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SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY

Board of Directors Meeting

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

Capitola Library, 2005 Wharf Road, Capitola

MINUTES

1. Call to Order

The meeting was called to order at 6:14 pm by chair Kennedy.

2. Roll Call

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

Jon Kennedy (Chair) – Private Well Representative

David Baskin (Vice Chair)– City of Santa Cruz

Jim Kerr (Secretary) – Private Well Representative

Curt Abramson – Private Well Representative

Carla Christensen – Soquel Creek Water District

Manu Koenig – County of Santa Cruz

Rachél Lather – Soquel Creek Water District

Rob Marani – Central Water District

Marco Romanini – Central Water District

Doug Engfer – City of Santa Cruz

Directors absent: (Alternates shown in *italics*)

Zach Friend – County of Santa Cruz

Fred Keeley – City of Santa Cruz

Jennifer Balboni – Soquel Creek Water District

Allyson Violante – County of Santa Cruz

Francis Whitney – Central Water District

Alternate directors present but not voting:

Robert Schultz – Private Well Representative

Member Agency Staff present:

Heidi Luckenbach – Water Director, City of Santa Cruz

Melanie Mow Schumacher – Soquel Creek Water District

Isidro Rivera – Deputy Director/Engineering Manager, City of Santa Cruz

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

Leslie Strohm – MGA Treasurer; Financial/Business Manager, Soquel Creek Water District

Others:

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

Michael De Smidt – MGA General Counsel; Assistant Counsel, County of Santa Cruz

Georgina King (remote), Cameron Tana (remote) – Montgomery & Associates (M&A)

3. Oral Communications Related to Items Not on the Agenda

Public comment: Becky Steinbruner stated concerns regarding the Pure Water Soquel project, suggested MGA track issues around small water system consolidations, suggested MGA encourage the County to hold public forums on update to well ordinance, and suggested MGA issues on non-storm water quality monitoring.

4. Consent Agenda

4.1 Approve March 21, 2024 Meeting Minutes

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

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

4.4 Approve Integrated Regional Water Management (IRWM) Memorandum of Agreement

Public comments: Becky Steinbruner made comments relating to a few aspects of work to be conducted under the Montgomery & Associates contract amendment.

MOTION: Director Romanini; Second, Director Christensen, to approve the consent agenda with an amendment to Item 4.1 to strike a repeated paragraph from the draft meeting minutes. Alternate Director Engfer abstained on item 4.1. Motion passed unanimously.

5. General Business

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

Staff advised the Board of the need to appoint both a designated director and an alternate. The designated director must be a board member, the alternate can include officers to the board.

Following nominations and voting, Director Christensen was appointed as the Designated Director and Director Marani as the Alternate.

5.2 Consider Proposed Annual Budget for Fiscal Year 2024-25

Staff presented the proposed annual budget for Fiscal Year 2024-25 (FY 24/25) and summarized changes to the preliminary budget presented to the Board in March, as summarized in the Board memo and attachments. The proposed budget for FY 24/25 is 11% higher than the preliminary budget presented to the Board in March.

The proposed budget increases the amount for Administration for additional staff support for agency administration. Legal support was lowered by \$10,000 from the preliminary budget because

legal services to date from the firm Best, Best, and Krieger have been less than initially projected. The proposed budget increases the Management and Coordination budget category by \$40,000 over the preliminary budget for additional support on the Sustainable Groundwater Management Implementation grant as well as consultant support on assessing long-term funding mechanisms to support SGMA implementation. The proposed budget for the Monitoring budget category is \$389,000; an increase of \$25,760 over the prior fiscal year. The proposed work includes looking more closely at seawater intrusion and chloride levels in groundwater in the Seascapes area. The proposed budget for the Groundwater Sustainability Plan Periodic Evaluation is increased by \$15,000 over the preliminary budget based upon progress to date and the anticipated schedule for completion later this year.

The beginning cash reserves are approximately \$1.8M. Operating revenue includes a projected \$500,000 in anticipated grant funds in FY 24/25. Reserves will be drawn down over time consistent with the reserves policy approved by the Board in March 2024. The proposed budget reduces reserves from \$1.7M to \$1.3M. There is no proposed contribution from the Member Agencies for FY 24/25 because prior years' contributions and grant reimbursements have built up sufficient cash reserves.

Public comment: Becky Steinbruner asked for specifics of the administrative tasks requiring additional staff. Tim Carson responded there are some lower priority administrative items that have been deferred over time that the increased staff support is intended to address.

MOTION: Director Baskin; Second, Director Lather, to approve the budget. Motion passed unanimously.

5.3 Consider Adoption of Annual Investment Policy

In response to a prior request from the Board, staff developed a policy to guide the annual investment of surplus cash reserves and the Agency's cash management. The MGA Treasurer developed the proposed Annual Investment Policy consistent with the state and local statutes governing the investment of public funds. The Policy identifies the objectives, authorities, and related considerations including safety of investments, liquidity, and return on investment. The Policy identifies authorized investments, diversification, performance standards, reporting and other aspects. The Policy delegates authority for investing funds to the Treasurer. The Treasurer will establish written procedures for the operation of the investment program consistent with this investment policy. The Policy is to be reviewed and approved annually by the Board.

Questions were raised on particulars of reporting and performance. The performance report would be brought to the Board at each meeting, included with the Treasurer's report. The annual report with investment policy updates would include any new guidelines, should they change. The maximum maturity for investments is 5 years, the average maturity is 3 years.

Public comment: Becky Steinbruner requested to know the frequency of treasurer reports to the Board. Leslie Strohm responded that reports would be provided quarterly in the Board packet as they currently are provided.

MOTION: Alternate Director Engfer; Second, Director Koenig, to approve the adoption of the Annual Investment Policy. Motion passed unanimously.

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

Staff presented updates on the policy for well registration and metering for non-de minimis users considering comments raised at the March meeting. The primary mechanism of enforcement is to submit a notice of non-compliance to Santa Cruz County Environmental Health. The County is working on a well ordinance update that will require all non-de minimis users to install meters on new and rehabilitated wells.

To achieve compliance with this policy, a well owner will need to register the well, install a meter, and report the information from the meter. Missing any of these steps may trigger a notice of non-compliance. MGA reserves the right to impose a civil penalty of up to \$1,000 with up to \$100 for each additional day of non-compliance. There may be circumstances around seawater intrusion in certain areas that require the statistical data that well meters would provide. The enforcement portion of this policy would provide a framework for collecting that data.

MGA reserves the right to enter into an agreement with member agencies to enforce portions or totality of the policy. The compliance review and appeals process was streamlined from the previous version and shortened the amount of time and interaction that the Basin Point of Contact (POC) will have with the well owner. The appeals process consists of the following:

1. A certified-mail letter will be sent to the well owner to explain the violation. The well owner will have 45 days to respond. If the owner doesn't respond or the schedule is not met, the POC would issue a notice of non-compliance and provide a date for appeal at the next Board Meeting.
2. If the owner decides to appeal, they must provide the appeal in writing at least 14 days in advance of the applicable MGA Board Meeting. A hearing would take place where the board can consider the owner's appeal and whether the policy should apply.
3. If the owner does not appeal or there is agreement that the policy does apply to the owner despite their appeal, the board would authorize the POC to send a report to Santa Cruz County Environmental Health.

Questions were raised about the methods for determining non-de minimis users. Staff responded that estimates were originally based on land use information and followed up through additional county records review and surveys sent to property owners.

Public comment: Becky Steinbruner cited policy language (e.g., "shall" and "must") as a cause for concern and advocated for enforcement without financial penalties.

MOTION and RESOLUTION: Director Romanini; Second, Director Baskin, to approve the adoption of the Groundwater Well Registration and Metering Policy for Non-De Minimis Users. Roll call vote required due to additional resolution.

AYES: Abramson, Baskin, Christensen, Kennedy, Kerr, Koenig, Lather, Romanini, Alternate Director Engfer

NOES: Marani

Resolution carried.

5.5 Consider Groundwater Monitoring Well Agreements between MGA and Member Agencies

Staff brought consideration of the Groundwater Monitoring Well Agreement (Agreement) to the Board. MGA constructed seven shallow groundwater monitoring stations. The wells were funded

by two Department of Water Resources (DWR) grants. The Agreement proposes that MGA continue to monitor the wells and maintain responsibility for costs associated with monitoring and maintenance. The respective Member Agencies would assume ownership of the wells located within their jurisdiction boundaries. The receiving Member Agency would assume legal responsibility and assume the well(s) as a capital asset. The transfer of legal ownership to Member Agencies requires DWR approval because construction of the wells was funded in part from DWR grants.

The template agreement in the packet was reviewed by legal counsels representing DWR, Soquel Creek Water District (District), and the MGA. All approved the template. Recommended action is for the Board to authorize the Chair to execute the Agreement subject to final MGA counsel approval. The Agreement will next go to the County of Santa Cruz (County) and the District for consideration/approvals. The motion allows for non-substantive revisions to the Agreement to be approved by MGA legal counsel. If either the County or District proposes substantive revisions to the Agreement, then the Agreement would return to the MGA for reconsideration at a future MGA Board meeting.

Public comment: Becky Steinbruner requested additional information on the need for transferring ownership to member agencies. Tim Carson responded that prior Board discussion and direction defined roles for the MGA and Member Agencies and the prior direction is that the MGA does not intend to lead on capital projects nor hold capital assets.

MOTION: Director Christensen; Second Director Romanini, to authorize the Board Chair, subject to MGA legal counsel approval, to execute agreements for Monitoring Well Agreements with Soquel Creek Water District and the County of Santa Cruz. Motion passed unanimously.

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

Georgina King provided an update on the status of the Periodic Evaluation and a revised timeline.

Public comment: Becky Steinbruner requested additional information on the updated modeling assumptions and asked how the public would be notified of the draft periodic evaluation. MGA responded that modeling assumptions would be discussed under the next agenda item and that the draft evaluation would be noticed through the MGA e-blast distribution list.

MOTION: Director Romanini; Second Director Lather, to concur with the approach and schedule for concluding the Periodic Evaluation. Motion passed unanimously.

6. Informational Updates

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

Cameron Tana provided an update on the groundwater modeling efforts to assess the development of GSP projects and management actions and changes to modeling assumptions from the initial 2020 Basin Groundwater Sustainability Plan (GSP). Mr. Tana provided an overview and a description of next steps under the system optimization study.

Public comment: Becky Steinbruner noted that she still was unclear on what modeling assumption changes occurred since the 2020 Basin GSP and requested that the system optimization study continue to consider additional refinement of alternatives considered.

6.2 Staff Reports

- GSP Implementation Status Update

No comments or questions.

- SGMI Grant Update

No comments or questions.

6.3 Treasurer's Report

Public comments: Becky Steinbruner questioned the nature of a recurring expense for Google in the report. Tim Carson responded that it is for a subscription to Google Workspace that is used for MGA administrative tasks.

7. Future Agenda Items

A request was to receive an update on the Kisters data security breach.

8. Written Communications and Submitted Materials

No written communications were received.

9. Adjournment

Next Board Meeting: September 19, 2024

SUBMITTED BY:

DocuSigned by:
Sophia Sholly
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Regional Water Management Foundation

DocuSigned by:
Jim Kerr
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Jim Kerr, Secretary
Santa Cruz Mid-County Groundwater Agency