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

### **Board of Directors Meeting**

Thursday, June 12, 2025, at 6:00 p.m.

Capitola Branch Library, 2005 Wharf Road, Capitola

Meeting webcast (via Zoom) for remote viewing.

## **MINUTES**

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

The meeting was called to order at 6:04 pm by Chair Kennedy.

### **2. Roll Call**

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

Jon Kennedy (Chair) – Private Well Owner

Carla Christensen (Vice Chair) – Soquel Creek Water District

Jim Kerr (Secretary) – Private Well Owner

Curt Abramson – Private Well Owner

David Baskin – City of Santa Cruz

Bruce Jaffe – Soquel Creek Water District

Robert Marani – Central Water District

Susie O'Hara – City of Santa Cruz

Marco Romanini – Central Water District

*Jillian Ritter – County of Santa Cruz*

**Alternates present as non-voting observers:**

Robert Schultz – Private Well Owner

**Member Agency Staff present:**

Heidi Luckenbach – City of Santa Cruz

Melanie Mow Schumacher – Soquel Creek Water District

Sierra Ryan – County of Santa Cruz

Ralph Bracamonte – Central Water District

**Supporting Staff and Consultants:**

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Tim Carson, Rob Swartz (remote), Sophia Sholtz – Regional Water Management Foundation (RWMF)  
Ryan Aston (remote) – SCI Consulting Group (SCI)

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

Public comment: Becky Steinbruner commented and provided written documents associated with her comment.

**4. Consent Agenda**

- 4.1 Approve March 20, 2025 Meeting Minutes
- 4.2 Approve Contract with Montgomery & Associates for Planning and Technical Services for Groundwater Sustainability Plan Implementation and Reporting for Fiscal Year 2025-2026 (Year 1)
- 4.3 Approve Regional Water Management Foundation Sustainable Groundwater Management Implementation Grant Administrative Services for Fiscal Year 2025-2026 (Year 4)

MOTION: Director Baskin; Second: Director Kerr; to approve items 4.2 and 4.3 on the consent agenda. Motion passed unanimously.

MOTION: Director O'Hara; Second: Director Baskin; to approve the March 20, 2025 Board Minutes as amended with modifications identified by Director Jaffe on language changes. Director Romanini abstained from item 4.1. Motion passed unanimously.

**5. General Business**

**5.1 Consider Proposed Annual Budget for Fiscal Year 2025-2026**

Tim Carson reviewed the current Fiscal Year 2024-2025 (FY24-25) approved budget, the year-to-date actuals and the projected total income and expenses. He presented the proposed budget for FY25-26. The proposed budget is similar to the preliminary budget presented to the Board at the March 20, 2025 Board meeting.

The beginning reserves for FY24-25 are \$1.85 million (M) and are projected for FY25-26 to be \$1.46M. The projected ending reserves in the proposed FY25-26 budget are just over \$1M. Member Agency contributions are not proposed for FY25-26 in favor of continuing to draw down the reserves to 50% of annual operating expenses, in accordance with the Santa Cruz Mid-County Groundwater Agency (MGA)'s Reserves Policy.

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Operating revenue consists of grant awards and Member Agency contributions. The projected operating revenue for FY24-25 is projected to be \$585,000 and the preliminary budget for FY25-26 is \$585,000. No Member Agency contributions are proposed for general operating expenses in FY25-26. Approximately \$85,000 in revenue is anticipated to cover expenses on the SGMI Grant administration (which is not reimbursed by the grant).

Total operating expenses in the proposed FY 25-26 budget are \$949,850. The projected totals for Operating Expenses for FY24-25 are approximately \$100,000 less than projected at the March Board meeting, primarily due to anticipated work that did not occur in FY24-25. The proposed Operating Expenses for FY25-26 are about \$47,000 higher than what was presented at the March Board Meeting.

The budget includes \$25,000 intended for continuing work on the Funding Options Assessment by SCI which will not conclude this fiscal year, and an additional \$75,000 set aside for Funding Options Implementation, which may be used following the conclusion of the Funding Options Assessment, upon direction from the Board.

Seawater intrusion investigations will continue through next Fiscal Year. Montgomery & Associates (M&A) will continue to provide a range of services in the study of seawater intrusion and groundwater quality, primarily in the Seascape area. This includes the potential of a land-based electromagnetic survey. The Board previously approved groundwater modeling work for FY25-26 through M&A for needed updates to the current groundwater model.

There were Director comments on the budget and a related discussion on the current contract with Kisters, which hosts the Agency's data management system, and ongoing concerns about the Kisters response following a 2021 security breach that impacted some of its servers and clients (the MGA was not impacted). The Board directed staff to return at the next meeting to provide information on legal and practical considerations on continuing with Kisters or potentially seeking another vendor. There was also discussion on the Agency's current total reserves and its Reserve policy.

Public comment: Becky Steinbruner commented.

MOTION: Director O'Hara; Second: Director Jaffe; to approve the proposed budget for Fiscal Year 2025-2026 with additional direction to staff to return at the next meeting with an analysis of current opportunities and constraints of the current Kisters contract. Motion passed unanimously.

## 5.2 Receive Update on Sustainable Groundwater Management Act Compliance Funding Options Assessment

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Tim Carson provided an overview on the Funding Options Assessment that SCI Consulting Group (SCI) is currently conducting. He provided background on why the Agency is conducting the funding assessment at this time. He noted that the approved Groundwater Sustainability Plan stated that Member Agencies would fund agency operations through 2025 but would evaluate equitable long-term funding needs and mechanisms for 2026 and beyond.

Ryan Aston, SCI, presented the Funding Options Assessment process and the anticipated outcomes. SCI will evaluate potential funding strategies based upon the local Basin characteristics and provide a robust analysis of funding options. SCI will develop a technical memorandum that summarizes potential MGA-specific options; the memorandum is intended to inform future Board decisions on funding approaches. He noted that completing the funding options assessment does not commit the Board to acting on a specific funding approach nor does it commit the Board to the timing of taking any action.

Rob Swartz reviewed Basin groundwater use and users, highlighting an estimated yearly use of 5,100 acre-feet per year, with about 80% of the estimated extraction being from metered extraction by MGA member agencies. The remaining groundwater extraction is from non de minimis users, including small water systems, commercial, institutional, and agricultural users, and de minimis domestic users. The Basin differs from many other basins in the state that must comply with the Sustainable Groundwater Management Act (SGMA) in that it has limited agricultural uses and a high density of domestic wells.

Tim Carson described the current funding allocation of a 70/10/10/10 percent split between Soquel Creek Water District, City of Santa Cruz Water Department, Central Water District, and the County of Santa Cruz, respectively. This allocation has its origins in the Soquel-Aptos Groundwater Management Committee, the predecessor of the MGA. This split was based on estimated groundwater usage in the Basin with the County's portion based upon the estimated de minimis domestic use at that time. The MGA's Joint Powers Agreement states that the Board will from time to time review the proportional share of contributions from the Member Agencies. The estimated Agency funding needs to comply with SGMA over the next 5 years averages approximately \$525,000 per year.

Ryan Aston presented on the funding mechanism legal frameworks fees established by the California Water Code (i.e., §10730 and 10730.2) and alternative approaches (e.g., special taxes; benefit assessments; development impact fees). He presented background information on common fee methods.

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There was Director comment and discussion. Directors provided staff with direction on additional information they would like to see as the assessment continues, including information on how other basins are assessing fees for SGMA compliance and how projected growth and potential impact fees factor into long-term funding in the Basin.

Public comment: Multiple public comments were received on the item.

**6. Informational Updates**

**6.1 Treasurer's Report**

The Treasurer's Report can be found in the Agenda Packet for review.

No questions or comments were received on the item.

**6.2 Staff Reports**

- **GSP Implementation Status Update**

The GSP Implementation Status Update table can be found in the Agenda Packet for review.

No questions or comments were received on the item.

- **SGMI Grant Update**

The SGMI Grant Update can be found in the Agenda Packet for review.

No questions or comments were received on the item.

- **Other**

No questions or comments were received on this item.

**7. Future Agenda Items**

No questions or comments were received on this item.

**8. Written Communications and Submitted Materials**

Written communications can be found at the MGA website.

**9. Adjournment**

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**Next Board Meeting:** September 18, 2025

SUBMITTED BY:

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*Sophia Sholtz*

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Sophia Sholtz

*Regional Water Management  
Foundation*

DocuSigned by:

*Jim Kerr*

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Jim Kerr

*Santa Cruz Mid-County Groundwater  
Agency*