



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

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

SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY

Board of Directors Meeting

Thursday, December 12, 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/86365057762>

Webinar ID: 863 6505 7762; 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 (Page 4)**
 - 4.1 Approve September 19, 2024 Meeting Minutes
 - 4.2 Approve 2025 Board Meeting Schedule
5. **General Business (Page 9)**
 - 5.1 Accept Audited 2023/24 Financial Statements
 - 5.2 Consider Approval of the Periodic Evaluation of the Groundwater Sustainability Plan
 - 5.3 Consider Amendment 5 to Contract No. 2020-04 with Montgomery and Associates for Groundwater Model Improvement
 - 5.4 Sustainable Groundwater Management Act Regulatory Compliance Funding Options Study
6. **Informational Updates (Page 52)**
 - 6.1 Treasurer's Report
 - 6.2 Staff Reports
 - GSP Implementation Status Update

- SGMI Grant Update
- Hydrologic Support Services
- Administrative and Planning Support Services
- Other

6.3 Annual Status Report on Board Fair Political Practices Commission Compliance

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: If approved by the Board, March 20, 2025



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

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

GUIDANCE FOR ORAL AND WRITTEN COMMUNICATIONS AND DISABILITY ACCESS

ORAL COMMUNICATIONS

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

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

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

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

WRITTEN COMMUNICATIONS

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

- Via email: comment@midcountygroundwater.org
- Via mail or hand delivery: MGA Board of Directors, c/o Emma 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](http://www.midcountygroundwater.org) at the time the Agenda is posted.
- Written communications received after the 4:00 p.m. deadline will be posted on the MGA [website](http://www.midcountygroundwater.org) 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](http://www.midcountygroundwater.org) at the earliest opportunity.

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

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



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

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

SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY

Board of Directors Meeting

Thursday, September 19, 2024, at 6:00 p.m.

Capitola Branch Library, 2005 Wharf Road, Capitola

Meeting webcast (via Zoom) for remote viewing.

DRAFT MINUTES

1. Call to Order

The meeting was called to order at 6:05 pm by Tim Carson.

2. Roll Call

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

Curt Abramson – Private Well Representative

Carla Christensen (late arrival at 6:13pm) – Soquel Creek Water District

Manu Koenig – County of Santa Cruz

Marco Romanini – Central Water District

Jennifer Balboni – Soquel Creek Water District

Robert Schultz – Private Well Representative

Allyson Violante – County of Santa Cruz

Frances Whitney – Central Water District

Member Agency Staff present:

Ron Duncan – Soquel Creek Water District

Heidi Luckenbach – City of Santa Cruz

Melanie Mow Schumacher – Soquel Creek Water District

Sierra Ryan – County of Santa Cruz

Others:

Tim Carson, Rob Swartz, Sophia Sholtz – Regional Water Management Foundation (RWMF)

Georgina King (remote) – Montgomery & Associates (M&A)

3. Nominations to Elect a Chair Pro Tem

Following nominations and voting, Director Romanini was appointed as the Chair Pro Tem.

4. Appreciation for Service by Ron Duncan

Directors and staff voiced their appreciation of Ron Duncan as he retires as General Manager of Soquel Creek Water District following 21 years of service at the District. He was recognized for his substantial contributions to the Santa Cruz Mid-County Groundwater Agency (MGA) in his role as an Executive Staff member since the establishment of the MGA in 2016.

5. Oral Communications Related to Items Not on the Agenda

Stephanie Harlan introduced herself as a Board member of the Central Coast (Region 3) Regional Water Quality Control Board. Becky Steinbruner stated various concerns regarding the MGA and the Pure Water Soquel project, including an inability to locate the agenda posted at the Capitola Branch Library. In accordance with the Ralph M. Brown Act, agendas are posted at the meeting location 72 hours in advance of the Board Meeting. Alternate Director Balboni provided updates on recent superior court findings out of Kings County, a recent fire at a Monterey One Water facility, and a recap of information from the recent WateReuse conference.

6. Consent Agenda

6.1 Approve June 20, 2024 Meeting Minutes

MOTION: Director Koenig; Second, Director Abramson, to approve the consent agenda as amended to correct a typo in the June 20, 2024 meeting minutes. Motion passed unanimously.

7. General Business

7.1 Receive Comments on the Draft Periodic Evaluation of the Groundwater Sustainability Plan

Georgina King provided an overview of the Draft Periodic Evaluation of the Groundwater Sustainability Plan (GSP). Ms. King provided an overview of the following: how MGA responded to the single GSP recommended corrective action in the June 3, 2021 approval letter from the Department of Water Resources; new information collected since initial GSP adoption; current groundwater conditions relative to GSP sustainable management criteria; the status of GSP projects and management actions; review and modifications to the GSP monitoring network; and outreach and coordination since GSP adoption.

Ms. King responded to multiple questions from Directors, Member Agency staff, and the public. Ms. King was asked about the possible causes for seawater intrusion in Seascape and questions related to the GSP and California-mandated housing construction.

Becky Steinbruner made several requests and stated concerns relating to the Draft Periodic Evaluation.

7.2 Biennial Review of the Conflict of Interest Code

Tim Carson presented the proposed 2024 updates to the Conflict of Interest code. Updates include a change in job title and the addition of the position of General Counsel.

No questions or comments.

MOTION: Director Abramson; Second, Director Christensen, to approve the Proposed 2024 Amendment to the Santa Cruz Mid-County Groundwater Agency Conflict of Interest Code. Motion passed unanimously.

8. Informational Updates

8.1 Treasurer's Report

No questions or comments.

8.2 Staff Reports

- Presentation on County Well Ordinance Update

Sierra Ryan presented on the update to the County's Well Ordinance and the Individual Water System Ordinance. Construction requirement updates were required due to recent policy changes such as Senate Bill 552 and Executive Order N-7-22 that put a greater burden on counties to manage domestic wells, especially during drought periods, and to manage and avoid well interference, respectively. Sierra Ryan also discussed updates to the permitting process to date, including a tiered approach, and more extensive water quality testing requirements.

Sierra Ryan confirmed that for time-of-sale inspections, any findings would be a disclosure to the buyer and that there are no current requirements for corrective action.

Becky Steinbruner asked about current practices for water reuse from the yield tests required for new wells. Sierra Ryan provided a correction that language concerning groundwater emergency declarations remains in the current Well Ordinance and was not removed in the 2009 update.

- GSP Implementation Status Update

No comments or questions.

- SGMI Grant Update

No comments or questions.

9. Future Agenda Items

No future agenda items were requested.

10. Written Communications and Submitted Materials

Written comments on the Draft Periodic Evaluation can be found at the MGA website.

11. Adjournment

Next Board Meeting: December 12, 2024

SUBMITTED BY:

Sophia Sholtz
Regional Water Management Foundation

Jim Kerr, Secretary
Santa Cruz Mid-County Groundwater Agency

DRAFT

December 12, 2024

MEMO TO THE MGA BOARD OF DIRECTORS

Subject: Agenda Item 4.2

Title: 2025 Board Meeting Schedule

Recommended Board Action: Approve the 2025 Board Meeting Schedule

In 2025, four (4) regular Santa Cruz Mid-County Groundwater Agency (MGA) Board meeting dates are proposed. All Board meetings will take place at the Capitola Branch of the Santa Cruz Public Libraries at 2005 Wharf Road in Capitola and begin at 6:00 p.m. Please note the June and December meetings are proposed for the 2nd Thursday of the month, the March and September meetings are on the 3rd Thursday.

2025 Regular Meeting Schedule

- March 20 (3rd Thursday)
- June 12 (2nd Thursday)
- September 18 (3rd Thursday)
- December 11 (2nd Thursday)

If additional meetings are necessary, the Board may consider amending the regular meeting schedule or convening a special meeting. The intent (as feasible) will be to schedule meetings to occur on either the 2nd or 3rd Thursday of the month pending availability of meeting room/facilities.

Recommended Board Action:

1. By MOTION, approve the 2025 Board Meeting Schedule.

Submitted by:

Tim Carson

Program Director

Regional Water Management Foundation

On behalf of the MGA Executive Staff

Melanie Mow Schumacher, General Manager, Soquel Creek Water District

Ralph Bracamonte, District Manager, Central Water District

Heidi Luckenbach, Water Director, City of Santa Cruz

Sierra Ryan, Water Resources Manager, County of Santa Cruz

December 12, 2024

MEMO TO THE MGA BOARD OF DIRECTORS

Subject: Agenda Item 5.1

Title: Accept Audited 2023/24 Financial Statements

Attachment(s):

1. Santa Cruz Mid-County Groundwater Agency Annual Financial Report for the Year Ended June 30, 2024
2. Santa Cruz Mid-County Groundwater Agency Communication to Those in Governance, June 30, 2024

Recommended Board Action: Accept the audited Financial Report for the period ending June 30, 2024

Attached for the Board's review is the Agency's Annual Financial Report for fiscal year 2023/24, as well as the Communication to Those in Governance (Management Report) prepared by our audit firm Davis Farr, LLP. The financial report is prepared in accordance with Government Accounting Standards. The Agency received an unqualified opinion, meaning the financial statements present fairly, in all material respects, the financial position of the Santa Cruz Mid-County Groundwater Agency as of June 30, 2024, and the results of its operations and its cash flows are in conformity with generally accepted accounting principles.

Special thanks to Ryan Kinney, Soquel Creek Water District Supervising Accountant, for his help in preparing the Annual Financial Report.

Recommended Board Action:

1. BY MOTION and roll call vote, accept the audited Financial Report for the period ending June 30, 2024.

Submitted by:

Leslie Strohm
Treasurer
Santa Cruz Mid-County Groundwater Agency



SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY

Annual Financial Report

For the Year Ended June 30, 2024



Board of Directors as of June 30, 2024

Name	Title	Member Agency	Current Term
Jon Kennedy	Chair	Private Well Representative	1/2022 – 1/2026
David Baskin	Vice Chair	City of Santa Cruz	1/2024 – 1/2025
Jim Kerr	Secretary	Private Well Representative	1/2024 – 1/2028
Rachél Lather	Director	Soquel Creek Water District	1/2024– 1/2025
Carla Christensen	Director	Soquel Creek Water District	1/2024 – 1/2025
Fred Keeley	Director	City of Santa Cruz	1/2024 – 1/2025
Zach Friend	Director	County of Santa Cruz	1/2024 – 1/2025
Manu Koenig	Director	County of Santa Cruz	1/2024 – 1/2025
Rob Marani	Director	Central Water District	3/2024 – 3/2026
Marco Romani	Director	Central Water District	3/2024 – 3/2026
Curt Abramson	Director	Private Well Representative	1/2022 – 1/2026

Santa Cruz Mid-County Groundwater Agency

Leslie Strohm, Treasurer

5180 Soquel Drive

Soquel, California 95073

(831) 475-8500

www.midcountygroundwater.org

SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY

Annual Financial Report

For the Year Ended June 30, 2024

SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY

Annual Financial Report

For the Fiscal Year Ended June 30, 2024

Table of Contents

	<u>Page No.</u>
Financial Section	
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Statements of Net Position	8
Statements of Revenues, Expenses, and Changes in Net Position	9
Statements of Cash Flows	10
Notes to the Basic Financial Statements	11
Report on Internal Controls and Compliance	
Report on Internal Controls Over Financial Reporting Based on Audits of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	14

Financial Section

Independent Auditor's Report

Governing Board
Santa Cruz Mid-County Groundwater Agency
Santa Cruz, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Santa Cruz Mid-County Groundwater Agency ("Agency"), as of and for the year June 30, 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of Santa Cruz Mid-County Groundwater Agency, as of June 30, 2024, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Santa Cruz Mid-County Groundwater Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Santa Cruz Mid-County Groundwater Agency management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Santa Cruz Mid-County Groundwater Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Santa Cruz Mid-County Groundwater Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Summarized Comparative Information

We have previously audited Santa Cruz Mid-County Groundwater Agency's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 8, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2024 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Davis Farr LLP

Irvine, California
November 27, 2024

Santa Cruz Mid-County Groundwater Agency
Management's Discussion and Analysis
For the Year Ended June 30, 2024

As management of the Santa Cruz Mid-County Groundwater Agency (Agency), we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities and performance of the Agency for the fiscal years ended June 30, 2024 and 2023. Please read it in conjunction with additional information that we have furnished in the accompanying basic financial statements, which follow this section.

Financial Highlights

- The Agency's net position decreased 2.72% or \$53,079 to \$1,899,103. In fiscal year 2023, the Agency's net position increased 1.71% or \$32,731 to \$1,952,182.
- The Agency's operating revenues decreased 51.82% or \$161,668 to \$150,332 due to lower member agency contributions. In fiscal year 2023, the Agency's total revenues increased 4.00% or \$12,000 to \$312,000 due to higher member agency contributions.
- The Agency's total expenses increased 208.04% or \$2,082,426 to \$3,083,417 due to the recognition of pass-through grant expenses related to the Sustainable Groundwater Management grant. In fiscal year 2023, the Agency's total expenses increased 124.58% or \$555,277 to \$1,000,991 due to increased groundwater monitoring costs and the recognition of pass-through grant expenses related to the Sustainable Groundwater Management grant.

Using This Financial Report

This annual report consists of a series of financial statements. The Statements of Net Position and the Statements of Activities provide information about the activities and performance of the Agency using accounting methods similar to those used by private sector companies. The Statements of Net Position includes all of the Agency's investments in resources (assets), deferred outflows of resources, obligations to creditors (liabilities), and deferred inflows of resources. It also provides the basis for computing a rate of return, evaluating the capital structure of the Agency and assessing the liquidity and financial flexibility of the Agency. All of the current year's revenue and expenses are accounted for in the Statements of Activities. These statements measure the success of the Agency's operations and can be used to determine the Agency's profitability and credit worthiness.

Financial Analysis of the Agency

Statement of Net Position and Statement of Activities

One of the most important questions asked about the Agency's finances is, "Is the Agency better off or worse off as a result of this year's activities?" A Statement of Net Position and a Statement of Activities report information about the Agency in a way that helps answer this question.

These statements include all assets and deferred outflows of resources, liabilities, and deferred inflows of resources, using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the Agency's *net position* and changes in them. One can think of the Agency's net position – the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources – as one way to measure the Agency's financial health, or *financial position*. Over time, *increases or decreases* in the Agency's net position are one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors, such as changes in the organizational agreements to assess the *overall health* of the Agency in future periods.

Santa Cruz Mid-County Groundwater Agency
Management's Discussion and Analysis
For the Year Ended June 30, 2024

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 11 through 13.

Statement of Net Position

Condensed Statement of Net Position

	2024	2023	Change
Assets:			
Current Assets	\$ 3,864,889	2,351,918	1,512,971
Total assets	<u>3,864,889</u>	<u>2,351,918</u>	<u>1,512,971</u>
Liabilities:			
Current liabilities	1,965,786	399,736	1,566,050
Total liabilities	<u>1,965,786</u>	<u>399,736</u>	<u>1,566,050</u>
Net position:			
Unrestricted	1,899,103	1,952,182	(53,079)
Total net position	<u>\$ 1,899,103</u>	<u>1,952,182</u>	<u>(53,079)</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets exceeded liabilities by \$1,899,103 and \$1,952,182 as of June 30, 2024 and 2023, respectively.

Statement of Revenues, Expenses, and Changes in Net Position

	2024	2023	Change
Revenues:			
Operating revenues	\$ 150,332	312,000	(161,668)
Total operating revenues	<u>150,332</u>	<u>312,000</u>	<u>(161,668)</u>
Expenses:			
Operating expenses	3,083,417	1,000,991	2,082,426
Total operating expenses	<u>3,083,417</u>	<u>1,000,991</u>	<u>2,082,426</u>
Non-operating revenues:			
Grant revenue	2,880,006	721,722	2,158,284
Total non-operating revenues	<u>2,880,006</u>	<u>721,722</u>	<u>2,158,284</u>
Change in net position	<u>(53,079)</u>	<u>32,731</u>	<u>(85,810)</u>
Net position, beginning of period	<u>1,952,182</u>	<u>1,919,451</u>	<u>32,731</u>
Net position, end of period	<u>\$ 1,899,103</u>	<u>1,952,182</u>	<u>(53,079)</u>

The statements of revenues, expenses, and changes in net position show how the government's net position changed during the fiscal years. In the case of the Agency, net position decreased 2.72% or \$53,079 to \$1,899,103, as a result of ongoing operations. In fiscal year 2023, the Agency's net position increased 1.71% or \$32,731 to \$1,952,182, as a result of ongoing operations.

Total operating revenues decreased 51.82% or \$161,668 to \$150,332, due to an decrease in dues contributed by each member agencies. In fiscal year 2023, total operating revenues increased 4.00% or \$12,000 to \$312,000, because member agency contributions were not charged in the prior fiscal year.

**Santa Cruz Mid-County Groundwater Agency
Management's Discussion and Analysis
For the Year Ended June 30, 2024**

For the years ended June 30, 2024 and 2023, the operating revenues of \$150,332 and \$312,000, respectively, consist of the dues contributed by each member agency. Member agencies are invoiced a percentage of the projected budget for the fiscal year based on the following schedule:

Member Agency	2024	2023
Soquel Creek Water District	70 %	70 %
Central Water District	10	10
City of Santa Cruz	10	10
County of Santa Cruz	10	10
	100 %	100 %

Total expenses increased 208% or \$2,082,426 to \$3,083,417, due primarily to an increase of \$1,953,321 in groundwater management expenses. The increase in groundwater management expenses is predominately related to increased expenses for basin groundwater monitoring and data collection as well as the recognition of pass-through grant expenses. These pass-through expenses are for the sub-recipients of the Sustainable Groundwater Management Implementation (SGMI) grant the MGA was awarded by the Department of Water Resources (DWR). In fiscal year 2023, total expenses increased 124.58% or \$555,277 to \$1,000,991, due primarily to an increase of \$541,233 in groundwater management expenses.

Conditions Affecting Current Financial Position

Management is unaware of any conditions which could have a significant impact on the Agency's current financial position, net position, or operating results in terms of past, present, and future.

Requests for Information

The Agency's basic financial statements are designed to present users with a general overview of the Agency's finances and to demonstrate the Agency's accountability. If you have any questions about the report or need additional information, please contact the Agency's Treasurer, Leslie Strohm at Santa Cruz Mid-County Groundwater Agency, 5180 Soquel Drive, Soquel CA 95073 or (831) 475-8500.

Basic Financial Statements

SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY
Statement of Net Position
June 30, 2024
(with prior year data for informational purposes)

	<u>2024</u>	<u>2023</u>
Current assets:		
Cash and cash equivalent (Note 2)	\$ 1,686,470	\$ 1,821,027
Accounts receivable	2,176,525	528,997
Prepaid expenses	1,894	1,894
Total current assets	<u>3,864,889</u>	<u>2,351,918</u>
Current liabilities:		
Accounts payable	1,965,786	399,736
Total current liabilities	<u>1,965,786</u>	<u>399,736</u>
Net position:		
Unrestricted	1,899,103	1,952,182
Total net position	<u><u>\$ 1,899,103</u></u>	<u><u>\$ 1,952,182</u></u>

See accompanying notes to the basic financial statements

SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY
Statement of Revenues, Expenses, and Changes in Net Position
June 30, 2024
(with prior year data for informational purposes)

	2024	2023
Operating revenues:		
Membership revenue	\$ 100,000	\$ 312,000
Grant administrative revenue	50,332	-
Total operating revenues	<u>150,332</u>	<u>312,000</u>
Operating expenses:		
Groundwater management	2,747,830	794,509
General and administrative	335,587	206,482
Total operating expenses	<u>3,083,417</u>	<u>1,000,991</u>
Total operating income (loss)	<u>(2,933,085)</u>	<u>(688,991)</u>
Non-operating revenues:		
Grant revenue	2,880,006	721,722
Total non-operating revenues	<u>2,880,006</u>	<u>721,722</u>
Change in net position	(53,079)	32,731
Net position, beginning of period	<u>1,952,182</u>	<u>1,919,451</u>
Net position, end of period	<u><u>\$ 1,899,103</u></u>	<u><u>1,952,182</u></u>

See accompanying notes to the basic financial statements

SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY
Statement of Cash Flows
June 30, 2024
(with prior year data for informational purposes)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Cash receipts from members	\$ 50,332	\$312,000
Payments to vendors for materials and services	(1,517,367)	(814,882)
Grant revenue	1,232,478	508,956
Net cash provided by operating activities	<u>(234,557)</u>	<u>6,074</u>
Net increase in cash and cash equivalents	(234,557)	6,074
Cash and cash equivalents, beginning of year	<u>1,821,027</u>	<u>1,814,953</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,586,470</u></u>	<u><u>\$ 1,821,027</u></u>
Reconciliation of operating income(loss) to net cash provided by(used) in operating activities:		
Operating income(loss)	<u>\$ (2,933,085)</u>	<u>\$ (688,991)</u>
Changes in assets and liabilities:		
(Increase) in assets:		
Prepaid expenses	-	179
Increase(decrease) in liabilities:		
Accounts payable	<u>1,566,050</u>	<u>185,930</u>
Net cash provided by operating activities	<u><u>\$ (1,367,035)</u></u>	<u><u>\$ (502,882)</u></u>

Noncash Investing, Capital and Financing Activities:

There were no significant noncash investing, capital or financing activities during the years ended June 30, 2024 or 2023.

SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

(1) Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

On March 17, 2016, the Central Water District, the City of Santa Cruz, the County of Santa Cruz, and the Soquel Creek Water District (Members) entered into a joint powers agreement creating the Santa Cruz Mid-County Groundwater Agency (Agency). Each Member is a local agency, as defined by the Sustainable Groundwater Management Act of 2014 (SGMA), duly organized and existing under and by virtue of the laws of the State of California, and each Member can exercise powers related to groundwater management. The purpose of the agreement was to create a groundwater sustainability agency by June 30, 2017 to manage groundwater basins designated by the California Department of Water Resources as medium and high priority basins. The Agency is a basin consolidation of all or parts of four existing groundwater basins: Soquel Valley, West Santa Cruz Terrace, Santa Cruz Purisima Formation, and Pajaro Valley Groundwater Basins.

Under the Joint Exercise of Powers Act of 2000 (Act), including the Marks-Roos Local Bond Pooling Act of 1985 (Government Code sections 6584, et seq.), the Agency is authorized to issue bonds, and under certain circumstances, to purchase bonds issued by, or to make loans to, the Members for financing public capital improvements, working capital, liability and other insurance needs or projects whenever doing so results in significant public benefits, as determined by the Members. The Act further authorizes and empowers joint powers authorities to sell bonds that are issued or purchased to public or private purchasers at public or negotiated sales.

SGMA requires the adoption of a groundwater sustainability plan (GSP) by January 31, 2020, for all medium and high priority basins identified as being subject to critical conditions of overdraft. The Members will develop the GSP and manage the Basin pursuant to SGMA.

The term of the agreement shall remain in effect until terminated by unanimous written consent of all Members, except during the outstanding term of any Agency indebtedness. Upon termination of the agreement, the assets shall be distributed in proportion to the contributions of each Member agency.

B. Basis of Accounting and Measurement Focus

The Agency is accounted for as an enterprise fund in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. Enterprise funds are used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the expenses, of providing goods and services to the general public are recovered through user charges, or where the governing body has decided that periodic determination of revenue earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, or other purposes. Because the Agency is accounted for as an enterprise fund, the Agency uses the economic resources measurement focus and the accrual basis of accounting for financial statement reporting purposes. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period incurred, regardless of when the related cash flows take place. With the measurement focus, all assets and liabilities associated with the operation of these funds are included in the Statement of Net Position.

C. Financial Reporting

The Agency's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY

Notes to the Basic Financial Statements (Continued)

For the Year Ended June 30, 2024

(1) Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position

1. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in the Agency's net position during the reporting period. Actual results could differ from those estimates.

2. Cash and Cash Equivalents

Substantially, all of the Agency's cash is held in a financial institution bank account. The Agency considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

3. Revenue Recognition

Membership dues are recognized as revenue at the time each member agency is invoiced or when a resolution is approved by the Board during the year.

4. Net Position/Fund Balances

The financial statements utilize a net position presentation. Net position categories are follows:

- **Net investment in capital assets** – consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt against the acquisition, construction or improvement of those assets.
- **Restricted net position** – consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** – consists of the net position balance that does not meet the definition of *restricted* or *net investment in capital assets* components of net position.

5. Comparative Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's prior year financial statements, from which this selected financial data was derived.

(2) Cash and Cash Equivalents

Cash and cash equivalents as of June 30, 2024 is classified in the accompanying financial statements as follows:

Cash and cash equivalents	\$	1,686,470
---------------------------	----	-----------

Cash and cash equivalents as of June 30, 2024 consists of the following:

Deposits with financial institutions	\$	1,686,470
--------------------------------------	----	-----------

SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY

Notes to the Basic Financial Statements (Continued)

For the Year Ended June 30, 2024

(2) Cash and Cash Equivalents (Continued)

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The California Government Code and the Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by public agencies. As of June 30, 2024, bank balances are federally insured up to \$250,000. The remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the Agency's name.

(3) Contingencies

Litigation

In the ordinary course of operations, the Agency is subject to claims and litigation from outside parties. After consultation with legal counsel, the Agency believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Governing Board
Santa Cruz Mid-County Groundwater Agency
Santa Cruz, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Santa Cruz Mid-County Groundwater Agency (Agency) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprises the Agency's basic financial statements, and have issued our report thereon dated November 27, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing opinion on compliance with those provisions was not an objective of our

audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Davis Farr LLP

Irvine, California
November 27, 2024



REQUIRED AUDIT COMMUNICATIONS

Governing Board
Santa Cruz Mid-County Groundwater Agency
Santa Cruz, California

We have audited the financial statements of the Santa Cruz Mid-County Groundwater Agency (the "Agency") as of and for the year ended June 30, 2024 and have issued our report thereon dated November 27, 2024. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated October 3, 2024, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Agency solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence under the American Institute of Certified Public Accountants ("AICPA") independence standards, contained in the Code of Professional Conduct.

We identified self-review threats to independence as a result of non-attest services provided. Those non-attest services included the preparation of the financial statements. To mitigate the risk, management has compared the draft financial statements and footnotes to the underlying accounting records to verify accuracy. Additionally, we have an independent quality control partner who has reviewed the financial statements.

Significant Risks Identified

We have identified the following significant risks:

- Risk of error in estimating contractor invoice accruals: We reviewed accrual estimations to ensure reasonableness.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Agency is included in Note 1 to the financial statements. There has been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are management's estimate of which revenues are to be accrued at year end.

We evaluated the key factors and assumptions used to develop the estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Agency's financial statements relate to commitments and contingencies as communicated within the footnotes.

Significant Difficulties Encountered during the Audit

We encountered no difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. There were no uncorrected misstatements as a result of our audit procedures.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no material misstatements as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Agency's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter dated November 27, 2024.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

In the normal course of our professional association with the Agency, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Agency's auditors.

This report is intended solely for the information and use of the Governing Board, and management of the Agency, and is not intended to be and should not be used by anyone other than these specified parties.

Davis Farr LLP

Irvine, California
November 27, 2024

December 12, 2024

MEMO TO THE MGA BOARD OF DIRECTORS

Subject: Agenda Item 5.2

Title: Consider Approval of the Periodic Evaluation of the Groundwater Sustainability Plan

Attachment(s):

1. Presentation Slides

Recommended Board Action: Approve Submittal of the Periodic Evaluation of the Santa Cruz Mid-County Groundwater Sustainability Plan to the Department of Water Resources.

Background

The Sustainable Groundwater Management Act (SGMA) 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 prepared the Periodic Evaluation with consideration of the DWR guidance document.

In December 2023, March 2024, and June 2024, the MGA received updates on the Periodic Evaluation and the public had opportunity for comment. In March 2024, the MGA Board determined that there is no compelling new information to amend the 2020 Basin GSP and directed the continued preparation of the Periodic Evaluation for submission to DWR by the SGMA deadline. M&A completed a Draft Periodic Evaluation on August 20, 2024. The Draft Periodic Evaluation was posted on the MGA website in Adobe PDF format. The public and MGA Board were notified of the availability of the document via the MGA's e-mail distribution list (approximately

1,200 subscribers). The public was invited to submit written comments via regular or electronic mail or via oral comments at the September 19, 2024 MGA Board meeting.

Discussion

The completed Periodic Evaluation is available on the MGA website at: <https://www.midcountygroundwater.org/sustainability-program/gsp-periodic-evaluation>. Georgina King of M&A will provide a brief overview of the final Periodic Evaluation at the MGA Board meeting.

Recommended Board Action:

1. By MOTION, Approve Submittal of the Periodic Evaluation of the Santa Cruz Mid-County Groundwater Sustainability Plan to the Department of Water Resources.

Submitted by:

Rob Swartz
Senior Planner
Regional Water Management Foundation

On behalf of the MGA Executive Staff

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

Santa Cruz Mid-County Groundwater Agency 2025 Periodic Evaluation



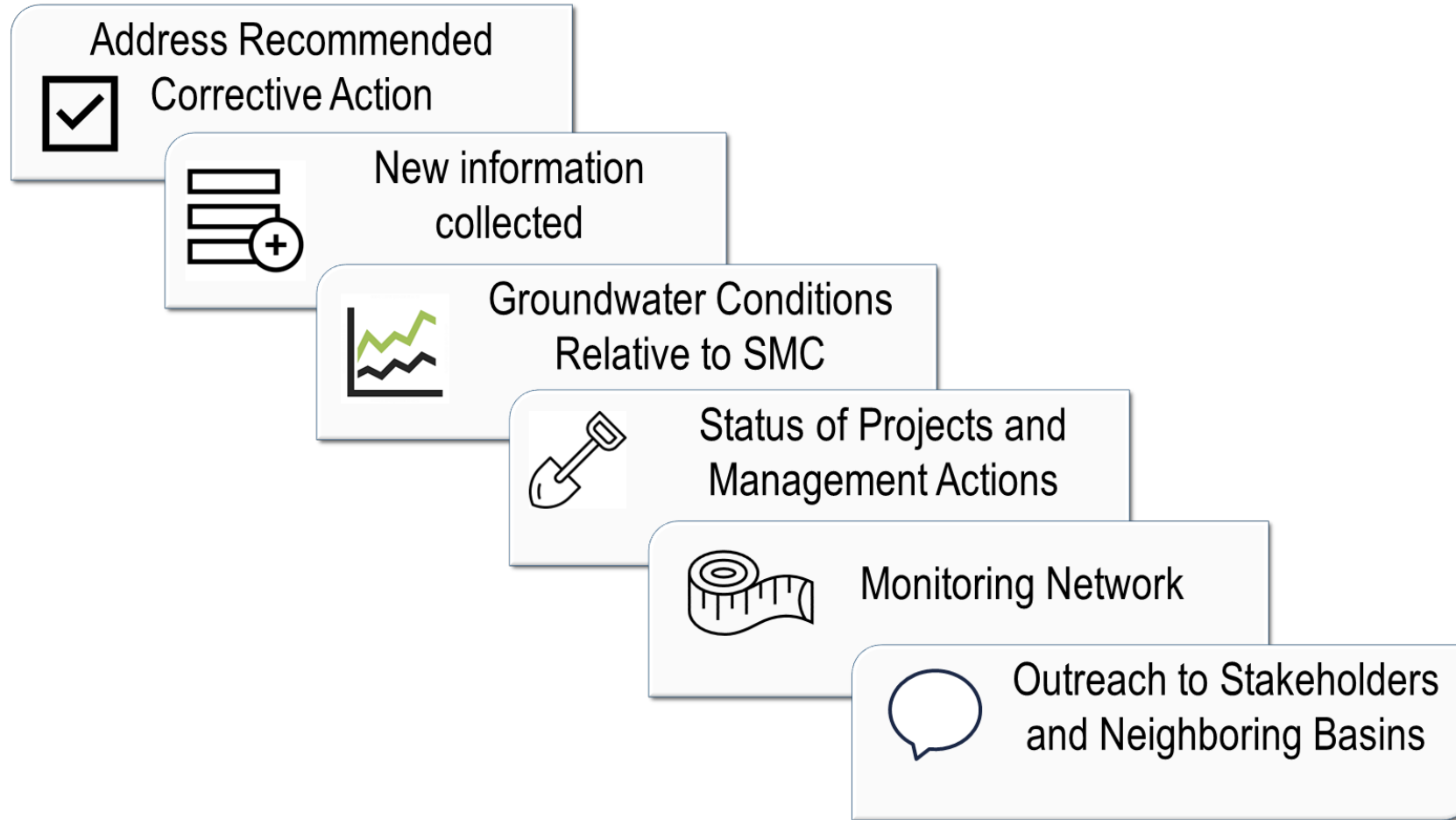
Board of Directors
December 12, 2024

A Periodic Evaluation is the MGA's written assessment of its GSP implementation

The assessment evaluates whether the MGA's groundwater sustainability program is meeting the basin's **sustainability goal** and continues to meet the **requirements of SGMA and the GSP Regulations**

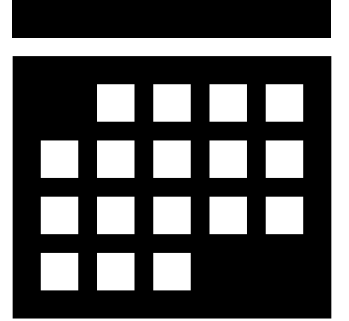
Periodic Evaluation Process

Evaluation Cycle = WY 2019 through WY 2023

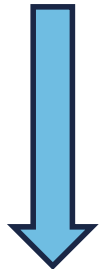


Assessment indicated no GSP Amendment needed

Periodic Evaluation Schedule



- August 20: Board Draft available for review (30 days)
- September 19: Board meeting for feedback and public comment

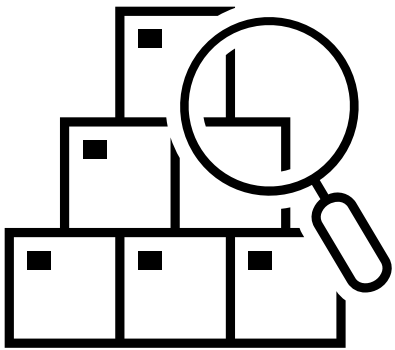


No substantive changes – only factual and project schedule related edits

Appendix 6A includes responses to written public comments received

- December 12: Board meeting to approve Periodic Evaluation
- January 30: Submit to DWR

What Comes Next?



- DWR required to commence its Periodic Review of the Periodic Evaluation by January 30, 2025
 - DWR review intended to ensure the GSP, as implemented, remains compliant with SGMA, in substantial compliance with the GSP Regulations, and is being implemented in a manner that will likely achieve the sustainability goal
- DWR will use the GSP, Annual Reports, and the Periodic Evaluation to conduct its review
 - DWR may request supplemental information
- No specific deadline for DWR to complete DWR Periodic Review, but had 2 years for initial GSP review
 - DWR took about 18 months to review MGA GSP

Questions

December 12, 2024

MEMO TO THE MGA BOARD OF DIRECTORS

Subject: Agenda Item 5.3

Title: Consider Amendment 5 to Contract No. 2020-04 with Montgomery & Associates for Groundwater Model Improvements

Attachment(s):

1. Memorandum of Proposed Scope of Modeling Work

Recommended Board Action: Authorize the General Manager of Soquel Creek Water District to amend Contract No. 2024-04 with Montgomery and Associates for Groundwater Model Improvements in an amount not-to-exceed \$241,000 and completed by December 31, 2025

Background

The MGA relied on a groundwater model to inform important decisions regarding basin sustainability, Groundwater Sustainability Plan (GSP) implementation, and project planning in the Santa Cruz Mid-County Groundwater Basin during GSP development. Since GSP submission, the model has been updated annually with hydrology data to support preparation of GSP annual reports. The model has also been locally recalibrated as new data associated with development and pilot testing of the Pure Water Soquel and Aquifer Storage and Recovery (ASR) projects has become available, and the model has been used for the ongoing System Optimization Study being conducted by Soquel Creek Water District and the City of Santa Cruz. The current MGA GSP Periodic Evaluation recognizes the need for a comprehensive update and recalibration of the basin model for use in the next GSP Periodic Evaluation.

The MGA was awarded a Sustainable Groundwater Management Implementation (SGMI) Grant in May 2022 to fund GSP implementation efforts including priority Projects and Management Actions (PMAs) identified in the GSP. The grant funded work includes five distinct components. Component 5 (\$1,575,000) includes planning, monitoring, and reporting activities to advance SGMA efforts in the basin. This includes assessing the current Basin groundwater model and making improvements, as needed, to the model. The grant was amended in November 2024 to include model improvements and extend the term of the agreement to allow for grant reimbursable work to be completed by December 31, 2025.

Discussion

MGA has worked with Montgomery & Associates (M&A) to identify model improvements that could be completed by the SGMI Grant completion date. The model is proposed to be updated for use in the next Periodic Evaluation in two phases based on currently available information. The first phase is related to model geometry improvements (e.g., model layer definition). Additional information on the first phase of work is provided in the attachment to this item. The second phase will include new time series data (e.g., recent shallow network water level data) to improve estimates of model parameters. M&A believes that the first phase of model improvements can be completed within the SGMI Grant timeframe.

M&A's proposed not-to-exceed budget for model geometry improvements is \$241,000. The available grant funding presents an opportunity to fund a significant portion of the model improvement work that the Executive Staff concurs needs to be done prior to the next Periodic Evaluation of the GSP. Based upon current grant cost projections, staff estimates approximately \$142,000 in grant funds is available for these groundwater model improvements. Potentially, more grant funds may be available, but it is uncertain at this point because other grant funded activities (e.g., electromagnetic surveys) have not yet been awarded, thus the costs for those services are estimates. Based upon current estimates, the MGA (non-grant) funded portion of the model improvements could be up to \$99,000. Executive Staff is requesting that the Board authorize an amendment to the M&A contract to budget for the model improvements. Additionally, the current contract concludes on June 30, 2025. Staff is also requesting that the Board authorize an extension to December 31, 2025 to allow for completion of the proposed model improvements.

Recommended Board Action:

1. By MOTION, Authorize the General Manager of Soquel Creek Water District to amend Contract No. 2024-04 with Montgomery and Associates for Groundwater Model Improvements in an amount not-to-exceed \$241,000 and completed by December 31, 2025

Submitted by:

Rob Swartz
Senior Planner
Regional Water Management Foundation

On behalf of the MGA Executive Staff

Melanie Mow Schumacher, General Manager, Soquel Creek Water District

Ralph Bracamonte, District Manager, Central Water District

Heidi Luckenbach, Water Director, City of Santa Cruz

Sierra Ryan, Water Resources Manager, County of Santa Cruz



December 6, 2024

Rob Swartz
Santa Cruz Mid-County Groundwater Agency
BY EMAIL: rswartz@cfsc.org

SUBJECT: PROPOSED SCOPE OF WORK FOR 2025 GROUNDWATER MODEL IMPROVEMENTS

Dear Mr. Swartz:

Montgomery & Associates (M&A) is pleased to propose a scope of work for improvements to the GSFLOW numerical groundwater model (GSFLOW model) of the Santa Cruz Mid-County Groundwater Basin (Basin) to be implemented in calendar year 2025. Based on our planning discussions, we have identified tasks that can be completed next calendar year in order for the work to be partly funded by the Santa Cruz Mid-County Groundwater Agency's (MGA) Sustainable Groundwater Management Implementation (SGMI) Grant. These tasks focus on improvements to GSFLOW model layering representing Basin structure that have been identified in the Basin Groundwater Sustainability Plan (GSP) or the 2025 Periodic Evaluation for the GSP.

The 2025 Periodic Evaluation recommends additional GSFLOW model improvements that require collecting more data to increase the timeseries of observations for model calibration. Calendar year 2025 is too early for re-calibration though it should be completed in time for model use in the 2030 Periodic Evaluation.

Proposed 2025 tasks are as follows:

TASK 1. IMPORT LAYER INFORMATION INTO LEAPFROG

To facilitate the improvement of the GSFLOW model layering, we propose using Leapfrog software to compile information used to develop the existing model layers. In subsequent tasks, new information that will guide GSFLOW model improvements will be added to the Leapfrog software. We will then prepare changes to model layers in Leapfrog for importing into the GSFLOW model. Information related to model layers that will be imported into Leapfrog includes:

- GSFLOW numerical model layers without additional smoothing
- Well information and hydrogeologic picks initially used to develop model layers

- Information for new wells not available when the GSFLOW model layers were first developed

Compiling information in Leapfrog will result in a digital representation of the Basin's hydrogeologic conceptual model (HCM). Leapfrog can be used to prepare figures of the HCM such as cross sections if needed for future Periodic Evaluations and other documents.

TASK 2. REVISE LAYERING TO IMPROVE SIMULATION OF PURISIMA DEF UNIT

GSP Appendix 2-F, the report that documents current model layering, recommends splitting GSFLOW model layer 3 that represents the Purisima DEF and F aquifer units together. Representing the 2 units separately would allow the model to better simulate confined groundwater level response to pumping observed in the Purisima DEF unit. Task 2 implements this recommendation and includes:

- Evaluating construction information for wells screened in the Purisima DEF and/or F Units in Leapfrog
- Evaluating Purisima DEF and F Unit groundwater level data to assess whether wells show a confined or unconfined response to pumping
- Subdividing GSFLOW model layer 3 into 2 layers using Leapfrog

TASK 3. UPDATE GSFLOW MODEL BASED ON AEM DATA

Table 6-1 of the 2025 Periodic Evaluation describes plans to use Airborne Electromagnetic (AEM) survey data to “improve conceptual and numerical model geometry when a full model update occurs prior to the next Periodic Evaluation.” Task 3 will process the AEM data for the Basin from California Department of Water Resources and import it into Leapfrog. We will then use Leapfrog to evaluate how to improve model layering and implement those changes in the GSFLOW model.

TASK 4. ASSESS AND DOCUMENT MODEL STATUS

After revising the GSFLOW model layering, the revised model may have numerical convergence issues and it may no longer be calibrated to observed data. We will run tests with the revised model to assess its numerical stability and calibration. Following this assessment, we will prepare a report documenting the GSFLOW model revisions and status related to numerical stability and model calibration. The report will provide recommendations for addressing model layering issues such as numerical instability prior to future calibration efforts.

FUTURE MODELING TASKS – RECALIBRATE MODEL BASED ON UPDATED TIMESERIES DATA

Section 6.4 of the 2025 Periodic Evaluation describes future model updates related to calibration of model parameters using additional monitoring data to be collected over the next 2 to 3 years, including the following:

- Data collected as sustainability projects such as Pure Water Soquel and City of Santa Cruz Aquifer Storage and Recovery are implemented
- Data collected from new monitoring wells installed to expand the monitoring network, including for shallow aquifer interconnection with surface water

Implementing these updates requires additional scope to be conducted after 2025. Until the revised GSFLOW model is recalibrated, the current GSFLOW model will continue to be updated annually for GSP annual reporting and other model simulation needs.

STAFFING

Subject to staff availability, our plan is to use a team that combines experience with the GSFLOW model and expertise in using Leapfrog to update numerical model layers.

Table 1. M&A Model Improvements Key Staff

Staff	Role	Office	Most Relevant Experience
Cameron Tana, P.E.	Project Manager	Oakland, CA	Development of Basin GSFLOW Model, use of GSFLOW Model to support projects and optimization study
Patrick Wickham, P.G.	Groundwater Modeler	Pasadena, CA	Updates of GSFLOW Model for annual reports, use of GSFLOW Model to support projects and optimization study
Carlotta Leoncini, Ph.D.	Groundwater Modeler	Oakland, CA	Updates of GSFLOW Model for annual reports
Trevor Pontifex, P.G.	Leapfrog Modeler	Pasadena, CA	Incorporation of Salinas Basin AEM data into Leapfrog
Staffan Schorr	Senior Technical Advisor	Tucson, AZ	Leapfrog expert, including leading incorporation of Salinas Basin AEM data into Leapfrog
Georgina King, P.G., C.Hg.	GSP Lead	Oakland, CA	Technical Lead for Basin GSP

SCHEDULE

The scope will be completed by December 31, 2025, to be eligible for SGMI grant reimbursement from the State of California. Completion months for the tasks are as follows:

- Task 1: April 2025
- Task 2: June 2025
- Task 3: September 2025
- Task 4: December 2025 with a draft report provided to MGA Executive Team for review by November 15, 2025

COST

As shown on the attached level of effort, the total estimated cost for Tasks 1-4 is \$241,000. We will use current MGA rates for this scope extending through 2025.

Thank you for the opportunity to provide a proposed scope for these model improvements that will support the MGA for the 2030 Periodic Evaluation and future groundwater sustainability planning.

Sincerely,
MONTGOMERY & ASSOCIATES



Cameron Tana, P.E.
Principal Hydrologist

Table 2. Level of Effort and Cost Breakdown

Tasks	Project Manager : Principal Hydrologist	Senior Technical Advisor, GSP Lead : Principal Hydrogeologists	Groundwater Modeler : Project Scientist	Leapfrog Modeler : Project Scientist	Staff Scientist	Technical Editor	TOTALS	
2025 Scope: Model Layer Improvements								
MGA Rates through June 2025 (use for Model Improvements Scope through December 2025)	\$265	\$265	\$195	\$185	\$148	\$86	Hours	(\$)
Task 1: Import Existing GSFLOW Model Layer Information into Leapfrog								
Import GSFLOW model layers (no smoothing)	2	4	8	36	8	0	58	\$10,994
Process and import well information (including previous hydrogeologic picks by M.Cloud)	4	8	8	64	16	0	100	\$18,948
Subtotal Task 1	6	12	16	100	24	0	158	\$30,000
Task 2: Revise GSFLOW Model Layering to Improve Simulation of Purisima DEF Unit								
Evaluate DEF and F well construction in Leapfrog	4	8	2	24	0	0	38	\$8,010
Evaluate DEF and F groundwater level data	10	4	2	24	0	0	40	\$8,540
Subdivide GSFLOW model layer 3 for DEF and F into 2 layers using Leapfrog	16	4	16	100	0	0	136	\$26,920
Subtotal Task 2	30	16	20	148	0	0	214	\$43,000
Task 3: Update GSFLOW Model based on AEM Data								
Process and import AEM information into Leapfrog	16	20	8	160	20	0	224	\$43,660
Evaluate and implement changes to GSFLOW model layering using Leapfrog	24	16	60	100	0	0	200	\$40,800
Subtotal Task 3	40	36	68	260	20	0	424	\$84,000
Task 4: Assess and Document Model Status								
Test GSFLOW model to evaluate numerical stability and assess calibration	16	2	80	8	24	0	130	\$25,402
Prepare report documenting model revisions and status	24	40	80	120	24	8	296	\$59,000
Subtotal Task 4	40	42	160	128	48	8	426	\$84,000
Total for 2025 Model Improvements Scope	116	106	264	636	92	8	1,222	\$241,000

December 12, 2024

MEMO TO THE MGA BOARD OF DIRECTORS

Subject: Agenda Item 5.4

Title: Sustainable Groundwater Management Act Regulatory Compliance
Funding Options Study

Recommended Board Action: Receive an overview presentation of funding options available under SGMA and discuss recommended study approach

Background

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

In August 2024, MGA released a request for qualifications for consulting support to conduct a funding options assessment for SGMA regulatory compliance. In October 2024, the MGA Executive Staff recommended SCI Consulting Group to assist with the funding options assessment.

Discussion

MGA Executive Staff has requested that SCI provide a remote presentation to the MGA Board on SGMA funding options in general and a description of the proposed process to arrive at funding options recommendations for future Board consideration.

Recommended Board Action:

1. By MOTION, Receive an overview presentation of funding options available under SGMA and discuss recommended study approach

Board of Directors
December 12, 2024
Page 2 of 2

Submitted by:

Rob Swartz
Senior Planner
Regional Water Management Foundation

On behalf of the MGA Executive Staff

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

December 12, 2024

MEMO TO THE MGA BOARD OF DIRECTORS

Subject: Agenda Item 6.1

Title: Treasurer's Report

Attachments:

1. Treasurer's Report for the Period Ending November 30, 2024

Attached is the Treasurer's Report for September through November 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 November 30, 2024



Prepared by

Leslie Strohm, Treasurer

Prepared on

November 27, 2024

Statement of Revenues, Expenses and Changes in Net Position

September - November, 2024

	Total
INCOME	
Total Income	
GROSS PROFIT	0.00
EXPENSES	
5100 Groundwater Management Services	56,466.45
5110 Grndwtr Mgmt - Groundwater Monitoring	14,601.47
5300 Administrative Personnel Services	34,191.18
5340 Computer Services	288.00
5355 Insurance	843.75
5415 Outreach Services	4,814.29
5510 GSP Consulting Services	2,657.00
5520 Legal Services	1,462.50
Total Expenses	115,324.64
NET OPERATING INCOME	-115,324.64
NET INCOME	\$ -115,324.64

Statement of Net Position

As of November 30, 2024

	Total
ASSETS	
Current Assets	
Bank Accounts	
1100 Wells Fargo Business Checking	2,411,601.32
Total Bank Accounts	2,411,601.32
Accounts Receivable	
1210 Accounts Receivable - Misc	20,941.82
Total Accounts Receivable	20,941.82
Other Current Assets	
1400 Prepaid Expenses	281.25
Total Other Current Assets	281.25
Total Current Assets	2,432,824.39
TOTAL ASSETS	\$2,432,824.39
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2100 Accounts Payable	11,968.48
2110 Accounts Payable - Grants	703,780.92
Total Accounts Payable	715,749.40
Total Current Liabilities	715,749.40
Total Liabilities	715,749.40
Equity	
3100 Retained Earnings	1,899,103.88
Net Income	-182,028.89
Total Equity	1,717,074.99
TOTAL LIABILITIES AND EQUITY	\$2,432,824.39

Warrants

September - November, 2024

Date	Transaction Type	Num	Name	Memo/Description	Clr	Amount
Bill Payment (Check)						
11/20/2024	Bill Payment (Check)	10402	Errol L Montgomery & Associates Inc	Seawater Intrusion Eval, SGMA Support, and GSP Eval		-4,186.50
						-4,186.50
11/20/2024	Bill Payment (Check)	10403	County of Santa Cruz (County Counsel)	Legal Services		-1,462.50
						-1,462.50
11/20/2024	Bill Payment (Check)	10404	ACWA/JPIA	Auto & General Liability Insurance		-1,125.00
						-1,125.00
11/20/2024	Bill Payment (Check)	10405	Regional Water Management Foundation	SGMI Grant Admin		-27,345.14
						-27,345.14
11/20/2024	Bill Payment (Check)	10406	Soquel Creek Water District (2)	Mailchimp and Quickbooks Subscriptions		-138.25
						-138.25

Date	Transaction Type	Num	Name	Memo/Description	Clr	Amount
11/20/2024	Bill Payment (Check)	10407	County of Santa Cruz Health Services Agency	MGA Planning and Admin Services		-66,545.03
						-66,545.03
10/14/2024	Bill Payment (Check)	10399	Soquel Creek Water District (2)	Reimbursement for charges on Soquel Creek credit card		-204.50
						-204.50
10/14/2024	Bill Payment (Check)	10400	Errol L Montgomery & Associates Inc	SGMA support and GSP evaluation		-63,565.00
						-63,565.00
10/14/2024	Bill Payment (Check)	10401	Van Essen Instruments B.V.	Diver cable		-457.12
						-457.12
09/25/2024	Bill Payment (Check)	10397	ACWA/JPIA	Member# S073		-100.00
						-100.00
09/25/2024	Bill Payment (Check)	10398	Van Essen Instruments B.V.			-2,056.87
						-2,056.87

Date	Transaction Type	Num Name	Memo/Description	Clr	Amount
09/09/2024	Bill Payment (Check)	10394 Trout Unlimited Inc			-6,725.12
					-6,725.12
09/09/2024	Bill Payment (Check)	10395 County of Santa Cruz Health Services Agency			-77,405.75
					-77,405.75
09/09/2024	Bill Payment (Check)	10396 Soquel Creek Water District (2)	0000260		-116.50
					-116.50

December 12, 2024

MEMO TO THE MGA BOARD OF DIRECTORS

Subject: Agenda Item 6.2.1

Title: GSP Implementation Status Update

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

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

Well Registration and Metering Program – Following Board adoption of the policy requiring well registration, metering, and reporting for non-de minimis groundwater users, RWMF staff has continued program research and development. Based on the latest information, it is estimated that fewer than 10 properties will fall under the policy. The current focus has been to contact property owners near the area of observed high chlorides near Seascape. Since the last MGA Board meeting, RWMF staff has met with the Seascape Green Homeowners Association and confirmed that their landscape irrigation well has a meter. RWMF staff is also researching meters and pricing to determine what kind of assistance can be provided to owners in complying with the metering requirement.

Seawater Intrusion Investigation – RWMF staff has coordinated with Soquel Creek Water District staff to install a data logger within the screen interval of the deep monitoring well on Dolphin Drive near Sumner Avenue that will measure groundwater levels and electrical conductivity. The intent is to conduct a pilot test of whether water quality changes can be observed during high tide events in the area of increasing chloride concentrations at Seascape. Based on a recent 2-week pilot, there appears to be a correlation between tidal levels and conductivity levels in the well.

Groundwater Elevations – Fall 2024 groundwater elevations were collected in late September through early October. Groundwater elevation data are due to the Department of Water Resources (DWR) via the data portal by January 1, 2025. RWMF staff coordinated with a local landowner to clear debris that prevented access to an MGA shallow monitoring well located on the road shoulder along Soquel San Jose Road near Mountain Elementary School. RWMF staff downloaded the well's data logger and collected a fall water level measurement from the well in November. RWMF staff installed a recording data logger in an MGA monitoring well on Soquel Creek near the Olive Springs Quarry in November. The logger will collect hourly

groundwater elevation and temperature data and will be used in evaluating interconnected surface water.

Streamflow Measurements – 2024 dry season streamflow monitoring commenced on May 17 and concluded at the end of October, with the exception of a site at the West Branch of Soquel Creek that will be monitored year-round. Monitoring will commence again in May 2025. This will be the third year of data collection by Trout Unlimited since it was selected in late 2022 to conduct stream monitoring.

Submitted by:

Rob Swartz
Senior Planner
Regional Water Management Foundation

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: \$1,734,560

Status: Well construction completed; Treatment Plant designs underway

Activities to Date: Cunnison Lane Groundwater Well construction completed in fall 2024. Geotechnical and topographic surveys were completed. 30% designs for the associated water treatment facility were completed; water quality data from the Cunnison well will inform the subsequent phases of designs for the water treatment facility. 90% design drawings for the raw water pipeline between the Cunnison well and treatment facility are in development.

2. Aquifer Storage & Recovery (ASR), Beltz Wellfield

Lead: City of Santa Cruz

Grant Award: \$1,650,000

Status: Designs completed to convert the Beltz 12 production well into an ASR facility; Construction bid solicitation open (11/20/24 to 1/10/25). Designs underway for Beltz 8 ASR facility.

Activities to Date: The City's engineering consultant Carollo completed designs to convert the Beltz 12 production well into an ASR facility; Issued bid for construction of Beltz 12 in November 2025. Ongoing development of designs for Beltz 8.

3. Park Avenue Transmission Main Improvements

Lead Agency: Soquel Creek Water District

Grant Award: \$740,440

Status: Construction Complete; final grant reporting underway

Activities to Date: Construction of the 12" diameter PVC transmission pipeline completed, pipeline was flushed, chlorinated, and put into service in December 2023. Activities were completed under budget (\$59,560), DWR approved the transfer of funds to Project 1. Grant funded activity on track to be completed in 2024.

4. Technical Development of GSP Group 1 & 2 Projects

Leads: Soquel Creek WD & City of Santa Cruz

Grant Award: \$1,900,000

Status: Underway

Activities to Date:

Task 1: Develop Objectives and Project Components to Analyze (Led by District). Brown and Caldwell (BC) serves as lead consultant working with District, City, and others on the development and evaluation of alternatives and costs. This task is complete.

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. Completed activities include substantial completion of modeling within selected project alternative tracks (Pure Water Soquel (PWS), Aquifer Storage & Recovery (ASR), and transfers using machine-learning guided

4. Technical Development of GSP Group 1 & 2 Projects

Leads: Soquel Creek WD & City of Santa Cruz

Grant Award: \$1,900,000

Status: Underway

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 are being 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. Akel completed the hydraulic modeling component of the Study and prepared a technical memorandum summarizing this work.

Task 4: Water Quality and Regional Compatibility/Optimization (Led by District)
BC serves as lead consultant on water quality component. This work included modeling selected projects for potential distribution system water quality impacts and to identify additional water quality studies or treatment needed for project implementation. Results have been summarized in a technical memo expected to be fully completed by year end.

Task 5: Economic and Financial Analysis/Modeling (Led by District)
BC serves as lead consultant with subconsultants performing specialized evaluations of the selected projects for cost and economic impacts. Work on this task is underway.

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

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

5. Sustainable Groundwater Management Evaluation & Planning

Leads: MGA & County of Santa Cruz

Grant Award: \$1,575,000

Status: Underway

GSP Implementation activities underway: GSP Periodic (5-Yr) Evaluation; streamflow and groundwater monitoring; development of non-de minimis groundwater usage metering program.

M&A completed the GSP Water Year (WY) 2023 Annual Report and will start preparation of the

WY 2024 report in late 2024. Work on the GSP Periodic (5-Year) Evaluation is on schedule to be completed by December 2024. Other ongoing activities include evaluation of seawater intrusion in Seascope Area and evaluation of the Basin monitoring network. Improvements to the Basin monitoring network included construction of the Olive Spring Monitoring well in January 2024.

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

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.

Following a Request for Qualifications (RFQ), SCI Consulting was selected to lead a study (December 2024 – June 2025) to assess funding options for SGMA regulatory compliance.



SENATE BILL 552

by Marcus Trotta, Sierra Ryan, Ryan Alward, and Julia Ekstrom

What is SB 552 and what does it mean to you?

Senate Bill 552 (SB 552) of 2021 aimed to address critical gaps necessary for enhancing drought resilience in California's small and rural communities. These communities are often disproportionately affected during dry periods, lacking guidance for water shortage planning and drought response. As a result, households face water scarcity, relying heavily on hauled water, while state agencies grapple with understanding the extent of drought impacts. The California Legislature passed SB 552 with goals to 1) better understand future risks of drought on small water systems and private domestic well users and 2) support planning for addressing future risks. To achieve these goals, the law creates new requirements for counties and small water systems.

Counties must establish a standing drought task force focusing on domestic wells and state small systems and develop a drought resilience plan for these groups.

Small water suppliers have various new requirements, some of which depend on their number of connections. Larger small systems (>1,000 connections) and school systems must develop a water shortage contingency plan ([link to templates](#)). Systems with fewer than 1,000 connections instead must add a drought element to their emergency notification plan. All small water suppliers are now required to submit water use and supply data to the State Water Resources Control Board and implement a set of shortage mitigation measures if they are financially feasible. These measures include requiring customer metering, having groundwater well monitoring systems in place, securing at least one secondary source of water, installing backup generators, and meeting flow requirements to support firefighting, each on its own deadline.

While the Safe and Affordable Funding for Equity and Resilience (SAFER) Needs Assessment now incorporates tracking of these small water system requirements as part of

its assessment, the overall State Board's SAFER Program for assistance is distinct from this set of SB 552 requirements.

Points of coordination between Counties and GSAs

The implementation of SB 552 creates an opportunity to usher in a new era of collaboration between Counties and Groundwater Sustainability Agencies (GSAs). This legislation has become a catalyst for joint efforts in several key areas, as summarized below, and has transformed the landscape of groundwater coordination and fostered a transparent and cohesive approach to water management.

1. **Domestic Well Inventories:** SB 552 has empowered Counties to take the lead in compiling and maintaining data on domestic wells within their jurisdiction. This inventory forms the bedrock of informed decision-making for GSAs, creating a shared understanding of local groundwater usage dynamics. The ongoing collaboration ensures the accuracy of this inventory, providing a solid foundation for effective groundwater management strategies.
2. **Data Collection and Sharing:** The collection of groundwater-level data and monitoring coordination is another area of shared interest. For example, GSAs have to relate groundwater elevations to undesirable results for domestic well owners. Counties that often issue well permits and now have obligations for action when wells go dry have a strong vested interest in reviewing data from representative monitoring points to catch alarming trends and react to them. Likewise, counties may have other monitoring data that could be a useful addition to GSA monitoring programs, such as detailed well permitting data collection or biotic or water quality monitoring results. Through coordinated monitoring efforts, a more comprehensive understanding of groundwater dynamics emerges, enabling both entities to make decisions that align with the broader goal of sustainability.



3. **Stakeholder Outreach:** SB 552 has paved the way for unified outreach efforts, ensuring consistent messaging to stakeholders. Counties and GSAs, recognizing the importance of public awareness, can align their communication strategies to convey a unified message. This concerted effort aims to inform the public, agricultural stakeholders, and other interested parties about the shared vision for sustainable groundwater practices and services available when needed. Clear messaging and transparency can help build trust between the community, the GSA, and the County.
4. **Collaborative Win-Win Solutions:** The legislation further promotes collaboration by encouraging the identification of common solutions to mitigate risks for GSA projects/ actions and County Domestic Well Mitigation plans. Shared challenges, such as overdraft and contamination threats, should be met with collaborative strategies. When counties and GSAs pool resources, expertise, and solutions, they can enhance the overall effectiveness of groundwater management practices for the benefit of all stakeholders involved.

In essence, SB 552 has opened avenues for robust collaboration between Counties and GSAs, emphasizing the importance of working together at the local level for sustainable groundwater management, which is a key tenet of SGMA. This collaborative approach not only complies with SB 552 but also positions Counties and GSAs as key players in securing the long-term vitality of groundwater resources.

Challenges & opportunities

While the collaborative efforts described above will better position Counties and GSAs in assessing risks and planning mitigation strategies for vulnerable domestic wells and small community water systems, several challenges and uncertainties will require careful consideration and ongoing close coordination during the development and implementation of drought resilience plans:

- Overlapping authorities and a lack of clarity on who is ultimately responsible for mitigating failed wells due to drought conditions can hinder or delay emergency mitigation and assistance efforts. Establishing clear roles and responsibilities for these scenarios will be necessary at the local level to facilitate effective response and assistance between Counties and GSAs during future droughts.
- While short-term mitigation strategies, such as water hauling or providing bottled water, can provide critical relief during well-failure events. Long-term technical solutions can be limited in areas containing marginal or poor-yielding aquifer systems, existing overdraft, or water quality impairments. In such circumstances, consolidation of existing water systems and domestic wells, which can be costly and complex, may be the only viable solution. Additionally, modifications to County well ordinances may be needed to establish or strengthen requirements to assess these risks prior to issuing new well permits to proactively avoid new future problems. For example, the County of Santa Cruz is currently updating its well ordinance to require stronger well yield testing in areas of known water supply challenges.
- Effective and consistent outreach to rural domestic well owners and small water systems can be challenging given the wide variety of geographic areas, water resource conditions, and supply sources. In Sonoma County, countywide implementation of SB552 includes focused outreach and data collection at a Supervisorial District scale to capture some of these unique differences and support proactive and targeted mitigation planning.
- The lack of resources among GSAs, Counties, State Small Water Systems, and many domestic well owners further hinders the ability to respond swiftly to urgent water shortages. Coordinated action and resource allocation, including ongoing state funding opportunities, are urgently needed to ensure the resilience of domestic wells and small water systems during drought events.

article continues on next page

MGA BOARD 2024 FPPC COMPLIANCE			
	Form 700	AB 1234	SqCWD Ethics Policy
	2023 Annual Filing	Ethics Training	Provided
Board Members			
Curt Abramson	Filed	Current	Current
David Baskin	Filed	Current	n/a
Carla Christensen	Filed	Current	n/a
Fred Keeley	Filed	Current	n/a
Zach Friend	Filed	Current	n/a
Jon Kennedy	Filed	Current	Current
Jim Kerr	Filed	Current	Current
Manu Koenig	Filed	Current	n/a
Rachél Lather	Filed	Current	n/a
Robert Marani	Filed	Current	n/a
Marco Romanini	Filed	Current	n/a
Alternates			
Francis Whitney	Filed	Current	n/a
Jennifer Balboni	Filed	Current	n/a
Doug Engfer	Filed	Current	n/a
Robert Schultz	Filed	Current	Current
Allyson Violante	Filed	Current	n/a