

**MEMORANDUM OF UNDERSTANDING
BETWEEN SANTA CLARA VALLEY WATER DISTRICT
AND SAN BENITO COUNTY WATER DISTRICT FOR
GROUNDWATER BASIN SUSTAINABILITY PLAN COST SHARING**

This MEMORANDUM OF UNDERSTANDING (“MOU”), effective as of July 1, 2026 (“Effective Date”), is by and between the Santa Clara Valley Water District (“Valley Water”), and the San Benito County Water District (“SBCWD”). Valley Water and SBCWD are referred to herein individually as “Party” and collectively as the “Parties.”

This MOU sets forth the respective roles and responsibilities of the Parties for coordinating continued implementation of the development, implementation and enforcement of a further or updated groundwater sustainability plan for the North San Benito Groundwater Basin (3-003.05), consistent with the Sustainable Groundwater Management Act (“SGMA”).

RECITALS

WHEREAS, Valley Water, an independent special district created by the Legislature of the State of California, manages groundwater and is the primary water resource agency for Santa Clara County, supplying wholesale water, providing flood protection, and serving as environmental steward for clean, safe creeks and healthy ecosystems; and

WHEREAS, SBCWD, a County Water District organized pursuant to Chapter 70 of the Water Code Appendix (the “San Benito County Water District Act”), preserves the economic and environmental health and well-being of San Benito County through the control, management, and conservation of waters and the provision of water services in a practical, cost-effective, and responsible manner; and

WHEREAS, SGMA, enacted by the State of California, provides that local agencies may become a Groundwater Sustainability Agency (“GSA”) and adopt a Groundwater Sustainability Plan (“GSP”) to manage groundwater basins within the local agency’s statutory jurisdiction; and

WHEREAS, on July 5, 2017, the Parties entered into a memorandum of understanding that set forth the roles and responsibilities for coordinating their compliance with the Act, the purpose being “to establish an understanding between the Parties with regard to preparing a consolidated GSP for the [Bolsa Area (3-003.02), Hollister Area (3-003.03), and San Juan Bautista Area (3-003.04) Subbasins of the Gilroy-Hollister Basin and the Tres Pinos Valley Basin (3-025)], including responsibilities and funding obligations.” (“2017 MOU”); and

WHEREAS, on July 3, 2019, the California Department of Water Resources (“DWR”) approved a basin boundary modification that consolidated the Bolsa Area (3-003.02), Hollister Area (3-003.03), and San Juan Bautista Area (3-003.04) Subbasins of the Gilroy-Hollister Basin and the Tres Pinos Valley Basin (3-025) into the North San Benito Groundwater Basin (3-003.05); and

WHEREAS, the Boards of Directors of SBCWD and Valley Water adopted a GSP for the North San Benito Groundwater Basin on November 17, 2021 and December 14, 2021, respectively; and

WHEREAS, on July 27, 2023, DWR approved the GSP for the North San Benito Subbasin; and

WHEREAS, SBCWD is the exclusive GSA within the portion of the North San Benito Subbasin located in San Benito County; and

WHEREAS, Valley Water is the exclusive GSA within the portion of the North San Benito Subbasin located in Santa Clara County; and

WHEREAS, the Parties have a continued interest in collaborating and sharing costs in the development, implementation and enforcement of a further or revised or updated GSP for the North San Benito Subbasin consistent with SGMA and the Parties' respective jurisdiction of lands in the North San Benito Subbasin; and

WHEREAS, the Parties agree and wish to memorialize that all obligations under the 2017 MOU have been fully satisfied and that agreement has been terminated.

NOW, THEREFORE, in consideration of the foregoing recitals and mutual obligations of the Parties expressed herein, the Parties agree as follows:

1. Purpose

This MOU memorializes the terms under which Valley Water will continue its coordination, information sharing, and cost-sharing obligations in support of the development, implementation, and enforcement of a further or revised or updated GSP for the North San Benito Subbasin, as required by SGMA. This MOU also memorialize that all obligations under the prior 2017 MOU (for development of the initial GSP) have been fully satisfied and that agreement has been terminated.

2. Term

This MOU shall be in full force and effect as of the Effective Date, and shall terminate five (5) years thereafter, unless the Parties mutually agree otherwise in writing.

3. Responsibilities of SBCWD

- a) SBCWD will act as the contracting entity under this MOU. Subject to approval by SBCWD's authorized representative, SBCWD shall be responsible for executing any consultant contracts to undertake implementation and SGMA compliance for the GSP for the North San Benito Subbasin. SBCWD shall conduct a consultant procurement process that satisfies its own internal consultant procurement policies/criteria.
- b) SBCWD will share relevant Basin data and information with Valley Water.
- c) SBCWD will notify Valley Water of the consultants selected for purposes of SGMA compliance, including, but not limited to, 5-year periodic evaluations of the GSP for the North San Benito Subbasin, groundwater monitoring, and surface water monitoring.
- d) SBCWD shall be responsible for the cost of developing a further or revised or updated GSP for the North San Benito Subbasin as it pertains to lands within Santa Clara County, as set forth in Article 4(b) and Article 5.

4. Responsibilities of Valley Water

- a) Valley Water will share relevant data and information with SBCWD as requested.
- b) Valley Water will reimburse SBCWD for its further or revised or updated GSP-related costs in accordance with Article 5 of this MOU.

5. Cost Sharing and Payment

- a) Valley Water will contribute a proportional share of the costs incurred by SBCWD for further GSP development, implementation, and/or enforcement within the North San Benito Subbasin located within Santa Clara County.
- b) The annual amount payable by Valley Water to SBCWD is \$0.60 (sixty cents) per acre of lands within the North San Benito Subbasin that are susceptible of irrigation and located in Santa Clara County, as previously determined by SBCWD's groundwater management consultant, which the Parties mutually agree is 2,724 acres.
- c) The total amount payable by Valley Water to SBCWD over the Term of this MOU, pursuant to the foregoing dollar amount and acreage, is \$1,634 (one thousand six hundred thirty-four dollars) annually, or \$8,170 total over the Term.
- d) SBCWD will issue invoices to Valley Water annually in the amount agreed to hereunder, which shall be paid to SBCWD in full within thirty (30) days of receipt of the invoice.

6. Hold Harmless, Indemnification, Remedies, and Insurance

To the extent permitted by California law and in proportion to fault, each Party will indemnify, defend, and hold the other Party and its directors, officers, agents, and employees safe and harmless from any and all claims, suits, judgments, damages, penalties, costs, expenses, liabilities and losses (including without limitation, sums paid in settlement of claims, actual attorneys' fees, paralegal fees, consultant fees, engineering fees, expert fees, and any other professional fees) that arise from or are related in any way to each Party's (including its employees, officers, and agents) performance under this MOU; provided, however, that no Party shall indemnify or hold harmless another Party for that Party's own negligent acts, errors, or omissions, or willful misconduct, in the performance of this MOU, including the performance of consultants.

Notwithstanding the preceding paragraph, where the Parties are named in a suit challenging the GSP, or made subject to a claim or penalty regarding the same, the Parties shall coordinate and undertake a joint defense, utilizing a joint defense agreement to the extent possible, subject to the approval of the Parties. Each Party agrees that, to the greatest extent practicable, it shall cooperate in such defense and execute any waivers and/or tolling agreements that may be necessary in order to provide for a single joint defense of such a suit, claim, or imposition of penalty. Any communications between the Parties and any of their respective consultants and attorneys engaged in the joint defense shall be privileged as joint defense communications. Work performed during the joint defense by Consultants or attorneys, to the extent allowed by law, shall be considered attorney work product. Nothing in this paragraph is intended to require a joint defense under circumstances where it would be legally impermissible or under circumstances where it is wholly impractical.

This indemnity provision shall survive the termination of this MOU. Further, each Party will be liable to the other Party for its attorneys' fees, costs, and expenses, and all other costs and expenses whatsoever incurred in enforcing this indemnity provision.

In all consultant contracts funded in whole or part by the Parties, SBCWD shall name Valley Water and its officers, agents, and employees as additional insureds and additional indemnitees in the insurance coverage and indemnity provisions customarily used in the SBCWD professional service contracts.

7. Disputes

Any claim that a Party may have against the other Party regarding the performance of this MOU, including, but not limited to, claims for compensation will be submitted to such other Party. The Parties will attempt to negotiate a resolution of such claim and if necessary process an amendment to this MOU or a settlement agreement to implement the terms of any such resolution.

8. Cancellation

If a Party elects to terminate its participation in this MOU prior to the expiration of the Term, it may do so by delivering to the other Party a written notice of intention to terminate, provided that all cost-sharing and payment obligations set forth in Article 5 are met. Such termination shall take effect thirty (30) days following the receipt of notice by the other Party. No portion of the terminating Party's financial contribution provided under this MOU shall be refunded to the terminating Party.

9. Maintenance and Inspection of Books, Records, and Reports

The Parties will, upon reasonable advance written notice, make available for inspection by the other Party all records, books, and other documents directly relating to the GSP or groundwater management for the North San Benito Subbasin. Prior to the release of such documents (other than in response to a request under the California Public Records Act, a subpoena, or court order), all draft information shall be approved by both Parties for finalization and release.

10. MOU Not a Precedent

The Parties intend that the provisions of this MOU will not bind the Parties as to the provisions of any future agreement between them. This MOU was developed specifically for the Term and purpose.

11. Notices

Any notice, demand, or request made in connection with this MOU must be in writing and will be deemed properly served if delivered in person or sent by United States mail, postage prepaid, or by email, to the following addresses:

Santa Clara Valley Water District
Attention: Jason Gurdak, Groundwater Management Unit Manager
5750 Almaden Expressway
San Jose, CA 95118
jgurdak@valleywater.org

San Benito County Water District
Attention: Dana Jacobson, General Manager
30 Mansfield Road,
Hollister, CA 95023
djacobson@sbcwd.ca.gov

Either Party may change such contact or address by notice given to the other Party as provided herein.

12. Amendments

This MOU may be amended in the form of a written amendment executed by the Parties.

13. Assignment

No Party shall assign, sublet, or transfer this MOU or any of the rights or interests in this MOU without the written consent of the other Party.

14. Severability

The partial or total invalidity of one or more parts of this MOU will not affect the intent or validity of remaining parts of this MOU.

15. Governing Law

This MOU will be deemed a contract under the laws of the State of California and for all purposes shall be interpreted in accordance with such laws.

16. Interpretation

This MOU shall be deemed to have been prepared equally by both Parties, and its individual provisions shall not be construed or interpreted more favorably for one Party on the basis that the other Party prepared it.

17. No Third-Party Beneficiaries

This MOU does not and is not intended to confer any rights or remedies upon any person or entity other than the Parties.

IN WITNESS WHEREOF, the Parties hereto have executed this MOU as of the Effective Date.

SAN BENITO COUNTY WATER DISTRICT

By: _____
Dana Jacobson
General Manager

_____ Date

Approved as to Form

By: _____
Russell Frink
Legal Counsel

_____ Date

SANTA CLARA VALLEY WATER DISTRICT

By: _____
Melanie Richardson
Interim Chief Executive Officer

_____ Date

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