

Agenda

1. CALL TO ORDER

2. ROLL CALL

3. PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA

4. ADMINISTRATIVE BUSINESS

- 4.1 Approval of February 28, 2018, Board of Directors meeting minutes

5. PRESENTATIONS

6. GENERAL BUSINESS

6.1 Contract for Facilitation Services:

Recommendation: Approve and authorize the staff to execute the contract with California State University Sacramento, CA for Facilitation Services.

6.2 Contract for Groundwater Model Evaluation

Recommendation: Approve and authorize the staff to execute the contract with HydroFocus, Inc., Davis, CA for Groundwater Model Evaluation.

6.3 FY 2019 Budget Draft

Recommendation: Receive information and provide input on the Fiscal Year 2019 (FY 2019) budget.

6.4 Borrowing Authorization for Santa Cruz County Bank

Recommendation: Adopt Resolution 2018-01 giving the Treasurer and/or her designees the borrowing authorization for the Santa Margarita Groundwater Agency with Santa Cruz County Bank.

7. STAFF REPORTS

7.1 Summary report: ACWA 2018 Legislative Symposium (oral – Terri Rein)

7.2 Announcement: First Annual Groundwater Sustainability Agency Summit, hosted by Groundwater Resources Association of California (GRA) on June 6-7, 2018 in Sacramento (oral – Amy Poncato)

7.3 San Lorenzo River Conjunctive Use Project and Results of the San Lorenzo River Flow Accretion Study (oral – John Ricker)

8. DIRECTORS REPORTS

- Individual directors' reports (oral)
- Well Owner Representatives public outreach efforts (oral)

9. FUTURE AGENDA ITEMS

- FY 2019 Budget Adoption (June)
- Records Retention Policy
- Acknowledge the new San Lorenzo Valley Water District Alternate Board Member (replacing Eric Hammer)

10. ADJOURNMENT

1. CALL TO ORDER

Chair Perri called the meeting of the Santa Margarita Groundwater Agency Board of Directors to order at 7:00 p.m.

2. ROLL CALL

Board of Directors Present

County of Santa Cruz:

Director Bruce McPherson

City of Santa Cruz

Director Doug Engfer

City of Scotts Valley

Director Donna Lind

San Lorenzo Valley Water District:

Director Chuck Baughman and Director Gene Ratcliff

Scotts Valley Water District:

Director Chris Perri and Director Ruth Stiles

Mt. Hermon Association, Inc:

Director Bryan Hayes

Well Owner Representative:

Director Angela Franklin and Director Nick Vrolyk

* *Alternate*

Staff

Terry Rein, General Counsel

Brian Lee, District Manager San Lorenzo Valley Water District

John Ricker, Water Resources Division Director, County of Santa Cruz

Sierra Ryan, Water Resource Planner, County of Santa Cruz

Amy Poncato, Administrative Office Assistant, Scotts Valley Water District

3. PUBLIC COMMENTS

None

4. ADMINISTRATIVE BUSINESS

4.1 Approval of December 13, 2017, Board of Directors meeting minutes
One abstained, all others voted in favor

4.2 Election of officers: Chair, Vice Chair and Secretary

Nomination for chair C. Baughman, no second
Discussion by Board.

A motion was made and seconded to stay in the same positions. All present were in favor.

4.4 Acknowledgement of the appointment of David Baskin from the City of Santa Cruz as an alternate member (replacing Rosemary Menard) to the Santa Margarita Groundwater Agency Board of Directors effective January 9, 2018 (item was taken out of order).

4.3 Approval of the revised 2018 Board of Directors meeting schedule
Discussion by the Board.

D. Hodgkin addressed the Board.

A motion was made and seconded to approve the revised meeting schedule with the exception of December 27th. All present voted in favor.

B. McPherson arrived at the meeting.

5. PRESENTATION

5.1 Brown Act and Public Records Act (Legal Counsel Terry Rein)

Discussion by the Board and Staff.

L. Henry, D. Loewen addressed the Board.

6. GENERAL BUSINESS

6.1 Audio Recording of Meetings

Recommendation: Provide direction to staff

Discussion by the Board.

6.2 Well Owner Representative Ad-hoc Committee

Recommendation: Form a Well Owner Representative ad-hoc committee

Clarification by Counsel. Discussion by the Board and Staff.

L. Henry and unidentified man addressed the Board.

- Add a standing item to the agenda for public outreach.

7. STAFF REPORTS

7.1 Selection Committee update on RFQ processes: Facilitator and Groundwater Model Evaluation (oral –John Ricker)

Discussion by the Board.

7.2 FY 2019 Budget preparation schedule (oral – Sierra Ryan)

7.3 Department of Water Resources GSP (Groundwater Sustainability Planning)
Grant update (oral – Sierra Ryan)

- Process and timeline

- Professional services in support of planned activities

8. DIRECTOR REPORTS

Individual directors' reports (oral – John Ricker)

9. FUTURE AGENDA ITEMS

- Contracts for Facilitation and Groundwater Model Evaluation (April)

- FY 2019 Budget (April and June)

- Records Retention Policy

10. ADJOURNMENT

Meeting adjourned at 8:30 p.m.

AGENDA REPORT

Santa Margarita Groundwater Agency

To: Board of Directors
Date: April 12, 2018
Item: General Business Agenda 6.1
Subject: **Contract for Facilitation Services**

SUMMARY

Recommendation: Approve and authorize the staff to execute the contract with California State University for Facilitation Services.

Fiscal Impact: Total final cost of the contract is to be determined. Funds are appropriated in the FY 2018 budget and in the FY 2019 proposed budget

BACKGROUND

Santa Margarita Groundwater Agency (SMGWA or Agency) as a locally controlled groundwater sustainability agency (GSA) is responsible for developing and implementing a groundwater sustainability plan (GSP) to meet the sustainability goal of the basin to ensure that it is operated within its sustainable yield, without causing undesirable results.

Prior to beginning the work on the development of the GSP, the board would like to engage in a joint goal setting process that allows them to establish a solid foundation for the planning work that will be required during the GSP development effort.

DISCUSSION

In December 2017, the board formed a Selection Committee to provide input for the Request for Qualifications (RFQ), evaluate the proposals and make a recommendation for selecting the top candidate.

Three proposals were received in response to the RFQ from the following firms: California State University Sacramento, Fox Mediation, and Kearns & West. After thorough deliberation the Selection Committee chose California State University Sacramento as the most qualified candidate for this work and directed the staff to proceed with contract negotiations.

Submitted by,

Piret Harmon
General Manager
Scotts Valley Water District

Attached: Professional Services Agreement, CSUS Draft



**PROFESSIONAL SERVICES AGREEMENT
FACILITATION SERVICES**

This Professional Services Agreement ("Agreement") is made and entered into this ____ day of _____ 2018 by and between the SANTA MARGARITA GROUNDWATER AGENCY ("Agency") and CALIFORNIA STATE UNIVERSITY SACRAMENTO, a California Corporation ("Consultant").

RECITALS

The Agency has a need for professional services described in Exhibit A and the Consultant is specially trained, experienced and competent to perform and has agreed to provide such services.

Now, therefore, in consideration of the mutual promises, covenants, terms and conditions hereinafter contained, the parties hereby agree as follows:

AGREEMENT

1) Scope of Work.

- a) The Consultant shall furnish to the Agency upon execution of this Agreement or receipt of the Agency's written authorization to proceed, those services and work set forth in Exhibit A ("Scope of Services") which is attached hereto and, by this reference, made a part hereof.
- b) The Consultant shall provide services and work under this Agreement consistent with the requirements and standards established by applicable federal, state and County laws, ordinances, regulations and resolutions. The Consultant represents and warrants that it will perform its work in accordance with generally accepted industry standards and practices for the work required under this agreement that are in effect at the time of performance of this Agreement.

2) Term; Schedule; Termination.

- a) The term of this Agreement shall be from the date of the Agency's Notice to Proceed until completion of the work. Services and work provided by the Consultant under this Agreement shall be performed in a timely manner as stated in Exhibit B ("Project Schedule").
- b) The Agency may, by written notice to the Consultant, terminate the whole or any part of this Agreement, if, in the judgment of the Agency that the Consultant has materially breached this Agreement, failed to timely provide and/or satisfactorily perform any task, deliverable, service, or other work required either under this Agreement or failed to demonstrate a high probability of timely fulfillment of performance requirements under this Agreement, or of any obligations of this Agreement, and in either case, fails to demonstrate convincing progress toward a cure within five (5) working days (or such longer period as the Agency may authorize in writing) after receipt of written notice from the Agency specifying such failure. At the option of the Agency, this Agreement may terminate on the occurrence of (a) bankruptcy or insolvency of Consultant, or (b) the sale or transfer of Consultant's business.

3) **Compensation.**

- a) The Consultant shall be compensated for work performed as set forth in Exhibit C (“Payment Terms”). The Consultant shall provide the Agency with a periodic statement, as services warrant, of fees earned and costs incurred for services provided. The statement shall generally describe the services performed, hours worked, the applicable rate or rates, the basis for the calculation of fees, and a reasonable itemization of costs.
- b) The Consultant is not entitled to “reimbursable expenses” except as otherwise specified in the Scope of Services (Exhibit A) and Payment Terms (Exhibit C).
- c) Payment by the Agency shall be conditioned upon and subject to upon Consultant’s satisfactory completion of work or appropriate phases or tasks as described in the Scope of Services.
- d) Except as expressly provided in this Agreement, the Consultant shall not be entitled to nor receive from the Agency any additional consideration, compensation, salary, wages or other type of remuneration for services rendered under this Agreement.
- e) The Consultant agrees to provide Agency with a W-9 form. The Agency shall not withhold any Federal or State income taxes or Social Security tax from any payments made by the Agency to the Consultant under the terms and conditions of this Agreement. Payment of all taxes and other assessments on such sums is the sole responsibility of the Consultant.

4) **Ownership of Work Product.** All documents, drawings and work product ("Work") prepared or produced by the Consultant under this Agreement shall become and remain the property of the Agency, except as otherwise approved in writing by the Agency. The Consultant shall retain intellectual property rights in the Work, except Consultant shall grant the Agency a nonexclusive license in all Work protected by intellectual property rights, and Agency may reproduce the plans, prepare derivative works based on the Work, and build improvements depicted in or relating to the Work. The Agency shall indemnify the Consultant for any claims or damages arising from the Agency's negligence in modifying the Work.

5) **Prevailing Wages, DIR Registration.** The Consultant shall abide by all applicable prevailing wage laws as set forth in Labor Code Section 1720 and 1770 et seq. If the services under this Agreement, or any portion thereof, are being performed as part of an applicable public works or maintenance project, as defined by the Prevailing Wage Laws, the Consultant agrees to fully comply, and to require its sub consultants to comply with such laws. It shall be the Consultant’s sole responsibility to comply with all applicable registration and labor compliance requirements.

6) **Required Licenses, Certificates and Permits.** Any licenses, certificates or permits required by the federal, state, county or municipal governments for the Consultant to provide the services and work described in Exhibit A must be procured by the Consultant and be valid at the time the Consultant enters into this Agreement. Further, during the term of this Agreement, the Consultant must maintain such licenses, certificates and permits in full force and effect. Licenses, certificates and permits may include but are not limited to driver's licenses, professional licenses or certificates and business licenses. Such licenses, certificates and permits shall be procured and maintained in force by the Consultant at no expense to the Agency.

- 7) **Office Space, Supplies, Equipment, etc.** Unless otherwise provided in this Agreement, the Consultant shall provide such office space, supplies, equipment, vehicles, reference materials and telephone service as is necessary for Consultant to provide the services under this Agreement.
- 8) **Insurance.** The Consultant shall take out, and maintain during the life of this Agreement, insurance policies with coverage at least as broad as follows:
- a) **General Liability Insurance.** Commercial general liability insurance covering bodily injury, personal injury, property damage, products and completed operations with limits of no less than One Million Dollars (\$1,000,000) per incident or occurrence. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to any act or omission by the Consultant under this Agreement or the general aggregate limit shall be twice the required occurrence limit.
 - b) **Professional Liability Insurance.** Professional errors and omissions liability insurance with limits of no less than One Million Dollars (\$1,000,000) aggregate. Such professional liability insurance shall be continued for a period of no less than one year following completion of the Consultant's work under this Agreement.
 - c) **Automobile Liability Insurance.** If the Consultant or Consultant's officers, employees, agents or representatives utilize a motor vehicle in performing any of the work or services under this Agreement, owned/non-owned automobile liability insurance providing combined single limits covering bodily injury and property damage liability with limits of no less than One Million Dollars (\$1,000,000) per incident or occurrence.
 - d) **Workers' Compensation Insurance.** Workers' Compensation insurance as required by the California Labor Code. In signing this contract, the Consultant certifies under section 1861 of the Labor Code that Consultant is aware of the provisions of section 3700 of the Labor Code which requires every employer to be insured against liability for workmen's compensation or to undertake self-insurance in accordance with the provisions of that code, and that the Consultant shall comply with such provisions before commencing the performance of the work of this Agreement.
 - e) **Deductibles.** Any deductibles or self-insured retentions over \$10,000 must be declared in writing and approved by the Agency. At the option of the AGENCY, either: (a) the insurer shall reduce or eliminate such deductibles or self-insured retentions, or (b) Consultant shall provide a bond, cash, letter of credit, guaranty or other security satisfactory to the Agency guaranteeing payment of the self-insured retention or deductible and payment of any and all costs, losses, related investigations, claim administration and defense expenses. The Agency, in its sole discretion, may waive the requirement to reduce or eliminate deductibles or self-insured retentions, in which case, the Consultant agrees that it shall be responsible for and pay any self-insured retention or deductible and shall pay any and all costs, losses, related investigations, claim administration and defense expenses related to or arising out of Consultant's defense and indemnification obligations as set forth in this Agreement.
 - f) **Additional Insured Endorsement.** The Consultant shall obtain a separate endorsement to all required insurance policies, except Workers' Compensation insurance and Professional Liability insurance, naming the Agency and its officers, officials and employees as additional insureds.
 - g) **Consultant's Insurance is Primary.** The Consultant's insurance coverage shall be primary insurance regarding the Agency and the Agency's officers, officials and employees. Any insurance or self-

insurance maintained by the Agency or the Agency's officers, officials and employees shall be excess of the Consultant's insurance and shall not contribute with Consultant's insurance.

- h) **Approved Insurers.** Insurance shall be placed with California admitted insurers (licensed to do business in California) with a current rating by Best's Key Rating Guide of no less than A-VII; except as otherwise approved by the Agency.
 - i) **Subcontractors.** The Consultant shall require that all of its subcontractors are subject to the insurance and indemnity requirements stated herein, or shall include all subcontractors as additional insureds under its insurance policies.
 - j) **Certificates of Insurance.** Prior to the date the Consultant begins performance of its obligations under this Agreement, the Consultant shall furnish the Agency with certificates of insurance showing coverage required by this Agreement.
- 9) Defense and Indemnification.** The Consultant shall exonerate, indemnify, defend, and hold harmless the Agency and the Funding Agency, and their officers, agents, employees and volunteers from and against all damages, liability, losses, claims, suits, or actions of any kind and nature whatsoever, including attorneys' fees, arising directly or indirectly from the Consultant's negligence, errors, omissions or willful misconduct in performance of this Agreement
- 10) Status of Consultant.** All acts of the Consultant and its officers, employees, agents, representatives, subcontractors and all others acting on behalf of the Consultant relating to the performance of this Agreement shall be performed as independent contractors and not as agents, officers or employees of the Agency. The Consultant, by virtue of this Agreement, has no authority to bind or incur any obligation on behalf of the Agency. If the Consultant deems it appropriate to employ a subconsultant, expert or investigator in connection with the performance of the services under this Agreement, the Consultant shall so advise the Agency and seek the Agency's prior approval. Any consultant, expert or investigator employed by the Consultant at the Consultant's expense and shall be the agent of the Consultant and not the Agency.
- 11) Records and Audit.** The Consultant shall prepare and maintain all writings, documents and records prepared or compiled in connection with the performance of this Agreement for at least four (4) years. Any authorized representative of the Agency shall have access to any writings as defined above for the purposes of making audit, evaluation, examination, excerpts and transcripts during the period such records are to be maintained by the Consultant.
- 12) Assignment.** This is an agreement for the services of the Consultant. The Agency has relied upon the skills, knowledge, experience and training of the Consultant and Consultant's firm, associates and employees as an inducement to enter into this Agreement. The Consultant shall not assign or subcontract this Agreement without the express written consent of the Agency.
- 13) Waiver of Default.** Waiver of any default by either party to this Agreement shall not be deemed to be waiver of any subsequent default. Waiver or breach of any provision of this Agreement shall not be deemed to be a waiver of any other or subsequent breach, and shall not be construed to be a modification of the terms of this Agreement unless this Agreement is modified as provided below.
- 14) Notice.** Any notice, communication, amendment, addition or deletion to this Agreement, including change of address of either party during the term of this Agreement, which the Consultant or the Agency shall be required or may desire to make shall be in writing and may be personally served or, alternatively, sent by prepaid first-class mail to the respective parties as set forth below.

- 15) Severability.** If any portion of this Agreement or application thereof to any person or circumstance shall be declared invalid by a court of competent jurisdiction or if it is found in contravention of any federal, state or county statute, ordinance or regulation the remaining provisions of this Agreement or the application thereof shall not be invalidated thereby and shall remain in full force and effect.
- 16) Amendment.** This Agreement may be modified, amended by the mutual consent of the parties hereto if such amendment or change is in written form and executed with the same formalities as this Agreement and attached to the original Agreement to maintain continuity.
- 17) Entire Agreement.** This Agreement supersedes any and all other agreements, either oral or in writing, between any of the parties herein with respect to the subject matter hereof and contains all the agreements between the parties with respect to such matter.
- 18) Construction.** Headings or captions to the provisions of this Agreement are solely for the convenience of the parties, are not part of this Agreement, and shall not be used to interpret or determine the validity of this Agreement. Any ambiguity in this Agreement shall not be construed against the drafter, but rather the terms and provisions hereof shall be given a reasonable interpretation as if both parties had in fact drafted this Agreement.
- 19) Governing Law and Venue.** This Agreement shall be deemed to be made under, and shall be governed by and construed in accordance with, the laws of the State of California. Any action brought to enforce the terms or provisions of this Agreement shall have venue in Santa Cruz County.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first written above. This Agreement may be executed in one or more counterparts by the parties hereto. All counterparts shall be construed together and shall constitute one agreement. A signature reproduced electronically, by facsimile or .pdf shall be treated as an original signature.

CONTRACTOR

By: _____
 Dave Ceppos
 Managing Senior Mediator
 California State University, Sacramento
 3000 State University Drive
 Sacramento, CA 95819

AGENCY

By: _____
 Piret Harmon
 Authorized Representative
 Santa Margarita Groundwater Agency
 2 Civic Center Drive
 Scotts Valley, CA 95066

EXHIBIT A

Scope of Services

Services under this agreement will be provided by the California State University, College of Continuing Education, Consensus and Collaboration Program (Consultant), consistent with the Request for Qualifications (RFQ) for Facilitation Services document released by the Agency and as responded to by the Consultant in advance of this agreement.

Project Understanding

Consistent with the RFQ and in response to requirements set forth in the Sustainable Groundwater Management Act (SGMA) of 2014 (as amended 2015), the Consultant understands that the Agency board would like to engage in a joint goal setting process that will help establish a solid foundation for the planning work that will be required during the Groundwater Sustainability Plan (GSP) development effort of SGMA for the Santa Margarita Groundwater Basin. Specific outcomes from this joint goal setting process will include at a minimum, the following:

- Build trust among Agency board members and the agencies that are represented on the board;
- Provide an opportunity for diverse perspectives that may be held by various board members to be shared and understood by other board members;
- Identify common goals and perspectives and look for ways to build agreement around other goals and perspectives so that the board will have a solid foundation for the future work to develop the GSP
- Provide the Consultant with the information needed to develop a design for the GSP development process that will meet the requirements of the applicable SGMA regulations as well as the needs of the Agency's board and other basin interests.

The Consultant further understands that the Initial approach for the joint goal setting effort will include an assessment of the Agency board members and alternates (See Attachment A), and other members of the basin community. The outcomes of this initial work will be to:

- Achieving the objectives outlined above,
- Facilitate a joint goal setting process with the Agency board,
- Present the results to the member agencies' governing bodies.

Following completion of the joint goal setting work, the Consultant will work with a committee, board, and/or staff of the Agency (to be determined) to design the GSP development process, and support the implementation of that design through facilitation and other support services (as needed).

Lastly, the Consultant understands that the joint goal setting work, along with the design of the GSP development process, be finalized by the end of calendar year 2018 to ensure adequate time for the Agency to complete the GSP.

Project Approach

The Consultant proposes the following approach and associated costs (Exhibit C). The project will be led by a Managing Senior Mediator Dave Ceppos as project manager and lead facilitator and assumes support will be provided by Agency staff to augment services and reduce the cost of this project. To accommodate appropriate funding decisions by the Agency, the tasks below will be conducted in "phases" with "go/no-

go” milestones embedded between each phase to allow the Agency decision points about what to do next in the project.

Phase I

Task 1 – Conduct initial background review

The Consultant will meet with Agency staff (and any appropriate Agency consultants associated parties), to review past activities and related information. This will include Consultant review of background materials, historic documents and engagement methods, etc.

During this task, the Consultant will also prepare a “critical path”/ workplan for the project defining interim and final milestones by task, meeting dates, etc. aligned with necessary meeting and decision schedules of the Agency board.

Deliverables:

- *Project Critical Path / Work Plan*
- *Meeting agendas (as warranted)*
- *Meeting Summaries (as warranted) with an emphasis on decisions made and action items*

Task 2 – Conduct Situation Assessment

Using information from Task 1, the Consultant will implement the following steps:

- Prepare an Assessment Questionnaire (a standard set of topics and questions to be used for each proposed stakeholder interview).
- Prepare a set of announcement/invitation and introduction messages/letters. The announcement/invitation letter will be sent by the Agency to its respective board members and alternates and any other stakeholders identified as beneficial to interview. The subsequent introduction letter will then be sent by the Consultant to introduce the project manager, describe the assessment process, and start scheduling for each interview.
- Schedule Assessment interviews. As much as feasible, interviews will be conducted in person, particularly with Board members and alternates. Interviews can also be conducted by phone when warranted.
- Conduct up to 25 interviews. The majority of interviews will be conducted between the facilitator and 1-2 people per discussion. Some interviews may be conducted as small group discussions with similar groupings of stakeholders (i.e., interest groups within the basin, specific geographic areas within the basin, etc.).
- Prepare an Assessment Report.
- Present the Assessment Report to the Agency member agency boards.
- Present the Assessment Report to the Agency board.

Deliverables:

- *Assessment Questionnaire*
- *Assessment Announcement message/letter (to be sent by the Agency)*
- *Consultant introduction message/letter (to be sent by the Consultant)*
- *Assessment Schedule*

- *Assessment Report*
 - *Note: All outcomes will be presented as aggregate information. To protect confidentiality, specific comments from initial participants will not be attributed but rather, will be combined to identify key themes and trends from these initial discussions*
- *Meeting agendas (as warranted)*
- *Meeting summaries (as warranted) with an emphasis on decisions made and action items*

Task 3 – Conduct Joint Goal Setting

Using the outcomes from Task 2, the Consultant will design and implement a Joint Goal Setting Process (process). While specifics of the process will be defined during and at the end of Task 2, steps may include but may not be limited to the following:

- Work with a process design committee of the Agency to prepare and propose alternative approaches for the process.
- Conduct goal setting exercises and discussions in up to 3 Agency board meetings
- Summarize process outcomes into influential outcomes that will include but may not be limited to:
 - Guiding Principles
 - Charter / “Rules of Engagement” to manage discussions, roles and responsibilities, etc.

Deliverables:

- *Meeting agendas (as warranted)*
- *Meeting summaries (as warranted) with an emphasis on decisions made and action items*
- *Process design materials*
- *Process Summary and Guiding Outcomes document*

Following completion of Task 2, the Consultant project manager will meet with Agency leadership to determine next steps in Phase II (as described further in Task 6).

Phase II

Task 4 – Design GSP Development Process

Working with a committee, board, and/or staff (potentially including consultants) of the Agency, the Consultant will design the GSP development process. Steps and targets may include but may not be limited to the following:

- Planning meetings with Agency board, staff, and consultants
- Development and iteration of a GSP Development Plan to likely include:
 - Technical milestones
 - A public engagement plan
 - Public engagement milestones
 - Agency board decision milestones
 - Target completion date of GSP
 - Target submission date of GSP to the Department of Water Resources.

Deliverables

- *Meeting agendas (as warranted)*
- *Meeting summaries (as warranted) with an emphasis on decisions made and action items*
- *GSP Development Plan*

Following completion of Task 4, the Consultant project manager will meet with Agency leadership to determine next steps in Phase III (as described further in Task 6).

Phase III

Task 5 – Implement the GSP Development Process

Consistent with the outcomes of Task 4, the Consultant support implementation of the GSA. This may include but may not be limited to following:

- Designing and facilitating AGENCY GSP Committee meetings
- Preparing for and presenting at AGENCY Board meetings
- Designing and facilitating GSP technical team meetings
- Designing and facilitating public engagement events
- Revising and presenting the GSP Development Plan

Deliverables

- *Meeting agendas (as warranted)*
- *Meeting summaries (as warranted) with an emphasis on decisions made and action items*
- *Revised GSP Development Plan*
- *Meeting presentations (as warranted)*

Task 6– Project Management

Separate from the project phases and intended to be conducted throughout the project, the Consultant will prepare and submit monthly progress reports and invoices to Agency by the 15th day of the calendar month following project activity. The Consultant will notify the Agency project manager of any issues to be addressed and/or confirmation of project schedule as required.

Also under this task, the Consultant will meet with Agency leadership between each Phase to determine next steps in the project and make any warranted adjustments to the workplan. If warranted as an outcome of each Phase, the Consultant will revise the project workplan to reflect modifications to the project approach.

Deliverables

- *Monthly Invoices and progress reports*
- *Meeting agendas (as warranted)*
- *Revised project workplan (as warranted)*

**EXHIBIT B
Project Schedule**

It is anticipated that the duration of the project (Phases I-III) is six to nine months commencing in May of 2018.

DRAFT

EXHIBIT C

Payment Terms

Compensation for the Consultant's services will be on a time and material basis in accordance with the fee schedule. The total amount is not-to-exceed \$xxx (To Be Negotiated) without prior authorization from the Agency.

Assumptions for the cost proposal are presented below:

- All meetings that are subject to the Ralph M. Brown Act (Brown Act) will be conducted in accordance with said Act including provision of public access, posting of meeting materials and limitations on meetings between and with members of Brown Act compliant groups.
- All meetings and workshops described will have a general level of effort and services. Specific meeting and workshop services may vary slightly by task. The services may include the following:
 - Preparation: Develop the agenda, facilitate ion strategy, and supporting facilitation materials; provide feedback on other meeting materials; and speakers (if warranted). Liaise offline with stakeholders and project leadership as needed between meetings. Electronically distribute materials in advance of each meeting.
 - Facilitation: Provide in-person meeting facilitation and management services, including encouraging and balancing participation, maintaining focus, promoting good faith discussions (sharing information, seeking to understand one another, generating inclusive solutions), and building consensus.
 - Travel: Roundtrip travel time to meeting sites.
 - Follow-Up: Debrief the meeting, provide a list of action items, follow-up on facilitation-related action items.
 - Meeting summarization: Prepare draft and final meeting summaries (when warranted).
- Roundtrip Travel to / from Sacramento and Scotts Valley for the project manager (Dave Ceppos) and will be up to 5.5 hours round trip.
- Stakeholder Assessment interviews will be coordinated as much as possible to consolidate consecutive interview dates to minimize travel costs.
- Interviews will take up to 1.5 hours each. Internal written summary of each interview will take up to .5 hour / interview.
- Each meeting is expected to last three (3) hours of meeting time plus 1 hour total of pre and post meeting discussions and room setup/breakdown (not including travel).
- Overnight lodging may be necessary depending on the start and end time of meetings.
- Meeting Summaries will be brief in nature and will include
 - Attendees
 - Action Items
 - Decisions Made
 - Key themes and topics of discussion and key perspectives raised by BRP members.
- Agency will be responsible to identify and confirm all meeting location. The Consultant will incur no meeting facility costs.
- The Consultant will have a standard cost per meeting for meeting materials (e.g. flip charts, markers, amenities, meeting materials, etc.).

- Agency will provide teleconference lines for planning and preparatory calls involving the Consultant. If needed, the Consultant will provide and bill for online meeting communications (i.e., conference call line and web-based meetings).
- Agency will maintain a project mailing list and contact database and will update these regularly and will share said lists with the Consultant.
- When warranted, the Consultant and Agency will provide a point of contact for public information and meeting RSVPs.
- The Consultant will provide deliverables in electronic format to be posted on the Agency websites and will assume that meeting participants will print copies of materials for themselves. That said, on a regular basis, the Consultant will print up to 10 sets of materials for meetings to accommodate members of the public that do not have access to photocopying equipment. Agency will do all mass production of materials for public workshops.
- Consistent with the Brown Act, the Consultant will ensure that an agenda and relevant meeting materials are provided to the Agency Program Manager to be electronically posted to the project websites.
- Consultant staff travel and per diem expenses will be reimbursed by Agency at prevailing State rates, as specified in the budget.
- With Agency project representative approval, the Consultant may move hours between practitioners, and/or between tasks, and/or between labor hours and other direct costs.
- The Consultant will submit invoices for payment by Agency for work already performed. No tasks will be invoiced in anticipation of work to be performed. The Consultant will bill on a time-and-materials basis to ensure that any efficiencies or labor time saved is to the financial benefit of Agency.

AGENDA REPORT

Santa Margarita Groundwater Agency

To: Board of Directors
Date: April 12, 2018
Item: General Business Agenda 6.2
Subject: **Contract for Groundwater Model Evaluation Services**

SUMMARY

Recommendation: Approve and authorize the staff to execute the contract with HydroFocus, Inc., Davis, CA for Groundwater Model Evaluation.

Fiscal Impact: Total cost of the contract is \$59,150. The funds are available in the FY 2018 budget.

BACKGROUND

Santa Margarita Groundwater Agency (SMGWA or Agency) as a locally controlled groundwater sustainability agency (GSA) is responsible for developing and implementing a groundwater sustainability plan (GSP) to meet the sustainability goal of the basin to ensure that it is operated within its sustainable yield, without causing undesirable results.

One of the main tools for evaluating a basin is a groundwater model. The first model for Santa Margarita Groundwater Basin was developed in 1988 (Watkins-Johnson) and updated in 1997 (Todd Engineers) and 2000. Independent modeling efforts in the basin included academic (Jacobvitz, 1987) and localized studies (Johnson, 2003). In 2004, the Scotts Valley Water District (SVWD) was awarded a Local Groundwater Assistance Program (AB3030) grant from the Department of Water Resources (DWR) to update the existing groundwater model (ETIC Engineering, 2006). A Proposition 84 Integrated Regional Water Management (IRWM) Program planning grant from DWR funded the Santa Margarita Groundwater Modeling Technical Study that was completed in 2015 (Kennedy Jenks) under the direction of SVWD. A Technical Advisory Committee composed of members from the SVWD, Santa Cruz County Environmental Health Services, San Lorenzo Valley Water District, City of Santa Cruz Water Department, the University of California Santa Cruz and others participated in this project and reviewed the work.

DISCUSSION

Since the model will be one of the critical tools used in evaluating the current conditions of the basin as defined pursuant to the basin boundary modification, the staff recommended an assessment and a potential update, if determined necessary, to the model.

In December 2017, the board formed a Selection Committee to provide input for the Request for Qualifications (RFQ), evaluate the proposals and make a recommendation for selecting the top candidate.

Four proposals were received in response to the RFQ from the following firms: Exponent, HydroFocus, HydroMetrics WRI and Lytle Water Solutions. After thorough deliberation the Selection Committee chose HydroFocus as the most qualified candidate for this work and directed the staff to proceed with contract negotiations.

Submitted by,

Piret Harmon
General Manager
Scotts Valley Water District

Attached: Professional Services Agreement, HydroFocus



**PROFESSIONAL SERVICES AGREEMENT
GROUNDWATER MODEL EVALUATION**

This Professional Services Agreement ("Agreement") is made and entered into this 26th day of April 2018 by and between the SANTA MARGARITA GROUNDWATER AGENCY ("Agency") and HYDROFOCUS, Inc. a California Corporation ("Consultant").

RECITALS

The Agency has a need for professional services described in Exhibit A and the Consultant is specially trained, experienced and competent to perform and has agreed to provide such services.

Now, therefore, in consideration of the mutual promises, covenants, terms and conditions hereinafter contained, the parties hereby agree as follows:

AGREEMENT

1) Scope of Work.

- a) The Consultant shall furnish to the Agency upon execution of this Agreement or receipt of the Agency's written authorization to proceed, those services and work set forth in Exhibit A ("Scope of Services") which is attached hereto and, by this reference, made a part hereof.
- b) The Consultant shall provide services and work under this Agreement consistent with the requirements and standards established by applicable federal, state and County laws, ordinances, regulations and resolutions. The Consultant represents and warrants that it will perform its work in accordance with generally accepted industry standards and practices for the work required under this agreement that are in effect at the time of performance of this Agreement.

2) Term; Schedule; Termination.

- a) The term of this Agreement shall be from the date of the Agency's Notice to Proceed until completion of the work. Services and work provided by the Consultant under this Agreement shall be performed in a timely manner as stated in Exhibit B ("Project Schedule").
- b) The Agency may, by written notice to the Consultant, terminate the whole or any part of this Agreement, if, in the judgment of the Agency that the Consultant has materially breached this Agreement, failed to timely provide and/or satisfactorily perform any task, deliverable, service, or other work required either under this Agreement or failed to demonstrate a high probability of timely fulfillment of performance requirements under this Agreement, or of any obligations of this Agreement, and in either case, fails to demonstrate convincing progress toward a cure within five (5) working days (or such longer period as the Agency may authorize in writing) after receipt of written notice from the Agency specifying such failure. At the option of the Agency, this Agreement may terminate on the occurrence of (a) bankruptcy or insolvency of Consultant, or (b) the sale or transfer of Consultant's business.

3) **Compensation.**

- a) The Consultant shall be compensated for work performed as set forth in Exhibit C (“Payment Terms”). The Consultant shall provide the Agency with a periodic statement, as services warrant, of fees earned and costs incurred for services provided. The statement shall generally describe the services performed, hours worked, the applicable rate or rates, the basis for the calculation of fees, and a reasonable itemization of costs.
- b) The Consultant is not entitled to “reimbursable expenses.”
- c) Payment by the Agency shall be conditioned upon and subject to upon Consultant’s satisfactory completion of work or appropriate phases or tasks as described in the attached Scope of Services.
- d) Except as expressly provided in this Agreement, the Consultant shall not be entitled to nor receive from the Agency any additional consideration, compensation, salary, wages or other type of remuneration for services rendered under this Agreement.
- e) The Consultant agrees to provide Agency with a W-9 form. The Agency shall not withhold any Federal or State income taxes or Social Security tax from any payments made by the Agency to the Consultant under the terms and conditions of this Agreement. Payment of all taxes and other assessments on such sums is the sole responsibility of the Consultant.

4) **Ownership of Work Product.** All documents, drawings and work product (“Work”) prepared or produced by the Consultant under this Agreement shall become and remain the property of the Agency, except as otherwise approved in writing by the Agency. The Consultant shall retain intellectual property rights in the Work, except Consultant shall grant the Agency a nonexclusive license in all Work protected by intellectual property rights, and Agency may reproduce the plans, prepare derivative works based on the Work, and build improvements depicted in or relating to the Work. The Agency shall indemnify the Consultant for any claims or damages arising from the Agency’s negligence in modifying the Work.

5) **Prevailing Wages, DIR Registration.** The Consultant shall abide by all applicable prevailing wage laws as set forth in Labor Code Section 1720 and 1770 et seq. If the services under this Agreement, or any portion thereof, are being performed as part of an applicable public works or maintenance project, as defined by the Prevailing Wage Laws, the Consultant agrees to fully comply, and to require its sub consultants to comply with such laws. It shall be the Consultant’s sole responsibility to comply with all applicable registration and labor compliance requirements.

6) **Required Licenses, Certificates and Permits.** Any licenses, certificates or permits required by the federal, state, county or municipal governments for the Consultant to provide the services and work described in Exhibit A must be procured by the Consultant and be valid at the time the Consultant enters into this Agreement. Further, during the term of this Agreement, the Consultant must maintain such licenses, certificates and permits in full force and effect. Licenses, certificates and permits may include but are not limited to driver's licenses, professional licenses or certificates and business licenses. Such licenses, certificates and permits shall be procured and maintained in force by the Consultant at no expense to the Agency.

7) **Office Space, Supplies, Equipment, etc.** Unless otherwise provided in this Agreement, the Consultant shall provide such office space, supplies, equipment, vehicles, reference materials and telephone service as is necessary for Consultant to provide the services under this Agreement.

- 8) Insurance.** The Consultant shall take out, and maintain during the life of this Agreement, insurance policies with coverage at least as broad as follows:
- a) **General Liability Insurance.** Commercial general liability insurance covering bodily injury, personal injury, property damage, products and completed operations with limits of no less than One Million Dollars (\$1,000,000) per incident or occurrence. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to any act or omission by the Consultant under this Agreement or the general aggregate limit shall be twice the required occurrence limit.
 - b) **Professional Liability Insurance.** Professional errors and omissions liability insurance with limits of no less than One Million Dollars (\$1,000,000) aggregate. Such professional liability insurance shall be continued for a period of no less than one year following completion of the Consultant's work under this Agreement.
 - c) **Automobile Liability Insurance.** If the Consultant or Consultant's officers, employees, agents or representatives utilize a motor vehicle in performing any of the work or services under this Agreement, owned/non-owned automobile liability insurance providing combined single limits covering bodily injury and property damage liability with limits of no less than One Million Dollars (\$1,000,000) per incident or occurrence.
 - d) **Workers' Compensation Insurance.** Workers' Compensation insurance as required by the California Labor Code. In signing this contract, the Consultant certifies under section 1861 of the Labor Code that Consultant is aware of the provisions of section 3700 of the Labor Code which requires every employer to be insured against liability for workmen's compensation or to undertake self-insurance in accordance with the provisions of that code, and that the Consultant shall comply with such provisions before commencing the performance of the work of this Agreement.
 - e) **Deductibles.** Any deductibles or self-insured retentions over \$10,000 must be declared in writing and approved by the Agency. At the option of the AGENCY, either: (a) the insurer shall reduce or eliminate such deductibles or self-insured retentions, or (b) Consultant shall provide a bond, cash, letter of credit, guaranty or other security satisfactory to the Agency guaranteeing payment of the self-insured retention or deductible and payment of any and all costs, losses, related investigations, claim administration and defense expenses. The Agency, in its sole discretion, may waive the requirement to reduce or eliminate deductibles or self-insured retentions, in which case, the Consultant agrees that it shall be responsible for and pay any self-insured retention or deductible and shall pay any and all costs, losses, related investigations, claim administration and defense expenses related to or arising out of Consultant's defense and indemnification obligations as set forth in this Agreement.
 - f) **Additional Insured Endorsement.** The Consultant shall obtain a separate endorsement to all required insurance policies, except Workers' Compensation insurance and Professional Liability insurance, naming the Agency and its officers, officials and employees as additional insureds.
 - g) **Consultant's Insurance is Primary.** The Consultant's insurance coverage shall be primary insurance regarding the Agency and the Agency's officers, officials and employees. Any insurance or self-insurance maintained by the Agency or the Agency's officers, officials and employees shall be excess of the Consultant's insurance and shall not contribute with Consultant's insurance.
 - h) **Approved Insurers.** Insurance shall be placed with California admitted insurers (licensed to do business in California) with a current rating by Best's Key Rating Guide of no less than A-:VII; except as otherwise approved by the Agency.

- i) **Subcontractors.** The Consultant shall require that all of its subcontractors are subject to the insurance and indemnity requirements stated herein, or shall include all subcontractors as additional insureds under its insurance policies.
 - j) **Certificates of Insurance.** Prior to the date the Consultant begins performance of its obligations under this Agreement, the Consultant shall furnish the Agency with certificates of insurance showing coverage required by this Agreement.
- 9) Defense and Indemnification.** The Consultant shall exonerate, indemnify, defend, and hold harmless the Agency and the Funding Agency, and their officers, agents, employees and volunteers from and against all damages, liability, losses, claims, suits, or actions of any kind and nature whatsoever, including attorneys' fees, arising directly or indirectly from the Consultant's negligence, errors, omissions or willful misconduct in performance of this Agreement
- 10) Status of Consultant.** All acts of the Consultant and its officers, employees, agents, representatives, subcontractors and all others acting on behalf of the Consultant relating to the performance of this Agreement shall be performed as independent contractors and not as agents, officers or employees of the Agency. The Consultant, by virtue of this Agreement, has no authority to bind or incur any obligation on behalf of the AGENCY. If the Consultant deems it appropriate to employ a subconsultant, expert or investigator in connection with the performance of the services under this Agreement, the Consultant shall so advise the Agency and seek the Agency's prior approval. Any consultant, expert or investigator employed by the Consultant at the Consultant's expense and shall be the agent of the Consultant and not the Agency.
- 11) Records and Audit.** The Consultant shall prepare and maintain all writings, documents and records prepared or compiled in connection with the performance of this Agreement for at least four (4) years. Any authorized representative of the Agency shall have access to any writings as defined above for the purposes of making audit, evaluation, examination, excerpts and transcripts during the period such records are to be maintained by the Consultant.
- 12) Assignment.** This is an agreement for the services of the Consultant. The Agency has relied upon the skills, knowledge, experience and training of the Consultant and Consultant's firm, associates and employees as an inducement to enter into this Agreement. The Consultant shall not assign or subcontract this Agreement without the express written consent of the Agency.
- 13) Waiver of Default.** Waiver of any default by either party to this Agreement shall not be deemed to be waiver of any subsequent default. Waiver or breach of any provision of this Agreement shall not be deemed to be a waiver of any other or subsequent breach, and shall not be construed to be a modification of the terms of this Agreement unless this Agreement is modified as provided below.
- 14) Notice.** Any notice, communication, amendment, addition or deletion to this Agreement, including change of address of either party during the term of this Agreement, which the Consultant or the Agency shall be required or may desire to make shall be in writing and may be personally served or, alternatively, sent by prepaid first-class mail to the respective parties as set forth below.
- 15) Severability.** If any portion of this Agreement or application thereof to any person or circumstance shall be declared invalid by a court of competent jurisdiction or if it is found in contravention of any federal, state or county statute, ordinance or regulation the remaining provisions of this Agreement or the application thereof shall not be invalidated thereby and shall remain in full force and effect.

16) Amendment. This Agreement may be modified, amended by the mutual consent of the parties hereto if such amendment or change is in written form and executed with the same formalities as this Agreement and attached to the original Agreement to maintain continuity.

17) Entire Agreement. This Agreement supersedes any and all other agreements, either oral or in writing, between any of the parties herein with respect to the subject matter hereof and contains all the agreements between the parties with respect to such matter.

18) Construction. Headings or captions to the provisions of this Agreement are solely for the convenience of the parties, are not part of this Agreement, and shall not be used to interpret or determine the validity of this Agreement. Any ambiguity in this Agreement shall not be construed against the drafter, but rather the terms and provisions hereof shall be given a reasonable interpretation as if both parties had in fact drafted this Agreement.

19) Governing Law and Venue. This Agreement shall be deemed to be made under, and shall be governed by and construed in accordance with, the laws of the State of California. Any action brought to enforce the terms or provisions of this Agreement shall have venue in Santa Cruz County.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first written above. This Agreement may be executed in one or more counterparts by the parties hereto. All counterparts shall be construed together and shall constitute one agreement. A signature reproduced electronically, by facsimile or .pdf shall be treated as an original signature.

CONTRACTOR

AGENCY

By: _____
John Fio, Principal Hydrologist
HydroFocus, Inc.
2827 Spafford Street
Davis, CA 95618

By: _____
Piret Harmon, Authorized Representative
Santa Margarita Groundwater Agency
2 Civic Center Drive
Scotts Valley, CA 95066

EXHIBIT A

Scope of Services

Agency plans to utilize the Santa Margarita Groundwater Model (“Model”) to support development of their Groundwater Sustainability Plan (“GSP”). The scope of work intends to answer the following questions.

1. Are results from the current Model reliable enough to support on-going work?
2. Can the current Model support GSP development?
3. What upgrades, if any, are recommended for the Model to support on-going work and GSP development?

The California Department of Water Resources has published Best Management Practices (BMP’s) to help Groundwater Sustainability Agencies evaluate methods and tools for GSP development. Models are highly recommended because they quantify the conceptual understanding of the basin and its water budget, help identify management criteria, and forecast the effectiveness of proposed actions for achieving sustainability over Sustainable Groundwater Management Act’s (SGMA) 50-year planning horizon. The BMP’s therefore help determine the general suitability of the Model for GSP development, and whether there is a need to upgrade the Model beforehand to meet SGMA guidelines. The need for upgrades can also be identified after new information is considered, or if performance is determined inadequate for the intended application. These types of evaluations are summarized below.

1. Model upgrades are recommended when new data and analyses improve the conceptual understanding of the basin (the Hydrogeological Conceptual Model – “HCM”). For example, if new borehole data refine the understanding of a basin’s structure, a model is then modified to better match the updated structure.
2. Model upgrades are recommended when post-audit¹ results reveal unacceptable error for the intended Model application.
3. Model upgrades are recommended when there is a need to reduce execution time, improve stability, or increase the detail of output. For example, GSP development may require a finer discretization of time, space, or both to provide detailed information near key well or stream gauge locations. These upgrades are determined largely by anticipated management criteria (e.g., minimum thresholds, measurable objectives, and so forth) or projects (e.g., enhanced recharge).

¹ A substantial portion of the inaccuracy in modeling projections is typically attributed to the uncertainty in predicting future climate and water use. Model inaccuracy also results from errors in the HCM (for example, errors in the values specified for the water transmitting and storage properties of the aquifer). In a post-audit, the measured climate and water use conditions that occur are utilized to extend the input data files. Relative to the development date of the Model, these data represent “future” conditions that are known with a relatively high level of accuracy. Hence, the inaccuracies in results (e.g., calculated water levels and groundwater-stream interactions) reveal discrepancies and uncertainty in the Model.

Consultant proposes the following six (6) tasks to evaluate the Model through the lens of SGMA and determine whether upgrades are recommended as part of its on-going use and/or prior to its application for GSP development.

Task I. Project initiation and kick-off meeting.

Consultant will hold a meeting to review the Model Evaluation Scope of Work, identify relevant supplemental information and reports, and receive input from Agency staff and technical advisors on their understanding of basin characteristics, current applications of the Model, and recommendations for upgrades to the Model.

Task II. Evaluate the Model relative to SGMA BMP's.

Relevant SGMA guidelines are provided in California Department of Water Resources publications. These publications include, but are not necessarily limited to the following:

- “*Best Management Practices for the Sustainable Management of Groundwater – Hydrogeological Conceptual Model BMP,*” December 2016.
- “*Best Management Practices for the Sustainable Management of Groundwater – Water Budget BMP,*” December 2016.
- “*Best Management Practices for the Sustainable Management of Groundwater – Modeling BMP,*” December 2016.
- “*Best Management Practices for the Sustainable Management of Groundwater – Sustainable Management Criteria [DRAFT],*” November 2017.

Consultant will extract, itemize, and systematically compare relevant guidelines in the above mentioned documents to the Model as it is described in the report “*Santa Margarita Basin Groundwater Modeling Technical Study*” (June 24, 2015) and represented in the Groundwater Vistas© file “*SMGB_2016_Update_sp128.gww.*”² Discrepancies between the Model and SGMA guidelines can identify necessary upgrades for the Model.

Task III. Evaluate the Model relative to the existing HCM.

The HCM provides a description and understanding of the physical relationships between basin hydrology, geology, water-bearing and non-water bearing zones, and surface-water and groundwater inter-connections (groundwater-stream interactions). The report “*Santa Margarita Basin Groundwater Modeling Technical Study*” (June 24, 2015) provides a detailed description of the Santa Margarita Basin HCM. It will be necessary to confirm SMGWA staff and technical advisors agree with this HCM, and then review input data sets to evaluate consistency between the HCM and modeled geometry, boundary conditions, parameterization (e.g., water storage and transmitting properties), specified water sources and sinks (e.g., recharge and extractions), and the characterization of groundwater-stream interactions. Substantial discrepancies between the HCM and input data will be considered for improvement as part of an upgrade.

Task IV. Evaluate Model uncertainty.

² Downloaded from the following on February 28, 2018:
<https://sharesync.serverdata.net/us/s/axnFFzFvmaFcxbMSFcONND0033c9c7>

The data sets for climate, land use, water use, and observations (monitoring data) were recently extended by four years (the simulation period was extended from 1985-2012 to 1985-2016). This most recent update is represented by the Groundwater Vistas© file “SMGB_2016_Update_sp128.gww.” The calculated groundwater levels and stream flows after 2012 will be compared with the corresponding measured values, and the discrepancies between output and corresponding measured values explored to reveal uncertainty.

The relationships between the magnitude of discrepancies (errors) and the input data to the Model is referred to as sensitivity. The significance of sensitivity is determined by answering the question “*If the input adopted in developing the Model are wrong, will the Model calculations be altered sufficiently to change the associated conclusions?*” Consultant will utilize the Model to determine its sensitivity to input data adjustments and identify the input data that might influence the output related to on-going applications and GSP development (e.g., developing possible sustainability indicators and identifying management action alternatives). These sources of uncertainty will be considered for improvement as part of an upgrade.

Task V. Evaluate Model design and performance.

Model upgrades may be needed to improve output prior to use for on-going applications and to support GSP development. Consultant will first run the Model and confirm it converges in all time-steps, meets the appropriate convergence criteria for water levels and volumetric budget error, and produces the results reported in “*Santa Margarita Basin Groundwater Modeling Technical Study*” (June 24, 2015). Next, Consultant will evaluate the extent to which the Model reproduces the necessary hydrogeologic features and processes to support on-going applications and GSP development. For example, they will inspect the output to confirm it is appropriately simulating groundwater-stream interactions, seasonal and longer-term wetting and drying cycles, and so forth. This requires detailed review of the groundwater-flow portion of the Model (the MODFLOW-NWT application) and the timing, magnitude, and distribution of recharge and runoff input to the Model. Lastly, Consultant will explore the relationships between Model discretization and Model output with an emphasis on the level of detail required for on-going applications and GSP development. For example, the time-step length (time discretization) and/or grid size (space discretization) is evaluated relative to on-going project analysis requirements, potential sustainability indicators (e.g., the location and frequency of measured well water levels, creek flows, and so forth), and anticipated management action alternatives (e.g., the locations and operation of planned recharge projects). The evaluation of discretization effects will include consideration of execution time and stability. Model limitations owing to design are considered for improvement as part of an upgrade.

Task VI. Summarize evaluation and recommendations.

Consultant will summarize and present the evaluation results to the Agency Board of Directors. The meeting will be held prior to October 1, 2018. As a cost saving measure, Consultant proposes submitting a PowerPoint presentation prior to the meeting in-lieu of a report or technical memorandum. The presentation will include notes that summarize the information in each slide. The presentation objective is to summarize the issues identified by each task (Task 1 through Task V above), recommend which of the issues should be addressed as part of an upgrade to the Model, and estimate the relative level of effort to implement each upgrade.

**EXHIBIT B
Project Schedule**

TASK	Description	2018				
		MONTH				
		May	June	July	August	September
1	Project Initiation and Kick-Off Meeting					
2	Evaluate Model Relative to SGMA BMP's					
3	Evaluate Model Relative to Existing HCM					
4	Evaluate Model Uncertainty					
5	Evaluate Design and Performance					
6	Recommendations and Reporting					

EXHIBIT C
Payment Terms

Consultant will provide to Agency a monthly progress report and invoice for fees earned for services completed during the previous month. The progress report and invoice generally describe the services performed by project task (as described in Exhibit A), an itemization of hours worked by Consultant position description, the applicable hourly rates, and calculation of fees. Additionally, as part of the monthly progress report Consultant will provide an update on project budget by task (as described in Exhibit A) and notify Agency of the fees charged in the current invoice, the total charges to date, and the project budget remaining as a percent of the total task budget expended.

The estimated total cost for completing the scope of work is \$59,150 with the following task level budget authorization:

Task I.	Project initiation and kick-off meeting	\$4,250
Task II.	Model evaluation relative to SGMA BMP's	\$4,300
Task III.	Model evaluation relative to the existing HCM	\$10,900
Task IV.	Model evaluation uncertainty	\$19,650
Task V.	Model design and performance evaluation	\$12,050
Task VI.	Summarization of evaluation and recommendations	\$8,000

AGENDA REPORT

Santa Margarita Groundwater Agency

To: Board of Directors
Date: April 12, 2018
Item: General Business Agenda 6.3
Subject: **FY 2019 Draft Budget**

SUMMARY

Recommendation: Receive information and provide input.

Fiscal Impact: Total proposed budget is about \$600,000 that will be funded by 3 member agencies and grant proceeds.

BACKGROUND

The board adopted FY 2018 budget on August 30, 2017.

DISCUSSION

The budget for FY 2019 (July 1, 2018 – June 30, 2019) is driven in large part by the Proposition 1 grant funding that the SGMWA was recently awarded by the Department of Water Resources. The grant requires a 50% matching contribution from local sources, meaning that to utilize the \$1 Million awarded, the SMGWA will need to spend at least an additional \$1 Million dollars on relevant tasks over the course of the grant duration. The cost estimates for the tasks in the grant were based on several factors: the Santa Cruz Mid-County Groundwater Agency expenditures for similar work over the past two years and estimates of future costs, estimates solicited from consultants during the grant development, and staff experience from similar tasks for their current agencies.

In the collaborative staffing model, the member agencies will work together to provide resources for the leadership and management of the agency. With the exception of the Administrative and Financial Support Services, the staffing contributions to the Agency are considered in-kind.

The grant has an end date of March 2022. FY 2019 budget represents approximately one quarter of estimated expenses for the entire grant period. Activities and budget items in the proposed 2019 budget that were not included in the grant application are administrative in nature and based on staff experience for similar work.

As a consideration of cash flow needs, the cost share amounts from member agencies are calculated without anticipated grant proceeds. Typically, the disbursements for payments made by the Agency are expected to be received 6-9 after the expenses are incurred.

Submitted by,

Piret Harmon
General Manager
Scotts Valley Water District

Attached: FY 2019 Draft Budget – Expenses
FY 2019 Draft Budget - Revenue

FY 2019 Draft Budget

Santa Margarita Groundwater Agency

FY 17-18
Approved

FY 17-18
Est/Actual

FY 18-19
Proposed

FY 18-19
Grant Reimb

Grant Budget FY 15-22
Total Grant

Expenditures

	FY 17-18 Approved	FY 17-18 Est/Actual	FY 18-19 Proposed	FY 18-19 Grant Reimb	Grant Budget FY 15-22 Total	Grant
Administrative Services					\$218,000	\$50,000
Administrative Staff (SVWD)	\$35,000	\$33,000	\$50,000	-\$12,000		
Insurance Premiums		\$1,500	\$1,500			
Membership Fees		\$1,000	\$2,275			
Training and Travel		\$6,500	\$13,500			
Computer Equipment/Software		\$2,000	\$3,260			
Miscellaneous Admin		\$500	\$1,000			
Financial Services						
Treasurer (SLVWD)		\$10,000	\$10,000			
Grant Administration (County)		\$5,000	\$10,000			
Audit		\$0	\$7,500			
Banking Fees		\$50	\$200			
Outreach/Stakeholder Engagement	\$10,000	\$5,000	\$50,000	-\$25,000	\$150,000	\$100,000
Facilitation Services		\$25,000	\$50,000		\$175,000	\$0
Legal Services	\$10,000	\$5,000	\$10,000			
Hydrological Services					\$443,960	\$0
Review model	\$50,000	\$25,000	\$35,000			
Update Model	\$100,000	\$0	\$100,000			
Water budget	\$50,000	\$0				
Monitoring					\$100,000	\$0
Stream Discharge stations	\$45,000	\$45,000	\$45,000			
Additional flow monitoring	\$5,000	\$0	\$5,000			
Well measurements	\$5,000	\$0	\$5,000			
Plan Development						
Planner	\$50,000	\$0	\$110,000	-\$100,000	\$525,000	\$450,000
Technical Consultant			\$100,000	-\$100,000	\$400,000	\$400,000
Total Expenditures	\$360,000	\$164,550	\$609,235	-\$237,000	\$2,011,960	\$1,000,000

FY 2019 Draft Budget

Santa Margarita Groundwater Agency

FY 17-18
Budget

FY 17-18
Est. Actual

FY 18-19
Prop Budget

FY 18-19
Grant Reimb

Revenue

SVWD		\$190,000	\$95,000	TBD
SLVWD		\$140,000	\$70,000	TBD
County		\$30,000	\$15,000	TBD
Prop 1 GSP Grant				
Total Revenue		\$360,000	\$180,000	\$609,235

\$237,000

Previous cost allocation

Based on pumping in 2012

SVWD	53%
SLVWD	39%
COUNTY	8%

Proposed cost allocations

Total

Grant

Net

1) Based on WY 2008-2016 average pumping in South Zone

SVWD	71%	\$432,557	-\$168,270	\$264,287
SLVWD	18%	\$109,662	-\$42,660	\$67,002
COUNTY (Private pumping)	11%	\$67,016	-\$26,070	\$40,946
	100%	\$609,235	-\$237,000	\$372,235

2) Based on WY 2015-2016 Basin Wide pumping

SVWD	46%	\$282,843	-\$110,029	\$172,813
SLVWD	37%	\$227,943	-\$88,673	\$139,270
COUNTY (Private pumping)	16%	\$98,450	-\$38,298	\$60,151
	100%	\$609,235	-\$237,000	\$372,235

3) Based on average of 1) and 2)

SVWD	59%	\$357,700	-\$139,150	\$218,550
SLVWD	28%	\$168,802	-\$65,666	\$103,136
COUNTY (Private pumping)	14%	\$82,733	-\$32,184	\$50,549
	100%	\$609,235	-\$237,000	\$372,235

4) Adjusted for return flow from septic systems in County area

SVWD	60%	\$365,541	-\$142,200	\$223,341
SLVWD	30%	\$182,771	-\$71,100	\$111,671
COUNTY (Private pumping)	10%	\$60,924	-\$23,700	\$37,224
	100%	\$609,235	-\$237,000	\$372,235

AGENDA REPORT

Santa Margarita Groundwater Agency

To: Board of Directors
Date: April 12, 2018
Item: General Business Agenda 6.4
Subject: **Borrowing Authorization for Santa Cruz County Bank**

SUMMARY

Recommendation: Adopt Resolution 2018-01 giving the Treasurer and/or her designees the borrowing authorization for the Santa Margarita Groundwater Agency with Santa Cruz County Bank.

Fiscal Impact: No direct impact from this action.

DISCUSSION

The Board of Directors appointed the Finance Manager of the San Lorenzo Valley Water District, Stephanie Hill to serve as the Treasurer of the Santa Margarita Groundwater Agency. The Treasurer has custody of all the money of the Agency and provides accountability of the funds in accordance with Government Code Sections 6505 and 6505.5.

The Treasurer has opened an account with the Santa Cruz County Bank (SCCB) for the Agency. To conduct operations in an efficient manner, the Treasurer would like to open credit card account(s) for certain individuals conducting Agency's business. SCCB requires such powers to granted by a resolution of the Agency's Board.

Submitted by,

Piret Harmon
General Manager
Scotts Valley Water District

Attached: Resolution 2018-01



Santa Margarita Groundwater Agency

RESOLUTION NO. 2018-01

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA MARGARITA GROUNDWATER AGENCY GIVING THE TREASURER OF THE AGENCY BORROWING AUTHORIZATION WITH SANTA CRUZ COUNTY BANK

WHEREAS:

- 1) Santa Margarita Groundwater Agency (Agency) was formed on June 1, 2017 by a Joint Exercise of Powers Agreement (JPA) by the Scotts Valley Water District, the San Lorenzo Valley Water District and the County of Santa Cruz pursuant to the Sustainable Groundwater Management Act of 2014 (SGMA); and
- 2) The JPA stipulates that the Treasurer shall be appointed by the Board of Directors in the manner, and shall perform such duties and responsibilities, specified in Sections 6505.5 and 6505.6 of the Government Code.

THEREFORE BE IT RESOLVED by the Santa Margarita Groundwater Agency Board of Directors that it hereby:

Gives the Treasurer and/or her designees the borrowing authorization for Santa Margarita Groundwater Agency with Santa Cruz County Bank.

Passed and adopted this 26th day of April 2018 by the following vote:

AYES:

NOES:

ABSENT:

Approved: _____

Chris Perri, Chair
Santa Margarita Groundwater Agency

Attest: _____

Angela Franklin, Secretary
Santa Margarita Groundwater Agency

GSA SUMMIT DRAFT PROGRAM

DAY ONE - JUNE 6, 2018

8:15AM 8:30AM

Introductions

- **Steve Phillips, US Geological Survey, GRA President**
- **Tim Parker, Parker Groundwater, GSA Summit Chair**

8:30AM – 10AM

Governance

Moderator - Adam Hutchinson, Orange County Water District

Policies and other aspects – voting - every basin will look different – have to have individual design if they are going to work – identify commonalities –

Session Overview Presentations:

- Governance for SGM - Adjudications and Special Districts
Bill Blomquist, Professor of Political Science and Adjunct Professor of Public and Environmental Affairs at Indiana University Purdue University Indianapolis
- Early Progress and Coordination in Multi-GSA Basins
Tara Moran, Stanford Water in the West

GSA Flash Presentations:

- Salinas Valley Basin GSA
Gary Petersen, General Manager
- Yolo County Flood Control and Water Conservation District
Tim O'Halloran, General Manager
- Mid-Kaweah GSA
Paul Hendrix, General Manager
- San Joaquin County
Brandon Nakagawa, Water Resources Coordinator

10:00AM - 10:30AM BREAK

10:30AM – 12:00PM

Adaptive Management - Operating Under Unknowns

Moderator: Rob Gailey, Consulting Hydrogeologist

Within the SGMA context, adaptive management is both an approach and a philosophy that integrates new information and changes in conditions to manage groundwater resources more successfully. The SGMA regulations require setting measurable objectives, determining the success or failure of implemented programs in meeting interim milestones and, as necessary, modifying groundwater sustainability plans to correct course and achieve the desired objectives and remaining milestones. The approach is intended to address uncertainty regarding both current understanding of groundwater systems and future conditions. How does one set objectives and milestones as well as effect plan adjustments when significant uncertainty

may exist? The speakers will explore this topic.

Session Overview Presentations:

- Technical perspectives and Assistance on Adaptive Management
Steven Springhorn, California Department of Water Resources
- Using Uncertainty Analysis to Adaptively Manage
Thomas Harter, University of California, Davis

GSA Flash Presentations:

- Rosedale Rio Bravo Water Storage District
Eric Averett, General Manager
- Butte County Water and Resource Conservation
Paul Gosselin, Director
- Ventura County
Tony Morgan, SGMA Consultant
- San Bernardino Valley Municipal Water District
Bob Tincher, Deputy General Manager
- TBD

12:00PM– 1:30PM LUNCH KEYNOTE

The Consequences of Groundwater Sustainability in California

Jeffrey Mount, Ph.D. (Northern California David Keith Todd Speaker), Senior Fellow, Public Policy Institute of California Water Policy Center

1:30PM – 3:00PM

Stakeholder Involvement and Community Engagement

Moderator - Gary Petersen, Salinas Valley GSA

SGMA requires GSAs to plan for stakeholder engagement by considering the interests of all beneficial users, to implement community engagement to encourage the active involvement of diverse social, cultural, and economic elements of the population within the groundwater basin, and to demonstrate progress toward the goal of sustainability, taking corrective action to address deficiencies. The panel will provide an overview of the SGMA requirements for stakeholder involvement and community engagement, and examples of how GSAs are proceeding.

Session Overview Presentations:

- Stakeholder Involvement and Community Engagement
Gina Bartlett, Consensus Building Institute
- Stakeholder Involvement in Rural and Disadvantaged Communities
Charles Gardiner, The Catalyst Group

GSA Flash Presentations:

- Local Government Commission
Danielle Dolan
- TBD
- TBD
- TBD

3:00PM– 3:30PM BREAK

3:30PM – 5:00PM

GSA Fees and Finance

Moderator - Tim Parker, Parker Groundwater

SGMA required the formation of new groundwater sustainability agencies to manage groundwater basins under the new law, but the state did not provide any funding. These new government agencies have started largely by in-kind contributions and services provided by their member organizations. Many have started the process of rate studies to ensure a sound foundation for setting fees and minimizing the risk of litigation while navigating the challenges of Proposition 26 and 218. The panel will present information on rate study process and legal update, and dive into the approach and progress of several GSAs.

Session Overview Presentations:

- Overview of Rate Study Process, Ways to do the Math, Do's and Don'ts of Rate Studies, Challenges and Opportunities, and Needs for Community Engagement
Sally VanEtten, Raftelis Financial Consultants
- Brief Overview of Prop 26 & 218 and Latest in Case Law
Michael Colantuono, Colantuono Highsmith & Whatley

GSA Flash Presentations:

- Kings River East GSA
Denise England, Tulare County Water Resources Manager
- Sonoma County GSAs
Ann DuBay, Sonoma County Water Agency Government Affairs Manager
- Indian Wells Valley Groundwater Authority GSA
*Jim Worth, Indian Wells Valley Water District Counsel**
- Sacramento Groundwater Authority GSA
John Woodling, Executive Director
- Chino Basin Water Master
Peter Kavounas, General Manager

5:00-5:15PM

INTRODUCTION TO THE GROUNDWATER EXCHANGE

Chris Austin, Mavens Notebook

5:15PM – 7:00PM RECEPTION

7:00PM – 9:00PM SACRAMENTO BRANCH DINNER

Building Bridges to a New World in Water Resource Management

Kirby Brill, P.E. (Southern California David Keith Todd Lecturer), Former General Manager, Mojave Water Agency

DAY TWO - JUNE 7, 2018

8:30AM – 10:00AM

Intra- and Inter-Basin Coordination

Moderator – Paul Hendrix, Tulare Irrigation District

SGMA requires Coordination Agreements within sub-basins anticipating multiple GSPs, and anticipates efforts to coordinate among interconnected sub-basins. This panel will present an overview of what's expected for coordination across GSA boundaries, the technical issues to address, and how selected regions of the state are taking on this challenge.

Session Overview Presentations:

- The View from Sacramento; What do SGMA and the GSP Regulations Say about Coordination, What DWR is Looking for, and Their Role in Determining Inter-Basin Interaction
Steven Springhorn and Trevor Joseph, DWR
- What are Hydrogeologists and Modelers Looking for and How do We Get There?
Derrick Williams, HydroMetrics

GSA Flash Presentations:

- Sharing a Basin Water Budget – What's at Stake?
Terry Erlewine, Kern Groundwater Authority
- Coordination before and after SGMA
Kim Loeb, Fox Canyon Groundwater Management Authority
- Coordination of the Many in the Subbasin
Andrew Garcia, San Luis & Delta-Mendota Water Authority
- A county's perspective in regional coordination
Christina Buck, Butte County
- What is Achievable Among Interconnected Basins in Critical Overdraft, e.g. Southern San Joaquin Valley Inter-Basin Practitioners Roundtable?
Larry Rodriguez, GEI Consultants*

10:00AM - 10:30AM BREAK

10:30AM – 12:00PM

Sustainability Criteria

Moderator: Thomas Harter, UC Davis

SGMA defines sustainable groundwater management as the management and use of groundwater in a manner that can be maintained during the planning and implementation horizon without causing undesirable results. SGMA and the GSP Regulations define the following sustainable management criteria: sustainability goal, undesirable results, minimum thresholds, and measurable objectives. This panel will provide information and tools on developing sustainability criteria and examples of GSAs approaches and progress.

Session Overview Presentations:

- Foundational, How DWR Thinks about Sustainability Criteria
Trevor Joseph, California Department of Water Resources
- Developing Sustainability Criteria and Supporting Monitoring and Management Activities
Marcus Trotta, Sonoma County Water Agency*

GSA Flash Presentations:

- How Yolo is Developing Sustainability Criteria
Tim O'Halloran, Yolo County Flood Control District
- Napa County Alternative Plan

Vicki Kretsinger, Luhdorf & Scalmanini

- Groundwater Dependent Ecosystems Defined and New tools for Developing Sustainable Management Criteria
Melissa Rohde, The Nature Conservancy

12:00PM– 1:00PM LUNCH

CGC and GRA – Ken Manning, California Groundwater Coalition Chairman, and Steve Phillips, Groundwater Resources Association of California President will provide timely information on Capitol Efforts in the Groundwater Arena, SGMA Technical Opportunities for Education and Awareness, and How the Missions of These Two Organizations Work Together and Separately to Help Sustain Groundwater in California.

1:00PM– 2:30 PM

Connecting Land Use and SGMA - County and City Roles

Moderator - Carolyn Berg, County of San Luis Obispo

Counties and cities play major roles in SGMA including GSA members, land use planning which typically involves water associated demands, source water and watershed-basin interconnection permitting agencies for wells and building structures, and ability to utilize police powers and ordinances to manage various issues including groundwater. SGMA requires that city and county land use plans be provided to GSAs and that GSAs provide a report on the anticipated effect of the land use plan on the GSP implementation, and a copy of the draft GSP to cities and counties 90 days prior to adoption.

Session Overview Presentation:

Uncommon Dialogue: Fostering Meaningful Coordination Between Land Use Planning & Groundwater Management Under SGMA

Tara Moran, Stanford Water in the West

GSA Flash Presentations:

- Stanislaus County – Walt Ward, Water Resources Manager
- Kern County - Lorelei Oviatt, Director of Planning and Natural Resources
- San Luis Obispo County - Rob Fitzroy, Deputy Director of Planning & Building Department

2:30PM – 3:00PM BREAK

3:00PM – 4:30PM

Water Markets and SGMA

Moderator - Ellen Hanak, Water Policy Center Director and Senior Fellow, Public Policy Institute of California

Water markets may help many basins find a sustainable solution to meet SGMA mandates. Water markets are effective tools for managing limited supplies by giving users the flexibility to purchase additional water from those with surplus. Water markets paired with creative financial solutions can enable water to be purchased and returned to wetlands, rivers, lakes and communities.

Session Overview Presentation:

- Overview of Water Market Issues and SGMA
Ellen Hanak, Public Policy Institute of California

- Key Takeaways on Groundwater Trading Under SGMA
Nell Green Nysten, UC Berkeley
- Overview of Trading Experiences—With a Focus on GW—In Other States, Including Nebraska
Richael Young, Mammoth Trading

GSA Flash Presentations:

- Sacramento Valley
Curt Aikens, Yuba County Water Agency
- Northern SJ Valley
Steve Knell, Oakdale Irrigation District
- Southern SJ Valley
Jon Reiter, Maricopa Orchards
- Mojave Basin
Lance Eckhart, Mojave Water Agency
- South Coast
Matthew Fienup, California Lutheran University, and Chair, Fox Canyon Water Market Group

4:30PM SUMMIT CLOSING COMMENTS

*Invited

**Early-Bird Non-Member Registration \$565.00 (ends
05/09/2018)**