



Groundwater is a vital resource, together let's protect it.

midcountygroundwater.org • 5180 Soquel Drive • Soquel, CA 95073

SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY Board of Directors Meeting

Thursday, December 12, 2024, 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 6:35 pm by Chair Kennedy.

2. Roll Call

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

Jon Kennedy (Chair) – Private Well Owner

Jim Kerr (Secretary) – Private Well Owner

Carla Christensen – Soquel Creek Water District

Rachél Lather – Soquel Creek Water District

Marco Romanini – Central Water District

Doug Engfer – City of Santa Cruz

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

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

Supporting Staff and Consultants:

Tim Carson, Rob Swartz – Regional Water Management Foundation (RWMF)

Cameron Tana (remote) – Montgomery & Associates (M&A)

Ryan Aston (remote) – SCI Consulting Group (SCI)

3. Oral Communications Related to Items Not on the Agenda

Santa Cruz Mid-County Groundwater Agency
Board Meeting Minutes – December 12, 2024
Page 2 of 8

Two members of the public offered comment, Jonathan Trent and Becky Steinbruner.

Chair Kennedy offered appreciation to outgoing Supervisor Zach Friend and his analyst, Allyson Violante, for their service to the Santa Cruz Mid-County Groundwater Agency Board.

4. Consent Agenda

- 4.1 Approve September 19, 2024, Meeting Minutes
- 4.2 Approve 2025 Board Meeting Schedule

MOTION: Director Kerr; Second: Director Romanini; to approve the consent agenda. Director Engfer abstained from item 4.1 due to his absence from the September 19, 2024 meeting. Motion passed unanimously.

5. General Business

- 5.1 Accept Audited 2023/24 Financial Statements

Leslie Strohm presented the report prepared by Davis Farr, LLP (Auditor) on the MGA's audited financial statements. The Auditor issued an unmodified opinion on the financial statements, indicating that the financial statements are free from material misstatement.

Changes in the financial position of the MGA in FY23/24 over previous years are due primarily to grant activity and lower member contributions. Assets and Liabilities both increased by about \$1.5M due to the recognition of pass-through grant expenses related to the Sustainable Groundwater Management Grant. The net position decreased by about \$53,000 to almost \$1.9M due to the MGA spending out of cash reserves in lieu of collecting member contributions. Operating revenues were down due to decreased Member Agency contributions and operating expenses were up with increased activity. Notable expenses were Groundwater Management Services and the Groundwater Monitoring Program, as well as administrative personnel services.

Chair Kennedy requested a status update on the implementation of the MGA Investment Policy. Treasurer Strohm informed the Board that she is in the process of sourcing a trustee to manage and execute the trades and transactions associated with implementing the Investment Policy.

Public Comment: Becky Steinbruner commented. Treasurer Strohm responded that Davis Farr, LLP has served as the independent auditor for the past four years.

MOTION: Director Christensen; Second: Director Romanini; to accept the audited FY23/24 Financial Statements. Motion passed unanimously.

Santa Cruz Mid-County Groundwater Agency
Board Meeting Minutes – December 12, 2024
Page 3 of 8

5.2 Consider Approval of the Periodic Evaluation of the Groundwater Sustainability Plan

Georgina King (M&A) was absent and unable to present her report; Rob Swartz presented in her place. The Periodic Evaluation (PE) is a written assessment evaluating the MGA's Groundwater Sustainability Plan (GSP) implementation. The Board Draft was available for public comment review for 30 days from August 20 through the September 19 Board Meeting. The only changes to that Board Draft were for schedule-related edits and to address written public comments. The PE will be submitted to DWR before the deadline of January 30, 2025.

The California Department of Water Resources (DWR) will then commence its review of the PE. There is no current date by which DWR must complete its review. The review is intended to ensure that the GSP has been implemented and remains compliant with SGMA in a manner that will likely achieve the sustainability goal. To conduct this review, DWR will review the GSP submitted in 2020, the subsequent annual reports submitted to date, and the 2025 PE.

No questions or comments were received on the item.

MOTION: Director Romanini; Second: Director Lather; to approve the submittal of the Periodic Evaluation of the Santa Cruz Mid-County Groundwater Sustainability Plan to the Department of Water Resources. Motion passed unanimously.

5.3 Consider Amendment 5 to Contract No. 2020-04 with Montgomery and Associates for Groundwater Model Improvement

Tim Carson provided background information on the history of Contract No. 2020-04 with M&A. In 2020, the MGA issued a request for qualifications (RFQ) for planning and technical services including SGMA Annual Reports and the Periodic Evaluation, technical support for groundwater modeling, and hydrologic services. The Board awarded the contract to M&A as a three-year contract expiring November 30, 2023, with an option to extend it for two additional years.

There have not been comprehensive updates or improvements to the existing groundwater model under the current contract. Amendment 5 to Contract No. 2020-04 would add groundwater model improvements to the scope of work with M&A. There is an opportunity to use approximately \$142,000 in Sustainable Groundwater Management Implementation (SGMI) grant funds during Phase 1 of model improvements that are recommended prior to the next PE.

Santa Cruz Mid-County Groundwater Agency
Board Meeting Minutes – December 12, 2024
Page 4 of 8

The request to the Board is for an amount not-to-exceed \$241,000 and for the work to be completed by December 31, 2025, which is the deadline by which SGMI grant-funded activities are to be completed.

Cameron Tana presented on how the MGA groundwater model is used and the proposed Phase 1 model improvements. The presentation may be found on the MGA website.

Director Romanini asked questions on the use of future airborne electromagnetic (AEM) surveys and how they will be used in the groundwater modeling updates. Cameron Tana explained that AEM surveys are primarily used to look at seawater intrusion in the Seascapes area and are not as useful when the aim is to better map the structure of aquifers further inland in the Mid-County Basin. AEM flight coverages are limited in inland areas with residential development.

Additional questions were asked about how M&A will use artificial intelligence (AI) to improve their modeling; Cameron Tana responded that when making detailed groundwater models, using physics and collected data can provide more helpful information than large data set-based AI.

Director Engfer requested clarification on the scope and timeline of Phase 2. Cameron Tana explained that the bulk of Phase 2 will involve collecting sufficient data under different climatic and operational conditions to ensure that calibrating a new model will provide meaningful additional information to the MGA. The collection of this data informs the timeline of Phase 2, which should be completed by 2027.

Director Christensen asked about funding for Phase 1 and 2. Phase 2 intends to incorporate data from projects implemented by different agencies operating in the Mid-County Basin. Rob Swartz confirmed that Phase 2 would be funded in an upcoming future budget cycle.

Public Comment: Becky Steinbruner commented.

MOTION: Director Engfer; Second: Director Christensen; to authorize the General Manager of the Soquel Creek Water District to amend Contract No. 2024-04 with Montgomery and Associates for Groundwater Model Improvements in an amount not-to-exceed \$241,000 and completed by December 31, 2025. Motion passed unanimously.

5.4 Sustainable Groundwater Management Act Regulatory Compliance Funding Options Study

Santa Cruz Mid-County Groundwater Agency
Board Meeting Minutes – December 12, 2024
Page 5 of 8

Rob Swartz described the RFQ released to aid in a Regulatory Compliance Funding Options Study. The Executive Team of the MGA unanimously selected SCI Consulting Group (SCI). The intent of this study is to assess the current funding model of the MGA and present alternative models for the Board's consideration.

Ryan Aston, the project manager for SCI, presented an overview of the funding options assessment project.

The project goal is to determine the recommended long-term funding options to sustain MGA regulatory compliance by identifying agency funding needs, community and stakeholder perspectives, and appropriate legal frameworks.

January and February will be spent refining MGA goals and preliminary funding options and conducting targeted stakeholder meetings; preliminary funding options will be presented to the Board at the March meeting. Once feedback from the Board is incorporated, additional community meetings will be held in April. The final funding options assessment summary will be presented to the Board in June 2025.

Targeted stakeholder meetings are tentatively scheduled for early 2025 and will focus on specific stakeholder categories to get a sense of each community's individual needs: domestic groundwater users, agricultural groundwater users, small water systems using groundwater, and urban water users.

Water Code §10730 and §10730.2 provide the authority for GSAs to charge fees for "Program Administration" and a broad-spectrum of GSA implementation activities, respectively. Preliminary conversations with the Executive Team have led SCI to lean towards §10730 – "Program Administration" funding options instead of broad-spectrum implementation options.

Potential SGMA fee methodologies include volumetric fees, which produce a charge per acre-foot (AF) of groundwater; parcel or land-based, which produces a charge per parcel or land-acre; irrigated acre-based, which produces a charge per irrigated acre; and hybrid, which incorporates one or more of the above options.

Director Romanini commented that the public only has two chances to give their feedback as a part of the outreach efforts.

Director Christensen requested information on the estimated budget for 2026 forward and the approximate amount that SCI is targeting in their fee study. Rob Swartz responded that the ongoing MGA budget will likely be in the \$500,000 to \$600,000 per year range to account for reporting, data collection, and administration of the MGA.

Santa Cruz Mid-County Groundwater Agency
Board Meeting Minutes – December 12, 2024
Page 6 of 8

There was additional discussion on the types of water users in the basin, the average amount of money per parcel that would have to be charged, and what other basins are doing to fund GSAs.

Public Comment: Two members of the public offered comment, Jonathan Trent and Becky Steinbruner. Ryan Aston responded to comment to clarify that for funding studies, methodological units, such as water use, were required to calculate amounts.

MOTION: Director Lather; Second: Director Christensen; to receive an overview presentation of funding options available under SGMA and discuss recommended study approach. Motion passed unanimously.

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.

6.2 Staff Reports

- GSP Implementation Status Update

Rob Swartz reviewed some positive updates to the Well Metering Program (WMP) including feedback from property owners to confirm land use to determine the applicability of the WMP. At this time, it is estimated that there are fewer than 10 parcels that must comply with the WMP and several of those parcels already have meters installed. Positive contact has been achieved with several parcels including agricultural parcels, Seascape Greens.

- SGMI Grant Update

Tim Carson noted that under the current approved DWR agreement and schedule, SGMI grant-funded activity must be completed by December 31, 2025.

- Hydrologic Support Services

Tim Carson noted that the M&A contract, even with the approved extension, is nearing the end of its 5-year term. The Executive Team will discuss options and present them at a future board meeting.

Santa Cruz Mid-County Groundwater Agency
Board Meeting Minutes – December 12, 2024
Page 7 of 8

- Administrative and Planning Support Services

Sierra Ryan noted that the Funding Agreement between the MGA and the County of Santa Cruz which includes a contract for services to provide administrative and planning support and a contract for Data Management Services expires at the end of the fiscal year (June 30, 2025). The Executive Team requested that the RWMF, which currently provides administrative and planning support, provide a proposal and cost estimate to extend services for an additional two years. Renewal of the Funding Agreement will be brought to the MGA Board at the March meeting.

It was noted that the MGA Board could extend the Funding Agreement for up to two years or it could elect to conduct a new solicitation for services. If the MGA Board opts to extend the current Agreement for an additional two years, a new solicitation for services (such as a request for qualifications or for proposals) would need to be conducted at that time.

- Other

Tim Carson noted that Soquel Creek Water District will host an Ethics Training on March 4, 2025, from 5-7pm at the Capitola Chambers. The District will also host an Anti-Harassment Training on April 1, 2025 from 5-7pm at the Capitola Chambers.

At the September MGA Board Meeting, there was a request to post the Board meeting agendas at the Capitola Branch Library. Tim Carson clarified that this is already the standard practice of the MGA as required by the Brown Act. The Board agenda is routinely posted outside of the Library's Ow Family Community Room where meetings are conducted. Agendas are posted at the meeting location at least 72-hours in advance of the meetings.

6.3 Annual Status Report on Board Fair Political Practices Commission Compliance

No questions or comments.

7. Future Agenda Items

Director Romanini requested an agenda item concerning compliance with California's increasingly stringent data security protocols and the KISTERS data breach.

8. Written Communications and Submitted Materials

Written communications can be found at the MGA website.

9. Adjournment

Next Board Meeting: March 20, 2025

Santa Cruz Mid-County Groundwater Agency
Board Meeting Minutes – December 12, 2024
Page 8 of 8

SUBMITTED BY:

DocuSigned by:

Sophia Sholtz

3/26/2025

Sophia Sholtz

*Regional Water Management
Foundation*

DocuSigned by:

Jim Kerr

3/26/2025

Jim Kerr

*Santa Cruz Mid-County Groundwater
Agency*