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SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY

Board of Directors Meeting

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

Capitola Library, 2005 Wharf Road, Capitola

MINUTES

1. Call to Order

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

2. Roll Call

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

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

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

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

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

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

3. Oral Communications Related to Items Not on the Agenda

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

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

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

4. Consent Agenda

- 4.1 Approve December 14, 2023 Meeting Minutes
- 4.2 Acknowledge 2024 MGA Board of Directors

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

5. General Business

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

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

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

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

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

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

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

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

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

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

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

Public Comment: Becky Steinbruner had questions on the presentation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

No Board questions or public comment.

5.5 Consider Establishing a Reserve Policy

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

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

MOTION: Director Christensen; Second, Director Violante. To approve establishing the proposed Reserve Policy. Motion passed unanimously.
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5.6 Conduct Annual Election of Officers

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

6. Informational Updates

6.1 Treasurer's Report

No Board questions.

6.2 Annual Streamflow Monitoring Report – Presentation by Trout Unlimited

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

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

6.3 Staff Reports

- GSP Implementation Status Update

No questions on the status update.

- SGMI Grant Update

No questions on the status update.

7. Future Agenda Items

8. Written Communications and Submitted Materials

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

9. Adjournment

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

Next Board Meeting: June 20, 2024