

# REGIONAL WATER MANAGEMENT FOUNDATION

*a subsidiary of Community Foundation Santa Cruz County*

October 16, 2012

Regional Board Members and Staff  
Central Coast Regional Water Quality Control Board  
895 Aerovista Place, Suite 101  
San Luis Obispo, CA 93401

Subject: Supplemental Environmental Project (SEP) Staff Report and Proposed Recommendations

Dear Board Members and Staff,

## Introduction

The Regional Water Management Foundation proposes that the Santa Cruz Integrated Regional Water Management Plan (IRWMP) should become a vehicle for receiving Supplemental Environmental Project (SEP) funding for projects within the Santa Cruz IRWM area (approximately 85% of the County). The Santa Cruz IRWMP provides a mechanism for objective-based identification of high-priority water resources projects, including water quality projects. These objectives are in alignment with Central Coast Regional Water Quality Control Board's (CCRWQCB) vision of healthy watersheds and meet the State Water Resources Control Board's (SWRCB) SEP policy. In addition, SWRCB and CCRWQCB staff continue to be supportive and active in implementation of the Santa Cruz IRWMP. The following provides additional detail in support of utilizing the Santa Cruz IRWMP as a mechanism for allocating SEP funds within the Santa Cruz region.

## Santa Cruz IRWMP Background

In 2005, local agencies collaborated on the development of an initial IRWMP for the Santa Cruz region. The IRWMP identified approaches and specific projects to address the region's water quality, water supply, and resource stewardship needs. Development of the IRWM Plan helped secure a competitive \$12.5 million grant awarded by the SWRCB for the implementation of high-priority water quality and water resource projects between 2008 and 2013. More than fifty projects have implemented with the support of this grant. In 2011, the Department of Water Resources awarded a \$1M IRWM planning grant to support an update of the IRWMP to remain current.

The Santa Cruz IRWMP includes strategies for developing and implementing policies and projects to ensure sustainable water use, reliable water supply, improved water quality, improved flood protection, storm water management, and environmental stewardship. The IRWMP provides a collaborative planning process to foster communication, strengthen partnerships, support long-term planning, and provide a process to solicit, evaluate, and implement projects that yield multiple benefits for water quality, water supply, and natural resources. The goal of this effort is to meet the region's water quality and water resource needs while providing for long-term sustainability and protection of environmental resources.

Santa Cruz IRWMP participants include a range of governmental and non-governmental organizations with authority or interest in water and water-related issues. Participants and stakeholders include water quality, water supply, flood management, storm water, wastewater, land use agencies, resource agencies, research institutions, agricultural organizations, environmental organizations, business groups, watershed groups, federal, state, and local agencies, and other interested parties.

Work is currently underway to update the Santa Cruz IRWMP to ensure that the Plan remains current in addressing the range of water resource challenges in the region. Among other topics, the update will expand on the existing Plan to include new planning elements in the state's IRWM Plan Standards. In addition, an education

and outreach component is included to solicit input from stakeholders and improve stakeholder knowledge on high priority water quality, and other water resource issues of the region. The Plan includes a process to identify and evaluate priority projects to ensure an inclusive, transparent, analytical decision-making process. The IRWM partner agencies have also been developing a conceptual framework for objective-based project prioritization and effectiveness assessment. The framework consists of a model for each focus area of the IRWM Plan (water quality, water supply, aquatic ecosystems and flood / stormwater management) that identifies management strategies to achieve resource objectives and methods by which implementation of these strategies will be assessed. Outreach efforts during the Plan Update will ensure that interested organizations and individuals have the opportunity for comment and participation in the IRWM Plan development and implementation.

## Water Quality Issues Identified in the IRWMP

The primary pollutants in Santa Cruz waterways include sediment, nutrients and pathogens. Sediment sources include historic and existing road networks, construction sites, timber harvest activities, agricultural lands, and landscapes altered by natural disturbances. Bacteria and nitrate originate from septic and sewer systems, livestock, storm drains and agricultural operations. These pollutants have a variety of adverse impacts on aquatic ecosystems and organisms. Sediment and other pollutants degrade riparian and in-stream habitat and contribute to the decline in local fish populations. Pollutants increase treatment costs for potable water supply. Bacteria and other pollutants pose human health hazards and, when levels exceed health standards, can result in beach closures which limit recreational opportunities and impacts the local economy.

The Santa Cruz IRWM Plan identifies strategies and specific measures to protect and improve surface and groundwater quality. The water quality objectives of the Plan include (in no specific order):

1. Protect and maintain unimpaired and high quality waters
2. Reduce pollutant loads to surface waters, groundwater basins and the ocean
3. Reduce the volume and increase the quality of urban and agricultural runoff
4. Strengthen regional monitoring and analysis programs, and evaluate management effectiveness

## Stormwater and Flood Issues Identified in the IRWMP

The Santa Cruz IRWMP promotes stormwater and flood management to protect public health and safety, property, water quality, and hydrologic function. Stormwater from urban areas is known to carry nutrients, pathogens, metals, sediment, and other pollutants that impact the surface water, groundwater, and near-shore ocean water. In addition, urban stormwater is a significant contributor to the hydro-modification impacts to the local streams and drainages. Objectives of the flood and stormwater management effort include (in no specific order):

1. Implementing LID strategies that reduce runoff volume or delay peak flows
2. Protecting, restoring and enhancing hydrological function of wetlands, streams and their floodplains
3. Implementing flood management efforts that balance protection from flood damage with protection of environmental values
4. Minimizing damage to infrastructure and property from flooding

## Water Quantity and Supply Issues Identified in the IRWMP

The overwhelming majority of Santa Cruz County's water supply is locally derived from groundwater and surface water sources – a unique situation in a state supported by large federal and state water projects. Santa Cruz County waters provide drinking water for residents and visitors, critical habitat to numerous threatened and endangered species and opportunities for recreational and commercial activities. Like many other areas of

California, the County faces water resource challenges including impaired water quality, insufficient water supply, over-drafted groundwater basins, protecting groundwater recharge areas, depleted in-stream flow, and degraded riparian habitat. Balancing demand with environmental and other uses is a challenge that requires a collaborative effort among all the region's stakeholders. The water supply objectives of the Santa Cruz IRWMP include (in no specific order):

1. Increasing groundwater recharge and protection of groundwater recharge areas
2. Reducing per capita water demand and increasing agricultural efficiency
3. Providing reliable supply to meet current and expected demand after reasonable conservation and curtailment
4. Increasing operational flexibility with inter-district transfers and diversification of water supply portfolios

## Watershed Stewardship Issues Identified in the IRWMP

Santa Cruz County watersheds play a fundamental role in local water supply and provide essential natural services that support the region's residents, economy, and diverse natural ecosystems. In addition to the intrinsic value of watersheds and the flora and fauna they support, functioning watersheds provide a wide variety of ecosystem services (e.g., water purification; flood attenuation) that offer significant benefits to humans. Healthy, functioning watersheds improve the quality of runoff which benefits aquatic communities in local waterways, benefits beach water quality and recreational opportunities, and benefits marine life in Monterey Bay. The Santa Cruz community has a long history of working to better understand, enhance, and protect this region's natural resources and biodiversity. The Watershed Stewardship objectives of the IRWMP build upon these past efforts and include strategies to (in no specific order):

1. Protect, enhance and restore ecological functions of rivers, wetlands and coastal lagoons
2. Protect and enhance habitats for sensitive species
3. Minimize erosion and sedimentation
4. Improve opportunities for open space, trails and parks consistent with environmental protection, public use and property rights

## CCRWQCB's High Priority Issues

Based on CCRWQCB documents from July 11, 2012 and December 11, 2009 the CCRWQCB's priorities include (in no specific order):

1. Prevent and Correct Threats to Human Health
2. Prevent and Correct Degradation of Aquatic Habitat
3. Prevent Degradation of Hydrologic Processes
4. Prevent/Reverse Seawater Intrusion
5. Prevent Further Degradation of Groundwater Basins from Salts
6. Increase recycled water use by 1 Million AFY by 2020, and 2 Million AFY by 2030 (over 2002 baseline)
7. Increase Storm water use by 500,000 AFY by 2020 and 1 Million AFY by 2030 (over 2007 baseline)
8. Increase water conservation in urban and industrial uses by at least 20% by 2020 (over 2007 baseline)

## Consistency and Alignment of Santa Cruz IRWM with CCRWQCB Priorities

The Santa Cruz IRWMP identifies the pollutants of primary concern in the region, their sources, and the pollutant reduction strategies. The IRWM Plan identifies specific water quality projects that enhance the beneficial uses of local waterways and provide benefit to the public. There is agreement between elements of the Santa Cruz IRWMP and numerous statewide plans and policies, these include:

1. *Healthy watersheds*: the Santa Cruz IRWMP conceptual framework identifies key attributes that mirror the Board's measurable goals for healthy watersheds. This include human health threats, especially nitrate in groundwater
2. *Aquatic habitat degradation*: improving water quality to support beneficial uses, and improving the quality and quantity of aquatic habitat are all key attributes of the Santa Cruz IRWMP
3. *Hydrologic processes*: reducing directly connected impervious area through low impact development techniques is a key Santa Cruz IRWM strategy. This include strategies to increase urban stormwater capture, use, and recharge by implementing LID.
4. *Seawater intrusion*: the Santa Cruz IRWMP establishes targets for supply and demand with the intent of increasing groundwater storage and stream baseflow especially from groundwater over-draft and reduced recharge
5. *Groundwater quality*: groundwater protection is addressed through several of the Santa Cruz IRWMP conceptual models, quantity, and recharge
6. *Increasing recycled water use and conservation*: the Santa Cruz IRWMP identifies supply targets for alternative water supply (e.g., recycling, water transfer, desalination)
7. *Education, outreach and stakeholder involvement*: all of these are elements of the Santa Cruz IRWM development and implementation

## Additional Benefits of this Proposal

1. The Santa Cruz IRWM Program is coordinated by the Regional Water Management Foundation (RWMF), a subsidiary of the Community Foundation Santa Cruz County, a non-profit with the institutional capability to administer, manage, track, and report on funding from multiple sources. The RWMF has successfully managed and administered a \$12.5M IRWM grant from the SWRCB, and is currently also administering a \$1M IRWM planning grant from the Department of Water Resources. A separate account can be established for administering and tracking the SEP funding.
2. Using the Santa Cruz IRWM Program meets the SWRCB's SEP policy criteria. If required, the nexus criteria could be further defined on a case-by-case basis.
3. This proposal will only use SEP Funding on IRWM projects that are consistent with the CCRWQCB's priorities, and are approved in writing by the Executive Officer or Board, as appropriate.
4. The Santa Cruz IRWM Program will use a transparent and inclusive process to identify priorities for SEP funding consistent with CCRWQCB's priorities.
5. This proposal will only be an option for SEP funding generated within the jurisdictional area of the Santa Cruz IRWMP, unless the CCRWQCB chooses to include funding generated in a larger geographical area.

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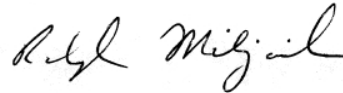
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In summary, the consistency between the Santa Cruz IRWMP and CCRWQCB's objectives and the administrative capability of the RWMF make utilizing the Santa Cruz IRWMP a logical and efficient pathway for implementing SEP projects. A partial list of Santa Cruz IRWM projects is included for your reference.

Thank you for considering this request, and if you need any additional information or have questions please contact any of the members of the IRWM Steering Committee listed below or Tim Carson at the Regional Water Management Foundation.

Sincerely,



Ralph Miljanich, Board President  
Regional Water Management Foundation

Enclosure: Partial list of Santa Cruz Integrated Regional Water Management projects

IRWM Steering Committee:

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