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## **SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY**

### **Board of Directors Meeting**

Thursday, June 20, 2024, at 6:00 p.m.

Capitola Library, 2005 Wharf Road, Capitola

### **AGENDA**

The public may attend and provide public comment in person.

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

<https://us06web.zoom.us/j/87234880040>

Webinar ID: 872 3488 0040; Webinar audio by phone (669) 444-9171

1. **Call to Order**
2. **Roll Call**
3. **Oral Communications Related to Items Not on the Agenda**  
*Issues within the purview of the Santa Cruz Mid-County Groundwater Agency. Guidelines attached.*
4. **Consent Agenda**
  - 4.1 Approve March 21, 2024 Meeting Minutes
  - 4.2 Approve Contract Amendment with Montgomery & Associates and Proposed Services for Fiscal Year 2024-25
  - 4.3 Approve Regional Water Management Foundation Sustainable Groundwater Management Implementation Grant Administrative Services for Fiscal Year 2024-2025 (Year 3)
  - 4.4 Approve Integrated Regional Water Management (IRWM) Memorandum of Agreement
5. **General Business**
  - 5.1 Appoint a Designated Director and/or Alternate Director for Association of California Water Agencies Joint Powers Insurance Authority
  - 5.2 Consider Proposed Annual Budget for Fiscal Year 2024-25
  - 5.3 Consider Adoption of Annual Investment Policy
  - 5.4 Consider a Groundwater Well Registration and Metering Policy for Non-De Minimis Users
  - 5.5 Consider Groundwater Monitoring Well Agreements between MGA and Member Agencies
  - 5.6 Receive Update and Provide Direction on the Periodic Evaluation of the Groundwater Sustainability Plan

**6. Informational Updates**

- 6.1 Presentation on Groundwater Modeling Analysis of Technical Development of GSP Projects and Management Actions (SGMI Grant Component 4, Task 2) *Cameron Tana, Montgomery & Associates*
- 6.2 Staff Reports
  - GSP Implementation Status Update
  - SGMI Grant Update
- 6.3 Treasurer's Report

**7. Future Agenda Items**

**8. Written Communications and Submitted Materials**

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

**9. Adjournment**

**Next Board Meeting:** September 19, 2024

## **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](mailto: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](mailto: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](mailto:admin@midcountygroundwater.org) or 831-662-2053 for information or to request an accommodation.



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## **SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY**

### **Board of Directors Meeting**

Thursday, March 21, 2024, at 6:00 p.m.

Capitola Library, 2005 Wharf Road, Capitola

### **DRAFT MINUTES**

#### **1. Call to Order**

The meeting of the Santa Cruz Mid-County Groundwater Agency (MGA) Board of Directors was called to order at 6:00 p.m. by Chair Kennedy.

#### **2. Roll Call**

Directors present: Curt Abramson, David Baskin, Carla Christensen, Jon Kennedy, Jim Kerr, Rachél Lather, Marco Romanini and Alternate Director Allyson Violante.

Directors absent: Zach Friend, Fred Keeley, Manu Koenig, and Rob Marani.

Alternate Directors present but not voting: Jennifer Balboni, Doug Engfer (remote), Robert Schultz.

Staff present: Ralph Bracamonte, Ron Duncan, Heidi Luckenbach, Sierra Ryan, and Treasurer Leslie Strohm.

Consultants present: Tim Carson and Rob Swartz, Regional Water Management Foundation (RWMF), Georgina King, Montgomery & Associates (remote), and Mia van Docto, Trout Unlimited (remote).

Others present: Bryce Matsumura, Department of Water Resources (DWR) (remote), Michael De Smidt, MGA Counsel, and at least one member of the public.

#### **3. Oral Communications Related to Items Not on the Agenda**

Becky Steinbruner commented on her legal actions against the Pure Water Soquel (PWS) project.

Director Lather announced that the Soquel Creek Water District (District) Board of Directors had appointed Melanie Mow Schumacher to be the District General Manager following the retirement of Ron Duncan on September 30, 2024.

Michael De Smidt, MGA legal counsel and also Assistant Counsel in the Santa Cruz County Counsel's Office, was introduced to the Board.

#### **4. Consent Agenda**

4.1 Approve December 14, 2023 Meeting Minutes

4.2 Acknowledge 2024 MGA Board of Directors

MOTION: Director Baskin; Second, Director Kerr. To approve the consent agenda. Motion passed unanimously; Directors Baskin, Romanini, and Lather abstained on Item 4.1.

#### **5. General Business**

5.1 Approve Submittal of the Santa Cruz Mid-County Basin Water Year 2023 Annual Report to the Department of Water Resources

Georgina King's presentation on the Santa Cruz Mid-County Basin (Basin) Water Year 2023 (WY2023) Annual Report can be viewed at minutes 00:12:22 to 00:38:46 of the meeting recording on the MGA website. The presentation detailed continuing undesirable results of seawater intrusion, reduction of storage, and surface water depletion, but noted that the MGA has until 2040 to manage these undesirable results, and that projects and management actions currently underway are expected to move the Basin toward sustainability. Key takeaways included chloride increases in the Seascap area, coastal protective groundwater elevations, and that groundwater extraction in WY2023 was the second lowest since 1985.

Ms. King identified the heightened concern for seawater intrusion in the Seascap area, and staff provided a summary of the role and expected impact of the Pure Water Soquel Project (PWS). A request was made for detailed updates on Aquifer Storage and Recovery and PWS. A discussion was held on the scale of graphs used to convey information in Ms. King's presentation, and the use of information available through the Data Management System.

Public Comment: Becky Steinbruner commented on the Optimization Study and PWS.

MOTION: Director Baskin; Second, Director Violante. To approve submittal of a transmittal letter and the Santa Cruz Mid-County Basin Water Year 2023 Annual Report from the MGA Basin Point of Contact to DWR in accordance with California Code of Regulations, Tit. 23, secs. 353.4 and 356.2.

## 5.2 Receive Update and Provide Direction on the Periodic Evaluation of the Groundwater Sustainability Plan

Ms. King reported that the Periodic Evaluation must address the sole corrective action required by DWR and evaluate new information on the Basin. A draft Periodic Evaluation will be brought to the Board in June for feedback, and then to the Board in September or December for Board approval.

A presentation and slides on Seascapes area seawater intrusion is at minutes 01:02:00 to 01:13:45 of the meeting recording on the MGA website. Located in the southern part of the Basin, the area has several wells in which the concentrations of chloride are increasing. Ms. King identified further work planned to better evaluate and characterize the increasing chlorides, and highlighted differences between airborne electromagnetic (AEM) surveys and a land-based electromagnetic survey (sTEM) and concluded that the land-based survey may be most appropriate for this specific situation.

In response to a Board question, a discussion was held on state guidance for addressing future growth in the Basin GSP. Under the California Water Code, any urban water supplier pumping over 3,000 acre-feet annually must have an Urban Water Management Plan (UWMP) that is updated every five years. UWMPs must address both conservation and whether an agency has enough water for future growth. Each MGA member agency's UWMP, in addition to the Association of Monterey Bay Area Governments (AMBAG) and other local governing agencies, informs the Basin GSP. As Santa Cruz is not currently seeing a large population increase, at this point there does not appear to be a need for a separate analysis on the impact of growth by the MGA. Current UWMPs do not require that the Basin GSP account for increased housing required by the state, but that may be required in the next UWMPs.

While significant coordination with landowners would be required to use the sTEM in the southern part of the Basin, including Seascapes Golf Course and agricultural land, the process is minimally invasive, could be run along dirt roads, and can be done in one day. A concern was raised about accommodations for working in active agricultural parcels.

In response to Board questions, a discussion was held on cumulative effects and the extent to which wells can intersect, essentially competing for the same water.

Public Comment: Becky Steinbruner had questions on the presentation.

## 5.3 Receive Update and Provide Direction on a Groundwater Well Registration and Metering Policy for Non-De Minimis Users

Staff first provided an update on the proposed County Well Ordinance, which is expected to be enacted in about one year. The MGA is represented on the technical advisory committee and is participating in that process. This ordinance would support the work of County Groundwater Sustainability Agencies, is more conservative than the developing Groundwater Well Registration and Metering Policy for Non-De Minimis Users (Policy) and over time will provide information on parcels that may not be included in the Policy.

Staff then provided background and components of the Policy, and noted that, as pointed out during the presentation by Ms. King, much of the water extracted from the Basin is already metered. This was confirmed by staff based on additional research of parcels that might potentially require metering under the Policy and a survey sent to landowners. The response to surveys and additional phone calls indicated that in several cases, water usage among these parcels was not as high as expected.

Staff discussed the first three components of the Non-De Minimis Groundwater Well Registration and Metering Policy: Well Registration (ongoing, voluntary), Well Metering (installation scheduled for March 2025), Use Reporting (first annual reading October 2025, likely via photo of meter reading).

A more detailed discussion was held regarding the final two components, Compliance Review and Appeal, and Penalties and Enforcement. The Board expressed concerns regarding the enforcement procedures: the extended time set out in the enforcement procedures, whether the procedures were administrative, the need for full Board involvement in the procedures, adequate due process, the inclusion of the criteria to be used for imposing fines, and whether punitive measures are appropriate.

Staff noted that when this process started, it was anticipated that a large pool of unreported data existed and that obtaining this data would be necessary to monitor the Basin. Through the work of consultants and staff, the actual percentage of unmetered non-de minimis wells in the Basin has been found to be minimal. There is no requirement in either the Sustainable Groundwater Management Act (SGMA) or the Basin GSP to obtain reporting data, and yet a significant amount of staff time would be required to carry out the Policy as currently envisioned. A primary concern, however, and where more information is needed, is pumping in the Seascap area and the continuing risk of saltwater intrusion. This information will not be available through the County ordinance since it will apply only to new or replacement wells.

Staff noted that when this process started, it was anticipated that a large pool of unreported data existed and that obtaining this data would be necessary to monitor the Basin. Through additional staff review, the estimated number of unmetered non-de minimis wells in the Basin has been found to be minimal. A primary concern, however, and where more information is needed, is pumping in the Seascap area and the continuing risk of saltwater intrusion. This information will likely not be available through the County ordinance since it will apply only to new or replacement wells.

A request was made to bring back a policy with enforcement provisions that may not be so onerous in terms of staff time providing more communication and less punitive action. The question was raised whether, if there are pumpers in the southern part of the Basin that are impacting the saltwater intrusion, the Board would want to have the capacity to go after those pumpers. It was pointed out that this area is at the far end of the Basin, it is not clear that the MGA can identify a causal connection between properties within its authority and the seawater intrusion, and beyond the Basin boundary are huge agricultural parcels that pump large quantities of water.



There was a request for MGA legal counsel to review whether the Board could appoint a committee to consider issues of non-compliance with the Policy rather than bringing them to the full Board meeting.

In response to a Board question, staff confirmed that SGMA does not require that the MGA have a well metering policy.

Public Comment: Becky Steinbruner commented on the proposed metering policy.

MOTION: Director Violante; Second, Director Baskin. Staff to return with information on whether an MGA Metering Policy warrants the use of staff time in light of the limited number of parcels involved, proposals for obtaining the data the MGA seeks absent an extended punitive process, and if enforcement is necessary, an explicit and streamlined process. The motion passed unanimously.

#### 5.4 Review Budget for Fiscal Year 2023-24 and Provide Direction on Preliminary Budget for Fiscal Year 2024-25

Staff presented the preliminary budget for next year and reviewed the two budget tables provided in the Board packet.

Reviewing the Operating Expenses table, Legal Services for Fiscal Year 2024-25 (FY 24-25) include both services by County Counsel and SGMA-specific counsel. The Fiscal Year 2023-2024 (FY 23-24) funds were not fully expended, resulting in a decreased request for FY 24-25. Under Management & Coordination, the decrease in the budget for Technical Work is the result of several tasks shifted to Monitoring. The decrease in Monitoring Network funds is because near-term expansion of the monitoring network has been completed with the construction of the Olive Springs monitoring well. In Table 2, “Monitoring: Seawater Intrusion” is a change of name from AEM. As explained earlier in the meeting, this change reflects the consideration of geophysical and other techniques to investigate seawater intrusion. This is the best estimate of what can be done next year and may be adjusted when the final budget comes to the Board in June.

Under GSP Reporting, the bulk of the Periodic Evaluation work is anticipated to be completed this fiscal year. Outreach & Education funding is higher for FY 24-25 reflecting additional outreach anticipated for both the Periodic Evaluation as well as future outreach related to the metering program.

Overall, the proposed Total Operating Expenses for FY 24-25 are approximately 15% lower than in FY 23-24.

Reviewing the Budget Summary table, the Beginning Cash Reserves for FY 24-25 remain high at \$1.8 million. With the Periodic Evaluation fully underway, the \$75,000 previously held in reserve for the Periodic Evaluation (which has been covered by grant funds) will be added to the beginning reserves in FY 24-25. No general Member Agency contributions are



requested for FY 24-25. Member Agencies will be contributing to SMGI Grant Administration for support related to their specific Component (project).

The Ending Reserves for FY 24-25 are \$1.3 million. The reserves remain higher in order to accommodate for the time lag of grant reimbursements from DWR, and 10% of the grant funds will be held in retention.

No Board questions or public comment.

### 5.5 Consider Establishing a Reserve Policy

The MGA Treasurer stated that a reserve policy is a recommended best practice for public agencies. Under the proposed Reserve Policy, the MGA would fund the reserves with 50% of annual expenditures, to be accounted for within the existing MGA checking account. Reserve funds could be used for specified circumstances, and any use of the reserve funds would require Board approval. With an approved Reserve Policy, staff would bring an investment policy to the Board which would allow a designated portion of the reserves to be placed in specified investment instruments as part of long-term financial planning.

Public Comment: Becky Steinbruner raised questions regarding a reserve and an investment policy.

MOTION: Director Christensen; Second, Director Violante. To approve establishing the proposed Reserve Policy. Motion passed unanimously.

### 5.6 Conduct Annual Election of Officers

Jon Kennedy was the sole nominee for Chair, David Basin the sole nominee for Vice-Chair, and Jim Kerr the sole nominee for Secretary. The nominated slate of officers was approved unanimously.

## 6. Informational Updates

### 6.1 Treasurer's Report

No Board questions.

### 6.2 Annual Streamflow Monitoring Report – Presentation by Trout Unlimited

Mia van Docto of Trout Unlimited provided an update on annual streamflow monitoring based on the *Soquel Creek and Aptos Creek Streamflow Monitoring Report WY2023*, provided in the Board packet, and the *Soquel Creek and Aptos Creek Streamflow Conditions WY2023*, a presentation posted to the MGA website. Highlights included a finding that the Total Annual Discharge in 2023 recorded by a Soquel Creek gage was 187% above the average for WY1952 - 2023, and the Total Summer Discharge for the same gage was 156% above average over the same period.

Public comment: Becky Steinbruner had questions on gages and possible impacts on readings.

### 6.3 Staff Reports

- GSP Implementation Status Update

No questions on the status update.

- SGMI Grant Update

No questions on the status update.

## 7. Future Agenda Items

## 8. Written Communications and Submitted Materials

Staff identified the written communications posted on the MGA website pursuant to the MGA *Guidance for Oral and Written Communications and Disability Access*.

## 9. Adjournment

The meeting was adjourned by Chair Kennedy at 9:06 p.m.

**Next Board Meeting:** June 20, 2024

June 20, 2024

## MEMO TO THE MGA BOARD OF DIRECTORS

Subject: Agenda Item 4.2

Title: Approve Contract Amendment with Montgomery & Associates and Proposed Services for Fiscal Year 2024-25

Attachment(s):

1. Montgomery & Associates Scope, Budget, and Schedule, dated June 11, 2024

**Recommended Board Action:** Authorize the Board Chair to execute a contract amendment with Errol L. Montgomery and Associates to include 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 \$292,000.

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### Background

In 2020, the Santa Cruz Mid-County Groundwater Agency (MGA) issued a Request for Statements of Qualifications (RFQ) from qualified consultants to provide Planning and Technical Services for Groundwater Sustainability Plan Implementation and Reporting under the Sustainable Groundwater Management Act (SGMA). The purpose was to select a consultant to enter into a multiyear agreement to perform services, including: 1) Annual Reporting on the Groundwater Sustainability Plan (GSP), 2) SGMA Technical Support, 3) SGMA Program Developments and Department of Water Resources (DWR) consultation, and 4) Periodic (5-Year) Reporting on the GSP.

At its meeting on November 19, 2020, the MGA Board approved a multi-year Professional Services Agreement with Errol L. Montgomery and Associates, Inc. (M&A) to provide these planning and technical services. Upon contract award and each year subsequently, the MGA Board has approved M&A's annual scope of services and budget. The term of the Agreement extends until November 30, 2025.

### Summary of Proposed Services in FY 2024/25

The services proposed by M&A in Fiscal Year (FY) 2024-25 are detailed in Attachment 1. A summary of the main task and list of sub-tasks are provided below.

#### Task 1. WATER YEAR 2024 ANNUAL REPORT

The Annual Report must be submitted to California Department of Water Resources (DWR) by April 1, 2025. A draft Annual Report will be prepared by M&A and provided to MGA member agency staff for review by mid-February 2025. Based on comments received by late February 2025, M&A will compile the Annual Report for MGA Board

approval at the March 2025 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 revisions requested by the MGA Board.

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 1.7 Upload Groundwater Level Data to SGMA Portal

## Task 2. SGMA Technical Support

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

Task 2.1. Data Management System

Task 2.2. SGMA Program Developments and DWR Consultation

Task 2.3. Monitoring Network Expansion Support

Task 2.4. Evaluate Seawater Intrusion

Task 2.5. Miscellaneous SGMA Support

Task 2.6. Plan FY2025/2026 Tasks and Budget

## Task 3. GSP Periodic Evaluation

The MGA's first GSP Periodic Evaluation is required to be submitted to DWR by January 31, 2025. Most of the work on the evaluation has been completed in FY 2023/2024 but some additional evaluation is still needed related to the Optimization Study. Early in FY 2024/2025, the Periodic Evaluation will be completed with the staff draft available at the end of July and the Board draft available by August 20. It is anticipated the MGA Board will consider approval of the final Periodic Evaluation at its December 12 Board meeting.

### Budget

Attachment 1 presents the budget by Task and sub-task. A summary by Task is presented below.

<b>Task</b>	<b>Budget</b>
1. Water Year 2024 GSP Annual Report	\$91,048
2. SGMA Technical Support	\$135,402
3. GSP Periodic Evaluation	\$65,454
<b>Total</b>	<b>\$291,904</b>

**Figure 1. Schedule for GSP Annual Report (Task 1)**

Santa Cruz Mid-County Groundwater Agency Planning and Technical Services For GSP Implementation and Reporting	2024					2025												
	December					January					February				March			
	Week of	2	9	16	23	30	6	13	20	27		3	10	17	24	3	10	17
Weeks from start	1	2	3	4	5	5	6	7	8	9	10	11	12	13	14	15	16	17
Task 1. Water Year 2024 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, 2025

Fall 2024 Groundwater Level Data Upload Deadline in January 1, 2025

**Figure 2. Schedule for GSP 5-Year Evaluation (Task 3)**

Santa Cruz Mid-County Groundwater Agency Planning and Technical Services For GSP Implementation and Reporting	2024																													
	July				August				September				October				November				December									
	Week of				7	14	21	28	4	11	18	25	1	8	15	22	29	6	13	20	27	3	10	17	24	1	8	15	22	29
	Weeks from start				1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
Task 4. GSP Periodic Evaluation																														
3.1. Complete Staff Draft Periodic Evaluation for Staff Review																														
3.2. Prepare Board Draft Periodic Evaluation Based on Staff Review																														
3.3. Prepare Final Periodic Evaluation Based on Board Input																														
3.4. Prepare Periodic Evaluation Elements Guide and Upload Elements Guide and PDF of Periodic Evaluation to SGMA Portal																														
3.5. Prepare for and attend Exec Team (assume 2) and Board (assume 2) meetings																														
3.6. Update SGMA Portal Monitoring Network Module with Revised Monitoring Network Wells and Data																														

**Recommended Action:**

1. BY MOTION, Authorize the Board Chair to execute a contract amendment with Errol L. Montgomery and Associates to include 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 \$292,000.

Submitted 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

Heidi Luckenbach, Water Director, City of Santa Cruz

Sierra Ryan, Water Resources Manager, County of Santa Cruz





June 11, 2024

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 4**

Dear Mr. Carson:

Montgomery & Associates (M&A) is grateful for the opportunity to provide a scope and budget for another year of ongoing technical services to the Santa Cruz Mid-County Groundwater Agency (MGA). As per request, this letter contains scope, budget, and schedule for Amendment 4 that covers Fiscal Year (FY) 2024/2025 and will be part of a Master Services Agreement (MGA Contract No. 2020-4). This fourth amendment includes planning and technical services for Groundwater Sustainability Plan (GSP) implementation and reporting. The scope of work is summarized in 3 main tasks. Details of each task are provided in the subsections below. Table 1 provides a breakdown of budget that corresponds to each task/subtask.

**TASK 1. WATER YEAR 2024 ANNUAL REPORT**

The Annual Report must be submitted to the California Department of Water Resources (DWR) by April 1, 2025. In May 2024, DWR provided a review of MGA’s WY 2023 Annual Report content and “determined that no further information or action is required at this time”. Based on the review, the format of the Annual Report will remain the same as WY 2023’s report.

A draft Annual Report will be prepared by M&A and provided to MGA member agency staff for review by mid-February 2025. Based on comments received by late February 2025, M&A will compile the Annual Report for MGA Board approval at the March 2025 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 revisions requested by 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 stored in the Regional WISKI data management system (WISKI). Data collection and analysis required to compile the Annual Report technical components include the following:

- Follow up with member agencies to ensure their groundwater level and quality data are uploaded to WISKI through the water year.
- Download and compile all 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 2024.
- Compile hydrographs of groundwater elevations and water year type using historical data to the greatest extent available through September 30, 2024.
- 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.

#### **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:

- Follow up with member agencies to ensure their groundwater extraction data from all metered wells in the GSP monitoring network are uploaded to WISKI.
- Prepare 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 2024 by water use sector, method of measurement, and accuracy of measurement.
- Develop a map showing locations and volumes of groundwater extraction in Water Year 2024.
- Compile a table summarizing surface water supply used for groundwater recharge or in-lieu use in Water Year 2024. 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 2024 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 2024. 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, 2024.

**TASK 1.4. PREPARE ANNUAL REPORT**

M&A will prepare the GSP Annual Report for Water Year 2024. 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 Water Year 2024 GSP Annual Report findings to the MGA Board of Directors at its March 2024 meeting. We assume the meeting will allow for online participation and that an M&A representative will call in 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 by April 1, 2025.

**TASK 1.7. 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 January 1 and July 1 of each year. The January 1 upload will include groundwater level data compiled for the Water Year 2024 Annual Report and will be uploaded in December 2024. The July 1 upload will be completed in June 2025. Both uploads require coordination with member agency staff to ensure all data are uploaded to WISKI prior to M&A downloading groundwater level data and compiling it in the format required for the SGMA Portal upload.

**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. DATA MANAGEMENT SYSTEM**

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

**TASK 2.2. 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 2.3. MONITORING NETWORK EXPANSION SUPPORT**

M&A will provide technical support to facilitate any as needed monitoring networks related tasks. Our budget includes time to plan and install pressure transducers in 2 private well representative monitoring wells in accordance with the Basin's GSP's implementation plan.

**TASK 2.4. EVALUATE SEAWATER INTRUSION**

In FY 2023/2024, M&A conducted a preliminary investigation into increasing chloride in the Seascap area. The investigation focused on establishing the relationship between chloride and groundwater elevations in monitoring and municipal production wells in the Seascap area. With assistance from Rob Swartz, private wells were more accurately located and well logs included in a hydrogeological cross section to visualize the relationship between well screen elevations and chloride concentrations. The preliminary investigation concluded that upwards migration of the saltwater interface observed in the Seascap area appears driven by an upwards gradient from the Purisima F unit into the Aromas Red Sands that is consistent with nearby pumping occurring from the Aromas Red Sands.

The preliminary investigation technical memorandum included some recommendations that are being followed up by Mr. Swartz, namely contacting private well users, looking into the feasibility of land-based electromagnetic geophysical surveys to fill in DWR AEM survey gaps., and meeting/coordinating with neighboring Pajaro Valley Water Management Agency. Other recommendations include extending the analysis to determine if other extraction wells are contributing to increasing chlorides, determine geochemical characteristics of intruded groundwater, and evaluate effects of SqCWD's planned pumping reductions in the Bonita, San Andreas, and Seascap wells associated with operational changes possible when Pure Water Soquel comes online in WY 2025.

In FY 2024/2025, the seawater intrusion evaluation task will focus on more completely characterizing the source and extent (vertically and spatially) of the high chloride water in the

Seascape and surrounding area. The purpose of the evaluation is to determine if the source of chlorides is caused by recent seawater intrusion, if the intrusion existed pre-development, or if the chlorides are related to dissolution of salts from saline marine clays. Understanding the source of the chlorides will provide the MGA information on how to better manage actively increasing chlorides in the upper Purisima F-unit aquifer and to support any pumping restrictions that could potentially be instituted to limit expansion of the intruded area.

Specific tasks will include:

- Evaluation of regional groundwater elevations across the Santa Cruz Mid-County and Pajaro Valley Basins. Groundwater contour maps will be developed for a representative dry year and a wet year to determine the range of possible flow directions.
- Geochemical evaluation to characterize groundwater in monitoring wells at different depths to determine if saline water may have another source other than recent seawater intrusion. Trilinear (Piper) and Stiff Diagrams of anions and cations will be used to evaluate how groundwater chemistry in impacted wells has evolved over time. Other indicators for seawater intrusion, including the concentration ratio of calcium to magnesium, the percentage of sulfate among all ions, and the concentrations of minor constituents such as iodide, bromide, boron, and barium may also be evaluated.
- Isotope sampling and analysis to indicate age and source of water. Tritium isotopes can be used to date water less than 50 years old and stable-isotopes oxygen -18 and deuterium can be used to compare the isotopic signature of high chloride groundwater with seawater and unimpacted groundwater.
- Conduct geophysical surveys to identify lateral and depth of high chlorides. Budget for this task is to coordinate geophysical surveys to be conducted by a geophysical company contracted by the MGA.
- Description of methods and evaluation of findings documented in a technical memorandum.

#### **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 FY2025/2026 TASKS AND BUDGET**

In Spring 2025, M&A will work with the MGA Executive Team to plan the FY2025/2026 budget. Continuing tasks anticipated for FY2025/2026 include preparing Water Year 2025 GSP Annual Report and uploading groundwater level data to the SGMA Portal (similar to Task 1) and SGMA technical support (similar to Task 2). Other tasks that may need to be added to the FY2025/2026 scope are potential structural updates to the groundwater model, modeling of

MGA-directed projects or management actions, and evaluating data from the shallow monitoring network focused on interconnected surface water.

### **TASK 3. GSP PERIODIC EVALUATION**

The MGA's first GSP Periodic Evaluation is required to be submitted to DWR by January 31, 2025. Most of the work on the evaluation has been completed in FY 2023/2024 but some additional evaluation is still needed related to the Optimization Study. Early in FY 2024/2025, the Periodic Evaluation will be completed with the Staff Draft available at the end of July and the Board draft available by August 20. The MGA Board will consider approval of the final Periodic Evaluation at its December 12 Board meeting.

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 4.

Sincerely,  
MONTGOMERY & ASSOCIATES



Georgina King, P.G., C.Hg.  
Principal Hydrogeologist  
[gking@elmontgomery.com](mailto:gking@elmontgomery.com)



Cameron Tana, P.E.  
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*Table 1. Proposed Budget for MGA Contract No. 2020-4, Amendment 4*

Fiscal Year 2024/2025 Santa Cruz Mid-County Groundwater Agency Planning and Technical Services For GSP Implementation and Reporting		Principal Hydrologist	Principal Hydro- geologist	Senior Hydro- geologist	Staff Hydro- geologist	Modeler/ Scientist	Staff Scientist	Technical Editor	Total Prof. Fees	Travel Expenses	Expenses	Total Estimated Fees & Expenses
		CT	GK	PD	NB	PW/Staff						
Professional Billing Rates through June 2025		\$265	\$238	\$218	\$195	\$185	\$148	\$86				
Task 1. Water Year 2024 GSP Annual Report												
1.1	Obtain and Evaluate Monitoring Well Data	0	16	0	48	0	64	0	\$22,640	\$0	\$0	\$22,640
1.2	Quantify Water Demand and Supply	4	8	0	16	0	16	0	\$8,452	\$0	\$0	\$8,452
1.3	Extend Basin Model to Estimate Change of Groundwater in Storage	4	4	0	0	80	10	0	\$18,292	\$0	\$0	\$18,292
1.4	Prepare Annual Report	10	24	0	80	0	24	8	\$28,202	\$0	\$0	\$28,202
1.5	Prepare for and Present Annual Report to Board of Directors	2	10	0	4	0	0	0	\$3,690	\$160	\$0	\$3,850
1.6	Upload Annual Report and Required Tables to SGMA Portal	0	2	0	0	0	4	0	\$1,068	\$0	\$0	\$1,068
1.7	Upload Groundwater Level Data to SGMA Portal (by Jan 1 and July 1)	0	16	0	0	0	32	0	\$8,544	\$0	\$0	\$8,544
	Subtotal	20	80	0	148	80	150	8	\$90,888	\$160	\$0	\$91,048
Task 2. SGMA Technical Support												
2.1	Data Management System	0	8	0	0	0	24	0	\$5,456	\$0	\$0	\$5,456
2.2	SGMA Program Developments and DWR Consultation	4	6	0	0	0	0	0	\$2,488	\$0	\$0	\$2,488
2.3	Monitoring Network Support	4	16	0	16	0	40	0	\$13,908	\$0	\$0	\$13,908
2.4	Evaluate Seawater Intrusion	20	72	24	88	36	72	8	\$62,832	\$1,850	\$35,000	\$99,682
2.5	Miscellaneous SGMA Support	16	20	0	0	0	0	0	\$9,000	\$0	\$0	\$9,000
2.6	Plan FY2025/2026 Tasks and Budget	4	16	0	0	0	0	0	\$4,868	\$0	\$0	\$4,868
	Subtotal	48	138	24	104	36	136	8	\$98,552	\$1,850	\$35,000	\$135,402
Task 3. GSP Periodic Evaluation												
3.1	Complete Staff Draft Periodic Evaluation for Exec Team Review	10	30	40	40	20	16	6	\$32,894	\$0	\$0	\$32,894
3.2	Prepare Board Draft Periodic Evaluation Based on Exec Team Review	2	8	10	0	4	8	8	\$7,226	\$0	\$0	\$7,226
3.3	Prepare Final Periodic Evaluation Based on Board Input	2	4	8	0	2	6	4	\$4,828	\$0	\$0	\$4,828
3.4	Prepare Periodic Evaluation Elements Guide and Upload Elements Guide and PDF of Periodic Evaluation to SGMA Portal	0	2	6	0	0	0	0	\$1,784	\$0	\$0	\$1,784
3.5	Prepare for and attend Exec Team (assume 2) and Board (assume 2) meetings.	4	40	16	0	0	0	0	\$14,068	\$250	\$0	\$14,318
3.6	Update SGMA Portal Monitoring Network Module with Revised Monitoring Network Wells and Data	0	2	0	8	0	16	0	\$4,404	\$0	\$0	\$4,404
	Subtotal	18	86	80	48	26	46	18	\$65,204	\$250	\$0	\$65,454
Total		86	304	104	300	142	332	34	\$254,644	\$2,260	\$35,000	\$291,904



Figure 1. Schedule for Year 5 GSP Annual Report (Task 1)

Santa Cruz Mid-County Groundwater Agency Planning and Technical Services For GSP Implementation and Reporting	2024					2025												
	December					January					February				March			
	2	9	16	23	30	6	13	20	27		3	10	17	24	3	10	17	24
Week of	2	9	16	23	30	6	13	20	27		3	10	17	24	3	10	17	24
Weeks from start	1	2	3	4	5	5	6	7	8	9	10	11	12	13	14	15	16	17
Task 1. Water Year 2024 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																		
Incorporate Comments into Board Draft																		
1.5. Prepare for and Present Annual Report to Board of Directors																		
Finalize Report																		
1.6. Upload Annual Report to SGMA Portal																		

Annual Report Upload Deadline is April 1, 2025

Fall 2024 Groundwater Level Data Upload Deadline in January 1, 2025

Figure 2. Schedule for GSP 5-Year Evaluation (Task 3)

Santa Cruz Mid-County Groundwater Agency Planning and Technical Services For GSP Implementation and Reporting	2024																									
	July				August				September					October				November				December				
	7	14	21	28	4	11	18	25	1	8	15	22	29	6	13	20	27	3	10	17	24	1	8	15	22	29
Week of	7	14	21	28	4	11	18	25	1	8	15	22	29	6	13	20	27	3	10	17	24	1	8	15	22	29
Weeks from start	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
Task 4. GSP Periodic Evaluation																										
3.1. Complete Staff Draft Periodic Evaluation for Staff Review				Staff Review																						
3.2. Prepare Board Draft Periodic Evaluation Based on Staff Review							Board Review																			
3.3. Prepare Final Periodic Evaluation Based on Board Input																										
3.4. Prepare Periodic Evaluation Elements Guide and Upload Elements Guide and PDF of Periodic Evaluation to SGMA Portal																										
3.5. Prepare for and attend Exec Team (assume 2) and Board (assume 2) meetings																										
3.6. Update SGMA Portal Monitoring Network Module with Revised Monitoring Network Wells and Data																										

June 20, 2024

## MEMO TO THE MGA BOARD OF DIRECTORS

Subject: Agenda Item 4.3

Title: Approve Regional Water Management Foundation Sustainable Groundwater Management Implementation Grant Administrative Services for Fiscal Year 2024-2025 (Year 3)

**Recommended Board Action:** Authorize a Purchase Order for Grant Administration Services from Regional Water Management Foundation for Sustainable Groundwater Management Implementation Grant in Fiscal Year 2024/2025 (Contract Year 3) in an amount not to exceed \$100,000.

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In June 2022, the Santa Cruz Mid-County Groundwater Agency (MGA) Board of Directors approved a contract with the Regional Water Management Foundation (RWMF) to provide grant administration services for the Sustainable Groundwater Management Implementation (SGMI) Grant. RWMF's scope of work under the contract includes two tasks: Task 1. Grant Administration and Coordination, and Task 2. Grant Reporting and Compliance.

Grant administration costs for grant components implemented by a Member Agency (Soquel Creek Water District, City of Santa Cruz) are allocated proportional to the grant award provided to the respective Member Agency. 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, are reimbursed by the grant.

The contract schedule was based upon the then-estimated grant agreement schedule, from July 2022 through the close out of the Grant in June 2025. The total amount of the contract was \$380,000. The estimated cost for RWMF SGMI Grant administration in fiscal year 2024-2025 (Year 3) is \$100,000. Administrative support in Year 3 is increased over Year 2 to reflect increased activity in support of grant administration, coordination, documentation and reporting.

Recommended Board Action:

1. By MOTION, authorize a Purchase Order for Grant Administration Services by Regional Water Management Foundation for Sustainable Groundwater Management Implementation Grant in Fiscal Year 2024/2025 (Contract Year 3) in an amount not to exceed \$100,000.

**Submitted 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

Heidi Luckenbach, Water Director, City of Santa Cruz

Sierra Ryan, Water Resources Manager, County of Santa Cruz

June 20, 2024

## **MEMO TO THE MGA BOARD OF DIRECTORS**

Subject: Agenda Item 4.4

Title: Approve Integrated Regional Water Management (IRWM)  
Memorandum of Agreement

Attachments:

1. Fact Sheet Santa Cruz IRWM Region
2. Santa Cruz IRWM Project Map
3. MOA for Santa Cruz IRWM Program and Complementary Efforts

**Recommended Board Action:** Receive information and consider approval of the Memorandum of Agreement

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### **Background**

The Santa Cruz Integrated Regional Water Management (IRWM) Program was developed in response to California's 2002 IRWM planning initiative to promote an informed, locally driven, and consensus-based approach to water resources management. IRWM Regions are self-organized into a Regional Water Management Group (RWMG). The Santa Cruz Region consists of local agencies responsible for water resources management in the County. The RWMG operates under a Memorandum of Agreement (MOA); previous MOAs were completed 2006, 2011, and 2016. Participation in the MOA is voluntary. The Member Agencies of the Santa Cruz Mid-County Groundwater Agency (Agency) are members of the RWMG and signatories to prior MOAs. This is the first renewal of the MOA since the passage of the Sustainable Groundwater Management Act (SGMA) and subsequent formation of the Agency.

### **Discussion**

The intent of planning efforts under IRWM and SGMA are considered parallel and complementary in this region. Many of the goals of IRWM are aligned with the Agency's efforts to achieve sustainability in the Mid-County Groundwater Basin. The IRWM program, initiated in Santa Cruz County in 2005, has helped to further bolster a watershed management approach by bringing together water agencies, resource protection agencies, and stakeholders to address water supply, habitat protection, water quality protection, flooding, groundwater recharge, stormwater management, and wastewater management in a coordinated manner. To date, over \$28 million in

grant awards and more than \$20 million in local matching funds have supported the completion of more than 110 projects and technical studies in the region through the IRWM Program. Planning efforts completed through the IRWM program, such as technical studies examining conjunctive use and aquifer recharge and groundwater modeling, served to subsequently inform development of the Groundwater Sustainability Plans (GSP).

As outlined in the State Water Plan Update 2023, new forthcoming statewide programs are being established to advance and incentivize regional planning via new watershed resilience and climate resiliency programs. The new programs are anticipated to have commonality with the IRWM program but are distinct from it. Currently, there is no future statewide funding for the IRWM program after Proposition 1 funds are exhausted over the next four to five years. New state grant funding is anticipated via the new watershed resilience and climate resiliency programs expected to be established over the next several years. Participation in the MOA demonstrates a commitment towards collaboration in working to address the water resource management issues facing the Basin and the region. This collaborative approach may better position the participating agencies for future watershed resilience and climate resiliency grant programs.

Signing the MOA does not require a direct commitment of resources, and implementation of the Santa Cruz IRWM planning and projects is at the discretion of each project proponent. The IRWM Plan is meant to be complementary to the Agency's GSP and the individual Member Agencies' individual plans and programs and does not supersede them.

**Recommended Board Action:**

1. Receive information and consider approval of the Memorandum of Agreement

**Submitted by:**

**Tim Carson**

Program Director

Regional Water Management Foundation



# Santa Cruz

SANTA CRUZ  
IRWMP

## Region At-A-Glance

### Region Description

This coastal region includes most of Santa Cruz County. The physical environment is varied, with the redwood forested mountains, coastal terraces, and agricultural lands. No water is imported - the region relies solely on local surface water, groundwater and recycled water. There are three primary groundwater basins (Santa Margarita, Mid-County, Pajaro) and 15 principal watersheds, the largest being the San Lorenzo River watershed. Total annual water use in 2020 was 51,500 acre-feet, with nearly half (22,000 AF) used for agriculture in the Pajaro Basin. Overall water supply is 78% groundwater, 19% surface water, and 3% recycled water – however, notably the City of Santa Cruz (serving ~100,000 residents) is 95% reliant upon surface water.



### Population Served

~270,000

**IRWM Funding Brought to the Region** \$23.4M

**Funding Leveraged by Locals** \$20.8M

**California Senate and Assembly Districts**  
State Assembly: 28, 29, 30  
State Senate: 17

**U.S. Congressional Districts** 19

### Governance Description

The Regional Water Management Group (RWMG) consists of the agencies active in the planning and implementation of the IRWM Plan. The RWMG consists the 12 local agencies with authority over water supply, water quality, watershed stewardship, flood and stormwater management.

## Top Regional Priorities

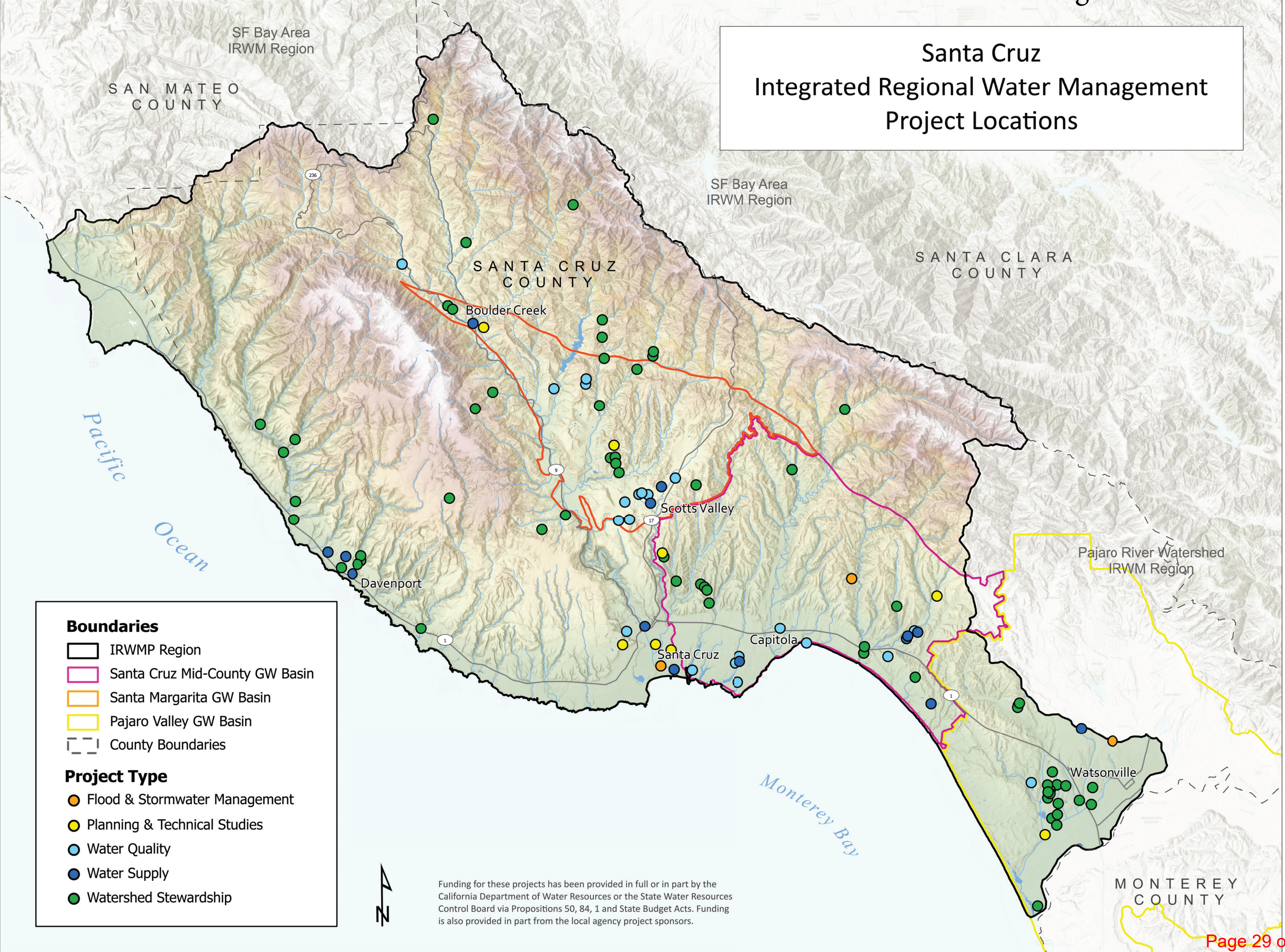
- Provide a safe, reliable, and affordable water supply to meet current and expected regional demand without causing undesirable environmental impacts.
- Maintain and improve regional surface and groundwater quality to protect beneficial uses.
- Improve the condition of riparian and aquatic ecosystems to support the native species, watershed functions, and regional water needs.
- Reduce flood hazards and manage stormwater runoff through economical approaches and projects that enhance natural hydrologic function and protect communities.
- Improve resiliency to climate change.

## Region Successes and Highlights

1. Fostered and increased collaboration, coordination, and communication on regional water resources planning. A cooperative Memorandum of Agreement among the RWMG was approved in 2006, renewed in 2011 and 2016.
2. Completed regional Plans and over 110 projects and technical or planning studies with IRWM Program funding.
3. Implemented projects that improve water supply reliability, increase aquifer recharge, improve water quality, increase recycled water use, improve stormwater management, enhance native species habitat and restore watersheds.
4. Conducted a needs assessment of economically disadvantaged and under-represented communities to identify potential solutions to address water-related needs.









**MEMORANDUM OF AGREEMENT  
FOR THE SANTA CRUZ INTEGRATED REGIONAL WATER  
MANAGEMENT PROGRAM AND COMPLEMENTARY EFFORTS**

**1. PURPOSE**

The purpose of this interagency cooperative memorandum of agreement (MOA) is to reaffirm the joint efforts of the participating organizations in participating in the Integrated Regional Water Management (IRWM) Program that supports coordination, collaboration and communication in addressing the region's water resources issues. The signatories hereby commit to the common and specific purpose of maintaining and implementing the Santa Cruz IRWM Plan (IRWMP) and efforts consistent with the IRWM Program. This MOA updates and continues the efforts initiated under the initial MOA completed in 2006 and subsequent updates completed in 2010/2011, and 2016.

**2. IRWMP GOALS AND OBJECTIVES**

The Santa Cruz IRWMP goals are intended to be a summary of the desired objectives that the agencies in the region are collectively working to achieve:

- Provide safe, reliable, and affordable water supply to meet current and projected demand without causing undesirable environmental impacts.
- Maintain and improve surface and groundwater quality to protect beneficial uses.
- Improve the condition of upland riparian and aquatic ecosystems to support the native species, watershed functions, and water needs.
- Reduce flood hazards and manage stormwater runoff through policies and projects that enhance natural hydrologic function and protect communities.

More specific objectives for the Santa Cruz IRWMP are listed below, according to the four functional areas.

**Water Supply**

- Ensure reliable and sustainable water supply through strategies that diversify the supply portfolio, develop alternative/supplemental sources, protect and enhance surface water and groundwater, protect against seawater intrusion, maximize efficient delivery, and address the projected impacts of climate change.
- Reduce water demand as technically and economically feasible, particularly in relation to the cost of additional sources.

**Water Quality**

- Reduce the sources of harmful pollutants (e.g., sediment, bacteria, nitrate, persistent organics and other toxic constituents) and their impacts on aquatic resources.

**Watershed Resources**

- Improve and protect watershed ecosystems to support healthy watershed function.
- Increase the habitat quality and quantity of critical aquatic ecosystems (i.e., streams,

tidal wetlands, and freshwater wetlands).

#### Flood/Stormwater

- Implement integrated flood management strategies that reduce hazards and impacts from floods and provide diverse benefits (e.g., improve stormwater quality, protect ecosystems, increase groundwater recharge).

### 3. DEFINITIONS

3.1. **Integrated Regional Water Management Plan (IRWMP).** The California Water Code defines IRWMP as "a comprehensive plan for a defined geographic area, the specific development, content, and adoption of which shall satisfy requirements developed pursuant to this part. At a minimum, an Integrated Regional Water Management Plan describes the major water-related objectives and conflicts within a region, considers a broad variety of resource management strategies, identifies the appropriate mix of water demand and supply management alternatives, water quality protection, and environmental stewardship actions to provide long-term, reliable, and high-quality water supply and protect the environment, and identifies disadvantaged communities in the region and takes the water-related needs of those communities into consideration." (*CWC §10530 et seq.*)

3.2. **IRWM Planning Region** also known as the IRWM Region. The geographic area in which consolidated planning and coordination efforts including stakeholders, agencies and projects are conducted. Regions are self-forming and organizing. Regions are to be geographically contiguous and determined with regard to shared water management issues, stakeholders, and water-related conflicts. In March 2009, the California Department of Water Resources' (DWR) established a Region Acceptance Process to evaluate and approve an IRWM region. Approval of an IRWM region by DWR is required before a region can submit an application for IRWM grant funds. There are 48 IRWM regions statewide, six IRWM regions in the Central Coast Funding Area. In September 2009, DWR formally approved the Santa Cruz IRWM Region. The Santa Cruz region encompasses all of the watersheds of Santa Cruz County, excluding the Pajaro watershed, but including the Watsonville Sloughs watershed. The Pajaro watershed is within the adjacent Pajaro IRWM Region, which also addresses flood and water supply issues in the Watsonville Sloughs watershed.

3.3. **Central Coast Funding Area (CCFA).** The Central Coast Funding Area (CCFA) is one of 12 funding areas statewide allocated a specific amount of funding to support IRWM activities (Water Code section 79744 (a)). The CCFA includes six IRWM Regions and incorporates lands in portions of the counties of Santa Clara (south of Morgan Hill), San Mateo (small portions), Santa Cruz, San Benito, Monterey, Kern (small portions), San Luis Obispo, Santa Barbara, Ventura (northern portion).

3.4. **Regional Water Management Group (RWMG).** State guidelines define the RWMG as a group of three or more agencies, at least two of which have a statutory authority over water supply or water management, as well as those persons who may be necessary for the development and implementation of an IRWM Plan, pursuant to the requirements in CWC

§10540 and §10541.

For the Santa Cruz IRWM program, the RWMG consists of the local Agencies with statutory authority over water management and related resources, and the Regional Water Management Foundation (RWMF) which serves as the administrative and coordinating entity. RWMG members that are signatories to the 2016 MOA includes:

- Central Water District
- City of Capitola
- City of Santa Cruz
- City of Scotts Valley
- City of Watsonville
- County of Santa Cruz
- Santa Cruz County Sanitation District
- Davenport County Sanitation District
- Resource Conservation District of Santa Cruz County
- San Lorenzo Valley Water District
- Scotts Valley Water District
- Soquel Creek Water District

3.5. **Steering Committee.** The Santa Cruz IRWM Steering Committee is an active, decision-making entity of the RWMG that is designed to comprise a broad representation of the RWMG to effectively make decisions on behalf of the group in a timely manner. The Steering Committee meets on a regular basis to oversee IRWM implementation and coordinate efforts as needed. The Steering Committee currently consists of the County Water Resources Program Manager, the Executive Director of the Resource Conservation District, and the General Manager/Director of a water supply agency. These individuals continue to serve as the Steering Committee unless a majority vote of the RWMG (based on one vote per agency) replaces all or some of the Steering Committee members or a replacement is necessary due to an individual's resignation. The Steering Committee provides direction and expertise in the four functional planning areas – water supply, water quality, watershed resources, and flood/stormwater management. The RWMF Program Director participates as a non-voting member of the Steering Committee and provides staff support. All Steering Committee decisions with material financial implications are ratified by the RWMG.

The Steering Committee provides information and consults with the RWMG, and performs the following functions on behalf of the RWMG

- guides IRWM Plan development and implementation;
- acts as a liaison to the Regional Water Management Foundation (see below) and all stakeholders, including state agencies, elected officials, non-governmental organizations, and the public;
- coordinates funding proposals;
- promotes project integration of multi-benefit projects;
- ensures stakeholder participation; and,

- tends to administrative matters concerning IRWM efforts.

**3.6. Regional Water Management Foundation (RWMF).** The RWMF was established in 2007 to provide organizational support for the implementation of the Santa Cruz IRWMP. The RWMF is a subsidiary of the Community Foundation Santa Cruz County (CFSCC). The RWMF is a separate 501(c)(3) tax-exempt nonprofit organization. It has its own Board of Directors and staff, with an office located at the CFSCC. The RWMF Board, includes directors appointed by the Community Foundation and three directors representing public agencies; currently, the Public Agency director seats are filled by the Steering Committee members. The primary objectives of the RWMF are to (1) protect communities in Santa Cruz County from water shortages and floods; (2) improve water supply reliability in Santa Cruz County (3) protect and improve water quality and the natural environment in Santa Cruz County; and,; and (4) improve preparedness, adaption, mitigation, and resiliency to climate change related impacts to water resources. The RWMF aims to support regional planning and implementation efforts via the IRWM program and complementary efforts such as the Sustainable Groundwater Management Act Groundwater Sustainability Plans, Watershed Resilience and Climate Resiliency programs.

The RWMF served as the grantee on prior IRWM grants awarded to the Santa Cruz region, including: a 2007 IRWM Implementation grant, a 2011 IRWM Planning grant; a 2013 Disadvantaged Communities Engagement Pilot Project; a 2016 IRWM Implementation grant; a 2018 IRWM Disadvantaged Communities Involvement Grant; and IRWM Implementation grants awarded in 2020 and 2023. The RWMF provided management and administration of these grants and served as the central hub for reporting, invoicing, and inter-agency coordination. The RWMF also assists with the preparation of grant applications and provides administrative services to agencies' awarded grants that are complementary to IRWM efforts.

The RWMF also provides administrative and planning support to two Groundwater Sustainability Agencies that formed in response to the Sustainable Groundwater Management Act. The RWMF has provided administrative and planning support to the Santa Cruz Mid-County Groundwater Agency since 2016. The RWMF has supported the Santa Margarita Groundwater Agency with grants since 2018 and with administrative and planning support since 2022.

**3.7. IRWM Stakeholders.** Stakeholder group includes a diverse range of resource agencies, municipalities, local districts, non-governmental organizations, interest groups, and residents with an interest in water resources planning and management. Efforts to engage, inform and provide opportunities for stakeholders to actively participate in IRWM have occurred from the program's inception. The stakeholder engagement seeks to ensure that diverse interests and perspectives are considered in establishing the region's water management goals, objectives, strategies and priorities. Local agencies, organizations, and stakeholders have opportunities for input on the IRWM Plan development and specific projects through meetings and workshops and the broader community informed through boards, advisory groups, meetings and events.

3.8. **IRWM Projects.** The California Water Code (§10537) establishes that IRWM projects and programs are those that accomplish any of the following objectives;

- a) Reduce water demand through agricultural and urban water use efficiency.
- b) Increase water supplies for any beneficial use through the use of any of the following, or other, means:
  - 1. Groundwater storage and conjunctive water management
  - 2. Desalination
  - 3. Precipitation enhancement
  - 4. Water recycling
  - 5. Regional and local surface storage
  - 6. Water use efficiency
  - 7. Stormwater management
- c) Improve operational efficiency and water supply reliability, including conveyance facilities, system reoperation, and water transfers.
- d) Improve water quality, including drinking water treatment and distribution, groundwater and aquifer remediation, matching water quality to water use, wastewater treatment, water pollution prevention, and management of urban and agricultural runoff.
- e) Improve resource stewardship, including agricultural lands stewardship, ecosystem restoration, flood plain management; recharge area protection, urban land use management, groundwater management, water-dependent recreation, fishery restoration, including fish passage improvement, and watershed management.
- f) Improve flood management through structural and non-structural means, or by any other means.

#### **4. SUMMARY OF SANTA CRUZ IRWM EFFORTS TO DATE**

**2005** – A Preliminary IRWMP was developed and a Proposition 50 IRWM grant proposal submitted to the DWR and the State Water Resources Control Board (SWRCB), with the CFSCC serving as applicant at the behest of the Partner Agencies.

**2006** – The Partner Agencies (presently referred to as the Regional Water Management Group) entered into a Memorandum of Agreement (MOA) to establish an institutional framework to implement the IRWMP under the context of a single, regional grant agreement. The MOA describes the Partner Agencies' and CFSCC's responsibilities to fulfill the terms of the Prop 50 IRWM Implementation grant agreement. Signatories to the 2006 MOA include:

- Soquel Creek Water District
- Scotts Valley Water District
- County of Santa Cruz
- Resource Conservation District of Santa Cruz County

- Santa Cruz County Sanitation District
- Davenport County Sanitation District
- City of Santa Cruz
- City of Watsonville
- Watsonville Wetlands Watch
- Community Foundation of Santa Cruz County

**2007** – The SWRCB awarded a \$12.5 million grant to the CFSCC to fund the implementation of high priority IRWM projects in the region. In 2007, the CFSCC created a subsidiary organization, the RWMF, to support the IRWMP efforts and the Prop 50 administrative duties.

**2008** – The RWMF and SWRCB executed a Proposition 50 IRWM Implementation Grant that awarded \$12.5m for local agencies to implement 15 high priority components addressing water supply, water quality, and watershed/habitat condition. Many of components feature multi-benefit projects with on-the ground improvements in multiple locations. In total, over 50 projects were completed at more than 80 sites in the County from 2008 - 2013. The total cost of the implementation, including local match contribution, was over \$30m. The RWMF served as grantee and provided the administration and coordination of this grant.

**2009** – The Santa Cruz Region successfully completed the state's IRWM Regional Acceptance Process, through which the region was formally evaluated and approved by the Dept. of Water Resources. Approval is a requirement to be eligible for IRWM grant funding. This effort was coordinated by the Santa Cruz IRWM Steering Committee with the RWMF and consultant support.

**2010** – The Santa Cruz Region conducted an open solicitation for partners, affiliates, and stakeholders to submit planning and implementation projects for inclusion in the IRWMP. Also, local agencies initiated the renewal and update of the 2006 IRWM Memorandum of Agreement. Central Water District joined as new signatory.

**2011** – The RWMF and DWR executed a Proposition 84 IRWM Planning Grant that awarded approximately \$1m for IRWM planning efforts in the region. The grant funded an update of the 2005 IRWM Plan and key technical studies to inform water resources management. The technical studies included: Aromas and Purisima Groundwater Basin Management; Santa Margarita Groundwater Basin Model Update; Conjunctive Use and Water Transfers (Phase II); and Watsonville Sloughs hydrology study.

**2013** – The Santa Cruz Region was one of seven regions selected statewide to participate in a pilot project to identify methods and strategies to enhance economically disadvantaged community participation in the IRWM planning process. The RWMF served as grantee and supported this work that targeted efforts in Watsonville and Davenport.

**2014** – A comprehensive update of the Santa Cruz IRWM Plan was completed. The Plan was reviewed and approved by the Department of Water Resources. Each of the Santa Cruz RWMG agencies formally approved the Plan through a publicly noticed process.



**2015** – The City of Capitola and the City of Scotts Valley formally join the RWMG. With these additions, all municipalities within the IRWM region are members of the RWMG and have approved the 2014 IRWM Plan.

**2016** – The DWR recommended the Santa Cruz IRWM region receive a \$1.2m grant to implement three projects to enhance water supply reliability, improve drinking water quality, and provide recycled water. The participating local agencies approved updates to and renewal of the IRWM Memorandum of Agreement.

**2016** – Establishment of the Santa Cruz Mid-County Groundwater Agency (MGA), a Groundwater Sustainability Agency (GSA) under the Sustainable Groundwater Management Act (SGMA). The agency has four member agencies: Soquel Creek Water District, City of Santa Cruz, Central Water District and the County of Santa Cruz. The MGA is governed by an 11-member Board of Directors comprising of two representatives from each member agency and three private well owner representatives tasked with overseeing the groundwater management activities of the Santa Cruz Mid-County Groundwater Basin.

**2017** – Establishment of the Santa Margarita Groundwater Agency (SMGWA), a GSA that oversees the groundwater management activities of the Santa Margarita Groundwater Basin. The agency has three member agencies: Scotts Valley Water District, San Lorenzo Valley Water District, and County of Santa Cruz and is governed by an 11-member Board of Directors comprising of two representatives from each member agency, one representative from the City of Scotts Valley, one from the City of Santa Cruz, one from Mount Hermon Association, and two well owner representatives.

**2018** – The Santa Cruz Region received approximately \$472,000 to assess the water-related needs of economically disadvantaged communities, to conduct involvement activities, and to advance projects to address needs. The six IRWM regions in the Central Coast Funding Area (Santa Cruz to Santa Barbara) coordinated efforts through DWR's statewide disadvantaged communities involvement program. Work was conducted from 2018 to 2022.

**2019** – The RWMF led the coordination and completion of an addendum to the 2014 IRWM Plan to meet the state's updated Plan standards. The addendum included a climate change vulnerability assessment and additional requirements added by the state after 2014. The addendum was approved by DWR, thus maintaining eligibility to apply for IRWM grants.

**2020** – The DWR awarded the Santa Cruz IRWM region \$2.3m to implement multiple projects. The Resource Conservation District (RCD) will implement improvements at approximately 15 sites to reduce sediment loads in the San Lorenzo River watershed and other impaired waterbodies. Davenport County Sanitation District will improve water supply storage infrastructure. The RCD and partner organizations will implement watershed restoration in the Watsonville Sloughs to improve habitat and reduce flood hazard.

**2023** – The RWMF successfully applied for the final round of Proposition 1 funding and was



awarded a \$2.5m IRWM grant to fund six projects to improve water supply reliability, wastewater infrastructure improvements, water quality, and climate change resiliency. Implementing agencies include: San Lorenzo Valley Water District, County of Santa Cruz, cities of Santa Cruz and Watsonville, and Watsonville Wetlands Watch. Projects will be implemented from 2023 to 2028.

## 5. PROPOSITION 1 FUNDING FOR IRWM AND CENTRAL COAST FUNDING AREA COOPERATIVE AGREEMENT

Proposition 1 (Water Code §79744) authorized \$510 million for projects that are included in an adopted IRWM plan that is consistent with Water Code §10530, et seq., and respond to climate change and contribute to regional water security. Funding is administered by the DWR which awards funding through competitive grants for IRWM planning and projects. \$510 million is allocated across 12 hydrologic region-based Funding Areas; \$43 million is allocated to the Central Coast Funding Area.

Since 2005, the six CCFA IRWM regions have worked to improve the IRWM planning process, to coordinate planning across region boundaries, and to facilitate the distribution of funding for IRWM projects by DWR. In May 2016, the CCFA IRWM regions entered into a Memorandum of Agreement (CCFA MOA) (incorporated herein by this reference). The primary intent of the CCFA MOA is to share Proposition 1 IRWM funding allocated to the CCFA among the six IRWM regions in a fair and equitable manner. The CCFA MOA will enhance the potential to improve inter-regional cooperation and efficiency. The CCFA MOA is also intended to reduce the need for the regions to compete against each other for grant funds, which creates unnecessary economic inefficiencies in implementing each region's IRWM Plan. Each region will retain autonomous control over how funds are allocated within their respective IRWM regions. Each IRWM region will independently determine and prioritize projects to be funded within its IRWM region consistent with the IRWM program guidelines.

The CCFA is allocated \$43 million through Proposition 1 for the IRWM program. This funding allocation includes the following breakdown:

IRWM Central Coast Funding Area allocation	\$ 43,000,000
State Administration Fee <sup>1</sup> - 7% of Funding Area Total	\$ 3,010,000
DAC Specific Funding Allocations - 20% of Funding Area Total	
DAC involvement funding <sup>2</sup> (10%)	\$ 4,300,000
DAC project implementation <sup>2</sup> (10%)	\$ 4,300,000
Implementation and Planning Grants	\$ 31,390,000

<sup>1</sup> State of California administrative fees (7%) consisting of 5% for DWR program administration and 2% for statewide bond costs.

<sup>2</sup> Per Proposition 1, 20% of the Funding Area allocation is to be award for projects and planning efforts that directly benefit economically Disadvantaged Communities (DAC) with 10% directed towards Involvement and 10% towards project implementation.

Per the CCFA MOA, the formula for sharing funds is based on the following: one-half (50%) of funds are equally split among the six IRWM regions; one-quarter (25%) of funds are split based on population percentage of each region based on 2009-2013 American Census Data; and one-quarter (25%) of funds are split based on the percentage of area in square miles of each region. As mandated under Proposition 1 IRWM guidelines, not less than \$8.6M, or 20%, shall be allocated to projects that directly benefit Disadvantaged Communities (DAC); these funds may be awarded on a competitive or non-competitive basis. The CCFA regions will coordinate on grant funding requests by each of the regions to ensure that the sum of the total grant requests from the Funding Area does not exceed the amount allocated to the Funding Area. The division of funding shall be consistent terms of the CCFA MOA.

	Santa Cruz	Pajaro	Greater Monterey	Monterey Peninsula	San Luis Obispo	Santa Barbara	Total CCFA
Description	ALLOCATIONS						
DAC support	\$1,109,810	\$1,340,107	\$1,775,034	\$931,966	\$1,712,669	\$1,730,414	\$8,600,000
Implementation	\$4,050,805	\$4,891,390	\$6,478,875	\$3,401,677	\$6,251,243	\$6,316,010	\$31,390,000
<b>Subtotal</b>	<b>\$5,160,615</b>	<b>\$6,231,497</b>	<b>\$8,253,910</b>	<b>\$4,333,643</b>	<b>\$7,963,912</b>	<b>\$8,046,424</b>	<b>\$39,990,000</b>
State Admin Fee							\$3,010,000
Total							\$43,000,000

## 6. IRWM COLLABORATION

In addressing the region's water resources challenges, the participating agencies are committed to:

- 6.1 Establish and foster relationships with regional, state, and local governments, individuals, and other interested organizations to develop and implement management practices to preserve and protect Santa Cruz County water resources.
  - a. Undertake cooperative research and resource management initiatives that are regional in scope and disseminate information resulting from these activities.
  - b. Produce and share relevant informational materials among the RWMG.
  - c. Recommend to the respective governing boards actions necessary to successfully develop and implement the IRWMP.
- 6.2 All parties to this agreement wish to join in a common effort to develop and implement an IRWMP which shall include, but not be limited to establishing water quality, water supply, watershed stewardship, and stormwater and flood management objectives for the Santa Cruz IRWM Region.
- 6.3 As with IRWM efforts to date, the RWMG will contribute the personnel and financial resources necessary to develop and implement the IRWMP proportional to their potential benefit.

- 6.4 As new partners elect to participate, they shall approve and execute this Memorandum of Agreement which establishes the understanding among participating agencies with regard to the purposes, development, and implementation of the Santa Cruz IRWMP.
- 6.5 In the event of future IRWM-related grant awards, sub-grantee agreements, referred to as Local Project Sponsor agreements, are anticipated to be developed that establish the specific roles and responsibilities of the grantee and sub-grantee based upon the terms and conditions of the grant award.

## **7. IRWMP AMENDMENTS, FORMAL UPDATES, AND PROJECT LIST UPDATES**

The Santa Cruz IRWMP is intended to be a dynamic document that changes over time in response to changing conditions and priorities in order to remain current in identifying strategies to address the region's water resource needs. The updates serve to keep the document up to date with the state's IRWM Plan Standards including amendments, formal updates, and updates to the IRWMP Project List.

- 7.1 **Amendments.** Amendments to the IRWMP may include informal changes that reflect minor process or organizational changes that occur relatively frequently and do not necessitate a decision by the governing bodies of the individual RWMG entities. Amendments may also include new content in response to state legislation (e.g., SB985, AB1249) to ensure the state's Plan Standards for state funding eligibility. The IRWM Steering Committee will provide guidance and coordination of amendments. A RWMG member agency may present an amendment for consideration to the Steering Committee. The RWMG will be informed of and provided opportunity for input on proposed interim amendments. The Steering Committee will ratify amendments by consensus. An amendment to the IRWMP was completed in 2019 to maintain consistency with the state's IRWM Plan Standards. As necessary, amendments will be incorporated into the IRWMP during the subsequent formal update.
- 7.2 **Formal updates.** Formal updates will reflect any significant changes to the IRWMP including processes, organizational structure and governance, water management conditions, or goals and objectives. The Steering Committee will provide a leadership role in guiding and coordinating the formal updates, as necessary, to ensure an inclusive and transparent decision-making process. Formal updates will include stakeholder outreach, including disadvantaged communities, to ensure that interested entities have an opportunity to participate.
- 7.3 **Project list updates.** The IRWMP includes a list of projects, submitted by proponents, such as a RWMG member agencies or stakeholder organizations, which were evaluated and included based upon each project's anticipated contribution towards meeting the goals and objectives of the IRWMP. The list of projects will be periodically updated as projects are completed and as new priorities arise. The Steering Committee is tasked with coordinating updates. The Steering Committee conducts a review of the project list no less frequently than every five years, and as needed, initiate and coordinate a publicly

announced solicitation for projects. Projects may also be submitted for addition to the list during interim periods. Projects submitted will be vetted for eligibility by the Steering Committee; eligible projects will be added to the list of IRWMP Projects and incorporated into future IRWMP updates.

## **8. COMPLEMENTARY PROGRAMS**

### **8.1 SUSTAINABLE GROUNDWATER MANAGEMENT ACT (SGMA)**

The State of California enacted the Sustainable Groundwater Management Act (SGMA), effective January 1, 2015, as the first legislation in the state's history to mandate comprehensive sustainable groundwater resources management. In response, two Groundwater Sustainability Agencies (GSAs) formed in the Santa Cruz IRWM Region.

The Santa Cruz Mid-County Groundwater Agency (MGA) formed in 2016 under SGMA to develop this Groundwater Sustainability Plan (GSP or Plan) for the Santa Cruz Mid-County Groundwater Basin. The MGA is Joint Powers Agreement (JPA), with four member agencies: Central Water District, City of Santa Cruz, County of Santa Cruz, and Soquel Creek Water District. The Board of Directors includes two representatives from each member agency and three private well owner representatives.

The Santa Margarita Groundwater Agency (SMGWA) formed in 2017 under SGMA to develop the GSP for the Santa Margarita Groundwater Basin. The SMGWA is a JPA among the Scotts Valley Water District, the San Lorenzo Valley Water District, and the County of Santa Cruz. The SMGWA is governed by a Board of Directors comprising two representatives from each member agency, single representatives from the City of Scotts Valley, City of Santa Cruz, and Mount Hermon Association (MHA), and two private well owners.

The respective GSPs describe how both GSAs intend to manage groundwater in their respective Basins to achieve groundwater sustainability and meet the requirements of SGMA. Both Basin Plans provide the basis for ongoing management to both achieve sustainability in the State's required 20-year planning horizon and to maintain sustainability over the 50-year implementation horizon. By following their GSPs, the MGA and SMGWA, and their cooperating agencies, and other local stakeholders will collaboratively manage the respective Basins to maintain a safe and reliable groundwater supply for all beneficial groundwater uses and users.

The RWMF has provided administrative and planning support to the MGA since 2016 and to the SMGWA on grant related support since 2018. In 2022, following a County issued Request for Qualifications, the RWMF was awarded a contract to provide administrative and planning services to both MGA and SMGWA from 2022 - 2025.

Many of goals and objectives in the IRWMP and the GSPs in both Basins are complementary and aligned. Funding awards in IRWM grants have supported planning and technical studies that have advanced the work of member agencies participating in both Basins. The same GSA member agencies are also participating in IRWM. There are

potential mutual benefits and efficiencies to be gained in the cooperation and collaboration of the agencies participating in IRWM and SGMA.

## 8.2 WATERSHED RESILIENCE

California's 2023 Water Plan Update (September 2023 draft) presents a statewide vision for Watershed Resilience to be achieved via partnerships between state agencies, local agencies, organizations and stakeholders. The Plan describes the need for climate resilience planning at the watershed scale and broadly outlines a new framework for the State's efforts to promote local collaboration at regional scales to respond to climate change risks. The Plan introduces a new Watershed Resilience program to be administered by DWR. The forthcoming program will build on existing collaborative relationships, planning, and investments to improve regional climate resilience and invest in natural and built backbone infrastructure.

The Santa Cruz Regional Water Management Group is well positioned to build upon existing collaborative programs, such as the IRWM Program and Sustainable Groundwater Management Program, to pursue funding to support multi-sector collaborations and solutions at the watershed- and regional-scale.

## 8.3 CLIMATE RESILIENCY

Climate change is increasingly impacting the state's and the region's water resources and watersheds, as evidenced by greater weather extremes, changes in rainfall and runoff patterns, sea level rise, wildfire intensity, and impacts related to water resources and watersheds. Multiple state and federal programs provide guidance, technical support, planning and assessment tools, and/or funding to public agencies and organizations to improve local adaptation and resiliency to climate change impacts.

Municipalities (County and cities), agencies and organizations in Santa Cruz County have conducted extensive planning to respond to climate change. Multiple local plans document the vulnerability, impacts, adaptations, mitigations and/or responses (e.g., municipal Climate Action Plans; County Climate Action and Adaptation Plan (CAAP); IRWM Plan; Groundwater Sustainability Plans; other).

As noted by DWR, as the impacts of climate change intensify, local water managers will need better tools to identify the adaptation strategies for their watersheds and diverse hydrology to make more-informed infrastructure investment decisions. Two steps identified by DWR to fulfill key the goals of the Governor's Water Resilience Portfolio are:

1. Develop data, tools, and guidance for watershed-based climate vulnerability and adaptation analyses.
2. Explore the formation of a California-based network of climate scientists and water management practitioners.

Regional coordination and collaboration may provide opportunities to pursue funding and other resources for studies/projects to generate better climate change information for decision-making or develop systems that are more resilient to climate change and natural

disasters.

#### 8.4 STORM WATER RESOURCE PLAN (SWRP)

The SWRP is a comprehensive document outlining regional stormwater project priorities, as well as regional stormwater permit compliance. A SWRP was completed in December 2016. Development of the SWRP was led by the County of Santa Cruz Environmental Health with contributions by staff and representatives from the City of Santa Cruz, the City of Scotts Valley, the City of Watsonville, the City of Capitola, Ecology Action, the Resource Conservation District of Santa Cruz County, and the University of California Santa Cruz. The SWRP is incorporated into the IRWM Plan as an appendix. In June 2017, the State Water Resources Control Board issued its letter of concurrence that the SWRP met the requirements of the California Water Code and the SWRP Guidelines. IRWM and SWRP efforts are aligned. The coordination of these programs offers the potential benefit of identifying and pursuing funding opportunities to support planning and implementation.

### 9. MUTUAL UNDERSTANDINGS

- 9.1 **Purpose of the MOA.** This MOA pertains to the joint efforts of the agencies participating in the IRWM Program to increase coordination, collaboration and communication in addressing the region's water resources issues. This MOA updates and continues the efforts initiated under the prior MOA executed in 2006 and renewed in 2010/2011 and 2016.
- 9.2 **Subject matter scope of the IRWMP.** The IRWMP includes, but may not necessarily be limited to, water supply, water quality, wastewater, recycled water, water conservation, stormwater and flood management, watershed planning and habitat protection and restoration, and climate change resiliency related to water and watersheds.
- 9.3 **Decision-making.** Consensus is sought in decision-making. The Steering Committee provides a lead role in the decision-making process and coordinating input from the participating agencies. As needed, the Steering Committee ratifies decisions by majority vote. Amendments resulting in material financial implications are ratified by the RWMG. Votes are recorded as one vote per signatory agency.
- 9.4 **Approval of the IRWMP.** IRWMP adoption occurs by adopting a resolution by each RWMG agency's governing body. The 2014 IRWMP was adopted by all the RWMG members.
- 9.5 **Relation to local planning efforts.** The Santa Cruz IRWMP is intended to be complementary to the participating agencies' individual plans and programs and does not supersede such plans and programs.
- 9.6 **Termination.** An agency may terminate their participation in the IRWMP effort by providing 90 calendar days written notice to the Regional Water Management Foundation.



- 9.7 **Personnel and financial resources.** It is expected that agencies contribute the personnel and financial resources necessary to develop, implement and update the IRWMP and pursue complementary efforts.
- 9.8 **Reports and communications.** The Steering Committee reports regularly on IRWMP progress to the participating agencies and stakeholders. The SantaCruzIRWMP.org website is used for disseminating news, reports and updates to the participating agencies and the public.
- 9.9 **Future awards.** In the event of future grant awards, it is expected that agreement(s) are entered into by the applicable participating agencies that establish the terms and conditions applicable to the specific grant award.
- 9.10 **Term.** This updated MOA commences as of January 1, 2024 and continues until terminated by action of a majority of the participating agencies or is superseded by a future MOA. This agreement is evaluated and reviewed no later than five years after its implementation, at which time, recommendations for improvements and modifications are considered by all parties. Any amendment or modification to this agreement must be in writing, agreed upon by a majority of all signatories, executed by the duly authorized representatives of the parties hereto, and incorporated into this agreement by reference.

## **10. SIGNATORIES TO THE MEMORANDUM OF AGREEMENT**

We, the undersigned representatives of our respective agencies, acknowledge the above as our understanding of how the Santa Cruz Integrated Regional Water Management Plan and complementary efforts will be developed and implemented.

Each party has full power and authority to enter into and perform this MOA and the person signing this MOA on behalf of each party is authorized and empowered to enter into this MOA. Each party further acknowledges that it has read this MOA, understands it and agrees to it.



MEMORANDUM OF AGREEMENT  
FOR THE SANTA CRUZ INTEGRATED REGIONAL WATER MANAGEMENT

Central Water District

Signature: \_\_\_\_\_

Ralph Bracamonte, General Manager

Date: \_\_\_\_\_

City of Capitola

Signature: \_\_\_\_\_

Jamie Goldstein, City Manager

Date: \_\_\_\_\_

City of Santa Cruz

Signature: \_\_\_\_\_

Matt Huffaker, City Manager

Date: \_\_\_\_\_

MEMORANDUM OF AGREEMENT  
FOR THE SANTA CRUZ INTEGRATED REGIONAL WATER MANAGEMENT

City of Scotts Valley

Signature: \_\_\_\_\_

Mali LaGoe, City Manager

Date: \_\_\_\_\_

City of Watsonville

Signature: \_\_\_\_\_

René Mendez, City Manager

Date: \_\_\_\_\_

County of Santa Cruz

Signature: \_\_\_\_\_

Carlos Palacios, County Administrative Officer

Date: \_\_\_\_\_

MEMORANDUM OF AGREEMENT  
FOR THE SANTA CRUZ INTEGRATED REGIONAL WATER MANAGEMENT

County of Santa Cruz Sanitation  
District

Signature:\_\_\_\_\_

Matt Machado, Director of Public Works

Date:\_\_\_\_\_

Davenport County Sanitation District  
(County of Santa Cruz)

Signature:\_\_\_\_\_

Matt Machado, Director of Public Works

Date:\_\_\_\_\_

Resource Conservation District of  
Santa Cruz County

Signature:\_\_\_\_\_

Lisa Lurie, Executive Director

Date:\_\_\_\_\_

MEMORANDUM OF AGREEMENT  
FOR THE SANTA CRUZ INTEGRATED REGIONAL WATER MANAGEMENT

San Lorenzo Valley Water District

Signature: \_\_\_\_\_

Brian Frus, Interim General Manager

Date: \_\_\_\_\_

Scotts Valley Water District

Signature: \_\_\_\_\_

David McNair, General Manager

Date: \_\_\_\_\_

Soquel Creek Water District

Signature: \_\_\_\_\_

Ron Duncan, General Manager

Date: \_\_\_\_\_

MEMORANDUM OF AGREEMENT  
FOR THE SANTA CRUZ INTEGRATED REGIONAL WATER MANAGEMENT

Santa Cruz Mid-County  
Groundwater Agency

Signature: \_\_\_\_\_

Board Chair

Date: \_\_\_\_\_

Santa Margarita Groundwater  
Agency

Signature: \_\_\_\_\_

Board Chair

Date: \_\_\_\_\_

Regional Water Management  
Foundation

Signature: \_\_\_\_\_

John Ricker, Board President

Date: \_\_\_\_\_

June 20, 2024

## MEMO TO THE MGA BOARD OF DIRECTORS

Subject: Agenda Item 5.1

Title: Appoint a Designated Director and/or Alternate Director for  
Association of California Water Agencies Joint Powers Insurance  
Authority

Attachments: None.

**Recommended Board Action:** Appoint a Designated Director and/or Alternate to serve as Representative(s) for Association of California Water Agencies Joint Powers Insurance Authority

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MGA is a member of California Water Agencies Joint Powers Insurance Agencies (ACWA JPIA). Under the ACWA JPIA Joint Powers Agreement, the ACWA JPIA Board of Directors is composed of directors selected by the governing boards of each member. As an ACWA JPIA member, the MGA is to appoint a designated director and alternate director to serve as representative(s).

The primary responsibility of the representative director is to attend the biannual meetings of the ACWA JPIA Board of Directors, which take place during the spring and fall conferences. The director must also annually file Form 700 Statements of Economic Interests on behalf of ACWA JPIA. The alternate has the authority to attend and participate in any meeting of the Board when the regular member is absent from a meeting. In 2017, the Board designated Rob Marani as the ACWA JPIA director representative and Tom LaHue as the alternate.

Staff recommends that for the selection of a director representative and alternate, the Board follow the MGA's procedure for electing officers by accepting nominations for each position. If more than two individuals are nominated, voting occurs until a nominee receives a majority of the votes cast.

The representative must be an MGA Board director. The alternate may be a director, officer, or employee. Since the MGA has no employees, nominees for alternate should be limited to directors or officers (Chair, Secretary, Treasurer).

Because the primary duties occur during the spring and fall ACWA conferences, individuals interested in being the director representative should generally plan to attend both conferences. The alternate need only attend if the director representative is unavailable. Conferences are held at varying locations statewide. The fall 2024 conference will be held in Palm Desert and the spring 2025 conference in Monterey.

Recommended Board Action:

1. By MOTION, appoint a Designated Director and/or Alternate to serve as Representative(s) for ACWA JPIA

**Submitted by:**

**Tim Carson**

Program Director

Regional Water Management Foundation



June 20, 2024

## **MEMO TO THE MGA BOARD OF DIRECTORS**

Subject: Agenda Item 5.2

Title: Consider Proposed Annual Budget for Fiscal Year 2024-25

Attachment(s):

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

**Recommended Board Action:** Approve the proposed Budget for Fiscal Year 2024-2025

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The attached Tables 1 and 2 present the projected totals for Fiscal Year 2023-2024 (FY 23/24) and the proposed budget for Fiscal Year 2024-2025 (FY 24/25). The proposed FY 24/25 budget is consistent with the preliminary budget presented in March. The proposed Operating Expenses are higher (by approximately 11% or \$116,500) with substantive changes noted in this memo.

This memo summarizes the MGA's beginning cash reserves, operating revenue, operating expenses, and ending reserves.

### **BEGINNING RESERVES**

The projected beginning total reserves for the MGA for FY 24/25 totals \$1,851,622. The beginning reserves amount is the ending reserves amount from the prior year plus any surplus of revenue collected from the prior year over the actual expenses incurred. The FY 24/25 includes a drawdown of the reserves designated for the 5-Year (Periodic Evaluation) Groundwater Sustainability Plan (GSP).

### **OPERATING REVENUE**

Operating revenue consists of grant awards and Member Agency contributions. Operating revenue for FY 24/25 is projected to be \$560,000; this includes an estimated \$500,000 from the Department of Water Resources (DWR) Sustainable Groundwater Management Implementation Grant (SGMI Grant). In addition, an estimated \$60,000 in revenue for SGMI grant administration (not reimbursed by that grant) from Soquel Creek Water District and the City of Santa Cruz for the grant administration costs related to their respective SGMI Grant Components is expected.

## **OPERATING EXPENSES**

Total operating expenses are projected to be \$1,084,200 in FY 24/25; this is very similar to the amount budgeted in FY 23/24. The operating expenses are presented in the following budget categories:

- Administration
- Legal Support
- Management and Coordination
- Monitoring: Network Expansion, Data Collection, Analysis and Management
- Groundwater Sustainability Plan (GSP) Reporting
- Outreach and Education

### **Budget Category: Administration**

This budget category includes costs related to the administration of the MGA, including administrative staff support, contracts management, finance staff support and related expenses, insurance, organizational memberships and conferences, as well as miscellaneous supplies and materials.

FY24/25: The proposed budget is approximately \$178,650. The amount is more than presented at the March meeting and is an increase from the prior fiscal year to allow for additional staff support for agency administration.

### **Budget Category: Legal Support**

The County of Santa Cruz provides general legal counsel and Best Best & Krieger LLP (BBK) provides legal counsel on matters pertaining to the Sustainable Groundwater Management Act (SGMA).

FY24/25: The proposed budget is \$30,000.

### **Budget Category: Management and Coordination**

This category includes three main components:

- Technical work in support of SGMA implementation
- Planning Activities and Implementation Coordination
- SGMI Grant Administration

FY 24/25: The proposed budget is \$300,000. The amount is \$40,000 more than presented at the March meeting; the increase is to allow for additional staff support

related to the SGMI grant as well as consultant support on assessing long-term funding mechanisms to support SGMA implementation.

**Budget Category: Monitoring - Network Expansion, Data Collection, Analysis & Management**

The proposed FY 24/25 for this category is \$389,000. This category is broken down into the following tasks:

**Monitoring Network**

FY 24/25: The proposed budget is \$29,000 to support ongoing monitoring activities such as consultant technical support and monitoring equipment (as needed).

**Monitoring: Streamflow**

FY 24/25: \$35,00 is proposed for Trout Unlimited to continue monitoring streamflow and the associated shallow wells. This monitoring will inform the evaluation of the Sustainable Management Criteria for the depletion of interconnected surface water.

**Monitoring: Seawater Intrusion**

FY 24/25: \$240,000 is proposed to evaluate seawater intrusion which includes electromagnetic (EM) surveys and characterizing water quality (chlorides). The MGA, with support from M&A, will assess the need to replicate the AEM surveys or alternatively conduct geophysical surveys and/or inland electromagnetic surveys. M&A will characterize the source and extent (vertically and spatially) of the high chloride water in the Seascape and surrounding area; the estimated cost is \$100,000.

**Data Coordination & Data Management System (DMS)**

The MGA collaborated with the neighboring Santa Margarita Groundwater Agency and the member agencies of both GSAs to develop a DMS. The MGA entered into a funding agreement with the County of Santa Cruz for its proportional share of the consultant (KISTERS) costs to develop and maintain the DMS.

FY 24/25: The proposed budget is \$30,000 for KISTER'S annual DMS hosting fee, user licenses, and software as well as DMS-support from M&A.

**Groundwater Extraction Metering Program**

The MGA is developing a groundwater metering program that applies to two categories of users: (1) all non-de minimis pumping operations expected to extract more than 5 acre-feet per year, and (2) all non-de minimis pumping operations

expected to extract more than 2 acre-feet per year that may impact seawater intrusion or an interconnected stream where groundwater dependent ecosystems are identified in the GSP.

FY 24/25: \$55,000 is proposed to implement the non-de minimis metering program.

### **Budget Category: GSP Reporting**

The proposed FY 24/25 for this category is \$156,550. This category includes the following tasks:

#### **Groundwater Sustainability Plan Annual Report and Data Reporting**

FY 24/25: The proposed budget from M&A to develop the GSP Annual Report Water Year 2024 is \$82,500. The budget to upload groundwater level data to SGMA portal semi-annual is \$8,550. The combined proposed budget is \$91,050.

#### **GSP Periodic Evaluation (5-Year)**

The GSP Periodic Evaluation is due to DWR before January 30, 2025.

FY 24/25: The proposed budget to complete the GSP Periodic Evaluation is estimated at \$65,500.

### **Budget Category: Outreach & Education**

FY 24/25: The proposed budget of \$30,000 supports ongoing community outreach and engagement on GSP implementation efforts, including the non-de minimis groundwater metering program and the GSP Periodic Evaluation.

## **MEMBER AGENCY LEAD PROJECT & MANAGEMENT ACTIVITIES**

### **SGMI Grant Components**

As noted above, the MGA's grant award of \$7.6 million from DWR's Sustainable Groundwater Management Implementation (SGMI) Round 1 is funding implementation activities. Four of the Components are led by Member Agencies (Soquel Creek Water District, City of Santa Cruz, County of Santa Cruz); they are leading the contracting and management of their respective components. The MGA entered 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 MGA will reimburse the Member Agencies as soon as the grant funds from DWR are received.

<b>Component Title</b>	<b>Lead Agency</b>	<b>Grant Amount</b>
Cunnison Lane Groundwater Well	SqCWD	\$1,675,000
Aquifer Storage and Recovery, Beltz Well 10	City of Santa Cruz	\$1,650,000
Park Avenue Transmission Main/Bottleneck Improvements	SqCWD	\$800,000
Technical Development of Group 1 and 2 Projects	SqCWD & City of Santa Cruz	\$1,900,000
Sustainable Groundwater Management Evaluation and Planning	MGA & County	\$1,575,000
<b>Total</b>		<b>\$7,600,000</b>

## **ENDING RESERVES**

### General Reserves

Prudent financial management requires that the agency carry a general reserve in order to manage cash flow and mitigate the risk of expense overruns in case actual expenses are greater than anticipated in the budget. The MGA is currently maintaining higher general reserves due to the potential for delays in grant reimbursements related to factors (e.g., state budget process) beyond the control of the MGA.

The estimated projected ending general reserves for FY 23/24 are \$1,776,620 and, as proposed, the total ending general reserves for FY 24/25 are \$1,328,930.

### Contingency Fund

The contingency fund is set aside to cover unexpected costs. As proposed for FY 24/25, the contingency is \$108,420. This is 10% of total operating expenses.

### 5-Year GSP Evaluation (2025) Reserve

With work on the GSP Periodic Evaluation underway, staff recommends this \$75,000 be drawn down in FY 24/25 and incorporated into Beginning Reserves.

### Member Agency Contribution

In prior years, the proposed budget has included member agency contributions as a component of operating revenue. Prior years' member agency contributions and grant funding has built up sufficient cash reserves such that there is no proposed contribution from the Member Agencies for FY 24/25.

Recommended Board Action:

1. By MOTION, approve the proposed budget for Fiscal Year 2024-2025.

**Submitted by: Tim Carson**  
Program Director  
Regional Water Management Foundation

**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  
Heidi Luckenbach, 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 2023/2024 AND FISCAL YEAR 2024/25 BUDGET**

	2022/23 ACTUALS	2023/24 BUDGET	2023/24 PROJECTED TOTALS	2024/25 PROPOSED BUDGET	INCREASE (DECREASE) OVER PRIOR YEAR BUDGET	% CHANGE OVER PRIOR YEAR BUDGET
<b>Beginning Reserves</b>						
Beginning Cash Reserves	\$ 1,814,953	\$ 1,585,720	\$ 1,935,630	\$ 1,776,622	\$ 190,902	12%
Drawdown of 5-Year GSP Evaluation (2025) Reserve				\$ 75,000		
<b>Total Beginning Reserves</b>	<b>\$ 1,814,953</b>	<b>\$ 1,585,720</b>	<b>\$ 1,935,630</b>	<b>\$ 1,851,622</b>	<b>\$ 190,902</b>	<b>12%</b>
<b>Operating Revenue</b>						
Agency Contributions	\$ 300,000	\$ 100,000	\$ 100,000	\$ -	\$ (100,000)	-100%
Agency Contributions - SGMI Grant Administration	\$ -	\$ 59,250	\$ 72,946	\$ 60,000	\$ 750	1%
Grant Funds (Received)						
DWR Planning (SGWP) (2018 - 2023)	\$ 466,190	\$ 263,806	\$ -	\$ -	\$ (263,806)	-100%
DWR Planning (SGWP) (2018 - 2023) Retention Release		\$ 200,000	\$ 200,000	\$ -	\$ (200,000)	-100%
DWR SGM Implementation (SGMI) (2022 - 2025) <sup>1</sup>	\$ 42,767	\$ 238,684	\$ 249,500	\$ 500,000	\$ 261,316	109%
<b>Total Operating Revenue</b>	<b>\$ 808,956</b>	<b>\$ 861,740</b>	<b>\$ 622,447</b>	<b>\$ 560,000</b>	<b>\$ (301,740)</b>	<b>-35%</b>
<b>Operating Expense</b>						
Administration	\$ 128,917	\$ 140,000	\$ 158,000	\$ 178,650	\$ 38,650	28%
Legal	\$ 4,063	\$ 50,000	\$ 13,000	\$ 30,000	\$ (20,000)	-40%
Management & Coordination	\$ 115,609	\$ 267,000	\$ 237,000	\$ 300,000	\$ 33,000	12%
Monitoring	\$ 435,383	\$ 363,240	\$ 154,955	\$ 389,000	\$ 25,760	7%
GSP Reporting						
GSP Annual Report & Related Data Reporting	\$ 71,236	\$ 70,816	\$ 75,000	\$ 91,050	\$ 20,234	29%
GSP 5-Year Update	\$ 3,045	\$ 200,000	\$ 127,000	\$ 65,500	\$ (134,500)	100%
Outreach & Education	\$ 5,027	\$ 20,000	\$ 16,500	\$ 30,000	\$ 10,000	50%
<b>Total Operating Expense</b>	<b>\$ 763,279</b>	<b>\$ 1,111,056</b>	<b>\$ 781,455</b>	<b>\$ 1,084,200</b>	<b>\$ (26,856)</b>	<b>-2%</b>
<b>Ending Reserves</b>						
Contingency	81,098	112,572	112,572	108,420	\$ (4,152)	-4%
5-Year GSP Evaluation (2025) Reserve	75,000	75,000	75,000	-	\$ (75,000)	-100%
General Reserve	1,779,533	1,148,832	1,589,050	1,219,002	70,170	6%
<b>Total Ending Reserves</b>	<b>\$ 1,935,630</b>	<b>\$ 1,336,404</b>	<b>\$ 1,776,622</b>	<b>\$ 1,327,422</b>	<b>\$ (8,982)</b>	<b>-1%</b>
<b>Member Agency Lead Project &amp; Management Activities</b>						
SGM Implementation (SGMI) Grant Components	\$ 329,000	\$ -	\$ 1,083,000	\$ 3,800,000		

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 2023/2024 AND FISCAL YEAR 2024/25 BUDGET**

	2022/23 ACTUALS	2023/24 BUDGET	2023/24 PROJECTED TOTALS	2024/25 PROPOSED BUDGET	INCREASE (DECREASE) OVER PRIOR YEAR BUDGET	% CHANGE OVER PRIOR YEAR BUDGET	Comments
<i>Operating Expense</i>							
<b>Administration</b>	\$ 128,917	\$ 140,000	\$ 158,000	\$ 178,650	\$ 38,650	28%	
<b>Legal</b>	\$ 4,063	\$ 50,000	\$ 13,000	\$ 30,000	\$ (20,000)	-40%	
<b>Management &amp; Coordination</b>							
Technical Work: SGMA Support	\$ 21,530	\$ 30,000	\$ 40,000	\$ 12,084	\$ (17,916)		
Planning Activities & Implementation Coordination	\$ 63,066	\$ 157,000	\$ 132,000	\$ 187,916	\$ 30,916		FY 23/24 & 24/25 Partial funding SGMI Grant
SGMI Grant Administration	\$ 31,012	\$ 80,000	\$ 65,000	\$ 100,000	\$ 20,000		FY 23/24 & 24/25 Partial funding SGMI Grant (~20%)
<i>subtotal</i>	\$ 115,609	\$ 267,000	\$ 237,000	\$ 300,000	\$ 33,000	12%	
<b>Monitoring: Basin Network, Data Collection, Analysis &amp; Management</b>							
Monitoring Network	\$ 380,334	\$ 92,872	\$ 71,955	\$ 29,000	\$ (63,872)		FY 23/24 & 24/25 Partial funding SGMI Grant
Monitoring: Streamflow	\$ 9,082	\$ 32,500	\$ 35,000	\$ 35,000	\$ 2,500		FY 23/24 & 24/25 Partial funding SGMI Grant
Monitoring:-Seawater Intrusion	\$ -	\$ 150,000	\$ 30,000	\$ 240,000	\$ 90,000		FY 23/24 & 24/25 Partial funding SGMI Grant
Data Coordination & Data Management System	\$ 11,645	\$ 22,868	\$ 18,000	\$ 30,000	\$ 7,132		FY 23/24 & 24/25 Partial funding SGMI Grant
Groundwater Extraction Metering Program Implementation	\$ 34,321	\$ 65,000	\$ -	\$ 55,000	\$ (10,000)		FY 23/24 & 24/25 Partial funding SGMI Grant
<i>subtotal</i>	\$ 435,383	\$ 363,240	\$ 154,955	\$ 389,000	\$ 25,760	7%	
<b>GSP Reporting</b>							
GSP Annual Report & Related Data Reporting	\$ 71,236	\$ 70,816	\$ 75,000	\$ 91,050	\$ 20,234		FY 23/24 & 24/25 Partial funding SGMI Grant
GSP Periodic Evaluation (5-Year) Groundwater Modeling	\$ 3,045	\$ -	\$ -	\$ -	\$ -		
GSP Periodic Evaluation (5-Year)	\$ -	\$ 200,000	\$ 127,000	\$ 65,500	\$ (134,500)		FY 23/24 & 24/25 Partial funding SGMI Grant
<i>subtotal</i>	\$ 74,281	\$ 270,816	\$ 202,000	\$ 156,550	\$ (114,266)	-42%	
<b>Outreach &amp; Education</b>	\$ 5,027	\$ 20,000	\$ 16,500	\$ 30,000	\$ 10,000	50%	FY 23/24 & 24/25 Partial funding SGMI Grant
<b>Total Operating Expense</b>	\$ 763,279	\$ 1,111,056	\$ 781,455	\$ 1,084,200	\$ (26,856)	-2%	
<i>Member Agency Lead Project &amp; Management Activities</i>							
SGM Implementation (SGMI) Grant Components	329,000		\$1,083,000	\$3,800,000			FY 24/25 estimated amounts

June 20, 2024

## MEMO TO THE MGA BOARD OF DIRECTORS

Subject: Agenda Item 5.3

Title: Consider Adoption of Annual Investment Policy

Attachments:

1. Draft 2024/25 Investment Policy

**Recommended Board Action:** Approve and adopt the Fiscal Year 2024/25 Investment Policy

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### Background

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

### Discussion

The California Debt & Investment Advisory Commission (CDIAC) was created by the California Legislature to assist public agencies in the management of public debt and the investment of public funds. Each year, CDIAC staff convenes a working group of public- and private-sector professionals to support its efforts to revise and update the *Local Agency Investment Guidelines*. The 2024 Guidelines reflect any statutory changes adopted by the Legislature and signed by the Governor effective January 1, 2024. State Senate Bill (SB) 998 created an exception to the prohibition on

investments in any security that could result in a zero-interest accrual if held to maturity, which was incorporated into the previous year's CDIAC Guidelines. This exception sunsets on January 1, 2026. The MGA has not incorporated that language into the 2024/25 Draft Investment Policy because no situation is anticipated between now and 2026 that would warrant such an investment.

The attached Draft Investment Policy was prepared in accordance with CDIAC 2024 Local Agency Investment Guidelines. The draft policy was also compared to the most recent "model policy" of the Association of Public Treasurers of the United States and Canada (APTUS&C).

Recommended Board Action:

1. By MOTION, approve and adopt the Fiscal Year 2024/25 Investment Policy

**Submitted 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

Heidi Luckenbach, Water Director, City of Santa Cruz

Sierra Ryan, Water Resources Manager, County of Santa Cruz



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

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<b>Policy No.:</b>	<b>Policy Title:</b> Investment Policy
<b>Adopted Date:</b>	<b>Approval Resolution No.:</b>
<b>Policy Description:</b> Annual Statement of Investment Policy Effective from July 1, 2024 to June 30, 2025	

## **PURPOSE AND APPLICABILITY**

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

### **1.0 Policy**

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

### **2.0 Scope**

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

#### **2.1 Funds**

General Reserve Fund (Wells Fargo Bank)

### **3.0 Prudence**

As an investment standard, any investment shall be made with “judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence would exercise in the management of their own affairs, not for speculation, but for

investment, considering the probable safety of their capital as well as the probable income to be derived.”<sup>1</sup> All transactions shall be undertaken in the best interest of the MGA, and certainly not in the interest of broker-dealers.

- 3.1 The standard of prudence to be used by investment officials shall be the “prudent person” and/or “prudent investor” standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments. (Appendix D)

#### **4.0 Objective**

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

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

#### **5.0 Delegation of Authority**

Authority to manage the MGA’s investment program is derived from the Government Code of the State of California, Section 53600 et seq. The authority to invest public funds is expressly delegated to the Board of Directors or by subsequent redelegation to the Treasurer. The Treasurer shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures should include reference to: safekeeping, wire transfer agreements, banking service contracts and collateral/depository agreements. No person may engage in an investment transaction except as provided under the terms of this policy and applicable law.

<sup>1</sup> Prudent Person Rule set forth in the California Uniform Prudent Investor Act.

## **6.0 Ethics & Conflicts of Interest**

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Delegates and investment officials shall disclose to the Board any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the MGA, particularly with regard to the time of purchases and sales.

## **7.0 Authorized Financial Dealers and Institutions**

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

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

## **8.0 Authorized & Suitable Investments**

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

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

1. Government securities and debt obligations issued by the U.S. Government or its agencies and are the highest quality investments available in terms of safety and liquidity. Among these are U.S. Treasury Bills and Notes; Federal Agency investments such as Government National Mortgage Association (Ginnie Mae); Federal National Mortgage Association (Fannie Mae); Federal Land Bank (FLB); and Federal Farm Credit Banks; State of California bonds and California local agency bonds. These investments are, however, subject to the prohibition



against inverse floaters, range notes, interest-only strips derived from a pool of mortgages, and securities that could result in zero-interest accrual in Section 53601.6 (exempting mutual funds). The MGA will require safekeeping documentation of the treasury instruments in an acceptable safekeeping account in the MGA's name. All interest will be deposited into the account or accounts that will best ensure the preservation of capital.

2. Certificates of Deposit (CD) must be fully insured by the Federal Deposit Insurance Corporation (FDIC), National Credit Union Administration (NCUA), Securities Investor Protection Corporation (SIPC), or fully collateralized to 110% of market value of principal and accrued interest for governmental securities and 150% of market value of principal and accrued interest for first mortgage collateral. Further to be considered by the Agency:
  - a. The issuer must be a nationally or state-chartered bank, savings association, federal association, state or federal credit union, or a federally or state-licensed branch of a foreign bank with a branch in California.
  - b. It must have been in existence at least five years.
  - c. Eligibility for deposits shall be limited to those financial institutions that maintain a rating equivalent to Moody's or Standard & Poor's rating of "A" or higher.

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

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

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

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

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

## **9.0 Investment Pools/Mutual Funds**

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

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

## **10.0 Collateralization**

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

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

## **11.0 Safekeeping and Custody**

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

## **12.0 Diversification**

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

Security	Maximum % of Portfolio	Maximum Maturity	
U.S. Treasury & Agency Securities	100%	5 years	
State of CA & CA Agency Securities	100%	5 years	
Local Agency Pools	100%	N/A	
Bankers Acceptances	40%	180 days	No more than 30% of the surplus funds may be in Bankers Acceptances in any one commercial bank
Commercial Paper – Non-Pooled Funds	25%	270 days	No more than 10 percent of the agency's money may be invested in any one issuer's commercial paper.
Negotiable Certificate of Deposit	30% (combined with placement service CDs)	5 years	Subject to conflict of interest limitation
CD Placement Service	30%	5 years	
Medium Term Corporate Notes	30%	5 years	"A" Rating
Mutual Funds	20%	N/A	No more than 10% of surplus funds may be invested in any one mutual fund; 2 or more "AAA" ratings
Collateralized Mortgage Obligations	20%	5 years	"AA" Rating
Money Market Funds	20%	N/A	

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

Note: The government code requires that specific criteria for the selection of both mutual funds and money market funds be met, and makes impermissible exchange-traded funds (ETFs) for public investment portfolios. SB882, Local Government Omnibus Act of 2023, amended Government Code section 53601 to clarify limitations imposed on investment in privately issued mortgage passthrough and asset back securities, which is reflected in the maximums for collateralized mortgage obligations above.

### 13.0 **Maximum Maturities**

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

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

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

security may be purchased with a forward settlement date exceeding 45 days from the time of the investment.

#### **14.0 Internal Control**

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

#### **15.0 Performance Standards**

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

15.1 Market Yield (Benchmark): The MGA's investment strategy is passive. Given this strategy, the basis used by the Treasurer to determine whether market yields are being achieved shall be the 6-month U.S. Treasury Bill and the Federal Funds rate. These indices are considered benchmarks for low-risk investment transactions and therefore comprise a minimum standard for the portfolio's rate of return.

#### **16.0 Reporting**

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

Schedules in the quarterly report will include the following:

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

#### **17.0 Investment Policy Adoption**

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

# Glossary

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**Agencies:** Federal agency securities or State agency securities.

**Asked:** The price at which securities are offered.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Federal Home Loan Banks (FHLB):** Government sponsored wholesale banks (currently 12 regional banks) which lend funds and provide correspondent banking services to member



commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## References\*

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

\*Documents available upon request

June 20, 2024

## MEMO TO THE MGA BOARD OF DIRECTORS

Subject: Agenda Item 5.4

Title: Consider a Groundwater Well Registration and Metering Policy for Non-De Minimis Users

Attachments:

1. Draft Policy

**Recommended Board Action:** Consider a Resolution to Adopt a Well Registration, Metering, and Reporting Policy

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### Background

The Groundwater Sustainability Plan (GSP) calls for a groundwater extraction metering program for non-de minimis users, defined as those expected to extract more than 5 acre-feet per year, or more than 2 acre-feet per year from wells located in priority areas. Per the GSP, how the metering is to be deployed and monitored is to be defined through the development of a Metering Program.

The Metering Program consists of four components: 1) a Metering Plan; 2) a Metering Policy; 3) a Meter Installation Project; and 4) ongoing reporting by the applicable non-de minimis groundwater users. The first Metering Program component, the Metering Plan, was received by the MGA Board on December 15, 2022, with the Board providing direction to staff to begin development of a Metering Policy to provide a framework for program implementation.

At the time the Metering Plan was submitted, there were an estimated 39 parcels with 33 distinct owners that could be subject to the Metering Program requirements. Staff continued to research the potentially applicable non-de minimis parcels and determined that eight of the parcels did not have groundwater extraction that would require compliance with the Metering Program. Staff also reached out directly to the remaining 25 parcel owners (22 letters and 3 phone calls). Nine survey responses were received in addition to the 3 phone call communications, leaving information on parcels from 13 owners unconfirmed. Of the 12 successful communications, two owners confirmed their wells are metered, one owner confirmed there is not a well on the property and is served by Soquel Creek Water District, one owner is interested in



receiving financial assistance to install a meter, and eight owners responded that their groundwater extraction is not above the threshold required to comply with the metering requirement.

Staff reported to the MGA Board on March 21, 2024, on the significantly reduced number of likely applicable parcels and provided an overview of components of the draft policy. The Board directed staff to return with: 1) information on whether an MGA Metering Policy warrants the use of staff time in light of the limited number of parcels involved; 2) proposals for obtaining the data the MGA seeks absent an extended punitive process; 3) if enforcement is necessary, an explicit and streamlined process. The Board also requested that legal counsel research whether the Board could appoint a committee to consider issues of non-compliance with the Policy rather than bringing them to the full Board meeting.

### **Discussion**

Based on comments received at the March 21, 2024, MGA Board meeting, staff has worked with both MGA general counsel and Sustainable Groundwater Management Act (SGMA) legal counsel to develop a Draft Groundwater Well Registration, Metering, and Reporting Policy for applicable Non-De Minimis Users. The components of the policy include: 1) well registration; 2) metering; 3) reporting; 4) compliance review and appeal; and 5) enforcement. Staff will provide an overview of these components and seek Board approval of a Resolution to adopt the Policy.

Recommended Board Action:

1. By MOTION, consider a Resolution to Adopt a Well Registration, Metering, and Reporting Policy

**Submitted by:**

**Rob Swartz**

Senior Planner

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

Heidi Luckenbach, Water Director, City of Santa Cruz

Sierra Ryan, Water Resources Manager, County of Santa Cruz



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

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<b>Policy No.:</b>	<b>Policy Title:</b> Well registration, metering, and reporting for non-de minimis users
<b>Adopted Date:</b>	<b>Approval Resolution No.:</b> 24-1
<b>Policy Description:</b> A policy adopting a well registration, metering, and reporting for non-de minimis users as required by the Santa Cruz Mid-County Basin Groundwater Sustainability Plan.	

### Recitals

WHEREAS, the Sustainable Groundwater Management Act (SGMA) of 2014 authorized the formation of local Groundwater Sustainability Agencies (GSAs) and the development of Groundwater Sustainability Plans (GSPs) to provide for the sustainable management of groundwater basins; and

WHEREAS, SGMA requires that GSAs consider the effects on beneficial uses and users of groundwater in establishing and evaluating sustainable management criteria; and

WHEREAS, the Santa Cruz Mid-County Groundwater Agency (MGA) is a Joint Powers Authority (JPA) formed for the purpose of serving as the GSA for the Santa Cruz Mid-County Groundwater Basin (Basin) and to develop, adopt, and implement the GSP for the Basin pursuant to SGMA and other applicable provisions of law; and

WHEREAS, MGA adopted a GSP in November 2019 following an extensive public process and the Department of Water Resources approved the MGA GSP in June 2021; and

WHEREAS the GSP Sustainability Goal is to:

Manage the groundwater Basin to ensure beneficial uses and users have access to a safe and reliable groundwater supply that meets current and future Basin demand without causing undesirable results to:

- Ensure groundwater is available for beneficial uses and a diverse population of beneficial users;
- Protect groundwater supply against seawater intrusion;
- Prevent groundwater overdraft within the Basin and resolve problems resulting from prior overdraft;
- Maintain or enhance groundwater levels where groundwater dependent ecosystems exist;
- Maintain or enhance groundwater contributions to streamflow;
- Ensure operational flexibility within the Basin by maintaining a drought reserve;
- Support reliable groundwater supply and quality to promote public health and welfare;
- Account for changing groundwater conditions related to projected climate change and sea level rise in Basin planning and management;
- Do no harm to neighboring groundwater basins in regional efforts to achieve groundwater sustainability; and

WHEREAS, SGMA defines “de minimis” extractors as a person who pumps, for domestic purposes, 2 acre-feet of water per year (AFY) or less; and

WHEREAS, groundwater pumpers who do not meet the definition of “de minimis” extractors under SGMA or a GSP are known as “non-de minimis” (NDM) groundwater pumpers; and

WHEREAS, upon adoption of a GSP, a GSA is authorized to require the registration, metering, and reporting of groundwater facilities of NDM groundwater pumpers; and

WHEREAS the GSP identifies priority zones related to the protection of water quality from threats associated with seawater intrusion and the protection of streamflow in areas of direct connection with groundwater; and

WHEREAS the GSP identified the development of a new metering program to collect groundwater extraction data from those NDM groundwater users of more than 2 AFY in priority zones or more than 5 AFY in all other portions of the Basin; and

WHEREAS the MGA Board of Directors accepted a Groundwater Extraction Metering Plan in December 2022 after holding two public workshops in April 2022; and

WHEREAS SGMA authorizes imposing penalties on NDM groundwater pumpers for violations of a duly adopted rule, regulation, ordinance or resolution by a GSA.

NOW, THEREFORE, the Board of Directors of the Santa Cruz Mid-County Groundwater Sustainability Agency does hereby resolve as follows:

Section 1. The Recitals set forth above are true and correct and incorporated herein by reference.

Section 2. Consistent with its responsibility to implement the approved Groundwater Sustainability Plan for the Santa Cruz Mid-County Groundwater Basin, the April 2022 Groundwater Extraction Metering Plan, and the authorization provided in California Water Code Sections 10725.6 and 10725.8, the Board adopts the *Policy Requiring Well Registration, Metering, and Reporting for Applicable Non-De Minimis Groundwater Users in the Santa Cruz Mid-County Basin*, attached hereto as Exhibit A.

Section 3. The Policy shall become effective upon its adoption.

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

APPROVED:

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Jon Kennedy  
Board Chair

ATTEST:

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Jim Kerr  
Board Secretary

## Exhibit A

### *Policy Requiring Well Registration, Metering, and Reporting for Applicable Non-De Minimis Groundwater Users in the Santa Cruz Mid-County Basin*

#### **Purpose**

The purpose of this Policy is to protect beneficial uses and users of groundwater and to improve Santa Cruz Mid-County Groundwater Sustainability Agency's (MGA) estimates of the sustainable yield of the Santa Cruz Mid-County Groundwater Basin (Basin). The Policy is intended to implement management actions described in the groundwater sustainability plan (GSP) adopted by the MGA in November 2019 (see GSP, Sections 2.1.3.1.2, 3.3.4.3, and 5.1.1.4.3.2) pursuant to the Sustainable Groundwater Management Act (SGMA).

#### **Applicability**

Under SGMA, MGA is not authorized to impose metering requirements on "de minimis extractors", defined as any person who extracts, for domestic purposes, 2 acre-feet per year (AFY) of groundwater or less (Water Code, sections 10721(e), 10725.8(e)). As a result, and as described below, this Policy applies only to a subset of "non-de minimis" pumpers who extract groundwater from the Basin and are subject to the regulatory authority of the GSA.

In particular, this Policy applies to the owner(s) ("Owner(s)") of real property within the Basin containing one or more wells that: 1) extract groundwater, as calculated by estimate or other reasonable method, in an amount of 5 or more AFY in any portion of the Basin; or 2) extract, by estimate or other reasonable method, 2 or more AFY of groundwater in priority management zones within MGA. These priority management zones encompass areas along the coastline where the Basin is experiencing seawater intrusion into aquifers, and areas within 1,000 feet of streams that are interconnected with groundwater (Attachment 1 to this Policy is a map showing the location of priority management zones). For the extracted groundwater volumes described above, the requirements of this Policy apply to all wells that are on any Owner's parcel, serve such parcel, or are part of a group of parcels that are operated in a consolidated manner (e.g., a farming operation) that, individually or collectively, produce the volumes of groundwater described in this paragraph. Per SGMA, Owners shall bear all costs associated with compliance with this Policy.

MGA encourages Owners with questions or concerns about the Policy, or who have difficulty implementing the requirements of this Policy, to contact the MGA Basin Point of Contact (MGA POC). MGA POC contact information will be provided to the Owner(s) in a written notice following MGA Board adoption of this Policy. Upon request by an Owner, the MGA POC will work with the Owner to try to identify reasonable accommodations for compliance with this Policy, subject to the ultimate oversight and direction of the MGA Board of Directors.

#### **1. Registration**

Owner(s) extracting groundwater from wells qualifying under one or both definitions described in the Applicability section, above, shall register each of their wells with MGA no later than December 31, 2024<sup>1</sup>, by completing a form and providing all information specified by MGA. Owners are required to fill in the MGA forms as completely as possible with all information available to each Owner at the time of registration. Registration information provided to MGA shall include the identification of all parcels of the Owner(s) served by a well and a map of the location of the well(s) within each parcel. MGA will provide an opportunity to submit the required information either electronically or in paper form, which will be described to the Owner(s) in a written notice following MGA Board adoption of this Policy.

The MGA also encourages the voluntary registration of all de minimis (those extracting less than two (2) AFY) and other wells in the Basin not subject to this Policy as a means of MGA sharing information, issues or conditions that could impact users of groundwater (e.g., known water quality concerns in an area).

## 2. **Metering**

All Owners subject to this Policy pursuant to the definitions described in the Applicability section, above, shall install water meters on all wells on their real property (unless exempted in writing by MGA) no later than September 30, 2025. Proof of meter installation, including a photograph showing the installed meter and initial meter volume reading, shall be submitted to MGA on or before October 31, 2025.

Installed meters must be capable of recording the volume of groundwater extracted. Meters shall have a manufacturer initial stated accuracy of plus or minus 5 percent, be installed in adherence to manufacturer specifications, and be capable of displaying the total volume of groundwater extracted. A display of the instantaneous flow rate of the meter is recommended, but not required by this Policy.

Owners shall maintain meters in good working order and shall provide proof of meter accuracy upon request of MGA. Proof of accuracy shall include a calibration check, with the method of calibration to be approved by MGA on a case-by-case basis. All calibration checks must be capable of determining accuracy within plus or minus 5 percent. If the installed meter is outside the 5 percent accuracy range, the Owner is responsible for repair or replacement of the meter.

## 3. **Reporting**

All Owners, or a person authorized by the Owner(s), shall read the meter for each registered well on approximately the last day of September each year and submit meter readings and any other required information to the MGA on or before October 31<sup>st</sup> each year.

The information to be submitted to the MGA shall be specified by MGA and shall include, but not be limited to:

- **Contact information:** Name of the individual reading the meter and an email address or phone number.
- **Meter reading:** Date of meter reading, meter serial number (if available), totalizer reading with units and scale (e.g., acre-feet, gallons, cubic feet, hundreds of cubic feet, etc.), and a photograph of the meter face that legibly shows the totalizer numbers.
- **Well identification number:** Assigned by the MGA after registration.

It is the intent of the MGA that meter data submitted to MGA remain confidential pursuant to Government Code §6254(e). Usage data will be maintained for use by the MGA, and publicly available only as aggregate values by water use sector (e.g., Agricultural, Municipal, Institutional, Private Domestic) and the MGA will not release the data of any individual private well owner, except upon court order.

## 4. **Compliance Review Process and Appeal**

Failure to meet the deadlines for registration, metering, or reporting described in this Policy will result in the MGA POC sending written notice via certified mail to the Owner describing with specificity the nature of the alleged violation and the steps and schedule to achieve compliance. The Owner will have 45 days from the date the notice is received to respond to the MGA notice.

If the Owner is not responsive to the written notice or fails to comply with the steps and schedule set forth in the written notice, the MGA POC will issue a Notice of Non-Compliance to the Owner by certified mail. The Notice of Non-Compliance will restate the nature of the alleged violation, provide the date, time, and location of the next MGA Board meeting, and provide detailed instructions on submitting an appeal.

Any Owner subject to this Policy may appeal the Notice of Non-Compliance by filing an appeal in accordance with the requirements of this Section. Appeals shall be made to the MGA POC no later than 14 days prior to the next MGA Board meeting. Any such appeal should be in a form set forth by MGA and shall include, but not be limited to, the following:

1. A description of the reasons why the well registration, metering, and/or reporting requirements should not apply to the subject parcel(s)/well(s) as well as any other information pertinent to the appeal; and
2. If a meter is not yet installed on all the Owners' well(s), a description of the Owner's current or planned efforts to install a meter on the applicable well(s), including any receipts, contracts with meter installers, contact with meter manufacturers or sale representatives, and any other pertinent information including a schedule for compliance.

## **5. Enforcement**

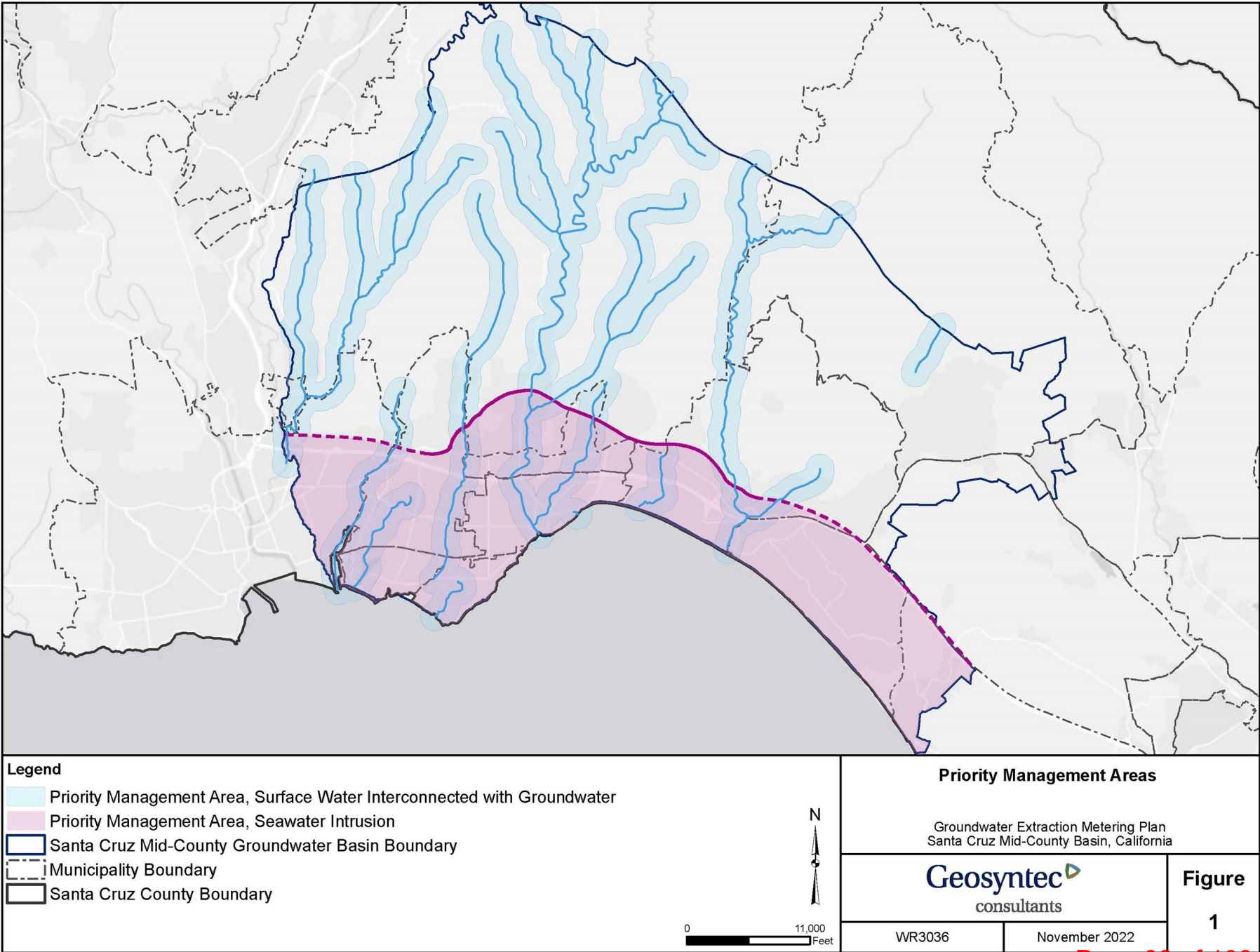
The MGA Board will consider and act on enforcement associated with this Policy. The MGA POC shall request MGA Board authorization to transmit the Notice of Non-Compliance to Santa Cruz County Environmental Health as an enforcement mechanism. At any time that the Owner comes into compliance with this Policy following the MGA Board action, the MGA POC shall notify Santa Cruz County Environmental Health regarding the MGA's rescission of a previously submitted Notice of Non-Compliance.

MGA also reserves the right to enforce this Policy as authorized by law, including but not limited to, through the enforcement procedures described in SGMA (Water Code, section 10732), which authorizes MGA to impose a penalty not to exceed \$1,000.00 plus \$100.00 for each additional day that the Owner fails to comply with this Policy.

In addition, MGA reserves the right to enter into an agreement with Santa Cruz County Environmental Health and/or the County (collectively, "County"), or any other member agency with the necessary enforcement authority and within whose jurisdiction subject parcels may exist, to allow such entity to enforce portions or all of this Policy, whether through the County's well ordinance or otherwise.



Attachment 1 to Policy Requiring Well Registration, Metering, and Reporting for Applicable Non-De Minimis Groundwater Users in the Santa Cruz Mid-County Basin



June 20, 2024

## MEMO TO THE MGA BOARD OF DIRECTORS

Subject: Agenda Item 5.5

Title: Consider Groundwater Monitoring Well Agreements between MGA and Member Agencies

### Attachments:

1. Agreement Template: Agreement for Monitoring Well Ownership, Operation, Maintenance and Inspection

**Recommended Board Action:** By MOTION, authorize the Board Chair, subject to MGA legal counsel approval, to execute agreements for Monitoring Well Ownership, Operation, Maintenance and Inspection with Soquel Creek Water District and the County of Santa Cruz.

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### Background

The MGA's 2020 Groundwater Sustainability Plan (GSP) recommended filling data gaps in the Mid-County Groundwater Basin's monitoring network by adding groundwater monitoring stations. With grant funding from the Department of Water Resources' (DWR) Sustainable Groundwater Management program (Agreements # 4600012696 and 4600014636), the MGA (as Grantee) in partnership with the County of Santa Cruz completed construction of seven groundwater monitoring wells. Monitoring will be conducted at the wells to inform assessments of Basin conditions and evaluations over time of the Sustainable Management Criteria established in the GSP.

### Discussion

The seven new groundwater monitoring wells are located within the Basin and within the jurisdictional area of either Soquel Creek Water District or the County of Santa Cruz. The MGA proposes to transfer the ownership of the groundwater monitoring well(s) to its Member Agencies based upon well location and Agency jurisdictional area. Consistent with prior Board direction on the roles of the MGA, the Member Agencies are to assume the lead role(s) on capital improvements as part of implementing the Projects and Management Actions identified in the GSP. The MGA

does not intend to own capital assets. As proposed, four wells would transfer to Soquel Creek Water District (District) and three wells to the County of Santa Cruz.

<b>Well Name/ Identifier</b>	<b>Location</b>	<b>Member Agency</b>
Aptos Village County Park SW	Aptos Village County Park, Aptos	Soquel Creek Water District
Balogh SW2	3900 Cherryvale Avenue, Soquel	Soquel Creek Water District
SC-10 SW	4835 Cherryvale Avenue, Soquel	Soquel Creek Water District
Spreckels SW	Spreckels Drive South of Highway 1 overpass, Aptos	Soquel Creek Water District
Lupin SW	Intersection of Lupin Drive and North Rodeo Gulch Road, Soquel	County of Santa Cruz
Mountain Elementary SW	3182 Soquel-San Jose Road, Soquel	County of Santa Cruz
Olive Springs	Across road from 1299 Olive Springs Road, Soquel	County of Santa Cruz

The MGA will continue to conduct monitoring activities at the wells and will be responsible for the costs associated with ongoing operation and maintenance of the well(s) for as long as monitoring of the well(s) is deemed necessary as part of the Basin monitoring program consistent with the GSP. The receiving Member Agency will accept legal responsibility for the applicable well(s). The receiving Member Agency will accept assignment of the applicable responsibilities as described in the DWR Grant Agreements.

The attached template titled *Agreement for Monitoring Well Ownership, Operation, Maintenance and Inspection* was reviewed and has preliminary approval as to form by legal counsels of the MGA, District and DWR. Pending MGA Board approval to proceed with the proposed Agreement template, the individual Agreements for the District and County will be completed and circulated for approval by the DWR and the respective governing boards of the District and County.

Recommended Board Action:

1. By MOTION, authorize the Board Chair, subject to MGA legal counsel approval, to execute agreements for Monitoring Well Ownership, Operation, Maintenance and Inspection with Soquel Creek Water District and the County of Santa Cruz.

**Submitted 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

Heidi Luckenbach, Water Director, City of Santa Cruz

Sierra Ryan, Water Resources Manager, County of Santa Cruz

## **AGREEMENT FOR MONITORING WELL OWNERSHIP, OPERATION, MAINTENANCE AND INSPECTION**

This Agreement for Monitoring Well Ownership, Operation, Maintenance and Inspection is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2024 by and between the **SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY** and the **[INSERT AGENCY]**.

### **RECITALS**

- A. The Santa Cruz Mid-County Groundwater Agency (“MGA”) is Joint Powers Authority formed under the Joint Exercise of Powers Act (California Government Code section 6500, *et seq.*) by the Central Water District, City of Santa Cruz, County of Santa Cruz, and the Soquel Creek Water District for the purpose of managing groundwater in the Santa Cruz Mid-County Groundwater Basin under the provisions of the Sustainable Groundwater Management Act.
- B. **[INSERT AGENCY]** is a **[INSERT AGENCY TYPE]** (referred to herein as “Agency”).
- C. MGA received a Sustainable Groundwater Management Program Grant from the State of California Department of Water Resources (“State”) for the purposes of funding the installation of groundwater monitoring wells located throughout the jurisdiction of MGA for the purpose of data collection to inform groundwater management.
- D. MGA entered into two Agreements (No. 4600012696; No. 4600014636) with the State (“Grant Agreements”), which obligate the MGA to undertake certain actions and activities in connection with installation, operation, maintenance and inspection of groundwater monitoring wells.
- E. MGA entered into a Monitoring and Data Management Fund Agreement with the County of Santa Cruz, in which the County assumed responsibility for selecting qualified contractor(s) and overseeing the completion of the monitoring wells consistent with the Grant Agreement No. 4600012696. In 2022, six (6) groundwater monitoring wells (the “Wells”) were completed in conformance with State law and the Grant Agreement No. 4600012696. In 2024, at the direction of MGA qualified consultants and contractors completed one monitoring well consistent with the Grant Agreement No. 4600014636. The Wells’ names and locations are presented in Exhibit A.
- F. MGA and Agency desire to operate the following monitoring wells: **[INSERT LOCATION(S) AND WELL NAME(S)]**.
- G. MGA desires to transfer, convey, and assign to Agency, and Agency desires to accept, all right, title, and interest in and to the Wells’ located in the Agency’s jurisdictional area as presented in Exhibit A.

- H. This Agreement describes the respective rights and obligations of MGA and Agency regarding ongoing responsibility for, and maintenance and removal of the Wells.

### **AGREEMENT**

1. **Recitals Incorporated.** The foregoing recitals are hereby incorporated by reference as though set forth in full.
2. **Grant Agreements Incorporated.** The Grant Agreements are hereby incorporated into this Agreement by this reference and are attached hereto as Exhibit B and Exhibit C.
3. **Defined Terms.** Terms defined in the Grant Agreements shall have the same meaning in this Agreement.
4. **Transfer of Ownership Interest in Well; Assumption of Grant Agreement Responsibilities.**
  - 4.1 By execution of this Agreement, MGA conveys to Agency, and Agency accepts legal responsibility for MGA's interest in the Wells and assumes the Wells as a capital asset. For each Monitoring Well the responsible Agency is identified in Exhibit A.
  - 4.2 Along with acceptance of the Wells, Agency also agrees to accept assignment of MGA's responsibilities as described in the Grant Agreements, subject to written approval from the Department of Water Resources, and perform such activities in a manner consistent with the Grant Agreements.
5. **Agreement to Allow MGA and State to Access Wells.** Agency shall permit the MGA, its consultant(s), and State to access the Wells for the purpose of inspecting and monitoring the Wells as required under the Grant Agreements. To the extent that it is necessary to effectuate the purposes of and for the term of the Grant Agreements, Agency shall cooperate with MGA and State in obtaining any permissions from third-parties necessary to access Wells.
6. **Funding of Ongoing Maintenance of Wells; Removal.**
  - 6.1 MGA shall be responsible for the costs associated with ongoing operation and maintenance of the Well(s) for as long as monitoring of the Well(s) is deemed necessary as part of the Basin monitoring program consistent with the Groundwater Sustainability Plan. Assessment of the need for the Well(s) will be conducted as part of the periodic assessments of the Basin monitoring program consistent with the Groundwater Sustainability Plan.
  - 6.2 If Agency determines that a Well is inoperable, failing, or causing undue hardship, Agency shall allow the State the opportunity to continue monitoring, operating and maintaining the Well, at the State's expense. If the State does not agree to assume such responsibilities



within a reasonable time after notice from Agency, Agency shall destroy the Well in accordance with the local well ordinance.

6.3 Agency shall properly destroy the Well(s) in accordance with the local well ordinance at such a time as Agency and MGA have determined that the useful life of the Well(s) has concluded, or if Agency determines that the well is inoperable, failing, or otherwise causing undue hardship to Agency. MGA shall be responsible for the reasonable costs associated with the destruction of the well.

7. **Underlying Property Ownership.** The Wells' location and underlying property ownership is presented in Exhibit A.
8. **Compliance with Applicable Laws.** In carrying out work covered by this Agreement, MGA and Agency shall comply with applicable federal, state and local laws, regulations and enactments affecting the Wells.
9. **Indemnity.** The Agency shall indemnify and hold and save the State, its officers, agents, and employees, free and harmless from any and all liabilities for any claims and damages, including inverse condemnation, that may arise out of this Agreement, and any breach of this Agreement. The Agency shall indemnify, defend and hold harmless MGA, their officers, employees, agents and assigns, from and against any and all claims, actions, penalties, losses, liabilities, damages, or expenses, including payment of attorney's fees, whether for personal injury, property damage, economic losses or violation of any law or regulation, arising out of or in any way directly or indirectly related to or resulting from the ownership, operations or maintenance of Wells, except to the extent any claims arise out of MGA's willful misconduct or negligence.
10. **Term.** This Agreement shall be effective as of the date fully executed by all parties and remain in force until the Wells are removed. MGA shall comply with all applicable State and federal laws, and applicable local regulations and Codes, in destruction of the Wells.
11. **Amendment.** Amendments to this Agreement must be in writing and executed by MGA and Agency.
12. **Counterparts.** This Agreement may be executed by the parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and same instrument.
13. **General Provisions.** It is further understood and agreed by the parties that, notwithstanding anything stated herein, the employees and the consultants or contractors of each party shall continue to be entirely and exclusively under the direction, supervision and control of the employing party. Except as expressly provided herein, this Agreement shall not create any third party rights in any person or entity.
14. **Notices.** All notices required by this Agreement shall be made in writing and shall be submitted as follows:

**MGA:** Santa Cruz Mid-County Groundwater Agency  
c/o Soquel Creek Water District  
Attention: Administrator  
5180 Soquel Drive, Soquel, CA 95073

**Agency:** [INSERT AGENCY]

- 15. Entire Agreement.** This instrument, including any attachments or amendments hereto, constitutes the entire Agreement between the parties concerning the subject matter hereof.
- 16. Severability.** In the event any part(s) of this Agreement are found to be void by a court of competent jurisdiction, the remaining provisions of this Agreement shall nevertheless be binding with the same effect as though the void parts were deleted, unless it would be unreasonable, in light of the intent of this Agreement, taken as a whole, to do so.
- 17. Integration; Mutual Drafting; Headings for Convenience.** This Agreement represents the full and entire Agreement among the parties with respect to the matters covered herein. The parties represent and warrant that they have each had the opportunity to be represented by counsel of their choice in negotiating this Agreement, and therefore this Agreement shall be deemed to have been negotiated and prepared at the joint request, direction and construction of the parties, at arm's length, with the advice and participation of counsel, and shall be interpreted in accordance with its terms without favor to either party, and no presumption or burden of proof shall arise favoring or disfavoring either party by virtue of the authorship of any of the provisions of this Agreement. Headings are provided in this Agreement for the convenience of the parties only and shall not be used to interpret the provisions of this Agreement.
- 18. Authority to Bind.** The persons signing below warrant that they have actual authority to bind their respective principals to this Agreement.
- 19. Binding Only Upon Board Approval.** This Agreement shall not be binding on the Parties until approved by their respective boards.
- 20. Mutual Cooperation.** The parties recognize that unforeseen circumstances may arise implication their respective performance obligations under this Agreement, and therefore agree to reasonably cooperate with one another to effectuate the purposes of this Agreement.
- 21. Selection of Forum.** Any legal action or proceeding arising under this Agreement shall be brought in the Superior Court of California for the County of Santa Cruz and may not be brought or determined in any other forum or jurisdiction. The parties unconditionally submit to the sole and exclusive jurisdiction of the Santa Cruz County Superior Court and agree that this Agreement should be interpreted under the laws of the State of California.

IN WITNESS WHEREOF, the MGA and the Agency cause this Agreement to be executed this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

<p><b>SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY:</b></p> <p>By: _____ First Last, Board Chair</p> <p>Date: _____</p> <p>Santa Cruz Mid-County Groundwater Agency 5180 Soquel Drive Soquel, CA 95073</p>	<p><b>[INSERT AGENCY]</b></p> <p>By: _____ First Last Name, Title</p> <p>Date: _____</p> <p><b>[INSERT AGENCY ADDRESS]</b></p>
<p><b>APPROVED AS TO FORM:</b></p> <p>_____</p> <p>MGA Counsel</p>	

## Exhibit A

### Monitoring Well Locations and Responsible Agency

<b>Well Name/ Identifier</b>	<b>Location</b>	<b>Responsible Agency</b>	<b>Property Owner</b>
Aptos Village County Park SW <sup>1</sup>	Aptos Village County Park, Aptos, CA	Soquel Creek Water District	County of Santa Cruz Parks Department
Balogh SW2 <sup>1</sup>	3900 Cherryvale Avenue, Soquel, CA	Soquel Creek Water District	County of Santa Cruz Right of Way
SC-10 SW <sup>1</sup>	4835 Cherryvale Avenue, Soquel, CA	Soquel Creek Water District	County of Santa Cruz Right of Way
Spreckels SW <sup>1</sup>	Spreckels Drive South of Highway 1 overpass, Aptos, CA	Soquel Creek Water District	County of Santa Cruz Right of Way; State of California (Caltrans) Right of Way
Lupin SW <sup>1</sup>	Intersection of Lupin Drive and North Rodeo Gulch Road, Soquel, CA	County of Santa Cruz	County of Santa Cruz Right of Way
Mountain Elementary SW <sup>1</sup>	3182 Soquel-San Jose Road, Soquel, CA	County of Santa Cruz	County of Santa Cruz Right of Way
Olive Springs <sup>2</sup>	Across road from 1299 Olive Springs Road, Soquel, CA	County of Santa Cruz	County of Santa Cruz Right of Way

Note:

1. Well construction funded by Grant Agreement No. 4600012696
2. Well construction funded by Grant Agreement No. 4600014636

**Exhibit B**  
**Grant Agreement Number 4600012696**  
**Sustainable Groundwater Planning (SGWP) Grant**

**Exhibit C**  
**Grant Agreement Number 4600014636**  
**Sustainable Groundwater Management Implementation (SGMI) Grant**

DRAFT



June 20, 2024

## MEMO TO THE MGA BOARD OF DIRECTORS

Subject: Agenda Item 5.6

Title: Receive Update and Provide Direction on the Periodic Evaluation of the Groundwater Sustainability Plan

Attachments: None

**Recommended Board Action:** Approve Recommendations for Completion of Periodic Evaluation of the Groundwater Sustainability Plan

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### Background

The Sustainable Groundwater Management Act requires Periodic Evaluation that is due at least every five years after submittal of a Groundwater Sustainability Plan (GSP or Plan). The Periodic Evaluation is intended to be a thorough assessment of how a GSP is performing and whether modifications are needed.

In June 2023, the MGA Board approved a contract amendment with Montgomery & Associates (M&A) to conduct a Periodic Evaluation of the Santa Cruz Mid-County Groundwater Basin GSP. Work on the Periodic Evaluation by M&A commenced in July 2023.

In October 2023, the Department of Water Resources (DWR) released anticipated guidance: [A Guide to Annual Reports, Periodic Evaluations, & Plan Amendments](#). M&A is preparing the Periodic Evaluation with consideration of the DWR guidance document.

In December 2023 and March 2024, the MGA received updates on the Periodic Evaluation and the public had opportunity for comment. In March 2024, the MGA Board directed M&A to continue with preparation of the Periodic Evaluation and to forego development of a GSP Amendment as there is no compelling new information at this time.

## **Discussion**

M&A continues to make good progress with the Periodic Evaluation. Georgina King of M&A will provide an update on the Periodic Evaluation progress and a revised schedule for completion. During re-evaluation of groundwater modeling associated with the Projects and Management Actions in the GSP, it was identified that certain hydrologic, water demand, and project implementation schedule assumptions have changed since adoption of the GSP. Updated modeling indicates that sustainable management criteria can still be met within the Mid-County Basin with these new assumptions, but some baseline results are different than in the original GSP. In Item 6.1, Cameron Tana of M&A will present the different assumptions and predicted model results compared against sustainable management criteria.

### **Recommended Board Action:**

1. By MOTION, Approve Recommendations for Completion of Periodic Evaluation of the Groundwater Sustainability Plan

### **Submitted by:**

**Rob Swartz**

Senior Planner

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

Heidi Luckenbach, Water Director, City of Santa Cruz

Sierra Ryan, Water Resources Manager, County of Santa Cruz

June 20, 2024

## **MEMO TO THE MGA BOARD OF DIRECTORS**

Subject: Agenda Item 6.1

Title: Presentation on Groundwater Modeling Analysis of Technical Development of GSP Projects and Management Actions (SGMI Grant Component 4, Task 2)

In April 2022, the Santa Cruz Mid-County Groundwater Agency (MGA) was notified by the Department of Water Resources (DWR) of funding in the amount of \$7.6 million under the Sustainable Groundwater Management Grant Program. The grant funds 5 components in the Santa Cruz Mid-County Basin (Basin). This agenda item covers Component 4, which conducts an analysis to further develop high priority Projects and Management Actions (PMAs) identified in the Basin Groundwater Sustainability Plan (GSP).

Component 4 is a study led by the Soquel Creek Water District and City of Santa Cruz Water Department, with support from technical consultants, that will inform agencies on both near- and long-term projects and operational strategies that can meet GSP sustainable management criteria (SMC) while helping meet water supply needs in an efficient manner. The study is commonly referred to as the Regional Water Optimization Study (Study) by the participants.

The Study kicked off in February 2023 and will continue into mid- to late-2025. The Study includes groundwater and water distribution system hydraulic modeling, consideration of water quality compatibility, environmental and other feasibility factors, as well as capital and operating costs of alternatives considered.

One element of the Study is groundwater modeling that uses an innovative machine learning approach to efficiently run the existing MGA groundwater model through thousands of model scenarios that vary the location, rate, and scale of operations of combinations of PMAs (water transfers, City of Santa Cruz aquifer storage and recovery, and operation of Pure Water Soquel). The modeling helps identify combinations of PMAs that meet Basin sustainability requirements while improving water supply reliability. Cameron Tana from Montgomery & Associates will provide an overview to the MGA Board of the alternative tracks considered and will show modeled results, with respect to the GSP's groundwater elevation-related SMC, for alternatives being further evaluated through the Study.

It is important to note that alternatives being presented do not represent a specific project that will necessarily be pursued. Rather, they provide information on the

potential benefits or impacts of various PMAs or operations in the Basin that will require additional and ongoing analysis and refinement through the Study and over time. MGA will continue to have an interest in seeing that SMC are met as PMAs are further developed and implemented. Study participants will use results to plan for near- and long-term investments toward achieving reliable water supply.

**Submitted by:**

**Rob Swartz**

Senior Planner

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

Heidi Luckenbach, Water Director, City of Santa Cruz

Sierra Ryan, Water Resources Manager, County of Santa Cruz

June 20, 2024

## **MEMO TO THE MGA BOARD OF DIRECTORS**

Subject: Agenda Item 6.2.1

Title: GSP Implementation Status Update

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

Data Gaps – The Olive Springs monitoring well was constructed between January 8 and January 12. This was the last data gap for the MGA GSP shallow monitoring network and is located near an MGA Soquel Creek stream gage to better understand the relationship between groundwater and interconnected surface water. The well was equipped with a recording data logger to collect groundwater elevation and temperature data on an hourly basis on May 2, 2024. The first data download from the well is expected in October.

Groundwater Elevations –Spring 2024 groundwater elevations were collected by early June. Data must be submitted to the Department of Water Resources (DWR) data portal by July 1, 2024. Information for the 6 monitoring wells constructed in 2022 was added to the DWR data portal in March 2024 and water level data from these wells will be added to the DWR data portal.

Streamflow Measurements – 2024 dry season streamflow monitoring commenced on May 17. Trout Unlimited has confirmed that it can reinstitute data collection at the West Branch of Soquel Creek, which had historically been monitored. Site visits at the remaining sites confirmed that there was no damage to the staff plates and stilling wells from winter storms.

### **Submitted by:**

**Rob Swartz**

Senior Planner

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

Heidi Luckenbach, Water Director, City of Santa Cruz

Sierra Ryan, Water Resources Manager, County of Santa Cruz

Santa Cruz Mid-County Groundwater Agency

Sustainable Groundwater Management Act Implementation Grant (Agreement #4600014636)

**1. Project: Cunnison Lane Groundwater Well**

Lead: Soquel Creek Water District

Grant Award: \$1,675,000

Status: Underway

Target Completion Date: 12/31/24

Activities to Date: Notice to Proceed issued in May for the construction, development and testing of a potable drinking water well. The District continues to support Black and Veatch (BV) in their pursuit of 30% design submission for the associated water treatment facility. Geotechnical and topographic surveys subcontracted by BV have been completed.

**2. Aquifer Storage & Recovery, Beltz Wellfield**

Lead: City of Santa Cruz

Grant Award: \$1,650,000

Status: Underway

Target Completion Date: 3/31/25

Activities to Date: City submitted comments on Draft 60% Design Submittal. Continued development of wastewater discharge plan. Workshops held with consultant, City staff, and City's consultant hydrogeologist and technical advisor.

**3. Park Avenue Transmission Main Improvements**

Lead Agency: Soquel Creek Water District

Grant Award: \$800,000

Status: Underway

Target Completion Date: 6/30/2024

Activities to Date: Construction of the 12" diameter PVC transmission pipeline completed, pipeline was flushed, chlorinated, and put into service in December 2023. Micro surfacing and striping scheduled for summer 2024. Grant invoicing and final reporting to be completed in summer 2024.

**4. Technical Development of GSP Group 1 & 2 Projects**

Leads: Soquel Creek WD & City of Santa Cruz

Grant Award: \$1,900,000

Status: Underway

Target Completion Date: 3/31/2025

Activities to Date: All tasks are now underway.

Task 1: Develop Objectives and Project Components to Analyze (Led by District)  
Consultant Brown and Caldwell (BC) serves as lead consultant working with District, City, and others on the development and evaluation of alternatives and costs. Recent activities include: completion of TM1 (Data Gap Analyses and Optimization Approach & Recommendations), completion of draft TM2 (Evaluation Criteria & Alternatives to Analyze), development of workflow diagram for alternatives evaluation, and development of scopes of work for BC subconsultants performing specialized evaluations of alternatives.

Task 2: Groundwater Modeling (Led by City)  
Montgomery and Associates (M&A) serves as lead consultant working with City, District, BC, and hydraulic modeling consultant Akel Engineering. Recent activities include substantial completion of modeling within selected project alternative tracks (Pure Water

#### **4. Technical Development of GSP Group 1 & 2 Projects**

Leads: Soquel Creek WD & City of Santa Cruz

Grant Award: \$1,900,000

Status: Underway

Target Completion Date: 3/31/2025

*Continued*

Soquel (PWS), Aquifer Storage & Recovery (ASR), and transfers) using machine-learning guided optimization. This process was used to narrow down thousands of scenarios under the project alternative tracks to four that represent different ways PWS, ASR, and transfers could be implemented. The four selected scenarios will be further analyzed under Tasks 4-7.

Task 3: Hydraulic Modeling (Led by District)  
Akel Engineering serves as lead consultant working with District, City, and M&A. Recent activities include hydraulic analysis (to identify any needed infrastructure upgrades) and source trace/water age modeling (to support Task 4) for alternatives shown to be viable during groundwater modeling efforts.

Task 4: Water Quality and Regional Compatibility/Optimization (Led by District)  
BC serves as lead consultant on water quality component. Recent activities include coordination on water quality data for City & District, coordination with modeling consultants, and development of the water quality modelling approach.

Task 5: Economic and Financial Analysis/Modeling (Led by District)  
BC serves as lead consultant with subconsultants performing specialized evaluations. Recent activities include compiled cost information for City's aquifer storage and recovery and District's Pure Water Soquel project, entered into agreements with subconsultants on evaluation of alternatives and scenarios following groundwater modeling.

Task 6: Needs Assessment (Led by District)  
BC serves as lead consultant with subconsultants performing specialized evaluations. Recent activities include finalized agreements with subconsultants for evaluation of alternatives and scenarios following groundwater and hydraulic modeling.

Task 7: Develop Final Report with Recommendations and Implementation Workplan (Led by District)



	BC serves as lead consultant. Recent activities include feedback from District/City on draft Optimization Report Outline.
<b>5. Sustainable Groundwater Management Evaluation &amp; Planning</b> Leads: MGA & County of Santa Cruz Grant Award: \$1,575,000 Status: Underway Target Completion Date: 3/31/2025	<p>GSP Implementation activities underway: GSP Periodic (5-Yr) Evaluation; Streamflow and groundwater monitoring; development of non-de minimis groundwater usage metering program.</p> <p>M&amp;A led the completion of the GSP Water Year (WY) 2023 Annual Report and continues work on the GSP Periodic (5-Year) Evaluation. Other recent activities include continued evaluation of Seawater Intrusion in Seascapes Area; reevaluation of the Monitoring Network; assessing GSP corrective actions; and completion of the Olive Spring Monitoring well.</p> <p>Trout Unlimited continues streamflow monitoring, data collection and reporting, associated shallow groundwater monitoring, data collection, and reporting.</p> <p>RWMF staff continues GSP Implementation activities including coordination with MGA member agency staff on GSP Projects and Management Actions, coordination with member agencies and consultants to support GSP implementation efforts, coordination of Basin monitoring network evaluation, groundwater metering program and well registration planning, meeting coordination and facilitation with member agency staff, support for monitoring data and Data Management System (WISKI) and online portal, participation in County well ordinance technical advisory committee. Staff also supported planning activities on agency authorities. Supported outreach activities including website content updates, e-blast newsletters.</p>

June 20, 2024

## **MEMO TO THE MGA BOARD OF DIRECTORS**

Subject: Agenda Item 6.3

Title: Treasurer's Report

Attachments:

1. Treasurer's Report for the Period Ending May 31, 2024

Attached is the Treasurer's Report for March through May 2024. 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, outstanding grant receivables or liabilities, and the resulting net income as reported on the Statement of Changes in Revenues, Expenses and Net Position.
- Warrants
  - The list of warrants reflects all payments made by the MGA, either by check or electronic means, for the period covered by the Treasurer's Report.

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

Recommended Board Action:

1. Informational, no action necessary.

**Submitted 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, 2024



Prepared by

**Leslie Strohm, Treasurer**

Prepared on

**June 11, 2024**

# Statement of Revenues, Expenses and Changes in Net Position

March - May, 2024

	Total
<b>INCOME</b>	
<b>Total Income</b>	
<b>GROSS PROFIT</b>	<b>0.00</b>
<b>EXPENSES</b>	
5100 Groundwater Management Services	53,489.60
5110 Grndwtr Mgmt - Groundwater Monitoring	16,025.89
5300 Administrative Personnel Services	28,237.46
5315 Office Services	164.85
5340 Computer Services	508.90
5415 Outreach Services	2,490.69
5510 GSP Consulting Services	20,088.50
5520 Legal Services	3,680.50
5600 Pass-through Grant Expenses	438,173.00
<b>Total Expenses</b>	<b>562,859.39</b>
<b>NET OPERATING INCOME</b>	<b>-562,859.39</b>
<b>OTHER INCOME</b>	
4401 Grant Revenue - DWR SGMI Grant	658,625.48
<b>Total Other Income</b>	<b>658,625.48</b>
<b>NET OTHER INCOME</b>	<b>658,625.48</b>
<b>NET INCOME</b>	<b>\$95,766.09</b>

# Statement of Net Position

As of May 31, 2024

		Total
<b>ASSETS</b>		
<b>Current Assets</b>		
<b>Bank Accounts</b>		
1100 Wells Fargo Business Checking		1,768,475.57
<b>Total Bank Accounts</b>		<b>1,768,475.57</b>
<b>Accounts Receivable</b>		
1220 Accounts Receivable - Grants		658,625.48
<b>Total Accounts Receivable</b>		<b>658,625.48</b>
<b>Other Current Assets</b>		
1400 Prepaid Expenses		1,894.32
<b>Total Other Current Assets</b>		<b>1,894.32</b>
<b>Total Current Assets</b>		<b>2,428,995.37</b>
<b>TOTAL ASSETS</b>		<b>\$2,428,995.37</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
<b>Accounts Payable</b>		
2100 Accounts Payable		81,652.30
2110 Accounts Payable - Grants		438,173.00
<b>Total Accounts Payable</b>		<b>519,825.30</b>
<b>Total Current Liabilities</b>		<b>519,825.30</b>
<b>Total Liabilities</b>		<b>519,825.30</b>
<b>Equity</b>		
3100 Retained Earnings		1,952,182.19
Net Income		-43,012.12
<b>Total Equity</b>		<b>1,909,170.07</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$2,428,995.37</b>

# Warrants

March - May, 2024

Date	Transaction Type	Num	Name	Memo/Description	Clr	Amount
<b>Bill Payment (Check)</b>						
05/14/2024	Bill Payment (Check)	10373	City of Santa Cruz Water Dept	DWR SGMI Grant Invoice 6		-294,638.66
						-294,638.66
05/14/2024	Bill Payment (Check)	10374	Soquel Creek Water District (2)	Quickbooks; Mailchimp; DWR SGMI Grant Invoice 6		-113,837.10
						-113,720.60
						-116.50
05/14/2024	Bill Payment (Check)	10375	County of Santa Cruz Info Services Dept	GIS Services		-337.20
						-337.20
05/14/2024	Bill Payment (Check)	10376	Errol L Montgomery & Associates Inc	SGMA Tech support; data upload; GSP 5-yr evaluation; Olive Springs shallow well		-23,291.00
						-23,291.00
05/14/2024	Bill Payment (Check)	10377	Regional Water Management Foundation	SGMI grant administration		-18,399.41
						-18,399.41

Date	Transaction Type	Num	Name	Memo/Description	Clr	Amount
04/10/2024	Bill Payment (Check)	10370	Errol L Montgomery & Associates Inc	2023 GSP Annual Report; SGMA Tech support; data upload; GSP 5-yr evaluation; Olive Springs shallow well	R	-129,631.70
						-129,631.70
04/10/2024	Bill Payment (Check)	10371	Soquel Creek Water District (2)	Quickbooks; Mailchimp; Zoom; Well cap	R	-239.67
						-239.67
04/10/2024	Bill Payment (Check)	10372	Best Best & Krieger LLP	SGMA Legal services	R	-1,099.00
						-1,099.00
03/18/2024	Bill Payment (Check)	10367	Contractor Compliance and Monitoring Inc	Olive Springs Monitoring Well Labor Compliance	R	-561.00
						-561.00
03/18/2024	Bill Payment (Check)	10368	Best Best & Krieger LLP	SGMA legal support services	R	-828.00
						-828.00
03/18/2024	Bill Payment (Check)	10369	Soquel Creek Water District (2)	Quickbooks, Mailchimp, Zoom	R	-276.40



Date	Transaction Type	Num	Name	Memo/Description	Clr	Amount
						-276.40
<b>Expense</b>						
04/05/2024	Expense	US00400Kw1	Google - Online Payments	G Suite Subscription	R	-86.40
				Google Payment - G Suit		86.40
03/05/2024	Expense	US003Zg8Uv	Google - Online Payments	G Suite Subscription	R	-78.45
				Google Payment - G Suit		78.45