



SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY
Board of Directors Remote-Access Meeting
Thursday, March 18, 2020 – 7:00 p.m.

MINUTES

1. Call to Order

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

2. Roll Call

Directors present: Curt Abramson, David Baskin, Justin Cummings (late arrival), Zach Friend, Bruce Jaffe, Jon Kennedy, Jim Kerr, Manu Koenig, Tom LaHue, Rob Marani (late arrival), and Marco Romanini.

Staff present: Ralph Bracamonte, Ron Duncan, Rosemary Menard, Sierra Ryan, Tim Carson, Leslie Strohm, and Laura Partch.

Others present: A representative of the Department of Water Resources (DWR), and approximately 2 members of the public.

In response to COVID-19, and pursuant to Executive Order N-29-20, the meeting was conducted via teleconferencing. Staff provided directions and guidance for participation in the meeting.

3. Oral Communications Related to Items Not on the Agenda

Issues within the purview of the Santa Cruz Mid-County Groundwater Agency (MGA). Guidelines attached.

Becky Steinbruner encouraged the MGA to participate in a DWR coarse-grid airborne electromagnetic (AEM) study and described her ongoing legal actions related to Soquel Creek Water District's (SqCWD) Pure Water Soquel project.

A Board member stated there were inaccuracies in Ms. Steinbruner's comments.

4. Consent Agenda

- 4.1 Approve November 19, 2020 Board Meeting Minutes (no memo)
- 4.2 Acknowledge Member Agency Board Appointments
- 4.3 Accept Audited 2019/2020 Financial Statements

- 4.4 Adopt Board Meeting Schedule for 2021
- 4.5 Approve Purchase and Filing of Official Bond

MOTION: Director Friend; Second, Director Kerr. To approve the consent agenda. Motion passed unanimously by roll call vote: Directors Abramson, Cummings, Friend, Jaffe, Kennedy, Kerr, Koenig, LaHue and Romanini, with abstentions on Item 4.1 by Directors Cummings, Jaffe, and Koenig. Director Baskin (no audible vote), Director Marani abstained.

5. General Business

- 5.1 Approve Submittal of the Santa Cruz Mid-County Basin Water Year 2020 Annual Report to the Department of Water Resources

Georgina King of Montgomery & Associates presented information on the Santa Cruz Mid-County Basin Water Year 2020 Annual Report (2nd Annual Report). (Ms. King's presentation is in the [meeting recording](#) at minutes 21:15 to 44:00.)

Annual reports are required to demonstrate progress toward the sustainability goals in the Santa Cruz Mid-County Basin (Basin) Groundwater Sustainability Plan (GSP). Requirements for the annual report are set out in the Water Code and Sustainable Groundwater Management Act (SGMA).

The 2nd Annual Report includes data used to assess the condition of the Basin, particularly along the coast, and the threat of seawater intrusion. Graphics include hydrographs and contour maps that show groundwater levels, the distribution of groundwater extraction, including total water use by user type, recharge and in-lieu use, and changes in groundwater in storage in general and by aquifer.

GSP regulations allow for adaptive management, and data in the annual reports will inform decisions of how best to manage the Basin groundwater resources over time. Measurable objectives for sustainable management criteria are the goal, anything below a minimum threshold is problematic, and between them is a realm of operational flexibility which then needs to be maintained for 30 years. Projects and management actions are identified in the GSP to achieve the sustainability goals. Next steps are enhancing the monitoring network in the Basin and implementing the projects and management actions. The MGA has 19 years to figure out the best approach for Basin management to achieve sustainability.

The 2nd Annual Report shows that for two of the sustainable management criteria (seawater intrusion and reduction of storage), the Basin remains unsustainable. However, even though 2020 was a very dry year, the report does show that coastal groundwater elevations have increased, less groundwater was extracted, and

groundwater pumping has been redistributed away from the coast. Chloride levels were generally good, although there were some increases in the southeastern portion of the Basin.

Samples are taken every quarter, providing an opportunity for the MGA to investigate early indicators of change. Modeling indicates sustainability management criteria will improve once Basin projects are implemented,

Public Comment:

Becky Steinbruner noted Basin resiliency, requested the Board consider impacts of historical overdrafts, and again encouraged participation in the DWR AEM study.

Board Comment:

From graphics on water elevations (Page 48), it appears SC-9 has gone down.

- This is an effect of the moving average; there was more pumping in SC-9, which flattened it out. In looking at the maps, both the data and the moving average need to be considered.

The Basin may not reach sustainability if coastal monitoring wells continue to show seawater intrusion, and until the Basin recovers, all other numbers are meaningless. While management should primarily be looking at the five-year moving average, should the Board also be watching changes that occur over a three or four year term?

- Yes. Triggers are in place to highlight undesirable results as they approach a measurable objective on a finer scale than the five-year moving average.

Does the Board get data other than what goes to DWR?

- Not yet. These annual reports are different from the biennial reviews prior to SGMA. Montgomery and Associates may need to work with Executive Staff to identify additional graphics that could be added to the annual reports to make them more helpful for groundwater management. Together with the annual reports, all the available data can be used to inform management decisions for the Basin.

The Board expressed interest in following three or four-year trends as well as any triggers of particular concern, and requested Executive Staff to identify graphics that would be helpful to the Board for Basin management. It was asked that graphics developed for management be included in the annual reports to DWR.

MOTION: Director Romanini; Second, Director Jaffe. To receive the Santa Cruz Mid-County Basin Water Year 2020 Annual Report and approve the submittal of a transmittal letter and the Santa Cruz Mid-County Basin Water Year 2020 Annual Report from the MGA Basin Point of Contact to DWR in accordance with California Code of Regulations, Tit. 23, Sections 353.4 and 356.2. Motion passed unanimously by roll call vote.

5.2 Review Budget for Fiscal Year (FY) 2020-21 and Preliminary Budget for FY 2021-22.

Staff provided mid-year actual expenses (through December 31, 2020), projections for the remainder of FY 2020-21 (through June 30, 2021), and the proposed budget for FY 2021-22. This information was summarized in attachments Table 1 (Budget Summary) and Table 2 (Operating Expenses).

Table 1 shows that FY 2020-21 had \$1.8 million in beginning cash reserves. For FY 2021-22, it is \$1.5 million. Operating revenue consists of agency contributions and grant funds. There were no agency contributions in FY 2020-21 due to anticipated receipt of grant reimbursements; the proposed FY 2021-22 budget includes \$300K in agency contributions (the same 70-10-10-10 percentage split).

While the projected total operating expense for FY 2020-21 was \$725,000, the projection is now lower. Similarly, revenue estimated at \$500,000 is closer to \$100,000. This is because grant-funded work, primarily the monitoring network expansion, has not happened as expected. The work is now underway, and construction activities are anticipated to occur in FY 2021-22, so these costs are included in that budget. Ending reserves include a contingency of 10% for the current year, and will remain at 10% for FY 2021-22. General reserves, currently close to \$1.5 million, will drop to \$1.1 million in the proposed budget for FY 2021-22.

Table 2 Operating Expense categories have been used in the past and are largely consistent with categories presented in the GSP. Administration includes Regional Water Management Foundation (RWMF) staff time, Soquel Creek Water District (SqCWD) staff time for MGA finances, and miscellaneous administrative costs. The Legal category includes placeholder funds for both the County of Santa Cruz and outside counsel if needed for SGMA-specific legal issues. The Management and Coordination budget line includes technical work for SGMA-related support and groundwater modeling by Montgomery & Associates under their current contract. Planning and Program Staff Support is related to GSP implementation. The Monitoring Network Expansion category includes grant-funded work: the expansion of the monitoring network with new shallow wells and stream gages by Balance Hydrologics, through a contract with the County of Santa Cruz (County); streamflow monitoring in the Upper Soquel Creek Watershed by Trout Unlimited;

data coordination and data management including the data management system (DMS) using the WISKI platform through a County contract with the firm KISTERS; and the Groundwater Extraction Metering Program for non-de minimis users.

GSP Reporting differentiates the cost of report preparation from the costs of groundwater modeling. The 5-year GSP Evaluation (2025) is new and intended to amortize over four years an estimated cost of \$300K for the 5-year update. DWR comments will determine the work required for the 5-year update, so this is a starting point estimate. Lastly, funds are budgeted for outreach and education.

Public Comment:

Becky Steinbruner asked about the increase in administrative costs, questioned payments to SqCWD for MGA financial management, supported changing MGA financial management, and asked why monitoring wells were not installed in 2021.

MOTION: Director Friend; Second, Director Cummings. To provide necessary direction to staff to guide the completion of the Fiscal Year 2021-22 budget. Motion passed unanimously by roll call vote.

5.3 Approve Monitoring and Data Management Fund Agreement Between MGA and the County of Santa Cruz

Staff reported the Monitoring and Data Management Fund Agreement (Fund Agreement) involves two County contracts for MGA grant-funded work. It was agreed that the County would take the lead on both projects as it has the largest jurisdictional boundaries and is a member of both the MGA and Santa Margarita Groundwater Agency (SMGWA). The development of the countywide DMS is in partnership with the MGA and its member agencies, SMGWA and its member agencies, and the County. The County approved a contract with KISTERS in December. The monitoring network expansion addresses data gaps identified in the GSP. In January, the County approved a contract with Balance Hydrologics to install stream gages and provide the siting and design of the monitoring wells. The wells will be installed after the 2021 rainy season as the well sites have not yet been identified, and the work will require design, permitting, and landowner agreements. The Fund Agreement sets out responsibilities under the contracts.

Board Comment:

When will the construction take place?

- The construction of the new wells will be during the dry season and should happen

in July and August of 2022.

When will the DMS start generating useful information?

- Data from the DMS should be available July or August of 2021 and included in the next annual report. Stream gaging data should also be available. Extensive data on the Basin already exists from hundreds of wells monitored for years by the City of Santa Cruz and SqCWD. It will be helpful to have data consolidated and accessible.

What will it take to migrate existing data into the new system, and is there a deadline for entering historical data? Is this expected to reveal anything new?

- This depends on the location and format of the data (i.e. SqCWD already uses WISKI). Deadlines are currently being developed, particularly for data needed for the GSP this year. Other historical data will be imported later. The migration is not expected to reveal new data, but it is possible.

MOTION: Director Koenig; Second, Director Romanini. To authorize the Board Chair or the General Manager of Soquel Creek Water District to execute the Fund Agreement with the County of Santa Cruz for an amount not to exceed \$261,690.20; and authorize the General Manager of Soquel Creek Water District to sign a purchase order for the County in an amount not to exceed \$261,690.20. Motion passed unanimously by roll call vote.

5.4 Approve Formation of a Temporary Committee on Consultant Selection for Non-De Minimis Metering Program

A current data gap in Basin planning is the amount of water extracted from the Basin. Staff requests a temporary Board committee to assist in the selection of a consultant to develop the Non-De Minimis Metering Program. The MGA has the authority to require meters on non-de minimis wells, those pumping over 2 acre feet per year. For reference, a typical rural household in the Basin uses 1/3 acre feet per year. A 2015 County ordinance requires all community water systems with more than five connections to meter their wells, so that information is available. However there are many non-de minimis users for which there is no information except for estimates based on aerial imagery and an understanding of agricultural use.

The GSP includes a metering program for pumpers expected to use over 5 acre feet throughout the Basin or 2 acre feet in priority areas. Priority areas will be defined in the metering plan, likely coastal users and those along streams and other waterways. Given the importance this program, and the need for private well owner representation, staff seeks assistance in finalizing the RFP and the selection process.

Public Comment:

Becky Steinbruner expressed concerns for the financial impact on small private water companies, and asked if meters would be on individual service connections, how the data would be used, and, if fees were assessed, what they would support.

Board Comment:

What qualifications will board members have in providing this assistance?

- The MGA staff will evaluate the technical capabilities of the consultant, but staff wanted Board input, particularly from the private well owner representatives.

Board private well owner representatives have been meeting with staff to discuss some of these issues, including the cost/benefit of gathering the information and possibly charging fees to some of the large agricultural users. A small number of parcels used for agriculture collectively use approximately 25% to 33% of the total water used for agriculture in the Basin. In the past, it has been difficult to get input from these large agricultural users.

The following Directors volunteered to serve on the temporary Board Committee: Jon Kennedy, Jim Kerr, and Bruce Jaffe.

MOTION: Director Baskin; Second, Director Romanini. To approve the appointment of Jon Kennedy, Jim Kerr, and Bruce Jaffe to a temporary Board committee for the purpose of consultant selection for the development of the MGA Non-De Minimis Metering Program, and to authorize the committee to select the consultant so that contracting may proceed as consistent with MGA policies. The motion passed unanimously by roll call vote.

5.5 Provide Direction on Proposed Amendments to Governance Documents and Agency Staffing

The MGA Joint Powers Agreement (JPA) and Bylaws were adopted at the inception of the MGA in 2016. Since then, staff has maintained a list of proposed clarifications for both documents to bring to the Board. Also, the Bylaws require a review of the collaborative staffing model after the completion of the GSP. The intent has been to address both the proposed clarifications to the governing documents and a review of the collaborative staffing model at the same time.

The proposed amendments to the JPA and Bylaws have been developed by Executive Staff and reviewed by MGA legal counsel.

While the Board has the authority to amend the Bylaws, amendments to the JPA require the approval of the four member agencies. If the proposed amendments are accepted, the amended JPA would be effective upon the approval of the last member agency. Any proposed changes by the member agencies would return to the MGA for consideration.

The original versions of both documents are provided along with strike out versions. For both the JPA and Bylaws, proposed revisions have been categorized as administration/clarification, relocation, and substantive. The substantive revisions for both documents are set out in Tables 1 and 2.

Board discussion will proceed through each document by article, and staff will capture Board direction in the two tables to simplify the motion process.

Public Comment:

Becky Steinbruner asked that the definition of private well owners include small private water companies so it is clear where they fall within the MGA, urged a public appearance of neutrality and transparency with regard to the MGA and the SqCWD, and requested that private well owners choose their Board representatives.

Board Comment:

The amended documents should be differentiated from the originals and titled “First Amended” JPA and Bylaws, state that they replace the prior documents, and provide the effective date.

- It was agreed that each document be titled “First Amended”.

JPA Recitals

A request was made to change Recital D (page 128) to refer to circumstances after the Basin boundary adjustments, appropriate for now rather than in 2016.

JPA Article 6

Is there a need for a cap on the number of years a member agency director can serve, or do member agencies determine how long directors will serve on the Board?

- County representatives, for example, are the First and Second District supervisors. Other agencies may have more options for selecting its representatives, but this approach leaves this up to the member agencies.

It was agreed to allow member agencies to define the terms of their representatives.

JPA Article 8

Eliminate 8.1 and clean up other language to reflect the amended agreement.

Why did the 8.2 timing of Board meetings change from quarterly to semi-annually?

- The rationale was not to reduce the number of meetings, but to give the Board more flexibility rather than being tied to meeting each calendar quarter. It is anticipated that some years will require more frequent meetings (e.g., during GSP updates) and some years may require less frequent meetings.

It was agreed that Executive Staff would revise the language of 8.2.

JPA Article 9

Section 9.3(i) requires unanimous consent for “any *capital* expense” over \$100,000. It was requested that the word “capital” be removed so that all expenses over \$100,000 require unanimity, as is required for the approval of the annual budget under 9.3(ii).

A discussion was held on the impact of the word “capital” in Section 9.3(i). The provision was originally inserted so that the Board would work out its differences and reach unanimity on major budget decisions. It was agreed that the MGA works because the Board has historically worked together, but acknowledged that problems could arise in the future if this were not the case.

The discussion included creating some kind of check on the unanimity requirement for both 9.3(i) as well as the budget, to avoid the risk of one person holding veto power over major expenses. Ideas proposed were the use of a super majority, or a requirement that both representatives of a member agency, rather than one representative, would be required to veto a major, unbudgeted expense.

The Treasurer noted that approving the budget is different from approving an expenditure or a contract within the budget; even if money is allocated in the budget, a certain contract could be rejected. Boards typically focus on protecting the budget.

A recommendation was made for the Executive Staff to consider this issue and propose changes, and also consider how this issue ties in with Article 14, and if the current member agency cost share (70-10-10-10 percentage split) should be included in the JPA or Bylaws.

- The MGA does not own and will likely never own capital assets. The word “capital” may have been inserted to protect against obligating an agency against their interests.

Bylaws Article 1

Is “parent agency” a legal term?

- The general understanding is that unless a completely separate, stand-alone agency is being created, one member agency may serve as a kind of “home” agency for another agency. Staff will look further into this issue.

The first sentence of Section 1.1, should read “the name of the agency is”.

Bylaws Article 4

Awkward language in Section 4.7 that the treasurer shall be the “depository”.

- This term is used in the relevant Government Code Section.

Bylaws Article 6

Staff referred to the context provided in the staff memo. Section 6.3 was designed to evaluate the collaborative staffing model in light of how well it has worked as well as the MGA’s defined role moving forward with regard to projects and management actions.

The recommendation is to maintain collaborate staffing model. Changes include cleanup of the language, additional details on the eligibility to serve as Executive Staff, and a focus on what part of management and operation would be through in-kind contributions. Clarifications were made regarding administration through the Community Foundation Santa Cruz County/RWMF, and the role of Executive Staff in making recommendations to the Board for administrative support services. Executive Staff will be bringing to the Board a contract for administrative services.

Changes also include what items are eligible for reimbursement of agency costs. Generally, however, member agency staff will continue to contribute to the MGA and limit reimbursable items.

MOTION: Director Romanini; Second, Director Baskin. To direct staff to work further on the proposed amendments to the Bylaws and JPA in light of Board discussion, and bring both documents back to the Board at its June meeting for final review and revision. The motion passed unanimously by roll call vote.

5.6 Adopt MGA Board Resolution for ACWA/JPIA Nomination

No motion was made for a vote on this matter.

6. Informational Updates

6.1 Treasurer's Report

Public Comment:

Becky Steinbruner asked what percentage of the expenses for administrative personnel services are paid to the MGA Treasurer.

6.2 Staff Reports

6.2.1 Oral Reports

Staff reported that key personnel provisions were discussed with Montgomery and Associates, with the possibility of inclusion at the next contracting opportunity.

Staff updated the Board on the decision not proceed the grant opportunity discussed at the March Board meeting.

The City of Santa Cruz water rights petitions were noticed by the State Board in February, with a Draft Environmental Impact Report due within a few months. To the extent the City has surface water, this may lead to more opportunities for sharing.

7. Future Agenda Items

8. Written Communications and Submitted Materials

8.1 Email communication from Becky Steinbruner dated 11/22/2020.

The meeting was adjourned at 9:55 p.m.

Next Board Meeting: June 17, 2021