



SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY

BOARD OF DIRECTORS

AGENCY FUNDING OPTIONS ASSESSMENT

JUNE 12, 2025

GROUNDWATER
IS A VITAL RESOURCE TOGETHER - LET'S PROTECT IT!

OUTLINE

1. Funding Options Assessment – Why Now?
2. Funding Options Assessment Process and Outcome
3. Groundwater Basin Use
4. Current Agency Funding
5. Agency Funding Needs
6. General Options that Could be Considered for Funding
7. Legal Framework
8. Fee Methodologies
9. Next Steps/Discussion and Direction

A PREVIEW OF DISCUSSION AND DIRECTION

- What additional information would you like to see as we continue the funding options assessment?
- What considerations or factors are most important as we assess funding options that are “equitable to GSA members and Basin users”?

FUNDING OPTIONS ASSESSMENT – WHY NOW?

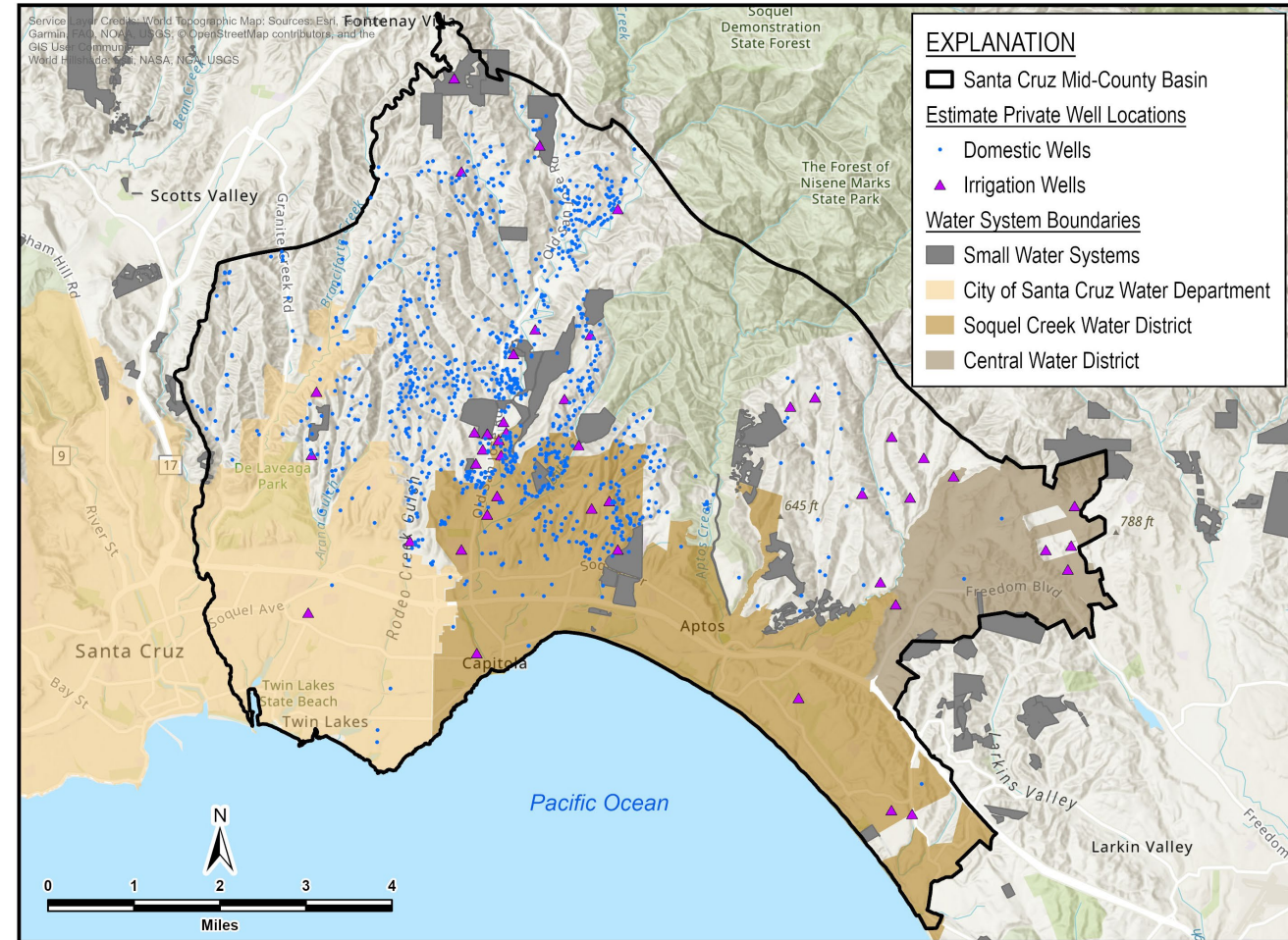
- MGA Groundwater Sustainability Plan called for further evaluation of funding sources for GSP implementation costs in Phase 2 (2026 – 2040).
 - “The MGA will further evaluate the funding mechanisms, the potential application of fees and the fee criteria for non-de minimis and de minimis users alike.”
 - “A key success factor is developing a cost allocation that is equitable to GSA members and Basin users. MGA member agencies agreed early in the SGMA process that the general approach to fund the Plan implementation will be to spread the costs of achieving basin sustainability among groundwater users in a manner that allocates a greater share of costs to users with greater impacts upon groundwater sustainability indicators in the Basin.”
- DWR grant to assist a Funding Options Assessment expires December 31, 2025.
- DWR grant that has subsidized SGMA compliance expenses in recent years also expires December 31, 2025; Agency contributions anticipated to resume in FY26/27

FUNDING OPTIONS ASSESSMENT PROCESS AND OUTCOME

- Evaluate strategies for MGA funding based on local characteristics, including:
 - MGA Anticipated Funding Needs
 - Funding Mechanism (e.g., Prop 26, Prop 218, other).
 - Fee Methodology (e.g., volumetric, parcel, acreage).
 - Cost Apportionment (e.g., equitable distribution).
- Provide a robust analysis of potential funding options based on feedback received.
- Provide a Funding Options Technical Memorandum summarizing MGA-specific options.
- The Funding Options Assessment does not commit the Agency to acting on a specific funding approach nor does it commit to the timing of taking any action.

MID-COUNTY BASIN GROUNDWATER USES

- Average basin-wide use ~5,100 acre-feet based on metered and estimated data for 2019 through 2023
- Non De Minimis Users (generally greater than 2 acre-feet)
 - 3 large system “Member Agencies” public water systems (~30 wells)
 - 20 small water systems (~28 wells)
 - ~Several dozen irrigation wells (commercial/institutional/agricultural)
- De Minimis Users (domestic and 2 acre-feet or less)
 - ~1,900 parcels assumed to be served by domestic wells



SMALL WATER SYSTEMS IN MID-COUNTY BASIN

System Name	System Type	Connections	Population	2023 acre-feet
Mountain Elementary	NTNC	1		0.3
Camp St. Francis	NC	16	57	0.6
St Clares Retreat	NC	1	7	1.4
Laurel Glen MWC	State Small	8	22	1.8
Sun & Shadow MWC	State Small	5	11	1.9
Mystery Spot	NC	2	500	2.0
Loma Alta MWC	State Small	10	24	3.1
Lagunita MWC	State Small	8	24	3.7
Cathedral Hills MWC	C	21	60	4.1
Enchanted Valley	NC	64	51	4.9
Pine Tree Lane MWC	C	36	80	5.3
Sunny Acres	NC	7	20	6.3
Land Of Medicine Buddha	NTNC	4	4	6.4
Kenolyn Camp	NC	25	239	7.3
Seventh Day Adventist Camp	NC	2	5	8.4
Jarvis Mutual Water Co.	C	38	125	11.3
Purisima MWC	State Small	13	23	12.2
PureSource	C	77	203	20.4
Trout Gulch Water	C	185	614	46.4
Cabrillo College	NTNC	2	12000	55.8
Total				203.5

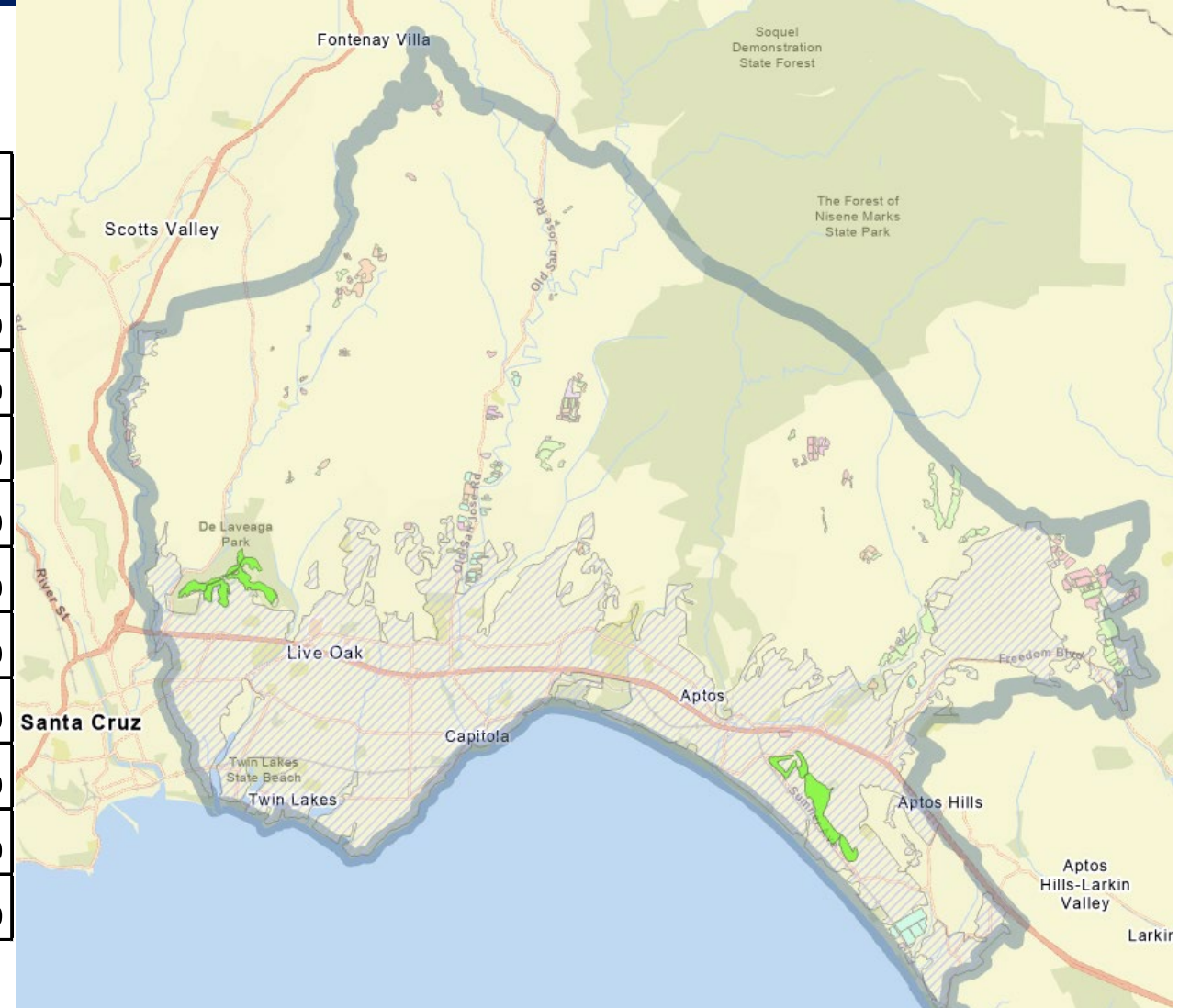
Notes:
 NTNC = non-transient,
 non-community
 NC = non-community
 C = community



OTHER “POTENTIAL” NON DE MINIMIS USERS – NOT ALL OF THESE LANDS USE GROUNDWATER

2023 DWR Land Use Mapping

Land Use Type	Acres	% of Total
Citrus and Subtropical	8	0.0%
Pasture	24	0.1%
Unclassified	27	0.1%
Idle	89	0.2%
Truck Nursery and Berry Crops	104	0.3%
Vineyard	159	0.4%
Deciduous Fruits and Nuts	276	0.8%
Golf Courses	219	0.6%
Urban Unspecified	18,532	51%
Native Vegetation	16,851	46%
Total MGA acres	36,290	100%



AGENCY FUNDING – MEMBER AGENCY ALLOCATIONS

- Soquel-Aptos Groundwater Management Committee (JPA, 2015).
 - Costs “shared on proportional basis of the total annual groundwater use.”
 - Based on estimated groundwater use, shares were apportioned 70 / 10 / 10 / 10.
- Mid-County JPA (2016, amended 2021).
 - “The Board of Directors may fund the Agency and the GSP as provided in Chapter 8 of SGMA, commencing with Section 10730 of the Water Code. The Board from time to time will review the proportional share of contributions by the Member Agencies, and issue assessments for contributions in the amount and frequency determined necessary” (Section 14.2, Page 10).
 - Annual budget approval has included proposed annual contributions amounts from Member Agencies – the proportional allocations (%) has not changed

AGENCY FUNDING NEEDS

SGMA Compliance

- Basin monitoring and modeling
- State-mandated annual reporting
- GSP Periodic Evaluation (~5 yrs.)
- Agency program administration

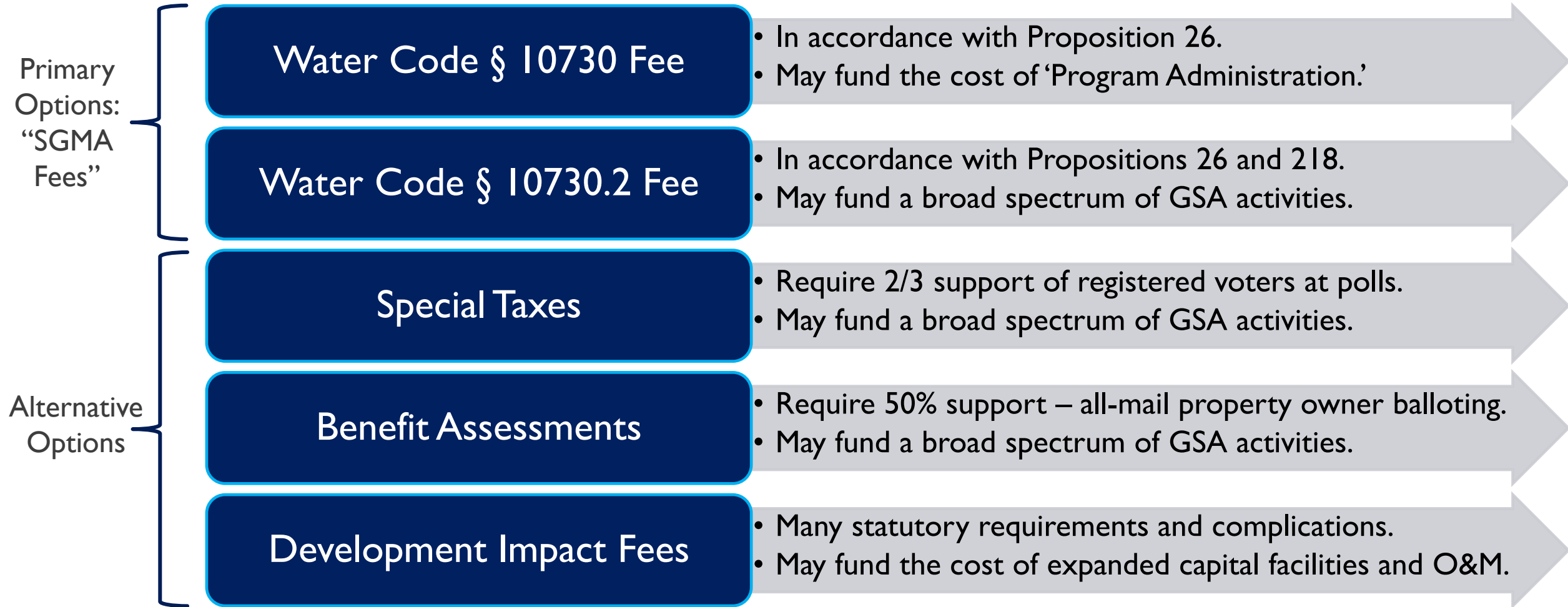
- Estimated expenses FY25/26 through FY29/30 ~\$780,000 annually.
- FY25/26 expenses will be covered by DWR Grant and use of reserves.
- Estimated revenue needs FY26/27 through FY29/30 average ~\$525,000 annually.

GENERAL OPTIONS THAT COULD BE CONSIDERED FOR FUNDING

1. Continue member agencies only (current default, unless exercise SGMA authority).
 - A. Current allocation: 70 / 10 / 10 / 10.
 - B. Alternative allocation: consider updating this ratio; potential to look at other factors (e.g., customer size and groundwater use, other benefits received).
2. Combination of member agencies and other groundwater user fees, **excluding de minimis.**
3. Combination of member agencies and other groundwater user fees, **including de minimis.**

Note: MGA will constantly pursue other funding (e.g., grants), but those sources will not serve as a reliable long-term funding mechanism and are not part of this assessment.

FUNDING MECHANISM LEGAL FRAMEWORKS



BACKGROUND ON COMMON FEE METHODOLOGIES

Primary
Options

Extraction Charges

- Produces a rate per AF.
- Referenced in both Water Code § 10730 and § 10730.2.

Irrigated Acreage Charges

- Produces a rate per irrigated acre.
- Essentially a proxy for groundwater use.

Alternative
Options

Acreage Charges

- Produces a charge per land acre.
- Charges not tied to amount of GW used.

Parcel Charges

- Produces a charge per parcel.
- Charges not tied to amount of GW used.

NEXT STEPS/DISCUSSION AND DIRECTION

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PHONE: (831)204-0008

E-MAILS: ADMIN@MIDCOUNTYGROUNDWATER.ORG

BASINPOC@MIDCOUNTYGROUNDWATER.ORG

WEB: MIDCOUNTYGROUNDWATER.ORG

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