



SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY

Thursday, May 17, 2018 - 7:00

Simpkins Family Swim Center

979 17th Avenue, Santa Cruz, California

1. **Call to Order**

The meeting was called to order at 7:00 p.m. by Vice Chair LaHue.

2. **Roll Call**

Board Members Present: Mr. Abramson, Mr. Baskin, Mr. Benich, Dr. Daniels, Mr. Kennedy, Mr. Kerr, Dr. LaHue, Ms. Matthews and Alternate Mr. Romanini.

Board Members Absent: Mr. Friend, Mr. Leopold, Chair Marani

Alternates Present: Mr. Schultz.

GSP Advisory Committee Members Present: Mr. Gudger.

Staff Present: Mr. Bracamonte, Mr. Carson, Mr. Duncan, Ms. Menard, Ms. Pruitt, Mr. Ricker, and Ms. Strohm.

Others Present: In addition to board, committee, and named staff there were approximately 10 members of the public in attendance.

3. **Oral Communications:**

Public Comments:

Mr. Scott McGilvray, a City of Santa Cruz Water Department customer from Live Oak and a representative of the group Water for Santa Cruz County is interested in using water transfers from the San Lorenzo River to address water supply challenges. He provided a hand out (marked Exhibit 3A) on the group's river water harvesting estimates under different scenarios. He estimates that 13M gallons a day is available from the San Lorenzo River for the year and there is potential for greater amounts. Mr. McGilvray characterized this year as a low water year but states that there was plenty of surplus water available to transfer with his proposed approach. If improvements are made to update and increase infrastructure to enable transfers, the agencies could change the approach to the way they manage water. He contends there is more than enough flow in the river to provide plenty of water to address the water supply challenges without harming fish.

Mr. Lee Knudtson from Wellntel introduced himself as attending an MGA meeting for the first time to listen and learn about the progress of our GSA. He would like to discuss strategies developed by Wellntel to streamline groundwater monitoring.

Ms. Becky Steinbruner, an Aptos resident and PureSource water customer, encouraged MGA Board to encourage Soquel Creek Water District and the City of Santa Cruz Water Department to increase the size of their interties so that large scale water transfers could begin as soon as studies are complete to rest Soquel Creek Water District's aquifers. She urges MGA to encourage Soquel Creek Water District and the City to work on the pipe loop study and bench tests concurrently so that water transfers can begin sooner. She further believes it is prudent for the City Water Department and Soquel Creek Water District to consider consolidation. The benefits of consolidation would overcome legal restrictions that limit the "place of use" restrictions that limit water transfers.

Board Comments:

Water rights attorneys have indicated to MGA Board members that legal "place of use" restrictions are tied to the "beneficial use" location where the water was historically put to use, not the service area of the jurisdiction in possession of the water right. A merger between the City and Water District would not overcome "place of use" restrictions.

According to the Sustainable Groundwater Management Act statute, the MGA has no authority to act or to encourage member agencies or others to take a certain course of action until the Groundwater Sustainability Plan (Plan) is complete. Those recommendations would need to be included in the Plan.

4. Consent Agenda

All items are pulled from consent agenda for lack of a single recommendation that can be approved by consent

4.1 Approve minutes from March 15, 2018 Board meeting

- Board Comments: Page 1: Ms. Christiansen was present in the audience but was there as a member of the public, not in her role as an alternate on the board. Mr. Abramson was present. Page 5 item 5.1: needs to include the word "findings." Page 10 revised to include words "needs to increase." Page 14 corrected to read "GSP Advisory Committee" and "Mr. Marani." Page 15 revised to read "contact Mr. Bracamonte or Mr. Carson with questions."
- Public Comments: None received.

MOTION: Mr. Baskin; Second: Dr. Daniels. To approve the amended meeting minutes with the corrections specified. Motion approved. Abstentions: Ms. Matthews and Mr. Romanini who were not present at the prior meeting.

4.2 Approve modification to Hydrometrics contract to waive a sub-contractor protective liability coverage

- Mr. Duncan and Mr. Carson explained Hydrometric's request for a contract modification to enact an insurance waiver so they can subcontract with the firm Artesia. This firm would support work related to the seawater intrusion modeling software. The request is to waive the requirement for the Contractor's Protective Liability insurance because Artesia is a European-based firm not able to get this coverage in the U.S. The total sub-contract amount is \$10,000.
- Public comments – Public concerns expressed at insurance waiver in case something goes wrong related to the model due to Artesia.
- Board Comments – questions regarding steps to indemnify losses if no insurance is available. Considerations given to the type of advice received from counsel. Would Hydrometrics' insurance cover the potential harms that would not be indemnified by Artesia in the event of loss? Questions regarding losses if no insurance is available. Board discussed the potential impacts to model performance should software fail.
- Staff Comments – Counsel provided procedural advice only regarding the Board-approval process for the contract modification for an insurance waiver.

MOTION: Mr. Baskin; Second: Dr. Daniels. To approve modification to Hydrometrics contract to waive a sub-contractor protective liability coverage. Motion approved unanimously.

4.3 Approve modifications to Regional Water Management Foundation (RWMF) contract for FY 17/18 related to previously approved budget modifications and to waive completed operations insurance coverage

- Mr. Carson summarizes the amendments necessary to update the MGA - RWMF contract terms to address the broadened scope of work related to grant administration and additional administrative support including staff support to the GSP Advisory Committee.
- Mr. Carson explained the requested waiver on the completed operations insurance coverage. This coverage of a subset of the insurance terms in the MGA's standard independent contractor agreement. This coverage requirement is typical of construction-type contracts and does not apply to the type of administrative services provided. Ms. Menard added that this is a result of the MGA's standard contract agreement including some terms that are more common in a construction-type contract than a professional services agreement.

- Public Comments – Ms. Steinbruner asks why the RWMF funding increase is required?
- Staff explains that additional staff time was in response to the MGA’s needs, including administrative and logistical support for the GSP Advisory Committee, efforts related to the GSP planning grant, among other items. The additional tasks were not contemplated when the 2017/2018 budget was developed. Modification to the contract is required to adjust provisions to match prior budget policy direction given by the MGA Board at its March 15th meeting.

MOTION: Mr. Baskin; Second: Ms. Matthews. To approve modifications to Regional Water Management Foundation contract for FY 17/18 related to previously approved budget modifications and to waive completed operations insurance coverage. Motion approved unanimously.

4.4 Approve a Drug-Free Workplace Policy

- Mr. Carson introduced the Drug Free workplace policy as a requirement to receive funds under the DWR GSP Planning Grant. The grant terms require the MGA have a policy in place and obliges the MGA to inform its subcontractors of that policy.
- Public Comments - Public questions what authority the state might have to spot test employees to monitor its required drug free workplace policy.
- Board Comments - Members discussed implications on MGA staff if policy approved. Memo indicates MGA has no staff and that DWR’s policy requirement is that sub-contractors be informed of the policy as part of DWR’s grant funding requirement.

MOTION: Ms. Matthews; Second: Dr. LaHue. To approve drug free workplace policy. Motion approved unanimously.

Board Comments:

Ms. Matthews requested going forward on items that are appropriate for the consent agenda that staff phrase the proposed board action as a recommendation to approve the item(s) so these may be approved by consent.

5. General Business

5.1 Approve Fiscal Year 2018-2019 Budget

- Mr. Carson discussed the budget presented tonight as compared with draft preliminary budget presented at March 15th Board meeting. Budget amount remains the same, however, some budget categories are realigned in part to better correspond with the budget categories so some of the subtotal amounts are different. Significant realignments include:

Senior Planner – shifted from agency administration into GSP Development

Technical work – Hydrometrics estimates \$30k will roll over from FY 2017/18 into 2018/19. This savings from decision to delay Groundwater Management Plan update reporting as allowed by DWR and include in GSP technical support budget as approved by MGA Board at its March 15th meeting.

GSP Development category – revised to include Senior Planner Graphical support - moved from the outreach budget into the GSP Development budget. The intended work has not changed but this category was deemed a better fit as the graphics prepared to educate the public about the GSP planning process will be included in the GSP.

- Unused funds from the FY2017/2018 budget to be rolled over into the FY2018/2019 budget to offset MGA member contributions. Approximately \$100k will roll over as outlined in the budget table
- The total budget is approximately \$1.3M.
- The proposed cost share methodology and percentages among the four member agencies is the same as in prior years, with 70% funded by Soquel Creek Water District and 10% each for the other three member agencies.

Staff Comments:

Mr. Duncan asked how much of the FY 2018/2019 budget will be funded by the DWR planning grant?

Mr. Carson answered that he can't predict the timing of the reimbursements at this early stage. The grant agreement with DWR is not yet finalized. The grant is a 50/50 cost share, meaning the \$1.5M in state grant funds must be matched equally by MGA funds (\$1.5M). The grant funds are reimbursed in arrears. DWR typically allows the grantee to choose from two reimbursement methods. One option is the \$1.5M cost share must be spent in full before any grant funds will be reimbursed. The other option, referred to as "concurrent drawdown," requires the grant funding and the cost share to be spent simultaneously. In practice, this method can be challenging because we intend for some specific tasks to be match funded and other tasks to be grant funded as their respective tasks timelines may not align. As part of negotiating the grant agreement, we will select the preferred invoice method. Because of the uncertainty of the timing of the grant reimbursements, the MGA Treasurer recommends that each member agency contribute their respective share of the fiscal year 2018/19 budget, similar to the process in prior years. The future grant reimbursements would then be available to offset future contributions or for reimbursement. Since the MGA capital reserves are small, the annual funding contributions of the member agencies will be needed to pay expenses that will be incurred prior to any future grant reimbursements being received.

Public Comments:

Ms. Steinbruner asked for specifics about the \$10,000 increase to Hydrometrics budget, as well as how the graphics support budget and the outreach funds would be spent. She requested more stakeholder meetings and stated the MGA drop-in meetings held from 10:00 am – noon every other month should be cancelled because she considers them to be ineffective. She also requested that meetings are video recorded not audio recorded because the audio recordings are very difficult to listen to and video will allow her to know who is speaking.

Staff Comments:

In response to comments, staff clarified that the Board decided at its last meeting to forego the biennial groundwater monitoring report which Hydrometrics estimated would cost \$50,000. The monitoring efforts and semi-annual updates will continue but the written report will be put-off until the GSP is completed. The proposed \$10,000 increase is for Hydrometrics work related to recharge and pumping as noted in the memo.

Board Comments:

In response to public comments, several board members indicated their strong support for continuing community outreach and a desire to not reduce the budgets for graphic support or public meetings. There was general agreement that discussions should continue about how to most effectively engage the public and conduct public outreach.

MOTION: Ms. Matthews; Second: Dr. Daniels. To approve the proposed Santa Cruz Mid-County Groundwater Agency (MGA) Planning Budget, and approve crediting the unspent funds from FY 17/18 to reduce FY 18/19 contributions and reconfirm the intent for each agency allocation presented to the MGA board for Fiscal Year 2018/19. Motion carries unanimously.

5.2 Approve Contract for Administrative and Staff Support from the Regional Water Management Foundation in FY 2018/19

Mr. Duncan, on behalf of the member agency Executive Team, recommended approval of the contract for staff support from the RWMF. He noted the agencies rely upon the RWMF for these services.

Mr. Romanini inquired if the RWMF's proposed services are part of the approved FY 2018-19 budget. Mr. Duncan confirmed this is correct.

Public Comments:

Ms. Steinbruner voiced concern about the complete fiscal accountability and responsibilities of the MGA being handed over to RWMF. She is concerned that RWMF is not a public agency subject to the Brown Act and is not transparent and

she has a problem with that. Ms. Steinbruner stated that the County has adequate staffing levels to do the grant administration and contends it may be less expensive and more transparent for the County to do this work rather than RWMF.

Staff Response: Ms. Strohm, the MGA treasurer, clarified that all financial transactions are managed by the Soquel Creek Water District on behalf of the MGA. The RWMF does not manage the finances of the MGA. The MGA's finances are audited annually and all the financial information is publically available.

MOTION: Dr. Daniels; Second: Dr. LaHue. To authorize the Board Chair to execute the contract in the amount of \$295,000 with the RWMF for the scope of work specified in Attachment 1, and to authorize the General Manager of Soquel Creek Water District to sign a purchase order for the work to be performed by the RWMF in the amount indicated in the above motion. Motion passed unanimously.

5.3 Approve ad hoc committee on community outreach and the Communications and Engagement Plan

- Ms. Pruitt informed the board that staff would like to finalize the Communications & Engagement Plan. Staff has incorporated the DWR Guidance. Staff is seeking to incorporate unspecified further board comments made during prior MGA board discussions. Ms. Pruitt indicated that both Chair Marani and Ms. Mathews previously expressed an interest in serving on the ad hoc committee.

Public Comments:

Public expressed appreciation for MGA Board's commitment shown to community outreach by its interest in forming the ad hoc committee to work on the engagement plan. Stated that the MGA must show good faith that they have made an effort to include the public in the planning effort. Public expressed wanting to see some good outreach, not just a perfunctory effort to incorporate the public concerns. Believes the MGA needs to bring the public along on the planning process.

Board Comments:

General discussion regarding prior board member interest to participate in further planning input on engagement strategies and the best way to form the committee. Mr. Romanini offered to volunteer for the committee if appropriate. Mr. Kerr asked for the general timing of the input and planning turn around.

Ms. Pruitt indicated that staff would like the ad hoc committee to meet once or twice to give staff further direction. The goal being to complete the plan with MGA Board input before the July 4th holiday.

MOTION: Mr. Baskin; Second: Dr. LaHue. To authorize the chair to appoint an ad hoc sub-committee of less than half of the board to advise staff on community outreach and the completion of the Communications and Engagement Plan. Members to volunteer to the chair. Motion passed unanimously.

6. Informational Updates

6.1 Treasurer's Report

- MGA Treasurer, Ms. Strohm provided an update through March and April in the board packet and offered to take questions.

Public Comments:

- Ms. Steinbruner asked about the outreach money expended during the period covered by the report.
- Mr. Duncan and Mr. Carson confirmed that the outreach funds expended during this period were for the CTV filming of the Seawater Intrusion presentation at the MGA Board meeting on March 15th.
- Ms. Steinbruner said that she had viewed this valuable piece of information and asked if the link on the MGA website could be moved [from the Helicopter survey page where all the survey information is located] to a separate link so that it is easier to find.

Board Comments:

- Mr. Kerr asked if these treasurer updates were provided at every meeting.
- Ms. Strohm indicated that treasurer's updates are provided at each MGA Board meeting as required by law.

6.2 Groundwater Sustainability Plan Advisory Committee (Oral)

6.2.1 Update on Committee Process (Oral)

- Ms. Menard provided a general update on the progress of the GSP Advisory Committee and directed board members to the committee meeting minutes for more details. She indicated that the committee initially struggled with thinking about the state specified sustainability indicators in the negative. The SGMA statute is written to address "what to avoid, rather than what to achieve." The committee seems to be making progress, both with addressing the GSP required elements and providing MGA staff with feedback to make the committee's work easier to understand and accomplish. MGA staff and the committee both seem to agree that the process is not moving as fast as hoped but that the committee is making progress and laying a good foundation for its work.
- Ms. Menard outlined MGA staff plans for a joint meeting of the GSP Advisory Committee and the MGA Board for a water supply alternatives discussion at the MGA Board's July 19th meeting.

Public Comments:

- Public complained that there are not enough opportunities for public participation at GSP Advisory Committee meetings and that when

committee agendas have been truncated, some of those public comment opportunities have also been eliminated.

Board Comments:

- Board inquired if GSP committee was asking for more staff support
- Ms. Menard responded that individual committee members had reached out with individual feedback for greater direction and technical recommendations to improve their understanding and help focus their work. MGA and technical staff have addressed the request for more information and greater policy assistance to provide a starting point for committee discussions.
- MGA Board alternate and GSP Advisory Committee member Mr. Romanini added that staff is learning how to visualize the data so a layman can understand GSP policy requirements, the committee is catching on to the tasks, and staff has slowed down the pace of the meetings to further facilitate committee member understanding.
- MGA Board and GSP Advisory Committee member Mr. Baskin added that dealing with all the complexities of the GSP planning process (statute, hydrology, and complex staff recommendations) is still too complex for lay committee members.
- Mr. Ricker indicated that DWR had attended the last three GSP Advisory Committee meetings, and has suggested that more of the technical framing of the GSP policy work take place in subcommittees that then bring their work and recommendations back to the whole committee for review and recommendations. DWR provided materials from other basins to suggest that these specialized subcommittees can help to focus the work of the GSP Advisory Committee. An example of this would be the work related to item 6.3.

6.2.2 Update on Surface Water/Groundwater Dependent Ecosystem Working Group (Oral)

- Mr. Ricker described to the Board the progress of this subcommittee that was formed to consider the groundwater impact on stream flow and groundwater dependent ecosystems. The first meeting was held in April. Participants included five GSP Advisory Committee members and representatives from the following agencies: Resource Conservation District of Santa Cruz County, City of Santa Cruz, County of Santa Cruz, National Oceanic and Atmospheric Administration (NOAA) Fisheries, the California Department of Fish and Wildlife. The goal of the first meeting was to orient the sub-committee to SGMA requirements and introduce a presentation from The Nature Conservancy on guidance for addressing Groundwater Dependent Ecosystems under SGMA. The second sub-committee meeting is scheduled for next week. The plan for the second meeting is to bring together the local information on plants, animals, and groundwater conditions that are relevant to support local ecosystems. The

sub-committee will discuss the current understanding of regional groundwater, how groundwater supports streamflow locally, and information coming out of the June GSP Advisory Committee meeting.

Public Comments:

- Ms. Steinbruner requested information to be able to attend sub-committee meetings.
- Mr. Ricker responded that these ad hoc subcommittee meetings are to get input from individuals and representatives that have expertise and agencies on the subject matter and not input from the general public. There will be opportunities for public input throughout Plan development. All of the work that is done in these ad hoc committees will be brought to the GSP Advisory Committee and the MGA Board for public comment.

Board Comments:

- The board asked if DWR had attended any of these ad hoc subcommittee meetings to provide perspective or input.
- Mr. Ricker indicated that DWR had not participated in the April sub-committee meeting.

**6.3 Groundwater Sustainability Advisory Committee Meeting
Summaries from February and March 2018**

- Ms. Menard indicated that the GSP Advisory Committee meeting summaries are included in the MGA Board packet.

6.4 Outreach Reports (Oral)

- Ms. Pruitt announced several items:
 - There is an upcoming MGA Basin stakeholder meeting planned for June 14th at the Congregational Church in Soquel from 7:00 to 9:00 PM. There will be breakout groups and time for stakeholder questions about the GSP process. We plan to advertise in papers, put out road signs, email, and share on Nextdoor and Facebook to inform public.
 - There will be some training for GSP Advisory Committee members - Jason Hoppin, communications analyst for the County, will be available to meet with GSP Advisory Committee members to provide communication assistance to reach advisory committee constituencies.
 - The Outreach committee plans updates to the communication and engagement plan in partnership with existing efforts, like the Water Conservation Coalition, to do more outreach to youth. A targeted survey is planned to help understand our audience and how we need to focus our outreach message to address current knowledge and information needs.

- Nearly 650 people are signed up to receive the monthly e-blast and other MGA email updates.
- MGA continues to hold bi-monthly midday drop-ins at the community foundation.

6.5 Board Member Reports (Oral)

- Dr. Daniels attended the ACWA conference and provided a summary of the 1.5 hour presentation held to discuss SGMA.
 - DWR provided a status update on the planning grants in process, an update on water quality guidance, and the further basin boundary modification process.
 - DWR had an update to the Water Available for Replenishment document.
 - DWR is working on planning assistance for GSP and will provide technical support services including monitoring well installation. There is an application that needs to be completed (see Exhibits 6.5A & B)
 - Hydrometrics is working on a groundwater replenishment project in the San Joaquin Valley that may provide us with additional insight into our own groundwater replenishment projects
 - DWR announced that the GSP must also include a salt and nutrient management section integrated into plan, which was not included in the original guidance.
 - Legislation is being prepared to address the current legal status that groundwater replenishment is not considered a beneficial use of water. Under the current reading of laws and the constitution, a groundwater replenishment project is considered waste.

6.6 Staff Reports (Oral)

- Mr. Carson provided a progress update on establishing MGA affiliated email accounts for MGA Board and Committee members who don't have access to a member agency email account. He noted the County is developing related policies on email and records. Once the County completes this work, staff will review those policies updates and further consider incorporating them into the applicable MGA policies.
- Mr. Carson also reported that he is coordinating with DWR on the GSP Planning grant award on the various items required to execute the grant agreement.
- Mr. Duncan provided progress update on groundwater model:
 - 3D model and technical advisory committee in place.
 - Groundwater model is calibrated, have done some runs, are currently working on climate runs.

- GSP Committee should have some model results to look at in the summer, in August there will be information on the uncertainty analysis, and the draft model report is anticipated to be issued in November.
 - **Board Comments:** MGA members asked about the model information that the GSP Advisory Committee will be provided to evaluate regarding proposed injection projects.
 - **Staff response:** Generally, the GSP Advisory Committee should be able to question model results and get information about the runs commissioned by the individual MGA member agencies, including time of travel, detention time, impacts to other wells, including particle tracking. MGA staff indicated that much of the technical information needed for the GSP will come out of the model and the GSP Advisory Committee will be involved in reviewing that information.
- Mr. Ricker provided an update on MGA/County projects in progress:
- The County Board of Supervisors has approved model runs on impacts on inland pumping and septic return flows on the coastal part of the basin.
 - The goal of these county model runs is to look at changes in non-municipal pumping on streamflow and other basin impacts.
 - MGA’s neighboring basin, Santa Margarita Groundwater Agency, has hired a facilitator (Dave Zeppos) and also a hydrologist. Mr. Zeppos is a skilled facilitator who brings a lot of SGMA experience to Santa Margarita. The hydrologist will review the basin interface and compare the MGA and SMGWA models at the basin boundaries to make sure they are compatible.
 - **Board Comments:** Dr. Daniels discussed model compatibility with PV Water regarding model integration between basins. Both MGA and PV Water are using Modflow but MGA is using PRMS and PV Water using FARMSTACK to address stream flows. The basin models need to agree that the water flowing to PV Water’s basin is the same.
 - **Public Comment: None received**

7. Future Agenda Items

MGA Board members recommended several items for future agendas:

- Staff research and report on DWR application for technical support to install additional groundwater monitoring well(s) under free monitoring well program
- Discuss Senator Monning’s Safe and Affordable Drinking Water bill SB 623
- Additional model report update
- Invite PV Water to talk about their GSP Alternative process

8. Written Communications and Correspondence

8.1 Email from B. Steinbruner re: Groundwater Sustainability Plan (GSP)
Committee Recording for March 28, 2018

8.2 Email from B. Steinbruner re: Public Comment for Mid-County
Groundwater Agency Board and Groundwater Sustainability Plan (GSP)
Advisory Committee Agenda Packets

Public Comments:

Ms. Steinbruner would like more opportunity to comment during the GSP
Advisory Committee meetings and believes that there should be more
opportunities to participate in the planning process generally. Ms. Steinbruner
indicated that she has things she'd like to say to the committee and the meeting
format doesn't allow her to participate as fully as she'd like.

9. Adjournment - Meeting adjourned at 8:36 pm.

SUBMITTED BY:

APPROVED BY:

Regional Water Management Foundation

Secretary
Santa Cruz Mid-County Groundwater Agency