



Santa Cruz County
Civil Grand Jury

Santa Cruz Grand Jury <grandjury@scgrandjury.org>

Required response to Grand Jury report is due on August 22, 2022

Emma Western <emmao@soquelcreekwater.org>
To: "grandjury@scgrandjury.org" <grandjury@scgrandjury.org>
Cc: Ron Duncan <RonD@soquelcreekwater.org>

Wed, Aug 17, 2022 at 1:40 PM

Hello,

Attached is Soquel Creek Water District's response to the Grand Jury report, titled *Our Water Account Is Overdrawn*.

Please acknowledge receipt of this email. Thank you!

Emma Western (she/her) | Executive Assistant/Board Clerk
Soquel Creek Water District | [5180 Soquel Dr., Soquel CA 95073](https://www.soquelcreekwater.org) | www.soquelcreekwater.org
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**The 2021–2022 Santa Cruz County Civil Grand Jury
Requires the
Board of Directors, Soquel Creek Water District
to Respond by August 22, 2022
to the Findings and Recommendations listed below
which were assigned to them in the report titled
Our Water Account Is Overdrawn
Beyond Conservation:
Achieving Drought Resilience**

Responses are **required** from elected officials, elected agency or department heads, and elected boards, councils, and committees which are investigated by the Grand Jury. You are required to respond by the California Penal Code [\(PC\) §933\(c\)](#).

Your response will be considered **compliant** under [PC §933.05](#) if it contains an appropriate comment on **all** findings and recommendations **which were assigned to you** in this report.

Please follow the instructions below when preparing your response.

Instructions for Respondents

Your assigned [Findings](#) and [Recommendations](#) are listed on the following pages with check boxes and an expandable space for summaries, timeframes, and explanations. Please follow these instructions, which paraphrase [PC §933.05](#):

1. **For the Findings, mark one of the following responses with an “X” and provide the required additional information:**
 - a. **AGREE with the Finding**, or
 - b. **PARTIALLY DISAGREE with the Finding** – specify the portion of the Finding that is disputed and include an explanation of the reasons why, or
 - c. **DISAGREE with the Finding** – provide an explanation of the reasons why.

2. **For the Recommendations, mark one of the following actions with an “X” and provide the required additional information:**
 - a. **HAS BEEN IMPLEMENTED** – provide a summary of the action taken, or
 - b. **HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE** – provide a timeframe or expected date for completion, or
 - c. **REQUIRES FURTHER ANALYSIS** – provide an explanation, scope, and parameters of an analysis to be completed within six months, or
 - d. **WILL NOT BE IMPLEMENTED** – provide an explanation of why it is not warranted or not reasonable.

3. **Please confirm the date on which you approved the assigned responses:**

We approved these responses in a regular public meeting as shown in our minutes dated [August 16, 2022](#).

4. **When your responses are complete, please email your completed Response Packet as a PDF file attachment to both**

The Honorable Judge Syda Cogliati Syda.Cogliati@santacruzcourt.org and

The Santa Cruz County Grand Jury grandjury@scgrandjury.org.

If you have questions about this response form, please contact the Grand Jury by calling 831-454-2099 or by sending an email to grandjury@scgrandjury.org.

Findings

F1. If extended drought conditions lead the City of Santa Cruz to execute Stage 5 of its Water Shortage Contingency Plan, it will have extreme economic impacts on all residents throughout the County.

AGREE

PARTIALLY DISAGREE

DISAGREE

Response explanation (required for a response other than **Agree**):

We recognize a Santa Cruz Stage 5 curtailment of duration would have a significant impact to the City of Santa Cruz and its customers. However, to our current knowledge, no economic study has been conducted to evaluate the impacts throughout Santa Cruz County from the City of Santa Cruz implementing Stage 5 curtailment. The vast majority of water used in the County is from groundwater sources and not water provided by the City of Santa Cruz, which gets 95% of its water from surface water sources. For reference, an economic study was conducted for the Pure Water Soquel Project and it concluded that without this purified recycled water project, Soquel Creek Water District customers would have to pay significantly more for water and need to ration water, and that the project had a positive impact on the community of almost one billion dollars (\$1,000,000,000).

F2. There is an urgent need to create a county-wide drought-resilient water storage and delivery infrastructure.

AGREE

PARTIALLY DISAGREE

DISAGREE

Response explanation (required for a response other than **Agree**):

While water storage opportunities may traditionally be thought of as above ground tanks and reservoirs, the groundwater basin in our local region (Santa Cruz Mid-County Groundwater Basin) has storage capacity to provide a drought resilient fresh water supply that can protect against further seawater contamination and seawater intrusion. Currently, the State of California has declared the Santa Cruz Mid-County Groundwater Basin (Basin 3-001) as critically overdrafted and has mandated the local groundwater agency (Santa Cruz Mid-County Groundwater Agency) to bring the basin back into sustainability by 2040. This basin provides 100% of the water needs to the majority of mid-SC County's residents and it is extremely important that this freshwater be protected and preserved. Along with the City of Santa Cruz's shortfalls with their surface water supplies being greatly impacted with drought conditions, we agree there is an urgent need to create solutions for drought-resilient water storage and delivery infrastructure, including the Pure Water Soquel Project.

F3. Interdistrict water-sharing plans spanning North County and Mid-County that could benefit all residents have existed since 2015 and deserve to be accelerated.

- AGREE**
- PARTIALLY DISAGREE**
- DISAGREE**

Response explanation (required for a response other than **Agree**):

Water purveyors in the North and Mid County regions have collaborated, discussed, and developed potential sharing concepts over the years. While there aren't any concrete plans and we would always like to move faster – there are ideas, concepts, and joint studies that have been considered to provide benefits to the entire community. Two recent examples:

- The water transfer pilot project between the City of Santa Cruz and Soquel Creek Water District is still in the testing mode to evaluate water quality blending and other potential issues.
- The Pure Water Soquel Project is currently being built, which was sized so that the conveyance pipeline can handle double the capacity that Soquel Creek Water District is projected to need in the event that the water treatment facilities are ever expanded in the future (also for double capacity). As analyzed in the previously certified EIR for the project, expansion of this project is not reasonably foreseeable at this time, but proper environmental review will be done if and when the District decides to expand use of the Project . There are currently no formal plans or agreements in place for others to expand or use the available future capacity. As part of a recent Department of Water Resources (DWR) grant for critically overdrafted groundwater basins, the Santa Cruz Mid-County Groundwater Agency grant, the City of Santa Cruz, and Soquel Creek Water District will be evaluating various water-sharing scenarios to address groundwater sustainability and drought resiliency needs.

F4. Establishing a strategic groundwater reserve, as described in documents from the City of Santa Cruz, is a well-understood and achievable first step.

AGREE

PARTIALLY DISAGREE

DISAGREE

Response explanation (required for a response other than **Agree**):

Our understanding is the City of Santa Cruz efforts to create a groundwater reserve are still being explored and tested. Thus, it may not be technically accurate to classify those efforts as "well-understood" and thus not sure if it is an "achievable first step". We hope their efforts will achieve the desired results and the District is committed to continuing efforts with the City as partners on their aquifer storage recovery testing, the pilot water transfer project, and evaluating the potential for incorporating the expansion portion of the Pure Water Soquel project into their water supply portfolio as well as those of other entities, if desired.

F5. The City of Santa Cruz’s completion of the water rights revision project is a critical element of enabling district collaboration in support of county-level drought resilience.

- AGREE**
- PARTIALLY DISAGREE**
- DISAGREE**

Response explanation (required for a response other than **Agree**):

The City of Santa Cruz’s water rights project is an important component to expansion of surface water opportunities and their drought resilience. While it may be helpful for drought resiliency for other agencies - it is not as critical of an element for other agencies that use groundwater and are incorporating recycled water into their portfolios. For example, the Soquel Creek Water District/City of Santa Cruz collaboration related to the Pure Water Soquel purified recycled water project is being constructed regardless of the City’s water rights revisions.

F6. Limited interdistrict water transfers have been achieved and serve as proof of concept.

AGREE

PARTIALLY DISAGREE

DISAGREE

Response explanation (required for a response other than **Agree**):

The Cooperative Water Transfer Pilot Project agreement between the City of Santa Cruz and Soquel Creek Water District was created in 2015 with the hope of transferring about 300 acre-feet per year to Soquel Creek Water District with various testing to be conducted. Unfortunately, since that time water has been transferred only four (4) times since 2015, with the average of about 34 acre-feet year. The City also conducted a modeling study showing there is not enough surface water to reliably solve both the City's need for a drought supply and reliably meet Soquel Creek Water District's need for water to create and maintain a seawater intrusion barrier in its service area. Besides the limited and irregular surface water quantities available for transfer, water-quality and other concerns/considerations are needed to be evaluated further as part of both agencies' due diligence and 'proof of concept' for its customers.

F7. Existing City of Watsonville and City of Santa Cruz wastewater resources are only partially utilized to address passive well resting and saltwater intrusion issues.

- AGREE**
- PARTIALLY DISAGREE**
- DISAGREE**

Response explanation (required for a response other than **Agree**):

Our understanding is that the PV Water and the City of Watsonville use almost all their wastewater resources; however, they should be contacted to verify their situation. We agree with the statement regarding the wastewater resources for the City of Santa Cruz.

F8. Each agency described in this report communicates well with neighboring agencies, but collaboration is limited and narrow in scope.

AGREE

PARTIALLY DISAGREE

DISAGREE

Response explanation (required for a response other than **Agree**):

We agree that the agencies evaluated in this Grand Jury report work well together; however, we disagree that collaboration is limited and narrow in scope. A few examples are: (1) in 2007 Central Water District and Soquel Creek Water District formed a Joint Powers Authority and associated committees (Basin and Implementation Group and Basin Advisory Committee) to formally document groundwater conditions and make recommendations for the Mid-County region's Groundwater Management Plan, (2) in the mid 2000s the City of Santa Cruz and Soquel Creek Water District joined together to partner on the scwd² Desalination Project (although ultimately the desalination facility was not built), (3) the Department of Water Resources recognized our previous local collaborative efforts during the formation of the SC Mid-County Groundwater Agency and provided us seed grant funding to serve a model for collaboration. More recently, our local SC Mid-County Groundwater Agency (which is comprised of Santa Cruz County, City of Santa Cruz, Soquel Creek Water District, Central Water District, and private well representatives), had the first approved Groundwater Sustainability Plan (GSP) for a full groundwater basin, (4) The City of Santa Cruz and Soquel Creek Water District have several agreements to facilitate water transfers and recycling water (5) about \$1.9M of a \$7.6M dollar state grant to the Mid-County Groundwater Agency is being shared by the City of Santa Cruz and the Soquel Creek Water District to evaluate how we can best collaborate our shared water resources, (6) the Scotts Valley Water District and the Soquel Creek Water District both have formed an ad-hoc committee to evaluate how to maximize shared resources of all types, and etc.

The agencies' staff, and various elected officials, work together consistently on a wide scope of issues and opportunities to address our local water shortage and reliability challenges. The collaborative efforts of all the agencies are a super strength of this region and are not limited or narrow in scope.

F9. Agency communications to the public emphasize conservation and sustainability while downplaying agency planning to achieve drought resilience.

AGREE

PARTIALLY DISAGREE

DISAGREE

Response explanation (required for a response other than **Agree**):

Since the late 1990s, the District's outreach and communications incorporated strong conservation messaging. This was necessary to reduce pumping and to slow further seawater intrusion as we evaluated and developed supplemental supplies. Since drought conditions may take years to show their impacts to a groundwater supply, drought resiliency has not been the primary focus for our agency since we are currently 100% dependent on groundwater as our only water supply.

However, since the exploration of desalination between the City of Santa Cruz and Soquel Creek Water District was jointly pursued by the two agencies, drought was a critical factor and the concept was communicated to the regional public that a diversified water portfolio needs to include conservation, curtailment, and a new supply for groundwater protection and drought needs.

Further, during the Soquel Creek Water District's formation of the Community Water Plan around 2015, conservation, climate change, and drought-resiliency were core environmental stewardship values expressed by our customers and hence this partially led to the selection of the Pure Water Soquel project being constructed since recycled water can provide a reliable source of water (not as impacted as surface water sources are during drought times).

F10. The individual water supply districts lack funding, resources, and charters to develop county-centric drought-resilience infrastructure.

AGREE

PARTIALLY DISAGREE

DISAGREE

Response explanation (required for a response other than **Agree**):

We would be remiss not to recognize and appreciate all the funding for the Pure Water Soquel Project, including a \$50M grant and approximately \$25M low interest loan from the State Water Resources Control Board, \$9M grant from the Federal Bureau of Reclamation, and an \$88M low-interest loan from the Federal Environmental Protection Agency (EPA).

Additional funding is needed to create broader community-wide water resiliency whether it be to expand the Pure Water Soquel project or other capital infrastructure projects.

Due to the past and current robust collaboration amongst the water agencies and the formation of the two Groundwater Sustainability Agencies (for the Santa Margarita and SC Mid-County basins), the District believes that no additional charters are needed at this time.

F11. The Groundwater Sustainability Management agencies lack the charters, staff, and resources to plan or execute a county-wide drought-resilience strategy.

- AGREE**
- PARTIALLY DISAGREE**
- DISAGREE**

Response explanation (required for a response other than **Agree**):

Groundwater Sustainability Agencies were provided some autonomy in how they solve their water challenges and thus the ability to help solve even drought-resilience issues that are more relevant to surface water reliant agencies such as the City of Santa Cruz. For example, the Mid-County Groundwater Agency has designed its goals for the basin to become sustainable and to enable the basin to become a potential source of supply during drought. This is provided in the recent state approved Mid-County Groundwater Sustainability Plan.

Staffing seems to almost always be a challenge as we aim to keep water rates as low as possible, but the two local Groundwater Sustainability Agencies are collaborating to share a common administrative support, which will be a significant help and value to all our customers.

F12. There is no county-level agency chartered to plan, propose, or build regional district-spanning drought-resilience infrastructure.

AGREE

PARTIALLY DISAGREE

DISAGREE

Response explanation (required for a response other than **Agree**):

There have been county-level efforts for decades to help our region become more water secure. Another county-level agency is not necessary, and potentially not even desirable, due to the proven collaborative efforts of the local water agencies.

One demonstrative example of strong community leadership is shown by the Soquel Creek Water District Board of Directors directing staff to prepare the EIR analyzing environmental impacts for the Pure Water Soquel Project, which has the potential to double the capacity needed by Soquel Creek Water District so that other agencies may also consider/collaborate on an expanded portion of the project to help their drought-needs. This is real leadership and caring for not just its own District, but for the entire community – taking commitment and money.

Recommendations

- R1.** By December 31, 2022, the Boards of the Santa Margarita Groundwater Management Agency and the Mid-County Groundwater Management Agency should extend their charters to include and proactively deliver drought-resilience project planning and execution.

- HAS BEEN IMPLEMENTED** – summarize what has been done
- HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE** – summarize what will be done and the timeframe
- REQUIRES FURTHER ANALYSIS** – explain the scope and timeframe (not to exceed six months)
- WILL NOT BE IMPLEMENTED** – explain why

Required response explanation, summary, and timeframe:

There is no need to extend their charters. While the Groundwater Sustainability Agencies, by definition, focus on groundwater sustainability and not just drought resilience – their respective groundwater sustainability plans can be designed to help with proactively addressing drought resilience (even to help agencies with surface water systems).

R2. By December 31, 2022, local water districts should jointly publish an integrated drought-resilience action plan that includes essential infrastructure improvements, estimated costs and schedule to complete improvements that will deliver drought resilience to the Mid-County Groundwater Basin, the City of Santa Cruz, and the Santa Margarita Basin by December 31, 2029. Agencies to respond are the San Lorenzo Water District, the Scotts Valley Water District, the City of Santa Cruz Water Department, the Soquel Creek Water District, the Santa Margarita Groundwater Management Agency, and the Mid-County Groundwater Management Agency.

- HAS BEEN IMPLEMENTED** – summarize what has been done
- HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE** – summarize what will be done and the timeframe
- REQUIRES FURTHER ANALYSIS** – explain the scope and timeframe (not to exceed six months)
- WILL NOT BE IMPLEMENTED** – explain why

Required response explanation, summary, and timeframe:

It is not necessary because of the following: Groundwater Sustainability Plans have been submitted to the state (as required) and at least one plan (SC Mid-County Groundwater Agency) has been approved. The City of Santa Cruz is working with local partners to help solve their more acute drought impacted surface water supply. For example, the City of Santa Cruz and Soquel Creek Water District will be administering approximately \$1.9M in grant funding from the Mid-County Groundwater Agency to evaluate optimizing water security/reliability/cost via collaborative project study efforts. This is anticipated to start in the next six months and will take several years to complete. It is envisioned that the Santa Margarita Groundwater Agency may also obtain funding to potentially extend this collaborative exploration effort. We hope this can occur over the next 3-10 years.

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

- HAS BEEN IMPLEMENTED** – summarize what has been done
- HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE** – summarize what will be done and the timeframe
- REQUIRES FURTHER ANALYSIS** – explain the scope and timeframe (not to exceed six months)
- WILL NOT BE IMPLEMENTED** – explain why

Required response explanation, summary, and timeframe:

It is not feasible or necessary at this time to conduct an integrated recycled wastewater action plan within the timeframe of Dec. 31, 2022. However, an analysis to potentially use greater amounts of recycled water will be evaluated as described in R2 above. The local water agencies have been discussing potential expansion and future ways to consider recycled water as an asset and benefit to the water shortage challenges we have in this area