



SCOTTS VALLEY WATER DISTRICT

AGENDA PACKET

REGULAR BOARD MEETING

06/09/22 at 6:00 p.m.

Santa Margarita Community Room
2 Civic Center Drive, Scotts Valley, California

This meeting is being conducted in a hybrid setting.
Public participation is encouraged. Members of the public may attend in
person or remotely.

The public has opportunities to make comments throughout the meeting:
to comment online, use the raise hand option, by phone press *9.

BOARD OF DIRECTORS

Ruth Stiles, President

Chris Perri, Vice President

Bill Ekwall, Director

Wade Leishman, Director

Danny Reber, Director

Noelle Downing, Associate Director

Annie Finch, Associate Director

Piret Harmon, General Manager

Water Industry Acronyms

AF – Acre Foot

AFY – Acre Foot per Year

ACWA – Association of California Water Agencies

ACWA JPIA – ACWA Joint Powers Insurance Authority

AWWA – American Water Works Association

BMP – Best Management Practices

CCR – Consumer Confidence Report

CD – Certificate of Deposit

CEQA - California Environmental Quality Act

CSDA – California Special District Association

DHS – Department of Health Services

DWR – Department of Water Resources

EIR – Environmental Impact Report

EPA – Environmental Protection Agency

FY – Fiscal Year

GASB – Governmental Accounting Standards Board

IRWM – Integrated Regional Water Management

JPA – Joint Powers Agreement

LAIF – Local Agency Investment Fund

LAFCO – Local Agency Formation Commission

LID – Low Impact Development

MCL – Maximum Containment Level

MGD – Million Gallons per Day

MGY – Million Gallons per Year

MOU – Memorandum of Understanding

O&M – Operations and Maintenance

PERS – Public Employees Retirement System

PHG – Public Health Goal

PPB – Parts Per Billion

PRV – Pressure Relief Valve

PVC Pipe – Polyvinyl Chloride Pipe

RWMF – Regional Water Management Foundation

RFP – Request for Proposals

ROW – Right-of-way

RWQCB – Regional Water Quality Control Board

SCWD – Santa Cruz Water Department (City of)

SDWA – Safe Drinking Water Act

SGMA – Sustainable Groundwater Management Act

SLVWD – San Lorenzo Valley Water District

SMGWA – Santa Margarita Groundwater Agency

SqCWD – Soquel Creek Water District

SWRCB – State Water Resources Control Board

TP – Treatment Plant

WY – Water Year



SCOTTS VALLEY WATER DISTRICT

BOARD OF DIRECTORS
PRESIDENT Ruth Stiles
VICE PRESIDENT Chris Perri
Bill Ekwall
Wade Leishman
Danny Reber
ASSOCIATE DIRECTORS
Noelle Downing
Annie Finch
GENERAL MANAGER
Piret Harmon

Board of Directors

Regular Meeting

06/09/22 at 6:00 p.m.

Santa Margarita Community Room
2 Civic Center Drive, Scotts Valley, California

Agenda

This meeting is being conducted in a hybrid setting.

Public participation is encouraged, members of the public may attend in person, remotely through this link <https://us06web.zoom.us/j/86757235890> or by phone: 253-215-8782 Meeting ID: 867 5723 5890. The public has opportunities to make comments throughout the meeting. To comment online, use the raise hand option, by phone press *9. If experiencing technological difficulties online, join the meeting via phone.

1. Convene

- 1.1. Call to Order and Roll Call
- 1.2. Pledge of Allegiance and Invocation
- 1.3. Closed Session Report (none)
- 1.4. Additions/Deletions to the Agenda
- 1.5. Oral Communications

2. Presentations

3. Administrative

Items are informational in nature and do not include an agenda report.

- 3.1. Committee and Other Agency Meeting Reports
Engineering and Water Resources Committee (none)
Finance & Personnel Committee (none)
Executive & Public Affairs Committee (none)
Santa Margarita Groundwater Agency (SMGWA) 05/26/22 oral

3.2 [Santa Cruz Civil Grand Jury Report: Our Water Account is Overdrawn](#)

4. Consent

Items are routine in nature, may include agenda reports and may be approved by one motion.

- 4.1. [Approval of Minutes – Regular Board Meeting 05/12/22](#)

4.2. [CalPERS Additional Discretionary Payment](#)

Recommendation: Approve an Additional Discretionary Payment (ADP) of \$1.4 million to California Public Employees Retirement System (CalPERS) towards the District's unfunded pension obligations and authorize the General Manager to execute all necessary documents.

4.3. [Cash Reserves Policy](#)

Update Policy P200-17-2 Cash Reserves.

5. **Public Hearings** (none)

Items include an agenda report with recommendation, an oral staff report or presentation.

6. **Business**

Items are complex in nature, considered individually, and each item includes an agenda report with recommendation and an oral staff report or presentation.

6.1. [Operating and Projects Budget FY 2023](#)

Recommendation: 1) Approve an additional one-time cost of living increase of 5% to all non-exempt employees effective 07/12/22, and 2) Approve the Budget for Fiscal Year 2023 (FY 2023), including the FY 2023 Work Plan.

6.2. [Implementation Agreement Regional Drought Resiliency Project](#)

Recommendation: Approve and authorize the General Manager to execute the Implementation Agreement for Regional Drought Resiliency Project between Scotts Valley Water District and City of Santa Cruz.

6.3. [Conflict of Interest Code Local Agency Biennial Notice 2022](#)

Recommendation: 1) Adopt Resolution No. 08-22 amending the Scotts Valley Water District Conflict of Interest Code and rescinding Resolution No. 06-18; 2) Authorize the General Manager to file the 2022 Local Agency Biennial Notice with the County of Santa Cruz Board of Supervisors.

7. **Staff Reports**

7.1. Legal

District Counsel - oral

7.2. Administrative

General Manager - oral

7.3. Finance

[Financial Reports 07/01/21 through 04/30/22](#)

- 7.4. Operations
 - Operations Report - oral
 - [Production, Demand and Rainfall Data through 05/31/22 Leak Adjustment Program Report 07/01/21 through 04/30/22](#)

8. Directors Reports

- Travel and Meetings
- Other

9. Written Correspondence

- State Water Board Adopts Drought Related Emergency Water Conservation Regulation, ACWA Alert 05/24/22

10. Community Relations

- Scotts Valley’s famously awful drinking water gets upgrade, SC Sentinel 05/27/22

11. Closed Session (none)

12. Report on Closed Session and Additional Items (none)

13. Future Items

14. Meetings and Event Calendar

Board Meetings	Committee Meetings
07/14/22	06/22/22 Engineering & Water Resources
08/11/22	06/22/22 Executive & Public Affairs
09/08/22	06/24/22 Finance & Personnel

Santa Margarita Groundwater Agency

- Board Meeting 06/23/22

Events

- WaterReuse California Annual Conference 09/11/22 – 09/13/22 San Francisco

15. Adjourn

- The next regular meeting of the Scotts Valley Board of Directors is scheduled for 07/14/22.

AVAILABILITY OF PUBLIC RECORDS PROVIDED TO THE BOARD OF DIRECTORS: THE DISTRICT MAKES ANY PUBLIC RECORD PROVIDED TO THE BOARD OF DIRECTORS AVAILABLE FOR PUBLIC REVIEW AT WWW.SVWD.ORG **AND AT THE DISTRICT OFFICE DURING NORMAL BUSINESS HOURS** AT THE SAME TIME IT IS PROVIDED TO THE BOARD OF DIRECTORS.

Scotts Valley Water District Board of Directors

Agenda – 06/09/22

Page 4

PUBLIC ACCESS – ACCOMMODATIONS UNDER THE ADA: PURSUANT TO TITLE II OF THE AMERICANS WITH DISABILITIES ACT OF 1990, THE DISTRICT REQUESTS THAT ANY PERSON IN NEED OF ANY TYPE OF SPECIAL EQUIPMENT, ASSISTANCE OR ACCOMMODATION(S) IN ORDER TO EFFECTIVELY COMMUNICATE AT THIS MEETING MAKE A REQUEST AT THE ABOVE ADDRESS OR BY CALLING (831) 438-2363 AT LEAST OF THREE (3) WORKING DAYS BEFORE THE MEETING TO ALLOW TIME TO MAKE ARRANGEMENTS.

NEWS RELEASE Santa Cruz County Civil Grand Jury

FOR IMMEDIATE RELEASE

May 24, 2022

Media Contact: Merry Bilgere, Foreperson
(831) 454-2099 foreperson@scgrandjury.org
grandjury@scgrandjury.org

Our Water Account Is Overdrawn Beyond Conservation: Achieving Drought Resilience

SANTA CRUZ COUNTY – Santa Cruz County faces a water crisis. Periodic and sustained drought has become a fact of life. If we don't achieve drought resilience—and make real progress toward achieving it soon—the results may prove to be catastrophic.

Our water agencies have the means to create a water capture, transfer, and storage system which addresses this crisis. Solid, innovative plans to achieve drought resilience exist, but are nearly invisible to county residents. This lack of awareness has made water a very charged topic, especially regarding population and housing. The County, through the existing agencies, can achieve drought resilience. What's been missing is urgency and tightly integrated, cross-agency collaboration. The time to act is now.

This report is intended to give County residents a fresh look at our current water situation and the near-term investments that can create drought resilience within the next five to ten years. With these investments, our residents, businesses, and farms can thrive and avoid economic hardship during times of drought.

The report is available at: https://www.co.santa-cruz.ca.us/Portals/0/County/GrandJury/GJ2022_final/2022-2_Water_Report.pdf

For more information regarding the Santa Cruz County Civil Grand Jury, please visit our website at <http://www.scgrandjury.org>.

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Santa Cruz Civil Grand Jury

701 Ocean Street, Room 318-I, Santa Cruz, CA 95060
(831) 454-2099 <grandjury@scgrandjury.org>

Our Water Account Is Overdrawn Beyond Conservation: Achieving Drought Resilience

Summary

Santa Cruz County faces a water crisis. Periodic and sustained drought has become a fact of life. If we don't achieve drought resilience—and make meaningful progress toward achieving it soon—the results may prove to be catastrophic. This report examines our current water situation and proposes achievable steps that can be taken toward drought resilience by our County water districts, city water departments, and groundwater basin agencies. With these steps, residents, businesses, and farms can thrive and avoid economic hardship during times of drought.

We will highlight the important work that is currently planned or completed. This work demonstrates that our water agencies have the means to create a water capture, storage, and transfer system that will go far toward solving our current crisis. Solid, innovative drought plans for drought resilience exist, but are nearly invisible to the public. This consistent lack of transparency has made water a very charged topic, especially with regard to population growth. Residents need to know the facts when deciding issues.

The County has the means to achieve drought resilience. What's been missing is urgency and tightly integrated, cross-agency collaboration to accelerate this work. Although considerable interagency collaboration has been demonstrated, it has not resulted in the leadership needed to turn plans into action. The time to act is now.

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Background

“When the well’s dry, we know the worth of water.” —Benjamin Franklin

Water is the lifeblood of our community; it is essential for residents, businesses, and agriculture. Santa Cruz County relies on several large water suppliers, many smaller water suppliers, and thousands of private wells in rural areas. Agriculture uses about half our water, mostly in South County. For a quick snapshot, see Appendix A.

Santa Cruz County is one of a few counties in California that does not receive any water from outside the County. All of Santa Cruz’s water is locally sourced from rainfall.

Some of our County supply comes from surface water in rivers and creeks; much more comes from groundwater pumped from aquifers. These groundwater basins are replenished by rainwater. Figure 1 shows the primary water supply resources in the County.



Figure 1. **Major Santa Cruz County Water Sources**
(Source: Santa Cruz County Grand Jury)

Ensuring a consistent water supply for all residents during multi-year droughts is an ongoing challenge. During the years 2012–2015, California suffered the worst drought in almost 450 years.^[1] Santa Cruz County combated the drought through various actions, including implementing a first-time, state-mandated 25% reduction of urban water use.^[2] Since that time, only a small amount of dry season storage has been added.

Climate Change Is Accelerating Water Supply Risks

Santa Cruz County has a Mediterranean climate, with cool, rainy winters and warm, dry summers. Water usage is much higher in the summer, driven mostly by landscaping and agricultural needs. Santa Cruz County has two main rivers—the San Lorenzo River and the Pajaro River—and numerous creeks. River flow varies highly from year to year. Over the last 100 years, the maximum flow in the San Lorenzo River of 91 billion gallons of

water occurred in 1983, and the least flow of three billion gallons occurred in 1977. The average flow is about 30 billion gallons per year.^[3]

The City of Santa Cruz and its neighbors within the City's water service area use less than three billion gallons of water a year (see Table 1 in Appendix A), which is no more than a tenth of the San Lorenzo River's average annual flow. Water storage for the City of Santa Cruz and some neighboring communities is provided by Loch Lomond Reservoir, which can hold about a year's worth of water usage by the City and its neighbors.^[4] Water is diverted from the San Lorenzo River to Loch Lomond Reservoir during the rainy season and this stored water supplements the dry season river flow during the summer months. The water not diverted to Loch Lomond Reservoir or sent to the water treatment plant flows unused to Monterey Bay because we have nowhere to store it. Maintaining high levels at Loch Lomond Reservoir, shown in Figure 2, as a reserve is a critical part of the City's water supply planning.



Figure 2. Half Empty or Half Full? Loch Lomond Reservoir, 2015
(Credit: Photo Courtesy of the *Santa Cruz Sentinel*)

In California, climate change has resulted in higher year-to-year rainfall variability. This means we have both more frequent drought years and more frequent high-rainfall years. We are also experiencing fewer, heavier storms. This results in more runoff, with less rainfall reaching the aquifers. In mid-County, only about 5 percent of the rainfall replenishes our aquifers.^[5] Population growth and expanded agriculture have increased groundwater pumping. This has caused chronic water shortages and critical

groundwater overdrafts. Unless replenishment of the aquifers improves, this shortage will only worsen with future extended and severe droughts.

Because there is insufficient storage to address periodic droughts, the County's water agencies have responded by stressing conservation. This has been extremely successful but is reaching practical limits. For example, in the City of Santa Cruz gross daily per capita water use declined from about 127 gallons in 2000 to 70 gallons—almost half—in 2015.^[6] Conservation measures continue to reduce water usage to less than 50 gallons per person in 2020, one of the lowest levels in California.^[7]

During normal rainfall years, the water supply mostly meets County water needs. During droughts, however, demand exceeds supply in parts of the County, resulting in a deficit, particularly through pumping groundwater basins. In the worst case, the projected deficit can reach 1.2 billion gallons in a year.^[8] Over many years, this has led to chronic overdrafting of the basins. The lowering of the groundwater level causes saltwater intrusion to occur near the coast.

Drought Costs Everyone—a Lot!

The entire County lacks an economic impact report on the effects of a sustained drought. However, drought's economic effects are visible to all.^[9]

The City of Santa Cruz has developed the “2020 Water Shortage Contingency Plan”^[10] that details drought contingency allocations. A Stage 5 drought reduces allocations to 60 percent of normal (40% cut), while the less severe Stage 4 drought limits allocations to 79 percent of normal (21% cut). Stage 4 is somewhat less severe than the 25 percent cut mandated during the 2012–2015 drought.^[2] See Appendix B for more detail.

Encouraging the City to avoid Stage 5 cutbacks should be a high priority for all businesses in the City. Water users should keep in mind that drought contingency fees kick in during droughts. Water infrastructure needs to be paid for whether the pipes are full or not.

The County depends heavily on tourism and the Transient Occupancy Taxes generated to support the general fund. The area's tourist and restaurant businesses are highly dependent on workers from across the County. Since a Stage 5 drought would limit tourist-oriented commercial water usage, many of those workers could be put out of work. Stage 5 restrictions will cause revenue drops for both the County and City of Santa Cruz.

Beyond the economic impact, our quality of life matters too. From the last sustained drought we remember watching our gardens wilt, driving cars we could not wash, and flushing toilets only when absolutely necessary. Santa Cruz County is a less desirable place to live when our water use is severely restricted. Water-wise appliances, native plant landscaping, and other conservation measures are now normal for our residents, but further cuts in the water supply will adversely impact daily living for all of us.

Forty Years of Single-Agency Efforts Have Shown Limited Results

Recognition of recurring water shortages in our County goes back decades. Originally, a second reservoir at Zayante was planned to store San Lorenzo River water. Due to cost and environmental concerns, it was never built. At the time, the City of Santa Cruz believed they could provide an adequate water supply through several smaller projects.^[11]

In the 1980s, seawater intrusion into the Mid-County aquifers that underlie much of Soquel and Capitola was detected. This intrusion was due to overdrafting, meaning more water was being pumped from the groundwater basin than was being replenished by rainfall, which results in lowering the groundwater level. Monitoring wells were drilled to track the extent of the intrusion and conservation measures were promoted.^[12] Figure 3 illustrates the saltwater intrusion relationship between local aquifers and Monterey Bay.

The focus of conservation was to reduce the demand on the system, and has been very successful. The Mid-County and Santa Margarita groundwater agencies have been chartered to achieve sustainability of the groundwater basin. We have been told that sustainability means, “Don’t make anything worse.” This sentiment refers to critical basin metrics, including groundwater level, groundwater storage reduction, land subsidence, water quality degradation, and seawater intrusion. Sustainability is not the same as resilience, which enlarges supply. For more detail on groundwater sustainability laws, see the section titled, “Laws That Drive Water Agency Actions.”

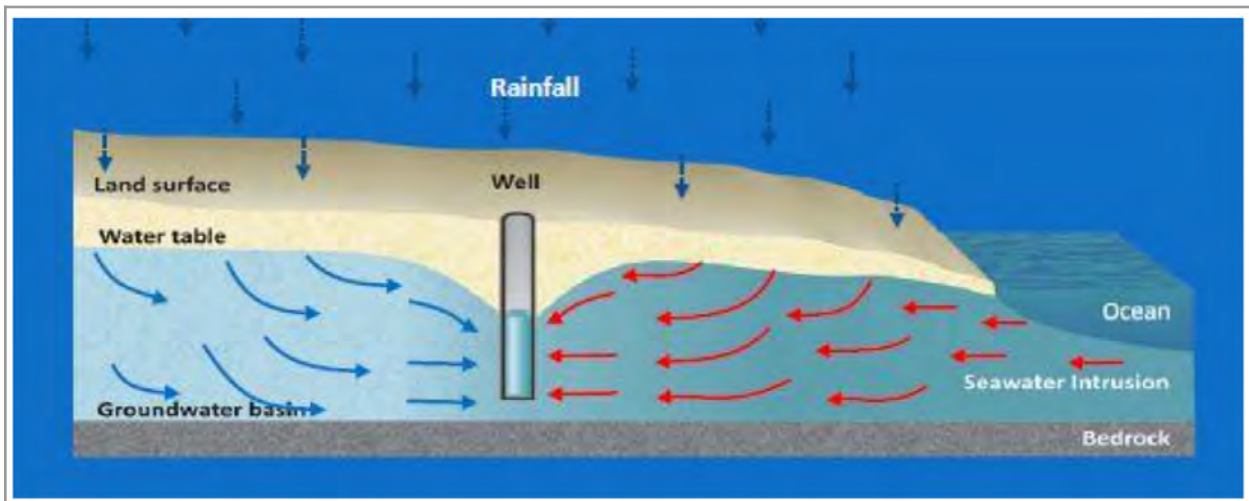


Figure 3. **Saltwater Intrusion Process**^[13]

In 2010, planning began on a desalination plant that would serve the City of Santa Cruz and neighboring communities. The City of Santa Cruz discontinued the plan in 2016 after significant objections were heard from the local community. These objections included high setup and operational costs, insufficient evaluation of alternatives, the need for a more regional approach, a greater focus on conservation, and the likelihood of drought scenarios needing further analysis.^[14]

In the early 2000s, investigations began into the possibility of taking water from the San Lorenzo River during the winter, treating it, and storing it in the neighboring groundwater

basins which have lots of “headroom” due to overdrafting. This stored water would both replenish the basins and provide water that could be returned to the City of Santa Cruz during droughts. The concept of integrated management of surface and groundwater to maximize water storage and availability under changing climate conditions is referred to as conjunctive use. This concept has finally reached the demonstration phase, 20 years later.

The State funded a planning grant through the Integrated Regional Water Management Act (see “Laws,” next section) to study the feasibility of conjunctive water use in Santa Cruz County. The grant funding produced a major report in 2015 that indicated that injecting treated water from the San Lorenzo River into the neighboring groundwater basins and recovering it for later use is feasible.^[15] Integrated Water Resources Management funds were applied to this work because conjunctive use binds local water agencies together to improve the reliability of the regional water supply. Further evaluation, captured in reports from the Santa Cruz Water Supply Advisory Committee, indicate that groundwater storage can equal the three billion gallons stored in Loch Lomond Reservoir.^[4] When at capacity, this groundwater supply could deliver a maximum of one billion gallons in a single year, which is one third of the total capacity of Loch Lomond Reservoir.^[16]

However, water rights are a significant barrier to conjunctive use. The City of Santa Cruz is restricted from transferring San Lorenzo River water to neighboring water agencies. Modifying the water rights requires State Water Resources Control Board approval, and obtaining this approval requires an exhaustive Environmental Impact Report (EIR).^[17] Work on revision of the water rights *alone* began in 2013 and was only completed in late 2021.^[18] With the EIR complete, the change in water rights can be approved by the State. That will allow vastly more flexible water-sharing options between the districts serving the City of Santa Cruz, Mid-County, and North County. Most important among these options is efficiently capturing rainy season flow from the San Lorenzo River to recharge local aquifers.

As stated earlier, wildlife protection is an important aspect of water management. The EIR discusses the potential impacts of conjunctive use on local fish like coho salmon and steelhead trout, which are a threatened species. These fish need sufficient flow for adults to swim upstream during the spawning season, and for the juvenile fish to hatch and swim downstream to the ocean. The conjunctive use described in the EIR would divert water from the San Lorenzo River only during the winter months when sufficient river flow is not an issue. Conjunctive use may help protect the fish by allowing more flexibility in limiting diversions from the river during periods of low flow. For more detail on fish protection, consult the EIR.^[18]

Laws That Drive Water Agency Actions

The State of California has enacted legislation aimed at protecting and preserving its water resources while providing adequate water supply to residents, businesses, and agriculture. The laws guiding our water agencies’ ability to deliver a resilient water supply, and some background on local effects, are listed here:

California Environmental Quality Act (CEQA) of 1970. This law requires that state and local agencies disclose and evaluate the significant environmental impacts of proposed projects and adopt all feasible mitigation measures to eliminate those impacts or at least minimize them. Capital improvement projects such as those described in this report require an Environmental Impact Report (EIR). Feedback from local agency leaders indicates that detailed plans may trigger a CEQA requirement which would be expensive and time-consuming. Many of the plans reviewed for this report deliberately lacked any specificity that might require an EIR. Addressing that problem is outside the scope of the grand jury.

Urban Water Management Planning Act of 1983. The Act promotes efficient water use and conservation. It requires large water suppliers providing water for municipal purposes to prepare and submit an Urban Water Management Plan to the California Department of Water Resources every five years. In response to the expected effects of climate change, recent amendments to the Act require local water agencies to plan for five consecutive drought years.

Integrated Water Resources Management (IWRM) Act of 2002. The Act aims to improve water supply reliability and water quality. It encourages water supply agencies and local governments to work together to more effectively manage water resources regionally.

Sustainable Groundwater Management Act (SGMA) of 2014. This legislation aims to prevent further degradation of the State's essential groundwater supply. It directs the California Department of Water Resources to identify groundwater basins where "continuation of present water management practices would probably result in significant adverse overdraft-related environmental, social, or economic impacts." These identified basins are designated as critically overdrafted, and the Act requires that they be sustainable by 2040. Twenty-one groundwater basins have been designated as critically overdrafted in California. Two of them are in Santa Cruz County. The responsible groundwater management agencies are described in Appendix A.

Scope and Methodology

As residents of Santa Cruz County, we see the impact of drought and share a high level of concern about adequate water supplies. We wanted to understand how water is sourced, stored, and distributed to customers, the limitations inherent in the current water infrastructure, and what can be done to provide a more resilient water supply. We looked at the existing and planned physical infrastructure, the charters of the responsible water agencies, and finally, at the barriers to achieving real drought resilience.

This report focuses on North County where the water storage problem has a solution within reach. South County, the small and minor water suppliers, individual wells, and agriculture areas are not included in this investigation. The limited scope of this report does not diminish the need to address drought resilience in those areas.

This investigation report describes the infrastructure that collects, treats, and distributes water. Our intent is to provide enough information that residents can see the big

picture—that drought resilience is achievable and that population growth need not threaten our access to sufficient water. We also address the systemic barriers to achieving that goal. We had hoped that a succinct drought resilience document already existed, but found only massive documents—some more than 1,000 pages long—sprinkled with disconnected nuggets of useful information.

The investigation included:

- Interviewing local water agencies
- Reviewing reports and plans describing current and future local water infrastructure
- Researching local water agency charters, collaborations, conflicts, and overlaps
- Seeking out best practices from integrated water management
- Considering options for improving county-wide water supply planning and execution
- Examining barriers to achieving county-level drought resiliency

Definitions

This report relies on many information sources that vary in terminology usage. In some cases, terms have specific legal meanings, but this gets lost in everyday conversation. The following terms will be used consistently in this report:

Critically overdrafted groundwater basin: A basin is subject to critical overdraft when continuation of present water management practices would probably result in significant adverse overdraft-related environmental, social, or economic impacts.^[19]

Conjunctive use: The concept of integrated management of surface water and groundwater to maximize water storage and availability under changing climate conditions is referred to as conjunctive use.^[15]

Groundwater sustainability: The development and use of groundwater resources to meet current and future beneficial uses without causing unacceptable environmental or socioeconomic consequences.^[20]

Drought resilience: Groundwater sustainability supports drought resilience, but is not equivalent. Resilience requires storage, recycling, or other methods that bank water or draw it from other areas so that drastic water service reductions are *not* required when severe droughts occur.

Water rights: A water right is a legal entitlement authorizing water to be diverted from a specified source and put to beneficial, non-wasteful use. Current water rights prevent excess water from the San Lorenzo River being sent to the neighboring water agencies, which means that it is discharged into Monterey Bay.

Water augmentation strategy: Augmentation is the process of adding water to an existing source water supply (such as a reservoir, lake, river, wetland, or groundwater basin). The added water may be treated or purified in transit as required by water quality regulations. The goal is to capture water to be used later.

In-lieu recharge: This recharge method indirectly enables aquifers to refill with water by utilizing surface water “in-lieu” of pumping groundwater. The substitution thereby retains an equal amount of water in the groundwater basin. This approach is also termed passive recharge or resting wells. The limitation of this approach in Santa Cruz County is that surface water is most available during the winter, when pumping is less because water usage is less. Active Storage and Recharge, defined below, recharges aquifers when excess surface water is available. The recharge volumes can far exceed simply avoiding pumping.

Aquifer storage and recovery: Aquifer storage and recovery is a water resources management technique for actively storing water underground during wet periods for recovery when needed, usually during dry periods. This approach typically relies on injection wells to push water into the aquifer. The timeframe can range from months to decades.

Investigation

This section describes the key water sources and delivery system elements. Our goal was to understand and report on the capabilities and limitations of the current system, with a focus on agency silos and opportunities for improving resilience.

The City of Santa Cruz Existing Surface-Water System

The City of Santa Cruz water system is the largest in the County, serving close to 100,000 people. The system includes capturing water from the San Lorenzo River or from Loch Lomond Reservoir, moving the water to the treatment plant, treating the water, and distributing it to customers. We describe the system in some detail because it is relevant to the conjunctive use described later in this report. We include a brief description of the water treatment plant because it also contributes to conjunctive use. Figure 4 shows the key elements of the system.

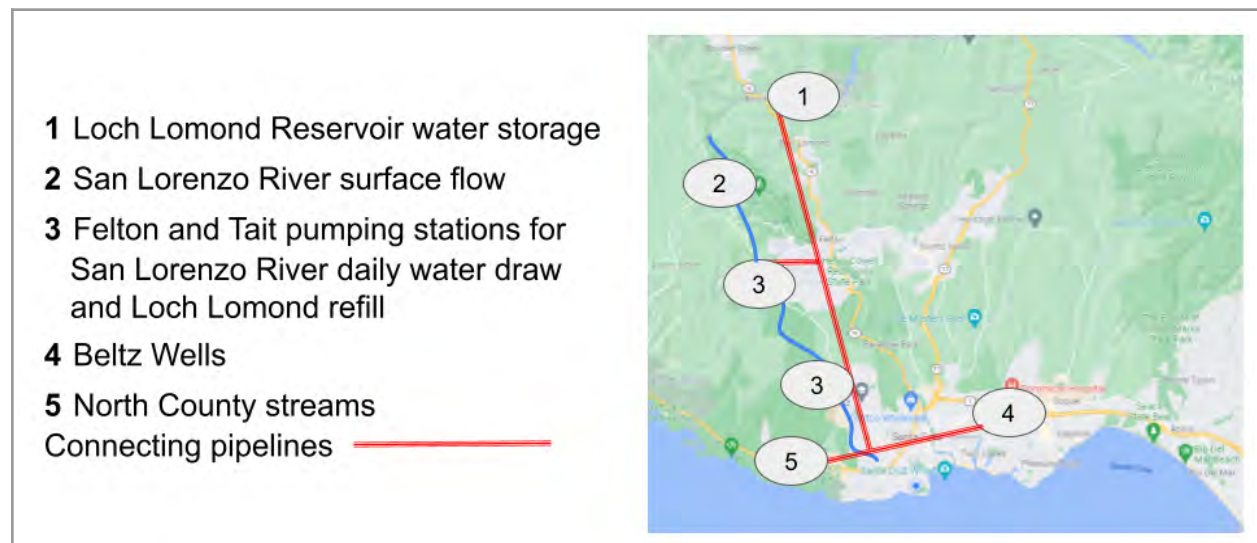


Figure 4. **City of Santa Cruz Water Supply**
(Source: Santa Cruz County Grand Jury)

The following are the key elements of the City of Santa Cruz water supply:

- *Sourcing water.* The City gets the vast majority of drinking water from the San Lorenzo River. This source is augmented by streams and springs in North County and groundwater wells near Tait Street and 41st Avenue. Newell Creek is an indirect surface water source because it feeds Loch Lomond Reservoir.^[21]
- *Moving surface water.* The City relies on pumping stations and pipelines.
 - North County stream water travels to the City's Graham Hill Water Treatment Plant by pipeline.
 - San Lorenzo River water is pumped uphill from the Felton Diversion facility to Loch Lomond Reservoir. From there it flows to the Graham Hill plant.
 - River water is also pumped directly to the Graham Hill plant from the Tait Street Diversion.^[22]
- *Storing water.* Loch Lomond Reservoir is the City's only large water storage reservoir. It has capacity roughly equivalent to the water used by the City in one year.^[23] During the rainy season, there is excess pump capacity to push water to Loch Lomond Reservoir. Water from Loch Lomond supplies the City during low river flow dry months.
- *Treating water.* The Graham Hill Water Treatment Plant prepares water prior to use by customers. Treatment includes eliminating cloudiness in the surface water sources, which is frequent during high-flow winter months.
- *Sharing water with other districts.* The City water system connects to the Soquel Creek Water District. This connecting pipeline was used to transfer water to the Soquel Creek Water District during the pilot demonstration of Aquifer Storage in 2017.^[24]
- *Sewage treatment.* The Santa Cruz Wastewater Treatment facility near Neary Lagoon treats water so it can be safely dumped into the ocean. The plant receives untreated sewage from the City of Santa Cruz along with the City of Scotts Valley and communities such as Capitola in the Mid-County region.^[25] The plant's treated water will be redirected to saltwater intrusion control wells in the Pure Water Soquel project (described in the next section). This requires additional purification.^[26]

Santa Margarita Groundwater Sources

The Santa Margarita Groundwater Basin (**SMGB**) is a groundwater basin largely contained between Highways 9 and 17, and bounded by Boulder Creek and Lompico in the north and Mount Hermon communities in the south. The SMGB is overseen by the Santa Margarita Groundwater Agency, described in Appendix A. Because of successful conservation efforts, demand and supply have been in balance in the SMGB for the last ten years.^[27]

The Scotts Valley Water District and the Mount Hermon Association get their water from the SMGB. This basin also supplies 13 small water systems and more than 1,100 individual well users. The San Lorenzo Valley Water District receives about half its water from the SMGB.

Finally, 40–50 percent of the flow of the San Lorenzo River leaks into the river from aquifers of the SMGB as the river passes through the Santa Cruz Mountains. The City of Santa Cruz, while reporting that it receives 95 percent of water from the surface, benefits greatly from the same aquifers that the Scotts Valley and San Lorenzo Valley Water districts depend on.^[28]

Santa Cruz Mid-County Groundwater Sources

The Santa Cruz Mid-County Basin (**MCB**) is a groundwater basin that underlies parts of the cities of Santa Cruz and Capitola, and unincorporated parts of Santa Cruz County, including Soquel, Aptos, and La Selva Beach. The Soquel Creek Water District and the Central Water District obtain all their water from the Santa Cruz Mid-County Basin.^[29]

The MCB is overseen by the Santa Cruz Mid-County Groundwater Agency (**MGA**), described in Appendix A. The MCB is designated as in “critical overdraft” because of seawater intrusion at several wells located close to the coast, and a lowering of groundwater levels at wells further inland. A well that is contaminated by saltwater may not be recoverable and may need to be abandoned. Saltwater intrusion still occurs in spite of significant conservation efforts led by the MGA and implemented by the residents.^[30]

The district had been working on achieving a sustainable water supply for several years before the Groundwater Sustainability Plan (**GSP**) was produced. The Pure Water Soquel project, which is intended to prevent further seawater intrusion into the basin, is currently under construction. See the next section, “Agency Collaboration: Pure Water Soquel.”

Agency Collaboration: Pure Water Soquel

The Soquel Creek Water District does not have sufficient water to meet the demands of residents in this service area. All of the supply comes from groundwater pumping and the water quality is at risk from saltwater intrusion. Simply put, the district needs more water to stay afloat. The joint project between the Soquel Creek Water District and the Santa Cruz Water District^[26]—Pure Water Soquel—is a groundwater replenishment and seawater intrusion prevention project. It will provide close to 500 million gallons of recycled water annually to push back the saltwater intrusion along the coast using injection wells.^[31] It is currently under construction with completion expected in 2022 and production starting in 2023.

The Santa Cruz Wastewater Treatment Facility (Neary Lagoon) supplies water for this project. The plant currently treats wastewater in order to discharge it into the ocean. A new pipeline will transfer a portion of this water to the Soquel Creek Water District’s water treatment facility in Capitola for further purification and reuse. The treatment plant ties to existing pipelines that connect to injection wells near the coast which aim to block saltwater intrusion.^[32]

Completing this project will reduce the degree of overdraft in the Mid-County Basin and protect against further seawater intrusion. Importantly, this project demonstrates successful large-scale collaboration between local agencies. It also accelerates the use of recycled water in the County, similar to the use of recycled water from Watsonville to address saltwater intrusion in South County. This use of recycled water is described in the following section titled, “Agency Spotlight: Pajaro Valley College Park Project.” Figure 5 illustrates the evolution of groundwater pumping practices and their relationship to seawater intrusion, which the Pure Water Soquel project is designed to address.

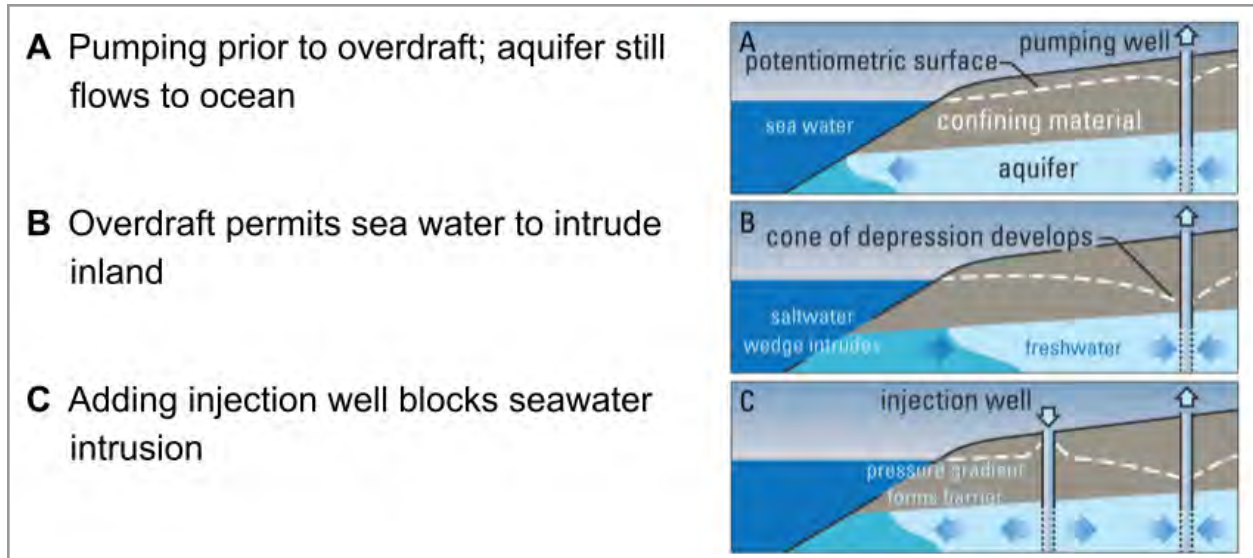


Figure 5. **Stemming the Flow of Seawater Intrusion**^[33]

The Pure Water Soquel project, while a significant step toward basin sustainability, does not build a reserve within the aquifer. More water from the Santa Cruz Wastewater Treatment Plant is available than is being used by the Pure Water Soquel project. That excess water currently flows to the ocean.

The City of Santa Cruz Water Augmentation Strategy

“But if we get to three, four, five dry years in a row the system is just simply not designed to accommodate that.”

—Rosemary Menard
Director, City of Santa Cruz Water Department^[34]

The City has been exploring conjunctive use for many years. Treated water from the San Lorenzo River could be transferred to the San Lorenzo Valley Water District, the Scotts Valley Water District, and the Soquel Creek Water District, initially to allow them to “rest” their wells. This treated water would allow for passive recharge of those districts’ aquifers,^[35] and also be available to those districts to actively inject additional water into the overdrafted Mid-County Basin and the Santa Margarita Basin. The injected water would recharge the aquifer, and allow the City to get some of this water back during times of drought.^[36]

Eventually, the reserve described above would contain roughly one year’s worth of water that could be transferred back to the City. The recharged aquifers would effectively become a second “strategic reserve” of water for the City similar in size to Loch Lomond Reservoir. The water would come from improved rainy season water capture and transport. As mentioned previously, in average and rainy winters, total flow far exceeds the actual usage by the City. Figure 6 illustrates the relative volumes.

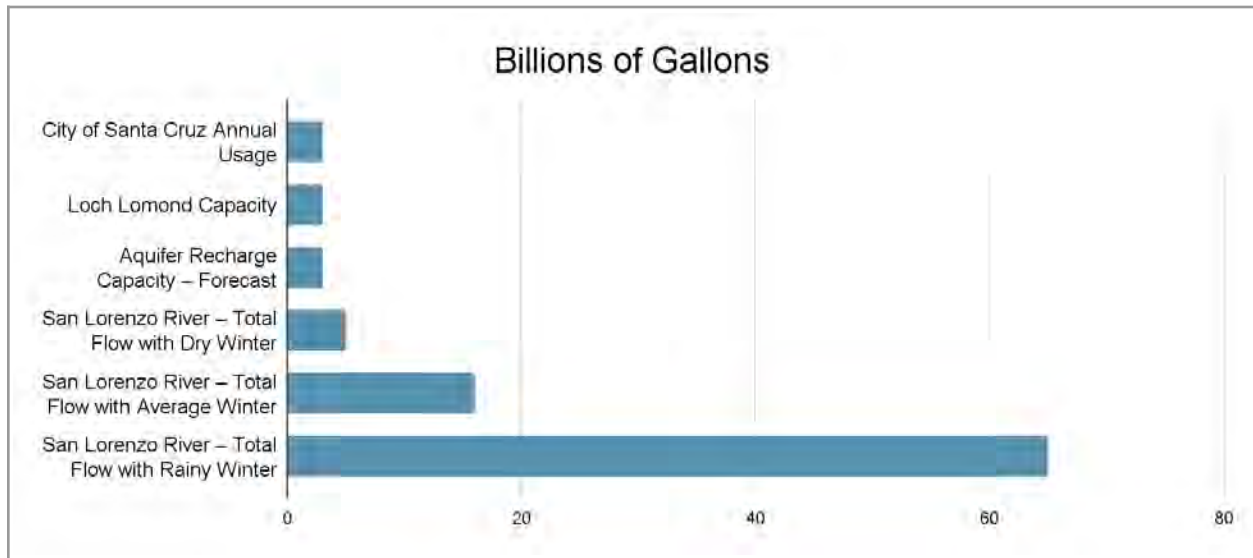


Figure 6. **San Lorenzo River Flow and Local Needs**
(Source: Santa Cruz County Grand Jury)

Current water rights limit the City’s flexibility in how San Lorenzo River water can be used. For instance, during the rainy season, the City has pumping capacity to push water to nearby districts where it can be stored. However, current rights do not allow this action because it is not an authorized beneficial use.^[37]

Another water rights issue is that water pumped from the San Lorenzo River, but not directly used by the City, must be sent to Loch Lomond Reservoir. If Loch Lomond is full, then the excess pumping capacity cannot be used. The issue is not the *amount* of water that the City has rights to; it is that the City has very limited flexibility in *how to use* the water. Water flowing to the ocean during the winter rainy season far exceeds amounts that could be redirected to groundwater reserves.^[37]

Changing the City’s water rights to allow water transfers to the neighboring water districts is a major undertaking which required an Environmental Impact Report under California Environmental Quality Act rules. The report has been completed and was published in November 2021.^[18] The California Department of Water Resources is expected to approve the EIR in 2022. These are the components of the City of Santa Cruz Water Augmentation Strategy as described in the EIR:

- *Give the City more flexibility to move and store water from existing sources.* This component requires adjusting the City’s water rights so that unused rainy season water that the City has rights to can actually be used to increase water storage.^[38]

Specific elements of the revised rights include moving water from the Graham Hill Water Treatment Plant to the neighboring water districts and storing this water in groundwater reservoirs.

- *Develop groundwater storage near Capitola and Scotts Valley.* This component includes injection wells, recovery wells, and pre-injection treatment.^[39] Testing and qualifying the groundwater storage aquifers for quality and capacity has been conducted for both locations.
- *Establish two-way transport to the storage areas.* Pipeline costs have not been published, however laying groundwater pipes is a well-understood engineering and construction project.
- *Obtain water to store from existing pumping stations.* Current upgrade plans for the Felton Diversion, Tait Street Diversion, and the Graham Hill Water Treatment Plant include capacity to push water to the storage sites. They also include upgraded initial treatment so that winter storm water can be redirected to ground storage. This water movement will not interfere with fishery conservation because those issues generally arise during low water periods. This has been documented in the city water rights application materials.^[38]
- *Set new water-sharing agreements with adjacent agencies.* The Mid-County Groundwater Agency and the Santa Margarita Groundwater Agency are responsible for groundwater management in the locations that the city plans to use. Collaboration amongst the agencies is underway and being worked in parallel with the water rights revision.^[40]

Bottom line for the City: Completing this project will provide City residents with a much more drought-resilient water supply—in essence, a *strategic reserve*. Coupled with the conservation measures already embraced by City residents, the City of Santa Cruz will be much better prepared for recurring droughts.

Contribution to drought resilience at the County level: While not called out by local agencies, the Grand Jury believes the following appear to be opportunities to broaden the value of the augmentation project.

- The project could extend access to the previously described strategic reserve for Santa Cruz Mountains residents. Early discussions have been held to connect the City of Santa Cruz and the Scotts Valley water distribution systems. With this connection, water could be supplied to the San Lorenzo Valley Water District through the existing emergency connecting pipeline. The reserve approach appears to be extendable over time; this would further leverage the value of aquifer recharge infrastructure investments.
- The documented contention for groundwater aquifer space between the City of Santa Cruz and the Soquel Creek Water District demonstrates the importance of the Mid-County aquifers. While short term, there is rework to address this contention on both Pure Water Soquel and the City of Santa Cruz aquifer recharge projects. In the long term this effort benefits both districts.^[41]

- The Mid-County Groundwater Agency and the City of Santa Cruz share pipeline capacity that could be used to recharge the Mid-County aquifers beyond the Capitola area. The extra capacity could be used to recharge the aquifers so Mid-County residents gain a reserve beyond the legal requirements for sustainability. Such additional work would maximize recharge and resilience for the Mid-County aquifers.

Agency Spotlight: Pajaro Valley College Lake Project

Aquifers along the coast in the Pajaro Valley region are heavily overdrafted. Resting wells used by local agriculture helps to slow the rate of saltwater intrusion but does not reverse the intrusion.^[42] The Pajaro Valley College Lake Project shows local expertise and serves as an example of approaches that can be applied in North County and Mid-County.

Project

The project extends the use of College Lake, a seasonal lake in the Pajaro Valley near Watsonville. By raising the maximum lake level with a small adjustable dam, commonly known as a weir, additional water can be stored. Besides storage, a pipeline has been built to transport water from the lake to the Pajaro Valley Coastal Distribution System, which already receives recycled wastewater from the City of Watsonville. The project adds to the surface water resource available for farming. Wells in the area can be rested, which aids in countering saltwater intrusion.

Annual water transfer capability

College Lake can store up to 600 million gallons, approximately 20 percent of Loch Lomond Reservoir. It can deliver between 600 to 750 million gallons in typical years, with a maximum of one billion gallons. Monthly usage of water varies from five million gallons to 150 million gallons.

History of College Lake

Historically, College Lake formed naturally during the wet season. Since 1920, draining has been authorized to free up the land for farming. Making the water available to the Coastal Distribution System has been discussed for many years and was documented in 2014.^[43] However, the project is still not complete. This delay reflects the slow pace of water project development when only a single agency with limited resources is responsible for its execution.

Contribution to drought resilience at the County level

As with the Pure Water Soquel project, this project's end goal is to gain supplemental water in order to rest the wells that are at risk for saltwater intrusion. In the same way as the Pure Water Soquel project, the College Lake project does not optimize water use to reflect water availability.

Wet weather surplus simply overflows into Monterey Bay. There are opportunities to:

- Use wet weather surplus for active injection in threatened agricultural areas
- Apply surplus in areas that are not directly threatened to improve groundwater levels
- Transfer water to adjacent districts if additional surplus exists or a water emergency arises.

The Role of Wastewater Recycling

As previously mentioned, wastewater recycling is practiced in both South County and Mid-County. In both cases, the water is used to counter saltwater intrusion. Direct potable reuse is another emerging option. Less than half of the wastewater from the City of Santa Cruz Wastewater Treatment Facility (Neary Lagoon) will be used by the Pure Water Soquel project. The remainder of the wastewater will still be available to improve drought resilience, for instance, in countering saltwater intrusion.

There are other examples of wastewater recycling in California. Orange County Water District's Groundwater Replenishment System (GWRS) became operational in 2008. It has since produced more than 365 billion gallons of drinking water from wastewater.^[44]

Additionally, Santa Clara Valley Water District expects to produce eight billion gallons of potable water from wastewater per year beginning in 2025, with a target of increasing production to 15 billion gallons per year.^[45]

Limitations on Resilience Posed by District and Agency Charters

As mentioned previously, Santa Cruz County lacks external water resources. Multiple independent agencies, as well as individual well owners, share groundwater and surface resources. While there is meaningful cooperation and collaboration among agencies, periodically district-centric objectives and strategies come into conflict. During interviews on district priorities, phrases such as "protect our districts" surfaced. However, water in Santa Cruz County need not be viewed as a zero-sum game.

This report points to many opportunities for collaborations that share water and improve water security for all residents. Unfortunately, there is no oversight agency or organizational structure in place to resolve conflicts and ensure that outcomes serve the greater good of the entire County. The end result is delay. Decades are spent on seemingly straightforward and beneficial projects, such as:

- Projects addressing saltwater intrusion have been a multi-district issue since the 1980s.
- The Santa Cruz City Water Department, along with the San Lorenzo Valley Water District and the Scotts Valley Water District, has been evaluating San Lorenzo River water-sharing since the early 2000s.

Collaboration is not the same as leadership. Our interviewees made it clear that an agency taking a leadership position would imply they had the funding to implement projects. Individual water districts are not tasked with a county-wide focus and they lack

both the funds and authority to address this void in leadership. The groundwater agencies are chartered only for aquifer sustainability. As discussed previously, sustainability is only one component of drought resilience. With no consistently funded leadership, the districts cannot align for the greater good.

Achieving a Resilient Future

While Santa Cruz County's water resources are vulnerable to unpredictable climatic conditions, there is a clear path forward to drought resilience. The key to creating a resilient water future for Santa Cruz County residents is storing more of the surface water that falls as rain during the winter. The overdrawn condition of the Mid-County and Santa Cruz Mountains aquifers has created ample headroom for stashing surface water during the rainy season. Only a small percentage of the San Lorenzo River's rainy season flow is captured. The vast majority flows into Monterey Bay.

If Santa Cruz County is to attain water security in the presence of climate change and droughts, developing a strategy to capture, move, and store our rainy season surplus is essential. We found there are well-documented proposals for capturing and storing excess rainy season surplus water to provide water security for the future. The problem is execution. Management of the County's water is controlled by numerous independent agencies. While these agencies share a common goal of providing their own customers with abundant clean water, they are not resourced or chartered to plan, fund, and build a cohesive water capture and supply infrastructure to deliver regional drought resiliency. Examples of district-centric execution are well-documented in the previous sections. Notably:

- Pure Water Soquel: Saltwater intrusion and well resting
- College Lake: Wet season water capture and distribution

Specific benefits of adopting a more integrated and regional agency structure include:

- Improving credibility when requesting grant funds for large infrastructure projects such as pipelines. These projects all improve flexibility and resiliency but are expensive to build.
- Improving flexibility and reaction time when moving water across district boundaries. This change can provide better service to residents as well as protection against saltwater intrusion.
- Simplifying the planning and project execution: this is necessary to make full use of recycled water, such as could be sourced from Watsonville and Santa Cruz.

In short, it is time to recognize that the medley of collaboration and cooperation at the interdistrict level has not delivered resiliency. Figure 7 shows the current set of connecting pipelines between districts.



Figure 7. **Interdistrict Water Supply Connecting Pipelines**
 (Source: Santa Cruz County Grand Jury)

It is time to move toward a more integrated set of agencies that can achieve the following:

- Create a wet-weather runoff capture system, strategic aquifer-based water reserve, and a robust connecting pipeline fabric between districts to optimize water use.
- Demonstrate broad consensus to strengthen the case for major infrastructure funding from state and federal sources.
- Embrace innovative approaches to improving resilience. For example, establishing a continuous chain of saltwater intrusion protection wells along the existing railway right of way. This change could leverage recycled wastewater from Santa Cruz and Watsonville.
- Deliver County residents water security that will support economic prosperity despite expected droughts.

Figure 8 shows the key elements required to achieve drought resilience. It is based on proposals that have existed for years but have not yet been addressed as a unit. The approval of the EIR opens the door for this work to be done.

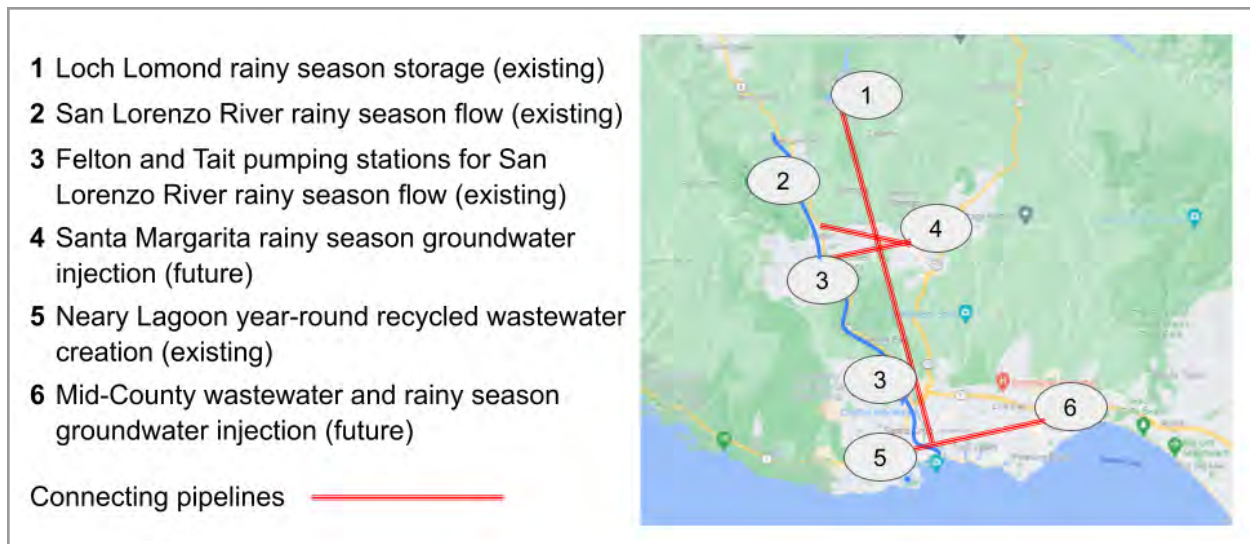


Figure 8. **Drought Resilience Components**
(Source: Santa Cruz County Grand Jury)

The Mid-County and North County regions both have groundwater management agencies. The City of Santa Cruz is a member of each agency. Each agency is a Joint Powers Authority (**JPA**) and both are currently chartered to only address aquifer sustainability. As such, any activity to support drought resilience is currently out of scope.

The agreements forming these JPAs can be amended by the member agencies that formed them. A new amendment could be added to support drought resilience. Such a move could upgrade drought-resilience proposals (such as the City of Santa Cruz Water Augmentation Strategy) to the regional level. This revision is not a complex process requiring state-level approval.^[46] The Amendment form appears as Appendix D.

Conclusion

Severe, multi-year droughts are part of our future. Conservation is not sufficient because the reduced water supply during Stage 5 droughts will cause severe economic hardship across residences, businesses, and farms. The existing patchwork of agencies has not shown vision and initiative to knit their individual plans together. Some of the most ambitious plans are barely known to the public.

The most critical next step is delivering major new water storage by reclaiming unused aquifer space in Mid-County and North County. This step creates the strategic groundwater reserve described in the City of Santa Cruz Water Rights Project and Augmentation Strategy. Beyond storage, a fabric of pipelines should be created to enable water sharing between districts. Figure 9 identifies the elements of an integrated approach.

A Unified Approach to Achieving Drought Resilience <ul style="list-style-type: none"> • Single point of leadership • Integrated planning and collaboration • Coordinated development • Published goals and governance • Straightforward public communications 			
Multiple Water Sources <ul style="list-style-type: none"> • Rainwater to aquifer • Rainwater to surface flow • Surface flow to reservoir and aquifer recharge • Recycled wastewater 	Multiple Water Uses <ul style="list-style-type: none"> • Customers • Reservoir refill • Active and passive aquifer recharge • Recycled wastewater • Counter saltwater intrusion 	Diversified Storage <ul style="list-style-type: none"> • Surface reservoirs • Sustainable aquifers • Aquifer recovery beyond sustainability 	Transport and Redirection <ul style="list-style-type: none"> • Interdistrict water sharing • Passive and active aquifer storage and recovery • Recycled wastewater transport

Figure 9. **A Unified Approach to Achieving Drought Resilience**
 (Source: Santa Cruz County Grand Jury)

Consistent access to water through drought resilience supports County residents and the economy. The combination of surface and groundwater storage, wastewater recycling, and pipelines will deliver the drought resilience that the County requires to thrive and prosper. Now is the time for agencies to work together to deliver drought resilience to residents.

Findings

Findings describe the “so what” of the facts evaluated by the Grand Jury. They provide support for the Recommendations.

Current Situation

- F1.** If extended drought conditions lead the City of Santa Cruz to execute Stage 5 of its Water Shortage Contingency Plan, it will have extreme economic impacts on all residents throughout the County.
- F2.** There is an urgent need to create a county-wide drought-resilient water storage and delivery infrastructure.
- F3.** Interdistrict water-sharing plans spanning North County and Mid-County that could benefit all residents have existed since 2015 and deserve to be accelerated.

Elements of a Solution

- F4.** Establishing a strategic groundwater reserve, as described in documents from the City of Santa Cruz, is a well-understood and achievable first step.
- F5.** The City of Santa Cruz’s completion of the water rights revision project is a critical element of enabling district collaboration in support of county-level drought resilience.

- F6.** Limited interdistrict water transfers have been achieved and serve as proof of concept.
- F7.** Existing City of Watsonville and City of Santa Cruz wastewater resources are only partially utilized to address passive well resting and saltwater intrusion issues.

Agency Capabilities

- F8.** Each agency described in this report communicates well with neighboring agencies, but collaboration is limited and narrow in scope.
- F9.** Agency communications to the public emphasize conservation and sustainability while downplaying agency planning to achieve drought resilience.
- F10.** The individual water supply districts lack funding, resources, and charters to develop county-centric drought-resilience infrastructure.
- F11.** The Groundwater Sustainability Management agencies lack the charters, staff, and resources to plan or execute a county-wide drought-resilience strategy.
- F12.** There is no county-level agency chartered to plan, propose, or build regional district-spanning drought-resilience infrastructure.

Recommendations

Recommendations reflect the “now what?” conclusions drawn by the Grand Jury, and are based on the Findings. They frame expectations for how the agencies can improve their service to County residents.

- R1.** By December 31, 2022, the Boards of the Santa Margarita Groundwater Management Agency and the Mid-County Groundwater Management Agency should extend their charters to include and proactively deliver drought-resilience project planning and execution. (F1–F6, F8–F12)
- R2.** By December 31, 2022, local water districts should jointly publish an integrated drought-resilience action plan that includes essential infrastructure improvements, estimated costs and schedule to complete improvements that will deliver drought resilience to the Mid-County Groundwater Basin, the City of Santa Cruz, and the Santa Margarita Basin by December 31, 2029. Agencies to respond are the San Lorenzo Water District, the Scotts Valley Water District, the City of Santa Cruz Water Department, the Soquel Creek Water District, the Santa Margarita Groundwater Management Agency, and the Mid-County Groundwater Management Agency. (F1–F6, F8–F10, F12)

R3. By December 31, 2022, local water districts should jointly publish an integrated recycled wastewater action plan that specifies the infrastructure improvements, expected costs, and construction schedule that will fully utilize existing wastewater sources by December 31, 2026. Responding agencies are the Scotts Valley Water District, the City of Santa Cruz Water Department, the Soquel Creek Water District, the Central Water District, the Mid-County Groundwater Management Agency, the Pajaro Valley Water Management Agency, and the City of Watsonville Water Division. (F1, F6–F9, F12)

Commendations

- C1.** The City of Santa Cruz Water Department, the Santa Margarita Groundwater Agency, and the Mid-County Groundwater Agency have shown strong collaboration and innovation toward partially defining the water reserve plan.
- C2.** The Soquel Creek Water District and the City of Santa Cruz Water Department have shown strong collaboration to deliver the Pure Water Soquel project.

Required Responses

Responses are the opportunity for agency boards and leaders to advise County residents on how or whether they will address the Findings and Recommendations. Those responses can guide residents to better understand the priorities and values of those boards and their leaders. The Grand Jury will publish those responses later this year and may do a followup report in three years.

<i>Required Respondent</i>	<i>Findings</i>	<i>Recommendations</i>	<i>Respond Within/ Respond By</i>
City Council, City of Santa Cruz	F1, F3, F4, F5, F6, F7, F8, F9, F10, F11, F12	R1, R2, R3	90 Days August 22, 2022
Board of Directors, Mid-County Groundwater Management Agency	F6, F8, F9, F10, F11, F12	R1, R2, R3	90 Days August 22, 2022
Board of Directors, Santa Margarita Groundwater Management Agency	F8, F9, F10, F11, F12	R1, R2	90 Days August 22, 2022
Board of Directors, Scotts Valley Water District	F2, F3, F4, F6, F8, F9, F10, F11, F12	R1, R2, R3	90 Days August 22, 2022
Board of Directors, San Lorenzo Valley Water District	F2, F3, F4, F6, F8, F9, F10, F11, F12	R1, R2	90 Days August 22, 2022

Board of Directors, Soquel Creek Water District	F1, F2, F3, F4, F5, F6, F7, F8, F9, F10, F11, F12	R1, R2, R3	90 Days August 22, 2022
Board of Directors, Pajaro Valley Water Management Agency	F6, F9	R3	90 Days August 22, 2022
City Council, City of Watsonville	F6, F9	R3	90 Days August 22, 2022

Invited Responses

<i>Invited Respondent</i>	<i>Findings</i>	<i>Recommendations</i>	<i>Respond Within/ Respond By</i>
Director, City of Santa Cruz Water Department	F1, F2, F3, F4, F5, F6, F7, F8, F9, F10, F11, F12	R1, R2, R3	90 Days August 22, 2022
Point of Contact, Mid-County Groundwater Management Agency	F2, F4, F6, F7, F8, F9, F10, F11, F12	R1, R2, R3	90 Days August 22, 2022
Point of Contact, Santa Margarita Groundwater Management Agency	F2, F3, F4, F8, F9, F10, F12	R1, R2	90 Days August 22, 2022
General Manager, Scotts Valley Water District	F1, F2, F4, F7, F8, F9, F10, F11, F12	R1, R2, R3	90 Days August 22, 2022
District Manager, San Lorenzo Valley Water District	F1, F2, F3, F4, F8, F9, F10, F11, F12	R1, R2	90 Days August 22, 2022
General Manager, Soquel Creek Water District	F1, F2, F3, F4, F6, F7, F8, F9, F10, F11, F12	R1, R2, R3	90 Days August 22, 2022
Executive Officer, Santa Cruz County Local Area Formation Commission	F10, F11, F12,	R1	90 Days August 22, 2022
General Manager, Pajaro Valley Water Management Agency	F6, F9, F12	R3	90 Days August 22, 2022
Operations Supervisor, City of Watsonville Water Department	F6, F9, F12	R3	90 Days August 22, 2022

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Disclaimer

This report was issued by the Grand Jury with the exception of one juror who disclosed a perceived conflict of interest. This juror was excluded from every aspect of the investigation, including interviews, deliberations, and the writing and approval of this report.

Appendix A—Who Is Involved with Water in Santa Cruz County?

Residents of Santa Cruz County obtain water from a variety of sources—from city water departments to private wells. The geography and rural nature of the County has generated fragmented water delivery and management agencies. This report considers only the larger agencies that are within the oversight granted to the jury.

Water Delivery Agencies

Water is provided to the residents of Santa Cruz County by five large (greater than 1,000 connections), four small (200–1,000 connections), and 115 minor water suppliers. Additionally, there are some 8,000 private wells. Each of these suppliers effectively operates independently, although there is significant communication and cooperation among the agencies. As described in the Background section, water is sourced from rivers and creeks (surface flow), and groundwater basins underlying much of the County. Table 1 catalogs the major water suppliers and the sources of their water. This table is based on a more comprehensive version found in the *Santa Cruz County Water Resources Management Status Report for 2020* (page 24)^[47] and repeated in Appendix B.

It is immediately apparent from the table that most of the County’s water comes from groundwater. The City of Santa Cruz Water Department is the exception, obtaining nearly all of its water from surface flow, specifically the San Lorenzo River and creeks in the northern part of the County. In contrast, the City of Watsonville and the Soquel Creek Water District get their water from groundwater. Overall, the County receives about 75 percent of its water from groundwater and 25 percent from surface water.

Groundwater Management Agencies

Under the Groundwater Sustainability Act, groundwater management agencies are charged with achieving groundwater sustainability. Capital projects are generally undertaken by the individual water agencies to support the objectives of the groundwater management agency.

Santa Margarita Groundwater Agency (SMGWA). The SMGWA operates through a Joint Powers Authority (JPA), with members from the San Lorenzo Water District, the Scotts Valley Water District, and Santa Cruz County. Under the SGMA, the Groundwater Sustainability Plan for the Santa Margarita Groundwater Basin was completed ahead of the statutory requirement in November 2021.^[48]

Mid-County Groundwater Agency. The MGA operates through a Joint Powers Authority, with members from Santa Cruz County, the City of Santa Cruz, the Soquel Creek Water District, and the Central Water District.^[49] The State designated the Mid-County Basin as being critically overdrafted in 2015. Under the SGMA, this designation required production of the *Santa Cruz Mid-County Groundwater Sustainability Plan* by January 2020.^[49] This plan was produced by the MGA and is intended to achieve and maintain groundwater stability over a 50-year planning and implementation horizon.

Table 1. Water Sources and Water Agencies

Entity	Population	Annual Usage (Billion Gallons)	Water Source (percentage)	
			Ground	Surface / (Other)
Santa Cruz City Water Department	97,417	2.7	5	95
Watsonville City Water Service	65,966	2.3	100	0
Soquel Creek Water District	40,632	1.1	97	3
San Lorenzo Valley Water District	23,700	0.6	53	47
Scotts Valley Water District	10,709	0.4	87	13 (recycled)
Other Residential Water Districts	16,017	0.8	80	20
Private Wells	21,000	0.8	100	0
Total Residential / Commercial	275,441	8.8 Billion Gallons	6.2 Billion Gallons	2.6 Billion Gallons
Pajaro Agriculture		7.2	92	17 (recycled)
Mid- and North County Agriculture		0.8	90	10
Total Agricultural Billion Gallons		8.0	7.5	0.5
Total Annual Surface and Groundwater Usage Billion Gallons		16.8	13.7	3.1

Source: Pajaro Valley Water Management Agency (PVWMA). The PVWMA operates independently and is responsible for agricultural water delivery in its service region. The Pajaro Valley Basin is rated as “critically overdrafted.” Under the SGMA, this designation required production of a Groundwater Sustainability Plan by January 2020. This plan was produced by the PVWMA and is intended to achieve and maintain groundwater stability over a 50-year planning and implementation horizon.^[50]

The Other Players

The following are several local and state agencies that shape local projects and agencies and could contribute to developing county-wide drought resilience.

Resource Conservation District (RCD). In the area of drought resilience, the RCD has programs in South County that help farmers develop percolation systems. Percolation systems assist with groundwater recharge. These programs appear to be available

when requested by farmers. The agency does not seem to be participating with water districts directly on drought resilience.

Local Agency Formation Commission (LAFCO). LAFCO provides guidance when new special-purpose districts are formed. They also review district performance on a five-year cycle. All of the water supply districts and groundwater management agencies were formed under LAFCO guidance.

California Department of Water Resources (DWR). The DWR oversees execution of state laws that affect water delivery. This oversight includes approving the Water Supply Contingency plans and Groundwater Sustainability Management plans created by local agencies. The DWR is authorized to step in and manage groundwater basins if the local agencies do not meet state requirements.

Appendix B—Water By the Numbers

Table 2. Water Use in Santa Cruz County, 2020
(data for smaller systems is from 2019)

Water Supplier	Connections	Population	Water Use (acre-feet /year)	Ground Water	Surface Water	Recycled Water	Imported from Outside County
Santa Cruz City Water Department	24,561	97,417	8,375	5.0%	95.0%		
Watsonville City Water Service	14,855	65,966	7,201	100.0%	0.0%		
Soquel Creek Water District	14,479	40,632	3,312	96.7%	3.3%		
San Lorenzo Valley Water District	7,900	23,700	1,953	53.0%	47.0%		
Scotts Valley Water District	3,807	10,709	1,339	87.0%		13.0%	
Central Water District	823	2,706	411	100.0%			
Big Basin Water Company	605	1,694	205	37.0%	63.0%		
Mount Hermon Association	494	2,850	155	100.0%			
Forest Lakes Mutual Water Company (Felton)	326	1,076	40	100.0%			
Smaller Water Systems (5–199 connections.)	2,616	7,691	1,552	91.0%	6.0%		3.0%
Individual Users*	8,000	21,000	2,400	95.0%	5.0%		
Pajaro Agriculture (Santa Cruz County-only)**†			22,250	92.0%	1.0%	7.2%	
Mid- and North-County Agriculture*			2,400	90.0%	10.0%		
Totals	78,466	275,441	51,593	78%	19%	3%	0.1%
Summary by Water Source (acre-feet/year)				40,027	9,788	1,776	47
Summary of Non-Agricultural Use (acre-feet/year)				26,943	17,397	9,326	47

* Values are estimates. ** Includes a small number of water systems.

† Recycled water source is the City of Watsonville.

Source: Santa Cruz County Water Resources Management Status Report for 2020 (page 24)^[47]

Drought Stages and Water Consumption Reduction for the City of Santa Cruz

The following chart shows how business use of water is cut back as drought severity increases.

Sample Business Allocation Example

Customer Class	Normal Demand (Million Gallons) Jun-Nov	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
		Delivery (%)	Delivery (%)	Delivery (%)	Delivery (%)	Delivery (%)
		Volume (MG)	Volume (MG)	Volume (MG)	Volume (MG)	Volume (MG)
Business	297	95%	90%	85%	79%	60%
Total Business Use		282	267	252	234	178

Source: *Updated Interim Water Shortage Contingency Plan* (Table 12, page 23), City of Santa Cruz Water Department, February 5, 2021.^[10]

Appendix C—Supporting Reports

Key Documents

The Grand Jury reviewed the major published documents from numerous water agencies to determine how they plan to improve drought resilience. Most available plans are written to support the application for grants from state and other agencies. These agencies specify the content and the format of the documents. Typically, these plans intentionally lack the specificity that would require preparing an Environmental Impact Report. These documents are updated, usually on a five-year schedule. Progress from the previous plan is often required in each update.

Local Hazard Mitigation Plan. This class of document is not a plan to mitigate local hazards such as drought. Rather, it is a catalog of local hazards, with commentary on how they could be addressed. It is in place so agencies can apply for grants to address issues as they arise, or to receive state or federal funds after a disaster.

Water Shortage Contingency Plan. This documents how water restrictions are applied during drought conditions. It reflects local priorities for residential and commercial use and agriculture.

Groundwater Sustainability Plan. This plan is a requirement of the Sustainable Groundwater Management Act (SGMA, 2014), and it documents current groundwater supplies, usage patterns, and approaches to maintain the current aquifer levels. Recovery beyond the current depleted state is not addressed. Both the Santa Cruz Mid-County Groundwater Agency and the Santa Margarita Groundwater Agency have Groundwater Sustainability plans.


Urban Water Management Plan. This is a requirement under the Urban Water Management Act. The Scotts Valley Water District and the San Lorenzo Valley Water District prepared a joint Urban Water Management Plan. The cities of Santa Cruz and Watsonville and the Soquel Creek Water District have these plans.

Santa Cruz Water Rights Project Environmental Impact Report 2021. The EIR is required to address the necessary changes to the historical water rights on the San Lorenzo River. The current rights do not allow sending surplus water to neighboring water districts.

Final Report, Conjunctive Use and Water Transfers Phase II—(Task 6), 2015. This report documents the results of studies conducted to demonstrate the feasibility of storing excess San Lorenzo River water in the Santa Margarita and Mid-County groundwater basins.

Appendix D—Amendment of a Joint Powers Agreement

Amending the charter for a JPA requires the following application form.

 **State of California**
Secretary of State

AMENDMENT OF A JOINT POWERS AGREEMENT
(Government Code section 6503.5)

Instructions:

1. Complete and mail to: Secretary of State, P.O. Box 942870, Sacramento, CA 94277-2870.
2. Include filing fee of \$1.00.
3. Do not include attachments.
4. A copy of the full text of the joint powers agreement and amendments, if any, must be submitted to the State Controller's office. For address information, contact the State Controller's office at www.sco.ca.gov.

FILE NO _____

(Office Use Only)

Date of filing initial notice with the Secretary of State: _____

File number of initial notice: _____

Name of the agency or entity created under the agreement and responsible for the administration of the agreement: _____

Agency's or Entity's Mailing Address: _____

Title of the agreement: _____

Complete one or more boxes below: The agreement has been amended to:

Change the parties to the agreement as follows: _____

Change the name of the administering agency or entity as follows: _____

Change the purpose of the agreement or the powers to be exercised as follows: _____

Change the short title of the agreement as follows: _____

Make other changes to the agreement as follows: _____

RETURN ACKNOWLEDGMENT TO: (Type or Print)

NAME	[_____]	Date	_____
ADDRESS	[_____]	Signature	_____
CITY/STATE/ZIP	[_____]	Typed Name and Title	_____

SECSTATE NFSF 404B Rev 04/2015

Figure 10. Amendment of a Joint Powers Agreement^[51]

Board of Directors
Regular Meeting
05/12/22 at 6:00 p.m.

Santa Margarita Community Room
2 Civic Center Drive, Scotts Valley, California

Minutes

1. Convene

1.1. Call to Order and Roll Call

President Stiles called the meeting to order at 6:00 p.m. in the Santa Margarita Community Room. The meeting was conducted in a hybrid setting.

Directors

Bill Ekwall
Wade Leishman
Chris Perri
Danny Reber
Ruth Stiles

Staff

Bob Bosso, Legal Counsel (remote)
Piret Harmon, General Manager
Nick Kurns, Finance & Customer Service Manager (remote)
David McNair, Operations Manager
Donna Paul, Assistant to General Manager (remote)

Associate Directors

Noelle Downing (absent)
Annie Finch (absent)

Guests

Claudia DuVernois, Projects & Programs Assistant
Joe Serrano, Santa Cruz LAFCO

1.2. Pledge of Allegiance and Invocation

Director Reber led the pledge and Director Leishman the invocation.

1.3. Closed Session Report (none)

1.4. Additions/Deletions to the Agenda

Item 6.4 Annexation of Parcels in SVWD Sphere of Influence was taken out of order.

1.5. Oral Communications

General Manger Harmon introduced Claudia DuVernois, Projects and Program Assistant.

2. Presentations

None.

3. Administrative

3.1. Approval of Minutes – Regular Board Meeting 04/14/22

MOTION carried to approve the minutes of the 04/14/22 Board meeting by unanimous voice vote.

3.2. Committee and other Agency Meeting Reports

Engineering and Water Resources Committee 04/25/22

There was nothing further to add to the written report.

Finance & Personnel Committee 04/27/22

There was nothing further to add to the written report.

Executive & Public Affairs Committee (none)

Santa Margarita Groundwater Agency (SMGWA) Board Quarterly Recap
Director Perri and President Stiles reported on recent meetings.

Ad hoc Committee SVWD and SqCWD

Director Perri and President Stiles reported that the initial meeting was held on the first meeting was held on 05/10/22 and the group will meet monthly.

4. Consent

4.1. Orchard Run Water Treatment Plant Project Change Order No. 4

Recommendation: Authorize the General Manager to execute Change Order (CO) No. 4 with GSE Construction, Inc. in the amount of \$113,126 for the Orchard Run Water Treatment Plant Improvement Project.

4.2. Rate Assistance Program

Recommendation: Approve the Rate Assistance Program.

4.3. Qualifying Medical Needs Program

Recommendation: Approve the Qualifying Medical Needs Rate Program and rescind Resolution No. 02-17 Policy P200-17-1 Qualifying Medical Needs Rate.

4.4. Cross Connection Control and Backflow Prevention Policy

Recommendation: Update Policy P300-1-17 Cross Connection Control and Backflow Prevention.

MOTION carried to approve the consent agenda by unanimous roll call vote.

5. Public Hearings (none)

6. Business

6.1. Operating and Projects Budget Draft FY 2023

Operations Manager McNair presented the Projects Budget and Finance and Customer Service Manager Kurns presented Operating Budget. the budget.

No action was taken on this item.

6.2. Water Supply Outlook and Demand Strategy 2022

General Manager Harmon provided the staff report.

MOTION carried establish Stage 2 Water Supply Conditions and implement Add-on Drought Rates effective 06/01/2022 by unanimous voice vote.

6.3. Water Management Strategies for Demand Reduction Policy

MOTION carried to a Resolution No. 05-22 revising Policy P500-15-2 Water Management Strategies for Demand Reduction and rescinding Resolution No. 02-20 by unanimous roll call vote.

6.4. Annexation of Parcels in SVWD Sphere of Influence

General Manager Harmon provided the staff report.

Oral communications were made by Joe Serrano, Santa Cruz LAFCO

MOTION carried to adopt Resolution No. 06-22 initiating annexation of the territory already served by the District by unanimous roll call vote.

6.5. 11/08/22 Statewide General Election

MOTION carried to adopt Resolution No. 07-22 ordering an election, requesting Santa Cruz County Elections Department conduct the election and consolidate it with other jurisdictions holding an election on 11/08/22; authorize the filing of Notice to County Clerk of Elective Offices to be Filled and Transmittal of Map and Boundaries by unanimous roll call vote.

7. Staff Reports

7.1. Legal

Legal Counsel Bosso reported no movement on current legislation; he received a letter from the attorney for the City of Scotts Valley City regarding recycled water allocation and is working with General Manager Harmon on intertie agreements related to the grant.

7.2. Administrative

The General Managers report is appended.

7.3. Finance

Financial Reports 07/01/21 through 03/31/22

Finance and Customer Service Manager Kurns provided the staff report.

7.4. Operations

Operations Report - oral
Production, Demand and Rainfall Data through 04/30/22
Leak Adjustment Program Report 07/01/21 through 03/31/22

Operations Manager McNair reported on the ACWA Conference and the water main replacement project.

8. Directors Reports

None.

9. Written Correspondence (none)

10. Community Relations

April Newsletter

11. Closed Session (none)

12. Report on Closed Session and Additional Items (none)

13. Future Items

Biennial Review Conflict of Interest

Meetings and Event Calendar

Board Meetings

06/09/22

07/14/22

08/11/22

Committee Meetings

05/25/22 Engineering & Water Resources

TBD Executive & Public Affairs

05/23/22 Finance & Personnel

Santa Margarita Groundwater Agency

Board Meeting 05/26/22

Events

Water Reuse California Annual Conference 09/11/22 – 09/13/22 San Francisco

14. Adjourn

The meeting adjourned at 8:12 p.m.

Approved:

Attest:

Ruth Stiles, Board President

Piret Harmon, Board Secretary

STAFF REPORT – General Items

Scotts Valley Water District

Date: 5/12/22

To: Board of Directors

From: General Manager

1. Claudia DuVernois started as the Projects and Programs Assistant on May 9th.
2. As part of SMGWA GSP monitoring network enhancement, there will be a new monitoring well installed at the Vine Hill School. SVUSD will be executing a temporary construction easement with SMGWA and permanent easement with SVWD.
3. DWR Urban and Multibenefit Drought Relief Grant: District staff has been working closely with City of Santa Cruz Water Department staff on finalizing the grant agreement with DWR and proceeding with requesting proposals for design, CEQA and grant administration.
4. SqCWD -SVWD Ad-hoc Committee had their first meeting 05/10/22. Staff and board members presented a general overview of each agency. The committee discussed the expectations, potential activities and priorities of the anticipated work.
5. District was invited to participate in the “Summer Pop-up Event Series” hosted by Youth Action Network (YAN) and United Way of Santa Cruz County. The goal of the pop-up events is to connect youth 11-21 to youth programs, resources and local leaders. The Scotts Valley Pop-up event will be at MacDorsa Park on May 18th, 3-6pm.
6. District is looking into participating in the SV 4th of July parade that takes place on July 3rd. Directors and employees who are interested in volunteering, please contact Donna.

AGENDA REPORT

Scotts Valley Water District

Date: 06/09/22

To: Board of Directors

Item: Consent 4.2

Subject: **CalPERS Additional Discretionary Payment**

Reason: Supports Strategic Goal No 3 Financial Stewardship

SUMMARY

Recommendation: Approve an Additional Discretionary Payment (ADP) of \$1.4 million to California Public Employees Retirement System (CalPERS) towards the District's unfunded pension obligations and authorize the General Manager to execute all necessary documents.

Fiscal Impact: The \$1.4 million payment will be made from reserves.

Previous Related Action: On 09/22/21 the Finance and Personnel Committee discussed the plan to pay down the liability over a two-year period and recommended the financing plan for Board approval.

On 10/14/21 the Board approved the initial ADP of \$1 million.

BACKGROUND

The District makes two types of payments to CalPERS: normal costs for the benefits earned in that period, and past due payments for benefits previously earned by employees and retirees.

As of 06/30/2022 the preliminary balance on the unfunded accrued liability (UAL) is estimated to be \$0.8 million. In addition, approximately \$0.6 million will be added to the UAL balance and need to offset the anticipated low investment returns in FY 2021/2022.

DISCUSSION

The District is charged an interest rate of 7% on the UAL. Using available funds to pay down the UAL will result in significant savings. It is estimated that the District could save \$3.7 million in future UAL payments by making the \$2 million ADP.

Submitted,

Piret Harmon
General Manager

AGENDA REPORT

Scotts Valley Water District

Date: 06/09/22

To: Board of Directors

Item: Consent 4.3

Subject: **Cash Reserves Policy**

Reason: Supports Strategic Goal No. 3 Financial Stewardship

SUMMARY

Recommendation: Update Policy P200-17-2 Cash Reserves.

Fiscal Impact: No direct impact.

Previous Related Action:

On 06/08/17, the Board established Policy P200-17-2 Cash Reserves.

BACKGROUND

The Cash Reserves Policy provides general guidelines for fiscally responsible cash management.

DISCUSSION:

Policy P200-17-2 Cash Reserves was updated on 02/13/20 with an annual review schedule. Staff determined that no revisions are needed and recommends a review schedule that aligns with the current water rates schedule.

Submitted,

Piret Harmon

General Manager

Enclosed: Policy P200-17-2 Cash Reserves



Number:	P200-17-2	Type of Policy:	Finance
Title:	Cash Reserves		
Description:	Establishes guidelines for target cash reserves		
Original Adoption:	06/8/17	Reviewed:	02/13/20 <u>06/09/22</u>
Review Cycle:	1-year <u>5 years</u>	Resolution No.:	13-17

The Scotts Valley Water District establishes general guidelines for cash reserves at a level reasonably sufficient for supporting District operations, providing continued investment for maintenance and capital projects and meeting debt service requirements.

The Board of Directors authorizes and sets the target cash reserve level to be the aggregate total of the targets for individual reserve categories.

- 1) Operating Reserve: to provide working capital to support the operation, maintenance and administration of the District ensuring that cash flow needs of normal operations are met.
- 2) Rate Stabilization Reserve: to bridge the temporary revenue shortfall resulting from reduced consumption associated with declining water sales or unexpected increase in short-term operation and maintenance expenses.
- 3) Emergency Reserve: to allow the District to provide uninterrupted service in light of a fiscal emergency, natural disaster or major facility failure.
- 4) Capital Reserve: to provide funds for repair, replacement or improvement of District's infrastructure assets.
- 5) Debt Service Reserve: to ensure adequate funds for full and timely payment of debt obligations.

The appropriate amount of reserves is determined by a variety of factors, such as the operating budget, amount of debt, type of rate structure, frequency of billing and risk of natural disaster. District's Reserve Targets are established based on the following criteria:

Operating Reserve	90 days of operating expenses
Rate Stabilization Reserve	20% of volumetric water sales revenue

Emergency Reserve	2.5% of asset valuation
Capital Reserve	1 year of depreciation
Debt Service Reserve	100% of debt service

The target reserve level will be calculated and reaffirmed annually in the budget adoption process. The District makes every attempt to maintain target levels. When the reserves are depleted or fall below the established levels, a plan for replenishment is developed as part of the annual strategic plan and budget.

The cash reserves policy is established to provide general guidelines for fiscally responsible cash management. The policy is not intended to set strict limits that must be adhered to in a vacuum. Instead, these guidelines are intended to serve as a decision-making tool in planning for and evaluating activities or transactions that could have a significant impact on the level of cash on hand.

The reserve level as established by this policy meets the requirements set by District’s debt covenant.

AGENDA REPORT

Scotts Valley Water District

Date: 06/09/22

To: Board of Directors

Item: Business 6.1

Subject: **Operating and Projects Budget FY 2023**

Reason: Supports Strategic Goal No. 3 Financial Stewardship and Strategic Goal No. 5 Organizational Vitality

SUMMARY

Recommendation: 1) Approve an additional one-time cost of living increase of 5% to all non-exempt employees effective 07/12/22, and 2) Approve the Budget for Fiscal Year 2023 (FY 2023), including the FY 2023 Work Plan.

Fiscal Impact: The FY 2023 Budget amounts to \$10,033,984 in expenditures, including \$6,316,093 in Operating Expenses, \$1,118,091 in Debt Service, and \$1,670,000 in New Projects, \$909,800 in Project Carryover, and \$20,000 in Purchase Order Carryover. The FY 2023 Budget anticipates use of \$340,490 of fund balance.

Previous Related Action: On 05/12/22 the Board received the draft FY 2023 Budget.

On 04/27/22, the Finance and Personnel Committee reviewed the draft FY 2023 Budget summary.

BACKGROUND

District follows an annual budget cycle with a balanced budget adopted at the June board meeting. The Budget is comprised of the Operating Budget, Debt Service Budget and Projects Budget. The Operating Budget is a line item budget that is organized in functional divisions and major expense categories.

DISCUSSION

FY 2023 Budget is comprised of the Operating Budget, Debt Service Budget and Projects Budget. The Operating Budget is a line item budget that is organized in functional divisions and major expense categories. Included in the FY 2023 Operating Budget is an additional 5% cost of living increase.

The Memorandum of Understanding (MOU) between the District and the Employees Union stipulates the wage increase equal to the CPI-U average percent change in prior year for the

San Francisco Bay Area to go in effect the first full pay period of July in the following year. 2021 CPI-U was 3.38%. The consumer price index for the 12 months ending 03/31/22 leaped 8.5% and the rate of inflation has reached new 40-year highs for five straight months. The water industry, along with the greater public sector, is challenged with recruiting and retaining high quality workforce. The District takes pride in being a desired employer, who values and rewards competence, team spirit and creativity. To continue and live up to this management objective, the staff is proposing an additional one-time cost of living increase of 5%. The estimated expense increase from this in FY 2023 budget is approximately \$100,000. For the non-exempt employees, the additional increase would be implemented at the same time with the negotiated wage increase for 2022. The exempt employees' annual compensation increase will be presented for Board approval in August.

The Debt Service Budget provides funds for the 2021 First Foundation Bank loan and the 2016 JP Morgan Chase refunding loan. The Projects Budget includes maintenance projects and capital projects. Additionally, existing projects and service agreements committed but not anticipated to be completed by June 30, 2022, are recommended to be carried over into FY 2023.

The FY 2022 ending Fund Balance is estimated to be \$8,288,998. The FY 2023 ending Fund Balance is budgeted to be \$7,948,509.

As demonstrated in the Target Reserves section of the Transmittal Letter, the calculated target reserve level for FY 2023 is \$5,438,869.

A greater level of detail is provided in the enclosed budget transmittal letter.

Submitted,

Piret Harmon
General Manager

Enclosed: Budget Transmittal Letter
 FY 2023 Operating Budget
 FY 2023 Projects Budget
 FY 2023 Work Plan



June 9, 2022

Board of Directors
Scotts Valley Water District

Re: FY 2023 Budget Transmittal Letter

The FY 2023 Budget was developed to implement the FY 2023 Work Plan in support of the District strategic goals:

- Water Resource Management: SVWD meets the water supply needs of its customers by developing new, sustainable sources and maximizing the use of existing sources.
- Infrastructure Integrity: SVWD provides continuous investment in its infrastructure and process improvements to ensure the efficiency of its operations.
- Financial Stewardship: SVWD manages its financial resources in a manner that ensures the reliability of its operations and provides the greatest value to its customers.
- Community Engagement: SVWD proactively creates opportunities for strategic alliances and mutually beneficial relationships with its customers and partners.
- Organizational Vitality: SVWD recruits and retains the highest quality employees and board members by offering a work environment in which they can thrive and succeed.

The Work Plan in its entirety is attached for reference.

The total FY 2023 Budget amounts to \$10,033,984 in expenditures, including \$6,316,093 in Operating Expenses, \$1,118,091 in Debt Service, \$1,670,000 in New Projects, \$909,800 in Project Carryover, and \$20,000 in Purchase Order Carryover as described in the FY 2023 Budget Summary below.

In the March and April 2022 meetings, the Finance and Personnel Committee reviewed Budget Assumptions and the preliminary Proposed Operating Budget. In May, the Board of Directors reviewed the Proposed Projects Budget and the Proposed Operating Budget.

The District completed the Comprehensive Rate and Fee Study in October 2021 and implemented the first year of the new rate plan in January 2022. District rates were converted to reflect a new monthly billing schedule that went into effect in December of 2021. Rate changes reflected in this FY 2023 Budget and projected for January 2023 are presented below:

Potable Water

Effective Date	Change in Basic Meter Charge	Change in Tiered Rate
January 1, 2022	varies	varies
January 1, 2023	5%	5%

Recycled Water

Effective Date	Change in Basic Meter Charge	Change in Tiered Rate
January 1, 2022	-3%	3.6%
January 1, 2023	5%	5%

To comply with the 2014 Sustainable Groundwater Management Act, the District along with the County of Santa Cruz and San Lorenzo Valley Water District formed the Santa Margarita Groundwater Agency (SMGWA), which operations are initially funded by the three member agencies. The FY 2023 Expense Budget includes funding of \$200,000, \$100,000 more than the prior year budget, for SMGWA.

The Debt Service budget in the FY 2023 Budget consists of two debt issuances. The budget for the 2016 Installment Purchase Agreement with JP Morgan is pursuant to the payment schedule in the agreement. The budget for the 2021 Installment Purchase Agreement with First Foundation Bank is also pursuant to the payment schedule in the agreement. With these assumptions, the debt service payments in FY 2023 will increase approximately \$345,527 to \$1,118,091. The Debt Service Coverage Ratio (DSCR) for the FY 2023 Budget is 3.00, exceeding the required 1.2 ratio. The ratio lowers to 2.36 if all development revenues from new service connections projected for FY 2023 were delayed to future years.

The FY 2023 Operating Expense Budget increases 4.3%, or \$266,338 from the prior year budget. There are two reasons for the increase: District contribution to SMGWA increased by \$100,000. Additionally, the FY 2022 budget includes budget enhancements for one-time investments as well as increased investment in personnel in the Salaries & Benefits budget.

The budget for Salaries & Benefits in FY 2023 reflects a 8.38% Cost-of-Living Adjustment (COLA) increase for all positions. Contribution rates of each of the Districts three CalPERS pension plans stayed flat in FY 2023. The minimum required payment on the District's Unfunded Accrued Liability increased 14% from \$215,118 to \$244,234. Overall, Salaries & Benefits are budgeted to increase by 4.2% in FY 2023.

Services & Supplies, including debt service interest expense, are budgeted to increase 1% in FY 2023.

FY 2023 BUDGET SUMMARY

	Potable Water Fund 01	Recycled Water Fund 02	District Total Funds 01 and 02
REVENUE			
Operating Revenue			
Water Sales	4,514,300	534,900	5,049,200
Water Services	2,653,600	86,700	2,740,300
New Connections	720,200		720,200
Subtotal	7,888,100	621,600	8,509,700
Non-Operating Revenue			
Property Taxes	1,134,538	-	1,134,538
Notes Receivable (principal)	-	15,000	15,000
Other	27,456	6,800	34,256
Subtotal	1,161,994	21,800	1,183,794
TOTAL REVENUE	9,050,094	643,400	9,693,494
EXPENSES			
Operating Expenses			
Administration	1,378,718	124,858	1,503,575
Finance/Customer Service/WUE	914,141	86,795	1,000,936
Operations	3,054,402	389,089	3,443,491
Engineering	213,631	23,737	237,367
Board	117,651	13,072	130,724
Subtotal	5,678,542	637,551	6,316,093
Debt Service (principal & interest)	1,118,091	-	1,118,091
Projects	1,620,000	50,000	1,670,000
TOTAL EXPENSES	8,416,633	687,551	9,104,184
FY 2022 Projects Carryover	909,800	-	909,800
FY 2022 Purchase Orders Carryover	20,000	-	20,000
TOTAL BUDGET W/CARRYOVER	9,346,433	687,551	10,033,984

REVENUE

The FY 2023 Budget comprises a total revenue of \$9,693,494 with \$9,050,094 in the Potable Water (01) Fund and \$643,400 in the Recycled Water (02) Fund.

Water Sales revenue includes consumption-based sales of potable water, recycled water, and bulk water. The FY 2023 Water Sales revenue budget assumes consumption will be ten percent lower than the recent five-year average, with drought surcharges implemented in the summer of 2021 and a 5% rate increase in January 2023.

Water Service revenue is based on monthly basic service charges and the number of existing meters for both potable and recycled water. For new connections added to the system in FY 2022, Water Service revenue is anticipated in FY 2023 and is included in the budget.

New Connections revenue is based on the development projects which are underway in the Service Area and anticipated to be completed in FY 2023. New Connections revenue has proven to be volatile and difficult to predict. The FY 2023 Budget is based on the most likely scenario projected at this time.

Non-Operating Revenue includes property taxes, notes receivable, interest, dividends, sale of surplus items, etc. Property tax revenue for FY 2023 is budgeted at 2.4% more than the FY 2022 estimated actual, based on revenue growth estimates from the County. Interest and dividends are budgeted based on current interest rates.

EXPENSES

The FY 2023 Operating Budget totals \$6,316,093 including \$5,678,542 in the Potable Water (01) Fund and \$637,551 in the Recycled Water (02) Fund. The FY 2023 Operating Budget is comprised of \$3,273,116 in Salaries and Benefits and \$3,024,976 in Services, Supplies and Production Costs, as detailed below.

Salaries and Benefits

	FY 2022 Approved Budget	FY 2023 Proposed Budget	Change	%
Administration	702,412	816,905	114,493	16%
Finance	590,975	553,829	-37,146	-6%
Operations	1,612,579	1,680,391	67,812	4%
Engineering	112,058	120,367	8,309	7%
Board	124,055	101,624	-22,431	-18%
Total	3,142,079	3,273,116	131,037	4%

The FY 2023 Salaries and Benefits budget provides for an increase of \$131,037, or 4%, over the FY 2022 budget. The Salaries budget includes scheduled step increases for eligible hourly employees and compensation adjustments for exempt employees. The budget also includes a COLA of 8.38%. This increase is comprised of the calendar year 2021 CPI-U average (3.38%) and an additional 5% increase. Directors Fees for the board include compensation for Directors and Associate Directors to attend board and committee meetings as well as time spent at conferences, training events and other functions. The Benefits budget includes an average increase of 3.3% in medical premium rates; an increase of \$39,310 or 22%, for the unfunded pension liability related to prior service by employees and moderate increases in other benefits.

The number of positions increased by one to 19. The Administrative Office Assistant position which previously supported the Santa Margarita Groundwater Agency (SMGWA) is now fully budgeted to the District. The additional position is the Special Projects Assistant (Term Limited) position. A summary of budgeted full-time equivalent (FTE) positions follows:

Positions

	FTE in FY 2022	FTE in FY 2023
Administrative Office Assistant	0.5	1
Administrative Office Assistant - SMGWA	0.5	0
Assistant to the General Manager	1	1
Accounting Specialist	1	0
Accounting Technician	0	1
Engineering Technician	1	1
Electrician/Instrumentation Technician	1	1
Finance & Customer Service Manager	1	1
General Manager	1	1
Lead Water Facilities Operator	2	2
Operations Manager	1	1
Operations Supervisor	1	1
Special Projects Assistant (Term Limited)	0	1
Utility Service Representative, Field	1	1
Utility Service Technician	1	2
Water Facilities Operator III	2	2
Water Facilities Operator II	2	2
Water Use Efficiency Coordinator	1	0
Total Positions	18	19

Services, Supplies and Production Costs

Description	FY 2022 Approved Budget	FY 2023 Proposed Budget	Change	%
Services	1,017,806	978,912	-38,894	-4%
Supplies	58,900	62,300	3,400	6%
General Production Costs	114,100	129,300	15,200	13%
Source of Supply	260,000	370,000	110,000	42%
Pumping	526,500	542,300	15,800	3%
Water Treatment	518,100	510,700	-7,400	-1%
T&D	142,600	146,600	4,000	3%
Customer Accounts	229,937	291,764	61,827	27%
Other	6,100	11,100	5,000	82%
Total	2,874,043	3,042,976	168,933	6%

FY 2023 Services, Supplies and Production costs are budgeted at \$3,042,976, an increase of 6% from FY 2022. Services costs decreased 4% to \$978,912 from \$1,017,806 in FY 2022. The FY 2023 Budget includes various one-time Budget Enhancements for Professional Services in the Administration, Finance/Customer Service, and Operations Divisions that were not included in the FY 2022 Budget. These initiatives total approximately \$91,500. Excluding these Budget Enhancements, the FY 2023 Services, Supplies and Production costs would instead have totaled \$2,951,476, and the FY 2023 Budget would be an increase of \$77,433, or 2.6% less than the amount budgeted in FY 2022.

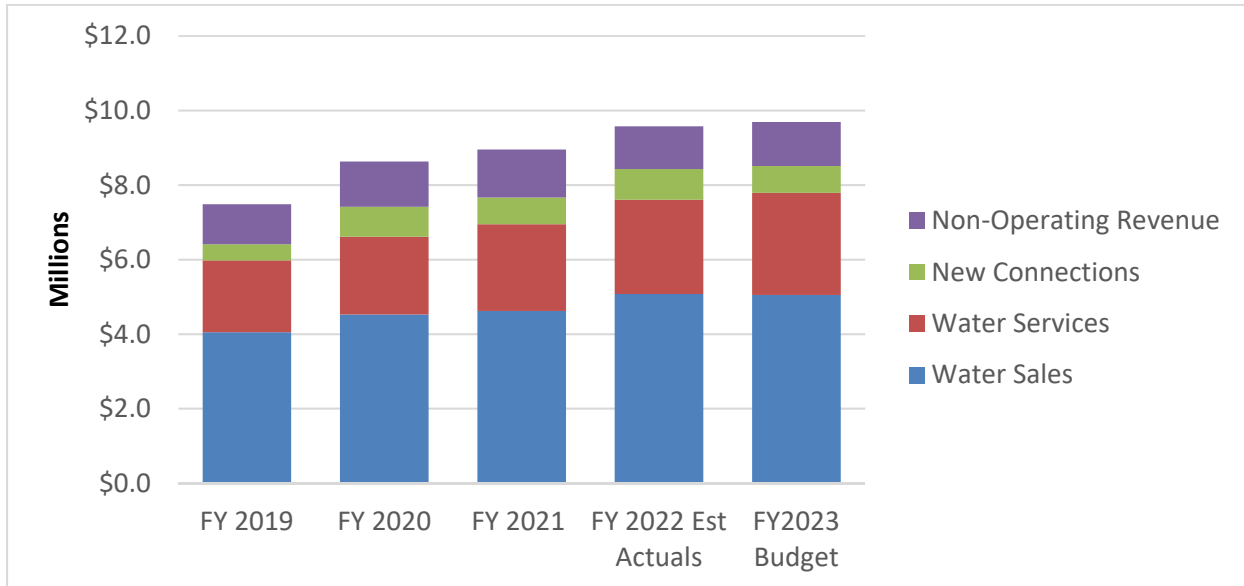
FY 2023 Purchase Order Carryover

One purchase order with an estimated balance of \$20,000 was encumbered in FY 2022, but not expected to be completed by year-end. The balance will be rolled into the FY 2023 Operating Budget to continue the work and is reflected in the budget as an FY 2022 Purchase Order Carryover in FY 2023.

FIVE-YEAR TREND/COMPARISON:

Revenue:

The following chart provides a five-year trend of District revenues, excluding Notes Receivable:



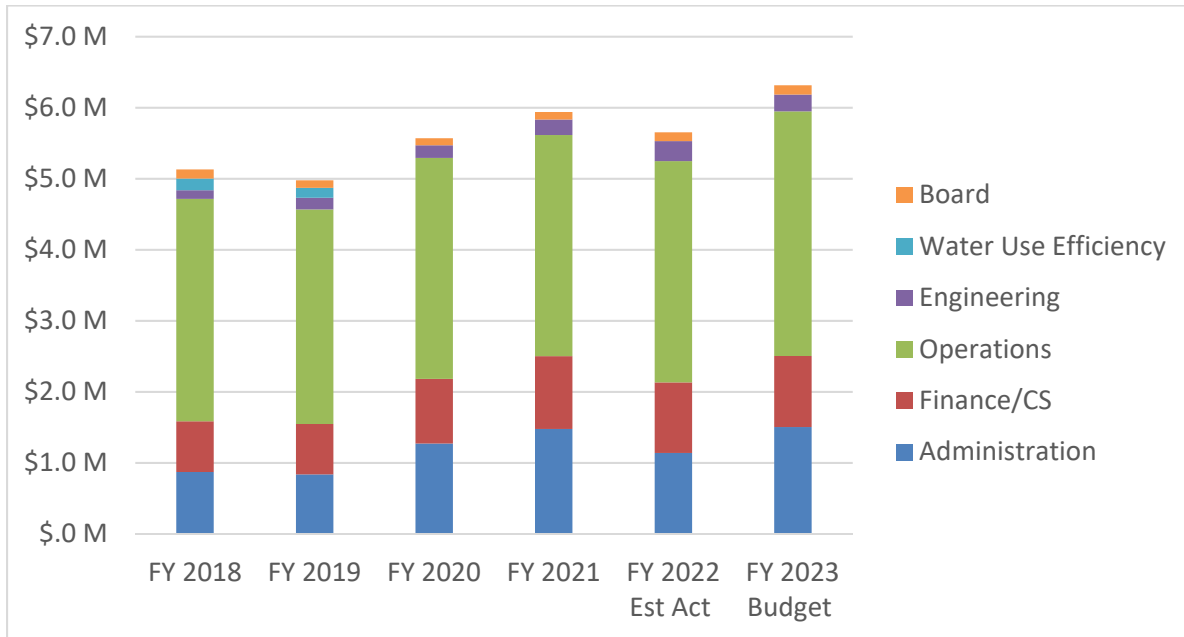
Water sales and water services revenue has increased since the adoption of the 2016 Rate Schedule in proportion to the rate increases over the period. A new rate schedule was approved in October 2021 and went into effect in January 2022.

Water sales and water services FY 2022 Estimated Actual revenue reflect rates from both the 2016 Rate Schedule and the 2021 Rate Schedule. The FY 2022 Budget assumed a 5% rate increase. However, while the 2021 Rate Schedule resulted in rate changes that were estimated to generate 5 percent revenue growth, each class of user and size of meter was impacted differently. FY 2022 Estimated Actual water services revenue include increased water service revenue from the rate increase and new connections in the District.

Water Sales consumption and revenue in FY 2023 will continue to be impacted by drought related activities. The District assumes a ten percent reduction will be achieved, that will be offset by five percent rate increases and drought surcharge rates. Water Sales revenue assumes that overall consumption will decrease ten percent from the five-year average used as the future baseline. Total revenue is anticipated to increase slightly in FY 2023.

Expenses:

The following chart provides a five-year trend of District expenses by Division.



The figures above exclude Debt Service. In FY 2020 the Water Use Efficiency division budget was shifted to the Finance / CS division to align with the changed organizational structure.

DEBT SERVICE

The FY 2023 Debt Service budget totals \$1,118,091, fully funded in the Potable Water (01) Fund pursuant to the 2021 Rate Schedule. The Debt Service is comprised of two debt issuances: the 2016 JP Morgan Loan and a 2021 First Foundation Loan.

	PW (01) Fund	RW (02) Fund	Total
2016 JP Morgan Loan			
Interest	\$57,385	\$0	\$57,385
Principal	\$671,991	\$0	\$671,991
Total	\$729,376	\$0	\$729,376
2021 First Foundation Loan			
Interest	\$83,715	\$0	\$83,715
Principal	\$305,000	\$0	\$305,000
Total	\$388,715	\$0	\$388,715
TOTAL DEBT SERVICE			
Interest	\$141,100	\$0	\$141,100
Principal	\$976,991	\$0	\$976,991
Total	\$1,118,091	\$0	\$1,118,091

DEBT SERVICE COVERAGE RATIO (DSCR)

The 2016 Refunding Loan requires that the District prescribe, revise and collect such charges for providing water, which, after allowances for contingencies and errors, produce sufficient income in each fiscal year to provide net revenues equal to at least 1.20 times the sum of 1) 2016 Loan installment payments becoming due and payable in such fiscal year and 2) all debt service and any related payments required with respect to any additional parity debt for such fiscal year. Parity debt consists of any additional debt obligations incurred by the District and secured by a debt on District revenues equally and ratably with the 2016 Loan payments. This includes the 2021 First Foundation Loan.

The FY 2023 Budget presents a debt coverage ratio of 3.02, which is well above the minimum requirement of 1.20. New Connections revenue including Meter Fees, Capacity Fees, Will Serve Fees, and Development Project Review Fees are budgeted for a total of \$0.7 million and included in the calculation. In the worst case, if all New Connections revenues were delayed and thus not included in this calculation, the DSCR would be adjusted to 2.38.

PROJECTS

The FY 2023 Projects budget totals \$1,670,000, consisting of \$1,620,000 in the Potable Water Fund and \$50,000 in the Recycled Water Fund. Additionally, projects in progress in FY 2022 are projected to have a total unspent balance of \$909,800 by FY 2022 year-end, and this amount will be carried forward into FY 2023, so that those projects may be completed. Combining the FY 2023 Project budget with the carryover budget, the FY 2023 Projects will total \$2,579,800. High-lighted projects are listed below:

Summary of the FY 2023 Projects Budget:

The most significant FY 2023 projects are described further below:

\$1,450,000 Well 3B Replacement

Construct a new well with a stainless-steel casing to replace the existing well 3B. The new well will pump water to the Orchard Run Water Treatment Plant for filtration and disinfection before distribution and will produce approximately 400 gallons per minute (gpm).

\$250,000 Lompico Formation Production Well

Design and construct a new production well that is needed to offset lost production capacity from Well 9 & Well 11A. The replacement well will, in part, be sited to provide for a more balanced withdrawal rate from the Lompico Aquifer.

\$150,000 El Pueblo Water Treatment Plant Improvements

Replace the manual filter control system that was installed in the 1980's with a programmable automated control system that is linked with the SCADA system.

\$150,000 Service Line Replacement in Monteville

Multi-year project to replace over 200 un-mapped polyethylene service lines with standardized copper service lines.

BUDGETARY CONTROL

Through approval of the budget, the board appropriates the resources necessary to maintain District service levels and achieve specified objectives. The District prepares a detailed line item operating budget, which represents an estimate based on operations at the time the budget is prepared. Throughout the fiscal year management applies best business practices to improve operational efficiencies. As a result, actual expenses may differ from the budget.

The level of budgetary control is set at the division level. Each Division Manager is responsible for his/her division budget. The General Manager is responsible for the District budget with authority to move appropriations between divisions. Budgetary control for projects is set at the total Projects budget amount approved for the year, including carryover project funding. Spending on a project not listed in the budget would require the board's review and approval through an agenda report.

FUND BALANCE

Fund Balance serves as a measure of the financial resources available in a governmental fund. Fund Balance is calculated as working capital, current assets minus current liabilities, to measure the approximate cash balance for the period. Funds in Fund Balance are readily available for new expenses or commitments.

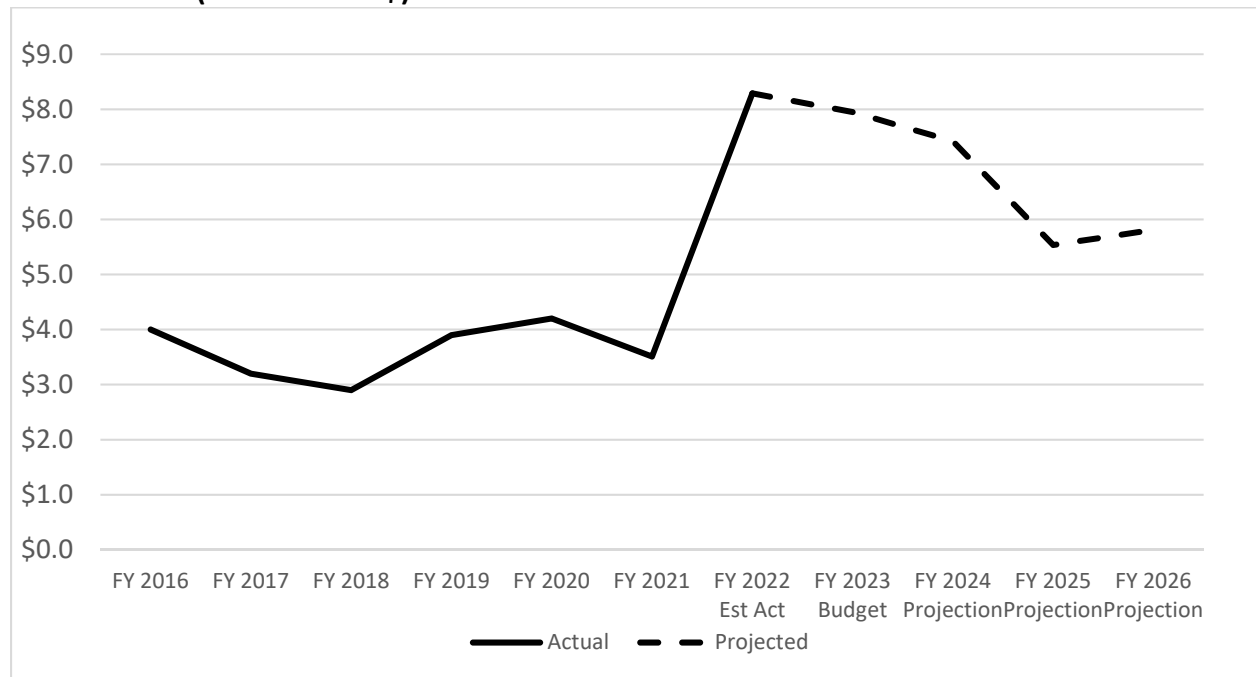
FY 2022 Estimated Actual	Potable Fund	Recycled Fund	District Total
Audited Fund Balance 6/30/2021	3,186,718	324,817	3,511,535
Revenue	8,853,103	722,049	9,575,153
Financing - New Debt Issuance	6,000,000	-	6,000,000
Notes Receivable	-	15,000	15,000
Operating Expense	(5,100,284)	(555,934)	(5,656,219)
Debt Service	(484,519)	(288,045)	(772,564)
Payment on Accrued Pension Liability	(2,600,000)	-	(2,600,000)
Project Costs	(1,783,907)	-	(1,783,907)
Increase / (Decrease) of Fund Balance	4,884,393	(106,929)	4,777,463
Projected Fund Balance 6/30/2022	8,071,111	217,888	8,288,998

The total Fund Balance is projected to increase \$4.8 million by the end of FY 2022, from \$3.5 million to \$8.3 million. This increase is primarily due to the 2021 First Foundation loan of \$6 million. The Estimated Actual for projects in FY 2022 is \$1.8 million versus the \$2.7 million that was anticipated would be needed in the FY 2022 Budget.

FY 2023 Budget	Potable Fund	Recycled Fund	District Total
Projected Fund Balance 6/30/2022	8,071,111	217,888	8,288,998
Revenue	9,050,094	643,400	9,693,494
Operating Expense	(5,678,542)	(637,551)	(6,316,093)
Debt Service	(1,118,091)	-	(1,118,091)
Project Costs	(1,620,000)	(50,000)	(1,670,000)
Increase / (Decrease) of Fund Balance	663,461	(44,151)	589,310
FY 2022 Purchase Orders Carryover	(20,000)	-	(20,000)
FY 2022 Projects Carryover	(909,800)	-	(909,800)
Projected Fund Balance 6/30/2023	7,774,772	173,737	7,948,509

The FY 2023 Budget anticipates a \$0.8 million use of Fund Balance. The FY 2023 budget anticipates that \$3.0 million will be used for projects which includes \$2.17 million in new project costs and \$0.9 million in project carryover. Fund Balances is anticipated to decrease from \$8.3 million on 6/30/2022 to \$7.5 million on 6/30/2023.

Fund Balance (in millions of \$)



After four years of declining fund balance from FY 2015 through FY 2018, the Fund Balance increased in FY 2019 and FY 2020. In FY 2021 the District made significant investments in capital assets, primarily in the Orchard Run Water Treatment Plant, resulting in a draw on fund balance. This project was debt financed, with the actual funding disbursed in FY 2022. FY 2022 Estimated Actual Fund Balance increase is due to the 2021 loan as well as revenue growth. As described above, the FY 2023 Budget anticipates use of reserves of approximately \$0.3 million.

Estimating future year fund balances requires numerous assumptions. The most significant assumptions relate to Capital Improvement Program spending levels and timing and new connections. The District takes a conservative approach to projecting the timing of when revenue from new connections will be received.

ALLOCATION OF EXPENSES BETWEEN POTABLE FUND AND RECYCLED FUND

Recycled water revenues, portions of debt service for the 2016 Refunding Loan, water meters for recycled accounts, repairs and maintenance of the recycled water plant and 10% of the general and administrative expenses are budgeted in the Recycled Water Fund. In the adopted 2021 Rate Schedule, effective with the FY 2023 Budget funding for the 2016 Refunding Loan was shifted to the Potable Water fund. It should be noted that all District fund balance reserves are allocated to the Potable Fund and none is currently allocated to the Recycled Fund.

TARGET RESERVE

The target reserves are established by the formula stated in District Policy P200-17-2. For FY 2023, the calculated target reserve amount is approximately \$5.4 million, as summarized below. The projected Reserve Balance, based upon fund balance at June 30, 2023, is \$7.5 million, or \$2.1 million greater than the Target Reserve.

District Reserve Components:

		FY 2023
Operating Reserve		
FY 2023 Operating Expense Budget	6,316,093	
Reserve Level: 90 days (25%)	25%	1,579,023
Rate Stabilization Reserve		
FY 2023 Water Sales Revenue Budget	5,049,200	
20% of volumetric water sales revenue	20%	1,009,840
Emergency Reserve		
Net Asset Value @ 6/30/2021	24,492,236	
2.5% of Net Asset Valuation	2.50%	612,306
Capital Reserve		
FY 2021 Depreciation	1,119,609	
1 year of Depreciation	100%	1,119,609
Debt Service Reserve		
FY 2023 Debt Service	1,118,091	
100% of Debt Service	100%	1,118,091
Target Reserve:		5,438,869

In summary, the FY 2023 Budget reflects a Revenue budget of continued cautious optimism, an Operating Expense budget that invests in Personnel and maintains high service levels, and a detailed Projects budget. Looking ahead, the District plans continue implementation of measures to achieve water savings while maintaining stable revenue. The FY 2023 Budget ensures that high service levels are maintained, essential projects are completed, with the District remaining on the path toward sustaining the target reserve level.

Respectfully submitted,

Piret Harmon
General Manager

Scotts Valley Water District
FY 2023 Proposed Budget: Revenue

Account Number	Account Description	FY 2022 Budget	FY 2022 Estimated Actual	FY 2023 Budget
Fund (01)	POTABLE WATER			
R10	Operating Revenue - Water Sales			
01-000-41101	Residential Consumption - Single-Family	2,594,087	2,500,164	2,500,200
01-000-41102	Residential Consumption - Multi-Family	200,886	196,314	196,300
01-000-41103	CII Consumption	1,343,116	1,391,954	1,392,000
01-000-41105	Irrigation Consumption	374,031	408,219	408,200
01-000-41200	Other Bulk Water	23,090	17,650	17,600
	R10 Operating Revenue-Water Sales Total:	4,535,210	4,514,300	4,514,300
R20	Operating Revenue - Water Services			
01-000-41300	Other Late Penalty	9,000	19,278	18,100
01-000-42100	Standby Basic Meter Charge	2,370,833	2,350,546	2,555,700
01-000-42121	Standby FP Basic Meter Charge	62,342	68,391	71,800
01-000-43300	Other Operating Revenue	6,800	7,988	8,000
	R20 Operating Revenue - Water Services Total:	2,448,975	2,446,203	2,653,600
R25	Operating Revenue - New Connections			
01-000-42101	Other Meter Fee	12,500	7,400	6,900
01-000-42102	Other Capacity Buy-in Fee	508,022	752,062	704,400
01-000-42120	Other FP Meter Fee	800	2,191	1,900
01-000-43100	Other Will Serve	1,000	1,125	1,000
01-000-43200	Other Dev Proj Review	6,000	3,806	6,000
	R25 Operating Revenue - New Connections Total:	528,322	766,584	720,200
R30	Non-Operating Revenue			
01-000-46000	Property Taxes	1,071,830	1,107,947	1,134,538
01-000-47110	Interest & Dividend	10	51	56
01-000-47120	Interest - LAIF	21,700	5,088	5,300
01-000-47520	Misc. Non-Operating Revenue	39,800	22,124	22,100
01-000-47530	Unrealized Gain/Loss on Investment	-	(9,194)	-
	R30 Non-Operating Revenue Total:	1,133,340	1,126,016	1,161,994
Fund (01) Potable Water Revenue Total:		8,645,847	8,853,103	9,050,094

Scotts Valley Water District
FY 2023 Proposed Budget: Revenue

Account Number	Account Description	FY 2022 Budget	FY 2022 Estimated Actual	FY 2023 Budget
Fund (02)	RECYCLED WATER			
R10	Operating Revenue - Water Sales			
02-000-41105	Irrigation Consumption	501,700	509,452	534,900
02-000-41200	Other Bulk Water	-	50,330	-
	R10 Operating Revenue - Water Sales Total:	501,700	559,782	534,900
R20	Operating Revenue - Water Services			
02-000-42100	Standby Basic Meter Charge	66,900	82,591	86,700
02-000-43300	Other Oper Revenue	-	125	-
	R20 Operating Revenue - Water Services Total:	66,900	82,716	86,700
R25	Operating Revenue - New Connections			
02-000-42101	Other Meter Fee	19,083	797	-
02-000-42102	Other Capacity Fee	-	57,249	-
	R25 Operating Revenue - New Connections Total:	19,083	58,046	-
R30	Non-Operating Revenue			
02-000-47110	Interest and Dividend	4,575	6,505	6,800
02-000-47560	Notes Receivable Payments	15,000	15,000	15,000
	R30 Non-Operating Revenue Total:	19,575	21,505	21,800
Fund (02) Recycled Water Revenue Total:		607,258	722,049	643,400
Fund (01) and Fund (02) Revenue Total:		9,253,105	9,575,153	9,693,494
Total Revenues excluding Notes Receivable		9,238,105	9,560,153	9,678,494

Scotts Valley Water District
Potable Water Fund (01)
FY 2023 Proposed Budget: Expense

Account Number	Account Description	FY 2022 Budget	FY 2022 Estimated Actual	FY 2023 Budget
Fund (01)	POTABLE WATER			
Dept (100)	Administration			
E01	Salaries & Benefits			
01-100-51110	Regular Pay	357,966	335,583	388,465
01-100-51111	Temporary Pay	11,440	5,336	65,000
01-100-51114	Overtime Pay	-	-	-
01-100-51115	Separation Pay	-	-	-
01-100-51116	Bonus Pay	3,815	3,815	-
01-100-51132	Special Vacation Pay	6,300	12,500	13,653
01-100-51150	Vehicle & Phone Allowance	3,840	3,692	3,840
01-100-51161	Medicare	5,689	4,858	5,950
01-100-51162	Social Security	-	333	-
01-100-51170	Compensated Absences	-	-	-
01-100-51202	Retirement - Tier 2	30,184	30,091	32,332
01-100-51203	Retirement - Tier 3	5,013	3,380	5,615
01-100-51204	Unfunded Pension Liability	215,118	207,962	244,234
01-100-51206	Retirement - Survivor Benefit	73	65	73
01-100-51210	Medical Insurance	30,143	28,616	32,949
01-100-51211	Medical Cash-in-lieu	-	-	-
01-100-51212	Dental Insurance	2,501	1,969	2,416
01-100-51213	Vision Insurance	679	668	906
01-100-51214	Life & AD&D Insurance	1,113	1,146	1,063
01-100-51215	457 & HSA Contributions	15,000	12,096	12,800
01-100-51216	Employee Assistance Program	86	86	60
01-100-51220	Other Post-Employment Benefits	6,202	6,164	-
01-100-51240	Workers' Compensation	2,000	2,828	2,300
01-100-51250	Tuition Reimbursement	5,250	-	5,250
01-100-51698	Reimbursement from SMGWA	-	-	-
01-100-51700	Allocation to RW Fd-S&B	(70,241)	(66,119)	(81,691)
	E01 Salaries & Benefits Totals:	632,171	595,070	735,215
E03	Services			
01-100-52110	Contractual Services	22,500	20,600	22,200
01-100-52120	Landscape Maint	7,000	6,000	6,000
01-100-52210	Professional Services	120,000	115,000	150,000
01-100-52230	IT Services	70,000	70,000	70,000
01-100-52231	Website Maint	9,500	9,500	2,000
01-100-52250	Legal Counsel	42,000	42,000	42,000
01-100-52280	Election Services	-	-	13,700
01-100-52310	Sewer Service	500	500	550
01-100-52320	Solid Waste Service	650	650	700
01-100-52330	Electricity & Gas	12,000	12,000	15,000
01-100-52340	Telephone & Internet	11,400	9,000	10,500
01-100-52410	Software Licensing & Maint	2,800	-	3,500
01-100-52420	Equipment Rental & Maint	4,600	4,600	4,600

Scotts Valley Water District
Potable Water Fund (01)
FY 2023 Proposed Budget: Expense

Account Number	Account Description	FY 2022 Budget	FY 2022 Estimated Actual	FY 2023 Budget
01-100-52510	Travel & Meetings	6,000	6,000	12,000
01-100-52520	Training	5,000	1,000	5,000
01-100-52530	Dues & Memberships	26,500	26,500	26,500
01-100-52540	Employee Recognition	6,000	3,000	8,000
01-100-52570	Printing Services	2,000	-	-
01-100-52620	Legal Advertising	200	-	200
01-100-52630	Advertising & Promotion	14,000	11,500	15,000
01-100-52660	Recruitment	1,000	4,500	2,000
01-100-52700	Safety Services	1,000	500	1,000
01-100-52725	HR Processing Fees	2,200	2,200	2,200
01-100-52800	Regulatory Oversight & Comp	100	100	100
01-100-52810	General Building Maint	18,000	-	2,020
01-100-52980	Allocation to RW Fd-Services	(38,495)	(34,515)	(41,477)
	E03 Services Totals:	346,455	310,635	373,293
E05	Supplies			
01-100-53100	Office Supplies	4,000	3,500	4,000
01-100-53110	Building Maint Supplies	-	700	1,000
01-100-53400	Books & Subscriptions	500	200	400
01-100-53500	Safety Supplies	1,500	2,500	2,500
01-100-53700	Special Division Supplies	5,000	4,000	4,000
01-100-53910	Office Equipment	2,000	200	2,000
01-100-53920	Furniture & Furnishings	3,000	3,000	3,000
01-100-53980	Allocation to RW Fd-Supplies	(1,600)	(1,410)	(1,690)
	E05 Supplies Totals:	14,400	12,690	15,210
E10	Source of Supply			
01-100-52211	Professional Services - SMGWA	100,000	84,000	200,000
01-100-52212	Professional Services - SS	30,000	30,000	50,000
01-100-52290	In-kind Service for SMGWA	10,000	4,000	-
	E10 Source of Supply Totals:	140,000	118,000	250,000
E70	Other			
01-100-52940	Customer Claims Paid	-	-	-
01-100-52950	Contingency for Litigation	5,000	-	5,000
	E70 Other Totals:	5,000	-	5,000
	Dept 100 Sub Totals:	1,138,026	1,036,395	1,378,718

Scotts Valley Water District
Potable Water Fund (01)
FY 2023 Proposed Budget: Expense

Account Number	Account Description	FY 2022 Budget	FY 2022 Estimated Actual	FY 2023 Budget
Dept (200)	Finance/Customer Service			
E01	Salaries & Benefits			
01-200-51110	Regular Pay	408,942	412,600	387,685
01-200-51111	Temporary Pay	5,000	-	5,000
01-200-51114	Overtime Pay	1,000	553	1,000
01-200-51115	Separation Pay	-	1,029	-
01-200-51116	Bonus Pay	-	-	-
01-200-51132	Special Vacation Pay	3,000	-	3,816
01-200-51150	Vehicle & Phone Allowance	960	1,038	480
01-200-51161	Medicare	6,061	6,421	5,716
01-200-51162	Social Security	-	-	-
01-200-51163	Unemployment / Disability Insurance	-	650	-
01-200-51170	Compensated Absences	-	-	-
01-200-51202	Retirement - Tier 2	24,204	15,278	21,444
01-200-51203	Retirement - Tier 3	13,272	20,373	12,066
01-200-51206	Retirement - Survivor Benefit	97	115	97
01-200-51210	Medical Insurance	76,668	82,955	69,386
01-200-51212	Dental Insurance	3,297	3,792	3,388
01-200-51213	Vision Insurance	906	835	680
01-200-51214	Life & AD&D Insurance	1,511	984	901
01-200-51215	457 & HSA Contributions	8,800	9,325	8,800
01-200-51216	Employee Assistance Program	114	107	86
01-200-51220	Other Post-Employment Benefits	35,044	32,185	30,387
01-200-51230	Unemployment Insurance	-	-	-
01-200-51240	Workers' Compensation	2,100	3,894	2,900
01-200-51250	Tuition Reimbursement	-	-	-
01-200-51700	Allocation to RW Fd-S&B	(59,098)	(59,213)	(55,383)
	E01 Salaries & Benefits Totals:	531,878	532,920	498,446
E03	Services			
01-200-52210	Professional Services	80,100	20,337	26,150
01-200-52240	Audit Services	15,000	15,000	15,000
01-200-52260	Financial/Regulatory Reporting	1,550	1,510	1,600
01-200-52270	Accounting Services	-	-	-
01-200-52300	Auto & Liability Insurance	50,400	48,237	50,600
01-200-52400	Property Insurance	18,400	21,883	23,000
01-200-52410	Software Licensing & Maint	9,281	9,284	9,748
01-200-52420	Equipment Rental & Maint	-	-	-
01-200-52510	Travel & Meetings	5,250	5,117	5,270
01-200-52520	Training	3,180	500	1,000
01-200-52550	Printing & Mailing Services	500	108	100
01-200-52630	Advertising & Promotion	2,500	1,000	2,000
01-200-52720	Payroll Processing Fees	7,700	7,710	7,970
01-200-52740	Bank Service Fees	6,800	6,955	7,300
01-200-52760	Health Benefits Admin Fees	496	496	504
01-200-52980	Allocation to RW Fd-Services	(20,756)	(13,814)	(15,024)

Scotts Valley Water District
Potable Water Fund (01)
FY 2023 Proposed Budget: Expense

Account Number	Account Description	FY 2022 Budget	FY 2022 Estimated Actual	FY 2023 Budget
01-200-54015	Property Tax Admin Fees	6,400	-	-
	E03 Services Totals:	186,801	124,323	135,218
E05	Supplies			
01-200-53200	Postage	3,000	2,848	3,000
01-200-53290	Promotional Give-Aways	1,000	900	1,000
01-200-53980	Allocation to RW Fd-Supplies	(400)	(375)	(400)
	E05 Supplies Totals:	3,600	3,373	3,600
E35	Customer Accounts			
01-200-52415	Software Licensing & Portal	47,377	51,625	61,704
01-200-52555	Printing & Mailing - CA	12,620	22,351	24,000
01-200-52560	Collection Agency Fees	1,160	1,160	1,270
01-200-52650	AMI Data Subscription	48,000	48,000	48,000
01-200-52710	Payment Processing Fees	60,000	60,000	60,000

Scotts Valley Water District
Potable Water Fund (01)
FY 2023 Proposed Budget: Expense

Account Number	Account Description	FY 2022 Budget	FY 2022 Estimated Actual	FY 2023 Budget
01-200-53250	Rebates - Pressure Regulators	3,000	3,000	3,000
01-200-53260	Rebates- Turf/Drip Replacement	40,000	40,000	40,000
01-200-53261	Special Rebate - Lawn/Turf	-	18,000	35,000
01-200-53270	Rebates- Outdoor Efficiency	1,000	1,000	5,000
01-200-53280	Rebates- Indoor Efficiencies	5,000	5,000	5,000
01-200-53700	Special Division Supplies	3,000	3,000	3,000
01-200-54980	Allocation to RW Fd-Cust Accts	(12,916)	(14,014)	(15,197)
01-200-59400	Bad Debt	8,000	5,000	5,000
E35 Customer Accounts Totals:		216,241	244,122	275,776
E70	Other			
01-200-54010	Property Taxes	1,100	921	1,100
01-200-54020	Broker/Auction Commissions	-	-	-
01-200-54025	Late Penalties	-	-	-
01-200-59700	Unfunded OPEB Liability	-	-	-
01-200-59999	Suspense Account	-	-	-
E70 Other Totals:		1,100	921	1,100
E80	Debt Service			
01-200-54740	Interest Expense-2016 JPMorgan	42,313	42,313	57,385
01-200-54740	Interest Expense- New Issuance	105,000	40,000	83,715
01-200-54750	Bond Principal-2016 JPMorgan	-	402,206	671,991
01-200-54750	Bond Principal- New Issuance	-	-	305,000
E80 Debt Service Totals:		147,313	484,519	1,118,091
Dept 200 Sub Totals:		1,086,933	1,390,178	2,032,232

Scotts Valley Water District
Potable Water Fund (01)
FY 2023 Proposed Budget: Expense

Account Number	Account Description	FY 2022 Budget	FY 2022 Estimated Actual	FY 2023 Budget
Dept (300)	Operations			
E01	Salaries & Benefits			
01-300-51110	Regular Pay	1,040,532	1,005,466	1,105,371
01-300-51111	Temporary Pay	-	-	-
01-300-51114	Overtime Pay	82,300	71,953	82,300
01-300-51115	Separation Pay	-	-	-
01-300-51116	Bonus Pay	-	2,426	-
01-300-51132	Special Vacation Pay	10,900	10,900	11,609
01-300-51150	Vehicle & Phone Allowance	6,240	6,219	6,240
01-300-51161	Medicare	15,536	15,590	16,330
01-300-51162	Social Security	-	-	-
01-300-51170	Compensated Absences	-	-	-
01-300-51201	Retirement - Tier 1	29,246	29,514	31,721
01-300-51202	Retirement - Tier 2	55,743	48,486	60,303
01-300-51203	Retirement - Tier 3	40,305	25,312	43,684
01-300-51206	Retirement - Survivor Benefit	242	188	242
01-300-51210	Medical Insurance	196,781	187,353	190,613
01-300-51211	Medical Cash-in-lieu	3,000	3,000	3,000
01-300-51212	Dental Insurance	11,063	10,581	10,959
01-300-51213	Vision Insurance	2,264	2,226	2,266
01-300-51214	Life & AD&D Insurance	2,655	2,601	2,722
01-300-51215	457 & HSA Contributions	20,800	22,291	20,800
01-300-51216	Employee Assistance Program	286	286	286
01-300-51220	Other Post-Employment Benefits	68,486	63,170	59,946
01-300-51240	Workers' Compensation	26,200	42,550	32,000
01-300-51700	Allocation to RW Fd-S&B	(161,258)	(155,011)	(168,039)
	E01 Salaries & Benefits Totals:	1,451,321	1,395,101	1,512,352
E03	Services			
01-300-52110	Contractual Services	-	-	-
01-300-52120	Landscape Maint	20,500	18,000	21,100
01-300-52210	Professional Services	10,000	5,000	10,300
01-300-52310	Sewer Service	500	500	500
01-300-52320	Solid Waste Service	3,100	7,000	3,200
01-300-52340	Telephone & Internet	16,200	14,000	16,700
01-300-52420	Equipment Rental & Maint	24,000	40,000	24,700
01-300-52500	Uniform Laundering Services	5,300	5,300	5,500
01-300-52510	Travel & Meetings	7,000	5,000	7,200
01-300-52520	Training	4,600	2,500	4,700
01-300-52550	Printing & Mailing Services	800	800	800
01-300-52700	Safety Services	1,500	1,500	1,500
01-300-52810	General Building Maint	5,200	5,200	5,400
01-300-52830	Landfill Fees	5,200	5,200	5,400
01-300-52910	Vehicle Maint	22,000	18,000	22,700
01-300-52930	Facility Site Maint	83,000	83,000	93,000
01-300-52980	Allocation to RW Fd-Services	(23,390)	(23,245)	(26,920)

Scotts Valley Water District
Potable Water Fund (01)
FY 2023 Proposed Budget: Expense

Account Number	Account Description	FY 2022 Budget	FY 2022 Estimated Actual	FY 2023 Budget
01-300-55130	GIS Maint	25,000	21,450	46,500
	E03 Services Totals:	210,510	209,205	242,280
E05	Supplies			
01-300-53100	Office Supplies	2,200	2,200	2,300
01-300-53110	Building Maint Supplies	-	-	-
01-300-53400	Books & Subscriptions	500	350	500
01-300-53500	Safety Clothing & Equipment	13,300	13,300	13,700
01-300-53600	Vehicle Fuel	18,600	20,460	20,500
01-300-53910	Office Equipment	2,100	4,000	2,200
01-300-53920	Furniture & Furnishings	800	600	800
01-300-53980	Allocation to RW Fd-Supplies	(3,750)	(4,091)	(4,000)
	E05 Supplies Totals:	33,750	36,819	36,000

Scotts Valley Water District
Potable Water Fund (01)
FY 2023 Proposed Budget: Expense

Account Number	Account Description	FY 2022 Budget	FY 2022 Estimated Actual	FY 2023 Budget
E07	General Production Costs			
01-300-52800	Regulatory Oversight & Comp	35,000	35,000	36,100
01-300-53300	Small Tools & Equipment	15,300	12,000	15,800
01-300-53700	Special Division Supplies	7,400	5,000	7,600
01-300-55980	Allocation to RW Fd-Gen Prod	(10,610)	(11,200)	(12,130)
01-300-56500	SCADA Maint	48,400	60,000	61,800
	E07 General Production Totals:	95,490	100,800	109,170
E10	Source of Supply			
01-300-55220	Intertie Water for Resale	-	-	-
01-300-55230	Well Maint	120,000	80,000	120,000
	E10 Source of Supply Totals:	120,000	80,000	120,000
E15	Pumping			
01-300-56310	Pumps & Boosters	50,000	50,000	51,500
01-300-56330	Pumps - Electricity & Gas	475,000	475,000	489,300
	E15 Pumping Totals:	525,000	525,000	540,800
E20	Water Treatment			
01-300-52315	Wastewater Disposal	135,000	135,000	139,100
01-300-55110	Chemical Supplies	66,400	75,225	68,400
01-300-55120	Laboratory Services	28,700	19,440	29,600
01-300-55210	Treatment Plant Maint	120,000	120,000	123,600
	E20 Water Treatment Totals:	350,100	349,665	360,700
E25	Transmission & Distribution			
01-300-52410	Software Licensing & Maint	6,300	4,583	6,500
01-300-55240	Tank & Reservoir Maint	24,000	12,381	24,700
01-300-56100	Main Maint & Repair	50,000	27,112	51,500
01-300-56200	Service Lateral Maint & Repair	15,300	9,872	15,800
01-300-56400	Fire Hydrant Maint	8,500	3,456	8,800
01-300-56600	Meter Maint	25,000	16,807	25,800
	E25 Transmission & Distribution Totals:	129,100	74,211	133,100
E70	Other			
01-300-54050	Capacity Buy-back	-	22,428	-
	E70 Other Totals:	-	22,428	-
	Dept 300 Sub Totals:	2,915,271	2,793,229	3,054,402

Scotts Valley Water District
Potable Water Fund (01)
FY 2023 Proposed Budget: Expense

Account Number	Account Description	FY 2022 Budget	FY 2022 Estimated Actual	FY 2023 Budget
Dept (400)	Engineering			
E01	Salaries & Benefits			
01-400-51110	Regular Pay	90,794	89,154	98,148
01-400-51114	Overtime Pay	2,500	1,000	2,500
01-400-51115	Separation Pay	-	-	-
01-400-51150	Vehicle & Phone Allowance	480	480	480
01-400-51161	Medicare	1,403	1,355	1,510
01-400-51170	Compensated Absences	-	-	-
01-400-51202	Retirement - Tier 2	9,388	9,280	10,129
01-400-51203	Retirement - Tier 3	-	-	-
01-400-51206	Retirement - Survivor Benefit	24	20	24
01-400-51210	Medical Insurance	-	-	-
01-400-51211	Medical Cash-in-lieu	3,000	3,000	3,000
01-400-51212	Dental Insurance	1,294	1,273	1,296
01-400-51213	Vision Insurance	226	223	227
01-400-51214	Life & AD&D Insurance	120	125	126
01-400-51215	457 & HSA Contributions	2,200	2,208	2,200
01-400-51216	Employee Assistance Program	29	29	29
01-400-51240	Workers' Compensation	600	693	700
01-400-51700	Allocation to RW Fd-S&B	(11,206)	(10,884)	(12,037)
	E01 Salaries & Benefits Totals:	100,853	97,955	108,331
E03	Services			
01-400-52210	Outside Prof Services	20,000	10,000	20,000
01-400-52215	Prof. Svcs (3rd-Party Funded)	(10,000)	-	(10,000)
01-400-52220	Engineering Services	160,000	160,000	100,000
01-400-52410	Software Licensing & Maint	4,000	2,673	4,000
01-400-52510	Travel & Meetings	1,400	-	1,400
01-400-52520	Training	1,000	150	1,000
01-400-52700	Safety Services	-	-	-
01-400-52980	Allocation to RW Fd-Services	(17,640)	(17,282)	(11,640)
	E03 Services Totals:	158,760	155,541	104,760
E05	Supplies			
01-400-53700	Special Division Supplies	600	800	600
01-400-53980	Allocation to RW Fd-Supplies	(60)	(80)	(60)
	E05 Supplies Totals:	540	720	540
	Dept 400 Sub Totals:	260,153	254,216	213,631

Scotts Valley Water District
Potable Water Fund (01)
FY 2023 Proposed Budget: Expense

Account Number	Account Description	FY 2022 Budget	FY 2022 Estimated Actual	FY 2023 Budget
Dept (900)	Board of Directors			
E01	Salaries & Benefits			
01-900-51120	Director Fees	38,240	38,240	36,800
01-900-51161	Medicare	554	547	554
01-900-51162	Social Security	2,371	2,371	2,371
01-900-51212	Dental Insurance	5,798	3,799	3,799
01-900-51213	Vision Insurance	1,585	1,585	1,585
01-900-51214	Life & AD&D Insurance	303	303	303
01-900-51220	Other Post-Employment Benefits	20,908	14,970	14,970
01-900-51240	Workers' Compensation	2,003	388	400
01-900-51260	Medical Premiums	52,293	52,293	40,842
01-900-51700	Allocation to RW Fd-S&B	(12,406)	(11,450)	(10,162)
	E01 Salaries & Benefits Totals:	111,650	103,046	91,461
E03	Services			
01-900-52410	Software Licensing & Maint	200	-	10,000
01-900-52510	Travel & Meetings	7,800	7,000	17,300
01-900-52520	Training	7,000	800	1,000
01-900-52980	Allocation to RW Fd-Services	(1,500)	(780)	(2,830)
	E03 Services Totals:	13,500	7,020	25,470
E05	Supplies			
01-900-53100	Office Supplies	200	200	200
01-900-53910	Office Equipment	600	600	600
01-900-53980	Allocation to RW Fd-Supplies	(80)	(80)	(80)
	E05 Supplies Totals:	720	720	720
	Dept 900 Sub Totals:	125,870	110,786	117,651
	Fd 01 Expense Totals:	5,526,252	5,584,803	6,796,633

Scotts Valley Water District
Recycled Water Fund (02)
FY 2023 Proposed Budget: Expense

Account Number	Account Description	FY 2022 Budget	FY 2022 Estimated Actual	FY 2023 Budget
Fund (02)	RECYCLED WATER			
Dept (100)	Administration			
E01	Salaries & Benefits			
02-100-51700	Allocation from Fund (01) to Fund (02)	70,241	66,119	81,691
	E01 Salaries & Benefits Totals:	70,241	66,119	81,691
E03	Services			
02-100-52980	Allocation from Fund (01) to Fund (02)	38,495	34,515	41,477
	E03 Services Totals:	38,495	34,515	41,477
E05	Supplies			
02-100-53980	Allocation from Fund (01) to Fund (02)	1,600	1,410	1,690
	E05 Supplies Totals:	1,600	1,410	1,690
	Dept 100 Sub Totals:	110,336	102,044	124,858
Dept (200)	Finance/Customer Service			
E01	Salaries & Benefits			
02-200-51700	Allocation from Fund (01) to Fund (02)	59,098	59,213	55,383
	E01 Salaries & Benefits Totals:	59,098	59,213	55,383
E03	Services			
02-200-52980	Allocation from Fund (01) to Fund (02)	20,755	13,814	15,024
	E03 Services Totals:	20,755	13,814	15,024
E05	Supplies			
02-200-53980	Allocation from Fund (01) to Fund (02)	400	375	400
	E05 Supplies Totals:	400	375	400
E35	Customer Accounts			
02-200-52650	AMI Data Subscription	780	780	790
02-200-54980	Allocation from Fund (01) to Fund (02)	12,915	14,014	15,197
	E35 Customer Accounts Totals:	13,695	14,794	15,988
E80	Debt Service			
02-200-54740	Interest Expense - 2016 JPMorgan	27,419	27,419	-
02-200-54750	Bond Principal - JPMorgan	-	260,626	-
	E80 Debt Service Totals:	27,419	288,045	-
	Dept 200 Sub Totals:	121,367	376,240	86,795

Scotts Valley Water District
Recycled Water Fund (02)
FY 2023 Proposed Budget: Expense

Account Number	Account Description	FY 2022 Budget	FY 2022 Estimated Actual	FY 2023 Budget
Dept (300)	Operations			
E01	Salaries & Benefits			
02-300-51700	Allocation from Fund (01) to Fund (02)	161,258	155,011	168,039
	E01 Salaries & Benefits Totals:	161,258	155,011	168,039
E03	Services			
02-300-52980	Allocation from Fund (01) to Fund (02)	23,390	23,245	26,920
	E03 Services Totals:	23,390	23,245	26,920
E05	Supplies			
02-300-53980	Allocation from Fund (01) to Fund (02)	3,750	4,091	4,000
	E05 Supplies Totals:	3,750	4,091	4,000
E07	General Production Costs			
02-300-53700	Special Division Supplies	8,000	-	8,000
02-300-55980	Allocation from Fund (01) to Fund (02)	10,610	11,200	12,130
	E07 General Production Totals:	18,610	11,200	20,130
E15	Pumping			
02-300-56310	Pumps and Boosters	-	-	-
02-300-56330	Pumps - Electricity and Power	1,500	1,500	1,500
	E15 Pumping Totals:	1,500	1,500	1,500
E20	Water Treatment			
02-300-55210	Treatment Plant Maintenance	168,000	124,092	150,000
	E20 Water Treatment Totals:	168,000	124,092	150,000
E25	Transmission & Distribution			
02-300-55240	Tank and Reservoir Maintenance	1,000	2,000	1,000
02-300-56100	Main Maintenance and Repairs	7,500	-	7,500
02-300-56200	Service Lateral Maint & Repair	3,000	-	3,000
02-300-56600	Meter Maintenance	1,000	1,000	1,000
02-300-56800	Recycled Water Monitoring	1,000	-	1,000
	E25 Transmission & Distribution Totals:	13,500	3,000	13,500
E30	Conservation			
02-300-56900	Recycled Water Fill Station	-	3,000	5,000
	E30 Conservation Totals:	-	3,000	5,000
	Dept 300 Sub Totals:	390,008	325,139	389,089

Scotts Valley Water District
Recycled Water Fund (02)
FY 2023 Proposed Budget: Expense

Account Number	Account Description	FY 2022 Budget	FY 2022 Estimated Actual	FY 2023 Budget
Dept (400)	Engineering			
E01	Salaries & Benefits			
02-400-51700	Allocation from Fund (01) to Fund (02)	11,206	10,884	12,037
	E01 Salaries & Benefits Totals:	11,206	10,884	12,037
E03	Services			
02-400-52220	Professional Services	-	-	-
02-400-52980	Allocation to RW Fd-Services	17,640	17,282	11,640
	E03 Services Totals:	17,640	17,282	11,640
E05	Supplies			
02-400-53980	Allocation to RW Fd-Supplies	60	80	60
	E05 Supplies Totals:	60	80	60
	Dept 400 Sub Totals:	28,906	28,246	23,737
Dept (900)	Board of Directors			
E01	Salaries & Benefits			
02-900-51700	Allocation from Fund (01) to Fund (02)	12,406	11,450	10,162
	E01 Salaries & Benefits Totals:	12,406	11,450	10,162
E03	Services			
02-900-52980	Allocation from Fund (01) to Fund (02)	1,500	780	2,830
	E03 Services Totals:	1,500	780	2,830
E05	Supplies			
02-900-53980	Allocation from Fund (01) to Fund (02)	80	80	80
	E05 Supplies Totals:	80	80	80
	Dept 900 Sub Totals:	13,986	12,310	13,072
	Fd 02 Expense Totals:	664,603	843,979	637,551

SCOTTS VALLEY WATER DISTRICT					
FY 2023 Proposed Budget: Project Costs					
CAPITAL IMPROVEMENT AND MAINTENANCE PROJECTS					
Category	Project Name	Project Description	Carryover to FY 2023	FY 2023 Request	FY 2023 Budget
Mains	Main Replacement Program - Potable	Replace and upgrade potable water mains based on leak history, service life, and size.	\$ -	\$ 100,000	\$ 100,000
	SCWD-SVWD System Intertie	Regional Drought Resiliency Project. Design and construction of: 1) 12" bi-directional pipeline and pump station. 2) New groundwater well and treatment plant upgrades.	\$ -	\$ 500,000	\$ 500,000
	<i>Funded by Local Project Sponsor (City of Santa Cruz)</i>		\$ -	\$ (500,000)	\$ (500,000)
Treatment Plants	El Pueblo Water Treatment Plant Improvements	Replace manual 1980's filter control system with programable automated control system linked with SCADA.	\$ 100,000	\$ 50,000	\$ 150,000
	Treatment Facility for New Production Well	New Lompico Formation Production Well and Treatment Plant.	\$ -	\$ 0	\$ -
Tanks	Bethany Tank Rehabilitation	Construct additional tank on-site to allow for roof reconstruction and interior and exterior coating replacement of 400,000 gallon Bethany Tank. Project extends tank service life and provides additional permanent storage and redundancy.	\$ 44,510	\$ 100,000	\$ 144,510
Pump Stations	Monte Fiore PS Rehab	Major upgrade to include new building, pumps, piping, propane generator, and controls.		\$ 75,000	\$ 75,000
Wells	Lompico Formation Production Well (Well 9 Replacement)	Construct a new production well that is needed to offset lost production capacity from Well 9 & Well 11A. The replacement well will in part be sited to provide for a more balanced withdrawal rate from the Lompico Aquifer.	\$ -	\$ 250,000	\$ 250,000
	<i>DWR Drought Grant Reimbursement</i>		\$ -	\$ -	\$ -
	Well 3B Replacement	Replace aging well 3B with new production well at the Sucinto Drive well site.	\$ 750,000	\$ 700,000	\$ 1,450,000
	<i>z</i>		\$ -	\$ -	\$ (1,500,000)
Recycled Water Supply	Purified Recycled Water Recharge	Supplemental supply project to increase groundwater reliability, especially in dry years (climate change related change). Could be shifted to SMGWA or replaced with conjunctive use.	\$ -	\$ 50,000	\$ 50,000
	<i>GW Recharge - Grant Reimbursement</i>		\$ -	\$ -	\$ -

SCOTTS VALLEY WATER DISTRICT					
FY 2023 Proposed Budget: Project Costs					
CAPITAL IMPROVEMENT AND MAINTENANCE PROJECTS					
Category	Project Name	Project Description	Carryover to FY 2023	FY 2023 Request	FY 2023 Budget
Distribution System	Pressure Regulator Station Installation - Granite Creek Estates	Install main line regulator station to reduce 200+ PSI in the distribution system that serves Taryn Ct, Lauren Circ, Traci Ct and section of Granite Cr Rd.	\$ -	\$ 15,000	\$ 15,000
	<i>Third Party Contribution</i>		\$ -	\$ -	\$ -
	Service Line Replacement in Montevelle	Replace 200+ un-mapped polyethylene service lines with standardized copper service lines, multi year project	\$ -	\$ 150,000	\$ 150,000
Meters	Automated Metering Infrastructure (AMI)	Install AMI transmitters on all meters over 3-4 year period.	\$ -	\$ 5,000	\$ 5,000
	Meter Replacement Program	Replace all meters installed before 2012 at the rate of 800-1000 meters per year.	\$ -	\$ 25,000	\$ 25,000
Fleet	Specialized Operations Equipment	Replace heavy equipment and specialized vehicles on as-needed basis.	\$ -	\$ 50,000	\$ 50,000
Buildings	Administrative Building Improvements	Repairs and modifications to the office facility to support business operations	\$ 15,290	\$ 75,000	\$ 90,290
	Corp Yard Improvements	Remove unused infrastructure, paving, heavy equipment shelter.		\$ 25,000	\$ 25,000
	Total Projects		\$ 909,800	\$ 1,670,000	\$ 2,579,800
	Less Other Funding		\$ -	\$ -	\$ (1,500,000)
	Net Projects		\$ 909,800	\$ 1,670,000	\$ 1,079,800

SCOTTS VALLEY WATER DISTRICT WORK PLAN - FY 2023		
STRATEGIC GOALS MANAGEMENT OBJECTIVES	FY 2023 TASKS	P/O
1. Water Resource Management: SVWD meets the water supply needs of its customers by developing new, sustainable sources and maximizing the use of existing sources.		
1.1 Pursue the potential of wastewater for beneficial uses	Work with SCWD and SqCWD in developing a strategic direction for maximizing wastewater utilization in the region	O
	In support of SMGWA GSP implementation, conduct further assessment of a potential IPR recharge project in the basin	O/P
	Work with City of Scotts Valley staff in evaluating the condition of the Tertiary Treatment Plant and determining the necessary and optimum improvements	O
	Assist the City of Scotts Valley with finding a mutually advantageous solution for wastewater operations in the long run	O
1.2 Identify and implement conjunctive use projects in the region	Be responsive to in-lieu project evaluation proposals from SCWD and SLVWD	O
	Coordinate the intertie project with SCWD in support of conjunctive use	P
1.3 Optimize the efficient use of water	Improve on 2020 Validated Water Loss Audit score of 63	O
	Utilize a set of metrics for measuring effectiveness of WaterSmart Portal (reducing inefficient use and loss) and develop management reports based on these metrics	O
	Develop a pressure reduction program for the distribution system	O
	Conduct an assessment of production/consumption data collecting practices and develop guidelines that ensure consistency and result in clean synchronized reports	O
	Develop a work plan to comply with SB606 and AB1668 by 1/1/24	O
	Implement Think Twice WUE Program to achieve appropriate demand reduction targets per Water Shortage Contingency Plan	O
2. Infrastructure Integrity: SVWD provides continuous investment in its infrastructure and process improvements to ensure the efficiency of its operations.		
2.1 Maintain all assets within their useful life threshold	Develop a service line replacement program for Monteville and commence work on at least a portion of it (25-30%)	O/P
	Depending on the necessary improvement recommendations, finalize the design, develop bid document and award the contract on Bethany Tank rehabilitation	P
	Complete upgrades at El Pueblo Water Treatment Plant: installation and programming of plant control panel	P
	Replace Well 3B: commence and complete construction	P
	commence work on highest priority tasks on HQ building repairs/replacement.	P
2.2 Utilize technology and innovative solutions for improving operational efficiencies	Complete the assessment and development of the master plan for SCADA improvements	O
	Evaluate online agenda management solutions and coordinate the migration to new platform if determined superior and value added	O
	Improve the process of conducting the RW site supervisor training, consider and evaluate third party solutions	O

SCOTTS VALLEY WATER DISTRICT WORK PLAN - FY 2023		
STRATEGIC GOALS MANAGEMENT OBJECTIVES	FY 2023 TASKS	P/O
2.3 Optimize the redundancy and effectiveness of the system and facilities	Construct a new production well: design, environmental review and bid documents	P
	Coordinate joint ad-hoc committee activities exploring shared resources and collaborative strategies for SVWD and SqCWD. Implement any appropriate committee/board recommendations	O
	Explore and implement if feasible a pressure reduction solution at Granite Creek Estates neighborhood.	O/P
	Develop a plan to install solar systems at various District facilities	O
3. Financial Stewardship: SVWD manages its financial resources in a manner that ensures the reliability of its operations and provides the greatest value to its customers.		
3.1 Provide seamless customer experience	Assess the process and effectiveness of the storing the information submitted via web forms	O
	Improve the customer engagement on WaterSmart portal by increasing the customer profile updates and number of returning visits.	O
	Pilot and evaluate using technology tools in the HQ customer lobby	O
3.2 Exploit integrated data management for maximum efficiency and transparency	Evaluate, and implement if viable, using WaterSmart as a primary customer gateway for multiple digital services	O
	Evaluate production data collection and storing system and propose recommendations for improvement (internal process or outside solutions)	O
3.3 Design and manage balanced and fair revenue sources that are sufficient for meeting operating and capital needs while providing for adequate reserves	Investigate the feasibility and process of updating the drought rate schedule	O
	Review current Connection Fee schedule and determine if the structure and fees are still appropriate	O
	Coordinate activities in support of DWR Urban and Multibenefit Drought Relief Grant	O/P
4. Community Engagement: SVWD proactively creates opportunities for strategic alliances and mutually beneficial relationships with its customers and partners.		
4.1 Use creative approaches and technology for engaging the community	Participate in SV Art Wine Beer Festival	O
	Organize a series of in person Water System Field Trips for public	O
	Hold a SVWD Pop-up Station joint with the RW Fill Station in Summer 2022.	O
	Improve the digital format of hosting Board meetings and other public meetings	O
4.2 Increase youth involvement and education on water matters	Promote the Junior Associate Board Member Program with a goal to attract diverse pool of applicants for 2023-2024 term	O
	Partner with Scotts Valley High School in implementing their Career Exploration Program if determined to reconvene the activities	O
	Continue managing the Youth Outreach Program (internship) for Santa Margarita Groundwater Agency	O
4.3 Identify, develop and strengthen strategic alliances, both private and public	Explore collaborative activities and shared resources that may provide additional value for the customers of SqCWD and SVWD and develop a recommendation for an enhanced strategic partnership.	O
	Create opportunities for GM and Board President to connect with the community	O

SCOTTS VALLEY WATER DISTRICT WORK PLAN - FY 2023		
STRATEGIC GOALS	FY 2023 TASKS	P/O
MANAGEMENT OBJECTIVES		
5. Organizational Vitality: SVWD recruits and retains the highest quality employees and board members by offering a work environment in which they can thrive and succeed.		
5.1 Value and reward competence, team spirit and creativity	Successfully conclude negotiations with the SVWD Employees Union resulting in mutually beneficial terms of the MOU.	O
	Conduct a comprehensive compensation study	O
	Offer project based opportunities and job shadowing for staff to acquire broadbase knowledge of different disciplines in collaboration with SqCWD	O
	Include various staff members in community educational events such as live system tours	O
	Propose and coordinate regular meetings between City of Scotts Valley Wastewater and District staff	O
	Identify relevant opportunities for each employee and Director to attend at minimum 1 training and/or professional event annually	O
	Achieve 100% participation for each employee and Director to volunteer at a community event at least once a year	O
	Sponsor 1 employee and/or Director to participate in Leadership Santa Cruz County civic program	O
5.2 Cultivate productive work conditions, positive workforce culture and work environment	Offer our location to ACWA JPIA to hold safety training sessions with the goal of quarterly trainings that are also made available for employees of other agencies in the region	O
	Complete at least 50% of the safety training requirements for each employee	O
	Organize and host at least one annual employee non-work event	O
	Develop a facilities improvement plan for El Pueblo yard	O
	Complete the records management action plan	O
P/O - Project or Operations Budget		

AGENDA REPORT

Scotts Valley Water District

Date: 06/09/22

To: Board of Directors

Item: Business 6.2

Subject: **Implementation Agreement Regional Drought Resiliency Project**

Reason: Supports Strategic Goal No. 1 Water Resource Management and Strategic Goal No. 3 Financial Stewardship

SUMMARY

Recommendation: Approve and authorize the General Manager to execute the Implementation Agreement for Regional Drought Resiliency Project between Scotts Valley Water District and City of Santa Cruz.

Fiscal Impact: The total estimated cost of the project is \$9,822,275 with \$6,948,486 earmarked for the Intertie 1 component and \$2,873,789 for the Production Well component of the project. \$9,449,783 is anticipated to be funded by the grant disbursements. Any non-grant reimbursed costs associated with the Intertie 1 component will be shared 50-50 by the City and the District, any non-grant reimbursed costs associated with the Production Well component will be borne by the District.

Previous Related Action: On 11/10/21 the Board adopted Resolution No 09-21 authorizing the 2021 Urban and Multibenefit Drought Relief Grant application, acceptance and execution for the system intertie and new production well project.

BACKGROUND

The Urban and Multibenefit Drought Relief Program is one of the two Department of Water Resource's (DWR's) Drought Relief Grant Program's that offers financial assistance to address drought impacts through implementation of projects with multiple benefits.

The District like other Santa Cruz County water agencies rely only on local water sources and are extremely vulnerable in the frequent and severe drought conditions. To improve the resilience of the local water supply, the District is looking to build an intertie connecting its distribution system to the City of Santa Cruz Water Department's distribution system and to construct a new production well in the Santa Margarita Groundwater Basin. To lessen the financial burden on rate payers, the District applied for grant funding in December 2021

DISCUSSION

On 03/23/22 the District received an award notification from the DWR for the construction of one bi-directional system interconnection and one groundwater, with a total grant amount of \$9,449,783. While the District will be serving as the grantee, it has been determined that the

most practical way to carry out the work is to distribute the tasks between the City of Santa Cruz Water Department (City) and Scotts Valley Water District. Attached implementation agreement outlines the responsibilities of each agency during the period covered by the grant agreement (March 2022 – March 2026). To govern the post-construction ownership, operations, maintenance and management of the intertie, a separate operating agreement between the City and the District will be developed and executed at a future date.

Submitted,

Piret Harmon
General Manager

Enclosed: Implementation Agreement Regional Drought Resiliency Project

IMPLEMENTATION AGREEMENT

REGIONAL DROUGHT RESILIENCY PROJECT

SCOTTS VALLEY WATER DISTRICT AND CITY OF SANTA CRUZ

This Implementation Agreement ("Agreement") is entered into this _____ 2022, by and between Scotts Valley Water District, hereinafter "SVWD" and City of Santa Cruz, hereinafter "City". The "Parties" refers collectively to both (2) parties to this Agreement and a "Party" refers to one of the parties to this Agreement.

BACKGROUND

A. SVWD is a county water district in Santa Cruz County that serves most of the City of Scotts Valley and adjacent unincorporated communities ("SVWD Service Area").

B. City is a municipal water agency that serves the City of Santa Cruz and adjacent unincorporated and incorporated communities.

C. In December 2021, SVWD applied for grant funding from the California Department of Water Resources ("DWR"), "2021 Urban and Multi-Benefit Drought Relief Program", authorized by the Legislature pursuant to the Budget Act of 2021 and its Trailer Bill Assembly Bill 148, hereinafter the "Grant", for the construction of one (1) bi-directional system interconnection described below and hereafter referred to as "Intertie" and one (1) groundwater well hereafter referred to as "Well", which together are hereinafter collectively referred to as the "Project".

D. Construction of the Project will enable regional water exchanges enhancing water security across the broader Santa Cruz region.

The Project comprises the design and construction of the following two critical pieces of infrastructure:

- (1) Intertie: a bi-directional intertie pipeline and pump station between the City and SVWD distribution systems to expand regional conjunctive use opportunities through transfers of water, and
- (2) Well: a new groundwater well in Scotts Valley to enhance groundwater production reliability and redundancy, and to strengthen SVWD's ability to meet its own and regional needs in drought and emergency conditions.

Together, the two Project components not only provide drought relief by allowing water deliveries between the two agencies, they also support conjunctive use and other collaborative water management strategies that enhance the supply resiliency and emergency preparedness in the region.

E. SVWD (acting as Grant Applicant on behalf of the Parties) received a Letter of

Commitment from DWR dated March 23, 2022, which stated that DWR has agreed to provide Grant funding of up to \$9,449,783 for the Project, subject to the terms and conditions of the grant agreement between DWR and SVWD (“Grant Agreement”), included in Appendix A.

F. This Agreement covers the responsibilities and financial obligations of the Parties, collectively and individually, through Project planning and other pre-construction activities and during Project construction. The Parties shall execute separate agreements for the Intertie component of the Project covering post-construction ownership, operations, maintenance, and management.

AGREEMENT

NOW THEREFORE, in consideration of the mutual promises contained herein, the Parties hereby agree as follows:

1. SVWD to Serve as Grantee.

- (a) SVWD, as Grant recipient, shall administer the requirements and conditions pursuant to the terms of the Grant Agreement between DWR and SVWD. SVWD is entitled to bind the Parties to enforceable obligations, to accept and expend available funds, including any funds that would otherwise be available to the Parties, and perform all incidental powers required to complete the Project pursuant to the terms of the Grant Agreement. The Parties further agree that SVWD shall be responsible for the administration of the Grant Agreement, including without limitation submission of claims for Project costs and all communications with DWR regarding the Project.
- (b) The City shall direct all questions and communications concerning the Grant Agreement to the SVWD, who shall work directly with DWR for resolution. SVWD shall promptly relay City questions and communications to DWR.
- (c) SVWD shall submit invoices, reports and information to DWR to meet the accounting, reporting and other requirements in the Grant Agreement for the Project. City shall prepare and submit all required documents to SVWD in accordance with the Grant Agreement.
- (d) The Parties shall maintain files and accounts for the Project in accordance with the Grant Agreement.
- (e) SVWD is not acting as a surety for the Project. SVWD does not guarantee or warrant that Grant funds will be sufficient to meet incurred expenses for the Project. SVWD does not guarantee or warrant the plans and specifications for the Project.
- (f) SVWD shall have no responsibility for any aspect of bidding or selection of contractors to perform the Intertie component of the Project. City shall have no responsibility for any aspect of bidding or selection of contractors to perform the Well component of the Project.
- (g) SVWD is only acting as a conduit for the transfer of Grant funds to the Parties in furtherance

of the Grant Agreement, and for the transmission of invoices, reports, financial information and state disclosure assurances and other information required to be transmitted to DWR.

- (h) SVWD does not guarantee or warrant that invoices will be paid by the DWR. SVWD assumes no liability to the other Parties and any contractors or subcontractors for any delays by the DWR in approval or transmittal of Grant funds to SVWD. The Parties agree that they will return any audit disallowance relating to the Project, as provided in the Grant Agreement. Both Parties acknowledge that Grant funds are subject to appropriation by the State of California.
- (i) SVWD shall timely inform City of any proposed revisions to the Grant Agreement, including providing City with a draft of the proposed revisions. City's review and approval of any proposed revision to the Grant Agreement shall not be unreasonably withheld.

2. SVWD to Serve as Lead Agency for Construction of the Well Component of the Project

- (a) The Parties agree that SVWD shall serve as the agency responsible for the design, engineering, permitting and construction of the Well component of the Project, which responsibilities may include: solicit proposals and contract for engineering and design work; obtain all permits for the Well; obtain all necessary easements and real property interests to complete the Well; competitively bid the Well; confirm that the contractor who is awarded the Well has provided all required insurance and bonds; award the Well construction; manage the construction, inspection, and oversight of the Well; enforce prevailing wage requirements; comply with all Grant requirements; provide any match contributions in a timely basis; comply with the mitigation measures and permit conditions; manage the change orders and Well-related claims; accept the Well when complete; record a Notice of Completion; and provide a full and complete accounting relating to all expenditures of funds related to the Well.
- (b) SVWD shall fulfill all assurances, declarations, representations and commitments made in support of any request for Grant funds. SVWD agrees to all requirements and conditions set forth in the Grant Agreement.
- (c) SVWD shall carry out, build and construct the Well in accordance with all requirements of the Grant Agreement. SVWD shall proceed with all reasonable diligence in the completion of the Well component of the Project in accordance with the Project schedule. In the event SVWD wishes to substantially alter the schedule, materials, methods, or deliverables relating to the Well, SVWD shall immediately provide notice to City, and SVWD shall forward such request to DWR.
- (d) SVWD or its contractors shall provide all insurance coverage required under the Grant Agreement. SVWD shall ensure that all, officers, consultants, employees, agents and volunteers shall be named as additional insureds on all insurance policies which SVWD is required to obtain pursuant to the Grant Agreement. City shall have no responsibility to secure insurance protection against loss or damage relating to the Well until after

acceptance.

3. City to Serve as Lead Agency for Construction of the Intertie Component of the Project.

- (a) The Parties agree that City shall serve as the agency who is responsible for the design, engineering, permitting and construction of the Intertie component of the Project, which responsibilities may include: solicit proposals and contract for engineering and design work; obtain all permits for the Intertie; obtain all necessary easements and real property interests to complete the Intertie; competitively bid the Intertie; confirm that the contractor who is awarded the Intertie has provided all required insurance and bonds; award the Intertie construction; manage the construction, inspection, and oversight of the Intertie; enforce prevailing wage requirements; comply with all Grant requirements; provide any match contributions in a timely basis; comply with the mitigation measures and permit conditions; manage the change orders and project-related claims; accept the Intertie when complete; record a Notice of Completion; and provide a full; and complete accounting relating to all expenditures of funds related to the Intertie.
- (b) City shall fulfill all assurances, declarations, representations and commitments made in support of any request for Grant funds. City agrees to all requirements and conditions set forth in the Grant Agreement.
- (c) City shall carry out, build and construct the Intertie in accordance with all requirements of the Grant Agreement. City shall proceed with all reasonable diligence in the completion of the Intertie component of the Project in accordance with the Project schedule. In the event City wishes to substantially alter the schedule, materials, methods, or deliverables relating to the Intertie, City shall immediately provide notice to SVWD, and SVWD shall forward such request to DWR.
- (d) City or its contractors shall provide all insurance coverage required under the Grant Agreement. City shall ensure that all, officers, consultants, employees, agents and volunteers shall be named as additional insureds on all insurance policies which City is required to obtain pursuant to the Funding Agreement. SVWD shall have no responsibility to secure insurance protection against loss or damage relating to the Intertie until after acceptance.

4. Project Representatives.

- (a) The Parties will each designate a Project Representative to serve as liaison in connection with the performance of the obligations described in this Agreement. Each Project Representative shall have the right, but not the obligation, to oversee the implementation of the Project.
- (b) The Project Representatives may, but is not required to, attend and participate in Project meetings and site visits with Project contractors and consultants throughout the implementation of the Project. Notwithstanding the foregoing, each Project Representative

shall be entitled to review and approve Project bids and the award of the construction contracts. This review and approval shall be timely and not be unreasonably withheld. Either Party may reject the bids for the construction of either the Well or Intertie component of the Project if the bids exceed funds available for the Project. All change orders are subject to the written approval of the Project Representatives of both City and SVWD, which approval shall not be unreasonably withheld.

5. **Financial obligations of the Parties.** The Parties agree that SVWD and City shall collectively bear the financial obligation for all Project costs, including costs of planning, other pre-construction activities, and construction, subject to Grant match requirements and reimbursement of incurred expenses as administered by SVWD pursuant to the terms of the Grant Agreement. The Parties further agree that this financial obligation shall be shared as follows, whether the actual expenses are incurred by SVWD, City or some combination thereof:
 - (a) SVWD and City shall each bear equal 50% shares of all match and other non-Grant reimbursed costs associated with the Intertie component of the Project;
 - (b) SVWD shall bear all non-Grant costs associated with the Well component of the Project.

6. **Matching Funds.** Although the Grant Agreement does not obligate matching funds, Parties recognize that final Project cost may exceed the award amount of \$9,449,783. A project component cost breakdown of the Well and Intertie Project Components is provided in Grant Agreement. Any changes to the Well or Intertie Component Project costs or to budget categories in the Grant Agreement (i.e Project Admin, Land Purchase) will be made through mutual written consent of both parties. In the event that total Project costs exceed the Grant award, SVWD and City agree and warrant that it has sufficient reserve funds available and dedicated to fulfill potential supplemental funding needs. Actual Project match requirements upon completion of construction shall be determined based on percentage shares as stated in Paragraph 4.

7. **Compliance with Grant Agreement.** SVWD and City, as entities that will receive direct or indirect Grant reimbursement of Project expenses and as a condition of receipt of such funds under the Grant Agreement, expressly acknowledge and agree to comply with the applicable terms of the Grant Agreement. Upon execution of the Grant Agreement, SVWD and City further agree that they will not independently seek financing from DWR in connection with the construction of any Project facilities.

8. **Grant Administration Expenses.** The Parties agree that they may hire a third party to administer the Grant. SVWD shall manage any such third-party Grant administration contract. SVWD shall not enter into any such third-party Grant administration contract without the consent of City, which consent shall not unreasonably be withheld or delayed.

9. **Environmental Review.** City has and shall continue to serve as the lead agency for purposes of California Environmental Quality Act (CEQA) documentation regarding the Intertie, including filing of required notices. SVWD shall serve as the lead agency for purposes of CEQA documentation regarding the Well, including filing of required notices.

10. **Monitoring Plan.** City shall ensure compliance with all conditions of development and mitigation monitoring relating to the Intertie. SVWD shall ensure compliance with all condition of development and mitigation monitoring relating to the Well.

11. **Non-Project Expenses.** Each of the Parties agrees to bear full financial responsibility for the costs of preparing its own internal documents and for meeting non-Project DWR requirements set forth in the Letter of Commitment and Grant Agreement, including without limitation preparation of Operational Plans, Water Quality Notification Plans, and for complying with other DWR regulatory or public health requirements.

12. **Access to Property and Facilities.** Each Party agrees to grant permission to the other Party for necessary, reasonable, and noticed access to property and facilities for Project pre-construction activities and for Project construction, including access to pipes, roads, power sources, and other water system facilities and components. Each party agrees to grant easements as may be necessary for the Project. Each Party shall provide the other with three (3) days written notice of a need to access property and facilities.

13. **Ownership and Maintenance After Construction.** The Parties shall execute separate operating agreement for the Intertie component of the Project covering post-construction ownership, operations, maintenance, and management, to include but not be limited to the following:

- (a) City shall be the owner and shall be solely responsible for all costs and expenses relating to the operation, maintenance, repair and replacement of the following infrastructure assets after construction:
 - i. Intertie pipeline along La Madronna Drive, from Kite Hill tank to intertie pump station including: valves, hydrants (if any), appurtenances, access road (Firehouse Lane)
- (b) SVWD shall be the owner and shall be solely responsible for all costs and expenses relating to the operation, maintenance, repair and replacement of the following infrastructure assets after construction:
 - i. Intertie pump station property, pump house, pumps, control valves and the pipeline and appurtenances extending from its water system to the Intertie pump station
 - ii. Well, motor, station piping, controls and any related appurtenances.

14. **Termination.** This Agreement may be terminated by SVWD or City prior to the date of execution of the Grant Agreement if the actual Project match requirement is forecast to exceed the current estimate of \$9,449,746 by 25% or more, based on either a revised Project cost as calculated by the Project design engineer, further reduced DWR Grant funding, or both. After execution of the Grant Agreement, this Agreement can be terminated only by mutual, written consent of the Parties

and DWR.

15. **Indemnification.** A Party ("Indemnifying Party") shall, at its expense and the request of the other Party, its respective officials, directors, officers, employees, agents, and independent contractors ("Indemnified Party"), defend, indemnify and hold harmless the Indemnified Party from any claims, demands, losses, damages, costs (including legal defense costs) or liability of any kind or nature (collectively, "Claims") which the Indemnified Party may sustain or incur or which may be imposed upon it o, but only in proportion to and to the extent such Claims result from, arise out of, or in any manner are caused by the Indemnifying Party's negligent or intentional acts or omissions relating to this Agreement. Indemnifying Party further agrees to waive any rights of subrogation against the Indemnified Party.

16. **Compliance with Law; Governing Law.** The Parties shall comply with the Grant Agreement, Grant requirements and all applicable laws and regulations. This Agreement shall be construed, interpreted and applied in accordance with the laws of the State of California.

17. **Amendments to this Agreement.** Any amendments to this Agreement must be approved in advance and in writing by all Parties.

18. **Assignment.** The Parties shall not have the power or right to assign this Agreement or any rights or responsibilities hereunder without obtaining the other Parties' prior written consent.

19. **Further Assurances.** The Parties agree to provide each other assistance in the form of executed documents, responses, and actions as necessary to complete the Project. Each Party agrees to cooperate in providing information and documents to the other Parties, and shall execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such further instruments and documents as may be reasonably necessary in order to complete the transactions contemplated in this Agreement and to carry out the intent and purpose of this Agreement.

20. **Severability.** If any term or provision of this Agreement shall, to any extent, be held invalid or unenforceable, the remainder of this Agreement shall not be affected.

21. **Waivers.** A waiver or breach of covenant or provision in this Agreement shall not be deemed a waiver of any other covenant or provision in this Agreement, and no waiver shall be valid unless in writing and executed by the waiving Party. An extension of time for performance of any obligation or act shall not be deemed an extension of the time for performance of any other obligation or act.

22. **Counterparts.** This Agreement may be executed in one or more counterparts. Each shall be deemed an original and all, taken together, shall constitute one and the same instrument.

23. **Interpretation.** Each Party has reviewed and revised this Agreement and agrees that the rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement or any amendments or Exhibits hereto. This Agreement shall be construed neither for nor against any Party, but shall be given a

reasonable interpretation in accordance with the plain meaning of its terms and the intent of the Parties.

24. **Notices.** If either party shall desire or is required to give notice to the other such notice shall be given in writing, via email and concurrently delivered by overnight Federal Express [or priority U.S. Mail], addressed to recipient as follows:

To CITY:

Rosemary Menard
Water Director
212 Locust St. Suite C.
Santa Cruz, CA 95060
rmenard@cityofsantacruz.com
(831) 420-5205

To SVWD:

Piret Harmon
General Manager
2 Civic Center Dr.
Scotts Valley, CA 95066
pharmon@svwd.org
(831) 600-1902

Changes to the above information shall be given to the other party in writing ten (10) business days before the change is effective.

25. **Counterparts.** The Parties may execute this Agreement in two or more counterparts, which shall, in the aggregate, be deemed an original but all of which, together, shall constitute one and the same instrument. A scanned, electronic, facsimile or other copy of a party's signature shall be accepted and valid as an original.

26. **Warranty of Authority.** The signatories to this Agreement warrant and represent that each is authorized to execute this Agreement and that their respective signatures serve to legally obligate their respective representatives, agents, successors and assigns to comply with the provisions of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date set forth above.

SIGNATURE PAGE ATTACHED

Approved As To Form:

Scotts Valley Water District Legal Counsel

Date: _____

Scotts Valley Water District General Manager

Date: _____

Approved As To Form:

City of Santa Cruz Office of the City Attorney

Date: _____

City of Santa Cruz City Manager

Date: _____

APPENDIX A

**GRANT AGREEMENT BETWEEN THE STATE OF CALIFORNIA
(DEPARTMENT OF WATER RESOURCES) AND
SCOTTS VALLEY WATER DISTRICT
AGREEMENT NUMBER 4600014630**

URBAN AND MULTIBENEFIT DROUGHT RELIEF GRANT

THIS GRANT AGREEMENT is entered into by and between the Department of Water Resources of the State of California, herein referred to as the "State" or "DWR," and the Scotts Valley Water District, a public agency in the State of California, duly organized, existing, and acting pursuant to the laws thereof, herein referred to as the "Grantee," which parties do hereby agree as follows:

- 1) PURPOSE. The State shall provide funding from the Budget Act of 2021 (Stats. 2021, ch. 240, § 80) to the Grantee to assist in financing the Project. By executing this Agreement, the Grantee certifies that the purpose of the Project is in response to a drought scenario, as defined by Water Code section 13198(a) and is intended to: (1) address immediate impacts on human health and safety; (2) address immediate impacts on fish and wildlife resources; or, (3) provide water to persons or communities that lose or are threatened with the loss or contamination of water supplies.
- 2) TERM OF GRANT AGREEMENT. The term of this Grant Agreement begins on March 19, 2022 and ends three (3) years following the final payment unless otherwise terminated or amended as provided in this Grant Agreement. However, all work shall be completed by March 1, 2026, in accordance with the Schedule as set forth in Exhibit C and no funds may be requested after April 14, 2026.
- 3) GRANT AMOUNT. The maximum amount payable by the State under this Grant Agreement shall not exceed \$9,449,783. Any additional costs are the responsibility of the Grantee.
- 4) BASIC CONDITIONS.
 - A. The State shall have no obligation to disburse money for the Project(s) under this Grant Agreement until the Grantee has satisfied the following conditions (if applicable):
 - i. The Grantee shall demonstrate compliance with all eligibility criteria as set forth of the 2021 Urban and Multibenefit Drought Relief Grant Program Guidelines and Proposal Solicitation Package (2021 Guidelines).
 - ii. For the term of this Agreement, the Grantee shall submit Quarterly Progress Reports which must accompany an invoice and all invoice backup documentation. The Quarterly Progress Report shall be submitted within 60 days following the end of the calendar quarter (i.e., reports due May 30, August 29, November 29, and March 1) and all other deliverables as required by Paragraph 12, "Submission of Reports" and Exhibit A, "Work Plan".
 - iii. Prior to the commencement of construction or implementation activities, if applicable, the Grantee shall submit the following to the State.
 1. Final plans and specifications certified, signed and stamped by a California Registered Civil Engineer (or equivalent registered professional as appropriate) to certify compliance for each approved project as listed in Exhibit A of this Grant Agreement.
 2. Work that is subject to the California Environmental Quality Act (CEQA) (including final land purchases) shall not proceed under this Grant Agreement until the following actions are performed:
 - a) The Grantee submits to the State all applicable environmental permits, as indicated on the Environmental Information Form to the State,
 - b) Documents that satisfy the CEQA process are received by the State, and

- c) The Grantee receives written notification from the State of concurrence with the Lead Agency's CEQA documents (s) and State's notice of verification of environmental permit submittal.

The State's concurrence of Lead Agency's CEQA documents is fully discretionary and shall constitute a condition precedent to any work (i.e., construction or implementation activities) for which it is required. Once CEQA documentation has been completed, the State will consider the environmental documents and decide whether to continue to fund the project, or to require changes, alterations, or other mitigation. Proceeding with work subject to CEQA prior to the State's concurrence shall constitute a material breach of this Agreement. The Grantee or Local Project Sponsor (LPS) shall also demonstrate that it has complied with all applicable requirements of the National Environmental Policy Act (NEPA) by submitting copies of any environmental documents, including Environmental Impact Statements, Finding of No Significant Impact, mitigation monitoring programs, and environmental permits as may be required prior to beginning construction/ implementation.

- iv. A monitoring plan as required by Paragraph 14, "Monitoring Plan Requirements," if applicable.
- 5) DISBURSEMENT OF FUNDS. The State will disburse to the Grantee the amount approved, subject to the availability of funds through normal State processes. Notwithstanding any other provision of this Grant Agreement, no disbursement shall be required at any time or in any manner which is in violation of, or in conflict with, federal or state laws, rules, or regulations. Any and all money disbursed to the Grantee under this Grant Agreement shall be deposited in a non-interest bearing account and shall be used solely to pay Eligible Project Costs.
- 6) ELIGIBLE PROJECT COST. The Grantee shall apply State funds received only to Eligible Project Costs in accordance with applicable provisions of the law and Exhibit B, "Budget". Eligible Project Costs include the reasonable costs of studies, engineering, design, land and easement acquisition and associated legal fees, preparation of environmental documentation, environmental mitigations, monitoring, and project construction. Reimbursable administrative expenses are the necessary costs incidental but directly related to the Project included in this Agreement. Costs incurred after March 18, 2022 may be eligible for reimbursement.

Costs that are not eligible for reimbursement include, but are not limited to, the following items:

- A. Costs, other than those noted above, incurred prior to the award date of this Grant.
- B. Costs for preparing and filing a grant application.
- C. Operation and maintenance costs, including post construction performance and monitoring costs.
- D. Purchase of equipment that is not an integral part of a project.
- E. Establishing a reserve fund.
- F. Purchase of water supply.
- G. Replacement of existing funding sources for ongoing programs.
- H. Meals, food items, or refreshments.
- I. Payment of any punitive regulatory agency requirement, federal or state taxes.
- J. Purchase of land in excess of the minimum required acreage necessary to operate as an integral part of a project, as set forth and detailed by engineering and feasibility studies, or acquisition of land by eminent domain.
- K. Overhead and Indirect Costs. "Indirect Costs" means those costs that are incurred for a common or joint purpose benefiting more than one cost objective and are not readily assignable to the funded project (i.e., costs that are not directly related to the funded project). Examples of Indirect Costs include, but are not limited to: central service costs; general administration of the Grantee or LPSs;

non-project-specific accounting and personnel services performed within the Grantee's or LPS' organization; depreciation or use allowances on buildings and equipment; the costs of operating and maintaining non-project-specific facilities; tuition and conference fees; forums, trainings, and seminars; and, generic overhead or markup. This prohibition applies to the Grantee, LPSs, and any subcontract or sub-agreement for work on the Project that will be reimbursed pursuant to this Agreement.

- L. Mitigation for environmental impacts not resulting from implementation of the Project funded by this program.
- 7) METHOD OF PAYMENT. After the disbursement requirements in Paragraph 4, "Basic Conditions" are met, the State will disburse the whole or portions of State funding to the Grantee, following receipt from the Grantee of an electronic invoice certified and transmitted via electronic/digital signature system (e.g., DocuSign) or via US mail or Express mail delivery of a "wet signature" for costs incurred, including Local Cost Share, and timely Quarterly Progress Reports as required by Paragraph 12, "Submission of Reports." Payment will be made no more frequently than quarterly, in arrears, upon receipt of an invoice bearing the Grant Agreement number. Quarterly Progress Report must accompany an invoice (\$0 Invoices are acceptable) and shall be submitted within 60 days following the end of the calendar quarter (i.e., invoices due May 30, August 29, November 29, and March 1). The State will notify the Grantee, in a timely manner, whenever, upon review of an invoice, the State determines that any portion or portions of the costs claimed are not eligible costs or is not supported by documentation or receipts acceptable to the State. The Grantee may, within thirty (30) calendar days of the date of receipt of such notice, submit additional documentation to the State to cure such deficiency(ies). If the Grantee fails to submit adequate documentation curing the deficiency(ies), the State will adjust the pending invoice by the amount of ineligible or unapproved costs.

Invoices submitted by the Grantee shall include the following information:

- A. Costs incurred for work performed in implementing the Project during the period identified in the particular invoice.
- B. Costs incurred for any interests in real property (land or easements) that have been necessarily acquired for a project during the period identified in the particular invoice for the implementation of a project.
- C. Invoices shall be submitted on forms provided by the State and shall meet the following format requirements:
- i. Invoices shall contain the date of the invoice, either the time period covered by the invoice or the invoice date received within the time period covered, and the total amount due.
 - ii. Invoices shall be itemized based on the categories (i.e., tasks) specified in Exhibit B, "Budget." The amount claimed for salaries/wages/consultant fees shall include a calculation formula (i.e., hours or days worked times the hourly or daily rate = the total amount claimed).
 - iii. One set of sufficient evidence (i.e., receipts, copies of checks, personnel hours' summary table, time sheets) shall be provided for all costs included in the invoice.
 - iv. Each invoice shall clearly delineate those costs claimed for reimbursement from the State's funding amount, as depicted in Paragraph 3, "Grant Amount".
 - v. Original signature and date of the Grantee's Project Representative. Submit an electronic invoice, certified and transmitted via electronic/digital signature system (e.g., DocuSign), from authorized representative to the Project Manager or the original "wet signature" copy of the invoice form to the Project Manager at the following address: Financial Assistance Branch, DWR, P.O. Box 942836, Sacramento, CA 94236.

All invoices submitted shall be accurate and signed under penalty of law. Any and all costs submitted pursuant to this Agreement shall only be for the tasks set forth herein. The Grantee shall not submit any

invoice containing costs that are ineligible or have been reimbursed from other funding sources unless required and specifically noted as such (i.e., cost share). Any eligible costs for which the Grantee is seeking reimbursement shall not be reimbursed from any other source. Double or multiple billing for time, services, or any other eligible cost is illegal and constitutes fraud. Any suspected occurrences of fraud, forgery, embezzlement, theft, or any other misuse of public funds may result in suspension of disbursements of grant funds and/or termination of this Agreement requiring the repayment of all funds disbursed hereunder plus interest. Additionally, the State may request an audit pursuant to Standard Condition Paragraph D.5 and refer the matter to the Attorney General's Office or the appropriate district attorney's office for criminal prosecution or the imposition of civil liability. (Civ. Code, §§ 1572-1573; Pen. Code, §§ 470, 487-489.)

- 8) **ADVANCED PAYMENT.** Water Code section 13198.4(c) authorizes advanced payment by the State for grantees that demonstrate a cash flow issues. A project may receive an advanced payment of twenty-five (25) percent of its grant award; the remaining seventy-five (75) percent of the grant award will be reimbursed in arrears after the advanced funds have been fully expended. Within ninety (90) calendar days of execution of the Grant Agreement, the Grantee may provide the State an Advanced Payment Request. Advanced Payment Requests received ninety-one (91) calendar days after the execution of this Agreement will not be eligible to receive an advanced payment. The Advanced Payment Request shall contain the following:
- A. Documentation demonstrating that each LPS (if different from the Grantee, as listed in Exhibit I) was notified about their eligibility to receive an advanced payment and a response from the LPS stating whether it wishes to receive the advanced payment or not.
 - B. If the Grantee is requesting the advanced payment, the request(s) shall include:
 - i. Descriptive information of each project with an update on project status
 - ii. Description and documentation of the cash flow issues the LPS has that requires funds to be advanced
 - iii. The names of the entities that will receive the funding for each project
 - iv. A detailed Funding Plan which includes how the advanced payment will be expended (in terms of workplan, budget, and schedule) within the timeframe agreed upon by DWR and the Grantee. The Funding Plan must clearly identify the total budget (at Budget Category Level) for each project clearly showing the portion of advanced payment and reimbursement funds.
 - v. Any other information that DWR may deem necessary
 - C. Upon review and approval of the Advanced Payment Request, DWR may authorize payment of the requested amount or a lesser amount for those entities that have requested advanced funds. Based on the project's Funding Plan and other considerations, DWR may develop a "Disbursement Schedule," to disburse funds in installments. This Disbursement Schedule may change based on the project's ongoing compliance with the Advanced Payment requirements and the project's cash flow needs.
 - D. Once DWR authorizes the Advanced Payment Request, the Grantee shall submit Advanced Payment Invoice(s) for the initial amount based on the "Disbursement Schedule" on behalf of the LPS(s), containing the request for each project requesting advanced funds, to the State with signature and date of the Grantee's Project Representative, as indicated in Paragraph 18, "Project Representative." The Grantee shall be responsible for the timely distribution of the advanced funds to the respective LPS(s). The Advanced Payment Invoice(s) shall be submitted on forms provided by the State and shall meet the following format requirements:
 - i. Invoice shall contain the date of the invoice, the time period covered by the invoice, and the total amount due.

- ii. Invoice shall be itemized based on the budget categories specified in Exhibit B, "Budget."
 - iii. The State Project Manager will notify the Grantee, in a timely manner, when, upon review of an Advance Payment Invoice, the State determines that any portion or portions of the costs claimed are not eligible costs. The Grantee may, within thirty (30) calendar days of the date of receipt of such notice, submit additional documentation to cure such deficiency(ies). The Grantee may, within thirty (30) calendar days of the date of receipt of such notice, submit additional documentation to cure such deficiency(ies). If costs are not consistent with the tasks in Exhibit A, the State will reject the claim and remove them from the Accountability Report.
 - iv. On a quarterly basis, the Grantee will submit an Accountability Report to the State that demonstrates how actual expenditures compare with the scheduled budget. The Accountability Report shall include the following information:
 - 1. An itemization of how advanced funds have been spent to-date (Expenditure Report), including documentation that supports the disbursements (e.g., contractor invoices, receipts, personnel hours, etc.). Accountability Reports shall be itemized based on the budget categories (i.e., tasks) specified in Exhibit B.
 - 2. An updated Accountability Report including an updated Funding Plan that depicts how the remaining advanced funds will be expended and the activities and deliverables associated with the advanced funds within the timeframe agreed upon by DWR and the Grantee when the advanced payment request was approved.
 - 3. Documentation that the funds were placed in a non-interest bearing account, including the dates of deposits and withdrawals from that account.
 - 4. Proof of distribution of advanced funds to LPS(s), if applicable.
 - E. Once the Grantee has spent all advanced funds in a budget category, then the method of payment will revert to the reimbursement process for that budget category specified in Paragraph 7, "Method of Payment."
- 9) WITHHOLDING OF DISBURSEMENTS BY THE STATE. If the State determines that a project is not being implemented in accordance with the provisions of this Grant Agreement, or that the Grantee has failed in any other respect to comply with the provisions of this Grant Agreement, and if the Grantee does not remedy any such failure to the State's satisfaction, the State may withhold from the Grantee all or any portion of the State funding and take any other action that it deems necessary to protect its interests. Where a portion of the State funding has been disbursed to the Grantee and the State notifies the Grantee of its decision not to release funds that have been withheld pursuant to Paragraph 10, "Default Provisions," the portion that has been disbursed shall thereafter be repaid immediately at the time the State notifies the Grantee, as directed by the State. The State may consider the Grantee's refusal to repay the requested disbursed amount a material breach subject to the default provisions in Paragraph 10, "Default Provisions." If the State notifies the Grantee of its decision to withhold the entire funding amount from the Grantee pursuant to this Paragraph, this Grant Agreement shall terminate upon receipt of such notice by the Grantee and the State shall no longer be required to provide funds under this Grant Agreement and the Grant Agreement shall no longer be binding on either party.
- 10) DEFAULT PROVISIONS. The Grantee shall be in default under this Grant Agreement if any of the following occur:
- A. Substantial breaches of this Grant Agreement, or any supplement or amendment to it, or any other agreement between the Grantee and the State evidencing or securing the Grantee's obligations.
 - B. Making any false warranty, representation, or statement with respect to this Grant Agreement or the application filed to obtain this Grant Agreement.
 - C. Failure to operate or maintain the Project in accordance with this Grant Agreement.
 - D. Failure to make any remittance required by this Grant Agreement, including any remittance recommended as the result of an audit conducted pursuant to Standard Condition Paragraph D.5.

- E. Failure to submit quarterly progress reports pursuant to Paragraph 4.
- F. Failure to routinely invoice the State pursuant to Paragraph 7.
- G. Failure to meet any of the requirements set forth in Paragraph 11, "Continuing Eligibility."

Should an event of default occur, the State shall provide a notice of default to the Grantee and shall give the Grantee at least ten (10) calendar days to cure the default from the date the notice is sent via first-class mail to the Grantee. If the Grantee fails to cure the default within the time prescribed by the State, the State may do any of the following:

- H. Declare the funding be immediately repaid.
- I. Terminate any obligation to make future payments to the Grantee.
- J. Terminate the Grant Agreement.
- K. Take any other action that it deems necessary to protect its interests.

In the event the State finds it necessary to enforce this provision of this Grant Agreement in the manner provided by law, the Grantee agrees to pay all costs incurred by the State including, but not limited to, reasonable attorneys' fees, legal expenses, and costs.

11) **CONTINUING ELIGIBILITY.** The Grantee shall meet the following ongoing requirement(s) and all eligibility criteria outlined in the 2021 Guidelines to remain eligible to receive State funds:

- A. An urban water supplier that receives grant funds pursuant to this Agreement shall maintain compliance with the Urban Water Management Planning Act (UWMP; Wat. Code, § 10610 et seq.) and Sustainable Water Use and Demand Reduction (Wat. Code, § 10608 et seq.) as set forth on page 12 of the 2021 Guidelines and Proposal Solicitation Package.
- B. An agricultural water supplier receiving grant funds shall comply with Sustainable Water Use and Demand Reduction requirements outlined in Water Code section 10608, et seq. and have their Agricultural Water Management Plan (AWMP) deemed consistent by DWR. To maintain eligibility and continue funding disbursements, an agricultural water supply shall have their 2021 AWMP identified on the State's website. For more information, visit the website listed in the 2021 Guidelines and Proposal Solicitation Package.
- C. A surface water diverter receiving grant funds shall maintain compliance with diversion reporting requirements as outlined in Water Code section 5100 et. seq.
- D. If applicable, the Grantee shall demonstrate compliance with the Sustainable Groundwater Management Act (SGMA) as set forth in the 2021 Guidelines and Proposal Solicitation Package.
- E. If the Grantee has been designated as a monitoring entity under the California Statewide Groundwater Elevation Monitoring (CASGEM) Program, the Grantee shall maintain reporting compliance, as required by Water Code section 10932 and the CASGEM Program. Alternatively, if the Grantee has submitted a Groundwater Sustainability Plan (GSP) or Alternative Plan pursuant to the GSP Regulations (Cal. Code Regs., tit. 23, § 350 et seq.), groundwater level data must be submitted through the SGMA Portal at: <https://sgma.water.ca.gov/portal/>.
- F. The Grantee shall adhere to the protocols developed pursuant to The Open and Transparent Water Data Act (Wat. Code, § 12406, et seq.) for data sharing, transparency, documentation, and quality control.

12) **SUBMISSION OF REPORTS.** The submittal and approval of all reports is a requirement for the successful completion of this Grant Agreement. Reports shall meet generally accepted professional standards for technical reporting and shall be proofread for content, numerical accuracy, spelling, and grammar prior to submittal to the State. All reports shall be submitted to the State's Project Manager and shall be submitted via the DWR "Grant Review and Tracking System" (GRanTS). If requested, the Grantee shall promptly provide any additional information deemed necessary by the State for the approval of reports. Reports

shall be presented in the formats described in the applicable portion of Exhibit F, "Report Formats and Requirements." The timely submittal of reports is a requirement for initial and continued disbursement of State funds. Submittal and subsequent approval by the State of a Project Completion Report is a requirement for the release of any funds retained for such project.

- A. Quarterly Progress Reports: The Grantee shall submit quarterly Progress Reports to meet the State's requirement for disbursement of funds. Progress Reports shall be uploaded via GRanTS, and the State's Project Manager notified of upload. Progress Reports shall, in part, provide a brief description of the work performed, the Grantee's activities, milestones achieved, any accomplishments and any problems encountered in the performance of the work under this Grant Agreement during the reporting period. The first Progress Report must accompany an invoice (\$0 Invoices are acceptable) and shall be submitted within 60 days following the end of the calendar quarter (i.e., invoices due May 30, August 29, November 29, and March 1).
 - B. Accountability Report: The Grantee shall prepare and submit to the State an Accountability Report on a quarterly basis if the Grantee received an advanced payment, consistent with the provisions in Paragraph 8, "Advanced Payment."
 - C. Project Completion Report: The Grantee shall prepare and submit to the State a separate Project Completion Report for each project included in Exhibit A. The Grantee shall submit a Project Completion Report (or a Component Completion Report, if a Project has multiple Components) within ninety (90) calendar days of Project/Component completion as outlined in Exhibit F.
 - D. Grant Completion Report: Upon completion of all the Projects included in Exhibit A, the Grantee shall submit to the State a Grant Completion Report. The Grant Completion Report shall be submitted within ninety (90) calendar days of submitting the Completion Report for the final project to be completed under this Grant Agreement, as outlined in Exhibits A, and F. Retention for any grant administration line items in the Budget of this Grant Agreement will not be disbursed until the Grant Completion Report is approved by the State.
 - E. Post-Performance Reports: The Grantee shall prepare and submit to the State Post-Performance Reports for the applicable project(s). Post-Performance Reports shall be submitted to the State within ninety (90) calendar days after the first operational year of a project has elapsed. This record keeping and reporting process shall be repeated annually for a total of three (3) years after the project begins operation.
- 13) OPERATION AND MAINTENANCE OF PROJECT. For the useful life of construction and implementation projects and in consideration of the funding made by the State, the Grantee agrees to ensure or cause to be performed the commencement and continued operation of the project, and shall ensure or cause the project to be operated in an efficient and economical manner; shall ensure all repairs, renewals, and replacements necessary to the efficient operation of the same are provided; and shall ensure or cause the same to be maintained in as good and efficient condition as upon its construction, ordinary and reasonable wear and depreciation excepted. The State shall not be liable for any cost of such maintenance, management, or operation. The Grantee or their successors may, with the written approval of the State, transfer this responsibility to use, manage, and maintain the property. For purposes of this Grant Agreement, "useful life" means period during which an asset, property, or activity is expected to be usable for the purpose it was acquired or implemented; "operation costs" include direct costs incurred for material and labor needed for operations, utilities, insurance, and similar expenses, and "maintenance costs" include ordinary repairs and replacements of a recurring nature necessary for capital assets and basic structures and the expenditure of funds necessary to replace or reconstruct capital assets or basic structures. Refusal by the Grantee to ensure operation and maintenance of the projects in accordance with this provision may, at the option of the State, be considered a breach of this Grant Agreement and may be treated as default under Paragraph 10, "Default Provisions."
- 14) MONITORING PLAN REQUIREMENTS. A Monitoring Plan shall be submitted to the State prior to disbursement of State funds for construction or monitoring activities. The Monitoring Plan should

incorporate Post-Performance Monitoring Report requirements as defined and listed in Exhibit F, and follow the guidance provided in Exhibit L, "Project Monitoring Plan Guidance."

- 15) NOTIFICATION OF STATE. The Grantee shall promptly notify the State, in writing, of the following items:
- A. Events or proposed changes that could affect the scope, budget, or work performed under this Grant Agreement. The Grantee agrees that no substantial change in the scope of a project will be undertaken until written notice of the proposed change has been provided to the State and the State has given written approval for such change. Substantial changes generally include changes to the scope of work, schedule or term, and budget.
 - B. Any public or media event publicizing the accomplishments and/or results of this Grant Agreement and provide the opportunity for attendance and participation by the State's representatives. The Grantee shall make such notification at least fourteen (14) calendar days prior to the event.
 - C. Discovery of any potential archaeological or historical resource. Should a potential archaeological or historical resource be discovered during construction, the Grantee agrees that all work in the area of the find shall cease until a qualified archaeologist has evaluated the situation and made recommendations regarding preservation of the resource, and the State has determined what actions should be taken to protect and preserve the resource. The Grantee agrees to implement appropriate actions as directed by the State.
 - D. The initiation of any litigation or the threat of litigation against the Grantee or an LPS regarding the Project or which may affect the Project in any way.
 - E. Applicable to construction projects only: Final inspection of the completed work on a project by a Registered Professional (Civil Engineer, Engineering Geologist, or other State approved certified/licensed Professional), in accordance with Exhibit D. The Grantee shall notify the State's Project Manager of the inspection date at least fourteen (14) calendar days prior to the inspection in order to provide the State the opportunity to participate in the inspection.
- 16) NOTICES. Any notice, demand, request, consent, or approval that either party desires or is required to give to the other party under this Grant Agreement shall be in writing. Notices may be transmitted by any of the following means:
- A. By delivery in person.
 - B. By certified U.S. mail, return receipt requested, postage prepaid.
 - C. By "overnight" delivery service; provided that next-business-day delivery is requested by the sender.
 - D. By electronic means.
 - E. Notices delivered in person will be deemed effective immediately on receipt (or refusal of delivery or receipt). Notices sent by certified mail will be deemed effective given ten (10) calendar days after the date deposited with the U.S. Postal Service. Notices sent by overnight delivery service will be deemed effective one business day after the date deposited with the delivery service. Notices sent electronically will be effective on the date of transmission, which is documented in writing. Notices shall be sent to the addresses listed below. Either party may, by written notice to the other, designate a different address that shall be substituted for the one below.
- 17) PERFORMANCE EVALUATION. Upon completion of this Grant Agreement, the Grantee's performance will be evaluated by the State and a copy of the evaluation will be placed in the State file and a copy sent to the Grantee.
- 18) PROJECT REPRESENTATIVES. The Project Representatives during the term of this Grant Agreement are as follows:

Department of Water Resources

Arthur Hinojosa
Manager, Division of Regional Assistance
P.O. Box 942836
Sacramento, CA 94236
Phone: (916) 902-6713
Email: arthur.hinojosa@water.ca.gov

Scotts Valley Water District

Piret Harmon
General Manager
2 Civic Center Drive
Scotts Valley, CA 95066
Phone: (831) 600-1902
Email: pharmon@svwd.org

Direct all inquiries to the Project Manager:

Department of Water Resources

<DWR Project Manager Name>
<Title>
<Mailing address line 1>
<Mailing address line 2>
Phone: (###) ###-####
Email:

Scotts Valley Water District

David McNair
Operations Manager
2 Civic Center Drive
Scotts Valley, CA 95066
Phone: (831) 600-1903
Email: dmcnair@svwd.org

Either party may change its Project Representative or Project Manager upon written notice to the other party.

19) STANDARD PROVISIONS. This Grant Agreement is complete and is the final Agreement between the parties. The following Exhibits are attached and made a part of this Grant Agreement by this reference:

Exhibit A – Work Plan

Exhibit B – Budget

Exhibit C – Schedule

Exhibit D – Standard Conditions

Exhibit E – Authorizing Resolution

Exhibit F – Report Formats and Requirements

Exhibit G – Requirements for Data Submittal

Exhibit H – State Audit Document Requirements for the Grantee

Exhibit I – Local Project Sponsors and Project Locations

Exhibit J – Appraisal Specifications

Exhibit K – Information Needed for Escrow Processing and Closure

Exhibit L – Project Monitoring Plan Guidance

Exhibit M – Invoice Guidance for Administrative and Overhead Charges

IN WITNESS WHEREOF, the parties hereto have executed this Grant Agreement.

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES

SCOTTS VALLEY WATER DISTRICT

Arthur Hinojosa
Manager, Division of Regional Assistance

Piret Harmon
General Manager

Date _____

Date _____

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EXHIBIT A WORK PLAN

Regional Drought Resiliency Project

IMPLEMENTING AGENCY: Scotts Valley Water District (Grantee)

PROJECT DESCRIPTION: This project will construct a 12-inch diameter bi-directional intertie pipeline and pump station between the Santa Cruz Water Department (SCWD) and the Grantee's distribution systems to facilitate transfers of water supply in droughts or other emergencies at an approximately rate of up to 4,000 acre-feet per year. Additionally, this project will construct a new groundwater well in Scotts Valley that will allow for increased extraction capacity to strengthen the Grantee's ability to deliver water to SCWD in drought conditions. The intertie pipeline and pump station are able to provide approximately 1,120 acre-feet per year of treated groundwater to SCWD as supplemental water supply. Together, the two new infrastructure elements support conjunctive use and other collaborative water management strategies that enhance the supply resiliency. The Project is split into two components as follows:

- Component 1 – Intertie and pump station: includes the construction of a C900 polyvinyl chloride (PVC) pipeline and a booster pump station to convey water between the two systems.
- Component 2 – Production well: includes drilling and equipping a 1,100' deep well into the Butano and Lompico aquifers of the Santa Margarita Groundwater Basin to provide operational flexibility and redundancy for groundwater production.

Budget Category (a): Project Administration

Task 1: Project Management

Manage Grant Agreement including compliance with grant requirements, and preparation and submission of supporting grant documents. Prepare invoices including relevant supporting documentation for submittal to DWR. This task also includes administrative responsibilities associated with the project such as coordinating with partnering agencies and managing consultants/contractors.

Deliverables:

- Invoices and associated backup documentation

Task 2: Reporting

Prepare progress reports detailing work completed during reporting period as outlined in Exhibit F of this Agreement. Submit reports to DWR.

Prepare Project Completion Report and submit to DWR no later than 90 days after project completion for DWR Project Manager's comment and review. The report shall be prepared and presented in accordance with guidance as outlined in Exhibit F.

Deliverables:

- Quarterly Project Progress Reports
- Project Completion Report/Grant Completion Report(s) for Components 1 and 2
- Documentation (e.g., photo) of "Acknowledgment of Credit & Signage" per Standard Condition D.2

Budget Category (b): Land Purchase/Easement

Task 3: Land Purchase

Facilitate the land acquisition and/or easements necessary to construct the intertie and associated appurtenances (Component 1) and the production well (Component 2).

Deliverables:

- Documentation supporting property value
- All relevant documentation regarding property ownership transfer or acquisition of easement

Budget Category (c): Planning/Design/Engineering/Environmental Documentation

Task 4: Feasibility Studies

Feasibility studies have been completed in the early phases of the project development process:

- Component 1: Geotechnical Investigation and hydraulic modeling for the intertie
- Component 2: Site Feasibility Evaluation for the production well

The scope of design services will include additional hydraulic modelling for Components 1 and 2, water quality blending analysis and corrosion analysis for Component 1, to confirm the project will comply with each agency's regulatory water quality or system pressure standards.

Deliverables:

- Relevant Feasibility Studies for Components 1 and 2

Task 5: CEQA Documentation

Complete environmental review pursuant to CEQA for Component 1 (the intertie pipeline and pump station) and Component 2 (groundwater well). Prepare all necessary environmental documentation. Prepare letter stating no legal challenges (or addressing legal challenges).

Deliverables:

- All completed CEQA documents as required for Component 1 and 2
- Legal Challenges Letter for Component 1 and 2

Task 6: Permitting

The following permits are anticipated to be acquired for this project:

Component 1: Santa Cruz County Encroachment Permit, State Water Resource Control Board (SWRCB) Construction General Permit for stormwater discharges and any others as deemed necessary.

Component 2: SWRCB Permit for new water source, SWRCB Construction General Permit for stormwater discharges and any others as deemed necessary.

Deliverables:

- Permits as required for Components 1 and 2

Task 7: Design

Design is being completed for the pipeline and pump station separately from the production well.

The final plans and specifications will be developed through the design process and will contain all information needed to construct both components.

Deliverables:

- Basis of Design Report for Component 1
- Hydraulics Analysis for Component 1 and Component 2
- Desktop Water Quality/Corrosion Evaluation for Component 1
- 100% Design Plans and Specifications for Components 1 and Component 2
- If required, Proof of 60% Design Plans and Specifications submittal to the appropriate region office of Division of Drinking Water, California State Water Resources Control Board for Component 2

Task 8: Project Monitoring Plan

Develop and submit a Project Monitoring Plan per Paragraph 14 for DWR's review and approval.

Deliverables:

- Project Monitoring Plan

Budget Category (d): Construction/Implementation

Task 9: Contract Services

This task must comply with the Standard Condition D.10 – Competitive Bidding and Procurements. Activities necessary (as applicable) to secure a contractor and award the contract, including: develop bid documents, prepare advertisement and contract documents for construction contract bidding, conduct pre-bid meeting, bid opening and evaluation, selection of the contractor, award of contract, and issuance of notice to proceed.

Deliverables:

- Bid Documents for Component 1 and 2
- Proof of Advertisement for Component 1 and 2
- Award of Contract for Component 1 and 2
- Notice to Proceed for Component 1 and 2

Task 10: Construction Administration

This task includes managing contractor submittal review, answering requests for information, and issuing work directives. A qualified engineering construction observer will be deployed for the duration of the project. Construction observer duties include documenting of pre-construction conditions, daily construction diary, preparing change orders, addressing questions of contractors on site, reviewing/ updating project schedule, reviewing contractor log submittals and pay requests, forecasting cash flow, notifying contractor if work is not acceptable. Upon completing the project, the DWR Certificate of Project Completion and record drawings will be provided to DWR.

Deliverables:

- DWR Certificate of Project Completion for Components 1 and 2
- Record Drawings for Component 1 and 2

Task 11: Construction

Construction activities are outlined below.

Component 1 – INTERTIE AND PUMP STATION

11(a): Mobilization and Demobilization will include:

Mobilization: Completion of approved submittals, procurement of materials, establishment of necessary construction staging, temporary offices and mobilization of the construction equipment.

Demobilization: Remove equipment, extra materials, spoils, regrade to original condition, install permanent erosion control measures, remove temporary fencing remove signage.

11(b): Site preparation will include:

- Clear and Grub unpaved section of access road between Pasatiempo Zone Kite Hill Storage tank and Firehouse Lane. Tree trimming as needed for overhead and horizontal clearance.
- Place temporary traffic control signage.
- Install temporary erosion control measures.
- Fence, clear and grade pump station foundation footprint.

11(c): Construction will include:

- To prepare for pipeline: Dig a trench to a depth 3 feet and a variablewidth approximatley 2.5 feet within the paved right-of-way of La Madrona Drive and the unpaved right-of-way to an existing storage tank.
- Install approximately 9,200 linear feet of 12-16 inch diameter C900 polyvinyl chloride (PVC) pipeline
- Backfill pipeline, cap , temporarily patch
- Pressure test, flush, and complete permanent tap connections bewtween City and SVWD systems.
- Install permanent paving, striping, and curb as needed.
- Construct a pump station building
 - Excavate foundation, install conudits, water, drainage and other underground utilities
 - Form pour foundation, construct CMU walls, frame roof and install roof/doors window
 - Complete interior electrical mechanice and instrumenation equipment installation
 - Install 3(three) pumps, connect, and energize system
 - Complete programming, testing, commissining and startup of system
 - Complete exterior lighting, fencing, hardscape, landscaping and security system installations as required.

Component 2 – PRODUCTION WELL

11(a): Mobilization and Demobilization will include:

Mobilization: Completion of approved submittals, procurement of materials, establishment of necessary construction staging, temporary offices and mobilization of the construction equipment.

Demobilization: Remove equipment, extra materials, spoils, regrade to original condition, install permanent erosion control measures, remove temporary fencing remove signage.

11(b): Site preparation will include:

- Grade site for well drilling equipment, trench and install 400' fo 16" storm drain piping tied into public storm drain system.
- Install temporary erosion control measures.

11(c): Construction will include:

- Drill well and install stainless steel well casing and screen with gravel filter pack and sanitary seal; develop well and set flow rte and pumping depth.
- Install mechanical facilities at the well site to inlcude well slab, well head, column, pump and motor, wire harness, and sample tubes.
- Install a 200 amp, 3 phase electrical service, well meter and appurtenances, pedestal control panel, well controls and SCADA equipment

- Install raw water pipeline and appurtenances from the well to existing system: trench, install, backfill, pressure test, disinfect, tie into existing raw water pipeline, paving
- Final site grading and paving; installation of security fencing, gate and lighting system
- Perform necessary upgrades to El Pueblo Water Treatment Plant to accommodate the new water source

Deliverables:

- Photographic Documentation of Progress for Components 1 and 2
- Notice of Completion for Component 1 and 2

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**EXHIBIT B
BUDGET**

AGREEMENT BUDGET SUMMARY

PROJECTS	Grant Amount	All Other Cost	Total Cost
Regional Drought Resiliency Project	\$9,449,783	\$372,492	\$9,822,275
GRAND TOTAL	\$9,449,783	\$372,492	\$9,822,275

Regional Drought Resiliency Project

Implementing Agency: Scotts Valley Water District

	BUDGET CATEGORY	Grant Amount	All Other Cost*	Total Cost
(a)	Project Administration	\$367,246	\$44,114	\$411,360
(b)	Land Purchase / Easement	\$285,000	\$0	\$285,000
(c)	Planning / Design / Engineering / Environmental Documentation	\$770,905	\$328,378	\$1,099,283
(d)	Construction / Implementation	\$8,026,632	\$0	\$8,026,632
	TOTAL COSTS	\$9,449,783	\$372,492	\$9,822,275

* All Other Cost provided by Scotts Valley Water District and City of Santa Cruz Water Department.

Component 1: Intertie and Pump Station

	BUDGET CATEGORY	Grant Amount	All Other Cost*	Total Cost
(a)	Project Administration	\$292,246	\$0	\$292,246
(b)	Land Purchase / Easement	\$45,000	\$0	\$45,000
(c)	Planning / Design / Engineering / Environmental Documentation	\$506,855	\$328,378	\$835,233
(d)	Construction / Implementation	\$5,741,007	\$0	\$5,741,007
	TOTAL COSTS	\$6,585,108	\$328,378	\$6,913,486

*All Other Costs funded by Scotts Valley Water District and City of Santa Cruz Water Department operating revenues.

Component 2: Production Well

	BUDGET CATEGORY	Grant Amount	All Other Cost*	Total Cost
(a)	Project Administration	\$25,000	\$44,114	\$69,114
(b)	Land Purchase / Easement	\$240,000	\$0	\$240,000
(c)	Planning / Design / Engineering / Environmental Documentation	\$264,050	\$0	\$264,050
(d)	Construction / Implementation	\$2,285,625	\$0	\$2,285,625
	TOTAL COSTS	\$2,814,675	\$44,114	\$2,858,789

*All other Costs funded by Scotts Valley Water District operating revenue.

EXHIBIT C
SCHEDULE

PROJECT 1: Regional Drought Resiliency Project

	BUDGET CATEGORY	Start Date	End Date
a	Project Administration	3/19/2022	3/1/2026
b	Land Purchase / Easement	4/1/2022	4/1/2023
c	Planning / Design / Engineering / Environmental Documentation	6/1/2022	11/1/2023*
d	Construction / Implementation	3/1/2023	1/1/2026

*Two construction projects move in parallel. It is anticipated that the production well project moves into implementation phase while the intertie is still in planning/engineering phase.

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EXHIBIT D

STANDARD CONDITIONS

- D.1. ACCOUNTING AND DEPOSIT OF FUNDING DISBURSEMENT:
- A. Separate Accounting of Funding Disbursements: Grantee shall account for the money disbursed pursuant to this Grant agreement separately from all other Grantee funds. Grantee shall maintain audit and accounting procedures that are in accordance with generally accepted accounting principles and practices, consistently applied. Grantee shall keep complete and accurate records of all receipts and disbursements on expenditures of such funds. Grantee shall require its contractors or subcontractors to maintain books, records, and other documents pertinent to their work in accordance with generally accepted accounting principles and practices. Records are subject to inspection by State at any and all reasonable times.
 - B. Disposition of Money Disbursed: All money disbursed pursuant to this Grant agreement shall be deposited in a non-interest bearing account, administered, and accounted for pursuant to the provisions of applicable law.
 - C. Remittance of Unexpended Funds: Grantee shall remit to State any unexpended funds that were disbursed to Grantee under this Grant agreement and were not used to pay Eligible Project Costs within a period of sixty (60) calendar days from the final disbursement from State to Grantee of funds or, within thirty (30) calendar days of the expiration of the Grant agreement, whichever comes first.
- D.2. ACKNOWLEDGEMENT OF CREDIT AND SIGNAGE: Grantee shall include appropriate acknowledgement of credit to the State for its support when promoting the Project or using any data and/or information developed under this Grant agreement. Signage shall be posted in a prominent location at Project site(s) (if applicable) or at the Grantee's headquarters and shall include the Department of Water Resources color logo and the following disclosure statement: "Funding for this project has been provided in full or in part from the Budget Act of 2021 and through an agreement with the State Department of Water Resources." The Grantee shall also include in each of its contracts for work under this Agreement a provision that incorporates the requirements stated within this Paragraph.
- D.3. AMENDMENT: This Grant agreement may be amended at any time by mutual agreement of the Parties, except insofar as any proposed amendments are in any way contrary to applicable law. Requests by the Grantee for amendments must be in writing stating the amendment request and the reason for the request. Requests solely for a time extension must be submitted at least 90 days prior to the work completion date set forth in Paragraph 2. Any other request for an amendment must be submitted at least 180 days prior to the work completion date set forth in Paragraph 2. State shall have no obligation to agree to an amendment.
- D.4. AMERICANS WITH DISABILITIES ACT: By signing this Grant agreement, Grantee assures State that it complies with the Americans with Disabilities Act (ADA) of 1990, (42 U.S.C. § 12101 et seq.), which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA.
- D.5. AUDITS: State reserves the right to conduct an audit at any time between the execution of this Grant agreement and the completion of the Project, with the costs of such audit borne by State. After completion of the Project, State may require Grantee to conduct a final audit to State's specifications, at Grantee's expense, such audit to be conducted by and a report prepared by an independent Certified Public Accountant. Failure or refusal by Grantee to comply with this provision shall be considered a breach of this Grant agreement, and State may elect to pursue any remedies provided in Paragraph 10 or take any other action it deems necessary to protect its interests. The Grantee agrees it shall return any audit disallowances to the State.

Pursuant to Government Code section 8546.7, the Grantee shall be subject to the examination and audit by the State for a period of three (3) years after final payment under this Grant agreement with respect of all matters connected with this Grant agreement, including but not limited to, the cost of administering this Grant agreement. All records of Grantee or its contractor or subcontractors shall be preserved for this purpose for at least three (3) years after receipt of the final disbursement under this Agreement.

- D.6. **BUDGET CONTINGENCY:** If the Budget Act of the current year covered under this Grant agreement does not appropriate sufficient funds for this program, this Grant agreement shall be of no force and effect. This provision shall be construed as a condition precedent to the obligation of State to make any payments under this Grant agreement. In this event, State shall have no liability to pay any funds whatsoever to Grantee or to furnish any other considerations under this Grant agreement and Grantee shall not be obligated to perform any provisions of this Grant agreement. Nothing in this Grant agreement shall be construed to provide Grantee with a right of priority for payment over any other Grantee. If funding for any fiscal year after the current year covered by this Grant agreement is reduced or deleted by the Budget Act, by Executive Order, or by order of the Department of Finance, the State shall have the option to either cancel this Grant agreement with no liability occurring to State, or offer a Grant agreement amendment to Grantee to reflect the reduced amount.
- D.7. **CEQA:** Activities funded under this Grant agreement, regardless of funding source, must be in compliance with the California Environmental Quality Act (CEQA). (Pub. Resources Code, § 21000 et seq.) Any work that is subject to CEQA and funded under this Agreement shall not proceed until documents that satisfy the CEQA process are received by the State's Project Manager and the State has completed its CEQA compliance. Work funded under this Agreement that is subject to a CEQA document shall not proceed until and unless approved by the Department of Water Resources. Such approval is fully discretionary and shall constitute a condition precedent to any work for which it is required. If CEQA compliance by the Grantee is not complete at the time the State signs this Agreement, once State has considered the environmental documents, it may decide to require changes, alterations, or other mitigation to the Project; or to not fund the Project. Should the State decide to not fund the Project, this Agreement shall be terminated in accordance with Paragraph 10, "Default Provisions."
- D.8. **CHILD SUPPORT COMPLIANCE ACT:** The Grantee acknowledges in accordance with Public Contract Code section 7110, that:
- A. The Grantee recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Family Code section 5200 et seq.; and
 - B. The Grantee, to the best of its knowledge is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.
- D.9. **CLAIMS DISPUTE:** Any claim that the Grantee may have regarding performance of this Agreement including, but not limited to, claims for additional compensation or extension of time, shall be submitted to the DWR Project Representative, within thirty (30) days of the Grantee's knowledge of the claim. State and Grantee shall then attempt to negotiate a resolution of such claim and process an amendment to this Agreement to implement the terms of any such resolution.
- D.10. **COMPETITIVE BIDDING AND PROCUREMENTS:** Grantee's contracts with other entities for the acquisition of goods and services and construction of public works with funds provided by State under this Grant agreement must be in writing and shall comply with all applicable laws and regulations regarding the securing of competitive bids and undertaking competitive negotiations. If the Grantee does not have a written policy to award contracts through a competitive bidding or sole source process, the Department of General Services' *State Contracting Manual* rules must be followed and

are available at: <https://www.dgs.ca.gov/OLS/Resources/Page-Content/Office-of-Legal-Services-Resources-List-Folder/State-Contracting>.

- D.11. **COMPUTER SOFTWARE:** Grantee certifies that it has appropriate systems and controls in place to ensure that state funds will not be used in the performance of this Grant agreement for the acquisition, operation, or maintenance of computer software in violation of copyright laws.
- D.12. **CONFLICT OF INTEREST:** All participants are subject to State and Federal conflict of interest laws. Failure to comply with these laws, including business and financial disclosure provisions, will result in the application being rejected and any subsequent contract being declared void. Other legal action may also be taken. Applicable statutes include, but are not limited to, Government Code section 1090 and Public Contract Code sections 10410 and 10411, for State conflict of interest requirements.
- A. **Current State Employees:** No State officer or employee shall engage in any employment, activity, or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any State agency, unless the employment, activity, or enterprise is required as a condition of regular State employment. No State officer or employee shall contract on his or her own behalf as an independent contractor with any State agency to provide goods or services.
 - B. **Former State Employees:** For the two-year period from the date he or she left State employment, no former State officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements, or any part of the decision-making process relevant to the contract while employed in any capacity by any State agency. For the twelve-month period from the date he or she left State employment, no former State officer or employee may enter into a contract with any State agency if he or she was employed by that State agency in a policy-making position in the same general subject area as the proposed contract within the twelve-month period prior to his or her leaving State service.
 - C. **Employees of the Grantee:** Employees of the Grantee shall comply with all applicable provisions of law pertaining to conflicts of interest, including but not limited to any applicable conflict of interest provisions of the California Political Reform Act. (Gov. Code, § 87100 et seq.)
 - D. **Employees and Consultants to the Grantee:** Individuals working on behalf of a Grantee may be required by the Department to file a Statement of Economic Interests (Fair Political Practices Commission Form 700) if it is determined that an individual is a consultant for Political Reform Act purposes.
- D.13. **DELIVERY OF INFORMATION, REPORTS, AND DATA:** Grantee agrees to expeditiously provide throughout the term of this Grant agreement, such reports, data, information, and certifications as may be reasonably required by State.
- D.14. **DISPOSITION OF EQUIPMENT:** Grantee shall provide to State, not less than thirty (30) calendar days prior to submission of the final invoice, an itemized inventory of equipment purchased with funds provided by State. The inventory shall include all items with a current estimated fair market value of more than \$5,000.00 per item. Within sixty (60) calendar days of receipt of such inventory State shall provide Grantee with a list of the items on the inventory that State will take title to. All other items shall become the property of Grantee. State shall arrange for delivery from Grantee of items that it takes title to. Cost of transportation, if any, shall be borne by State.
- D.15. **DRUG-FREE WORKPLACE CERTIFICATION:** Certification of Compliance: By signing this Grant agreement, Grantee, its contractors or subcontractors hereby certify, under penalty of perjury under the laws of State of California, compliance with the requirements of the Drug-Free Workplace Act of 1990 (Gov. Code, § 8350 et seq.) and have or will provide a drug-free workplace by taking the following actions:
- A. Publish a statement notifying employees, contractors, and subcontractors that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited

and specifying actions to be taken against employees, contractors, or subcontractors for violations, as required by Government Code section 8355.

- B. Establish a Drug-Free Awareness Program, as required by Government Code section 8355 to inform employees, contractors, or subcontractors about all of the following:
 - i. The dangers of drug abuse in the workplace,
 - ii. Grantee's policy of maintaining a drug-free workplace,
 - iii. Any available counseling, rehabilitation, and employee assistance programs, and
 - iv. Penalties that may be imposed upon employees, contractors, and subcontractors for drug abuse violations.
 - C. Provide, as required by Government Code section 8355, that every employee, contractor, and/or subcontractor who works under this Grant agreement:
 - i. Will receive a copy of Grantee's drug-free policy statement, and
 - ii. Will agree to abide by terms of Grantee's condition of employment, contract or subcontract.
- D.16. EASEMENTS: Where the Grantee acquires property in fee title or funds improvements to real property already owned in fee by the Grantee using State funds provided through this Grant agreement, an appropriate easement or other title restriction providing for floodplain preservation and agricultural and/or wildlife habitat conservation for the subject property in perpetuity, approved by the State, shall be conveyed to a regulatory or trustee agency or conservation group acceptable to the State. The easement or other title restriction must be in first position ahead of any recorded mortgage or lien on the property unless this requirement is waived by the State. Where the Grantee acquires an easement under this Agreement, the Grantee agrees to monitor and enforce the terms of the easement, unless the easement is subsequently transferred to another land management or conservation organization or entity with State permission, at which time monitoring and enforcement responsibilities will transfer to the new easement owner. Failure to provide an easement acceptable to the State may result in termination of this Agreement.
- D.17. FINAL INSPECTIONS AND CERTIFICATION OF REGISTERED PROFESSIONAL: Upon completion of the Project, Grantee shall provide for a final inspection and certification by a California Registered Professional (i.e., Professional Civil Engineer, Engineering Geologist), that the Project has been completed in accordance with submitted final plans and specifications and any modifications thereto and in accordance with this Grant Agreement.
- D.18. GOVERNING LAW: This Grant agreement is governed by and shall be interpreted in accordance with the laws of the State of California.
- D.19. GRANTEE'S RESPONSIBILITIES: Grantee and its representatives shall:
- A. Faithfully and expeditiously perform or cause to be performed all project work as described in Exhibit A and in accordance with Exhibits B and C.
 - B. Accept and agree to comply with all terms, provisions, conditions, and written commitments of this Grant agreement, including all incorporated documents, and to fulfill all assurances, declarations, representations, and statements made by Grantee in the application, documents, amendments, and communications filed in support of its request for funding.
 - C. Comply with all applicable California, federal, and local laws and regulations.
 - D. Implement the Project in accordance with applicable provisions of the law.
 - E. Fulfill its obligations under the Grant agreement and be responsible for the performance of the Project.
 - F. Obtain any and all permits, licenses, and approvals required for performing any work under this Grant agreement, including those necessary to perform design, construction, or operation and maintenance of the Project. Grantee shall provide copies of permits and approvals to State.
 - G. Be solely responsible for design, construction, and operation and maintenance of projects within the work plan. Review or approval of plans, specifications, bid documents, or other construction documents by State is solely for the purpose of proper administration of funds by State and shall not be deemed to relieve or restrict responsibilities of Grantee under this Agreement.

- H. Be solely responsible for all work and for persons or entities engaged in work performed pursuant to this Agreement, including, but not limited to, contractors, subcontractors, suppliers, and providers of services. The Grantee shall be responsible for any and all disputes arising out of its contracts for work on the Project, including but not limited to payment disputes with contractors and subcontractors. The State will not mediate disputes between the Grantee and any other entity concerning responsibility for performance of work.
- D.20. INDEMNIFICATION: Grantee shall indemnify and hold and save the State, its officers, agents, and employees, free and harmless from any and all liabilities for any claims and damages (including inverse condemnation) that may arise out of the Project and this Agreement, including, but not limited to any claims or damages arising from planning, design, construction, maintenance and/or operation of levee rehabilitation measures for this Project and any breach of this Agreement. Grantee shall require its contractors or subcontractors to name the State, its officers, agents and employees as additional insureds on their liability insurance for activities undertaken pursuant to this Agreement.
- D.21. INDEPENDENT CAPACITY: Grantee, and the agents and employees of Grantees, in the performance of the Grant agreement, shall act in an independent capacity and not as officers, employees, or agents of the State.
- D.22. INSPECTION OF BOOKS, RECORDS, AND REPORTS: During regular office hours, each of the parties hereto and their duly authorized representatives shall have the right to inspect and to make copies of any books, records, or reports of either party pertaining to this Grant agreement or matters related hereto. Each of the parties hereto shall maintain and shall make available at all times for such inspection accurate records of all its costs, disbursements, and receipts with respect to its activities under this Grant agreement. Failure or refusal by Grantee to comply with this provision shall be considered a breach of this Grant agreement, and State may withhold disbursements to Grantee or take any other action it deems necessary to protect its interests.
- D.23. INSPECTIONS OF PROJECT BY STATE: State shall have the right to inspect the work being performed at any and all reasonable times during the term of the Grant agreement. This right shall extend to any subcontracts, and Grantee shall include provisions ensuring such access in all its contracts or subcontracts entered into pursuant to its Grant agreement with State.
- D.24. LABOR CODE COMPLIANCE: The Grantee agrees to be bound by all the provisions of the Labor Code regarding prevailing wages and shall monitor all contracts subject to reimbursement from this Agreement to assure that the prevailing wage provisions of the Labor Code are being met. Current Department of Industrial Relations (DIR) requirements may be found at: <http://www.dir.ca.gov/lcp.asp>. For more information, please refer to DIR's *Public Works Manual* at: <https://www.dir.ca.gov/dlse/PWManualCombined.pdf>. The Grantee affirms that it is aware of the provisions of section 3700 of the Labor Code, which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance, and the Grantee affirms that it will comply with such provisions before commencing the performance of the work under this Agreement and will make its contractors and subcontractors aware of this provision.
- D.25. MODIFICATION OF OVERALL WORK PLAN: At the request of the Grantee, the State may at its sole discretion approve non-material changes to the portions of Exhibits A, B, and C which concern the budget and schedule without formally amending this Grant agreement. Non-material changes with respect to the budget are changes that only result in reallocation of the budget and will not result in an increase in the amount of the State Grant agreement. Non-material changes with respect to the Project schedule are changes that will not extend the term of this Grant agreement. Requests for non-material changes to the budget and schedule must be submitted by the Grantee to the State in writing and are not effective unless and until specifically approved by the State's Program Manager in writing.
- D.26. NONDISCRIMINATION: During the performance of this Grant agreement, Grantee and its contractors or subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee

or applicant for employment because of sex (gender), sexual orientation, gender identity, race, color, ancestry, religion, creed, national origin (including language use restriction), pregnancy, physical disability (including HIV and AIDS), mental disability, medical condition (cancer/genetic characteristics), age (over 40), marital/domestic partner status, and denial of medical and family care leave or pregnancy disability leave. Grantee and its contractors or subcontractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Grantee and its contractors or subcontractors shall comply with the provisions of the California Fair Employment and Housing Act (Gov. Code, § 12990.) and the applicable regulations promulgated there under (Cal. Code Regs., tit. 2, § 11000 et seq.). The applicable regulations of the Fair Employment and Housing are incorporated into this Agreement by reference. Grantee and its contractors or subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

Grantee shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Grant agreement.

- D.27. OPINIONS AND DETERMINATIONS: Where the terms of this Grant agreement provide for action to be based upon, judgment, approval, review, or determination of either party hereto, such terms are not intended to be and shall never be construed as permitting such opinion, judgment, approval, review, or determination to be arbitrary, capricious, or unreasonable.
- D.28. PERFORMANCE BOND: Where contractors are used, the Grantee shall not authorize construction to begin until each contractor has furnished a performance bond in favor of the Grantee in the following amounts: faithful performance (100%) of contract value, and labor and materials (100%) of contract value. This requirement shall not apply to any contract for less than \$25,000.00. Any bond issued pursuant to this paragraph must be issued by a California-admitted surety. (Pub. Contract Code, § 7103; Code Civ. Proc., § 995.311.)
- D.29. PRIORITY HIRING CONSIDERATIONS: If this Grant agreement includes services in excess of \$200,000, the Grantee shall give priority consideration in filling vacancies in positions funded by the Grant agreement to qualified recipients of aid under Welfare and Institutions Code section 11200 in accordance with Public Contract Code section 10353.
- D.30. PROHIBITION AGAINST DISPOSAL OF PROJECT WITHOUT STATE PERMISSION: The Grantee shall not sell, abandon, lease, transfer, exchange, mortgage, hypothecate, or encumber in any manner whatsoever all or any portion of any real or other property necessarily connected or used in conjunction with the Project, or with Grantee's service of water, without prior permission of State. Grantee shall not take any action, including but not limited to actions relating to user fees, charges, and assessments that could adversely affect the ability of Grantee meet its obligations under this Grant agreement, without prior written permission of State. State may require that the proceeds from the disposition of any real or personal property be remitted to State.
- D.31. PROJECT ACCESS: The Grantee shall ensure that the State, the Governor of the State, or any authorized representative of the foregoing, will have safe and suitable access to the Project site at all reasonable times during Project construction and thereafter for the term of this Agreement.
- D.32. REMAINING BALANCE: In the event the Grantee does not submit invoices requesting all of the funds encumbered under this Grant Agreement, any remaining funds revert to the State. The State will notify the Grantee stating that the Project file is closed and any remaining balance will be disencumbered and unavailable for further use under this Grant Agreement.
- D.33. REMEDIES NOT EXCLUSIVE: The use by either party of any remedy specified herein for the enforcement of this Grant agreement is not exclusive and shall not deprive the party using such remedy of, or limit the application of, any other remedy provided by law.

- D.34. RETENTION: The State shall withhold ten percent (10%) of the funds, for each project, until the project is complete, and a Final Project Report is approved and accepted by DWR. If a project has multiple Components (within a project), at the State's discretion and upon a written request by the Grantee, any retained amount attributable to a single component may be released when that component is complete and the Final Component Completion Report is approved. Upon approval of the Final Project Report and/or Final Component Completion Report, any retained amounts due to the Grantee will be promptly disbursed to the Grantee, without interest.
- D.35. RIGHTS IN DATA: Grantee agrees that all data, plans, drawings, specifications, reports, computer programs, operating manuals, notes and other written or graphic work produced in the performance of this Grant agreement shall be made available to the State and shall be in the public domain to the extent to which release of such materials is required under the California Public Records Act. (Gov. Code, § 6250 et seq.) Grantee may disclose, disseminate and use in whole or in part, any final form data and information received, collected and developed under this Grant agreement, subject to appropriate acknowledgement of credit to State for financial support. Grantee shall not utilize the materials for any profit-making venture or sell or grant rights to a third party who intends to do so. The State shall have the right to use any data described in this paragraph for any public purpose.
- D.36. SEVERABILITY: Should any portion of this Grant agreement be determined to be void or unenforceable, such shall be severed from the whole and the Grant agreement shall continue as modified.
- D.37. SUSPENSION OF PAYMENTS: This Grant agreement may be subject to suspension of payments or termination, or both if the State determines that:
- A. Grantee, its contractors, or subcontractors have made a false certification, or
 - B. Grantee, its contractors, or subcontractors violates the certification by failing to carry out the requirements noted in this Grant agreement.
- D.38. SUCCESSORS AND ASSIGNS: This Grant agreement and all of its provisions shall apply to and bind the successors and assigns of the parties. No assignment or transfer of this Grant agreement or any part thereof, rights hereunder, or interest herein by the Grantee shall be valid unless and until it is approved by State and made subject to such reasonable terms and conditions as State may impose.
- D.39. TERMINATION BY GRANTEE: Subject to State approval which may be reasonably withheld, Grantee may terminate this Agreement and be relieved of contractual obligations. In doing so, Grantee must provide a reason(s) for termination. Grantee must submit all progress reports summarizing accomplishments up until termination date.
- D.40. TERMINATION FOR CAUSE: Subject to the right to cure under Paragraph 10, "Default Provisions," the State may terminate this Grant agreement and be relieved of any payments should Grantee fail to perform the requirements of this Grant agreement at the time and in the manner herein, provided including but not limited to reasons of default under Paragraph 10, "Default Provisions."
- D.41. TERMINATION WITHOUT CAUSE: The State may terminate this Agreement without cause on 30 days' advance written notice. The Grantee shall be reimbursed for all reasonable expenses incurred up to the date of termination.
- D.42. THIRD PARTY BENEFICIARIES: The parties to this Agreement do not intend to create rights in, or grant remedies to, any third party as a beneficiary of this Agreement, or any duty, covenant, obligation or understanding established herein.
- D.43. TIMELINESS: Time is of the essence in this Grant Agreement.

- D.44. TRAVEL : Only ground transportation and lodging are eligible for grant reimbursement. Per diem costs will not be eligible for grant reimbursement. Any reimbursement for necessary travel shall be at rates not to exceed those set by the California Department of Human Resources. These rates may be found at: <http://www.calhr.ca.gov/employees/Pages/travel-reimbursements.aspx>. Reimbursement will be at the State travel amounts that are current as of the date costs are incurred. No travel outside of the project sponsor's service area shall be reimbursed unless prior written authorization is obtained from the State.
- D.45. UNION ORGANIZING: Grantee, by signing this Grant agreement, hereby acknowledges the applicability of Government Code sections 16645 through 16649 to this Grant Agreement. Furthermore, Grantee, by signing this Grant Agreement, hereby certifies that:
- A. No State funds disbursed by this Grant agreement will be used to assist, promote, or deter union organizing.
 - B. Grantee shall account for State funds disbursed for a specific expenditure by this Grant agreement to show those funds were allocated to that expenditure.
 - C. Grantee shall, where State funds are not designated as described in (b) above, allocate, on a pro rata basis, all disbursements that support the program.
 - D. If Grantee makes expenditures to assist, promote, or deter union organizing, Grantee will maintain records sufficient to show that no State funds were used for those expenditures and that Grantee shall provide those records to the Attorney General upon request.
- D.46. VENUE: The State and the Grantee hereby agree that any action arising out of this Agreement shall be filed and maintained in the Superior Court in and for the County of Sacramento, California, or in the United States District Court in and for the Eastern District of California. The Grantee hereby waives any existing sovereign immunity for the purposes of this Agreement.
- D.47. WAIVER OF RIGHTS: None of the provisions of this Grant Agreement shall be deemed waived unless expressly waived in writing. It is the intention of the parties here to that from time to time either party may waive any of its rights under this Grant agreement unless contrary to law. Any waiver by either party of rights arising in connection with the Grant agreement shall not be deemed to be a waiver with respect to any other rights or matters, and such provisions shall continue in full force and effect.

EXHIBIT E
AUTHORIZING RESOLUTION

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Attachment A

RESOLUTION No. 09-21

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SCOTTS VALLEY WATER DISTRICT AUTHORIZING THE GRANT APPLICATION,
ACCEPTANCE, AND EXECUTION FOR THE INTERTIE AND NEW PRODUCTION WELL PROJECT

WHEREAS:

1. The Scotts Valley Water District and other Santa Cruz County water agencies rely only on local water sources;
2. The frequent and severe drought conditions put a heavy burden on small public utilities to develop supplemental supply options;
3. The Scotts Valley Water District and other local water agencies have a unique opportunity to improve the resilience of the local water supply by implementing conjunctive use strategies and carrying out regional supply projects.
4. The City of Santa Cruz water supply augmentation strategy includes passive recharge of regional aquifers by transferring water to water purveyors relying on groundwater including Scotts Valley Water District so they can rest their groundwater wells, help the aquifers recover, and potentially store water for use by the city in dry periods.

AND WHEREAS:

1. The Scotts Valley Water District proposes to build an intertie connecting its distribution system to the City of Santa Cruz Water Department's distribution system and to construct a new production well in the Santa Margarita Groundwater Basin.
2. The Scotts Valley Water District has the legal authority and is authorized to enter into a funding agreement with the State of California;
3. The Scotts Valley Water District intends to apply for grant funding from the California Department of Water Resources for the intertie and new production well project.

THEREFORE BE IT RESOLVED by the Board of Directors of the Scotts Valley Water District as follows:

1. That pursuant and subject to all of the terms and provisions of Budget Act of 2021 (Stats. 2021, ch. 240, § 80) the Scotts Valley Water District General Manager, or designee is hereby authorized and directed to prepare and file an application for funding with the Department of Water Resources, and take such other actions necessary or appropriate to obtain grant funding;
2. The Scotts Valley Water District General Manager, or designee is hereby authorized and directed to execute the funding agreement with the Department of Water Resources and any amendments thereto;

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RESOLUTION No. 09-21

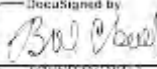
3. The Scotts Valley Water District General Manager, or designee is hereby authorized and directed to submit any required documents, invoices, and reports required to obtain grand funding.

PASSED AND ADOPTED this 10th day of November 2021, by the following vote:

AYES: Ekwall, Leishman, Perri, Reber and Stiles.

NOES: None.

ABSENT: None

DocuSigned by:

Bill Ekwall, President
Board of Directors

Attest: 
Piret Harmon, General Manager

EXHIBIT F

REPORT FORMATS AND REQUIREMENTS

The following reporting formats should be utilized. Please obtain State approval prior to submitting a report in an alternative format.

PROGRESS REPORTS

Progress reports shall generally use the following format. This format may be modified as necessary to effectively communicate information. For each project (including Component 1 and Component 2), discuss the following at the task level, as organized in Exhibit A:

- Percent complete (by work)
- Discussion of work accomplished during the reporting period.
- Milestones or deliverables completed/submitted during the reporting period.
- Meetings held or attended.
- Scheduling concerns and issues encountered that may delay completion of the task.

For each project (including Component 1 and Component 2), discuss the following at the project level, as organized in Exhibit A:

- Work anticipated for the next reporting period.
- Photo documentation, as appropriate.
- Budget projections for grant share for the next two quarters
- Any schedule or budget modifications approved by DWR during the reporting period.

PROJECT COMPLETION REPORT

The Project Completion Report (or a Component Completion Report, if a Project has multiple Components) shall generally use the following format provided below for each project after completion.

Executive Summary

The Executive Summary should include a brief summary of project information and include the following items:

- Brief description of work proposed to be done in the original Grant application.
- List any official amendments to this Grant Agreement, with a short description of the amendment.

Reports and/or Products

The following items should be provided, unless already submitted as a deliverable:

- A copy of any final technical report or study, produced for or utilized in this Project as described in the Exhibit A
- Electronic copies of any data collected, not previously submitted
- Discussion of problems that occurred during the work and how those problems were resolved
- Final project schedule showing actual progress versus planned progress as shown in Exhibit C

Additional information that may be applicable for implementation projects includes the following:

- Record drawings
- Final geodetic survey information

- Project photos

Cost & Disposition of Funds

A list showing:

- Summary of Project costs including the following items:
 - Accounting of the cost of project expenditure;
 - Include all internal and external costs not previously disclosed (i.e., additional cost share); and
 - A discussion of factors that positively or negatively affected the project cost and any deviation from the original Project cost estimate.

Additional Information

- Benefits derived from the Project, with quantification of such benefits provided.
- If applicable, Certification from a California Registered Professional (Civil Engineer or Geologist, as appropriate), consistent with Exhibit D, that the project was conducted in accordance with the approved Work Plan in Exhibit A and any approved amendments thereto.
- Submittal schedule for the Post-Performance Report.

GRANT COMPLETION REPORT

The Grant Completion Report shall generally use the following format. This format may be modified as necessary to effectively communicate information on the various projects funded by this Grant Agreement, and includes the following:

- Executive Summary: consisting of a maximum of ten (10) pages summarizing information for the grant as well as the individual projects.
- Brief discussion whether the level, type, or magnitude of benefits of each project are comparable to the original project proposal; any remaining work to be completed and mechanism for their implementation; and a summary of final funds disbursement for each project.

Additional Information: Summary of the submittal schedule for the Post-Performance Reports applicable for the projects in this Grant Agreement.

POST-PERFORMANCE REPORT

The Post-Performance Report (PPR) should be concise and focus on how each project is performing compared to its expected performance; whether the project is being operated and maintained and providing intended benefits as proposed. A PPR template may be provided by the assigned DWR Grant Manager upon request. The PPR should follow the general format of the template and provide requested information as applicable. The following information, at a minimum, shall be provided:

Reports and/or products

- Header including the following:
 - Grantee Name
 - Implementing Agency (if different from Grantee)
 - Grant Agreement Number
 - Project Name
 - Funding grant source
 - Report number

- Post-Performance Report schedule
- Time period of the annual report (e.g., January 2018 through December 2018)
- Project Description Summary
- Discussion of the project benefits
- An assessment of any differences between the expected versus actual project benefits as stated in the original application. Where applicable, the reporting should include quantitative metrics (e.g., new acre-feet of water produced that year, etc.).
- Summary of any additional costs and/or benefits deriving from the project since its completion, if applicable.
- Any additional information relevant to or generated by the continued operation of the project.

DRAFT

EXHIBIT G

REQUIREMENTS FOR DATA SUBMITTAL

Surface and Groundwater Quality Data:

Groundwater quality and ambient surface water quality monitoring data that include chemical, physical, or biological data shall be submitted to the State as described below, with a narrative description of data submittal activities included in project reports.

Surface water quality monitoring data shall be prepared for submission to the California Environmental Data Exchange Network (CEDEN). The CEDEN data templates are available on the CEDEN website. Inclusion of additional data elements described on the data templates is desirable. Data ready for submission should be uploaded to your CEDEN Regional Data Center via the CEDEN website. CEDEN website: <http://www.ceden.org>.

If a project's Work Plan contains a groundwater ambient monitoring element, groundwater quality monitoring data shall be submitted to the State for inclusion in the State Water Resources Control Board's Groundwater Ambient Monitoring and Assessment (GAMA) Program. Information on the GAMA Program can be obtained at: https://www.waterboards.ca.gov/water_issues/programs/gama/. If further information is required, the Grantee can contact the State Water Resources Control Board (SWRCB) GAMA Program. A listing of SWRCB staff involved in the GAMA program can be found at: https://www.waterboards.ca.gov/water_issues/programs/gama/contact.shtml.

Groundwater Level Data

For each project that collects groundwater level data, the Grantee will need to submit this data to DWR's Water Data Library (WDL), with a narrative description of data submittal activities included in project reports, as described in Exhibit F, "Report Formats and Requirements." Information regarding the WDL and in what format to submit data in can be found at: <http://www.water.ca.gov/waterdatalibrary/>.

EXHIBIT H

STATE AUDIT DOCUMENT REQUIREMENTS FOR THE GRANTEE

The following provides a list of documents typically required by State Auditors and general guidelines for the Grantee. List of documents pertains to both State funding and the Grantee's Local Cost Share and details the documents/records that State Auditors would need to review in the event of this Grant Agreement is audited. The Grantee should ensure that such records are maintained for each funded project.

State Audit Document Requirements

Internal Controls

1. Organization chart (e.g., Agency's overall organization chart and organization chart for the State funded Program/Project).
2. Written internal procedures and flowcharts for the following:
 - a) Receipts and deposits
 - b) Disbursements
 - c) State reimbursement requests
 - d) Expenditure tracking of State funds
 - e) Guidelines, policy, and procedures on State funded Program/Project
3. Audit reports of the Agency internal control structure and/or financial statements within the last two years.
4. Prior audit reports on the State funded Program/Project.

State Funding:

1. Original Grant Agreement, any amendment(s) and budget modification documents.
2. A listing of all bond-funded grants, loans, or subventions received from the State.
3. A listing of all other funding sources for each Program/Project.

Contracts:

1. All subcontractor and consultant contracts and related or partners' documents, if applicable.
2. Contracts between the Agency and member agencies as related to the State funded Program/Project.

Invoices:

1. Invoices from vendors and subcontractors for expenditures submitted to the State for payments under the Grant Agreement.
2. Documentation linking subcontractor invoices to State reimbursement, requests and related Grant Agreement budget line items.
3. Reimbursement requests submitted to the State for the Grant Agreement.

Cash Documents:

1. Receipts (copies of warrants) showing payments received from the State.
2. Deposit slips (or bank statements) showing deposit of the payments received from the State.
3. Cancelled checks or disbursement documents showing payments made to vendors, subcontractors, consultants, and/or agents under the grants or loans.
4. Bank statements showing the deposit of the receipts.

Accounting Records:

1. Ledgers showing entries for funding receipts and cash disbursements.
2. Ledgers showing receipts and cash disbursement entries of other funding sources.
3. Bridging documents that tie the general ledger to requests for Grant Agreement reimbursement.

Administration Costs:

1. Supporting documents showing the calculation of administration costs.

Personnel:

1. List of all contractors and Agency staff that worked on the State funded Program/Project.
2. Payroll records including timesheets for contractor staff and the Agency personnel who provided services charged to the program

Project Files:

1. All supporting documentation maintained in the project files.
2. All Grant Agreement related correspondence.

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EXHIBIT I

LOCAL PROJECT SPONSORS AND PROJECT LOCATIONS

The Grantee has assigned, for each project component, a Local Project Sponsor (LPS). LPSs may act on behalf of the Grantee for the purposes of individual project management, oversight, compliance, and operations and maintenance. LPSs are identified for each sponsored project component below:

Local Project Sponsor Agency Designation

Sponsored Project: Regional Drought Resiliency Project

Project Component: Production Well

Sponsor Agency: Scotts Valley Water District

Agency Address: 2 Civic Center Drive, Scotts Valley

Project Component: Intertie and Pump Station

Sponsor Agency: City of Santa Cruz

Agency Address: 212 Locust Street, Santa Cruz

Project Location: Scotts Valley, California (37.027, -122.025236)

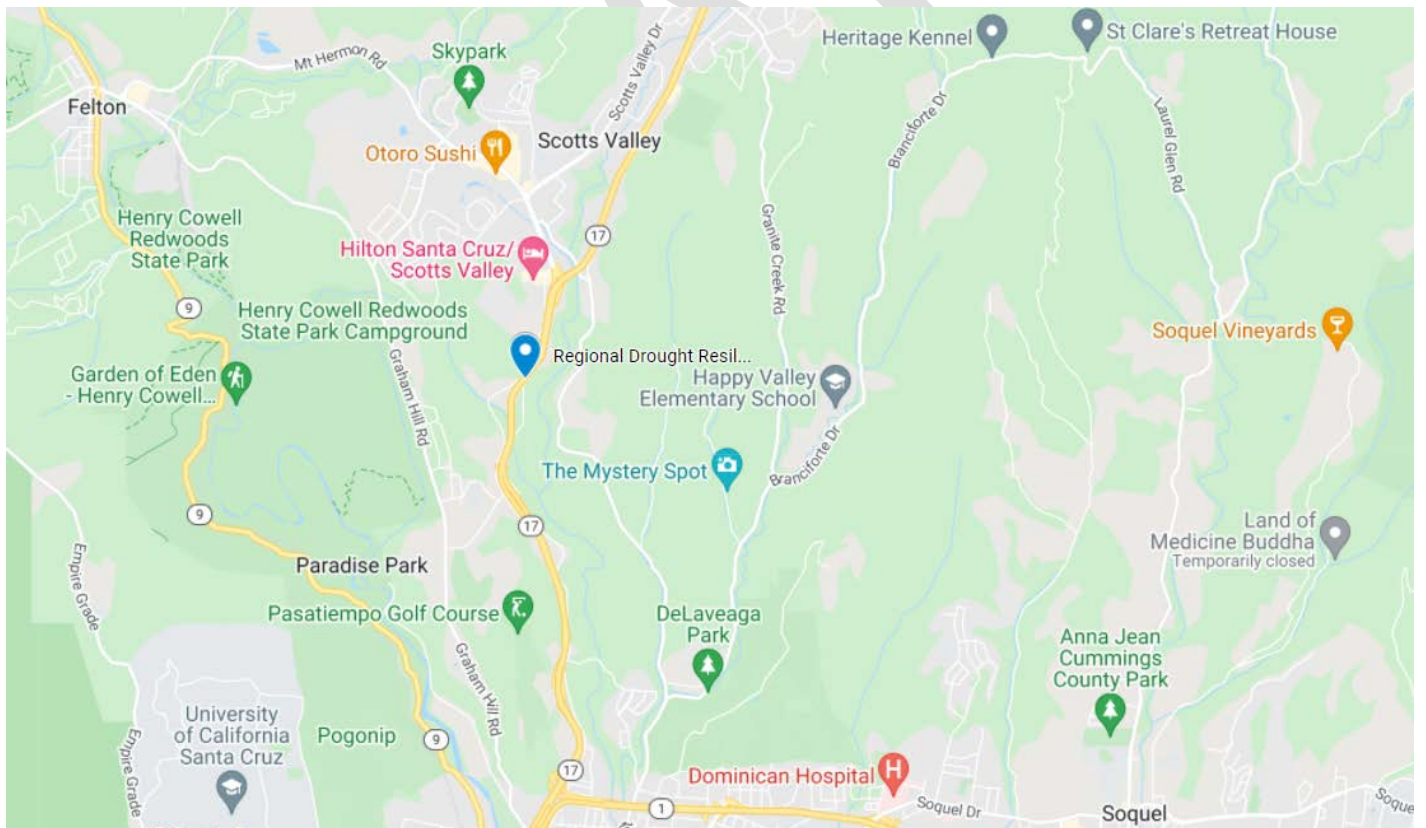


EXHIBIT J

APPRAISAL SPECIFICATIONS

For property acquisitions funded by this Grant Agreement, the Grantee shall submit an appraisal for review and approval by the Department of General Services or DWR's Real Estate Branch prior to reimbursement or depositing State funds into an escrow account. This information should be submitted at least 90 days prior to a reimbursement request to account for review time. All appraisal reports, regardless of report format, shall include all applicable Appraisal Specifications below. Appraisals for a total compensation of \$150,000 or more shall be reported as a Self-Contained Appraisal Report. Appraisals for a total compensation of less than \$150,000 may be reported as a Summary Appraisal Report, which includes all information necessary to arrive at the appraiser's conclusion. Appraisal Specifications 14, 16, 21, 23-25, and 28 shall be a narrative analysis regardless of the reporting format.

1. Title page with sufficient identification of appraisal assignment.
2. Letter of transmittal summarizing important assumptions and conclusions, value estimate, date of value and date of report.
3. Table of contents.
4. Assumptions and Limiting Conditions, Extraordinary Assumptions, and Hypothetical Conditions as needed.
5. Description of the scope of work, including the extent of data collection and limitations, if any, in obtaining relevant data.
6. Definition of Fair Market Value, as defined by California Code of Civil Procedure, § 1263.320.
7. Photographs of subject property and comparable data, including significant physical features and the interior of structural improvements, if applicable.
8. Copies of Tax Assessor's plat map with the subject marked along with all contiguous assessor's parcels that depict the ownership.
9. A legal description of the subject property, if available.
10. For large, remote or inaccessible parcels, provide aerial photographs or topographical maps depicting the subject boundaries.
11. Three (3) year subject property history, including sales, listings, leases, options, zoning, applications for permits, or other documents or facts that might indicate or affect use or value.
12. Discussion of any current Agreement of Sale, option, or listing of subject property. This issue required increased diligence since state agencies often utilize non-profit organizations to quickly acquire sensitive habitat parcels using Option Agreements. However, due to confidentiality clauses, the terms of the Option are often not disclosed to the State. If the appraiser discovers evidence of an Option or the possible existence of an Option, and the terms cannot be disclosed due to a confidentiality clause, then the appraiser is to cease work and contact the client.
13. Regional, area, and neighborhood analyses. This information may be presented in a summary format.
14. Market conditions and trends including identification of the relevant market area, a discussion of supply and demand within the relevant market area, and a discussion of the relevant market factors impacting demand for site acquisition and leasing within the relevant market area. This information may be presented in a summary format.
15. Discussion of subject land/site characteristics (size, topography, current use, elevations, zoning and land use issues, development entitlements, General Plan designation, utilities, offsite improvements, access, land features such as levees and creeks, offsite improvements, easements and

encumbrances, covenants, conditions and restrictions, flood and earthquake information, toxic hazards, water rights, mineral rights, toxic hazards, taxes and assessments, etc.).

16. Description of subject improvements including all structures, square footage, physical age, type of construction, quality of construction, condition of improvements and/or identification of any permanent plantings. Discussion of construction cost methodology, costs included and excluded, accrued depreciation from all causes, remaining economic life, items of deferred maintenance and cost to cure, and incurable items. Construction cost data shall include cost data source, date of estimate or date of publication of cost manual, section and page reference of cost manual, copies of cost estimate if provided from another source, replacement or reproduction cost method used, and supporting calculations including worksheets or spreadsheets.
17. Subject property leasing and operating cost history, including all items of income and expense.
18. Analysis and conclusion of the larger parcel for partial taking appraisals. For partial taking appraisals, Appraisal Specifications generally apply to the larger parcel rather than an ownership where the larger parcel is not the entire ownership.
19. Include a copy of a recent preliminary title report (within the past year) as an appraisal exhibit. Discuss the title exceptions and analyze the effect of title exceptions on fair market value.
20. For appraisals of partial takings or easements, a detailed description of the taking or easement area including surface features and topography, easements, encumbrances or improvements including levees within the subject partial take or easement, and whether the take area is characteristic of the larger parcel. Any characteristics of the taking area, including existing pre-project levees that render the take area different from the larger parcel shall be addressed in the valuation.
21. Opinion of highest and best use for the subject property, based on an in-depth analysis supporting the concluded use which includes the detail required by the complexity of the analysis. Such support typically requires a discussion of the four criteria of tests utilized to determine the highest and best use of a property. If alternative feasible uses exist, explain and support market, development, cash flow, and risk factors leading to an ultimate highest and best use decision.
22. All approaches to market value applicable to the property type and in the subject market. Explain and support the exclusion of any usual approaches to value.
23. Map(s) showing all comparable properties in relation to the subject property.
24. Photographs and plat maps of comparable properties.
25. In-depth discussion of comparable properties, similarities and differences compared to the subject property, adjustments to the comparable data, and discussion of the reliability and credibility of the data as it relates to the indicated subject property value. Improved comparable sales which are used to compare to vacant land subject properties shall include an allocation between land and improvements, using methodology similar to methodology used in item 16 above to estimate improvement value when possible, with an explanation of the methodology used.
26. Comparable data sheets.
 - a. For sales, include information on grantor/Grantee, sale/recordation dates, listed or asking price as of the date of sale, highest and best use, financing, conditions of sale, buyer motivation, sufficient location information (street address, post mile, and/or distance from local landmarks such as bridges, road intersections, structures, etc.), land/site characteristics, improvements, source of any allocation of sale price between land and improvements, and confirming source.
 - b. For listings, also include marketing time from list date to effective date of the appraisal, original list price, changes in list price, broker feedback, if available.

- c. For leases, include significant information such as lessor/lessee, lease date and term, type of lease, rent and escalation, expenses, size of space leased, tenant improvement allowance, concessions, use restrictions, options, and confirming source. When comparing improved sales to a vacant land subject, the contributory value of the improvements shall be segregated from the land value.
27. For appraisals of easements, a before and after analysis of the burden of the easement on the fee, with attention to how the easement affects highest and best use in the after condition. An Easement Valuation Matrix or generalized easement valuation references may be used ONLY as a reference for a secondary basis of value.
28. For partial taking and easement appraisals, valuation of the remainder in the after condition and analysis and identification of any change in highest and best use or other characteristics in the after condition, to establish severance damages to the remainder in the after condition, and a discussion of special and general benefits, and cost to cure damages or construction contract work.
29. There are occasions where properties involve water rights, minerals, or salable timber that require separate valuations. If an appraisal assignment includes water rights, minerals, or merchantable timber that requires separate valuation, the valuation of the water rights, minerals, or merchantable timber shall be completed by a credentialed subject matter specialist.
30. For partial taking and easement appraisals, presentation of the valuation in California partial taking acquisition required format.
31. Implied dedication statement.
32. Reconciliation and final value estimate. Include analysis and comparison of the comparable sales to the subject, and explain and support conclusions reached.
33. Discussion of any departures taken in the development of the appraisal.
34. Signed Certification consistent with the language found in Uniform Standards of Professional Appraisal Practice.
35. If applicable, in addition to the above, appraisals of telecommunication sites shall also provide:
 - a. A discussion of market conditions and trends including identification of the relevant market, a discussion of supply and demand within the relevant market area and a discussion of the relevant market factors impacting demand for site acquisition and leasing within the relevant market area.
 - b. An analysis of other leases comparable to subject property. Factors to be discussed in the analysis include the latitude, longitude, type of tower, tower height, number of rack spaces, number of racks occupied, placement of racks, power source and adequacy, back-up power, vault and site improvements description and location on site, other utilities; access, and road maintenance costs.

EXHIBIT K

INFORMATION NEEDED FOR ESCROW PROCESSING AND CLOSURE

The Grantee shall provide the following documents to the State Project Representative during the escrow process. Property acquisition escrow documents shall be submitted within the term of this Grant Agreement and after a qualified appraisal has been approved.

- Name and Address of Title Company Handling the Escrow
- Escrow Number
- Name of Escrow Officer
- Escrow Officer's Phone Number
- Dollar Amount Needed to Close Escrow
- Legal Description of Property Being Acquired
- Assessor's Parcel Number(s) of Property Being Acquired
- Copy of Title Insurance Report
- Entity Taking Title as Named Insured on Title Insurance Policy
- Copy of Escrow Instructions in Draft Form Prior to Recording for Review Purposes
- Copy of Final Escrow Instructions
- Verification that all Encumbrances (i.e., Liens, Back Taxes, and Similar Obligations) have been Cleared Prior to Recording the Deed to Transfer Title
- Copy of Deed for Review Purposes Prior to Recording
- Copy of Deed as Recorded in County Recorder's Office
- Copy of Escrow Closure Notice

EXHIBIT L

PROJECT MONITORING PLAN GUIDANCE

Introduction

For each project contained in Exhibit A, please include a brief description of the project (maximum ~150 words) including project location, implementation elements, need for the project (what problem will the project address) and responds to the requirements listed below.

Project Monitoring Plan Requirements

The Project Monitoring Plan shall contain responses to the following questions:

- What are the anticipated project physical benefits?
- What are the corresponding numeric targets for each project benefit?
- How will proposed numeric targets be measured?
- What are baseline conditions?
- When will the targets be met (e.g., upon project completion, five years after completion)?
- How often will monitoring be undertaken (e.g., monthly, yearly).
- Where are monitoring point locations (e.g., meter located at..., at stream mile...)? Include relevant maps.
- How will the project be maintained (e.g., irrigation, pest management, weed abatement)?
- What will be the frequency and duration of maintenance proposed activities?
- Are there any special environmental considerations (e.g., resource agency requirements, permit requirements, CEQA/NEPA mitigation measures)?
- Who is responsible for collecting the samples (i.e., who is conducting monitoring and/or maintenance)?
- How, and to whom, will monitoring results be reported (e.g., paper reports, online databases, public meetings)?
- What adaptive management strategies will be employed if problems are encountered during routine monitoring or maintenance?
- What is the anticipated life of the project?

EXHIBIT M

INVOICE GUIDANCE FOR ADMINISTRATIVE AND OVERHEAD CHARGES

The funds provided pursuant to this Agreement may only be used for costs that are directly related to the funded Project. The following provides a list of typical requirements for invoicing, specifically providing guidance on the appropriate methods for invoicing administrative and direct overhead charges.

Administration Charges

Indirect and General Overhead (i.e., indirect overhead) charges are not an allowable expense for reimbursement. However, administrative expenses that are apportioned directly to the project are eligible for reimbursement. Cost such as rent, office supplies, fringe benefits, etc. can be “Direct Costs” and are eligible expenses as long as:

- There is a consistent, articulated method for how the costs are allocated that is submitted and approved by the Grant Manager. The allocation method must be fully documented for auditors.
- A “fully-burdened labor rate” can be used to capture allowable administrative costs.
- The administrative/overhead costs can never include:
 - Non-project specific personnel and accounting services performed within the Grantee or an LPS’ organization
 - Generic markup
 - Tuition
 - Conference fees
 - Building and equipment depreciation or use allowances
- Using a general overhead percentage is never allowed

Labor Rates

The Grantee must provide DWR with supporting documentation for personnel hours (see personnel billing rates letter in example invoice packet). The personnel rate letter should be submitted to the DWR Grant Manager prior to submittal of the first invoice. The supporting documentation must include, at a minimum, employee classifications that will be reimbursed by grant funds and the corresponding hourly rate range. These rates should be “burdened”; the burdened rate must be consistent with the Grantee’s/Local Project Sponsors standardized allocation methodology. The supporting documentation should also provide an explanation of what costs make up the burdened rate and how those costs were determined. This information will be used to compare against personnel hours summary table invoice back up documentation. Periodic updates may be needed during the life of the grant which would be handled through a revised billing rate letter.

AGENDA REPORT

Scotts Valley Water District

Date: 06/09/22

To: Board of Directors

Item: Business 6.3

Subject: **Conflict of Interest Code Local Agency Biennial Notice 2022**

Reason: Mandated by the Political Reform Act, Government Code Sections 81000

SUMMARY

Recommendation: 1) Adopt Resolution No. 08-22 amending the Scotts Valley Water District Conflict of Interest Code and rescinding Resolution No. 06-18; and 2) Authorize the General Manager to file the 2022 Local Agency Biennial Notice with the County of Santa Cruz Board of Supervisors.

Fiscal Impact: None.

Previous Related Action: On 08/09/18, the Board adopted Resolution No. 06-18 amending the Scotts Valley Water District Conflict of Interest Code. The 2018 Local Agency Biennial Notice was filed, and the amended Conflict of Interest Code was approved by the Board of Supervisors on 09/18/18.

On 10/08/20, the Board authorized the filing of the 2022 Local Agency Biennial Notice.

BACKGROUND

The Political Reform Act requires every local government agency to review its Conflict of Interest Code biennially. Each agency must submit to the reviewing body, in this case, the County Board of Supervisors a notice indicating whether or not an amendment is necessary. If an agency amends its Conflict of Interest Code, it must be approved by the reviewing body within 90 days to be effective.

DISCUSSION

A local agency's Conflict of Interest Code must reflect the current structure of the organization and properly identify officials and employees who must file Statements of Economic Interests (Form 700). The code stipulates what financial interests must be disclosed by the designated positions on their Form 700. No changes to the designated positions and disclosure categories are proposed. The amendment clarifies the process of filing the Form 700.

The Conflict of Interest Code was reviewed by District's Legal Counsel

Submitted,

Piret Harmon
General Manager

Enclosed: Resolution 08-22
 Conflict of Interest Code
 2022 Local Agency Biennial Statement

RESOLUTION No. 08-22
RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SCOTTS VALLEY WATER DISTRICT
AMENDING THE SCOTTS VALLEY WATER DISTRICT CONFLICT OF INTEREST CODE AND
RESCINDING RESOLUTION No. 06-18

WHEREAS:

1. The Political Reform Act of 1974 requires that all public agencies must adopt a Conflict of Interest Code.
2. The Scotts Valley Water District's Board of Directors has adopted by Ordinance No. 165-17 the Scotts Valley Water District's Administrative Code, which incorporates by reference the District's Conflict of Interest Code (Section 2.40.202).
3. The Board has reviewed the Conflict of Interest Code designated positions and disclosure categories and recommends no changes.

THEREFORE, BE IT RESOLVED THAT:

The Scotts Valley Water District Board or Directors hereby:

1. Amends the District's Conflict of Interest Code effective immediately.
2. Rescinds Resolution No. 06-18 in its entirety.
3. Authorizes the General Manager to forward the Conflict of Interest Code to the County Board of Supervisors for approval and to file the 2022 Local Agency Biennial Notice.

PASSED AND ADOPTED this 9th day of June 2022, by the following vote:

AYES: .

NOES: .

ABSENT: .

Ruth Stiles, President
Board of Directors

Attest: _____
Piret Harmon, General Manager

CONFLICT OF INTEREST CODE
OF THE
SCOTTS VALLEY WATER DISTRICT

~~August 9, 2018~~ June 9, 2022

The Political Reform Act, Government Code Section 81000 et seq., requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission ("FPPC") has adopted a regulation, California Code of Regulations, Title 2, division 6, Section 18730 (hereinafter "CCR 18730"), which contains the terms of a standard conflict of interest code. It can be incorporated by reference and may be amended by the FPPC after public notice and hearings to conform to amendments in the Political Reform Act. Therefore, the terms of CCR 18730 and any amendments to it duly adopted by the FPPC are hereby incorporated by reference, and along with the attached Appendix in which members and employees are designated and disclosure categories are set forth, shall constitute the conflict of interest code of the Scotts Valley Water District.

~~The Designated Positions listed in Appendix A shall file statements of economic interests with the District. Upon receipt of the statements of economic interests filed by the Board of Directors of the District, the District Secretary shall make and retain a copy and forward the original of these statements to the Clerk of the Board of Supervisors. The original statements for all other Designated Positions will be retained by the District.~~ Individuals holding designated positions must file statements of economic interest with the Clerk of the Elections Department of the County of Santa Cruz. Statements for all individuals holding Designated Positions will be retained by the Santa Cruz County Elections Departments and made available for public inspection and reproduction in compliance with Government Code section 81008.

APPENDIX A
DESIGNATED POSITIONS GOVERNED BY THE CONFLICT OF INTEREST CODE

DESIGNATED POSITIONS (TITLE OR FUNCTION)	DISCLOSURE SCHEDULES
Director (Board of Directors)	1
General Manager	1
Operations Manager	1
Finance and Customer Service Manager	1
Assistant to General Manager	1
General Counsel	1

Consultants shall be included in the list of Designated Positions and shall disclose pursuant to the broadest disclosure category in this Code subject to the following limitation:

The General Manager may determine in writing that a particular consultant, although a “Designated Position,” is hired to perform a range of duties that are limited in scope and thus is not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant’s duties and, based on that description, a statement of the extent of disclosure requirements. The General Manager’s determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code.

APPENDIX B
DISCLOSURE CATEGORIES

CATEGORY 1: Interests in Real Property, Sources of Income, Investments and Business Positions

All interests in real property within the jurisdiction of the Scotts Valley Water District (exclusive of the primary residence of the disclosing party).

All income (including loans and gifts) from any source which contracts with or may in the foreseeable future contract with the District to provide services, supplies or equipment. Disclosure of gifts shall be limited to gifts with a value of \$50 or more and subject to the then current annual limit received from persons doing business with the District.

All investments in any business entity which contracts with or may in the foreseeable future contract with the District to provide services, supplies, or equipment.

All business positions held by any designated officer or employee in a business entity which contracts with or may in the foreseeable future contract with the District to provide services, supplies, or equipment.

2022 Local Agency Biennial Notice

Name of Agency: _____

Mailing Address: _____

Contact Person: _____ Phone No. _____

Email: _____ Alternate Email: _____

Accurate disclosure is essential to monitor whether officials have conflicts of interest and to help ensure public trust in government. The biennial review examines current programs to ensure that the agency's code includes disclosure by those agency officials who make or participate in making governmental decisions.

This agency has reviewed its conflict of interest code and has determined that (*check one BOX*):

An amendment is required. The following amendments are necessary:

(*Check all that apply.*)

- Include new positions
- Revise disclosure categories
- Revise the titles of existing positions
- Delete titles of positions that have been abolished and/or positions that no longer make or participate in making governmental decisions
- Other (*describe*) _____

The code is currently under review by the code reviewing body.

No amendment is required. (If your code is over five years old, amendments may be necessary.)

Verification (to be completed if no amendment is required)

This agency's code accurately designates all positions that make or participate in the making of governmental decisions. The disclosure assigned to those positions accurately requires that all investments, business positions, interests in real property, and sources of income that may foreseeably be affected materially by the decisions made by those holding designated positions are reported. The code includes all other provisions required by Government Code Section 87302.

Signature of Chief Executive Officer

Date

All agencies must complete and return this notice regardless of how recently your code was approved or amended. Please return this notice no later than **October 3, 2022**, or by the date specified by your agency, if earlier, to:

*Santa Cruz County Board of Supervisors
701 Ocean Street Room 500
Santa Cruz, CA 95060*

PLEASE DO NOT RETURN THIS FORM TO THE FPPC.

STAFF REPORT - Finance

Scotts Valley Water District

Date: 06/09/22
To: Board of Directors
From: General Manager
Item: Staff Reports 7.3
Subject: **Financial Reports 07/01/21 through 04/30/22**

Summary

Fiscal Year-to-Date (YTD) preliminary figures reflect the period of 07/01/21 through 04/30/22. YTD revenues total \$7.1M and expenses total \$6.1M.

Revenue

April is the tenth month of the fiscal year. YTD potable water sales revenue is \$3.4M, water services revenue is \$2.0M and new connections revenue is \$422K. Total YTD revenue in the potable water fund is \$6.6M, equal to 76% of the budget and 4% higher than the same period last year.

YTD recycled water sales revenue is \$443K, water services revenue is \$67K, and \$51K in revenue from new connections for the period. Total YTD revenue of \$564K in the recycled water fund equals 93% of the budget, which is 25% higher than for the same period of last fiscal year.

Expenses

Combined YTD operating expenses are below budget, with expenses of \$4.7M representing 76% of the budget. Project expenditures total \$887K and the debt service principal payment of \$567K was made.

Fund Balance

Cash balance at the end of April were approximately \$5.8M with another \$0.3M booked in Accounts Receivable.

Enclosed

Budget Status Balance 07/01/21 – 04/30/22
Budget Status Revenue 07/01/21 – 04/30/22
Budget Status Expense 07/01/21 – 04/30/22
Projects Expense 07/01/21 – 04/30/22
Balance Sheet 04/30/22
Check Register 04/01/22 – 04/30/22

Budget Status - Balance



Period: 07/01/21 - 04/30/2022

FY Remain: 17%

	FY 2021 YTD Actual	FY 2022 YTD Actual	FY 2022 vs. FY 2021	YOY % change	FY 2022 Budget	FY 2022 Remaining Balance	%
Period: 07/01/21 - 04/30/22 (10 months)							
Potable Water - Fund 01							
Water Sales & Services (R10, R20)	\$ 5,076,711	\$ 5,471,212	\$ 394,501	8%	\$ 6,984,185	\$ 1,512,973	22%
New Connections (R25)	\$ 602,500	\$ 436,541	\$ (165,960)	-28%	\$ 528,322	\$ 91,781	17%
Other Revenue (R30, R40)	\$ 627,991	\$ 667,665	\$ 39,674	6%	\$ 1,133,340	\$ 465,675	41%
Potable Water Total	\$ 6,307,202	\$ 6,575,418	\$ 268,216	4%	\$ 8,645,847	\$ 2,070,429	24%
Recycled Water - Fund 02							
Water Sales & Services (R10, R20)	\$ 447,242	\$ 510,142	\$ 62,900	14%	\$ 568,600	\$ 58,458	10%
New Connections (R25)	\$ -	\$ 51,684	\$ 51,684	-	\$ 19,083	\$ (32,601)	-171%
Other Revenue (R30, R40)	\$ 2,789	\$ 2,006	\$ (783)	-28%	\$ 19,575	\$ 17,569	90%
Recycled Water Total	\$ 450,031	\$ 563,832	\$ 113,801	25%	\$ 607,258	\$ 43,426	7%
TOTAL REVENUE	\$ 6,757,233	\$ 7,139,250	\$ 382,017	6%	\$ 9,253,105	\$ 2,113,855	23%
Expenses - Fund 01 and Fund 02 Combined							
Salaries & Benefits (E01)	\$ 2,331,968	\$ 2,481,784	\$ 149,816	6%	\$ 3,142,082	\$ 660,298	21%
Services & Supplies (E03-E80)	\$ 2,171,517	\$ 2,207,221	\$ 35,705	2%	\$ 3,063,775	\$ 856,554	28%
Project Expenses	\$ 1,869,348	\$ 886,848	\$ (982,500)	-53%	\$ 2,678,934	\$ 1,792,086	67%
Debt Service - Principal	\$ 460,030	\$ 567,298	\$ 107,268	23%	\$ 567,298	\$ -	0%
TOTAL EXPENSES *	\$ 6,832,863	\$ 6,143,152	\$ (689,711)	-10%	\$ 9,452,089	\$ 3,308,937	35%
NET REVENUE	\$ (75,630)	\$ 996,099	\$ 1,071,728		\$ (198,984)	\$ (1,195,083)	
Period: 07/01/21 - 04/30/22 (10 months)							
Total Revenue	\$ 6,757,233	\$ 7,139,250	\$ 382,017	6%	\$ 9,253,105	\$ 2,113,855	23%
Total Expenses *	\$ 6,832,863	\$ 6,143,152	\$ (689,711)	-10%	\$ 9,452,089	\$ 3,308,937	35%
Net Revenue	\$ (75,630)	\$ 996,099	\$ 1,071,728		\$ (198,984)		
Period: 07/01/21 - 03/31/22 (9 months)							
Total Revenue	\$ 6,052,972	\$ 6,529,590	\$ 476,618	8%	\$ 9,253,105	\$ 2,723,515	29%
Total Expenses *	\$ 6,296,624	\$ 5,690,177	\$ (606,447)	-10%	\$ 9,452,089	\$ 3,761,912	40%
Net Revenue	\$ (243,652)	\$ 839,413	\$ 1,083,065		\$ (198,984)		

* Expense totals do not include depreciation expense

Budget Status - Revenue



Period: 07/01/21 - 04/30/2022

FY Remain: 17%

Fund 01	Potable Water	FY 2021 YTD Actual	FY 2022 YTD Actual	FY 2022 vs. FY 2021	YOY % change	FY 2022 Budget	FY 2022 Remaining Balance	%
R10	Operating Revenue - Water Sales							
01-000-41101	Residential Consumption - SF	\$ 1,943,336	\$ 1,979,219	\$ 35,882	2%	\$ 2,594,087	\$ 614,868	24%
01-000-41102	Residential Consumption - MF	\$ 157,715	\$ 153,949	\$ (3,766)	-2%	\$ 200,886	\$ 46,937	23%
01-000-41103	CII Consumption	\$ 818,334	\$ 881,311	\$ 62,977	8%	\$ 1,343,116	\$ 461,805	34%
01-000-41106	CII Consumption - Other	\$ 62,063	\$ 78,342	\$ 16,279	26%	\$ -	\$ (78,342)	
01-000-41105	Irrigation Consumption	\$ 269,580	\$ 341,144	\$ 71,564	27%	\$ 374,031	\$ 32,887	9%
01-000-41200	Other - Bulk Water	\$ 15,563	\$ 13,646	\$ (1,918)	-12%	\$ 23,090	\$ 9,444	41%
	R10 Sub Totals:	\$ 3,266,593	\$ 3,447,611	\$ 181,018	6%	\$ 4,535,210	\$ 1,087,599	24%
R20	Operating Revenue - Water Services							
01-000-41300	Other - Late Penalty	\$ 12,022	\$ 15,693	\$ 3,671	31%	\$ 9,000	\$ (6,693)	-74%
01-000-42100	Standby Basic Meter Charge	\$ 1,739,468	\$ 1,949,971	\$ 210,503	12%	\$ 2,370,833	\$ 420,862	18%
01-000-42121	Standby FP Basic Meter Charge	\$ 51,453	\$ 51,162	\$ (290)	-1%	\$ 62,342	\$ 11,180	18%
01-000-43300	Other Operating Revenue	\$ 7,175	\$ 6,775	\$ (400)	-6%	\$ 6,800	\$ 25	0%
	R20 Sub Totals:	\$ 1,810,118	\$ 2,023,602	\$ 213,483	12%	\$ 2,448,975	\$ 425,373	17%
R25	Operating Revenue - New Connections							
01-000-42101	Other Meter Fee	\$ 7,621	\$ 4,522	\$ (3,099)	-41%	\$ 12,500	\$ 7,978	64%
01-000-42102	Other Capacity Fee	\$ 591,491	\$ 427,731	\$ (163,760)	-28%	\$ 508,022	\$ 80,291	16%
01-000-42120	Other FP Meter Fee	\$ 472	\$ 2,607	\$ 2,135	452%	\$ 800	\$ (1,807)	-226%
01-000-43100	Other Will Serve	\$ 750	\$ 875	\$ 125	17%	\$ 1,000	\$ 125	13%
01-000-43200	Other Dev Proj Review	\$ 2,166	\$ 806	\$ (1,360)	-63%	\$ 6,000	\$ 5,194	87%
	R25 Sub Totals:	\$ 602,500	\$ 436,541	\$ (165,960)	-28%	\$ 528,322	\$ 91,781	17%
R30	Non-Operating Revenue - Other							
01-000-46000	Property Taxes	\$ 543,322	\$ 641,545	\$ 98,223	18%	\$ 1,071,830	\$ 430,285	40%
01-000-47110	Interest & Dividend	\$ 10	\$ 62	\$ 53	543%	\$ 10	\$ (52)	-523%
01-000-47120	Interest - LAIF	\$ 14,236	\$ 5,322	\$ (8,914)	-63%	\$ 21,700	\$ 16,378	75%
01-000-47520	Misc. Non-Operating Revenue	\$ 29,290	\$ 4,650	\$ (24,639)	-84%	\$ 39,800	\$ 35,150	88%
01-000-47540	Third-Party Reimbursements	\$ 30,623	\$ 16,085	\$ (14,538)	-47%	\$ -	\$ (16,085)	
	R30 Sub Totals:	\$ 617,481	\$ 667,665	\$ 64,723	8%	\$ 1,133,340	\$ 481,760	43%
R40	Non-Operating Revenue - Grants							
01-000-45260	Local Grant - ACWA JPIA	\$ 10,510	\$ -	\$ (10,510)	-100%	\$ -	\$ -	
	R40 Sub Totals:	\$ 10,510	\$ -	\$ (10,510)	-100%	\$ -	\$ -	
	Fund 01 Revenue:	\$ 6,307,202	\$ 6,575,418	\$ 282,754	4%	\$ 8,645,847	\$ 2,086,513	24%
	Fund 01 Rev Excl Grants & Cap Contributions	\$ 6,296,692	\$ 6,575,418	\$ 293,264	4%	\$ 8,645,847	\$ 2,086,513	24%

Budget Status - Revenue



Period: 07/01/21 - 04/30/2022

FY Remain: 17%

		FY 2021 YTD Actual	FY 2022 YTD Actual	FY 2022 vs. FY 2021	YOY % change	FY 2022 Budget	FY 2022 Remaining Balance	%
Fund 02	Recycled Water							
R10	Operating Revenue - Water Sales							
02-000-41105	Irrigation Consumption	\$ 376,957	\$ 409,213	\$ 32,257	9%	\$ 501,700	\$ 92,487	18%
02-000-41200	Other - Bulk Water	\$ 18,621	\$ 33,593	\$ 14,973	80%	\$ -	\$ (33,593)	
	R10 Sub Totals:	\$ 395,578	\$ 442,807	\$ 47,229	12%	\$ 501,700	\$ 58,893	12%
R20	Operating Revenue - Water Services							
02-000-42100	Standby Basic Meter Charge	\$ 51,564	\$ 67,235	\$ 15,671	30%	\$ 66,900	\$ (335)	-1%
02-000-43300	Other Operating Revenue	\$ 100	\$ 100	\$ -	0%	\$ -	\$ (100)	
	R20 Sub Totals:	\$ 51,664	\$ 67,335	\$ 15,671	30%	\$ 66,900	\$ (435)	-1%
R25	Operating Revenue - New Connections							
02-000-42101	Other Meter Fee	\$ -	\$ 797	\$ 797		\$ 19,083	\$ 18,286	96%
02-000-42102	Other Capacity Fee	\$ -	\$ 50,887	\$ 50,887		\$ -	\$ (50,887)	
	R25 Sub Totals:	\$ -	\$ 51,684	\$ 51,684		\$ 19,083	\$ (32,601)	-171%
R30	Non-Operating Revenue - Other							
02-000-47110	Interest & Dividend	\$ 2,369	\$ 2,006	\$ (363)	-15%	\$ 4,575	\$ 2,569	56%
02-000-47520	Other Non-Operating Revenue	\$ 420	\$ -	\$ (420)	-100%	\$ -	\$ -	
	R30 Sub Totals:	\$ 2,789	\$ 2,006	\$ (783)	-28%	\$ 19,575	\$ 17,569	90%
	Fund 02 Revenue:	\$ 450,031	\$ 563,832	\$ 113,801	25%	\$ 607,258	\$ 43,426	7%
	Fund 02 Rev Excl Grants & Cap Contributions	\$ 450,031	\$ 563,832	\$ 113,801	25%	\$ 607,258	\$ 43,426	7%
Revenue Totals:		\$ 6,757,233	\$ 7,139,250	\$ 396,555	6%	\$ 9,253,105	\$ 2,129,939	23%
Revenue Total Excl Grants & Cap Contributions		\$ 6,746,723	\$ 7,139,250	\$ 407,065	6%	\$ 9,253,105	\$ 2,129,939	23%

Budget Status - Expense



Period: 07/01/21 - 04/30/2022

FY Remain: 17%

		FY 2021 YTD Actual	FY 2022 YTD Actual	FY 2022 vs. FY 2021	YOY % change	FY 2022 Budget	FY 2022 Remaining Balance	%
Summary								
E01	Salaries & Benefits	\$ 2,331,968	\$ 2,481,784	\$ 149,816	6%	\$ 3,142,082	\$ 660,298	21%
E03	General & Admin - Services	\$ 570,612	\$ 756,450	\$ 185,838	33%	\$ 1,017,807	\$ 261,357	26%
E05	General & Admin - Supplies	\$ 36,735	\$ 56,458	\$ 19,723	54%	\$ 58,900	\$ 2,442	4%
E07	General Production	\$ 88,699	\$ 119,032	\$ 30,333	34%	\$ 114,100	\$ (4,932)	-4%
E10	Source of Supply	\$ 428,648	\$ 162,016	\$ (266,632)	-62%	\$ 260,000	\$ 97,984	38%
E15	Pumping	\$ 342,128	\$ 387,213	\$ 45,085	13%	\$ 526,500	\$ 139,287	26%
E20	Water Treatment	\$ 291,014	\$ 343,505	\$ 52,490	18%	\$ 518,100	\$ 174,595	34%
E25	Transmission & Distribution	\$ 103,709	\$ 67,887	\$ (35,822)	-35%	\$ 142,600	\$ 74,713	52%
E35	Customer Accounts	\$ 171,353	\$ 237,003	\$ 65,650	38%	\$ 231,036	\$ (5,328)	-2%
E70	Other	\$ 100,714	\$ 23,349	\$ (77,365)	-77%	\$ 6,100	\$ (22,428)	-368%
E80	Debt Service - Interest	\$ 37,902	\$ 54,307	\$ 16,404	43%	\$ 174,732	\$ 120,425	69%
	Purchase Order Carryover					\$ 14,000		
District Expense Total:		\$ 4,503,485	\$ 4,689,006	\$ 185,521	4%	\$ 6,205,957	\$ 1,498,413	24%
Fund 01 and 02 Combined								
E01	Salaries & Benefits	\$ 2,331,968	\$ 2,481,784	\$ 149,816	6%	\$ 3,142,082	\$ 660,298	21%
E03-E80	Services & Supplies	\$ 2,171,517	\$ 2,207,221	\$ 35,705	2%	\$ 3,049,875	\$ 842,654	28%
	Purchase Order Carryover					\$ 20,000		
District Expense Total:		\$ 4,503,485	\$ 4,689,006	\$ 185,521	4%	\$ 6,211,957	\$ 1,502,951	24%

Projects - Expense



Period: 07/01/21 - 04/30/2022

FY Remain: 17%

		FY 2022 YTD Actual	FY 2022 Budget *	FY 2022 Remaining Balance	%
Fund 01 and Fund 02 Combined					
Project	Description				
C15007	Lompico Formation Production Well (Well 9)	\$ 4,360	\$ 45,000	\$ 40,640	90%
C16023	Orchard Run WTP Water Quality Improvements	\$ 630,072	\$ -	\$ (630,072)	
C16024	Bethany Tank Rehabilitation	\$ 1,218	\$ 94,509	\$ 93,291	99%
M17011	Meters with AMI	\$ 20,444	\$ 20,000	\$ (444)	-2%
C17011	AMI Technology for Meters	\$ 32,342	\$ 5,000	\$ (27,342)	-547%
C17018	Specialized Operations Vehicle	\$ -	\$ 87,566	\$ 87,566	100%
C18033	Polo Ranch Booster Station Rehab	\$ 15,963	\$ -	\$ (15,963)	
C19020	El Pueblo WTP Improvements	\$ -	\$ 100,000	\$ 100,000	100%
C19030	Hacienda Pump Station Improvements	\$ 31,299	\$ 100,000	\$ 68,701	69%
C19070	Vehicle Replacement Program	\$ 42,813	\$ 55,000	\$ 12,187	22%
C20010	Main Replacement Program - PW	\$ 100,365	\$ 606,944	\$ 506,579	83%
C20020	Treatment Facility for New Formation Well	\$ -	\$ 49,625	\$ 49,625	100%
C20040	Administrative Building Improvements	\$ -	\$ 15,290	\$ 15,290	100%
C21010	Well 10 Treatment Plant Improvements	\$ 1,465	\$ -	\$ (1,465)	
C22010	Well 3B Replacement	\$ 6,508	\$ 1,500,000	\$ 1,493,493	100%
Projects Expense Totals:		\$ 886,848	\$ 2,678,934	\$ 1,792,086	67%

Balance Sheet



Fund 01, Fund 02 and Fund 03 Combined

	4/30/21	4/30/22
Assets		
Cash	\$3,993,890	\$5,778,618
Accrued Interest	\$4,565	\$6
A/R Customer-Water	\$1,392,431	\$307,271
A/R - Other	\$202,601	\$100,907
Interfund Loan Receivable	\$888,040	\$888,040
Inventory	\$271,380	\$229,228
Prepaid Expense	\$70,323	\$32,481
Note Receivable	\$70,000	\$0
JPA Investment	\$387,112	\$398,572
Land & Right-of-ways	\$650,697	\$650,697
Construction-in-progress	\$2,408,173	\$1,575,370
Water Rights / Intangible Assets	\$5,267,833	\$5,267,833
Plant & Equipment	\$39,131,437	\$42,572,708
Depreciation/Amortization	(\$23,827,288)	(\$24,675,883)
Deferred Pension Outflows	\$694,399	\$1,691,330
Unfunded OPEB Liability	\$142,970	\$140,200
	\$31,748,562	\$34,957,377
Liabilities		
A/P & Accrued Expenses	\$132,704	\$276,758
Customer Deposits	\$55,210	\$429,210
Interfund Loans	\$888,040	\$888,040
LT Liabilities Due in 1 Yr	\$40,998	\$38,251
Unearned Revenue	\$61,735	\$72,812
Long-term Liabilities	\$8,773,238	\$10,730,176
Deferred Pension Inflows	\$215,460	\$116,480
	\$10,167,384	\$12,551,726
Fund Balance		
Investment in Capital Assets	\$17,684,486	\$17,684,486
Unrestricted Net Position	\$1,642,955	\$2,831,806
	\$19,327,441	\$20,516,292
Total Liabilities and Fund Balance:	\$29,494,825	\$33,068,018
Total Retained Earnings:	\$2,253,737	\$1,889,359
Total Fund Balance and Retained Earnings:	\$21,581,178	\$22,405,651
Total Liabilities, Fund Balance, and Retained Earnings:	\$31,748,562	\$34,957,377

Scotts Valley Water District
AP Check Register
April 2022

Vendor Name	Check Date	Check No.	Check Amount	Description
ACWA/JPIA	4/28/2022	30934	40,507.14	EE & Retiree Benefits - May 2022
AFLAC	4/28/2022	30935	222.72	EE Self Funded Supplemental Benefits - Apr 2022
AFSCME COUNCIL 57	4/28/2022	30936	944.18	Union Dues - Mar 2022
AFSCME COUNCIL 57	4/28/2022	30936	914.29	Union Dues - Apr 2022
ANDREWS MARK	4/14/2022	30883	171.73	Refund Check 007659-001 111 LAUREN CIR
ASSOCIATED REALTY SERVICES	4/14/2022	30884	139.19	Refund Check 011581-000 5521 SCOTTS VALLEY DR
AUTOMATIONDIRECT.COM INC	4/14/2022	30885	82.31	Hacienda Pump Station - Filter Fans
AUTOMATIONDIRECT.COM INC	4/14/2022	30885	333.09	Hacienda Pump Station - Exhaust Fan Power Cable Lighting
AUTOMATIONDIRECT.COM INC	4/28/2022	30937	28.81	Hacienda PS Improvements - Terminal Block Jumpers
BADGER METER	4/14/2022	30886	12,352.27	AMI Endpoints - Qty: 185
BADGER METER	4/14/2022	30886	4,076.20	Cell Charge for PW Meter Reads - Mar 2022
BADGER METER	4/14/2022	30886	64.08	Cell Charge for RW Meter Reads - Mar 2022
BADGER METER	4/28/2022	30938	850.39	Meter Maint - IR Communication Devices
BAYSIDE EQUIPMENT COMPANY	4/14/2022	30887	1,550.00	Generator Rental - Bethany PS - Mar 2022
BERGMAN KENNETH	4/14/2022	30888	88.46	Refund Check 013515-000 104 SAN AUGUSTINE WAY # E
BERNSTEIN DAVID	4/28/2022	30939	312.48	Customer Rebates - Pool Cover
BRAGER TERI	4/14/2022	30889	5.54	Refund Check 013422-000 117 ZINFANDEL CIR
BRENNTAG PACIFIC INC	4/28/2022	30940	15,385.89	Water Treatment Chemicals
BROUILLETTE JEFFREY	4/14/2022	30891	230.23	Refund Check 012553-000 320 OAK CREEK BLVD
BUSINESS WITH PLEASURE	4/14/2022	30892	463.43	OPS Office Supplies - Magnets Signs
CALIFORNIA DEPT OF TAX AND FEE ADMINISTRATIO	4/28/2022	30941	405.14	Occupational Lead Poisoning Prevention Tax - Period End 12.31.21
CHESTNUT IDENTITY APPAREL	4/14/2022	30893	130.15	Safety Clothing w/ District Logos
CITY OF SCOTTS VALLEY	4/14/2022	30894	101.34	Bi-Monthly Sewer Service - 2 Civic Ctr
CITY OF SCOTTS VALLEY	4/14/2022	30894	1,999.50	Bi-Monthly Treatment Disposal - ORWTP
CITY OF SCOTTS VALLEY	4/14/2022	30894	5,798.55	Bi-Monthly Treatment Disposal - Well 10
CITY OF SCOTTS VALLEY	4/14/2022	30894	4,975.50	Bi-Monthly Treatment Disposal - El Pueblo WTP
CITY OF SCOTTS VALLEY	4/14/2022	30895	510.00	Bacti Samples - Mar 2022
CIVIL CONSULTANTS GROUP INC	4/14/2022	30896	515.00	General Engineering Services - Mar 2022
CIVIL CONSULTANTS GROUP INC	4/14/2022	30896	5,280.00	PW Main Replacement - Task 1.0 - Field Observation
CIVIL CONSULTANTS GROUP INC	4/14/2022	30896	2,200.00	PW Main Replacement - Task 2.0 - Daily Reports
COUNTY OF SANTA CRUZ	4/28/2022	30942	753.00	Health Permit - 2 Silverwood
COUNTY OF SANTA CRUZ	4/14/2022	30897	1,460.30	Landfill Waste - Mar 2022
CSMFO	4/28/2022	30943	200.00	Training - Intermediate Governmental Accounting - Dillon
DASSELS PETROLEUM	4/14/2022	30898	3,785.31	Vehicle Fuel / Propane - Mar 2022
DAYTON EMMA	4/14/2022	30899	109.28	Refund Check 012962-000 237 BLUE BONNET # 203
DOUB EMILY	4/28/2022	30944	25.00	Customer Rebates - Toilets
DOWNTOWN FORD SALES	4/14/2022	30900	42,813.22	Ford F250 Reg Cab w/ Liftgate Service Body Upgrades Rack
DUNCAN AUTO TECH	4/14/2022	30901	177.31	Oil Change - Truck #24
E & S TRUCKING	4/14/2022	30902	4,600.00	Orchard Run Waste Water - Mar 2022
ERGOVERA	4/14/2022	30903	712.50	Ergonomic Evaluations - Dillon Jensen
EUROFINS EATON ANALYTICAL	4/28/2022	30945	1,030.00	Lab Testing for Water Quality
EXCEEDIO	4/28/2022	30946	1,035.85	Monthly Managed Services: SCADA - May 2022
EXCEEDIO	4/28/2022	30946	5,702.30	Monthly Managed Services: HaaS/SaaS/ITaaS - May 2022
GARRISON PLUMBING INC	4/14/2022	30904	335.00	PW Mains Replacements - Infrastructure Locating - Johnston Way
GRAINGER	4/28/2022	30947	62.61	OPS Supplies - Hand Towels
GRANITE CONSTRUCTION CO	4/14/2022	30905	90.91	Main Maint - Fill Dirt
GREEN WASTE RECOVERY INC	4/14/2022	30906	381.20	Monthly Trash Svc - El Pueblo
GREEN WASTE RECOVERY INC	4/14/2022	30906	154.44	Quarterly Trash Service - 2 Civic Ctr
HACH COMPANY	4/14/2022	30907	304.64	WTP Maint - Reagent Set
HAIGHT ROBERT	4/28/2022	30948	598.02	Retiree Medical - April 2022
HANSEN SIGRID	4/28/2022	30949	50.00	Customer Rebates - PRV
HEALTHEQUITY INC	4/14/2022	30908	41.30	HSA Admin Fees - Apr 2022
ICONIX WATERWORKS (US) INC	4/14/2022	30909	3,444.86	Orchard Run Booster - Expansion Joints
ICONIX WATERWORKS (US) INC	4/14/2022	30909	967.21	Meter Adapters
ICONIX WATERWORKS (US) INC	4/28/2022	30950	266.74	Main Maint - Parts Stock - Adapter Gaskets
ICONIX WATERWORKS (US) INC	4/28/2022	30950	1,008.90	Service Lateral Maint - Parts Stock - PVC Pipe Fittings
ICONIX WATERWORKS (US) INC	4/28/2022	30950	606.35	Fire Hydrant Maint - Parts Stock - Hose Adapters Pressure Gauge
ICONIX WATERWORKS (US) INC	4/28/2022	30950	17.38	Service Lateral Maint - Parts Stock - Fittings
ICONIX WATERWORKS (US) INC	4/28/2022	30950	40.36	Fire Hydrant Maint - Parts Stock - Hose Adapters
ICONIX WATERWORKS (US) INC	4/28/2022	30950	36.13	Fire Hydrant Maint - Parts Stock - Pressure Gauges
INDEPENDENT ELECTRIC SUPPLY	4/14/2022	30910	2,253.59	Hacienda PS Improvements - Electrical Components
INFOSEND	4/14/2022	30911	1,607.35	PW UB Statements Printing / Mailing - Mar 2022
INFOSEND	4/14/2022	30911	37.70	RW UB Statements Printing / Mailing - Mar 2022
JACKSON LANDSCAPE	4/14/2022	30912	528.72	Landscape Maint - 2 Civic Ctr - Mar 2022
KASSIS JANETTE	4/28/2022	30951	333.80	Retiree Medical - April 2022
KENNEDY/JENKS CONSULTANTS	4/28/2022	30952	2,613.88	Orchard Run WTP Improvements - Startup & Testing Support (5.7)

Scotts Valley Water District
AP Check Register
April 2022 continued

Vendor Name	Check Date	Check No.	Check Amount	Description
KENNEDY/JENKS CONSULTANTS	4/28/2022	30952	703.75	Orchard Run WTP Improvements - Project Mgmt (5.9)
LAW OFFICE OF ROBERT E BOSSO	4/14/2022	30913	3,500.00	Legal Counsel Services - Mar 2022
LEISHMAN WADE	4/28/2022	30953	185.51	Director Medical - April 2022
LOCATELLI JUSTICE	4/28/2022	30954	8.64	Refund Supplemental Life Insurance Premiums - Oct Nov 2021
MILLER MAXFIELD INC	4/28/2022	30955	6,003.75	Communication & Public Outreach Services - Mar 2022
MONTEREY BAY PROPERTY MGMT	4/14/2022	30914	105.98	Refund Check 011158-000 104 WHISPERING PINES
MONTGOMERY & ASSOCIATES INC	4/28/2022	30956	1,840.00	Well 3B Replacement - Technical Specs
MONTGOMERY & ASSOCIATES INC	4/28/2022	30956	810.00	On-Call Tech Support
NAPA AUTO PARTS	4/28/2022	30957	81.66	Vehicle Maint - Wiper Blades - Truck #18 19
NATIONWIDE RETIREMENT SOLUTIONS	4/14/2022	30915	2,636.54	IRS 457 Plan - Payroll Date 03/25/2022
NATIONWIDE RETIREMENT SOLUTIONS	4/14/2022	30915	2,643.66	IRS 457 Plan - Payroll Date 04/08/2022
NATIONWIDE RETIREMENT SOLUTIONS	4/28/2022	30958	2,642.94	IRS 457 Plan - Payroll Date 04/22/2022
NORTON PATRICIA	4/28/2022	30959	392.49	Retiree Medical - April 2022
NORTON PATRICIA	4/28/2022	30959	33.72	Retiree Dental - April 2022
NORTON PATRICIA	4/28/2022	30959	18.56	Retiree Vision - April 2022
PACIFIC GAS & ELECTRIC	4/14/2022	30916	72.42	Electricity - Santas Village - Mar 2022
PACIFIC GAS & ELECTRIC	4/14/2022	30916	339.38	Electricity - Polo Ranch - Mar 2022
PACIFIC GAS & ELECTRIC	4/28/2022	30960	173.95	Electricity - RW - Apr 2022
PACIFIC GAS & ELECTRIC	4/28/2022	30960	36,793.45	Electricity - PW - Apr 2022
PACIFIC GAS & ELECTRIC	4/28/2022	30960	1,428.50	Electricity - 2 Civic Center - Apr 2022
PERRI CHRISTOPHER	4/28/2022	30961	1,168.83	Director Medical - April 2022
POLLARDWATER	4/14/2022	30917	2,289.83	Service Lateral Maint - Fire Hoses
REBER DANIEL	4/28/2022	30962	1,234.77	Director Medical - April 2022
REITSMA GLENN	4/28/2022	30963	112.04	Customer Rebates - Pool Cover
RF MACDONALD CO	4/14/2022	30918	1,863.43	Hacienda PS Improvements - Pump Motors
RF MACDONALD CO	4/28/2022	30964	4,722.10	Hacienda PS Improvements - Pump Ends
RICHMOND MARIE	4/14/2022	30919	51.64	Refund Check 013349-000 151 ARABIAN WAY
ROHRBOUGHS TREE SERVICE	4/14/2022	30920	2,800.00	Tree Trimming - 2 Civic Center
SABRE BACKFLOW INC	4/14/2022	30921	123.35	Calibration Accuracy Check for Backflow Test Kit
SANTA CRUZ SIGNS	4/28/2022	30965	311.58	Vehicle Maint - Decals - Truck #9
SANTA CRUZ SIGNS	4/28/2022	30965	311.58	Vehicle Maint - Decals - Truck #30
SCARBOROUGH LUMBER & BUILDING SUPPLY	4/14/2022	30922	323.31	WTP Maint - Buckets Gloves Pipe Cement
SCARBOROUGH LUMBER & BUILDING SUPPLY	4/14/2022	30922	24.79	Office Supplies - Paper Towels
SCARBOROUGH LUMBER & BUILDING SUPPLY	4/14/2022	30922	70.22	OPS Supplies - CO Detector Batteries
SCARBOROUGH LUMBER & BUILDING SUPPLY	4/14/2022	30922	83.15	Meter Maint - Pressure Treated Lumber Markers
SCARBOROUGH LUMBER & BUILDING SUPPLY	4/14/2022	30922	176.61	Hacienda PS - Electrical Supplies
SCARBOROUGH LUMBER & BUILDING SUPPLY	4/14/2022	30922	154.51	Main Maint - Sand Bags Gravel Pipe Fittings
SCARBOROUGH LUMBER & BUILDING SUPPLY	4/14/2022	30922	559.37	Polo Ranch PS- Fence Materials
SHULMAN MICHAEL	4/28/2022	30966	75.00	Community Committee Member Fees - Jan - Mar 2022
SINGH DIDAR	4/14/2022	30923	232.42	Refund Check 006540-000 112 NAVIGATOR DR
SPRINGBROOK HOLDING COMPANY LLC	4/14/2022	30924	2,400.00	CC Payment Transaction Fees - Mar 2022
SYCAL ENGINEERING INC	4/14/2022	30925	2,225.00	Engineering for Hacienda PS Improvements
SYCAL ENGINEERING INC	4/14/2022	30925	1,817.24	Engineering for SCADA - Mar 2022
SYCAL ENGINEERING INC	4/14/2022	30925	170.00	Engineering for SCADA - Win911 Upgrade - Mar 2022
SYCAL ENGINEERING INC	4/14/2022	30925	1,910.67	Engineering for SCADA - Ethernet Polling
SYCAL ENGINEERING INC	4/28/2022	30967	12,089.29	Engineering for SCADA - Wonderware Annual Subscription
SYCAL ENGINEERING INC	4/28/2022	30967	6,143.12	Hacienda PS Improvements - SCADA Communications
TUSCANY HILL C/O DECAMARA MANAGEMENT	4/14/2022	30926	4,530.75	Customer Rebates - Turf Replacement
U.S. BANK EQUIPMENT FINANCE	4/14/2022	30927	372.14	Copier Lease - Apr 2022
UNITED SITE SERVICES	4/14/2022	30928	121.84	Bethany 2nd Tank Addition - Fence Rental - Mar 2022
UNITED SITE SERVICES	4/14/2022	30928	280.82	Portable Toilet Rental - ORWTP - Apr 2022
UNITED SITE SERVICES	4/14/2022	30928	279.82	Portable Toilet Rental - Well 10 - Apr 2022
UNIVERSAL BUILDING SERVICES	4/14/2022	30929	432.00	Janitorial Service - El Pueblo - Mar 2022
UNIVERSAL BUILDING SERVICES	4/14/2022	30929	532.00	Janitorial Service - 2 Civic Ctr - Mar 2022
UNIVERSAL BUILDING SERVICES	4/14/2022	30929	210.16	El Pueblo - Bathroom Supplies
VAN MAI	4/28/2022	30968	25.00	Customer Rebates - Toilets
VIOLANTE ALLYSON	4/28/2022	30969	75.00	Community Committee Members Fees - Jan-Mar 2022
WEBSOFT DEVELOPERS INC	4/14/2022	30930	4,125.00	ArcGIS Annual Subscription - Prepaid FY 2023 Portion
WEBSOFT DEVELOPERS INC	4/14/2022	30930	1,375.00	GIS Maint - ArcGIS Annual Subscription
WENGER JERRY	4/28/2022	30970	2,000.00	Bulk PW Meter Deposit Refund
WILLIS ERIC	4/14/2022	30931	345.00	Customer Rebates - Rainwater Redirect
WOOD KATHY	4/14/2022	30932	47.71	Refund Check 005185-000 33 DUNSLEE WAY
WRT INTERNATIONAL LLC	4/14/2022	30933	2,018.28	Well 10 Filter Inspection / Report

299,452.04 \$

Scotts Valley Water District
AP Check Register
Wire / ACH Payments
April 2022

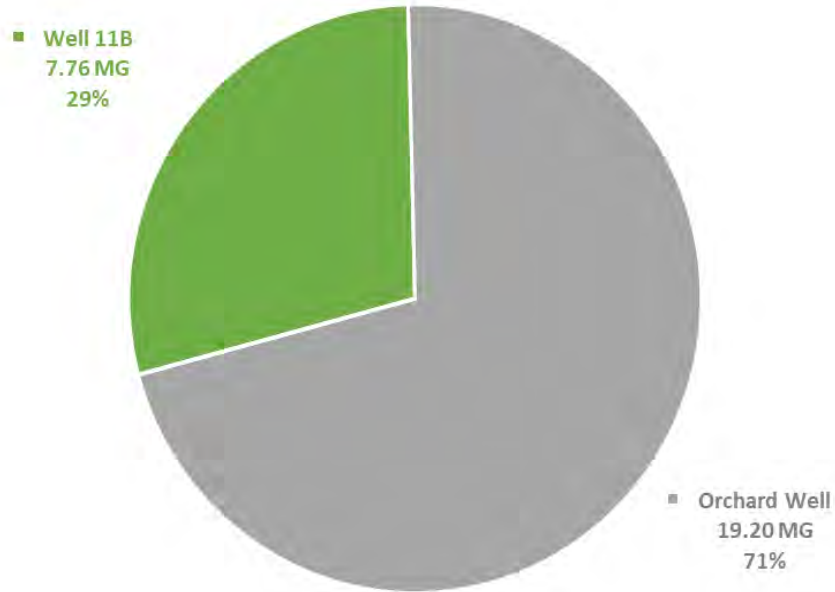
Vendor Name	Trans Date	Check No.	Trans Amount	Description
ADP	3/11/2022	n/a	205.70	ADP Workforce Now HR Fees - Feb 2021
ADP	3/11/2022	n/a	190.65	ADP Time & Attendance Fees - Feb 2021
ADP	3/11/2022	n/a	400.09	ADP PW06, PW08 Fees - Feb 2021
BlueFin	3/2/2022	n/a	5,310.10	Bluefin CC Processing Fees - Feb 2021
BlueFin	3/2/2022	n/a	116.88	Bluefin Civic PayPad Fees - Jan 2021
CalPERS	3/10/2022	n/a	12,382.25	CalPERS Retirement - PW10 Ended 03/07/2022
CalPERS	3/25/2022	n/a	12,382.24	CalPERS Retirement - PW12 Ended 03/21/2022
Wells Fargo CC	3/25/2022	n/a	7,395.81	WFB CC Payment - Feb 2022
			38,383.72	

WFB Credit Card Payment
April 2022

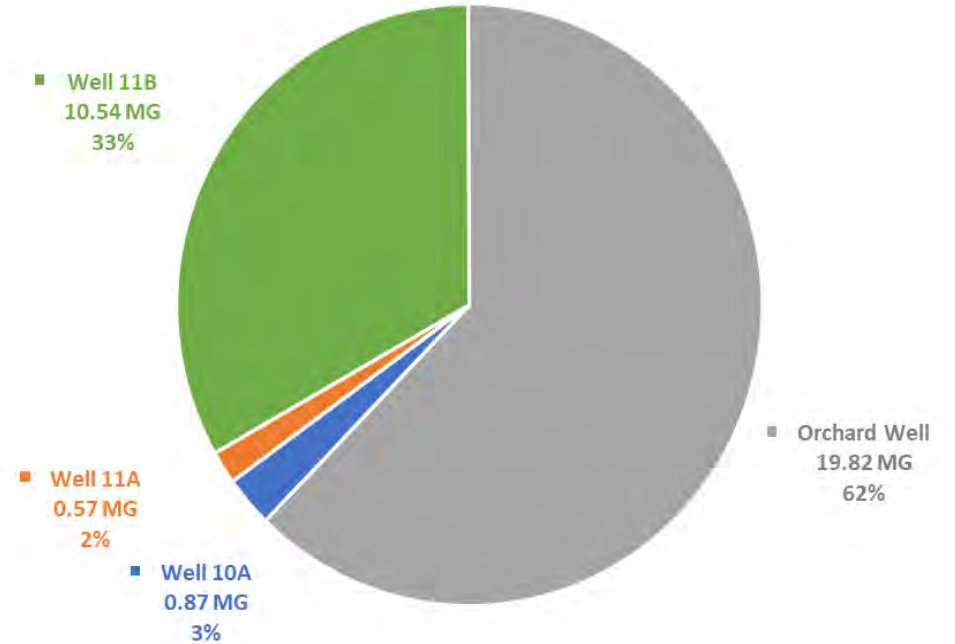
Vendor Name	Trans Date	Check No.	Trans Amount	Description
All RV Service & Repair	3/1/2022		439.24	Repairs for Traffic Accident on 02/25/2022
Amazon	2/10/2022		42.70	Office Supplies - Floor Mats, Pens
Amazon	2/13/2022		65.80	SMGWA Supplies - Phone Stands
Amazon	2/17/2022		26.06	Office Supplies - Coffee
Amazon	2/5/2022		14.26	Annual Fee - Amazon Prime
Association of CA Water Agencies (ACWA)	2/14/2022		775.00	Travel - ACWA Conference May 2022 - Registration - McNair
Association of CA Water Agencies (ACWA)	2/22/2022		620.00	Travel - ACWA Conference May 2022 - Registration - Harmon
Association of CA Water Agencies (ACWA)	2/24/2022		220.00	ACWA Virtual Conference Registration - Perri
AT&T	2/4/2022		160.50	Backup Internet - 2 Civic Ctr - Feb 2022
AT&T	2/4/2022		101.65	Backup Internet - El Pueblo - Feb 2022
AT&T	2/8/2022		33.78	AT&T Circuits - Jan 2022
AT&T	2/11/2022		136.07	SCADA Auto Dialer Modem / Alarm - Feb 2022
California Special Districts Association	2/22/2022		260.00	Training - Policy & Procedure Writing - Wallace
Carhartt	2/5/2022		219.45	Uniform Clothing
Comcast	2/6/2022		320.89	Internet - 2 Civic Ctr - Feb 2022
Comcast	2/23/2022		320.89	Internet - El Pueblo - Mar 2022
Davis Instruments	2/16/2022		47.40	Annual Weather Station Subscription
First Alarm	3/2/2022		285.21	Quarterly Alarm Service and Testing Fees
Four Points by Sheraton Scotts Valley	2/5/2022		45.62	Travel - Manuel - Remote Employee Lodging
Industrial Parts & Electrical Motors, Inc	2/23/2022		248.91	Well 10 - Shipping for Pump Motors
Liebert Cassidy Whitmore	2/25/2022		475.00	Training - Labor Relations - Mc Nair
Mail Chimp	2/3/2022		69.99	Monthly Mailchimp Digital Marketing / Promotional Services
Pantheon Systems	2/22/2022		35.00	Monthly Website Hosting - svwd.org - Feb 2022
Planet Orange	2/14/2022		104.00	Pest Control - 2 Civic Center
Planet Orange	2/14/2022		69.00	Pest Control - El Pueblo
Press Banner	2/4/2022		265.00	Monthly Ad
Santa Cruz Sentinel	3/2/2022		12.00	Monthly Subscription - SC Sentinel - Mar 2022
Sheraton - Sacramento	2/24/2022		292.82	Travel - ACWA Conference May 2022 - Lodging - Paul
Times Publishing Group	2/3/2022		178.50	Monthly Ad
Times Publishing Group	2/11/2022		178.50	Monthly Ad
Verizon	3/1/2022		92.67	Cell Phones/Tablets - Feb 2022
Water ReUse Associaion	2/16/2022		650.00	Water ReUse Virtual Conference Registration
Zoom	2/25/2022		589.90	Annual Fee - Webinar Service
			7,395.81	

Well Production

April 2022



May 2022

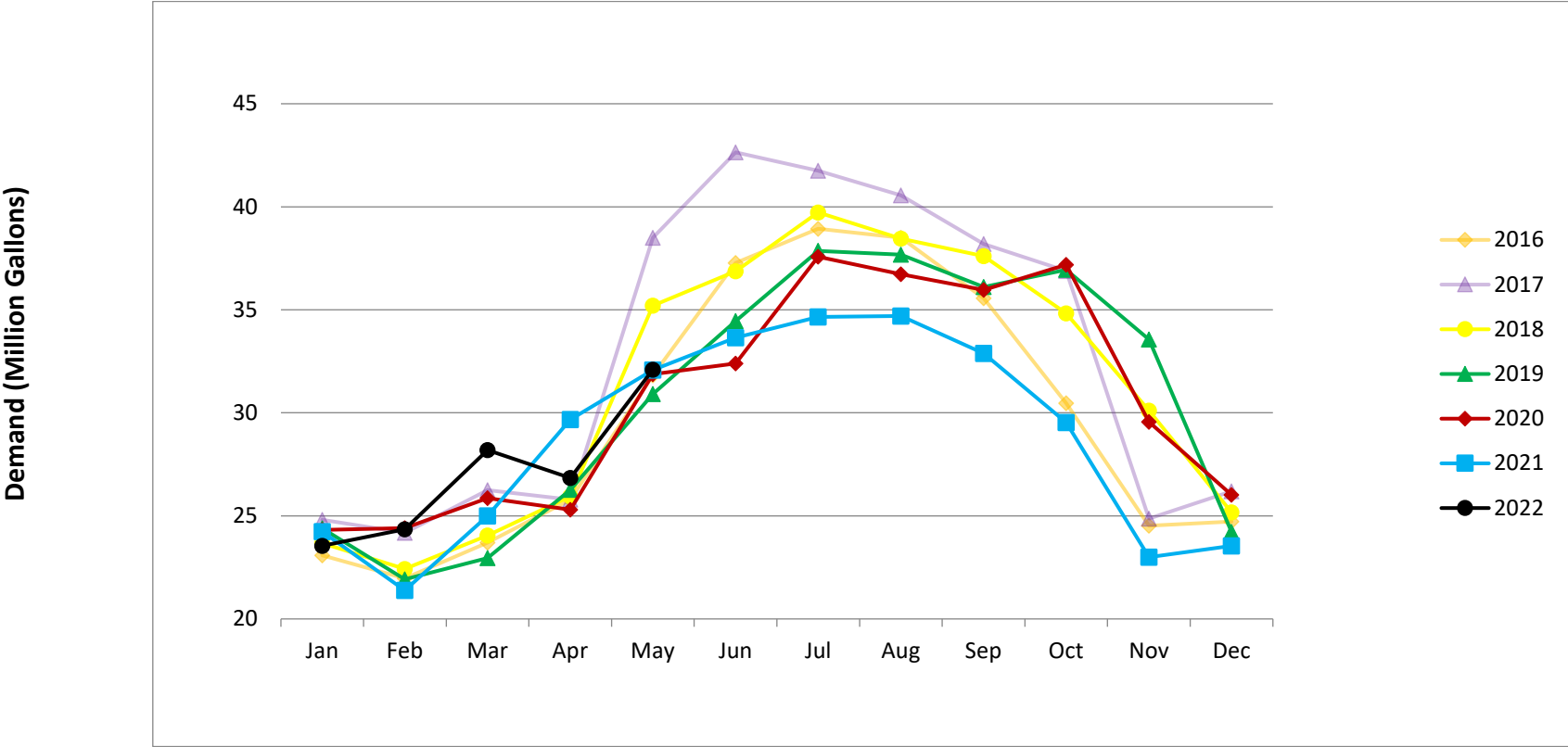


Total Production (Million Gallons)

April 2022	26.96 MG	9.81 % decrease from March
May 2022	31.80 MG	17.95 % increase from April

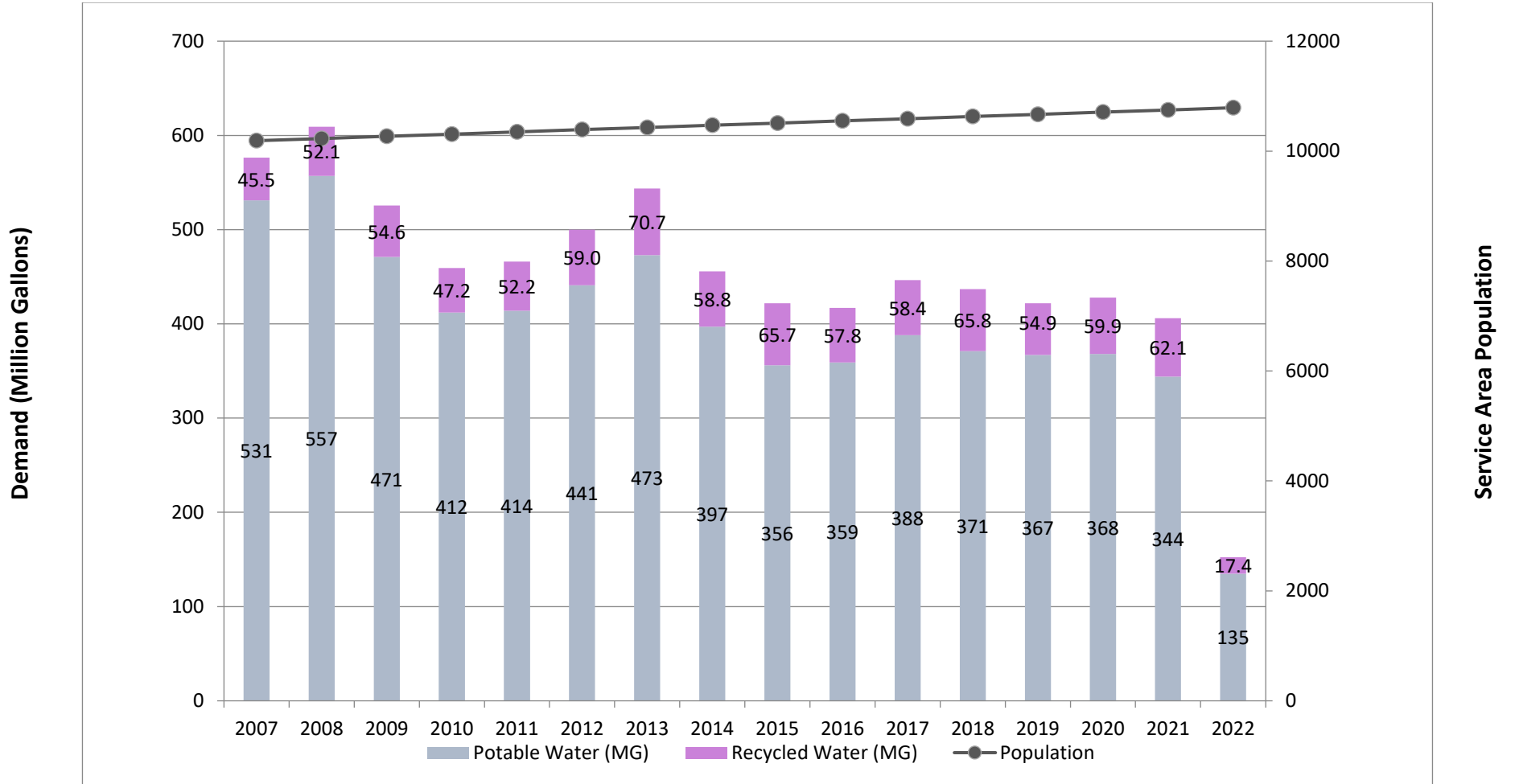
Production is Water Pumped +/- Water used for Well Maintenance Activities

Potable Water Demand



Demand is Production +/- Change in Storage

Potable and Recycled Water Demand vs. Population



Demand is Production +/- the Change in Storage

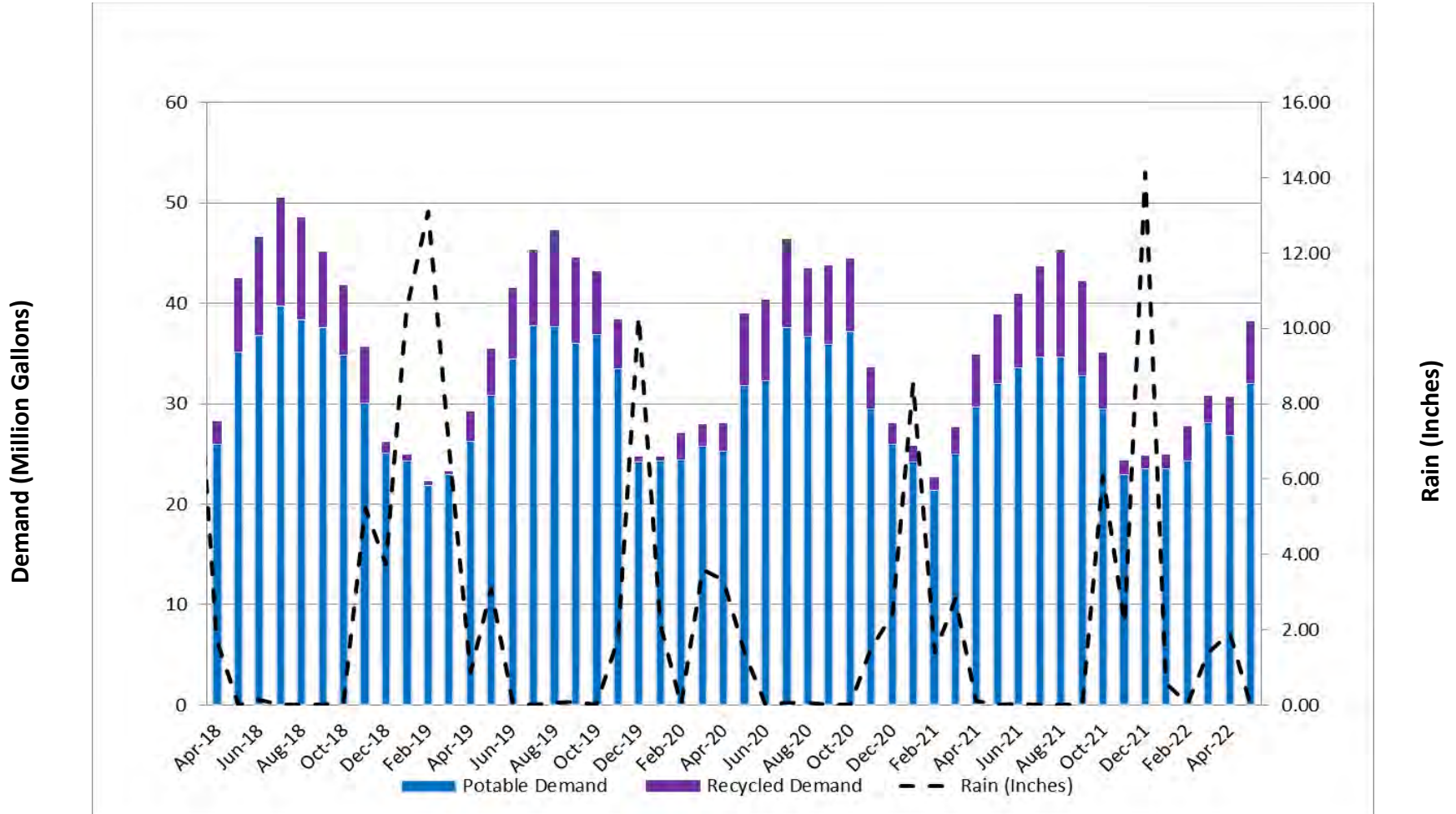
Potable and Recycled Water Demand

Potable												
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Average
Jan.	31,165,560	27,764,580	33,252,872	24,822,615	23,085,736	24,789,618	23,674,051	24,378,894	24,319,853	24,231,996	23,549,899	25,912,334
Feb.	26,813,840	26,124,132	24,779,862	23,217,640	21,968,896	23,490,314	22,427,754	21,923,206	24,323,667	21,387,258	24,348,603	23,709,561
March	29,752,014	31,559,240	27,946,154	30,953,420	23,910,892	25,837,232	24,042,754	22,954,225	25,855,924	24,995,557	28,195,901	26,909,392
April	29,234,622	35,621,370	28,875,831	29,909,260	28,400,861	25,477,561	25,992,670	26,027,391	25,297,107	29,671,141	26,838,945	28,304,251
May	43,581,989	49,525,756	38,675,936	30,478,823	31,995,591	38,043,826	33,751,004	30,912,986	31,885,131	32,077,872	32,099,180	35,729,827
June	46,553,850	47,432,970	39,525,236	32,726,825	36,842,416	42,310,983	36,786,677	34,451,155	32,393,746	33,647,606		38,267,146
July	48,634,940	49,192,762	41,957,386	34,544,613	38,892,200	41,757,891	39,648,922	37,857,926	38,411,455	34,662,207		40,556,030
Aug.	48,939,190	50,820,800	41,020,790	35,765,167	38,541,952	39,982,246	38,720,060	37,666,598	36,637,898	34,701,240		40,279,594
Sept.	42,936,210	45,489,360	36,533,116	33,498,030	35,653,167	38,190,535	35,202,216	36,106,611	35,968,389	32,885,092		37,246,273
Oct.	37,982,466	42,248,672	34,840,142	32,589,534	30,517,556	36,888,905	34,746,760	36,940,853	37,193,525	29,533,005		35,348,142
Nov.	28,714,236	34,868,300	25,524,197	24,110,286	24,388,656	24,864,436	30,389,575	33,566,905	29,565,349	23,000,320		27,899,226
Dec.	26,428,050	32,013,140	24,261,522	23,866,862	24,379,124	26,194,926	25,160,789	24,225,007	26,013,773	23,538,533		25,608,173
Total	440,736,967	472,661,082	397,193,044	356,483,075	358,577,047	387,828,472	370,543,233	367,011,756	367,865,818	344,331,827	135,032,528	386,323,232

Recycled												
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Average
Jan.	2,139,000	620,000	3,019,613	635,420	862,984	156,267	838,172	493,100	450,147	1,560,234	1,416,939	1,108,352
Feb.	2,352,000	2,268,000	1,248,862	1,545,957	1,813,868	94,521	2,589,717	366,055	2,714,767	1,331,033	3,460,316	1,798,645
March	1,054,000	2,723,665	1,579,882	4,231,231	972,360	544,666	1,141,831	322,464	2,109,739	2,709,295	2,600,242	1,817,216
April	1,470,000	5,436,705	4,163,175	4,720,887	4,381,911	713,802	2,333,176	2,969,672	2,737,245	5,249,782	3,856,106	3,457,496
May	7,843,000	9,248,455	8,409,175	6,686,359	6,909,436	7,908,386	7,306,666	4,584,239	7,142,605	6,914,742	6,081,095	7,184,923
June	9,420,000	9,801,903	9,135,056	7,488,534	9,639,221	8,940,094	9,739,276	7,067,867	7,971,453	7,319,935		8,652,334
July	9,610,000	9,394,766	9,911,697	9,935,422	10,841,389	10,981,309	10,744,706	9,461,005	8,810,329	8,995,659		9,868,628
Aug.	10,199,000	9,875,446	8,542,111	10,471,389	8,767,020	9,618,897	10,078,073	9,594,307	6,760,659	10,595,314		9,450,222
Sept.	7,680,000	8,288,391	6,176,224	9,092,727	8,287,511	7,957,562	7,522,571	8,451,961	7,814,358	9,281,685		8,055,299
Oct.	4,960,000	6,537,840	5,282,253	7,233,408	3,956,097	7,557,695	6,967,548	6,228,883	7,236,784	5,554,683		6,151,519
Nov.	1,920,000	4,029,769	1,131,988	2,817,778	1,053,779	2,234,592	5,514,338	4,805,871	4,087,453	1,364,789		2,896,036
Dec.	341,000	2,453,395	236,228	1,119,017	529,158	1,670,966	994,336	544,650	2,075,116	1,282,474		1,124,634
Total	58,988,000	70,678,335	58,836,264	65,978,129	58,014,734	58,378,757	65,770,410	54,890,074	59,910,655	62,159,624	17,414,698	61,360,498

Demand is Production +/- the Change in Storage

Potable and Recycled Water Demand vs. Rainfall



Demand is Production +/- the Change in Storage

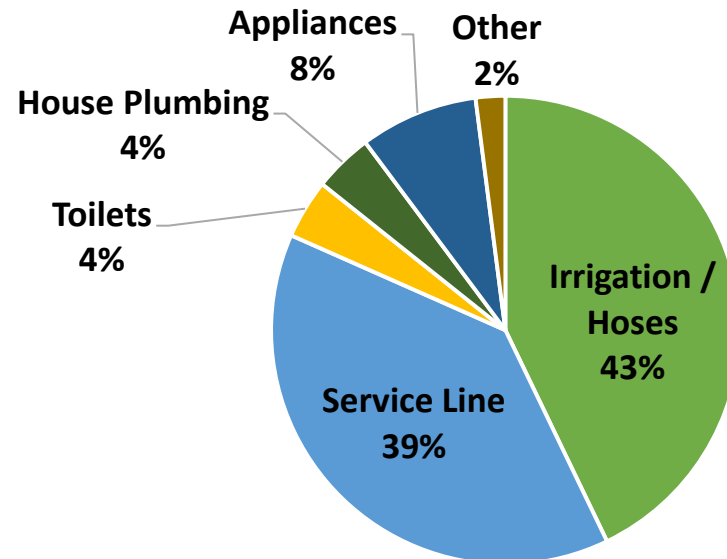
Rainfall
El Pueblo Weather Station

WATER YEAR		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sep	TOTAL	% of Avg.
High Year	1981-82	0.14	11.20	5.90	28.80	6.88	8.26	8.40	0.03	0.00	0.00	0.04	1.28	70.93	174%
	1982-83	5.35	10.50	7.74	13.90	18.00	19.90	7.80	0.98	0.00	0.00	0.17	1.91	86.25	212%
	1983-84	1.70	12.70	12.90	0.54	2.49	2.62	1.13	0.02	0.18	0.01	0.00	0.25	34.54	85%
	1984-85	2.80	13.80	2.95	1.72	4.20	7.92	0.73	0.11	0.15	0.09	0.02	0.54	35.03	86%
	1985-86	1.12	7.14	2.62	7.38	22.40	15.00	0.48	0.83	0.00	0.00	0.00	1.30	58.27	143%
	1986-87	0.03	0.05	2.47	4.51	9.06	6.31	0.70	0.00	0.02	0.00	0.00	0.00	23.15	57%
	1987-88	1.19	2.30	10.70	4.58	0.68	0.00	3.13	1.07	0.16	0.00	0.00	0.00	23.81	59%
	1988-89	0.19	5.90	8.89	2.06	1.39	10.60	0.67	0.08	0.03	0.00	0.03	0.83	30.67	75%
	1989-90	3.53	1.58	0.01	3.42	3.69	2.13	0.16	5.79	0.00	0.00	0.12	0.15	20.58	51%
	1990-91	0.50	0.24	1.65	0.61	5.39	17.19	0.51	0.06	0.40	0.00	0.02	0.07	26.64	66%
	1991-92	2.37	1.46	5.42	3.03	15.30	4.65	0.45	0.00	0.82	0.00	0.05	0.00	33.55	83%
	1992-93	3.41	0.20	11.54	18.51	10.22	3.17	1.37	0.96	0.68	0.00	0.00	0.00	50.06	123%
	1993-94	0.73	2.74	5.52	3.51	9.72	0.68	2.75	2.10	0.01	0.00	0.00	0.05	27.81	68%
	1994-95	1.79	8.29	4.78	23.88	0.65	13.62	3.79	0.89	1.04	0.01	0.00	0.00	58.74	144%
	1995-96	0.00	0.32	10.03	13.52	11.35	5.14	2.38	4.31	0.03	0.00	0.00	0.00	47.08	116%
	1996-97	2.89	6.95	22.43	12.33	0.17	1.50	0.58	0.16	0.12	0.00	0.54	0.00	47.67	117%
	1997-98	0.68	10.12	4.06	14.21	21.81	6.17	2.85	3.65	0.01	0.00	0.01	0.17	63.74	157%
	1998-99	1.02	9.11	1.85	9.25	11.08	5.22	2.58	0.03	0.36	0.00	0.02	0.14	40.66	100%
	1999-00	0.35	5.69	0.53	18.02	17.57	2.77	2.69	1.01	0.18	0.00	0.20	0.40	49.41	122%
	2000-01	5.14	1.38	0.94	8.68	10.65	4.05	2.67	0.00	0.07	0.00	0.00	0.16	33.74	83%
	2001-02	1.13	9.93	16.45	4.97	2.69	4.66	0.52	0.90	0.00	0.00	0.05	0.00	41.30	102%
	2002-03	0.00	5.80	21.40	2.77	2.95	2.54	5.75	1.09	0.16	0.00	0.00	0.00	42.46	104%
	2003-04	0.19	3.93	17.55	4.44	9.69	1.19	0.65	0.07	0.00	0.06	0.00	0.11	37.88	93%
	2004-05	7.24	3.25	14.39	8.30	7.20	10.01	3.79	2.13	0.94	0.02	0.00	0.08	57.35	141%
	2005-06	0.19	2.84	21.73	6.55	5.26	15.29	10.44	1.01	0.01	0.00	0.01	0.00	63.33	156%
	2006-07	0.25	3.30	5.67	0.89	9.24	0.30	2.17	0.46	0.00	0.10	0.01	0.33	22.72	56%
	2007-08	1.93	0.52	5.50	17.59	6.96	0.36	0.35	0.00	0.00	0.01	0.00	0.04	33.26	82%
	2008-09	1.59	4.80	4.38	1.80	15.28	3.47	0.52	1.42	0.01	0.00	0.00	0.26	33.53	82%
	2009-10	9.70	0.33	5.21	11.37	8.66	4.35	5.41	1.17	0.00	0.01	0.07	0.00	46.28	114%
	2010-11	3.92	5.13	15.36	1.97	10.59	13.40	0.75	3.42	3.40	0.00	0.04	0.02	58.00	143%
	2011-12	2.93	3.41	0.15	6.80	2.75	11.97	4.09	0.02	0.20	0.02	0.00	0.02	32.36	80%
	2012-13	1.61	11.32	13.25	1.31	0.47	2.66	0.43	0.01	0.11	0.00	0.00	0.70	31.87	78%
	2013-14	0.01	0.87	0.78	0.05	11.52	4.02	2.02	0.01	0.02	0.09	0.01	0.92	20.32	50%
	2014-15	0.44	4.36	16.52	0.00	4.69	0.47	2.13	0.19	0.04	0.00	0.03	0.02	28.89	71%
	2015-16	0.07	2.54	6.67	16.20	1.16	14.26	1.18	0.35	0.00	0.00	0.00	0.22	42.65	105%
	2016-17	8.66	3.29	10.77	26.13	19.56	7.09	4.47	0.06	0.07	0.00	0.00	0.04	80.14	197%
	2017-18	0.10	4.02	0.08	6.43	0.56	10.07	2.85	0.01	0.13	0.01	0.00	0.00	24.26	60%
	2018-19	0.08	5.24	3.72	10.49	13.11	6.91	0.86	3.07	0.07	0.00	0.07	0.10	43.72	108%
	2019-20	0.00	1.76	8.57	2.14	0.01	3.59	3.31	1.37	0.02	0.05	0.06	0.02	20.90	51%
Low Year	2020-21	0.00	1.48	2.40	8.55	1.39	2.81	0.11	0.00	0.04	0.00	0.00	0.00	16.78	41%
	2021-22	6.10	2.15	14.15	0.57	0.03	1.37	1.91	0.00	-	-	-	-	26.28	65%
Cumulative 2021-2022		6.10	8.25	22.40	22.97	23.00	24.37	26.28	26.28	-	-	-	-		
Monthly Average 1981-2022		1.98	4.68	7.99	8.09	7.72	6.29	2.43	0.95	0.24	0.01	0.04	0.25	40.66	
Cumulative Ave 1981-2022		1.98	6.66	14.65	22.74	30.46	36.75	39.17	40.12	40.36	40.37	40.41	40.66	40.66	

Leak Adjustment Program Report FY 2022

	RES Requests	CII Requests	Approved	Denied	Appeals	Reason Denied	Total Adjust Credit	Total Excess Use (gallons)
JUL	4	1	5	0	0		\$1,903	115,447
AUG	2	0	1	1	1	< 5 Yrs	\$147	17,363
SEPT	9	1	10	0	0		\$5,156	313,396
OCT	3	0	3	0	0		\$1,256	72,336
NOV	9	0	9	0	0		\$4,876	200,025
DEC	7	0	6	1	1	< 5 Yrs	\$3,067	191,909
JAN	7	0	5	2	0	< 5 Yrs, Active Leak	\$1,111	68,076
FEB	5	0	5	0	0		\$1,925	119,986
MAR	1	0	0	0	0		\$0	0
APR	1	1	2	0	0		\$607	60,751
MAY								
JUN								
FY 2022 YTD	48	3	46	4	2		\$20,048	1,159,289
FY 2021	108	4	98	14	0		\$30,881	2,287,269
FY 2020	108	10	107	11	4		\$42,805	3,020,142

Sources of Leaks



REGULATORY | DROUGHT
May 24, 2022

State Water Board Adopts Drought-Related Emergency Water Conservation Regulation

The State Water Resources Control Board today adopted a drought-related emergency water conservation regulation that places new requirements on urban water suppliers and new restrictions related to irrigation of non-functional turf. The regulation is expected to go into effect the week of June 6.

Three specific elements of the regulation include:

- Requires urban water suppliers to implement, at a minimum, all demand reduction actions identified in Level 2 of their locally adopted Water Shortage Contingency Plans.
- Requires urban water suppliers to submit a preliminary water supply and demand assessment to the Department of Water Resources by June 1, 2022.
- Prohibits the irrigation of non-functional turf with potable water in the commercial, industrial, and institutional sector. The ban on irrigation would include non-residential grass areas that are considered ornamental and not otherwise used for recreation or other community purposes.

The prohibition on irrigation of non-functional turf does not apply to residential customers, turf irrigated with recycled water or irrigation of trees and other perennial plantings. The prohibition does apply to homeowner associations' common areas. Water suppliers are authorized to fine customers not in compliance.

State Water Board staff will be developing a detailed "frequently asked questions" document to help clarify the regulation specifics. Development of such a document was one of the recommendations made by ACWA in a written comment letter submitted jointly with the California Municipal Utilities Association in response to the draft regulation.

ACWA staff and a number of member agencies testified during the State Water Board meeting to urge a locally driven approach that recognizes local water supply conditions as opposed to a one-size-fits-all regulation.

Agencies also shared information about their conservation efforts and investments in climate resiliency, including the diversification of water supplies through potable reuse, increased storage, recycled water and other projects.

Based on water agency and stakeholder comments, the State Water Board added some new changes to the proposed regulation during its meeting. First, the State Water Board clarified that if a water supplier has not submitted a Water Shortage Contingency Plan and will be following the default Level 2 response actions outlined in the regulations, the limitation on outdoor watering two days a week is limited to potable water. Further, a limited exemption from the requirement to adopt Level 2 of locally adopted Water Shortage Contingency Plans was added. Finally, a small exception was provided for non-functional turf that meets certain drought-tolerance standards, among other more technical updates and changes.

An updated version of the regulation will likely be posted on the State Water Board's website.

Background

The proposed regulation was drafted in response to Gov. Newsom's calling for Californians to voluntarily reduce water use by 15% compared to 2020 levels. The conservation request – extended by the March 28 Executive Order — applies to residential, industrial, commercial, agricultural and institutional water users. The State Water Board continues to track and report monthly on the state's progress toward achieving the 15% reduction.

In addition, the State Water Board adopted emergency regulations to prevent wasteful water uses and promote urban water conservation that went into effect Jan. 18.

Questions

For questions about the emergency regulation or ACWA's comments, please contact ACWA Senior Legislative Advocate Julia Hall at JulieH@acwa.com or 530-902-9746.

Santa Cruz Sentinel

Scotts Valley's famously awful drinking water gets upgrade

May 27, 2022

Famously foul drinking water in Scotts Valley looks to be a thing of the past, after a ratepayer-funded \$3.5 million upgrade to the main treatment plant.

Scotts Valley Water District officials this week held a blind tasting — comparing the “new” water from the Orchard Run plant to that of an unnamed local water provider and an unnamed bottled water company.

Scotts Valley Fire Chief Ron Whittle said he successfully identified the Scotts Valley water in the taste test.

“This was actually really good,” Whittle said.

Whittle has lived in Scotts Valley since 1974 when he was a child “and the water had quite a flavor,” he said. His family would pour water into a glass pitcher, put it in the refrigerator, and leave it for a couple days so the sediment would settle to the bottom, he said.

The new equipment at Orchard Run, which draws water from two wells and is located near Highway 17, went into action a month ago. Unlike Santa Cruz, which gets nearly all of its drinking water from surface sources, Scotts Valley relies on wells sunk 350 feet to 1,750 feet into groundwater.

Scotts Valley Mayor Donna Lind, also in attendance at the event Wednesday afternoon and a 54-year resident of the city, called the water “much, much improved.” The city’s water has had an abysmal reputation for decades, with residents complaining about its strong mineral flavor and the damage it caused to appliances such as washing machines and dishwashers, Lind said. Many people would install filters and soft-water systems, she added.

Naturally occurring hydrogen sulfide in water treated at Orchard Run also meant Scotts Valley’s tap water could have a sulfur smell, said water district operations manager Dave McNair. The previous chlorination system also led at times to a heavier taste and smell from chlorine, and iron and manganese contributed a mineral flavor and mineral buildups, McNair added. Although another of the city’s plants, called Well 10, has some iron and manganese in its output, the water-quality issues for the city mostly came from Orchard Run, which supplies at least half the water at any given time to nearly all residents, McNair said.

The multimillion-dollar project at the plant at the end of Polo Ranch Road with a capacity topping 1 million gallons per day — included two large new 20,000-gallon carbon-filtration tanks, a new high-pressure chlorination system that matches chlorine input to water flow, and an “odor scrubber” that uses bacteria and carbon to consume the hydrogen sulfide in the water.



That scrubber, officials said, will also improve air quality — previously, a sulfuric, rotten-eggs smell from released hydrogen sulfide gas would drift across the area, and the gas, considered “highly toxic” by the U.S. Centers for Disease Control, laid waste to redwood trees in the area, many of which remain denuded of foliage in their upper regions.

The new filtration tanks, using carbon made from coconut shells to remove iron and manganese and take away some mineral-caused hardness, are primarily responsible for the improvements in the clarity and taste of the water, McNair said. “We’ve taken a big leap forward,” McNair said.

With the new system in place, Lind said she believes residents can do without filtration or softening systems for their water. For drinking water, said water district general manager Piret Harmon, “There’s no need to go to a grocery store and buy it.”

At Cassidy Insurance in Scotts Valley, owner Edan Cassidy has been having 5-gallon water bottles delivered for years. He lives just outside city limits in a home with a well, and he said he had not drunk city tap water for about two years, when it “wasn’t bad compared to 10 or 15 years ago” but still left much to be desired. Asked to try some tap water Thursday with the new Orchard Run system in place, Cassidy filled a wax-paper cup and took a drink. “It’s a pleasant surprise,” he said. “It’s considerably better than it was just a few years ago. This tastes pretty good.”