

May 19, 2016

Mark Nordberg, GSA Project Manager Senior Engineering Geologist
901 P Street, Room 213A
Box 942836 Sacramento, CA 94236

Re: Notice of Intent of Santa Cruz Mid-County Groundwater Agency to Become a
Groundwater Sustainability Agency

Dear Mr. Nordberg:

As outlined in California Water Code, Part 2.74, Sustainable Groundwater Management Act (SGMA), sections 10723(d), 10723.6(a)(1), and 10723.8, the newly formed joint exercise of powers agency, the Santa Cruz Mid-County Groundwater Agency (MGA or Agency) hereby declares its intention to assume the role as a Groundwater Sustainability Agency (GSA) for the proposed Santa Cruz Mid-County Groundwater Basin. The members of the Agency include the Central Water District, the City of Santa Cruz, the County of Santa Cruz, and the Soquel Creek Water District.

On March 17, 2016, Agency Board of Directors convened for the first time, elected officers, adopted a budget for FY 2017, set a public hearing on becoming the designated GSA for the proposed Santa Cruz Mid-County Groundwater Basin for May 19, 2016, and directed staff to publish the required public notice as per California Government Code §6066 (see Attachment 1).

Also on March 17, 2016, the Agency took over from its predecessor Soquel-Aptos Groundwater Management Committee as the requesting agency for the basin boundary modification request proposing the Santa Cruz Mid-County Groundwater Basin. The proposed Santa Cruz Mid-County Groundwater Basin is generally a basin consolidation of all or parts of four existing Bulletin 118 groundwater basins: Soquel Valley (3-1), West Santa Cruz Terrace (3-26), Santa Cruz Purisima Formation (3-21), and Pajaro Valley (3-2) Groundwater Basins.

On May 19, 2016, the Agency held a duly noticed public hearing and passed Resolution 2016-001 (Attachment 2) wherein the Agency resolved to become a GSA for the proposed Santa Cruz Mid-County Groundwater Agency. Attachment 2A is a map of the proposed Santa Cruz Mid-County Groundwater Basin (the Basin) that the new Agency intends to manage. It is the intention of the Agency to manage the modified basin as approved by the Department of Water Resources even if the approved basin includes minor revisions to the proposed basin shown in Attachment 2A. Attachment 3 is a copy of the fully executed Joint Powers Agreement for the Santa Cruz Mid-County Groundwater Agency and Attachment 4 is copy of the Agency's Bylaws.

Identification and Engagement of Interested Parties

Water Code section 10723.8(a)(4) requires a list of interested parties developed pursuant to Water Code section 10723.2 and an explanation of how their interests will be considered in the development and operation of the GSA and the development and implementation of the agency's sustainability plan.

Since 2014, the Santa Cruz Mid-County Groundwater Agency (MGA) and its predecessors, the Soquel-Aptos Groundwater Management Committee and the Basin Implementation Group, have been employing a comprehensive outreach strategy. The MGA has a Community Engagement Plan which was developed by the Center for Collaborative Policy in conjunction with the MGA and includes the input of 22 stakeholders who were interviewed during development.

Stakeholders included representatives from:

- Elected officials and staff from the MGA member agencies
- Staff from outside agencies and departments
- Private well owners and Small Water System operators
- Large water users in the Basin (business and institutional)
- Agricultural users
- Environmental non-profits and community groups
- Environmental scientists and regulators
- Tribal representative

Outreach includes: an informative website (midcountygroundwater.org), which staff updates regularly; an electronic newsletter sent before important events; public notification before all MGA meetings; radio interviews; meetings with newspaper editorial boards; targeted stakeholder meetings; and occasional mailers in the form of postcards and bill inserts.

To date, eight informational meetings for the public have been held. Notification for the meetings has included ads in multiple local newspapers, on social media, electronic newsletters from all of the partner agencies, and postcards mailed to all private well owners, based on County Assessor records. A targeted meeting of interested private well owners hosted by the private well representatives on the MGA was also held.

The MGA will continue to engage these interests and any other interested persons or entities, including various regulatory agencies and neighboring GSAs, as it takes steps to develop and implement a Groundwater Sustainability Plan. This includes, but is not limited to, the following:

a. Holders of overlying groundwater rights

i. Agricultural users:

There is farming within the boundary area, using an estimated 10% of the total water pumped from the Basin. The Ag sector comprises vineyards, vegetables, orchards, nurseries, and berries. The majority of the farming is done by a few large operations. In addition to the broad outreach, large operators will be notified individually and brought in for an introductory meeting. One of the private well representatives who sits on the MGA Board of Directors is from the Ag sector.

ii. Domestic Well Users:

Residential Private well owners use an estimated 10% of total water use in the Basin. To make sure this group receives fair representation, three private well owners were appointed to the MGA after a selection process. They have already held one meeting targeting private well owners. The County sent 1700 postcards on behalf of the MGA to the owners of properties with private wells. The County will be using a grant from DWR, in which additional targeted outreach in the form of well soundings, conservation audits and additional meetings are planned.

b. Municipal well operators;

Elected officials from all the municipal well operators in the Basin are represented on the Agency Board. These are Soquel Creek Water District, Central Water District, and the City of Santa Cruz Water Department.

c. Public water systems;

All of the Public Water Systems operators in the County are on the MGA email list. The County oversees the public water systems in the region and offers quarterly forums. The SGMA has been discussed in several of these, and staff from the MGA partner agencies have presented.

d. Local land use planning agencies.

The land use planning agencies in the Basin are the County of Santa Cruz, City of Santa Cruz, and the City of Capitola. Two County Supervisors are on the MGA. The newsletters are distributed to County Supervisors, City Council members, and key staff from those agencies. Staff from the MGA will make presentations to planning agency staff and officials as necessary.

e. Environmental users of groundwater;

Groundwater from the Basin helps to supply streamflow fish habitat, riparian vegetation and recreational use. Agencies with interest in maintaining flow for environmental uses are the US Fish and Wildlife Service, NOAA Fisheries, California Department of Fish and Wildlife, the State Water Board, the County of Santa Cruz, and the City of Capitola. Representatives of these agencies are on the email list. There are numerous non-profit environmental groups operating in the Basin. The member agencies of the MGA have long relationships with these groups and interact with many of them regularly. Representatives from the organizations have been added to the email list.

f. Surface water users, if there is a hydrologic connection between surface and groundwater bodies;

There are no large scale users of surface water in the Basin, but there are numerous small users. Surface water rights in the Soquel Creek Watershed have been adjudicated and the legitimate users of surface water have been designated. Some small water systems or agricultural users may use surface water, however, as noted above those groups will already be engaged in the process. Domestic surface water users are included in the broad notification to private property owners in the Basin.

g. The federal government, including, but not limited to, the military and managers of federal lands;

The member agencies of the MGA work regularly with several Federal agencies including the USGS, the US Fish and Wildlife Service, the Monterey Bay National Marine Sanctuary and the National Marine Fisheries Service (NOAA Fisheries). Appropriate staffs from those agencies are on the email listserve. There are no military or federally-owned lands in the Basin.

h. California Native American tribes;

Staff has been developing relationships with representatives of the local tribes to ensure they are engaged with the process. One representative was interviewed during the development of the Community Engagement Plan.

i. Disadvantaged communities (DAC), including, but not limited to, those served by private domestic wells or small community water systems;

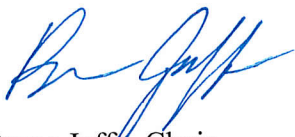
Based on 2010 Census data, there are several DAC census blocks located within the service areas of the municipal water agencies located in the Western area of the Basin. The planned outreach process is comprehensive and will reach those areas. Additional efforts to provide targeted outreach to DACs are being undertaken through the IRWM process and involves staff from the MGA member agencies.

j. Entities listed in Section 10927 that are monitoring and reporting groundwater elevations in all or a part of a groundwater basin managed by the GSA. [CA Water Code Section 10723.2.]

The agencies conducting groundwater monitoring and reporting activities for the Basin are the County, the City of Santa Cruz, the Soquel Creek Water District, and Central Water District. All these agencies are members of the MGA.

As demonstrated by the information presented above, the MGA is committed to an open and inclusive process to implement the SGMA. Interest parties will have opportunities, both formal and informal, to provide input to the MGA Board and to participate in the development and public review of the Groundwater Sustainability Plan.

Sincerely yours,



Bruce Jaffe, Chair

Santa Cruz Mid-County Groundwater Agency Board of Directors

Attachments:

1. Copy of Required Public Notice of May 19, 2016 Public Hearing on the Santa Cruz Mid-County Groundwater Agency being designated as the Groundwater Sustainability Agency for the Santa Cruz Mid-County Groundwater Basin
2. Santa Cruz Mid-County Groundwater Agency Resolution 2016-001 Stating the Board's Intent to be the Groundwater Sustainability Agency for the Santa Cruz Mid-County Groundwater Basin
 - 2.A Santa Cruz Mid-County Groundwater Basin Map
3. Santa Cruz Mid-County Groundwater Agency Joint Exercise of Powers Agreement
4. Santa Cruz Mid-County Groundwater Agency Bylaws

Santa Cruz Sentinel
Santa Cruz Sentinel
www.santacruzsentinel.com

Publication Name:
Santa Cruz Sentinel

Publication URL:
www.santacruzsentinel.com

Publication City and State:
Santa Cruz, CA

Publication County:
Santa Cruz

Notice Popular Keyword Category:

Notice Keywords:
Santa Cruz Mid-County Groundwater Agency

Notice Authentication Number:
201605101112234070154
852177295

Notice URL:

Notice Publish Date:
Thursday, May 05, 2016

Notice Content

SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY NOTICE OF PUBLIC HEARING NOTICE IS HEREBY GIVEN that a public hearing will be held to receive public input on: Formation of a Groundwater Sustainability Agency Date & Time: May 19, 2016 at 7:00 p.m. Location: Simpkins Family Swim Center, Live Oak Community Complex, A & B Community Room, 979 17th Ave, Santa Cruz, California All written comments must be received by 4:00 p.m., May 19, 2016, at Soquel Creek Water District, 5180 Soquel Drive, Soquel, California. If you have any questions regarding the item listed above or the public hearing please contact Sierra Ryan, Water Resource Planner at 831-454-3133. Related memo will be available on May 13, 2016, on the Santa Cruz Mid-County Groundwater Agency's website at www.midcountygroundwater.org 5/5, 5/15/16 5719572

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ATTACHMENT 2

RESOLUTION NO. 2016-001

RESOLUTION OF INTENT TO ESTABLISH THE SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY AS THE GROUNDWATER SUSTAINABILITY AGENCY FOR THE SANTA CRUZ MID-COUNTY GROUNDWATER BASIN

WHEREAS, the Sustainable Groundwater Management Act of 2014 went into effect on January 1, 2015; and,

WHEREAS, the Sustainable Groundwater Management Act of 2014 enables the State Water Resources Control Board to intervene in groundwater basins unless a local public agency or combination of local public agencies form a Groundwater Sustainability Agency or Agencies (GSA) by June 30, 2017 (Water Code section 10735); and,

WHEREAS, retaining local jurisdiction over water management and land use is essential to sustainably manage groundwater as a critical public health resource and to the vitality of the mid-county area of Santa Cruz County's economy, communities and environment; and,

WHEREAS, Water Code Section 10721(j) defines a Groundwater Sustainability Agency as one or more local agencies that implement the provisions of the Sustainable Groundwater Management Act; and,

WHEREAS, the Santa Cruz Mid-County Groundwater Agency (Agency) is a newly formed local joint exercise of powers agency established to oversee the sustainable management of critically over-drafted groundwater resources that serve as a source of supply for a large portion of the population in Santa Cruz County; and,

WHEREAS, any local public agency that has water supply, water management or land use responsibilities within a basin may elect to be a Groundwater Sustainability Agency, and Water Code Section 10723.6(a)(1) specifically allows agencies formed by the execution of joint exercise of powers agreements to serve as Groundwater Sustainability Agencies; and,

WHEREAS, Water Code Section 10723(a) authorizes any local agency overlying a groundwater basin to establish itself as a Groundwater Sustainability Agency for that basin; and,

WHEREAS, the proposed boundaries of the Santa Cruz Mid-County Groundwater Basin (Basin) that the Agency intends to manage as a Groundwater Management Agency are set forth in Attachment A; and,

WHEREAS, establishing the Agency as the Groundwater Sustainability Agency for the Basin will enable the Agency to prepare and implement a Groundwater Sustainability Plan for the

Basin that is aligned and compatible with the General Plans and Urban Water Management Plans prepared by the member agencies; and,

WHEREAS, the Santa Cruz Mid-County Groundwater Agency is committed to sustainable management of its groundwater resources; and,

WHEREAS, adoption of this Resolution does not constitute a "project" under California Environmental Quality Act Guidelines Section 15378(b)(5) including organizational and administrative activities of government because there would be no direct or indirect physical change in the environment; and,

WHEREAS, the Agency held a public hearing on this date after publications of notice pursuant to Government Code section 6066 to consider adoption of this Resolution;

NOW, THEREFORE, BE IT RESOLVED,

That the Board of Directors of the Santa Cruz Mid-County Groundwater Agency hereby declares and elects that it be and is established as the Groundwater Sustainability Agency for the Santa Cruz Mid-County Groundwater Basin, and with the powers and the duties set forth at Water Code sections 10725 et seq and further declares its intent to undertake sustainable groundwater management.

That this Groundwater Sustainability Agency shall be known as the Santa Cruz Mid-County Groundwater Agency, a JPA formed by action of the Board of Directors of the Central Water District, the Santa Cruz County Supervisors, the Santa Cruz City Council, and the Board of Directors of the Soquel Creek Water District and will use the Agency Board of Directors for governance purposes.

That the Chairperson of the Board shall submit a notice of this Resolution to the State Water Resources Control Board.

That the Agency shall consider the interests of all beneficial uses and users of groundwater, as well as those responsible for implementing groundwater sustainability plans and will develop an outreach program for all stakeholders.

That the Agency shall establish and maintain a list of persons interested in receiving notices regarding plan preparation, meeting announcements, and availability of draft plans, maps, and other relevant documents. Any person may request, in writing, to be placed on the list of interested persons.

That such notification of interested persons shall include an explanation of how their interests will be considered in the development and operation of a Groundwater Sustainability Plan.

THIS RESOLUTION was passed by the Board of the Santa Cruz Mid-County Groundwater Agency at a regular meeting held on May 19, 2016

AYES: 11

NOES: 0

ABSENT: 0

ABSTAIN: 0

PASSED, APPROVED and ADOPTED

May 19, 2016
DATE



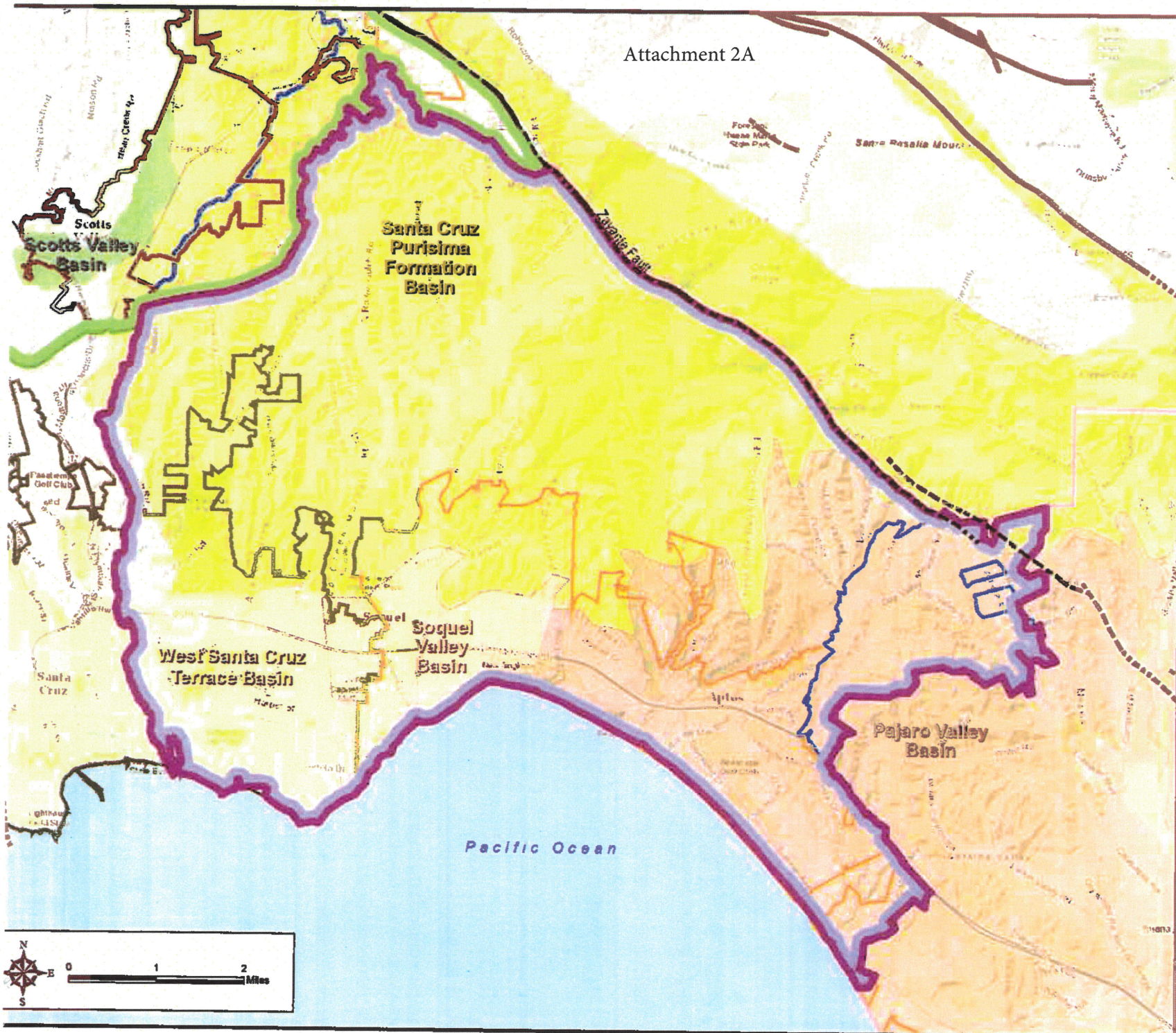
BRUCE JAFFE, CHAIR
Santa Cruz Mid-County Groundwater Agency

ATTEST:

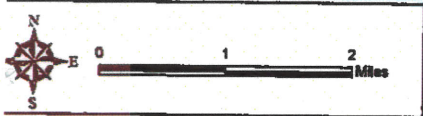


CYNTHIA MATHEWS, SECRETARY
Santa Cruz Mid-County Groundwater Agency

Attachment 2A



- Proposed Santa Cruz Mid-County Basin
- Proposed Santa Margarita Basin
- Watershed Boundary
- USGS Faults**
- Fault, certain
- Fault, approximately located
- Fault, concealed
- Scotts Valley Water District
- City of Santa Cruz Water Department
- Soquel Creek Water District
- Central Water District
- Pajaro Valley Water Management Agency
- Low Priority Basins**
- Scotts Valley
- Medium Priority Basins**
- West Santa Cruz
- Santa Cruz Purisima Formation
- High Priority Basins**
- Soquel Valley
- Pajaro Valley



JOINT EXERCISE OF POWERS AGREEMENT

by and among

CENTRAL WATER DISTRICT

CITY OF SANTA CRUZ

COUNTY OF SANTA CRUZ

and

SOQUEL CREEK WATER DISTRICT

creating the

SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY

March 17, 2016

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**JOINT EXERCISE OF POWERS AGREEMENT
OF THE SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY**

This **Joint Exercise of Powers Agreement** ("**Agreement**") is made and entered into as of March 17, 2016 ("**Effective Date**"), by and among the Central Water District, the City of Santa Cruz, the County of Santa Cruz, and the Soquel Creek Water District, sometimes referred to herein individually as a "**Member**" and collectively as the "**Members**" for purposes of forming the Santa Cruz Mid-County Groundwater Agency ("**Agency**") and setting forth the terms pursuant to which the Agency shall operate. Capitalized defined terms used herein shall have the meanings given to them in Article 1 of this Agreement.

RECITALS

- A. Each of the Members is a local agency, as defined by the Sustainable Groundwater Management Act of 2014 ("**SGMA**"), duly organized and existing under and by virtue of the laws of the State of California, and each Member can exercise powers related to groundwater management.
- B. SGMA requires designation of a groundwater sustainability agency ("**GSA**") by June 30, 2017, for groundwater basins designated by the California Department of Water Resources ("**DWR**") as medium- and high-priority basins.
- C. SGMA requires adoption of a groundwater sustainability plan ("**GSP**") by January 31, 2020, for all medium- and high-priority basins identified as being subject to critical conditions of overdraft.
- D. Each of the Members either extracts groundwater from or regulates land use activities overlying a common groundwater basin located within the mid-county coastal region of the County of Santa Cruz. This Basin includes all or part of four basins identified in DWR's Bulletin Number 118, including the following basins (designated by the name of the basin and number assigned to it in DWR-Bulletin No. 118): Soquel Valley (3-1), West Santa Cruz Terrace (3-26), Santa Cruz Purisima Formation (3-21), and Pajaro Valley Basin (3-2). All or some of these basins have been designated as medium or high priority basins. Through the Agency, the Members provided modifications to the Bulletin-118 boundaries as allowed by Title 23 of the California Code of Regulations to create a new consolidated basin called the "Santa Cruz Mid-County Groundwater Basin" with 3-1 as the number for the consolidated basin under DWR Bulletin No. 118 (hereafter "**Basin**").
- E. The Members intend for the Agency to develop a GSP and manage the Basin pursuant to SGMA.
- F. Under SGMA, a combination of local agencies may form a GSA through a joint powers agreement.
- G. The Members have determined that the sustainable management of the Basin pursuant to SGMA may best be achieved through the cooperation of the Members operating through a joint powers agency.
- H. The Joint Exercise of Powers Act of 2000 ("**Act**") authorizes the Members to create a joint powers authority, to jointly exercise any power common to the Members, and to exercise additional powers granted under the Act.
- I. The Act, including the Marks-Roos Local Bond Pooling Act of 1985 (Government Code sections 6584, *et seq.*), authorizes an entity created pursuant to the Act to issue bonds, and under certain circumstances, to purchase bonds issued by, or to make loans to, the Members for financing public capital

improvements, working capital, liability and other insurance needs or projects whenever doing so results in significant public benefits, as determined by the Members. The Act further authorizes and empowers a joint powers authority to sell bonds so issued or purchased to public or private purchasers at public or negotiated sales.

J. The Members have a history of collaborating on groundwater management issues in the Santa Cruz Mid-County Groundwater Basin, originally with a joint powers agreement formed in 1995 by the Soquel Creek Water District and the Central Water District, which was subsequently amended in August of 2015 to include the City of Santa Cruz and the County of Santa Cruz, to form the Soquel-Aptos Groundwater Management Committee.

K. The Members agree that by approving the creation of the Santa Cruz Mid-County Groundwater Agency they are withdrawing from and disbanding the joint powers agency formed as a result of earlier joint powers agreements originally creating the Basin Implementation Group as subsequently amended to create the Soquel-Aptos Groundwater Management Committee.

L. Based on the foregoing legal authority, the Members desire to create a joint powers authority for the purpose of taking all actions deemed necessary by the joint powers authority to ensure sustainable management of the Basin as required by SGMA.

M. The governing board of each Member has determined it to be in the Member's best interest and in the public interest that this Agreement be executed.

TERMS OF AGREEMENT

In consideration of the mutual promises and covenants herein contained, the Members agree as follows:

ARTICLE 1 DEFINITIONS

The following terms have the following meanings for purposes of this Agreement:

- 1.1 "Act" means the Joint Exercise of Powers Act, set forth in Chapter 5 of Division 7 of Title 1 of the Government Code, sections 6500, *et seq.*, including all laws supplemental thereto.
- 1.2 "Agreement" has the meaning assigned thereto in the Preamble.
- 1.3 "Auditor" means the auditor of the financial affairs of the Agency appointed by the Board of Directors pursuant to Section 14.3 of this Agreement.
- 1.4 "Agency" has the meaning assigned thereto in the Preamble.
- 1.5 "Basin" has the meaning assigned thereto in Recital D.
- 1.6 "Board of Directors" or "Board" means the governing body of the Agency as established by Article 6 of this Agreement.
- 1.7 "Bylaws" means the bylaws, if any, adopted by the Board of Directors pursuant to Article 11 of this Agreement to govern the day-to-day operations of the Agency.

1.8 "Director" and "Alternate Director" mean a director or alternate director appointed pursuant to Sections 6.3 and 6.4 of this Agreement. "Member Director" is a Director or Alternate Director appointed by and representing a Member agency pursuant to Section 6.1.1 of this agreement.

1.9 "DWR" has the meaning assigned thereto in Recital B.

1.10 "GSA" has the meaning assigned thereto in Recital B.

1.11 "GSP" has the meaning assigned thereto in Recital C.

1.12 "Member" means each party to this Agreement that satisfies the requirements of Section 5.1 of this Agreement, including any new members as may be authorized by the Board, pursuant to Section 5.2 of this Agreement.

1.13 "Officer(s)" means the Chair, Vice Chair, Secretary, or Treasurer of the Agency to be appointed by the Board of Directors pursuant to Section 7.1 of this Agreement.

1.14 "SGMA" has the meaning assigned thereto in Recital A.

1.15 "State" means the State of California.

ARTICLE 2 CREATION OF THE AGENCY

2.1 Creation of a Joint Powers Authority. There is hereby created pursuant to the Act a joint powers authority, which will be a public entity separate from the Members to this Agreement, and shall be known as the Santa Cruz Mid-County Joint Powers Agency ("Agency"). Within 30 days after the Effective Date of this Agreement and after any amendment, the Agency shall cause a notice of this Agreement or amendment to be prepared and filed with the office of the California Secretary of State containing the information required by Government Code section 6503.5. Within 10 days after the Effective Date of this Agreement, the Agency shall cause a statement of the information concerning the Agency, required by Government Code section 53051, to be filed with the office of the California Secretary of State and with the County Clerk for the County of Santa Cruz, setting forth the facts required to be stated pursuant to Government Code section 53051(a).

2.2 Purpose of the Agency. Each Member to this Agreement has in common the power to study, plan, develop, finance, acquire, construct, maintain, repair, manage, operate, control, and govern the water supply and water management within the Basin, either alone or in cooperation with other public or private non-member entities, and each is a local agency eligible to serve as a GSA within the Basin, either alone or jointly through a joint powers agreement as provided for by SGMA. The purpose of this Agency is to serve as the GSA for the Basin and to develop, adopt, and implement the GSP for the Basin pursuant to SGMA and other applicable provisions of law.

ARTICLE 3 TERM

This Agreement shall become effective upon execution by each of the Members and shall remain in effect until terminated pursuant to the provisions of Article 17 (Withdrawal of Members) of this Agreement.

ARTICLE 4 POWERS

The Agency shall possess the power in its own name to exercise any and all common powers of its Members reasonably related to the purposes of the Agency, including but not limited to the following powers, together with such other powers as are expressly set forth in the Act and in SGMA. For purposes of Government Code section 6509, the powers of the Agency shall be exercised subject to the restrictions upon the manner of exercising such powers as are imposed on the County of Santa Cruz, and in the event of the withdrawal of the County of Santa Cruz as a Member under this Agreement, then the manner of exercising the Agency's powers shall be those restrictions imposed on the City of Santa Cruz.

- 4.1 To exercise all powers afforded to a GSA pursuant to and as permitted by SGMA.
- 4.2 To develop, adopt and implement the GSP pursuant to SGMA.
- 4.3 To adopt rules, regulations, policies, bylaws and procedures governing the operation of the Agency and adoption and implementation of the GSP.
- 4.4 To obtain rights, permits and other authorizations for or pertaining to implementation of the GSP.
- 4.5 To perform other ancillary tasks relating to the operation of the Agency pursuant to SGMA, including without limitation, environmental review, engineering, and design.
- 4.6 To make and enter into all contracts necessary to the full exercise of the Agency's power.
- 4.7 To employ, designate or otherwise contract for the services of agents, officers, employees, attorneys, engineers, planners, financial consultants, technical specialists, advisors, and independent contractors.
- 4.8 To exercise jointly the common powers of the Members, as directed by the Board, in developing and implementing a GSP for the Basin.
- 4.9 To investigate legislation and proposed legislation affecting the Basin and to make appearances regarding such matters.
- 4.10 To cooperate and to act in conjunction and contract with the United States, the State of California or any agency thereof, counties, municipalities, public and private corporations of any kind (including without limitation, investor-owned utilities), and individuals, or any of them, for any and all purposes necessary or convenient for the full exercise of the powers of the Agency.
- 4.11 To incur debts, liabilities or obligations, to issue bonds, notes, certificates of participation, guarantees, equipment leases, reimbursement obligations and other indebtedness, and, to the extent provided for in a duly adopted Agency to impose assessments, groundwater extraction fees or other charges, and other means of financing the Agency as provided in Chapter 8 of SGMA commencing at Section 10730 of the Water Code.
- 4.12 To collect and monitor data on the extraction of groundwater from, and the quality of groundwater in, the Basin.

4.13 To establish and administer a conjunctive use program for the purposes of maintaining sustainable yields in the Basin consistent with the requirements of SGMA.

4.14 To exchange and distribute water.

4.15 To regulate groundwater extractions as permitted by SGMA.

4.16 To impose groundwater extraction fees as permitted by SGMA.

4.17 To spread, sink and inject water into the Basin.

4.18 To store, transport, recapture, recycle, purify, treat or otherwise manage and control water for beneficial use.

4.19 To apply for, accept and receive licenses, permits, water rights, approvals, agreements, grants, loans, contributions, donations or other aid from any agency of the United States, the State of California, or other public agencies or private persons or entities necessary for the Agency's purposes.

4.20 To develop and facilitate market-based solutions for the use and management of water rights.

4.21 To acquire property and other assets by grant, lease, purchase, bequest, devise, gift or eminent domain, and to hold, enjoy, lease or sell, or otherwise dispose of, property, including real property, water rights, and personal property, necessary for the full exercise of the Agency's powers.

4.22 To sue and be sued in its own name.

4.23 To provide for the prosecution of, defense of, or other participation in actions or proceedings at law or in public hearings in which the Members, pursuant to this Agreement, may have an interest and may employ counsel and other expert assistance for these purposes.

4.24 To exercise the common powers of its Members to develop, collect, provide, and disseminate information that furthers the purposes of the Agency, including but not limited to the operation of the Agency and adoption and implementation of the GSP to the Members, legislative, administrative, and judicial bodies, as well the public generally.

4.25 To accumulate operating and reserve funds for the purposes herein stated.

4.26 To invest money that is not required for the immediate necessities of the Agency, as the Agency determines is advisable, in the same manner and upon the same conditions as Members, pursuant to Government Code section 53601, as it now exists or may hereafter be amended.

4.27 To undertake any investigations, studies, and matters of general administration.

4.28 To perform all other acts necessary or proper to carry out fully the purposes of this Agreement.

ARTICLE 5 MEMBERSHIP

5.1 Members. The Members of the Agency shall be the Central Water District, the City of Santa Cruz, the County of Santa Cruz, and the Soquel Creek Water District, as long as they have not, pursuant to the provisions hereof, withdrawn from this Agreement.

5.2 New Members. Any public agency (as defined by the Act) that is not a Member on the Effective Date of this Agreement may become a Member upon: (a) the approval of the Board of Directors by a supermajority of at least seventy-five (75%) of the votes held among all Directors as specified in Article 9 (Member Voting); (b) payment of a pro rata share of all previously incurred costs that the Board of Directors determines have resulted in benefit to the public agency, and are appropriate for assessment on the public agency; and (c) execution of a written agreement subjecting the public agency to the terms and conditions of this Agreement.

ARTICLE 6 BOARD OF DIRECTORS AND OFFICERS

6.1 Formation of the Board of Directors. The Agency shall be governed by a Board of Directors ("**Board**"). The Board shall consist of eleven (11) Directors consisting of the following representatives who shall be appointed in the manner set forth in Section 6.3:

6.1.1 Two representatives appointed by the governing board of each of the following public agency Members: the Central Water District, the City of Santa Cruz, the County of Santa Cruz, and the Soquel Creek Water District.

6.1.2 Three representatives of private well owners within the boundaries of the Agency.

6.2 Duties of the Board of Directors. The business and affairs of the Agency, and all of its powers, including without limitation all powers set forth in Article 4 (Powers), are reserved to and shall be exercised by and through the Board of Directors, except as may be expressly delegated to the staff or others pursuant to this Agreement, Bylaws, or by specific action of the Board of Directors.

6.3 Appointment of Directors. The Directors shall be appointed as follows:

6.3.1 The two representatives from the Central Water District shall be appointed by resolution of the Central Water District Board of Directors.

6.3.2 The two representatives from the City of Santa Cruz shall be appointed by resolution of the City of Santa Cruz City Council.

6.3.3 The two representatives from the County of Santa Cruz shall be appointed by resolution of the County of Santa Cruz Board of Supervisors.

6.3.4 The two representatives from the Soquel Creek Water District shall be appointed by resolution of the Soquel Creek Water District Board of Directors.

6.3.5 The three representatives of private well owners shall be appointed by majority vote of the eight public agency Member Directors. The procedures for nominating the private well owners shall be set forth in the Bylaws.

6.4 Alternate Directors. Each Member may have one Alternate to act as a substitute Director for either of the Member's Directors. One Alternate shall also be appointed to act as a substitute Director for any of the three Directors representing private well owners. All Alternates shall be appointed in the same manner as set forth in Section 6.3. Alternate Directors shall have no vote, and shall not participate in any discussions or deliberations of the Board unless appearing as a substitute for a Director due to absence or conflict of interest. If the Director is not present, or if the Director has a conflict of interest which precludes participation by the Director in any decision-making process of the Board, the Alternate Director appointed to act in his/her place shall assume all rights of the Director, and shall have the authority to act in his/her absence, including casting votes on matters before the Board. Each Alternate Director shall be appointed prior to the third meeting of the Board. Alternates are strongly encouraged to attend all Board meetings and stay informed on current issues before the Board.

6.5 Requirements. Each Member's Directors and Alternate Director shall be appointed by resolution of that Member's governing body to serve for a term of four years except, for the purpose of establishing staggered terms, one of the initially-appointed Directors of each Member shall, as designated by the Member, serve an initial term of two years. A Member's Director or Alternate Director may be removed during his or her term or reappointed for multiple terms at the pleasure of the Member that appointed him or her. A Director representing private well owners may be removed or reappointed in the same manner as he or she was appointed as set forth in Section 6.3. No individual Director may be removed in any other manner, including by the affirmative vote of the other Directors.

6.6 Vacancies. A vacancy on the Board of Directors shall occur when a Director resigns or at the end of the Director's term as set forth in Section 6.5. For Member Directors, a vacancy shall also occur when he or she is removed by his or her appointing Member. For Directors representing private well owners, a vacancy shall also occur when the Director is removed as set forth in Section 6.5. Upon the vacancy of a Director, the Alternate Director shall serve as Director until a new Director is appointed as set forth in Section 6.3 unless the Alternate is already serving as a substitute Director in the event of a prior vacancy, in which case, the seat shall remain vacant until a replacement Director is appointed as set forth in Section 6.3. Members shall provide notice of any changes in Director or Alternate Director positions to the Board of Directors or its designee in writing and signed by an authorized representative of the Member.

ARTICLE 7 OFFICERS

7.1 Officers. Officers of the Agency shall be a Chair, Vice Chair, Secretary, and Treasurer. The Treasurer shall be appointed consistent with the provisions of Section 14.3. The Vice Chair, or in the Vice Chair's absence, the Secretary, shall exercise all powers of the Chair in the Chair's absence or inability to act.

7.2 Appointment of Officers. Officers shall be elected annually by, and serve at the pleasure of, the Board of Directors. Officers shall be elected at the first Board meeting, and thereafter at the first Board meeting following January 1st of each year, or as duly continued by the Board. An Officer may serve for multiple consecutive terms, with no term limit. Any Officer may resign at any time upon written notice to the Board, and may be removed and replaced by a simple majority vote of the Board.

7.3 Principal Office. The principal office of the Agency shall be established by the Board of Directors, and may thereafter be changed by a simple majority vote of the Board.

ARTICLE 8 DIRECTOR MEETINGS

8.1 Initial Meeting. The initial meeting of the Board of Directors shall be held in the County of Santa Cruz, California, within thirty (30) days of the Effective Date of this Agreement.

8.2 Time and Place. The Board of Directors shall meet at least quarterly, at a date, time and place set by the Board within the jurisdictional boundaries of one or more of the Members, and at such other times as may be determined by the Board.

8.3 Special Meetings. Special meetings of the Board of Directors may be called by the Chair or by a simple majority of Directors, in accordance with the provisions of Government Code section 54956.

8.4 Conduct. All meetings of the Board of Directors, including special meetings, shall be noticed, held, and conducted in accordance with the Ralph M. Brown Act (Government Code sections 54950, *et seq.*). The Board may use teleconferencing in connection with any meeting in conformance with and to the extent authorized by applicable law.

8.5 Local Conflict of Interest Code. The Board of Directors shall adopt a local conflict of interest code pursuant to the provisions of the Political Reform Act of 1974 (Government Code sections 81000, *et seq.*)

ARTICLE 9 MEMBER VOTING

9.1 Quorum. A quorum of any meeting of the Board of Directors shall consist of an absolute majority of Directors plus one Director. In the absence of a quorum, any meeting of the Directors may be adjourned by a vote of the simple majority of Directors present, but no other business may be transacted. For purposes of this Article, a Director shall be deemed present if the Director appears at the meeting in person or participates telephonically, provided that the telephone appearance is consistent with the requirements of the Ralph M. Brown Act.

9.2 Director Votes. Voting by the Board of Directors shall be made on the basis of one vote for each Director. A Director, or an Alternate Director when acting in the absence of his or her Director, may vote on all matters of Agency business unless disqualified because of a conflict of interest pursuant to California law or the local conflict of interest code adopted by the Board of Directors.

9.3 Affirmative Decisions of the Board of Directors. Except as otherwise specified in this Agreement, all affirmative decisions of the Board of Directors shall require the affirmative vote of a simple majority of all appointed Directors participating in voting on a matter of Agency business, provided that if a Director is disqualified from voting on a matter before the Board because of a conflict of interest, that Director shall be excluded from the calculation of the total number of Directors that constitute a majority. Notwithstanding the foregoing, a unanimous vote of all Member Directors participating in voting shall be required to approve any of the following: (i) any capital expenditure that is estimated to cost \$100,000 or more; (ii) the annual budget; (iii) the GSP for the Basin or any amendment thereto; (iv) the levying of assessments or fees; (v) issuance of indebtedness; or (vi) any stipulation to resolve litigation concerning groundwater rights within or groundwater management for the Basin.

ARTICLE 10
AGENCY ADMINISTRATION, MANAGEMENT AND OPERATION

The Board of Directors may select and implement an approach to Agency administration and management that is appropriate to the circumstances and adapted to the GSA's needs as they may evolve over time. Details of the Board's decision on Agency administration, management and operation shall be incorporated into the GSA's bylaws and reviewed and revised as needed using the established process for revising the GSA's bylaws.

ARTICLE 11
BYLAWS

The Board of Directors shall cause to be drafted, approve, and amend Bylaws of the Agency to govern the day-to-day operations of the Agency. The Bylaws shall be adopted at or before the first anniversary of the Board's first meeting.

ARTICLE 12
ADVISORY COMMITTEES

The Board of Directors may from time to time appoint one or more advisory committees or establish standing or ad hoc committees to assist in carrying out the purposes and objectives of the Agency. The Board shall determine the purpose and need for such committees and the necessary qualifications for individuals appointed to them.

ARTICLE 13
OPERATION OF COMMITTEES

Each committee shall include a Director as the chair thereof. Other members of each committee may be constituted by such individuals approved by the Board of Directors for participation on the committee. However, no committee or participant on such committee shall have any authority to act on behalf of the Agency except as duly authorized by the Board.

ARTICLE 14
ACCOUNTING PRACTICES

14.1 General. The Board of Directors shall establish and maintain such funds and accounts as may be required by generally accepted public agency accounting practices. The Agency shall maintain strict accountability of all funds and a report of all receipts and disbursements of the Agency.

14.2 Fiscal Year. Unless the Board of Directors decides otherwise, the fiscal year for the Agency shall run concurrent with the calendar year.

14.3 Appointment of Treasurer and Auditor; Duties. The Treasurer and Auditor shall be appointed in the manner, and shall perform such duties and responsibilities, specified in Sections 6505.5 and 6505.6 of the Act.

ARTICLE 15
BUDGET AND EXPENSES

15.1 Budget. Within 120 after the first meeting of the Board of Directors, and thereafter prior to the commencement of each fiscal year, the Board shall adopt a budget for the Agency for the ensuing fiscal

year no later than June 30th. In the event that a budget is not so approved, the prior year's budget shall be deemed approved for the ensuing fiscal year, and any groundwater extraction fee or assessment(s) of contributions of Members, or both, approved by the Board during the prior fiscal year shall again be assessed in the same amount and terms for the ensuing fiscal year.

15.2 Agency Funding and Contributions. For the purpose of funding the expenses and ongoing operations of the Agency, the Board of Directors shall maintain a funding account in connection with the annual budget process. The Board of Directors may fund the Agency and the GSP as provided in Chapter 8 of SGMA, commencing with Section 10730 of the Water Code, and may also issue assessments for contributions by the Members in the amount and frequency determined necessary by the Board. Such Member contributions shall be paid by each Member to the Agency within 30 days of assessment by the Board.

15.3 Return of Contributions. In accordance with Government Code section 6512.1, repayment or return to the Members of all or any part of any contributions made by Members and any revenues by the Agency may be directed by the Board of Directors at such time and upon such terms as the Board of Directors may decide; provided that (1) any distributions shall be made in proportion to the contributions paid by each Member to the Agency, and (2) any capital contribution paid by a Member voluntarily, and without obligation to make such capital contribution pursuant to Section 15.2, shall be returned to the contributing Member, together with accrued interests at the annual rate published as the yield of the Local Agency Investment Fund administered by the California State Treasurer, before any other return of contributions to the Members is made. The Agency shall hold title to all funds and property acquired by the Agency during the term of this Agreement.

15.4 Issuance of Indebtedness. The Agency may issue bonds, notes or other forms of indebtedness, as permitted under Section 4.11, provided such issuance be approved at a meeting of the Board of Directors by unanimous vote of the Member Directors as specified in Article 9 (Member Voting).

ARTICLE 16 LIABILITIES

16.1 Liability. In accordance with Government Code section 6507, the debt, liabilities and obligations of the Agency shall be the debts, liabilities and obligations of the Agency alone, and not the Members.

16.2 Indemnity. Funds of the Agency may be used to defend, indemnify, and hold harmless the Agency, each Member, each Director, and any officers, agents and employees of the Agency for their actions taken within the course and scope of their duties while acting on behalf of the Agency. Other than for gross negligence or intentional acts, to the fullest extent permitted by law, the Agency agrees to save, indemnify, defend and hold harmless each Member from any liability, claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, whether actual, alleged or threatened, including attorney's fees and costs, court costs, interest, defense costs, and expert witness fees, where the same arise out of, or are in any way attributable, in whole or in part, to negligent acts or omissions of the Agency or its employees, officers or agents or the employees, officers or agents of any Member, while acting within the course and scope of a Member relationship with the Agency.

ARTICLE 17 WITHDRAWAL OF MEMBERS

17.1 Unilateral Withdrawal. Subject to the Dispute Resolution provisions set forth in Section 18.9, a Member may unilaterally withdraw from this Agreement without causing or requiring termination of this Agreement, effective upon 30 days written notice to the Board of Directors or its designee.

17.2 Rescission or Termination of Agency. This Agreement may be rescinded and the Agency terminated by unanimous written consent of all Members, except during the outstanding term of any Agency indebtedness.

17.3 Effect of Withdrawal or Termination. Upon termination of this Agreement or unilateral withdrawal, a Member shall remain obligated to pay its share of all debts, liabilities and obligations of the Agency required of the Member pursuant to terms of this Agreement, and that were incurred or accrued prior to the effective date of such termination or withdrawal, including without limitation those debts, liabilities and obligations pursuant to Sections 4.11 and 15.4. Any Member who withdraws from the Agency shall have no right to participate in the business and affairs of the Agency or to exercise any rights of a Member under this Agreement or the Act, but shall continue to share in distributions from the Agency on the same basis as if such Member had not withdrawn, provided that a Member that has withdrawn from the Agency shall not receive distributions in excess of the contributions made to the Agency while a Member. The right to share in distributions granted under this Section 17.3 shall be in lieu of any right the withdrawn Member may have to receive a distribution or payment of the fair value of the Member's interest in the Agency.

17.4 Return of Contribution. Upon termination of this Agreement, any surplus money on-hand shall be returned to the Members in proportion to their contributions made. The Board of Directors shall first offer any property, works, rights and interests of the Agency for sale to the Members on terms and conditions determined by the Board of Directors. If no such sale to Members is consummated, the Board of Directors shall offer the property, works, rights, and interest of the Agency for sale to any non-member for good and adequate consideration. The net proceeds from any sale shall be distributed among the Members in proportion to their contributions made.

ARTICLE 18 MISCELLANEOUS PROVISIONS

18.1 No Predetermination or Irretrievable Commitment of Resources. Nothing herein shall constitute a determination by the Agency or any of its Members that any action shall be undertaken, or that any unconditional or irretrievable commitment of resources shall be made, until such time as the required compliance with all local, state, or federal laws, including without limitation the California Environmental Quality Act, National Environmental Policy Act, or permit requirements, as applicable, has been completed.

18.2 Notices. Notices to a Director or Member hereunder shall be sufficient if delivered to the respective Director or clerk of the Member agency and addressed to the Director or clerk of the Member agency. Delivery may be accomplished by U.S. Postal Service, private mail service or electronic mail.

18.3 Amendments to Agreement. This Agreement may be amended or modified at any time only by subsequent written agreement approved and executed by all of the Members.

18.4 Agreement Complete. The foregoing constitutes the full and complete Agreement of the Members. This Agreement supersedes all prior agreements and understandings, whether in writing or oral, related to the subject matter of this Agreement that are not set forth in writing herein.

18.5 Severability. Should any part, term or provision of this Agreement be decided by a court of competent jurisdiction to be illegal or in conflict with any applicable federal law or any law of the State of California, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining parts, terms, or provisions hereof shall not be affected thereby, provided however, that if the remaining parts, terms, or provisions do not comply with the Act, this Agreement shall terminate.

18.6 Withdrawal by Operation of Law. Should the participation of any Member to this Agreement be decided by the courts to be illegal or in excess of that Member's authority or in conflict with any law, the validity of the Agreement as to the remaining Members shall not be affected thereby.

18.7 Assignment. The rights and duties of the Members may not be assigned or delegated without the written consent of all other Members. Any attempt to assign or delegate such rights or duties in contravention of this Agreement shall be null and void.

18.8 Binding on Successors. This Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Members.

18.9 Dispute Resolution. In the event that any dispute arises among the Members relating to (i) this Agreement, (ii) the rights and obligations arising from this Agreement, or (iii) a Member proposing to withdraw from membership in the Agency, the aggrieved Member or Member proposing to withdraw from membership shall provide written notice to the other Members of the controversy or proposal to withdraw from membership. Within thirty (30) days thereafter, the Members shall attempt in good faith to resolve the controversy through informal means. If the Members cannot agree upon a resolution of the controversy within thirty (30) days from the providing of written notice specified above, the dispute shall be submitted to mediation prior to commencement of any legal action or prior to withdraw of a Member proposing to withdraw from membership. The mediation shall be no less than a full day (unless agreed otherwise among the Members) and the cost of mediation shall be paid in equal proportion among the Members. The mediator shall be either voluntarily agreed to or appointed by the Superior Court upon a suit and motion for appointment of a neutral mediator. Upon completion of mediation, if the controversy has not been resolved, any Member may exercise all rights to bring a legal action relating to the controversy or (except where such controversy relates to withdrawal of a Member's obligations upon withdrawal) withdraw from membership as otherwise authorized pursuant to this Agreement.

18.10 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

18.11 Singular Includes Plural. Whenever used in this Agreement, the singular form of any term includes the plural form and the plural form includes the singular form.

18.12 Member Authorization. The legislative bodies of the Members have each authorized execution of this Agreement, as evidenced by their respective signatures below.

IN WITNESS WHEREOF, the Members hereto have executed this Agreement by authorized officials thereof.

CENTRAL WATER DISTRICT

APPROVED AS TO FORM:

By: Brent R. Pottle

By: [Signature]

Title: Board President - CWD

Title: District Counsel

CITY OF SANTA CRUZ

APPROVED AS TO FORM:

By: [Signature]

By: [Signature]

Title: City Manager

Title: City Attorney

2-23-16

COUNTY OF SANTA CRUZ

APPROVED AS TO FORM:

By: [Signature]

By: [Signature]

Title: County Administrative Officer

Title: County Counsel

SOQUEL CREEK WATER DISTRICT

APPROVED AS TO FORM:

By: Bruce Davis

By: [Signature]

Title: President, Board

Title: District Counsel

BYLAWS

of the

SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY

May 19, 2016

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PREAMBLE

These Bylaws are adopted and effective as of May 19, 2016, pursuant to the Joint Exercise of Powers Agreement of the Santa Cruz Mid-County Groundwater Agency (the "Agreement").

ARTICLE 1. THE AGENCY

1.1 **NAME OF AGENCY.** The name of the Agency created by the Agreement shall be the Santa Cruz Mid-County Groundwater Agency ("MGA" or "Agency").

1.2 **OFFICE OF AGENCY.** The principal office of the Agency shall be at the Soquel Creek Water District located at 5180 Soquel Drive, Soquel, CA 95073, or at such other location as the Board may designate by resolution.

1.3 **POWERS.** The powers of the Agency shall be as set forth in Article 4 of the Agreement.

ARTICLE 2. BOARD OF DIRECTORS

2.1 **BOARD OF DIRECTORS.** The Agency shall be governed by a Board of Directors (the "Board") as set forth in Article 6 of the Agreement.

2.2 **PROCEDURE FOR APPOINTMENT OF DIRECTORS REPRESENTING PRIVATE WELL OWNERS.**

2.2.1 **Notification.** The Board shall issue formal notification of the opportunity to apply for the appointment to the Board as Directors representing the interests of private well owners.

- I. The notification shall include a description of the work of the Agency, the desired characteristics and skills of Directors representing the interests of private well owners and the screening criteria to be used in evaluating applications received, as well as the timeline for decision-making on appointees.
- II. The Board shall use a variety of print media, electronic and other formal and informal communication mechanisms in this notification, and the period of notification will cover, at a minimum, 10 working days.
- III. A standardized application will be required as part of each applicant's submittal.
- IV. Applications submitted by hand delivery, mail or electronically must be received in the Agency's offices (the Soquel Creek Water District) by the close of the filing period.

2.2.2 **Screening and Interviews.** A subcommittee of the Board, with member agency staff participation as appropriate, shall screen applications using the set of screening criteria included in the notification described in 2.2.1. The subcommittee shall hold interviews with the top candidates from the screening process and develop recommendations for the full Board's consideration.

2.2.3 **Nomination.** The subcommittee of the Board involved with screening and interview of candidates shall nominate candidates for appointment to the Director positions representing private well owners.

2.2.4 Appointment. Appointment of Directors representing private well owners shall be made by a majority vote of the Member Directors in compliance with Section 6.3.5 of the Agreement.

ARTICLE 3. BOARD MEETINGS

3.1 MEETINGS. The Board's regular meeting schedule shall be developed and adopted by the Board at its first meeting after January 1st of each year. Special meetings of the Board may be called by the Chair or any four directors by written request. Board meetings shall be conducted in compliance with Article 8 of the Agreement, all applicable laws, and as further specified herein.

3.2 QUORUM. In determining a quorum as defined by Section 9.1 of the Agreement, Alternate Directors attending meetings shall not be counted as part of any meeting quorum unless such Alternate Director is formally representing an absent appointed Director.

3.3 ORDER OF BUSINESS. In general, at the regular meetings of the Board, the following will be the order of business:

3.3.1 Call to Order.

3.3.2 Roll Call.

3.3.3 Oral Communications Related to Items Not on the Agenda.

3.3.4 Approval of Minutes of the Previous Meeting.

3.3.5 Agenda Items, including any appropriate combination of consent items, regular business items, or public hearing items.

3.3.6 Oral Updates from Directors and Staff.

3.3.7 Adjournment.

3.4 ACTION BY THE BOARD. Action by the Board on all resolutions or ordinances shall be taken using a roll-call vote and shall be recorded in writing, signed by the Chair, and attested to by the Secretary. All other actions of the Board shall be by motion recorded in written minutes. The Chair shall announce the results of the vote including the names of the Directors, if any, voting in the minority.

3.5 RULE OF ORDER. All rules of order not otherwise provided for in these Bylaws shall be determined, to the extent practicable, in accordance with "Rosenberg's Rules of Order,"¹ provided, however, that no action of the

¹ Rosenberg's Rules of Order is appended to these Bylaws as Attachment A

Board shall be invalidated or its legality otherwise affected by the failure or omission to observe or follow "Rosenberg's Rules of Order."

ARTICLE 4. OFFICERS

4.1 OFFICERS. The Officers of the Agency are the Chair, Vice-Chair, and Secretary, as provided for in Article 6 of the Agreement. All Directors are eligible to serve as an Officer. The Chair, the Vice Chair, and the Secretary must be Directors. The Treasurer shall be appointed consistent with the provisions of Section 14.3 of the Agreement, will not be a Director.

4.2 ELECTION OF OFFICERS. At the first meeting of the Board of each fiscal year, nominations for the Officers will be made and seconded by a Director. If more than two (2) Directors are nominated for any one office, voting occurs until a nominee receives a majority of the votes cast. The initial term of the elected Officers shall run from the date of their election to office until June 30, 2017. Thereafter, each Officer shall serve a term of one (1) year. An Officer may succeed himself/herself and may serve any number of consecutive or non-consecutive terms.

4.3 REMOVAL OF ELECTED OFFICERS. An Officer may be removed, with or without cause, by a majority vote of the Board at a regular or special meeting.

4.4 VACANCIES. Any vacancy in the offices because of death, resignation, removal, disqualification, or any other cause will be filled for the balance of the vacated term in the manner prescribed in these Bylaws for regular appointments to that office; provided, however, that such vacancies may be filled at any regular or special meeting of the Board.

4.5 RESIGNATION OF OFFICERS. Any Officer may resign at any time by giving written notice to the Board Chair or Secretary. Any resignation takes effect at the date of the receipt of that notice or at any later time specified in that notice. Unless otherwise specified in that notice, the acceptance of the resignation is not necessary to make it effective.

4.6 RESPONSIBILITIES OF OFFICERS.

4.6.1 Chair of the Board. The Chair of the Board shall preside at meetings of the Board and exercise and perform such other powers and duties as may be assigned to him/her by the Board or prescribed by these Bylaws.

4.6.2 Vice-Chair of the Board. The Vice-Chair of the Board shall fulfill all the duties of the Chair in his/her absence and exercise and perform such other powers and duties as may be assigned to him/her by the Board.

4.6.3 Secretary. The Secretary shall perform, but not be limited to, the following duties:

- I. Book of Minutes. Keep or cause to be kept, at the principal executive office of the Agency or such other place as the Board may direct, a book of minutes of all meetings and actions of Directors and Committees of the Agency, with the time and place of holding the meeting, whether regular or special, and, if special, how authorized, the notice given, the names of those

present and absent at such meetings and the proceedings of such meetings. Minutes will be in the form of Action Minutes and a meeting summary.

- II. Notices and Other Duties. Prepare, give, or cause to be given, notice of, and agendas for, all meetings of the Board and committees of the Agency.
- III. Exercise and perform such other powers and perform such other duties as may be assigned to him/her by the Board.

ARTICLE 5. BOARD COMMITTEES, WORKING GROUPS, AND ADVISORY COMMITTEES

5.1 BOARD COMMITTEES. The Board may establish temporary or permanent Board Committees composed entirely of Board Members to facilitate conduct of its work. Temporary Board Committees will have a specific charge and operational duration not to exceed six months and are not subject to the Brown Act unless they include more than six Directors as Committee members. Permanent Committees will be given a specific role and regardless of the number of Directors appointed shall be subject to compliance with the Brown Act. All Board Committees will make provide regular updates to the full Board about their activities and the progress of their work.

5.2 WORKING GROUPS. Informal working groups may be formed from time to time to provide opportunities for a small subset of Directors to work with staff on specific planning, analytical, or community engagement activities. Such working groups will have a defined area as the focus for its work and may function for a duration of up to six months, and may include such membership as needed to accomplish the object for which the working group was created.

5.3 ADVISORY COMMITTEES. Pursuant to Section 12 of the Agreement, the Board may establish one or more advisory committees to assist in carrying out the purposes and objectives of the Agency.

5.3.1 In establishing an Advisory Committee, the Board shall provide specific direction to the Committee as to its charge, expected duration for completion of its charge, and a summary of the resources, including staff or consultant support available to the Committee in performing its work.

5.3.2 Advisory Committee membership and appointments shall be at the Board's discretion based on the creating the membership needed to meet the purpose for which the Advisory Committee was created.

5.3.3 Any advisory committee shall exercise such powers as may be delegated to it, except that no committee may:

- i. Take any final action on matters which, under the Agreement, require approval by a majority vote of the Board;
- ii. Amend or repeal the Bylaws or adopt new Bylaws;
- iii. Amend or repeal any resolution of the Board; or
- iv. Appoint any other committees of the Board or the members of these committees.

5.3.4 Advisory committees shall meet at the call of their respective committee chairs. All advisory committee meetings shall be conducted in accordance with the Ralph M. Brown Act (California Government Code sections 54950 et seq.). Minutes of committee meetings shall be recorded and upon approval shall be distributed to the Board.

ARTICLE 6. AGENCY ADMINISTRATION, MANAGEMENT AND STAFFING

6.1 COLLABORATIVE MANAGEMENT. Except for the Agency's Treasurer function, Agency administration and management will be conducted using a collaborative staffing model in which the professional and technical staff of the member agencies work together to provide staff leadership, management and administration of the agency.

6.1.1 Staffing Support for Agency Officers and Board Members. Senior level executive staff will work together to provide staff support for the Agency Officers and Board members. Board agenda and meeting materials will generally be prepared by or reviewed by one or more members of the executive staff prior to being finalized. Should member agency senior level staff not be in agreement on any topic, the Agency Board Chair and Vice-Chair will be consulted to provide the necessary direction. Any issue not resolvable by member agency senior staff and the Agency Board Chair and Vice-Chair will be referred to the full Board for decision.

6.1.2 Staffing support for Implementation of the Agency Work Plan. Both senior level executive staff from the Agreement member agencies and other professional and technical staff from the member agencies will be involved in providing staff support for the Agency.

6.1.3 In-Kind Contribution of Staff. Unless otherwise specified in the Agreement or these Bylaws, member agency staff contributions will be in the form of "in kind" contributions. The Agency will not budget for or reimburse member agencies for the work contributed by their staff to the administration or management of the Agency.

6.1.4 Agreement with Community Foundation for Planning and Administrative Support Staff. The Board has agreed to contract with the Community Foundation ("Foundation") for a senior planner to work on development of the Groundwater Sustainability Plan ("GSP") and a part time administrative staff person.

- i. Professional staff hired through the Agreement with the Community Foundation will provide professional level planning services and will receive day-to-day direction by the General Manager of the Soquel Creek Water District.
- ii. Administrative support staff hired through the Agreement with the Community Foundation will provide administrative support for the Board, including preparing meeting packets and meeting minutes, and being responsible for developing and posting notices required to comply with the Brown Act.

6.2 TREASURER. The Treasurer shall be the depository and have custody of all the money of the Agency from whatever source, and shall provide strict accountability of said funds in accordance with Government Code Sections 6505 and 6505.5. The Treasurer shall possess the powers of, and shall perform those functions required by Government Code Sections 6505, 6505.5, and all other applicable laws and regulations, including any subsequent amendments thereto.

6.2.1 Memorandum of Understanding ("MOU") for Treasurer Services with the Soquel Creek Water District ("District"). The Board has appointed the Finance Manager of the Soquel Creek Water District as Agency Treasurer and will execute a MOU with the District to reimburse them for these services. Reimbursement will include necessary staff time as well as the purchase and maintenance of any necessary materials and/or equipment required by the Treasurer in order to complete the work.

6.2.2 Treasurer's Duties. Particularly, the Treasurer shall perform, but not be limited to, the following duties:

- I. Books of Account. Keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of Agency, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements. The books of account will be open to inspection by any Director at all reasonable times.
- II. Deposit and Disbursement of Money and Valuables. Consistent with the provisions of Article 14 of the Agreement, deposit all money and other valuables in the name and to the credit of the Agency within such depository accounts as may be designated by the Board; disburse the funds of the Agency as may be ordered by the Board; and render to the Board, whenever requested, an account of all of his/her transactions as Treasurer and of the financial condition of the Agency.
- III. Exercise and perform such other powers and perform such other duties as may be assigned to him/her by the Board.

6.3 STAFFING STRATEGY REVIEW UPON COMPLETION OF THE GROUNDWATER SUSTAINABILITY PLAN. The collaborative staffing model for the Agency will be reviewed and revised if or as needed upon completion of the development of the Groundwater Sustainability Plan. In particular, the performance of the collaborative staffing model in meeting the Agency's needs and the proposed role of the Agency in implementing projects identified and recommended for implementation in the GSP will be considered when determining the potential need future staffing needs of the Agency.

ARTICLE 7. FINANCES

7.1 DEPOSIT AND DISBURSEMENT OF FUNDS. All funds of the Agency shall be deposited in one or more depository accounts as may be designated by the Board. Such accounts shall be independent of any account owned by or exclusively controlled by any of the Members. No disbursements of such funds shall be made unless the same shall have been approved in the annual operating budget, or otherwise specifically approved by the Board. All disbursements shall be by check. Disbursements of not more than five thousand dollars (\$5,000) may be issued pursuant to the Treasurer's sole signature. Disbursements in excess of five thousand dollars (\$5,000) may only be issued upon the signature of the Treasurer and Chair, or in the Chair's absence, the Vice-Chair. The Treasurer may establish and implement a protocol allowing for electronic signatures by the Chair or Vice-Chair in order to facilitate efficient operation of the Agency.

7.2 BUDGET. The Agency shall operate pursuant to an operating budget to be adopted prior to the beginning of each new fiscal year. The Agency shall endeavor to operate each year pursuant to an annually balanced budget so that projected annual expenses do not exceed projected annual revenues. Budget adjustments to the annual

budget shall be reviewed and acted upon by the Board at a regularly scheduled Board meeting occurring after January 1 of each calendar year. The Board may take action to amend the budget at other times if circumstances require more immediate action.

ARTICLE 8. DEBTS AND LIABILITIES

The debts, liabilities and obligations of the Agency are not and will not be the debts, liabilities or obligations of any or all of the Members. However, nothing in this Article or in the Agreement prevents, or impairs the ability of, a Member or Members, from agreeing, in a separate agreement, to be jointly and/or severally liable, in whole or in part, for any debt, obligation or liability of the Agency, including but not limited to, any bond or other debt instrument issued by the Agency.

ARTICLE 9. RECORDS RETENTION

9.1 MAINTENANCE OF THE AGENCY RECORDS. The Agency will keep:

9.1.1 Adequate and correct books and records of account; and of the Board.

9.1.2 Minutes in written form of the proceedings of its Board, and committees, and advisory committees, if any.

9.1.3 All such records will be kept at the Agency's principal office.

9.2 RECORDS RETENTION POLICY AND SCHEDULE. By June 30, 2017 the Board will review and adopt a Records Retention Policy and Schedule that specifies the retention period of different categories of materials. Implementation of this Policy will be the responsibility of Agency staff.

9.3 INSPECTION RIGHTS.

9.3.1 Any Member may inspect the accounting books and records and minutes of the proceedings of the Board and committees of the Board, at any reasonable time, for a purpose reasonably related to such person's interest.

9.3.2 Any inspection and copying under this Section may be made in person or by an agent or attorney or the entity entitled thereto and the right of inspection includes the right to copy.

9.4 MAINTENANCE AND INSPECTION OF AGREEMENT AND BYLAWS. The Agency will keep at its principal executive office the original or copy of the Agreement and these Bylaws as amended to date, which will be open to inspection by the Agency or any Member at all reasonable times during office hours.

9.5 INSPECTION BY DIRECTORS. Every Director has the absolute right at any reasonable time to inspect all non-confidential books, records, and documents of every kind and the physical properties of the Agency. This inspection by a Director may be made in person or by an agent or attorney, and the right of inspection includes the right to copy and make extracts of documents.

ARTICLE 10. ETHICS AND CONFLICTS OF INTEREST

The Agency shall be subject to the conflict of interest rules set forth in the Political Reform Act (commencing with Section 81000 of the Government Code of the State of California) and Sections 1090 et seq. of the Government Code of the State of California, and the Agency shall adopt an ethics policy as well as a conflict of interest code as required and as provided by the implementing regulations of the Political Reform Act.

ARTICLE 11. AMENDMENT

These Bylaws may be amended from time to time by resolution of the Board duly adopted upon majority of the Board at a regular or special meeting of the Board; provided, however, that no such amendment shall be adopted unless at least thirty (30) days written notice thereof has previously been given to all members of the Board. Such notice shall identify the Article to be amended, the proposed amendment, and the reason for the proposed amendment.

ARTICLE 12. DEFINITIONS AND CONSTRUCTION

Unless specifically defined in these Bylaws, all defined terms shall have the same meaning ascribed to them in the Agreement. If any term of these Bylaws conflicts with any term of the Agreement, the Agreement's terms shall prevail, and these Bylaws shall be amended to eliminate such conflict of terms. Unless the context or reference to the Agreement requires otherwise, the general provisions, rules of construction, and definitions in the California Civil Code will govern the construction of these Bylaws.