

**COUNTY OF SANTA CRUZ
HEALTH SERVICES AGENCY
Environmental Health Service**

I N T E R - O F F I C E M E M O

DATE: October 10, 2007

TO: Supervisor Pirie

FROM: John Ricker, Water Resources Division Director

SUBJECT: Pajaro Valley Water Management Agency

On October 2, 2007, the Board requested that the General Manager of the Pajaro Valley Water Management Agency (PVWMA) attend the October 16 Board meeting to discuss options that the Agency is pursuing to secure adequate financing to address the groundwater overdraft in the Pajaro Basin. The Board also directed Environmental Health staff to provide a report on November 20 regarding actions the County could take to help address the situation.. The purpose of this memo is to provide some initial background prior to the October 16 discussion with the Agency's General Manager.

Basin Management

The Pajaro groundwater basin is experiencing significant overdraft, with annual pumping of almost 70,000 acre-feet per year (afy). This has resulted in lowering of water levels and significant seawater intrusion along the coast. The Pajaro Valley Water Management Agency was created in 1984 to take necessary steps to secure additional supplies and manage water use in the basin in order to bring use into balance and stop the overdraft. PVWMA adopted an updated Basin Management Plan in 2002, and is engaged in a number of activities to address the situation:

1. Water conservation programs for municipal and agricultural use.
2. Development of the Coastal Distribution System to supply water to coastal areas and eliminate pumping in those areas subject to seawater intrusion.
3. Construction of a wastewater recycling facility at the City of Watsonville Wastewater Treatment plant
4. Development of a local water supply to capture and use runoff from Harkins Slough.
5. Shifting pumping away from the coast by using water from inland wells to put into the coastal distribution system and blend with recycled water.
6. Construction of an import pipeline and acquisition of additional supplies from the Central Valley Project.
7. Update of the groundwater model to better assess the sustainable yield from the basin.
8. Development of watershed management programs that would include water resources monitoring, water metering, nitrate management, wells management, and recharge area protection.
9. Coordination with surrounding agencies to develop and implement an Integrated Regional Water Management Plan for the Pajaro River Watershed.

Full implementation of these projects should bring the basin into balance and stop the seawater intrusion. Much progress has been made, but considerably more effort and funding will be needed to reach full implementation.

Financing Issues

The cost of the basin management efforts is estimated to be \$131 million, at an annualized cost of \$14 million (2001 dollars). PVWMA is seeking to finance these efforts through a combination of state and federal grants and local funding. Local funding is provided through a water augmentation charge paid by all users of water in the basin, and a delivery charge paid by those users who receive delivered water through the coastal distribution system. In 2003 and 2004, the augmentation charge was increased from \$80/afy to \$160/afy, which was deemed to be the

amount needed to implement the basin management efforts. However, recent court decisions have determined that these increases were invalid because they were not conducted pursuant to procedures required by Proposition 218. The California Supreme Court recently upheld this determination. On October 3, 2007, the PVWMA Board acted to rescind the increases, leaving the augmentation charges at \$80/afy, half of the amount necessary to implement the Basin Management Plan.

PVWMA is currently considering various options to increase the augmentation fee or to limit groundwater pumping to the amount that could be safely sustained if the Basin Management Plan cannot be fully implemented. The Agency is engaged in a public outreach effort to better inform the public and generate support for necessary efforts and the financing needed to support those efforts. It is anticipated that the Agency General Manager will provide your Board with an updated report on those possibilities at the October 16 Board meeting.

Potential County Involvement

The County has authority over well construction in unincorporated areas of the Pajaro Valley and the well ordinance includes provisions for declaration of a groundwater emergency in areas subject to groundwater overdraft. The County also has potential powers to manage groundwater under its general police powers and the powers of the Flood Control and Water Conservation District. The County has supported and encouraged PVWMA efforts to better manage the basin and control the overdraft. In the late 1990's, the County questioned whether the agency was doing enough to address the situation and held public hearings to consider whether or not the Board of Supervisors should declare a groundwater emergency. At that time, it was determined that PVWMA's efforts to update and implement the Basin Management Plan would be adequate to address the problem and that a declaration of emergency was not needed. However, the Agency's recent loss of financing now raises the possibility that the Agency could not fully implement the Plan and adequately protect the basin.

Although staff fully expects that the Agency will continue to pursue appropriate measures needed to address the situation, the County could consider getting more involved. Following are some actions that the County could take:

1. Declare a groundwater emergency, pursuant to County Code Section 7.70. Such a declaration requires that the Board adopt both short term measures and long term measures to alleviate the emergency. These could include:
 - a. Moratorium on construction of new or replacement wells until a long term solution is able to be implemented.
 - b. Moratorium on new development within the unincorporated areas of the Pajaro Valley.
 - c. Restriction of water use through mandatory water conservation measures and limits on water use.
 - d. Work with PVWMA, City of Watsonville and Monterey County to secure supplemental supplies.
2. Initiate an adjudication of groundwater rights whereby the courts either impose reduced water use by all users to stay within the basin's sustainable yield or impose a physical and financial solution to provide supplemental water.
3. Promote efforts to purchase and fallow agricultural land, particularly in the coastal areas to reduce overall water use.

Environmental Health Water Resources Division staff will continue to consult with PVWMA staff, County Counsel, and the Water Advisory Commission to evaluate potential alternatives for possible County action and provide a more detailed report to the Board of Supervisors for consideration on the November 20, 2007 agenda.

cc: Each Board Member
CAO
County Counsel
Planning Director
HSA Director
PVWMA