted to demonstrate the feasibility of storing excess San Lorenzo River water in the Santa Margarita and Mid-County groundwater basins.

Appendix D—Amendment of a Joint Powers Agreement

Amending the charter for a JPA requires the following application form.

 State of California Secretary of State	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;">FILE NO. _____</div> <div style="text-align: center;">AMENDMENT OF A JOINT POWERS AGREEMENT (Government Code section 6503.5)</div> <p>Instructions:</p> <ol style="list-style-type: none">1. Complete and mail to: Secretary of State, P.O. Box 942870, Sacramento, CA 94277-2870.2. Include filing fee of \$1.00.3. Do not include attachments.4. A copy of the full text of the joint powers agreement and amendments, if any, must be submitted to the State Controller's office. For address information, contact the State Controller's office at www.sco.ca.gov. <p>Date of filing initial notice with the Secretary of State: _____</p> <p>File number of initial notice: _____</p> <p>Name of the agency or entity created under the agreement and responsible for the administration of the agreement: _____</p> <p>Agency's or Entity's Mailing Address: _____</p> <p>Title of the agreement: _____</p> <p>Complete one or more boxes below. The agreement has been amended to:</p> <div style="margin-bottom: 5px;"><input type="checkbox"/> Change the parties to the agreement as follows: _____</div> <div style="margin-bottom: 5px;"><input type="checkbox"/> Change the name of the administering agency or entity as follows: _____</div> <div style="margin-bottom: 5px;"><input checked="" type="checkbox"/> Change the purpose of the agreement or the powers to be exercised as follows: _____</div> <div style="margin-bottom: 5px;"><input type="checkbox"/> Change the short title of the agreement as follows: _____</div> <div style="margin-bottom: 5px;"><input type="checkbox"/> Make other changes to the agreement as follows: _____</div> <div style="display: flex; justify-content: space-between;"><div><p>RETURN ACKNOWLEDGMENT TO: (Type or Print)</p><p>NAME [_____]</p><p>ADDRESS [_____]</p><p>CITY/STATE/ZIP [_____]</p></div><div><p>_____</p><p>Date</p><p>_____</p><p>Signature</p><p>_____</p><p>Typed Name and Title</p></div></div>
--	---

SEC/STATE NP&F 404B Rev 04/2015

Figure 10. Amendment of a Joint Powers Agreement^[51]



**The 2021–2022 Santa Cruz County Civil Grand Jury
Requires the
Board of Directors,
Mid-County Groundwater Management Agency
to Respond by August 22, 2022
to the Findings and Recommendations listed below
which were assigned to them in the report titled

**Our Water Account Is Overdrawn
Beyond Conservation:
Achieving Drought Resilience****

Responses are **required** from elected officials, elected agency or department heads, and elected boards, councils, and committees which are investigated by the Grand Jury. You are required to respond by the California Penal Code [\(PC\) §933\(c\)](#).

Your response will be considered **compliant** under [PC §933.05](#) if it contains an appropriate comment on **all** findings and recommendations **which were assigned to you** in this report.

Please follow the instructions below when preparing your response.

Instructions for Respondents

Your assigned [Findings](#) and [Recommendations](#) are listed on the following pages with check boxes and an expandable space for summaries, timeframes, and explanations. Please follow these instructions, which paraphrase [PC §933.05](#):

1. ***For the Findings, mark one of the following responses with an “X” and provide the required additional information:***
 - a. **AGREE** with the Finding, or
 - b. **PARTIALLY DISAGREE with the Finding** – specify the portion of the Finding that is disputed and include an explanation of the reasons why, or
 - c. **DISAGREE with the Finding** – provide an explanation of the reasons why.
2. ***For the Recommendations, mark one of the following actions with an “X” and provide the required additional information:***
 - a. **HAS BEEN IMPLEMENTED** – provide a summary of the action taken, or
 - b. **HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE** – provide a timeframe or expected date for completion, or
 - c. **REQUIRES FURTHER ANALYSIS** – provide an explanation, scope, and parameters of an analysis to be completed within six months, or
 - d. **WILL NOT BE IMPLEMENTED** – provide an explanation of why it is not warranted or not reasonable.
3. ***Please confirm the date on which you approved the assigned responses:***

We approved these responses in a regular public meeting as shown
in our minutes dated _____.

4. ***When your responses are complete, please email your completed Response Packet as a PDF file attachment to both***

The Honorable Judge Syda Cogliati Syda.Cogliati@santacruzcourt.org and

The Santa Cruz County Grand Jury grandjury@scgrandjury.org.

If you have questions about this response form, please contact the Grand Jury by calling 831-454-2099 or by sending an email to grandjury@scgrandjury.org.

Findings

F6. Limited interdistrict water transfers have been achieved and serve as proof of concept.

- ☐ **AGREE**
- ☐ **PARTIALLY DISAGREE**
- ☐ **DISAGREE**

Response explanation (required for a response other than **Agree**):

F8. Each agency described in this report communicates well with neighboring agencies, but collaboration is limited and narrow in scope.

☐ **AGREE**

☐ **PARTIALLY DISAGREE**

☐ **DISAGREE**

Response explanation (required for a response other than **Agree**):

F9. Agency communications to the public emphasize conservation and sustainability while downplaying agency planning to achieve drought resilience.

- ☐ **AGREE**
- ☐ **PARTIALLY DISAGREE**
- ☐ **DISAGREE**

Response explanation (required for a response other than **Agree**):

F10. The individual water supply districts lack funding, resources, and charters to develop county-centric drought-resilience infrastructure.

- ☐ **AGREE**
- ☐ **PARTIALLY DISAGREE**
- ☐ **DISAGREE**

Response explanation (required for a response other than **Agree**):

F11. The Groundwater Sustainability Management agencies lack the charters, staff, and resources to plan or execute a county-wide drought-resilience strategy.

- ☐ **AGREE**
- ☐ **PARTIALLY DISAGREE**
- ☐ **DISAGREE**

Response explanation (required for a response other than **Agree**):

F12. There is no county-level agency chartered to plan, propose, or build regional district-spanning drought-resilience infrastructure.

☐ **AGREE**

☐ **PARTIALLY DISAGREE**

☐ **DISAGREE**

Response explanation (required for a response other than **Agree**):

Recommendations

- R1.** By December 31, 2022, the Boards of the Santa Margarita Groundwater Management Agency and the Mid-County Groundwater Management Agency should extend their charters to include and proactively deliver drought-resilience project planning and execution.

- **HAS BEEN IMPLEMENTED** – summarize what has been done
- **HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE** – summarize what will be done and the timeframe
- **REQUIRES FURTHER ANALYSIS** – explain the scope and timeframe (not to exceed six months)
- **WILL NOT BE IMPLEMENTED** – explain why

Required response explanation, summary, and timeframe:

- R2.** By December 31, 2022, local water districts should jointly publish an integrated drought-resilience action plan that includes essential infrastructure improvements, estimated costs and schedule to complete improvements that will deliver drought resilience to the Mid-County Groundwater Basin, the City of Santa Cruz, and the Santa Margarita Basin by December 31, 2029. Agencies to respond are the San Lorenzo Water District, the Scotts Valley Water District, the City of Santa Cruz Water Department, the Soquel Creek Water District, the Santa Margarita Groundwater Management Agency, and the Mid-County Groundwater Management Agency.

- **HAS BEEN IMPLEMENTED** – summarize what has been done
- **HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE** – summarize what will be done and the timeframe
- **REQUIRES FURTHER ANALYSIS** – explain the scope and timeframe (not to exceed six months)
- **WILL NOT BE IMPLEMENTED** – explain why

Required response explanation, summary, and timeframe:

- R3.** By December 31, 2022, local water districts should jointly publish an integrated recycled wastewater action plan that specifies the infrastructure improvements, expected costs, and construction schedule that will fully utilize existing wastewater sources by December 31, 2026. Responding agencies are the Scotts Valley Water District, the City of Santa Cruz Water Department, the Soquel Creek Water District, the Central Water District, the Mid-County Groundwater Management Agency, the Pajaro Valley Water Management Agency, and the City of Watsonville Water Division.

- **HAS BEEN IMPLEMENTED** – summarize what has been done
- **HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE** – summarize what will be done and the timeframe
- **REQUIRES FURTHER ANALYSIS** – explain the scope and timeframe (not to exceed six months)
- **WILL NOT BE IMPLEMENTED** – explain why

Required response explanation, summary, and timeframe:

June 16, 2022

MEMO TO THE MGA BOARD OF DIRECTORS

Subject: Agenda Item 6.1

Title: Treasurer's Report

Attachments:

1. Treasurer's Report for the Period Ending May 31, 2022

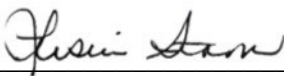
Attached is the Treasurer's Report for March through May 2022. These reports contain three sections:

- 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 membership revenue still owed through accounts receivable, if any, prepaid expenses such as insurance, and the resulting net income as reported on the Statement of Changes in Revenues, Expenses and Net Position from the preceding page.
- Warrants
 - The list of warrants reflects all payments made by the MGA, either by check or electronic means, for the period covered by the Treasurer's Report.

The Treasurer's Report will be provided at each board meeting according to statutory requirement and to promote transparency of the agency's financial transactions.

Recommended Board Action:

1. Informational, no action necessary.

By 

Leslie Strohm
Treasurer
Santa Cruz Mid-County Groundwater Agency

Treasurer's Report

Santa Cruz Mid-County Groundwater Agency
For the period ended May 31, 2022



Prepared by

Leslie Strohm, Treasurer

Prepared on

June 1, 2022

Statement of Revenues, Expenses and Changes in Net Position

March - May, 2022

	Total
INCOME	
Total Income	
GROSS PROFIT	0.00
EXPENSES	
5100 Groundwater Management Services	7,721.50
5110 Grndwtr Mgmt - Groundwater Monitoring	5,789.12
5210 Rain & Stream Gage Services	1,589.14
5300 Administrative Personnel Services	62,050.65
5315 Office Services	144.00
5340 Computer Services	160.00
5415 Outreach Services	46.00
5520 Legal Services	3,187.50
Total Expenses	80,687.91
NET OPERATING INCOME	-80,687.91
OTHER INCOME	
4400 Grant Revenue	169,477.05
Total Other Income	169,477.05
NET OTHER INCOME	169,477.05
NET INCOME	\$88,789.14

Statement of Net Position

As of May 31, 2022

	Total
ASSETS	
Current Assets	
Bank Accounts	
1100 Wells Fargo Business Checking	1,827,612.63
Total Bank Accounts	1,827,612.63
Accounts Receivable	
1220 Accounts Receivable - Grants	148,201.15
Total Accounts Receivable	148,201.15
Other Current Assets	
1400 Prepaid Expenses	2,072.92
Total Other Current Assets	2,072.92
Total Current Assets	1,977,886.70
TOTAL ASSETS	\$1,977,886.70
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2100 Accounts Payable	9,136.89
Total Accounts Payable	9,136.89
Total Current Liabilities	9,136.89
Total Liabilities	9,136.89
Equity	
3100 Retained Earnings	1,700,949.69
Net Income	267,800.12
Total Equity	1,968,749.81
TOTAL LIABILITIES AND EQUITY	\$1,977,886.70

Warrants

March - May, 2022

Date	Transaction Type	Num	Name	Memo/Description	Clr	Amount
Bill Payment (Check)						
05/13/2022	Bill Payment (Check)	10275	Errol L Montgomery & Associates Inc	GSP Planning, Reporting and Technical Services		-7,721.50
						-7,721.50
05/13/2022	Bill Payment (Check)	10276	Regional Water Management Foundation	Agency Administration and GSP Planning Support		-62,050.65
						-62,050.65
05/13/2022	Bill Payment (Check)	10277	Soquel Creek Water District (2)	Mailchimp and Quickbooks		-103.00
						-103.00
04/08/2022	Bill Payment (Check)	10270	County of Santa Cruz (County Counsel)			-1,250.00
						-1,250.00
04/08/2022	Bill Payment (Check)	10271	County of Santa Cruz Health Services Agency	Stream Gage and Shallow Well Monitoring	R	-10,072.97
						-10,072.97
04/08/2022	Bill Payment (Check)	10272	Errol L Montgomery & Associates Inc	GSP Planning, Reporting and Technical Services	R	-27,183.00
						-27,183.00

Date	Transaction Type	Num	Name	Memo/Description	Clr	Amount
04/08/2022	Bill Payment (Check)	10273	Geosyntec Consultants, Inc	Development of Groundwater Metering Program	R	-1,428.87
						-1,428.87
04/08/2022	Bill Payment (Check)	10274	Soquel Creek Water District (2)	Mailchimp and Quickbooks	R	-103.00
						-103.00
Expense						
04/06/2022	Expense	US003Lmzq9	Google - Online Payments	G Suite Subscription	R	-72.00
				Google Payment - G Suit		72.00
03/07/2022	Expense	US003L413H	Google - Online Payments	G Suite Subscription	R	-72.00
				Google Payment - G Suit		72.00



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

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

February 18, 2022

Bureau of Reclamation
Water Resources and Planning Office
Attn: Ms. Amanda Erath, Title XVI Program Coordinator
P.O. Box 25007, MS 86-69200
Denver, CO 80225

Dear Ms. Erath,

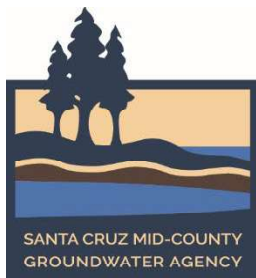
The Santa Cruz Mid-County Groundwater Agency (MGA) is pleased to provide this letter of support for the Soquel Creek Water District's (District) Pure Water Soquel Project (Project) and its application for a grant through the US Bureau of Reclamation Water Smart: Title XVI WIIN Water Reclamation and Reuse Program. The Project is consistent with the priorities of the Bureau and the MGA: assuring a sustainable, reliable source of water for the region, providing beneficial reuse of wastewater and other environmental benefits, and developing widespread support at the community, state, and federal levels.

The California Department of Water Resources (DWR) designated the Santa Cruz Mid-County Groundwater Basin (Basin) as critically overdrafted. Historical overdraft resulted in seawater intrusion which impacts water quality, threatens long-term water supply reliability, strands existing infrastructure, and has adverse impacts to groundwater dependent ecosystems and special-status species.

The MGA is a Groundwater Sustainability Agency (GSA) under California's Sustainable Groundwater Act. The MGA was among the first GSAs to have its Groundwater Sustainability Plan (GSP) approved by DWR. The GSP identifies specific projects and management actions to achieve sustainability in our coastal Basin by 2040, and is now being implemented by the MGA.

The District, one of the four Member Agencies of the MGA, relies entirely on groundwater from Basin. As a result, a key project identified in the GSP for achieving sustainability in out Basin is District's Pure Water Soquel Project.

The Project will put recycled municipal wastewater through an advanced purification process to produce 1,500 acre-feet per year (afy) of purified water. The project's full-scale implementation is up to 3,000 afy, and current design and construction of the project is sized to accommodate this expansion. The purified water will be used to recharge the groundwater basin, raise water levels, and prevent further seawater contamination. All of this will be accomplished through the beneficial reuse of recycled wastewater that would otherwise be disposed of in the Monterey Bay National Marine Sanctuary.



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

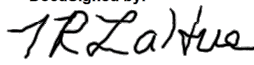
midcountygroundwater.org • 5180 Soquel Drive • Soquel, CA 95073

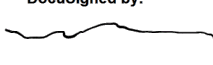
Construction of Pure Water Soquel is already underway. All three seawater intrusion prevention (injection) wells have been built; construction of the nine supporting monitoring wells began in fall 2021; construction on the eight miles of conveyance pipeline began in spring 2021; and the advanced water purification facility began construction in late 2021. Project development and construction are estimated to support over \$900 million dollars in economic benefits to the local community.

Pure Water Soquel is a crucial, cutting-edge project for our Basin. It will aid in replenishing the groundwater basin, provide a barrier against seawater contamination, and provide a safe, high-quality, reliable, drought-proof, and sustainable water supply to support current and future generations in the Mid-Santa Cruz County region.

Thank you for recognizing the importance of this Project in considering the District's request for Bureau of Reclamation Water Smart Program Title XVI WIIN grant funds.

Sincerely,

DocuSigned by:

9FBAFB716E6341D...
Thomas R. LaHue
MGA Board Chair

DocuSigned by:

E248AE283354409...
David Baskin
MGA Vice Chair